

eThekwini Municipality and its Municipal Entities
Annual Financial statements
for the year ended June 30, 2015

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2015

GENERAL INFORMATION

ACCOUNTING OFFICER

Mr. Sibusiso Sithole

REGISTERED OFFICE

City Hall
Dr. Pixle Kaseme Street
Durban
4000

POSTAL ADDRESS

P O Box 1014
Durban
4000

BANKERS

Standard Bank of SA (Ltd).
P O Box 2511, Durban, 4001

AUDITORS

The Auditor-General

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2015

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ABBREVIATIONS

| | |
|-------|--|
| COID | Compensation for Occupational Injuries and Diseases |
| VAT | Value added taxation |
| DBSA | Development Bank of South Africa |
| GAAP | Statements of Generally Accepted Accounting Practice |
| GRAP | Generally Recognised Accounting Practice |
| PPE | Property, plant & Equipment |
| HDF | Housing Development Fund |
| INK | Inanda, Ntuzuma, Kwa Mashu |
| IMFO | Institute of Municipal Finance Officers |
| DMOSS | Durban Metropolitan Open Space System |
| ME's | Municipal Entities |
| SALGA | South African Local Government Authority |
| MFMA | Municipal Finance Management Act |
| GEPF | Government Employees Pension Fund |
| NJMP | Natal Joint Municipal Pension |
| DOHS | Department of Human Settlements |
| SALA | South African Local Authority Pension Fund |

eThekweni Municipality and its Municipal Entities

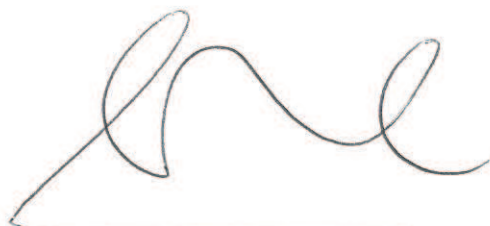
Consolidated Annual Financial Statements for the year ended 30 June 2015

Municipal Manager

I am responsible for the preparation of these annual financial statements, which are set out on pages 3 to 109, in terms of Section 126(1) of the Municipal Finance Management Act, Act 56 of 2003 and which I have signed on behalf of the Municipality.

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

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 29 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



Municipal Manager

Durban

28 September 2015

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2015

Statement of Financial Position as at June 30, 2015

| Figures in Rand thousand | Note(s) | Group | | Municipality | |
|--|---------|-------------------|-------------------|-------------------|-------------------|
| | | 2015 | 2014 Restated* | 2015 | 2014 Restated* |
| Assets | | | | | |
| Current Assets | | | | | |
| Inventories | 2 | 420,919 | 331,793 | 359,415 | 284,084 |
| Loan to Municipal Entity | 3 | - | - | 226,590 | 226,590 |
| Investments | 4 | 5,000,000 | 3,550,000 | 5,000,000 | 3,550,000 |
| Receivables from exchange transactions | 5 | 2,682,424 | 2,377,320 | 2,657,177 | 2,362,614 |
| Receivables from non-exchange transactions | 6 | 238,303 | 199,760 | 238,303 | 199,760 |
| VAT receivable | 7 | 33,997 | 99,059 | 36,313 | 100,360 |
| Consumer debtors | 8 | 3,077,172 | 2,965,773 | 3,076,438 | 2,968,785 |
| Current portion of Long term Receivables | 9 | 10,966 | 7,139 | 10,966 | 7,139 |
| Call Investment Deposits | | 471,113 | 2,599,940 | 265,000 | 2,405,000 |
| Cash and Bank Balances | 10 | 883,192 | 1,067,279 | 821,297 | 995,994 |
| | | 12,818,086 | 13,198,063 | 12,691,499 | 13,100,326 |
| Non-Current Assets | | | | | |
| Investment property | 11 | 314,901 | 328,723 | 249,827 | 260,958 |
| Property, plant and equipment | 12 | 40,803,518 | 38,043,686 | 39,816,121 | 37,014,969 |
| Intangible assets | 13 | 855,475 | 774,363 | 853,820 | 772,667 |
| Heritage assets | 14 | 13,486 | 13,038 | 13,486 | 13,038 |
| Investments in Municipal entities | 15 | - | - | 668,065 | 583,434 |
| Interest in joint ventures | 16 | - | - | 66,546 | 61,679 |
| Investments | 4 | 500,000 | 500,000 | 500,000 | 500,000 |
| Deferred Income | | 5,560 | 5,734 | - | - |
| Long term Receivables | 9 | 84,497 | 91,704 | 84,497 | 91,704 |
| | | 42,577,437 | 39,757,248 | 42,252,362 | 39,298,449 |
| Total Assets | | 55,395,523 | 52,955,311 | 54,943,861 | 52,398,775 |
| LIABILITIES | | | | | |
| Current Liabilities | | | | | |
| External Borrowings | 17 | 1,082,774 | 993,039 | 991,878 | 992,214 |
| Payables from exchange transactions | 18 | 5,259,984 | 5,768,057 | 5,257,542 | 5,778,373 |
| Consumer deposits | 19 | 1,712,690 | 1,533,178 | 1,693,058 | 1,511,191 |
| Employee benefit obligation | 20 | 621,111 | 155,764 | 621,111 | 155,764 |
| Unspent conditional grants and receipts | 21 | 1,125,784 | 1,328,247 | 1,125,784 | 1,328,247 |
| Provisions | 22 | 104,927 | 94,474 | 98,442 | 89,870 |
| Bank overdraft | 10 | 687,496 | 857,562 | 687,496 | 857,562 |
| | | 10,594,766 | 10,730,321 | 10,475,311 | 10,713,221 |
| Non-Current Liabilities | | | | | |
| External Borrowings | 17 | 9,249,745 | 9,376,543 | 9,249,268 | 9,255,502 |
| Employee benefit obligation | 20 | 2,353,172 | 2,659,382 | 2,353,172 | 2,659,382 |
| Provisions | 22 | 800,734 | 740,699 | 800,734 | 740,699 |
| | | 12,403,651 | 12,776,624 | 12,403,174 | 12,655,583 |
| Total Liabilities | | 22,998,417 | 23,506,945 | 22,878,485 | 23,368,804 |
| Net Assets | | 32,397,106 | 29,448,366 | 32,065,376 | 29,029,971 |
| Housing development fund | 23 | 152,924 | 170,764 | 152,924 | 170,764 |
| Accumulated surplus | | 32,244,182 | 29,277,602 | 31,912,452 | 28,859,207 |
| Total Net Assets | | 32,397,106 | 29,448,366 | 32,065,376 | 29,029,971 |

* See Note 41

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2015

STATEMENT OF FINANCIAL PERFORMANCE

| Figures in Rand thousand | Note(s) | Group | | Municipality | |
|---|---------|---------------------|---------------------|---------------------|---------------------|
| | | 2015 | 2014 Restated* | 2015 | 2014 Restated* |
| Revenue | | | | | |
| Revenue from exchange transactions | | | | | |
| Service charges | 24 | 14,284,476 | 13,076,735 | 14,322,584 | 13,112,696 |
| Rental of facilities and equipment | | 560,625 | 532,028 | 455,572 | 437,218 |
| Other income | 25 | 524,659 | 544,028 | 316,251 | 326,935 |
| Interest received | 26 | 555,686 | 477,911 | 537,585 | 463,358 |
| Gains on disposal of assets | | 49,286 | 17,168 | 49,286 | 17,095 |
| Total revenue from exchange transactions | | 15,974,732 | 14,647,870 | 15,681,278 | 14,357,302 |
| Revenue from non-exchange transactions | | | | | |
| Taxation revenue | | | | | |
| Fines | | 262,262 | 248,511 | 262,262 | 248,511 |
| Property rates | 27 | 5,747,115 | 5,353,594 | 5,756,046 | 5,363,198 |
| Property rates - penalties imposed | | 161,999 | 144,180 | 161,999 | 144,180 |
| Donations - PPE | | 2,076 | 706 | 2,076 | 706 |
| Licences and permits | | 40,461 | 41,337 | 40,461 | 41,337 |
| Transfer revenue | | | | | |
| Government grants & subsidies | 28 | 5,436,609 | 4,232,396 | 5,436,609 | 4,232,396 |
| Levies | | 1,968,781 | 1,822,833 | 1,968,781 | 1,822,833 |
| Public contributions and donations | | 12,098 | 17,770 | 8,975 | 15,083 |
| Fair value adjustments | 34 | 42,021 | 196 | 12,354 | 66 |
| Reversal of loss on impairment | | 3,782 | 314 | 3,782 | 314 |
| Reversal of impairment: Municipal Entities | | - | - | 84,631 | 211,651 |
| Total revenue from non-exchange transactions | | 13,677,204 | 11,861,837 | 13,737,976 | 12,080,275 |
| Total revenue | | 29,651,936 | 26,509,707 | 29,419,254 | 26,437,577 |
| Expenditure | | | | | |
| Employee related costs | 29 | (7,157,526) | (6,893,729) | (7,034,463) | (6,780,566) |
| Remuneration of councillors | 30 | (100,795) | (94,721) | (100,795) | (94,721) |
| Amortisation - Intangible assets | | (56,784) | (43,789) | (55,631) | (42,860) |
| Impairment Loss - Investment Properties | | (9,236) | - | (9,236) | - |
| Depreciation - Property, Plant and Equipment | | (1,859,644) | (1,702,430) | (1,790,265) | (1,633,631) |
| Impairment Loss - Property, Plant and Equipment | | (8,664) | (11,625) | (8,664) | (11,625) |
| Finance costs | 31 | (950,565) | (857,206) | (953,433) | (850,203) |
| Debt impairment | | (2,079,360) | (1,618,726) | (2,079,580) | (1,617,118) |
| Depreciation - Investment Properties | | (4,551) | (4,544) | (1,860) | (1,844) |
| Repairs and maintenance | | (2,497,344) | (2,019,123) | (2,481,429) | (2,004,492) |
| Bulk purchases | 32 | (8,378,618) | (7,839,588) | (8,378,618) | (7,839,588) |
| Contracted services | | (1,335,989) | (1,345,048) | (1,320,791) | (1,330,990) |
| Grants and subsidies paid | 33 | (179,772) | (166,133) | (179,772) | (169,000) |
| Housing - Development Expenditure | | (3,568) | (513) | (3,568) | (513) |
| Loss on disposal of assets | | (668) | (656) | (191) | (197) |
| Fair value adjustments | 34 | - | (9,714) | - | (9,714) |
| General Expenses | 35 | (2,075,778) | (1,925,562) | (1,990,522) | (1,845,510) |
| Total expenditure | | (26,698,862) | (24,533,107) | (26,388,818) | (24,232,572) |
| Operating surplus | | 2,953,074 | 1,976,600 | 3,030,436 | 2,205,005 |
| Share of Income from Joint Venture | 16 | - | - | 4,969 | 15,083 |
| Surplus before taxation | | 2,953,074 | 1,976,600 | 3,035,405 | 2,220,088 |
| Taxation | 48 | 4,334 | - | - | - |

* See Note 41

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2015

Statement of Financial Performance

| Figures in Rand thousand | Note(s) | Group | | Municipality | |
|-----------------------------|---------|------------------|-------------------|------------------|-------------------|
| | | 2015 | 2014 Restated* | 2015 | 2014 Restated* |
| Surplus for the year | | 2,948,740 | 1,976,600 | 3,035,405 | 2,220,088 |

* See Note 41

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2015

STATEMENT OF CHANGES IN NET ASSETS

| | Housing development fund | Accumulated surplus | Total net assets |
|--|--------------------------|---------------------|-------------------|
| Figures in Rand thousand | | | |
| Group | | | |
| Opening balance as previously reported | 260,454 | 27,269,230 | 27,529,684 |
| Adjustments | | | |
| Prior year adjustments (prior to 2013/14) | - | (57,915) | (57,915) |
| Balance at July 01, 2013 as restated* | 260,454 | 27,211,315 | 27,471,769 |
| Changes in net assets | | | |
| Surplus for the year as previously reported | - | 1,987,004 | 1,987,004 |
| Transfer: Housing Development Fund | (90,090) | 90,090 | - |
| Prior year adjustment (2013/14) - Transfer: Housing Development Fund | 400 | (400) | - |
| Total changes | (89,690) | 2,076,694 | 1,987,004 |
| Opening balance as previously reported | 170,764 | 29,288,009 | 29,458,773 |
| Adjustments | | | |
| Prior year adjustments (2013/14) | - | (10,407) | (10,407) |
| Balance at July 01, 2014 as restated* | 170,764 | 29,277,602 | 29,448,366 |
| Changes in net assets | | | |
| Surplus for the year | - | 2,948,740 | 2,948,740 |
| Transfer: Housing Development Fund | (17,840) | 17,840 | - |
| Total changes | (17,840) | 2,966,580 | 2,948,740 |
| Balance at June 30, 2015 | 152,924 | 32,244,182 | 32,397,106 |
| Note(s) | | | |
| Municipality | | | |
| Opening balance as previously reported | 260,454 | 26,610,197 | 26,870,651 |
| Adjustments | | | |
| Prior year adjustments (prior to 2013/14) | - | (60,769) | (60,769) |
| Balance at July 01, 2013 as restated* | 260,454 | 26,549,428 | 26,809,882 |
| Changes in net assets | | | |
| Surplus for the year as previously reported | - | 2,230,496 | 2,230,496 |
| Transfer: Housing Development Fund | (90,090) | 90,090 | - |
| Prior year adjustment (2013/14) - Transfer: Housing Development Fund | 400 | (400) | - |
| Total changes | (89,690) | 2,320,186 | 2,230,496 |
| Opening balance as previously reported | 170,764 | 28,869,614 | 29,040,378 |
| Adjustments | | | |
| Prior year adjustments (2013/14) | - | (10,407) | (10,407) |
| Balance at July 01, 2014 as restated* | 170,764 | 28,859,207 | 29,029,971 |
| Changes in net assets | | | |
| Surplus for the year | - | 3,035,405 | 3,035,405 |
| Transfer: Housing Development Fund | (17,840) | 17,840 | - |
| Total changes | (17,840) | 3,053,245 | 3,035,405 |
| Balance at June 30, 2015 | 152,924 | 31,912,452 | 32,065,376 |

* See Note 41

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2015

Cash Flow Statement

| Figures in Rand thousand | Note(s) | Group | | Municipality | |
|---|-----------|---------------------|---------------------|---------------------|---------------------|
| | | 2015 | 2014 Restated* | 2015 | 2014 Restated* |
| Cash flows from operating activities | | | | | |
| Receipts | | | | | |
| Ratepayers, Government and other | | 26,444,016 | 24,632,885 | 26,348,633 | 24,522,822 |
| Interest income | | 555,686 | 477,911 | 537,585 | 463,358 |
| | | 26,999,702 | 25,110,796 | 26,886,218 | 24,986,180 |
| Payments | | | | | |
| Employee costs and suppliers | | (22,020,346) | (19,213,569) | (21,940,687) | (18,995,103) |
| Finance costs | | (950,565) | (857,206) | (953,433) | (850,203) |
| Taxes on surpluses | 53 | (4,334) | - | - | - |
| | | (22,975,245) | (20,070,775) | (22,894,120) | (19,845,306) |
| Net cash flows from operating activities | 36 | 4,024,457 | 5,040,021 | 3,992,098 | 5,140,874 |
| Cash flows from investing activities | | | | | |
| Purchase of property, plant and equipment | 12 | (4,632,039) | (4,084,396) | (4,603,084) | (4,062,056) |
| Proceeds from sale of property, plant and equipment | 12 | 57,734 | 34,798 | 57,315 | 34,678 |
| Purchase of other intangible assets | 13 | (137,185) | (125,012) | (136,073) | (124,137) |
| Purchases of heritage assets | 14 | (482) | (857) | (482) | (857) |
| Decrease in Joint Venture Loan account | 15 | - | - | 101 | 35,000 |
| (Increase) / decrease in non-current receivables | | 2,063 | 65,832 | 2,064 | (90,751) |
| Net cash flows from investing activities | | (4,709,909) | (4,109,635) | (4,680,159) | (4,208,123) |
| Cash flows from financing activities | | | | | |
| Proceeds from external borrowings | | 1,000,000 | 1,509,589 | 1,000,000 | 1,500,000 |
| Repayment of external borrowings | | 1,007,396 | (1,140,027) | (1,006,570) | (1,139,072) |
| Net cash flows from financing activities | | (7,396) | 369,562 | (6,570) | 360,928 |
| Net increase/(decrease) in cash and cash equivalents | | (692,848) | 1,299,948 | (694,631) | 1,293,679 |
| Cash and cash equivalents at the beginning of the year | | 6,859,657 | 5,559,709 | 6,593,432 | 5,299,753 |
| Cash and cash equivalents at the end of the year | 10 | 6,166,809 | 6,859,657 | 5,898,801 | 6,593,432 |

* See Note 41

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2015

Appropriation Statement

Figures in Rand thousand

| | 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 |
|--|---------------------|---|--------------------------|--|---|---------------------|---------------------|--------------------------|------------------|-------------------------------------|--|
| Group - 2015 | | | | | | | | | | | |
| Financial Performance | | | | | | | | | | | |
| Property rates | 5,481,368 | 40,600 | 5,521,968 | - | - | 5,521,968 | 5,909,114 | - | 387,146 | 107 % | 108 % |
| Service charges | 14,790,650 | 83,028 | 14,873,678 | - | - | 14,873,678 | 14,284,476 | - | (589,202) | 96 % | 97 % |
| Investment revenue | 491,385 | 5,847 | 497,232 | - | - | 497,232 | 555,686 | - | 58,454 | 112 % | 113 % |
| Transfers recognised - operational | 2,584,010 | 213,079 | 2,797,089 | - | - | 2,797,089 | 2,657,499 | - | (139,590) | 95 % | 103 % |
| Other own revenue | 3,377,962 | (9,573) | 3,368,389 | - | - | 3,368,389 | 3,466,051 | - | 97,662 | 103 % | 103 % |
| Total revenue (excluding capital transfers and contributions) | 26,725,375 | 332,981 | 27,058,356 | - | - | 27,058,356 | 26,872,826 | - | (185,530) | 99 % | 101 % |
| Employee costs | (7,353,431) | 3,260 | (7,350,171) | - | - | (7,350,171) | (7,157,526) | - | 192,645 | 97 % | 97 % |
| Remuneration of councillors | (93,026) | (8,114) | (101,140) | - | - | (101,140) | (100,795) | - | 345 | 100 % | 108 % |
| Debt impairment | (569,329) | (1,028) | (570,357) | - | - | (570,357) | (2,079,360) | - | (1,509,003) | 365 % | 365 % |
| Depreciation and asset impairment | (1,990,225) | (8,847) | (1,999,072) | - | - | (1,999,072) | (1,938,879) | - | 60,193 | 97 % | 97 % |
| Finance charges | (1,177,331) | - | (1,177,331) | - | - | (1,177,331) | (950,565) | - | 226,766 | 81 % | 81 % |
| Materials and bulk purchases | (8,522,864) | (158,141) | (8,681,005) | - | - | (8,681,005) | (8,378,618) | - | 302,387 | 97 % | 98 % |
| Transfers and grants | (205,214) | 12,575 | (192,639) | - | - | (192,639) | (179,772) | - | 12,867 | 93 % | 88 % |
| Other expenditure | (6,941,865) | (261,812) | (7,203,677) | - | - | (7,203,677) | (5,913,347) | - | 1,290,330 | 82 % | 85 % |
| Total expenditure | (26,853,285) | (422,107) | (27,275,392) | - | - | (27,275,392) | (26,698,862) | - | 576,530 | 98 % | 99 % |
| Surplus/(Deficit) | (127,910) | (89,126) | (217,036) | - | - | (217,036) | 173,964 | - | 391,000 | (80)% | (80)% |

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2015

Appropriation Statement

Figures in Rand thousand

| | 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 | 3,377,740 | (463,091) | 2,914,649 | - | - | 2,914,649 | 2,779,110 | | (135,539) | 95 % | 82 % |
| Surplus (Deficit) after capital transfers and contributions | 3,249,830 | (552,217) | 2,697,613 | - | - | 2,697,613 | 2,953,074 | | 255,461 | 109 % | 91 % |
| Taxation | - | - | - | - | - | - | 4,334 | | 4,334 | DIV/0 % | DIV/0 % |
| Surplus/(Deficit) for the year | 3,249,830 | (552,217) | 2,697,613 | - | - | 2,697,613 | 2,948,740 | | 251,127 | 109 % | 91 % |
| Capital expenditure and funds sources | | | | | | | | | | | |
| Total capital expenditure | (5,711,021) | 565,059 | (5,145,962) | - | - | (5,145,962) | (4,716,504) | | 429,458 | 92 % | 83 % |
| Sources of capital funds | | | | | | | | | | | |
| Transfers recognised - capital | (3,377,740) | 463,090 | (2,914,650) | - | - | (2,914,650) | (2,779,110) | | 135,540 | 95 % | 82 % |
| Borrowing | (1,000,000) | - | (1,000,000) | - | - | (1,000,000) | (1,000,000) | | - | 100 % | 100 % |
| Internally generated funds | (1,333,281) | 101,968 | (1,231,313) | - | - | (1,231,313) | (937,394) | | 293,919 | 76 % | 70 % |
| Total sources of capital funds | (5,711,021) | 565,058 | (5,145,963) | - | - | (5,145,963) | (4,716,504) | | 429,459 | 92 % | 83 % |

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2015

Appropriation Statement

Figures in Rand thousand

| | Original budget | Budget adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments and 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 |
|---|------------------|---|------------------------------|--|---|------------------|------------------|--------------------------|------------------|-------------------------------------|--|
| Cash flows | | | | | | | | | | | |
| Net cash from (used) operating | 5,277,879 | (641,203) | 4,636,676 | - | - | 4,636,676 | 4,024,457 | | (612,219) | 87 % | 76 % |
| Net cash from (used) investing | (5,576,732) | 699,595 | (4,877,137) | - | - | (4,877,137) | (4,709,909) | | 167,228 | 97 % | 84 % |
| Net cash from (used) financing | 24,697 | 46,200 | 70,897 | - | - | 70,897 | (7,396) | | (78,293) | (10)% | (30)% |
| Net increase/(decrease) in cash and cash equivalents | (274,156) | 104,592 | (169,564) | - | - | (169,564) | (692,848) | | (523,284) | 409 % | 253 % |
| Cash and cash equivalents at the beginning of the year | 5,422,458 | - | 5,422,458 | - | - | 5,422,458 | 6,859,657 | | 1,437,199 | 127 % | 127 % |
| Cash and cash equivalents at year end | 5,148,302 | 104,592 | 5,252,894 | - | - | 5,252,894 | 6,166,809 | | 913,915 | 117 % | 120 % |

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2015

Appropriation Statement

Figures in Rand thousand

| | Original budget | Budget adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments s31 of the MFMA | Shifting of funds (i.t.o. 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 |
|--|---------------------|---|-----------------------------------|---------------------------------|---|---------------------|---------------------|--------------------------|-----------------|-------------------------------------|--|
| Municipality - 2015 | | | | | | | | | | | |
| Financial Performance | | | | | | | | | | | |
| Property rates | 5,481,368 | 40,600 | 5,521,968 | - | - | 5,521,968 | 5,918,045 | | 396,077 | 107 % | 108 % |
| Service charges | 14,790,650 | 83,028 | 14,873,678 | - | - | 14,873,678 | 14,322,584 | | (551,094) | 96 % | 97 % |
| Investment revenue | 483,415 | - | 483,415 | - | - | 483,415 | 537,585 | | 54,170 | 111 % | 111 % |
| Transfers recognised - operational | 2,584,010 | 213,079 | 2,797,089 | - | - | 2,797,089 | 2,657,499 | | (139,590) | 95 % | 103 % |
| Other own revenue | 3,022,484 | (4,397) | 3,018,087 | - | - | 3,018,087 | 3,204,431 | | 186,344 | 106 % | 106 % |
| Total revenue (excluding capital transfers and contributions) | 26,361,927 | 332,310 | 26,694,237 | - | - | 26,694,237 | 26,640,144 | | (54,093) | 100 % | 101 % |
| Employee costs | (7,216,326) | (1,571) | (7,217,897) | - | - | (7,217,897) | (7,034,463) | | 183,434 | 97 % | 97 % |
| Remuneration of councillors | (93,026) | (8,114) | (101,140) | - | - | (101,140) | (100,795) | | 345 | 100 % | 108 % |
| Debt impairment | (569,329) | (39,462) | (608,791) | - | - | (608,791) | (2,079,580) | | (1,470,789) | 342 % | 365 % |
| Depreciation and asset impairment | (1,944,925) | (1,028) | (1,945,953) | - | - | (1,945,953) | (1,865,656) | | 80,297 | 96 % | 96 % |
| Finance charges | (1,168,339) | - | (1,168,339) | - | - | (1,168,339) | (953,433) | | 214,906 | 82 % | 82 % |
| Materials and bulk purchases | (8,522,864) | (158,141) | (8,681,005) | - | - | (8,681,005) | (8,378,618) | | 302,387 | 97 % | 98 % |
| Transfers and grants | (205,214) | 12,575 | (192,639) | - | - | (192,639) | (179,772) | | 12,867 | 93 % | 88 % |
| Other expenditure | (6,736,176) | (237,130) | (6,973,306) | - | - | (6,973,306) | (5,796,501) | | 1,176,805 | 83 % | 86 % |
| Total expenditure | (26,456,199) | (432,871) | (26,889,070) | - | - | (26,889,070) | (26,388,818) | | 500,252 | 98 % | 100 % |
| Surplus/(Deficit) | (94,272) | (100,561) | (194,833) | - | - | (194,833) | 251,326 | | 446,159 | (129)% | (267)% |

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2015

Appropriation Statement

Figures in Rand thousand

| | 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 | 3,377,740 | (463,091) | 2,914,649 | - | - | 2,914,649 | 2,779,110 | | (135,539) | 95 % | 82 % |
| Surplus (Deficit) after capital transfers and contributions | 3,283,468 | (563,652) | 2,719,816 | - | - | 2,719,816 | 3,030,436 | | 310,620 | 111 % | 92 % |
| Share of surplus (deficit) of associate | - | - | - | - | - | - | (4,969) | | (4,969) | DIV/0 % | DIV/0 % |
| Surplus/(Deficit) for the year | 3,283,468 | (563,652) | 2,719,816 | - | - | 2,719,816 | 3,035,405 | | 315,589 | 112 % | 92 % |
| Capital expenditure and funds sources | | | | | | | | | | | |
| Total capital expenditure | (5,613,077) | 527,586 | (5,085,491) | - | - | (5,085,491) | (4,686,556) | | 398,935 | 92 % | 83 % |
| Sources of capital funds | | | | | | | | | | | |
| Transfers recognised - capital | (3,377,740) | 463,090 | (2,914,650) | - | - | (2,914,650) | (2,779,110) | | 135,540 | 95 % | 82 % |
| Borrowing | (1,000,000) | - | (1,000,000) | - | - | (1,000,000) | (1,000,000) | | - | 100 % | 100 % |
| Internally generated funds | (1,235,337) | 64,495 | (1,170,842) | - | - | (1,170,842) | (907,446) | | 263,396 | 78 % | 73 % |
| Total sources of capital funds | (5,613,077) | 527,585 | (5,085,492) | - | - | (5,085,492) | (4,686,556) | | 398,936 | 92 % | 83 % |

eThekwini Municipality and its Municipal Entities

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Appropriation Statement

Figures in Rand thousand

| | Original budget | Budget adjustments (i.t.o. s28 and s31 of the MFMA) | Final adjustments and 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 |
|---|------------------|---|------------------------------|--|---|------------------|------------------|--------------------------|------------------|-------------------------------------|--|
| Cash flows | | | | | | | | | | | |
| Net cash from (used) operating | 5,332,006 | (832,208) | 4,499,798 | - | - | 4,499,798 | 3,992,098 | | (507,700) | 89 % | 75 % |
| Net cash from (used) investing | (5,578,788) | 662,123 | (4,916,665) | - | - | (4,916,665) | (4,680,159) | | 236,506 | 95 % | 84 % |
| Net cash from (used) financing | 25,550 | 46,200 | 71,750 | - | - | 71,750 | (6,570) | | (78,320) | (9)% | (26)% |
| Net increase/(decrease) in cash and cash equivalents | (221,232) | (123,885) | (345,117) | - | - | (345,117) | (694,631) | | (349,514) | 201 % | 314 % |
| Cash and cash equivalents at the beginning of the year | 5,380,878 | - | 5,380,878 | - | - | 5,380,878 | 6,593,432 | | 1,212,554 | 123 % | 123 % |
| Cash and cash equivalents at year end | 5,159,646 | (123,885) | 5,035,761 | - | - | 5,035,761 | 5,898,801 | | (863,040) | 117 % | 114 % |

Refer to note 49 for details.

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2015

ACCOUNTING POLICIES

1. Presentation of Annual Financial Statements

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

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

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

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:

- GRAP 1 Presentation of Financial Statements
- GRAP 2 Cash Flow Statements
- GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors
- GRAP 4 the Effects of Changes in Foreign Exchange Rates
- GRAP 5 Borrowing Costs
- GRAP 6 Consolidated and Separate Financial Statements
- GRAP 7 Investments in Associates
- GRAP 8 Investment in Joint Ventures
- GRAP 9 Revenue from Exchange Transactions
- GRAP 10 Financial Reporting in Hyperinflationary Economies
- GRAP 11 Construction Contracts
- GRAP 12 Inventories
- GRAP 13 Leases
- GRAP 14 Events after the Reporting Date
- GRAP 16 Investment Properties
- GRAP 17 Property, Plant and Equipment
- GRAP 19 Provisions, Contingent Liabilities and Contingent Assets
- 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 100 Non-current Assets Held for Sale and Discontinued Operations
- GRAP 101 Agriculture
- GRAP 31 Intangible Assets
- GRAP 103 Heritage Assets
- GRAP 104 Financial Instruments

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2015

ACCOUNTING POLICIES

Directives issued and effective:

Directive 1: Repeal of Existing Transitional Provisions in, and Consequential Amendments to, Standards of GRAP

Directive 2: Transitional Provisions for the Adoption of Standards of GRAP by Public Entities, Municipal Entities and Constitutional Institutions.

Directive 3: Transitional Provisions for the Adoption of Standards of GRAP by High Capacity Municipalities.

Directive 5: Determining the GRAP reporting framework.

Directive 7: The Application of Deemed Cost on the Adoption of Standards of GRAP

Interpretations of the Standards of GRAP

IGRAP 1: Applying the Probability Test on Initial Recognition of Exchange Revenue

IGRAP2: Changes in Existing Decommissioning, Restoration and Similar Liabilities

IGRAP 3: Determining whether an Arrangement contains a Lease

IGRAP 4: Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

IGRAP 5 : Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies

IGRAP 6 : Loyalty Programmes

IGRAP 7 : The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

IGRAP 8 : Agreements for the Construction of Assets from Exchange Transactions

IGRAP 9 : Distributions of Non-cash Assets to Owners

IGRAP 10: Assets Received from Customers

IGRAP 13: Operating Leases – Incentives

IGRAP 14: Evaluating the Substance of Transactions Involving the Legal Form of a Lease

IGRAP 15: Revenue – Barter Transactions Involving Advertising Services

IGRAP 16: Intangible Assets - Website Costs

Approved guidelines of Standards of GRAP:

Guide 1: Guideline on Accounting for Public Private Partnerships

Effective IFRS's and IFRIC's that are applied considering the provisions in paragraphs .20 to .26 of the Directive:

IFRS 4 (AC 141) Insurance Contracts

IFRS 6 (AC 143) Exploration for and Evaluation of Mineral Resources

IAS 12 (AC 102) Income Taxes

SIC - 25 (AC 425) Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

SIC - 29 (AC 429) Service Concession Arrangements - Disclosures

IFRIC 12 (AC 445) Service Concession Arrangements

Additional text

Standards of GRAP that an entity may use to disclose information in its financial statements:

GRAP 20 Related Party Disclosures

1.1 Presentation currency

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

1.2 Going concern assumption

These annual financial statements have been prepared on a going concern basis.

1.3 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.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2015

ACCOUNTING POLICIES

1.4 Retirement Benefits

1.4.1 Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

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

1.4.2 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 KZN Municipal Pension Fund is a defined contribution fund. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable.

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

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.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2015

ACCOUNTING POLICIES

1.4 Retirement Benefits (continued)

1.4.3 Pension obligations

The municipality and its employees contribute to 8 different Pension Funds, of which 2 (Durban Pension Fund and the KZN Pension Fund) cater for more than 86% of staff.

The Municipality has both defined benefit and defined contribution 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. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The Municipality has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The following are defined benefit funds:

- Durban Pension Fund
- Government Employee's Pension Fund
- SALA
- Natal Joint Municipal Pension Fund - Superannuation
- Natal Joint Municipal Pension Fund - Retirement

The following are defined contribution funds:

- KZN Pension Fund
- Multi Linked

The other fund is a Provident Fund administered by Natal Joint Municipal 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 gains and losses are recognised in the year that they arise, in the Statement of Financial Performance.

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

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, best approximated by reference to market yields at the reporting date on government 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 in the statement of financial performance .

Any asset is limited to the net total of the present value of the defined benefit obligation at the reporting date minus the fair value at the reporting date of plan assets plus any liability that may arise as a result of a minimum funding requirement, and the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Durban Marine Theme Park (Proprietary)Limited staff are obliged to be members of the Provident Fund which is governed by the Pensions Funds Act of 1956.Contributions are based on a percentage of the payroll and charged to the Statement of Financial Performance in the year to which they relate.

All staff of the I.C.C.Durban (Proprietary) Limited are members of the I.C.C.Pension Fund which is a defined contribution fund

1.4.4 Other post-employment benefit 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. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are charged or credited to the statement of financial performance in the year that they arise.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2015

ACCOUNTING POLICIES

1.4 Retirement Benefits (continued)

Multi-Employer Retirement Benefit Plans

The Municipality contributes to Government Employees Pension Fund, Natal Joint Super Annuation and Retirement Funds which are Defined Benefit Funds. The municipality's liability in these funds could not be determined owing to the fact that the assets are not being allocated to each employer and only one set of financial statements are compiled for each fund not per employer. Further details of this plan are included in note 20

1.5 Significant Judgements

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

Post Retirement Benefits and Multi-Employer Retirement Benefit Plans

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.

The Municipality determines the appropriate discount rate at the end of each year using the actuarial valuation. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Municipality considers the interest rates that are best approximated by reference to market yields at the reporting date on government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 20. The Municipality contributes to Natal Joint Super Annuation and Retirement Funds which are Defined Benefit Funds. The municipality's liability in these funds could not be determined owing to the fact that the assets are not being allocated to each employer and only one set of financial statements are compiled for each fund not per employer. Further details of this plan is included in note 20

Provision for impairment of trade receivables

The provision for impairment is measured as the difference between the assets' carrying amount and the present value of estimated future cash flow based on past recovery trends.

Non-cash generating and cash generating Impairment testing

Management used the fair value less cost to sell to determine the recoverable amount of intangible assets with an indefinite useful life and identifying assets that may have been impaired.

All assets owned/recognised by the municipality are held for the provision of basic services and are considered to be non-cash generating assets

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.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

A provision is recognised when:

- the municipality has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2015

ACCOUNTING POLICIES

1.6 Investment property

Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

Derecognition and Impairment

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal. Gains or losses arising from the retirement or disposal of investment property shall be determined as the difference between the net disposal proceeds and the carrying amount of the asset and shall be recognised in the Statement of Financial Performance in the period of the retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up shall be recognised in the Statement of Financial Performance when the compensation becomes receivable.

The Municipality tests for impairment where there is an indication that a property may be impaired. An assessment of whether there is an indication of possible impairment is done during each reporting period. Where the carrying amount of an item of an investment property is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

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.

Subsequent Measurement

Investment property is measured using the cost model. Under the cost model, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses. Transfers to or from investment property are made only when there is a change in use.

Depreciation

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

| Item | Useful life |
|----------------------|-------------|
| Property - land | indefinite |
| Property - buildings | 10-80 years |

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, to meet service delivery objectives, rental to others, or for administrative purposes, and are expected to be used during more than one period.

Initial Recognition

Property, plant and equipment is initially measured at cost.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2015

ACCOUNTING POLICIES

1.7 Property, plant and equipment (continued)

Where an asset is acquired for no consideration (i.e. through a non-exchange transaction), its cost is deemed to be equal to its fair value as at date of acquisition.

Subsequent Measurement

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Depreciation and Impairment

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. Depreciation is calculated as soon as the asset becomes available for its intended use. When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The annual depreciation rates are based on the following estimated useful lives of items of property, plant and equipment :

| Item | Average useful life |
|--|---------------------|
| Infrastructure | |
| • Rivers and Coastal Engineering | 20-80 years |
| • Roads and Motorways | 20-80 years |
| • Economic Development | 20 years |
| • Traffic Equipment | 10-80 years |
| • Stormwater Drainage | 20-80 years |
| • Airport Infrastructure | 15-80 years |
| • Solid Waste | 3-30 years |
| • Water and Sanitation | 20-80 years |
| • Major Substations: Buildings | 30-50 years |
| • Transformers and Related Equipment | 30-45 years |
| • Mains | 30-55 years |
| • Street Lighting | 20-30 years |
| • Conventional and Prepaid Metering | 15-25 years |
| Community | |
| • Buildings | 20-80 years |
| • Recreational Facilities | 10-80 years |
| Other property, plant and equipment | |
| • Buildings | 20-80 years |
| • Markets and Informal Markets | 15-30 years |
| • Fire Engines | 20 years |
| • Landfill Sites | 3-30 years |
| • Car Parks | 15 years |
| • Fencing | 20 years |
| • Lifys | 20 years |
| • Building Improvements and structures | 3-10 years |
| • Heavy and Mobile Plant | 7-10 years |
| • Furniture and fitting | 2-20 years |
| • Vehicles | 3-11 years |
| • Bins and containers | 5 years |
| • Security Systems | 5-15 years |
| • Office Equipment | 5-7 years |
| • Air conditioning | 5-15 years |
| • Public Address Systems | 15 years |
| • Turnstiles | 15 years |
| • Electrical | 20 years |
| • Mechanical | 20 years |
| • Hostels | 20-80 years |
| • Library Books | 5-10 years |
| • Other Items of Plant and Equipment | 3-5 years |
| • Biological Assets | 50-85 years |

eThekwini Municipality and its Municipal Entities

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ACCOUNTING POLICIES

1.7 Property, plant and equipment (continued)

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.

All property, plant and equipment are considered to have a nil residual value

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 on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying value and is recognised in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting period.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

The Municipality has an obligation to rehabilitate its landfill sites in terms of its licence stipulations. Provision is made for this obligation in accordance with the Municipality's accounting policy on non-current provisions see Accounting Policy on Provisions 1.25

1.8 Standards, amendments to standards and interpretations issued but not yet effective

GRAP 18: Segment Reporting – issued March 2005:

Compliance with this standard would have had an effect on the presentation only. Financial information would have been reported by segments. The disclosure of this information will assist users of the financial statements to better understand the entity's past performance and to identify the resources allocated to support the major activities of the entity.

GRAP 20: Related Party Disclosures-issued June 2011:

Compliance with this standard would have had an effect on the presentation only. Related party transactions have been disclosed in accordance with IPSAS 20.

GRAP 105: Transfer of functions between entities under common control - issued November 2010:

Compliance with this standard will not have an impact on the current financial information as no transactions relating to the transfer of functions between entities under common control exists in the current year.

GRAP 106: Transfer of functions between entities not under common control - issued November 2010:

Compliance with this standard will not have an impact on the current financial information as no transactions relating to the transfer of functions between entities not under common control exists in the current year.

GRAP 107: Mergers - issued November 2010:

Compliance with this standard will not have an impact on the current financial information as no transactions relating to mergers exists in the current year.

GRAP32:Service Concession Arrangements:Grantor - Issued August 2013:
Compliance with this standard will not have an impact on the current financial information as no transactions relating to service concession arrangements exist in the current year

GRAP 108:Statutory Receivables -issued September 2013

Compliance with this standard would have had an effect on presentation and disclosure only. GRAP 108 requires separate disclosure of statutory receivables together with additional disclosure on measurement basis and criteria.

1.9 Intangible assets

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

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2015

ACCOUNTING POLICIES

1.9 Intangible assets (continued)

Intangible assets are initially recognised at cost and comprise of software and servitudes

Computer software is capitalised to computer equipment where it forms an integral part of computer equipment.

Servitudes are classified as intangible assets. Servitudes are rights that are not amortised as they have an indefinite useful life

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. through a non-exchange transaction), the cost is deemed to be equal to its fair value at the date of acquisition.

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

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

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

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

Amortisation is provided to write down the intangible assets, on a straight line basis, over their useful lives as follows:

| Item | Useful life |
|-------------------|-------------|
| Computer software | 2-20 years |

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance. The municipality tests intangible assets with finite useful lives for impairment where there is an indication of possible impairment, which is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the net proceeds and the carrying value and is recognised in the Statement of Financial Performance

1.10 Heritage assets

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

Initial Recognition

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

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

Subsequent measurement

Subsequent to initial recognition, heritage assets are measured at cost less accumulated impairment losses ie cost model.

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2015

ACCOUNTING POLICIES

1.10 Heritage assets (continued)

Depreciation and Impairment

Heritage assets are not depreciated but assessed at each reporting date whether there is an indication that it may be impaired.

Derecognition

Heritage assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use or disposal of the asset. The gain or loss arising on the disposal or retirement of a heritage asset is recognised in the Statement of Financial Performance.

1.11 Investments in Municipal entities

Group annual financial statements

The group annual financial statements include those of the municipality and its Municipal entities. The revenue and expenses of the Municipal entities are included from the effective date of acquisition.

On acquisition the group recognises the Municipal entity's identifiable assets, liabilities and contingent liabilities at fair value, except for assets classified as held-for-sale, which are recognised at fair value less costs to sell.

Municipality annual financial statements

Investments in municipal entities are carried at cost less any accumulated impairment.

Investments in municipal entities under the ownership control of the Municipality are carried at cost. Separate consolidated financial statements are prepared to account for the Municipality's share of net assets and post acquisition results of these investments.

The municipality assesses at each reporting date whether there is any indication that an investment in municipal entities may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the investment in municipal entities.

The recoverable amount of an investment in municipal entities is the higher of its fair value less costs to sell and its value in use.

A reversal of an impairment loss of investments in municipal entities carried at cost is recognised immediately in the Statement of Financial Performance.

1.12 Interest in joint ventures

Group annual financial statements

An interest in a joint venture is accounted for using the proportionate consolidation method, except when the asset is classified as held-for-sale. Under the proportionate consolidation method the group's share of each of the assets, liabilities, revenue and expenses of the investment is combined line by line with similar items in the group annual financial statements. The use of proportionate consolidation is discontinued from the date on which it ceases to have joint control over a jointly controlled entity.

Municipality annual financial statements

An investment in a joint venture is carried at cost less any accumulated impairment.

The municipality's share of profits or losses, resulting from operations of the joint venture, is recognised on the accrual basis and is capitalised to the cost of the investment.

The municipality assesses at each reporting date whether there is any indication that an investment in a joint venture may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the investment in a joint venture.

The recoverable amount of an investment in a joint venture is the higher of its fair value less costs to sell and its value in use.

A reversal of an impairment loss of investments in a joint venture carried at cost is recognised immediately in the Statement of Financial Performance.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2015

ACCOUNTING POLICIES

1.13 Financial instruments

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

Initial recognition

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.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2015

ACCOUNTING POLICIES

1.13 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

Loans to (from) municipal entities

These include loans to municipal entities and recognised at fair value plus any transaction costs and subsequently measured at cost.

An impairment loss is recognised in the Statement of Financial Performance when there is objective evidence that it is impaired. The impairment is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Receivables from Exchange transactions

Trade 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 debtors 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 debtors. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Impairment losses are recognised in the Statement of Financial Performance.

An estimate is made for doubtful debts based on the categorisation of debts and a review of past trends in collection rates applied to all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified in the Statement of Financial Performance.

Payables from Exchange Transactions

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.

Borrowings and other financial liabilities

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of financial performance over the period of the borrowings using the effective interest method.

Long term borrowings are non-derivative financial loans and the Municipality does not hold financial loans for trading purposes. Long term borrowings are utilised solely for funding capital projects and the book value is disclosed at amortised cost.

Other financial liabilities are carried at amortised cost.

Loans and receivables

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

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

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2015

ACCOUNTING POLICIES

1.13 Financial instruments (continued)

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.

1.14 Tax

Deferred tax assets and liabilities

Deferred Income Tax with respect to Municipal Entities, is provided in full, using the liability method, on temporary differences arising between the tax basis of asset and liabilities and their carrying amounts in the financial statements. Current tax rates are used to determine deferred income tax.

A deferred tax asset is recognised to the extent that it is probable that the future taxable profit will be available against which temporary differences will be utilised.

Tax expenses

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

1.15 Long Service Awards

Provision for long service awards represents the present value of the estimated future cash outflows to be made by the Municipality resulting from employee services provided up to Statement of Financial position date. The provision comprises amounts that the Municipality has a present obligation to pay resulting from employees services provided up to Statement of Financial position date.

1.16 Leases

Operating leases - The Municipality as lessor

Assets leased to third parties under operating leases are included in investment properties and property, plant and equipment in the statement of financial position.

They are depreciated over their expected useful lives on a basis consistent with similar owned investment properties and property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised over the lease term.

Operating leases - The Municipality as lessee

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of financial performance on a straight-line basis over the period of the lease.

1.17 Inventories

Initial Recognition

Inventories are initially recognized at cost. Cost generally refers to the purchase price, plus taxes (other than those subsequently recovered from the taxing authorities), transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2015

ACCOUNTING POLICIES

1.17 Inventories (continued)

Subsequent Measurement

Net realisable value is the estimated selling price in the ordinary course of operations.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Consumable stores, maintenance materials and water stock are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average method.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

1.18 Impairment of cash-generating assets

The Municipality classifies all assets held with the primary objective of generating a commercial return as cash generating assets.

The municipality assesses at each reporting date, or more frequently where events or changes in circumstances indicate that an asset may be impaired. When such an indication exists, the municipality determines the recoverable amount of the asset.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. A cash generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return.

Impairment loss of a cash-generating unit is allocated to decrease the carrying amount of the assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. After allocating the impairment loss, the carrying amount should be the highest of, its fair value less cost to sell; or value in use; or zero.

Reversal of an impairment loss for a group of assets / cash-generating unit should be allocated to the cash-generating assets of the unit, pro rata with the carrying amount of those assets.

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

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2015

ACCOUNTING POLICIES

1.19 Impairment of non-cash-generating assets

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

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

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

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

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

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

1.20 Grants, Transfers and Donations

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

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

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

1.21 Budget Information

An approved budget is the anticipated revenue and expenditure expected to apply in the annual or multiyear period based on current plans and approved by the Municipal Council. The Final Budget is the approved budget adjusted for transfers, allocations, supplemental appropriations and other changes applicable to the budget period. The budget has been included in the Annual Financial Statements in accordance with the disclosure recommendations determined by National Treasury.

The budget has been included in the Annual Financial Statements in accordance with GRAP 24. The municipality presents a comparison of budget and actual amounts as a Statement of comparative and actual information.

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

Comparative information is not required.

1.22 Related Parties

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 other party in making financial and operating decisions or is a member of the key management of the municipality / entity. Refer note 40 - Related Parties.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2015

ACCOUNTING POLICIES

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

1.24 Post-reporting date events

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue.

Two types of events can be identified:

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

The Municipality will adjust the amounts recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

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

1.25 Provisions and contingencies

Provisions are recognised when:

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

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

Where the effect is material, non-current provisions are discounted to their present value using a prevailing prime rate at year end which reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability, if any (for example in the case of obligations for the rehabilitation of land). The municipality uses the prevailing prime rate at year end.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 39.

1.26 Revenue

Revenue comprises of the consideration received or receivable for the sale of goods and services in the ordinary course of the Municipality's activities. Revenue is shown net of value added tax, estimated returns, rebates and discounts and after eliminated revenue within departments of the Municipality.

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

- The Municipality has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Municipality 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 associated with the transaction will flow to the Municipality;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is recognised as follows:

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2015

ACCOUNTING POLICIES

1.26 Revenue (continued)

1.26.1 Revenue from exchange transactions

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value to another entity in exchange.

Service charges relating to electricity and water are based on consumption. Meters are read on a quarterly basis and are recognised as revenue when invoiced. Bulk electricity meters are read monthly.

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.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

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.

Finance income from the sale of housing by way of instalment sales agreements or finance leases is recognised on a time proportion basis.

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

Revenue from public contributions is recognised when all conditions associated with the contribution have been met. Where public contributions have been received but the municipality has not met the condition, a liability is recognised.

Durban Marine Theme Park (Proprietary) limited recognises revenue from parking fees and sales immediately upon receipt.

All other revenue is recognised as it accrues.

1.26.2 Revenue from non-exchange transactions

This refers to transactions where the municipality received revenue from another entity without giving approximately equal value in exchange.

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

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised bases on management's best estimate of the probable inflows.

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.

1.27 Borrowing costs

2015 : Borrowing costs recognised as an expense in Statement of Financial Performance in the period in which they incurred.

2014 : Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2015

ACCOUNTING POLICIES

1.27 Borrowing costs (continued)

The change in accounting policy is as a result of an amendment to GRAP 5 which is effective from the current financial reporting year.

In accordance with GRAP 5 paragraph 36, borrowing costs, incurred before and after the effective date of this amendment and the related qualifying assets for which the commencement date for capitalisation is prior to the effective date of this standard, shall be recognised in accordance with the entity's previous accounting policy.

1.28 Translation of foreign currencies

Foreign currency transactions

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance.

1.29 Comparatives information

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

1.27.1 Current year comparatives

Budgeted amounts have been included in an annexure to these financial statements for the current financial year only.

1.27.2 Prior year comparatives

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.30 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance. Where unauthorised expenditure is not approved, upon the finalisation of an investigation, it is recovered from the responsible person and the amount received is accounted for as revenue in the Statement of Financial Performance.

1.31 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. If the expenditure is not condoned by the relevant authority, upon the finalisation of an investigation, it is accounted for as a current asset in the Statement of Financial Position until such time as the expenditure is recovered from the responsible person or written off as irrecoverable in the Statement of Financial Performance.

1.32 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), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the relevant authority, upon the finalisation of an investigation, it is treated as a current asset until it is recovered or written off as irrecoverable in the Statement of Financial Performance.

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2015

Notes to the Annual Financial Statements

| Figures in Rand thousand | Group | | Municipality | |
|------------------------------------|----------------|----------------|----------------|----------------|
| | 2015 | 2014 | 2015 | 2014 |
| 2. Inventories | | | | |
| Unsold Properties held for re-sale | 55,553 | 42,381 | - | - |
| Food and beverages | 2,405 | 2,001 | - | - |
| Consumable stores | 347,708 | 273,482 | 346,703 | 272,383 |
| Maintenance materials | 72 | 36 | 72 | 36 |
| Water | 12,640 | 11,665 | 12,640 | 11,665 |
| Other | 2,541 | 2,228 | - | - |
| | 420,919 | 331,793 | 359,415 | 284,084 |

The cost of inventories recognised as an expense during the period in respect of water sales was R1 662m (2014: R1 520m).

3. Loan to municipal entity

Controlled entity

| | | | | |
|----------------------------------|---|---|---------|---------|
| ICC Durban (Proprietary) Limited | - | - | 226,590 | 226,590 |
|----------------------------------|---|---|---------|---------|

This loan is unsecured, interest free and has no fixed date of repayment. The shareholder has not requested repayment of the loan since cash and cash equivalents of the entity have been allocated to capital expenditure for the next 4 years such that the entity maintains an acceptable standard within the world conferencing environment.

4. Investments

Designated at fair value

| | | | | |
|---------------|-----------|-----------|-----------|-----------|
| Fixed deposit | 5,500,000 | 4,050,000 | 5,500,000 | 4,050,000 |
|---------------|-----------|-----------|-----------|-----------|

Non-current assets

| | | | | |
|---------------|---------|---------|---------|---------|
| Fixed Deposit | 500,000 | 500,000 | 500,000 | 500,000 |
|---------------|---------|---------|---------|---------|

Current assets

| | | | | |
|---------------|-----------|-----------|-----------|-----------|
| Fixed Deposit | 5,000,000 | 3,550,000 | 5,000,000 | 3,550,000 |
|---------------|-----------|-----------|-----------|-----------|

Investments are non-derivative financial assets and are classified at fair value and are held to maturity. Investments will mature within two to four months, therefore cost equates fair value. The Municipality does not hold its investments for trading purpose. Management determines the classification of its investments at the time of acquisition and reevaluates such declaration on an annual basis. Investments held for less than 12 months are recognised at cost. Investments with maturities greater than 12 months are recognised at fair value.

5. Receivables from exchange transactions

| | | | | |
|---|------------------|------------------|------------------|------------------|
| Provision for Bad debts - Other (mainly in respect of Sundry services and interest on outstanding debt) | (1,078,042) | (552,273) | (1,078,042) | (552,273) |
| Prepayments | 40,458 | 40,768 | 37,389 | 37,910 |
| Provision for Bad Debts - DOHS | (2,018,471) | (1,235,543) | (2,018,471) | (1,235,543) |
| Other Debtors (mainly in respect of sundry services and interest on outstanding debt) | 2,185,849 | 1,554,873 | 2,163,671 | 1,543,025 |
| Debtor - DOHS | 3,389,687 | 2,474,940 | 3,389,687 | 2,474,940 |
| Fair value adjustments | (871) | (1,669) | (871) | (1,669) |
| Accruals | 163,814 | 96,224 | 163,814 | 96,224 |
| | 2,682,424 | 2,377,320 | 2,657,177 | 2,362,614 |

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2015

Notes to the Annual Financial Statements

| Figures in Rand thousand | Group | | Municipality | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 2015 | 2014 | 2015 | 2014 |
| 6. Receivables from non-exchange transactions | | | | |
| Fines | 1,191,515 | 998,798 | 1,191,515 | 998,798 |
| Provision for Bad Debts - Traffic Fines | (953,212) | (799,038) | (953,212) | (799,038) |
| | 238,303 | 199,760 | 238,303 | 199,760 |
| 7. VAT | | | | |
| VAT reconciliation | | | | |
| VAT payable | (2,316) | (2,046) | - | - |
| VAT receivable | 36,313 | 101,105 | 36,313 | 100,360 |
| Net Vat | 33,997 | 99,059 | 36,313 | 100,360 |
| Municipality: | | | | |
| VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS. | | | | |
| 8. Consumer debtors | | | | |
| Gross balances | | | | |
| Rates | 2,315,477 | 2,187,308 | 2,315,477 | 2,187,308 |
| Electricity | 1,350,460 | 1,173,232 | 1,350,460 | 1,173,232 |
| Water | 1,479,077 | 1,241,446 | 1,482,316 | 1,244,866 |
| Refuse | 120,439 | 103,890 | 120,439 | 103,890 |
| Business service levies | 3,765 | 3,765 | 3,765 | 3,765 |
| Housing rental | 64,790 | 55,350 | 64,790 | 55,350 |
| Waste water | 251,215 | 208,452 | 251,215 | 208,452 |
| ICC Debtors | 4,630 | 1,291 | - | - |
| | 5,589,853 | 4,974,734 | 5,588,462 | 4,976,863 |
| Less: Allowance for impairment | | | | |
| Rates | (961,000) | (823,622) | (961,000) | (823,622) |
| Electricity | (195,907) | (171,158) | (195,907) | (171,158) |
| Water | (1,081,604) | (801,232) | (1,081,604) | (801,232) |
| Refuse | (80,130) | (65,708) | (80,130) | (65,708) |
| Business service levies | (3,765) | (3,765) | (3,765) | (3,765) |
| Housing rental | (56,813) | (44,182) | (56,813) | (44,182) |
| Waste water | (132,805) | (98,411) | (132,805) | (98,411) |
| ICC Debtors | (657) | (883) | - | - |
| | (2,512,681) | (2,008,961) | (2,512,024) | (2,008,078) |
| Net balance | | | | |
| Rates | 1,354,477 | 1,363,686 | 1,354,477 | 1,363,686 |
| Electricity | 1,154,553 | 1,002,074 | 1,154,553 | 1,002,074 |
| Water | 397,473 | 440,214 | 400,712 | 443,634 |
| Refuse | 40,309 | 38,182 | 40,309 | 38,182 |
| Housing rental | 7,977 | 11,168 | 7,977 | 11,168 |
| Waste water | 118,410 | 110,041 | 118,410 | 110,041 |
| ICC Debtors | 3,973 | 408 | - | - |
| | 3,077,172 | 2,965,773 | 3,076,438 | 2,968,785 |

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| Figures in Rand thousand | Group | | Municipality | |
|--|------------------|------------------|------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| 8. Consumer debtors (continued) | | | | |
| Included in above is receivables from exchange transactions | | | | |
| Electricity | 1,154,553 | 1,002,074 | 1,154,553 | 1,002,074 |
| Water | 397,473 | 440,214 | 400,712 | 443,634 |
| Waste water | 118,410 | 110,041 | 118,410 | 110,041 |
| Refuse | 40,309 | 38,182 | 40,309 | 38,182 |
| Housing rental | 7,977 | 11,168 | 7,977 | 11,168 |
| ICC Debtors | 2,920 | 408 | - | - |
| | 1,721,642 | 1,602,087 | 1,721,961 | 1,605,099 |
| Included in above is receivables from non-exchange transactions (taxes and transfers) | | | | |
| Rates | 1,354,477 | 1,363,686 | 1,354,477 | 1,363,686 |
| Net balance | 3,076,119 | 2,965,773 | 3,076,438 | 2,968,785 |
| Rates | | | | |
| Current (0 -30 days) | 364,512 | 479,034 | 364,512 | 380,308 |
| 31 - 60 days | 63,404 | 65,263 | 63,404 | 65,263 |
| 61 - 90 days | 46,182 | 81,033 | 46,182 | 81,034 |
| 91 - 120 days | 40,554 | 28,933 | 40,554 | 40,933 |
| 121 - 365 days | 1,540,640 | 1,387,798 | 1,540,640 | 1,387,798 |
| > 365 days | 260,185 | 145,247 | 260,185 | 231,972 |
| | 2,315,477 | 2,187,308 | 2,315,477 | 2,187,308 |
| Electricity, Water, Solid Waste and Waste Water | | | | |
| Current (0 -30 days) | 1,216,835 | 1,127,237 | 1,220,074 | 1,130,657 |
| 31 - 60 days | 263,958 | 195,059 | 263,958 | 195,059 |
| 61 - 90 days | 79,530 | 72,590 | 79,530 | 72,590 |
| 91 - 120 days | 72,923 | 57,609 | 72,923 | 57,609 |
| > 365 days | 1,567,945 | 1,274,525 | 1,567,945 | 1,274,525 |
| | 3,201,191 | 2,727,020 | 3,204,430 | 2,730,440 |
| Regional services levies | | | | |
| > 365 days | 3,765 | 3,765 | 3,765 | 3,765 |
| Housing rental | | | | |
| Current (0 -30 days) | 7,416 | 387 | 7,416 | 387 |
| 31 - 60 days | 1,146 | 1,182 | 1,146 | 1,182 |
| 61 - 90 days | 1,240 | 1,222 | 1,240 | 1,222 |
| 91 - 120 days | 1,218 | 1,195 | 1,218 | 1,195 |
| 121 - 365 days | 53,770 | 51,364 | 53,770 | 51,364 |
| | 64,790 | 55,350 | 64,790 | 55,350 |
| I.C.C. Debtors | | | | |
| Current (0 -30 days) | 23 | 822 | - | - |
| 31 - 60 days | 3,079 | 61 | - | - |
| 91 - 120 days | 1,528 | 408 | - | - |
| | 4,630 | 1,291 | - | - |

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|---|--------------------|--------------------|--------------------|--------------------|
| | 2015 | 2014 | 2015 | 2014 |
| 8. Consumer debtors (continued) | | | | |
| Reconciliation of allowance for impairment | | | | |
| Balance at beginning of the year | (2,008,961) | (1,987,634) | (2,008,078) | (1,985,507) |
| Contributions to allowance | (615,041) | (555,359) | (615,257) | (554,980) |
| Debt impairment written off against allowance | 111,321 | 534,032 | 111,311 | 532,409 |
| | (2,512,681) | (2,008,961) | (2,512,024) | (2,008,078) |
| 9. Long-term receivables | | | | |
| Loan:DIDT | 156,583 | 156,583 | 156,583 | 156,583 |
| Housing Selling scheme loans | 126,864 | 128,042 | 126,864 | 128,042 |
| First Metro Housing Loans | 13,077 | 14,114 | 13,077 | 14,114 |
| Land sales | 2,101 | 1,514 | 2,101 | 1,514 |
| Education Loans | 17,211 | 17,647 | 17,211 | 17,647 |
| Debt Impairment: DIDT | (156,583) | (156,583) | (156,583) | (156,583) |
| Debt Impairment:Housing Selling scheme loans | (63,790) | (62,474) | (63,790) | (62,474) |
| | 95,463 | 98,843 | 95,463 | 98,843 |
| Less: Current portion transferred to current receivables | | | | |
| Housing Selling scheme loans | 5,119 | 3,337 | 5,119 | 3,337 |
| First Metro Housing Loans | 1,147 | 1,038 | 1,147 | 1,038 |
| Land sales | 2,101 | 1,514 | 2,101 | 1,514 |
| Education Loans | 2,599 | 1,250 | 2,599 | 1,250 |
| | 10,966 | 7,139 | 10,966 | 7,139 |
| Long-term receivables - Non-current portion | 84,497 | 91,704 | 84,497 | 91,704 |
| Long-term receivables - Current portion | 10,966 | 7,139 | 10,966 | 7,139 |

Education Loans

These loans relate to students who are studying full-time at Universities in the Engineering disciplines. The cost covers tuition fees, books and subsistence. On successful completion of the course the students are, in terms of contractual obligations, employed by the Municipality. A pro-rata share of these costs are then written back as operating costs in annual instalments equal to the number of years studied. These loans (bursaries) are interest free.

Housing selling scheme loans

Housing loans are granted to qualifying individuals in terms of the provincial administration housing programme. These loans attract interest in terms of the State Directives and Guidelines and are repayable over 20 years.

Housing First Metro loan

These loans attract interest at a fixed rate of 10% and are repayable over 20 years.

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|--------------------------|-------|------|--------------|------|
| | 2015 | 2014 | 2015 | 2014 |

10. Cash and Bank Balances

Refer to note 47 for details on Bank accounts and balances.

Cash and cash equivalents consist of:

| | | | | |
|----------------------------------|------------------|------------------|------------------|------------------|
| Cash on hand | 19,707 | 18,932 | 18,364 | 18,364 |
| Bank balances | 863,485 | 1,048,347 | 802,933 | 977,630 |
| Bank balances and cash | 883,192 | 1,067,279 | 821,297 | 995,994 |
| Bank overdraft | (687,496) | (857,562) | (687,496) | (857,562) |
| | 195,696 | 209,717 | 133,801 | 138,432 |
| Call Investment Deposits | 471,113 | 2,599,940 | 265,000 | 2,405,000 |
| Investments | 5,500,000 | 4,050,000 | 5,500,000 | 4,050,000 |
| Cash and Cash Equivalents | 6,166,809 | 6,859,657 | 5,898,801 | 6,593,432 |

eThekwini Municipality and its Municipal Entities

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Figures in Rand thousand

11. Investment property

| Group | 2015 | | | 2014 | | |
|---|-----------------|---|----------------|----------------|---|----------------|
| | Cost | Accumulated depreciation and accumulated impairment | Carrying value | Cost | Accumulated depreciation and accumulated impairment | Carrying value |
| Revenue Generating | 193,264 | (69,571) | 123,693 | 193,264 | (65,020) | 128,244 |
| Non-revenue Generating | 200,444 | (9,236) | 191,208 | 200,479 | - | 200,479 |
| Total | 393,708 | (78,807) | 314,901 | 393,743 | (65,020) | 328,723 |
| Municipality | 2015 | | | 2014 | | |
| | Cost | Accumulated depreciation and accumulated impairment | Carrying value | Cost | Accumulated depreciation and accumulated impairment | Carrying value |
| Revenue Generating | 102,554 | (43,935) | 58,619 | 102,554 | (42,075) | 60,479 |
| Non-revenue Generating | 200,444 | (9,236) | 191,208 | 200,479 | - | 200,479 |
| Total | 302,998 | (53,171) | 249,827 | 303,033 | (42,075) | 260,958 |
| Reconciliation of investment property - Group - 2015 | | | | | | |
| Revenue Generating | Opening balance | | | | | Total |
| | 128,244 | | | | (4,551) | 123,693 |
| Non-revenue Generating | 200,479 | (35) | | (9,236) | - | 191,208 |
| | 328,723 | (35) | (35) | (9,236) | (4,551) | 314,901 |

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Figures in Rand thousand

11. Investment property (continued)

Reconciliation of investment property - Group - 2014

| | Opening balance | Disposals | Transfers | Depreciation | Total |
|------------------------|-----------------|----------------|---------------|----------------|----------------|
| Revenue Generating | 119,786 | (35) | 13,037 | (4,544) | 128,244 |
| Non-revenue Generating | 208,724 | (8,245) | - | - | 200,479 |
| | 328,510 | (8,280) | 13,037 | (4,544) | 328,723 |

Reconciliation of investment property - Municipality - 2015

| | Opening balance | Disposals | Impairments | Depreciation | Total |
|------------------------|-----------------|-------------|----------------|----------------|----------------|
| Revenue Generating | 60,479 | - | - | (1,860) | 58,619 |
| Non-revenue Generating | 200,479 | (35) | (9,236) | - | 191,208 |
| | 260,958 | (35) | (9,236) | (1,860) | 249,827 |

Reconciliation of investment property - Municipality - 2014

| | Opening balance | Disposals | Transfers | Depreciation | Total |
|------------------------|-----------------|----------------|---------------|----------------|----------------|
| Revenue Generating | 49,315 | (29) | 13,037 | (1,844) | 60,479 |
| Non-revenue Generating | 208,724 | (8,245) | - | - | 200,479 |
| | 258,039 | (8,274) | 13,037 | (1,844) | 260,958 |

Municipality

The fair value of the above properties is R3.5billion (2014 R3.3billion). Investment properties have been valued in accordance with current market conditions. The Municipality lets properties under operating leases. Property rental income earned during the year was R81.6million. The operating costs related to the rental of these properties amounted to R18.3million.

eThekwini Municipality and its Municipal Entities

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| | Group | | Municipality | |
|--------------------------|-------|------|--------------|------|
| Figures in Rand thousand | 2015 | 2014 | 2015 | 2014 |

11. Investment property (continued)

Group

Durban Marine Theme Park (Pty) Ltd: Investment property comprises the Village Walk retail shopping mall from which rental income is derived. The original cost of this property including land was approximately R69 million. The directors fair value thereof is R136 million based on a valuation method of net rental return, capitalised at a fair market rate of return of 12%.

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Figures in Rand thousand

12. Property, plant and equipment

| Group | 2015 | | | 2014 | | |
|-------------------------------------|-------------------|---|-------------------|-------------------|---|-------------------|
| | Cost | Accumulated depreciation and accumulated impairment | Carrying value | Cost | Accumulated depreciation and accumulated impairment | Carrying value |
| Land and Buildings | 7,924,340 | (1,341,628) | 6,582,712 | 6,333,499 | (829,291) | 5,504,208 |
| Infrastructure | 35,218,407 | (7,714,921) | 27,503,486 | 32,281,039 | (6,749,822) | 25,531,217 |
| Community | 4,810,479 | (862,070) | 3,948,409 | 4,684,541 | (739,083) | 3,945,458 |
| Other property, plant and equipment | 7,334,108 | (4,628,791) | 2,705,317 | 6,926,956 | (3,929,343) | 2,997,613 |
| Housing Development Fund | 129,784 | (66,190) | 63,594 | 130,531 | (65,341) | 65,190 |
| Total | 55,417,118 | (14,613,600) | 40,803,518 | 50,356,566 | (12,312,880) | 38,043,686 |

| Municipality | 2015 | | | 2014 | | |
|-------------------------------------|-------------------|---|-------------------|-------------------|---|-------------------|
| | Cost | Accumulated depreciation and accumulated impairment | Carrying value | Cost | Accumulated depreciation and accumulated impairment | Carrying value |
| Land and Buildings | 6,583,473 | (911,673) | 5,671,800 | 5,329,976 | (781,374) | 4,548,602 |
| Infrastructure | 35,218,407 | (7,714,921) | 27,503,486 | 32,258,930 | (6,727,713) | 25,531,217 |
| Community | 4,810,479 | (862,070) | 3,948,409 | 4,684,561 | (739,103) | 3,945,458 |
| Other property, plant and equipment | 7,103,647 | (4,474,815) | 2,628,832 | 6,832,512 | (3,908,010) | 2,924,502 |
| Housing Development Fund | 129,784 | (66,190) | 63,594 | 130,531 | (65,341) | 65,190 |
| Total | 53,845,790 | (14,029,669) | 39,816,121 | 49,236,510 | (12,221,541) | 37,014,969 |

Reconciliation of property, plant and equipment - Group - 2015

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Figures in Rand thousand

12. Property, plant and equipment (continued)

| | Opening balance | Additions | Disposals | Transfers | Work in Progress | Depreciation | Impairment loss | Total |
|-------------------------------------|-------------------|------------------|----------------|--------------|------------------|--------------------|-----------------|-------------------|
| Land and Buildings | 5,504,208 | 241,737 | (40) | 60 | 1,011,151 | (174,404) | - | 6,582,712 |
| Infrastructure | 25,531,217 | 1,629,279 | (783) | 17 | 1,309,021 | (962,936) | (2,329) | 27,503,486 |
| Community | 3,945,458 | 73,956 | - | - | 51,982 | (120,229) | (2,758) | 3,948,409 |
| Other property, plant and equipment | 2,997,613 | 342,810 | (8,076) | (763) | (25,991) | (600,481) | 205 | 2,705,317 |
| Housing Development Fund | 65,190 | 170 | (172) | - | - | (1,594) | - | 63,594 |
| | 38,043,686 | 2,287,952 | (9,071) | (686) | 2,346,163 | (1,859,644) | (4,882) | 40,803,518 |

Reconciliation of property, plant and equipment - Group - 2014

| | Opening balance | Additions | Disposals | Transfers | Work in Progress | Depreciation | Impairment loss | Total |
|-------------------------------------|-------------------|------------------|----------------|-----------------|------------------|--------------------|-----------------|-------------------|
| Land and Buildings | 4,725,584 | 400,761 | (14) | (13,726) | 551,167 | (159,564) | - | 5,504,208 |
| Infrastructure | 23,935,816 | 1,898,832 | (99) | - | 553,897 | (855,918) | (1,311) | 25,531,217 |
| Community | 3,997,691 | 38,047 | - | 248 | 32,389 | (118,782) | (4,135) | 3,945,458 |
| Other property, plant and equipment | 2,969,751 | 636,138 | (9,445) | 252 | (26,582) | (566,636) | (5,865) | 2,997,613 |
| Housing Development Fund | 66,325 | 649 | (254) | - | - | (1,530) | - | 65,190 |
| | 35,695,167 | 2,974,427 | (9,812) | (13,226) | 1,110,871 | (1,702,430) | (11,311) | 38,043,686 |

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Figures in Rand thousand

12. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Municipality - 2015

| | Opening balance | Additions | Disposals | Transfers | Work in Progress | Depreciation | Impairment loss | Total |
|-------------------------------------|-------------------|------------------|----------------|--------------|------------------|--------------------|-----------------|-------------------|
| Land and Buildings | 4,548,602 | 240,629 | (40) | 60 | 1,011,151 | (128,602) | - | 5,671,800 |
| Infrastructure | 25,531,217 | 1,629,279 | (783) | 17 | 1,309,021 | (962,936) | (2,329) | 27,503,486 |
| Community | 3,945,458 | 73,956 | - | - | 51,982 | (120,229) | (2,758) | 3,948,409 |
| Other property, plant and equipment | 2,924,502 | 314,658 | (7,182) | (761) | (25,686) | (576,904) | 205 | 2,628,832 |
| Housing Development Fund | 65,190 | 170 | (172) | - | - | (1,594) | - | 63,594 |
| | 37,014,969 | 2,258,692 | (8,177) | (684) | 2,346,468 | (1,790,265) | (4,882) | 39,816,121 |

Reconciliation of property, plant and equipment - Municipality - 2014

| | Opening balance | Additions | Disposals | Transfers | Work in Progress | Depreciation | Impairment loss | Total |
|-------------------------------------|-------------------|------------------|----------------|-----------------|------------------|--------------------|-----------------|-------------------|
| Land and Buildings | 3,726,746 | 397,835 | (2) | (13,726) | 551,167 | (113,418) | - | 4,548,602 |
| Infrastructure | 23,935,816 | 1,898,832 | (99) | - | 553,897 | (855,918) | (1,311) | 25,531,217 |
| Community | 3,997,691 | 38,047 | - | 248 | 32,389 | (118,782) | (4,135) | 3,945,458 |
| Other property, plant and equipment | 2,893,042 | 616,292 | (8,958) | 252 | (26,278) | (543,983) | (5,865) | 2,924,502 |
| Housing Development Fund | 66,325 | 649 | (254) | - | - | (1,530) | - | 65,190 |
| | 34,619,620 | 2,951,655 | (9,313) | (13,226) | 1,111,175 | (1,633,631) | (11,311) | 37,014,969 |

Included in Property, Plant and Equipment above are items that are still in use and that have a historical cost of R410m (2014 R363m) but are fully depreciated. This amount is made up as follows: Landfill (Disposal sites) - R282million; PPE fully impaired - R128million.

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Figures in Rand thousand

13. Intangible assets

| Group | 2015 | | | 2014 | | |
|-------------------|------------------|---|----------------|------------------|---|----------------|
| | Cost | Accumulated amortisation and accumulated impairment | Carrying value | Cost | Accumulated amortisation and accumulated impairment | Carrying value |
| Servitudes | 50,107 | - | 50,107 | 48,435 | - | 48,435 |
| Computer software | 1,114,561 | (309,193) | 805,368 | 979,494 | (253,566) | 725,928 |
| Total | 1,164,668 | (309,193) | 855,475 | 1,027,929 | (253,566) | 774,363 |
| Municipality | 2015 | | | 2014 | | |
| | Cost | Accumulated amortisation and accumulated impairment | Carrying value | Cost | Accumulated amortisation and accumulated impairment | Carrying value |
| Servitudes | 50,107 | - | 50,107 | 48,435 | - | 48,435 |
| Computer software | 1,106,772 | (303,059) | 803,713 | 972,945 | (248,713) | 724,232 |
| Total | 1,156,879 | (303,059) | 853,820 | 1,021,380 | (248,713) | 772,667 |

Reconciliation of intangible assets - Group - 2015

| | Opening balance | Additions | Disposals | Transfers | Work in Progress | Amortisation | Total |
|-------------------|-----------------|---------------|------------|------------|------------------|-----------------|----------------|
| Servitudes | 48,435 | 1,672 | - | - | - | - | 50,107 |
| Computer software | 725,928 | 84,595 | (8) | 719 | 50,918 | (56,784) | 805,368 |
| | 774,363 | 86,267 | (8) | 719 | 50,918 | (56,784) | 855,475 |

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13. Intangible assets (continued)

Reconciliation of intangible assets - Group - 2014

| | Opening balance | Additions | Transfers | Work in Progress | Amortisation | Total |
|-------------------|-----------------|---------------|------------|------------------|-----------------|----------------|
| Servitudes | 48,362 | 73 | - | - | - | 48,435 |
| Computer software | 644,780 | 90,564 | (2) | 34,375 | (43,789) | 725,928 |
| | 693,142 | 90,637 | (2) | 34,375 | (43,789) | 774,363 |

Reconciliation of intangible assets - Municipality - 2015

| | Opening balance | Additions | Disposals | Transfers | Work in Progress | Amortisation | Total |
|-------------------|-----------------|---------------|------------|------------|------------------|-----------------|----------------|
| Servitudes | 48,435 | 1,672 | - | - | - | - | 50,107 |
| Computer software | 724,232 | 83,483 | (8) | 719 | 50,918 | (55,631) | 803,713 |
| | 772,667 | 85,155 | (8) | 719 | 50,918 | (55,631) | 853,820 |

Reconciliation of intangible assets - Municipality - 2014

| | Opening balance | Additions | Transfers | Work in Progress | Amortisation | Total |
|-------------------|-----------------|---------------|------------|------------------|-----------------|----------------|
| Servitudes | 48,362 | 73 | - | - | - | 48,435 |
| Computer software | 643,030 | 89,689 | (2) | 34,375 | (42,860) | 724,232 |
| | 691,392 | 89,762 | (2) | 34,375 | (42,860) | 772,667 |

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|--------------------------|-------|------|--------------|------|
| | 2015 | 2014 | 2015 | 2014 |

14. Heritage assets

| Group | 2015 | | | 2014 | | |
|---|--------|-------------------------------|----------------|--------|-------------------------------|----------------|
| | Cost | Accumulated impairment losses | Carrying value | Cost | Accumulated impairment losses | Carrying value |
| Art Collections, antiquities and exhibits | 13,486 | - | 13,486 | 13,038 | - | 13,038 |

| Municipality | 2015 | | | 2014 | | |
|---|--------|-------------------------------|----------------|--------|-------------------------------|----------------|
| | Cost | Accumulated impairment losses | Carrying value | Cost | Accumulated impairment losses | Carrying value |
| Art Collections, antiquities and exhibits | 13,486 | - | 13,486 | 13,038 | - | 13,038 |

Reconciliation of heritage assets Group - 2015

| | Opening balance | Additions | Transfers | Total |
|---|-----------------|-----------|-----------|--------|
| Art Collections, antiquities and exhibits | 13,038 | 482 | (34) | 13,486 |

Reconciliation of heritage assets Group - 2014

| | Opening balance | Additions | Disposals | Total |
|---|-----------------|-----------|-----------|--------|
| Art Collections, antiquities and exhibits | 12,184 | 857 | (3) | 13,038 |

Reconciliation of heritage assets Municipality - 2015

| | Opening balance | Additions | Transfers | Total |
|---|-----------------|-----------|-----------|--------|
| Art Collections, antiquities and exhibits | 13,038 | 482 | (34) | 13,486 |

Reconciliation of heritage assets Municipality - 2014

| | Opening balance | Additions | Disposals | Total |
|---|-----------------|-----------|-----------|--------|
| Art Collections, antiquities and exhibits | 12,184 | 857 | (3) | 13,038 |

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|--------------------------|-------|------|--------------|------|
| | 2015 | 2014 | 2015 | 2014 |

14. Heritage assets (continued)

Heritage assets which fair values cannot be reliably measured

The following items of heritage assets cannot be reliably valued due to the nature of the items:

| | |
|----------------------------------|-----------|
| Ornithology | 39,429 |
| Mammalogy | 18,741 |
| Entomology | 140,474 |
| Arachnology | 706 |
| Echinodermata | 36 |
| Palaeontology | 184,200 |
| Ethnographic | 4,100 |
| Library collection | 3,260 |
| Audio Visual collection | 625 |
| Durban Art Gallery | 288 |
| Textile & Costume | 13,183 |
| Glass & Ceramics | 3,366 |
| Other Historical | 17,938 |
| Don Africana Books & Periodicals | 3,471 |
| Exhibitions | 451 |
| Ichthyology | 246 |
| Herpetology | 3,073 |
| Biographical | 12,470 |
| Toys | 2,669 |
| Philately | 1,918,566 |
| War memorials | 1,950 |
| Firearms | 154 |
| Paintings | 523 |
| Photographic | 23,000 |
| Pinetown Library | 985 |

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2015

Notes to the Annual Financial Statements

| Figures in Rand thousand | Group | | Municipality | |
|--|----------------|----------------|----------------------|----------------------|
| | 2015 | 2014 | 2015 | 2014 |
| 15. Investments in Municipal entities | | | | |
| Name of company | % holding 2015 | % holding 2014 | Carrying amount 2015 | Carrying amount 2014 |
| ICC Durban (Proprietary) Limited | 100.00 % | 100.00 % | 1 | 1 |
| Durban Marine Theme Park (State Owned Company) Limited | 99.80 % | 99.80 % | 872,996 | 872,996 |
| | | | 872,997 | 872,997 |
| Impairment of investment in controlled entities | | | (204,932) | (289,563) |
| | | | 668,065 | 583,434 |

At its meeting on 25 June 2015, and taking cognizance of the International Convention Centre and Durban Marine Theme Park, the Council's Finance and Procurement Committee confirmed its commitment to ensuring the future financial viability of the International Convention Centre and the Durban Marine Theme Park and more specifically to meet any funding shortfalls that may compromise their ability to continue trading as a "going concern".

As at June 30, 2015

| | ICC Durban (Proprietary) Limited | Durban Marine Theme Park (Proprietary) Limited |
|--|----------------------------------|--|
| Issued Share Capital (R'000) | 1 | 9,384 |
| Percentage owned by Council (%) | 100 | 99 |
| Indebtedness of Municipal Entities (R'000)- Non Interest Bearing | 226,590 | - |
| Electricity Income Received (R'000) | 9,704 | 18,796 |
| Water Income Received (R'000) | 1,458 | 6,288 |
| Rates Income Received (R'000) | 5,317 | 3,847 |
| Refuse Removal (R'000) | 751 | 1,042 |
| Insurance (R'000) | - | 741 |

As at June 30, 2014

| | ICC Durban (Proprietary) Limited | Durban Marine Theme Park (Proprietary) Limited |
|--|----------------------------------|--|
| Issued Share Capital (R'000) | 1 | 9,384 |
| Percentage owned by Council (%) | 100 | 99 |
| Indebtedness of Municipal Entities (R'000)- Non Interest Bearing | 226,590 | - |
| Electricity Income Received (R'000) | 9,351 | 18,197 |
| Water Income Received (R'000) | 1,711 | 5,143 |
| Rates Income Received (R'000) | 5,370 | 4,234 |
| Refuse Removal (R'000) | 618 | 936 |
| Insurance (R'000) | - | 1,421 |

eThekwini Municipality and its Municipal Entities

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|--------------------------|-------|------|--------------|------|
| | 2015 | 2014 | 2015 | 2014 |

16. Interest in joint ventures

| Name of company | | Carrying amount 2015 | Carrying amount 2014 |
|-----------------------|--------|----------------------|----------------------|
| Effingham development | 66.74% | 66,546 | 61,679 |

This represents a 66.74% investment in Effingham Development (Joint Venture).

The Effingham Development Joint Venture is a joint venture entered into with Moreland Developments (Pty)Ltd. The joint venture was formed with the objective of developing and marketing the serviced sites of the Effingham/Avoca (Riverhorse Valley Business Estate) land and Phoenix South (Bridge City) land.

Summary of the municipality's interest in the joint venture

Assets

| | | |
|---|--------|--------|
| Township Property | 55,553 | 42,381 |
| Current assets - Debtors | 22,081 | 14,505 |
| Current assets - Bank Balances and Cash on hand | 13,110 | 28,176 |

| | | |
|---------------------|---------------|---------------|
| Total Assets | 90,744 | 85,062 |
|---------------------|---------------|---------------|

Equity and Liabilities

| | | |
|---------------------------------|--------|--------|
| Members Loan Accounts | 66,546 | 61,679 |
| Current liabilities - Creditors | 24,198 | 23,383 |

| | | |
|-------------------------------------|---------------|---------------|
| Total Equity and Liabilities | 90,744 | 85,062 |
|-------------------------------------|---------------|---------------|

Reconciliation of Investment in Joint Venture

| | | |
|-------------------------------|---------------|---------------|
| Balance at beginning of year | 61,679 | 81,596 |
| Share of Income for the year | 4,969 | 15,083 |
| Payment received | (102) | (35,000) |
| Balance at end of year | 66,546 | 61,679 |

17. External Borrowings

Designated at fair value

| | | | | |
|--------------|-------------------|-------------------|-------------------|-------------------|
| Annuity loan | 10,242,519 | 10,249,915 | 10,241,146 | 10,247,716 |
| Debenture | 90,000 | 119,667 | - | - |
| | 10,332,519 | 10,369,582 | 10,241,146 | 10,247,716 |

The fair value of all long term loans approximates their book values.

Refer to Note 52 for more detail on long-term liabilities.

DBSA Phase 2 and Phase 3 loans of R400million each are separately secured, each by a cession of an acceptable revenue stream of R20 million p.a. as security. The DBSA Phase 2 loan of R400million is a floating interest rate contract, and in order to mitigate the floating interest rate exposure, the Municipality entered into a fixed interest rate swap agreement with Standard Corporate & Merchant Bank.

DBSA Phase 5 of R300m is separately secured by a cession of an acceptable revenue stream of R15 million p.a. as security.

AFD Calyon of R58.7m is separately secured by a cession of carbon credit income in the event of default or nonpayment. The income is estimated to be R2.8m to the year 2016.

eThekwini Municipality and its Municipal Entities

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|--------------------------|-------|------|--------------|------|
| | 2015 | 2014 | 2015 | 2014 |

17. External Borrowings (continued)

Ushaka: Debentures:

The unsecured convertible debenture bears interest at a non-compounding rate of 13% per annum. The accrued interest is payable at the end of the twelfth year of the issued debenture. The debenture is convertible at the option of the holder into ordinary shares of the company at anytime during 12 years from date of issue. Should the holder not exercise the option to convert, the debenture is redeemable at the option of either the issuer or the bearer after the 12 years from date of issue. The Development Bank of South Africa have agreed to a final settlement of R90 million in two instalments payable in November 2015 and March 2016. eThekwini Municipality has undertaken to settle the amount on behalf of Durban Marine Theme Park as per council resolution dated 13 April 2015 in exchange for equity to be issued by Durban Marine Theme Park.

All other loans are unsecured.

The Municipality has budgeted to borrow R1 billion per annum for the next 3 financial years (commencing in 2015/16) in order to finance capital expenditure. This practice is consistent with prior years.

Non-current liabilities

| | | | | |
|--------------------------|-----------|-----------|-----------|-----------|
| Designated at fair value | 9,249,745 | 9,376,543 | 9,249,268 | 9,255,502 |
|--------------------------|-----------|-----------|-----------|-----------|

Current liabilities

| | | | | |
|--------------------------|-----------|---------|---------|---------|
| Designated at fair value | 1,082,774 | 993,039 | 991,878 | 992,214 |
|--------------------------|-----------|---------|---------|---------|

18. Payables from exchange transactions

| | | | | |
|--|------------------|------------------|------------------|------------------|
| Trade payables | 2,339,119 | 2,105,334 | 2,316,636 | 2,079,800 |
| Payments received in advance | 47,357 | 44,112 | 47,215 | 44,112 |
| Income received in advance - D.O.H.S | 709,954 | 772,213 | 709,954 | 772,213 |
| Other payables | 1,291,955 | 1,781,210 | 1,312,496 | 1,817,060 |
| Retentions | 219,351 | 174,342 | 219,351 | 174,342 |
| Bank deposits not receipted | 206,338 | 453,486 | 206,338 | 453,486 |
| Staff leave | 436,246 | 417,132 | 436,246 | 417,132 |
| Deferred Expenditure (Straight-lining of Leases) | 29,513 | 28,879 | 29,513 | 28,879 |
| Adjustment for fair value | (20,207) | (8,651) | (20,207) | (8,651) |
| Current Tax Payable (ICC) | 358 | - | - | - |
| | 5,259,984 | 5,768,057 | 5,257,542 | 5,778,373 |

19. Consumer deposits

| | | | | |
|--------------------------|------------------|------------------|------------------|------------------|
| I.C.C.: Clients deposits | 18,988 | 21,376 | - | - |
| Electricity | 1,178,134 | 1,054,238 | 1,179,569 | 1,055,647 |
| Water | 309,047 | 277,762 | 309,047 | 277,762 |
| Interest | 204,442 | 177,782 | 204,442 | 177,782 |
| Ushaka: Rental deposits | 2,079 | 2,020 | - | - |
| | 1,712,690 | 1,533,178 | 1,693,058 | 1,511,191 |

Included in eThekwini Municipality's deposits is an accrual of interest at an effective interest rate of 3% per annum (2014: 3%) which is paid to consumers when deposits are refunded.

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Notes to the Annual Financial Statements

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|--------------------------|-------|------|--------------|------|
| | 2015 | 2014 | 2015 | 2014 |

20. EMPLOYEE BENEFIT OBLIGATIONS

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

Carrying value

| | | | | |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|
| Post-employment medical benefits | (3,497,714) | (3,132,817) | (3,497,714) | (3,132,817) |
| Post-employment pension benefits | 523,431 | 317,671 | 523,431 | 317,671 |
| | (2,974,283) | (2,815,146) | (2,974,283) | (2,815,146) |
| Non-current liabilities | (2,353,172) | (2,659,382) | (2,353,172) | (2,659,382) |
| Current liabilities | (621,111) | (155,764) | (621,111) | (155,764) |
| | (2,974,283) | (2,815,146) | (2,974,283) | (2,815,146) |

Actuarial Valuations:

The actuarial valuations were done by Independent Actuaries & Consultants (2014 : Price Waterhouse Coopers Actuarial Management Solutions), an independent post retirement plan administrator and they determined that the retirement plan was in a sound financial position. Assumptions applied in the current period are summarised in the reconciliation of the actuarial losses.

Net Actuarial Gain / (Loss): Post-employment Medical Benefits

| | | | | |
|--|-----------------|---------------|-----------------|---------------|
| Actuarial gains and (losses) arising from changes in financial assumptions | (46,189) | (92,253) | (46,189) | (92,253) |
| Actuarial gains and (losses) arising from changes in demographic assumptions | 202,692 | - | 202,692 | - |
| Actuarial gains and (losses) arising from experience adjustments | (179,321) | 120,563 | (179,321) | 120,563 |
| | (22,818) | 28,310 | (22,818) | 28,310 |

Net Actuarial Gain / (Loss): Post-employment Pension Benefits

| | | | | |
|--------------------------------------|----------------|------------------|----------------|------------------|
| Change in economic assumptions | 169,863 | (107,485) | 169,863 | (107,485) |
| Experience variance and data changes | 340,906 | (595,897) | 340,906 | (595,897) |
| | 510,769 | (703,382) | 510,769 | (703,382) |

Statement of Financial Performance obligation for:

| | | | | |
|---|----------------|---------------|----------------|---------------|
| Contributions to Post-employment medical benefits | 472,748 | 364,059 | 472,748 | 364,059 |
| Pension Benefits: Contribution to Funds | (153,564) | (276,078) | (153,564) | (276,078) |
| Total, included in employee benefits expense | 319,184 | 87,981 | 319,184 | 87,981 |

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2015

Notes to the Annual Financial Statements

| Figures in Rand thousand | Group | | Municipality | |
|--------------------------|-------|------|--------------|------|
| | 2015 | 2014 | 2015 | 2014 |

20. EMPLOYEE BENEFIT OBLIGATIONS (continued)

Post-Retirement Medical Aid Plan

The municipality operates on 5 accredited medical aid schemes, namely Key Health, Hosmed, Bonitas, Samwumed and LA Health. Pensioners continue on the option they belonged to on the day of their retirement.

Movement in the defined benefit obligation is as follows:

| | | | | |
|----------------------------------|------------------|------------------|------------------|------------------|
| Balance at beginning of the year | 3,132,817 | 2,867,471 | 3,132,817 | 2,867,471 |
| Current service cost | 152,312 | 127,502 | 152,312 | 127,502 |
| Interest cost | 297,618 | 264,867 | 297,618 | 264,867 |
| Actuarial (gains) losses | 22,818 | (28,310) | 22,818 | (28,310) |
| Benefit payments | (107,851) | (98,713) | (107,851) | (98,713) |
| Balance at end of year | 3,497,714 | 3,132,817 | 3,497,714 | 3,132,817 |

Net expense recognised in the Statement of financial performance

| | | | | |
|---|----------------|----------------|----------------|----------------|
| Current service cost | 152,312 | 127,502 | 152,312 | 127,502 |
| Interest cost | 297,618 | 264,867 | 297,618 | 264,867 |
| Actuarial (gains) losses | 22,818 | (28,310) | 22,818 | (28,310) |
| Total, included in employee benefits expense | 472,748 | 364,059 | 472,748 | 364,059 |

Trend Information - Disclosure Requirement in terms of GRAP 25

| | 30 June 2011 | 30 June 2012 | 30 June 2013 | 30 June 2014 | 30 June 2015 |
|------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Present Value of Obligations | (2,067,082) | (2,752,683) | (2,867,471) | (3,132,817) | (3,497,714) |
| Fair Value of Plan Assets | 2,067,082 | 2,752,683 | 2,867,471 | 3,132,817 | 3,497,714 |

Experience Adjustments (Actuarial Gain/(Loss) before Changes in Assumptions)

| | | | | | |
|--|--------|-----------|-----------|-----------|---------|
| In respect of Present Value of Obligations | 13,736 | (162,839) | (179,531) | (120,563) | 183,275 |
|--|--------|-----------|-----------|-----------|---------|

Disclosure Requirement in terms of GRAP 25

| | Health Care cost Inflation | | |
|--|-----------------------------|-----------|-----------|
| | Central Assumption 7.92% | -1% | +1% |
| Accrued Liability June 30, 2015 | 3,497,714 | 3,131,796 | 3,973,737 |
| Current Service Cost + Interest Cost 2014/15 | 473,124 | 413,755 | 551,452 |

Disclosure Requirement in terms of GRAP 25:

The employer's best estimate of contributions expected to be paid to the plan during the annual period beginning after the end of reporting period, is R101.9million.

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| Figures in Rand thousand | Group | | Municipality | |
|--------------------------|-------|------|--------------|------|
| | 2015 | 2014 | 2015 | 2014 |

20. EMPLOYEE BENEFIT OBLIGATIONS (continued)

Key assumptions used

Assumptions used at the reporting date:

| | | | | |
|--|----------|----------|----------|----------|
| Discount rates used | 8.91 % | 9.50 % | 8.91 % | 9.50 % |
| General increases to medical aid contributions | 7.92 % | 8.40 % | 7.92 % | 8.40 % |
| Salary Inflation | 7.40 % | 7.40 % | 7.40 % | 7.40 % |
| Expected retirement age | 63 | 63 | 63 | 63 |
| Proportion continuing membership at retirement | 100.00 % | 100.00 % | 100.00 % | 100.00 % |
| Proportion of retiring members who are married | 80.00 % | 100.00 % | 80.00 % | 100.00 % |
| Real rate (Gap) | 0.92 % | 1.01 % | 0.92 % | 1.01 % |
| General Inflation | 6.42 % | 6.40 % | 6.42 % | 6.40 % |

Other assumptions:

Age of spouse - Husbands 5 years older than wives

Mortality of in-service members - Mortality table based on Durban Pension Fund experience

Mortality of pensioners - based on the PA(90) mortality tables

Percentage of in-service members withdrawing before retirement:

| | | | | |
|--------|--------|--------|--------|--------|
| Age 20 | 7.85 % | 7.85 % | 7.85 % | 7.85 % |
| Age 25 | 5.67 % | 5.67 % | 5.67 % | 5.67 % |
| Age 30 | 4.20 % | 4.20 % | 4.20 % | 4.20 % |
| Age 35 | 3.31 % | 3.31 % | 3.31 % | 3.31 % |
| Age 40 | 2.23 % | 2.23 % | 2.23 % | 2.23 % |
| Age 45 | 1.21 % | 1.21 % | 1.21 % | 1.21 % |
| Age 50 | 0.55 % | 0.55 % | 0.55 % | 0.55 % |

Pension benefits

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

| | | | | |
|---|------------------|------------------|------------------|------------------|
| Present value of funded obligations | 10,695,658 | 10,832,916 | 10,695,658 | 10,832,916 |
| Present value of the defined benefit obligation- partially or wholly funded | (11,219,089) | (11,808,164) | (11,219,089) | (11,808,164) |
| Effect of Asset ceiling | - | 657,577 | - | 657,577 |
| Liability (Surplus) in the Statement of Financial Position | (523,431) | (317,671) | (523,431) | (317,671) |

eThekweni Municipality and its Municipal Entities

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| Figures in Rand thousand | Group | | Municipality | |
|---|----------------|----------------|----------------|----------------|
| | 2015 | 2014 | 2015 | 2014 |
| 20. EMPLOYEE BENEFIT OBLIGATIONS (continued) | | | | |
| Net expense recognised in the statement of financial performance | | | | |
| Service cost | (103,616) | (116,976) | (103,616) | (116,976) |
| Interest cost | (942,464) | (838,262) | (942,464) | (838,262) |
| Expected return on assets | 1,287,090 | 1,056,768 | 1,287,090 | 1,056,768 |
| Net actuarial gains / (losses) recognised in the year | (745,023) | 788,572 | (745,023) | 788,572 |
| Change in unrecognised due to net asset limit | 657,577 | (657,577) | 657,577 | (657,577) |
| Gain on settlements | - | 46,455 | - | 46,455 |
| Active member expenses | - | (2,902) | - | (2,902) |
| | 153,564 | 276,078 | 153,564 | 276,078 |

Movement in the defined benefit obligation is as follows:

| | | | | |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|
| Balance at beginning of the year | (10,832,916) | (10,227,913) | (10,832,916) | (10,227,913) |
| Current service cost | (103,616) | (116,976) | (103,616) | (116,976) |
| Contributions by plan participants | (19,892) | (23,892) | (19,892) | (23,892) |
| Actuarial gain (loss) | 510,769 | (703,382) | 510,769 | (703,382) |
| Interest cost | (942,464) | (838,262) | (942,464) | (838,262) |
| Benefit payments | 692,461 | 558,594 | 692,461 | 558,594 |
| | - | 518,915 | - | 518,915 |
| Balance at end of year | (10,695,658) | (10,832,916) | (10,695,658) | (10,832,916) |

Movement in the fair value of plan assets is as follows:

| | | | | |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|
| Balance at beginning of the year | 11,808,164 | 10,207,115 | 11,808,164 | 10,207,115 |
| Actuarial gains (losses) | (1,255,792) | 1,491,954 | (1,255,792) | 1,491,954 |
| Employer contributions | 52,196 | 62,391 | 52,196 | 62,391 |
| Employee contributions | 19,892 | 23,892 | 19,892 | 23,892 |
| Benefit payments | (692,461) | (558,594) | (692,461) | (558,594) |
| Expected return on assets | 1,287,090 | 1,056,768 | 1,287,090 | 1,056,768 |
| Settlement | - | (472,460) | - | (472,460) |
| Active member expenses | - | (2,902) | - | (2,902) |
| Balance at end of year | 11,219,089 | 11,808,164 | 11,219,089 | 11,808,164 |

Disclosure in terms GRAP 25

| | | | | |
|---|--------------|--------------|--------------|--------------|
| Defined benefit obligation | (10,695,658) | (10,832,916) | (10,695,658) | (10,832,916) |
| Plan assets | 11,219,089 | 11,808,164 | 11,219,089 | 11,808,164 |
| Funded status (before applying the net asset limit) | 523,431 | 975,248 | 523,431 | 975,248 |
| Experience adjustments on plan liabilities | (340,906) | (595,897) | (340,906) | (595,897) |
| Experience adjustments on plan assets | 1,255,792 | 1,491,954 | 1,255,792 | 1,491,954 |

The expected return on plan assets was determined with reference to the average nominal yield for government bonds with duration of between 15 and 20 years as at 30 June 2015. The resulting expected return on plan assets was 8.9%p.a.

The actual return on plan assets (in accordance with paragraph 116 of GRAP 25) for the year ending 30 June 2015 was 0.27%p.a.

eThekwini Municipality and its Municipal Entities

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|--------------------------|-------|------|--------------|------|
| | 2015 | 2014 | 2015 | 2014 |

20. EMPLOYEE BENEFIT OBLIGATIONS (continued)

Key assumptions used

The principal actuarial assumptions used were as follows:

| | | | | |
|--------------------------------|------|-------|------|-------|
| Discount rate | 8.90 | 8.70 | 8.90 | 8.70 |
| Expected return on plan assets | 8.90 | 10.90 | 8.90 | 10.90 |
| Future salary increases | 7.40 | 7.40 | 7.40 | 7.40 |
| Future pension increases | 6.40 | 6.40 | 6.40 | 6.40 |

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|--------------------------|-------|------|--------------|------|
| | 2015 | 2014 | 2015 | 2014 |

20. EMPLOYEE BENEFIT OBLIGATIONS (continued)

Examples of mortality rates used were as follows: Active members (All):

| | | | | |
|--------|--------|--------|--------|--------|
| Age 20 | 0.13 % | 0.13 % | 0.13 % | 0.13 % |
| Age 25 | 0.18 % | 0.18 % | 0.18 % | 0.18 % |
| Age 30 | 0.25 % | 0.25 % | 0.25 % | 0.25 % |
| Age 35 | 0.37 % | 0.37 % | 0.37 % | 0.37 % |
| Age 40 | 0.52 % | 0.52 % | 0.52 % | 0.52 % |
| Age 45 | 0.72 % | 0.72 % | 0.72 % | 0.72 % |
| Age 50 | 0.99 % | 0.99 % | 0.99 % | 0.99 % |
| Age 55 | 1.37 % | 1.37 % | 1.37 % | 1.37 % |
| Age 60 | 1.89 % | 1.89 % | 1.89 % | 1.89 % |

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|--------------------------|-------|------|--------------|------|
| | 2015 | 2014 | 2015 | 2014 |

20. EMPLOYEE BENEFIT OBLIGATIONS (continued)

Financial Position of KZN Municipal Pension Fund and Durban Pension Fund:

All Councillors and employees belong to 1 of 8 retirement funds.

The KZN Municipal Pension Fund is a defined contribution fund and became operational on 2001-11-01. It presently has a membership of over 19 000 employees with a total pension accumulation of approximately R10 billion.

The Funding Level of the KZN Municipal Pension Fund as at March 2015 was 100.26% an excess of R26 million accumulating due to timing differences between processing of transactions and the effective date of the asset manager investing and/or disinvesting monies. The tolerance level that would trigger a distribution to members is 100,5%.

As at 01/01/2015 the total funeral, death, and disability cost as a percentage of payroll for a member with more than 3 years of service dipped under 3% (2.95%) for the first time in a number of years, due to improved claims experience. The Fund has implemented an element of self insurance and has partnered with Nestlife (100% black owned insurance company) in this regard awarding a significant contract worth more than R65 million in annual premiums. Member Record Admin Costs and Trustee, Printing, Legal, Front Office, and Fund Staff costs amount to approximately 0,39% of total payroll. This means that 14,664% of a members pensionable salary is deposited into the members pension accumulation out of the Employer contribution of 18%. In addition, members add their own contribution. The Employee (or member) is allowed a variable contribution rate elected every year of either 5%, 7.5%, 9%, 12%, 15%, or 18%. Members who have less than 3 years of service have a lower death and capital disability benefit cover but then their costs for insurance are substantially lower at 1.866%. These members therefore enjoy a higher allocation to their pension accumulation.

Of the R10billion invested, R900m is invested in the life staging portfolios designed to progressively protect capital for those members older than 58 and by members choosing more cautious portfolios. There is some R8.2billion in the default Managed portfolio, a fund that returned 12.5% for the year to 31 March 2015, in volatile market conditions. The Fund also has around R740million invested in the Aggressive portfolio. This portfolio includes more equity investments both locally and offshore, than the Managed portfolio. The Aggressive fund return for the same 12 month period was 15,13%.

The Fund's in-fund annuitant pool has grown substantially over the last year and now comprises of some 60 pensioners with investments exceeding R100 million. It is anticipated that the popularity of this retirement option will continue to grow, given the attractive fee structure that is available relative to the living annuity offerings in the insurance industry. Studies conducted by the Fund suggest that the benefit of the lower costs of the in-fund solution is to extend retirees' income by 4 years or more.

The trustees and officers of the fund continue to contain investment fees and other fund costs (savings of more than R13 million per annum have recently been secured with the restructuring of the Fund's investment portfolios) whilst striving to provide members with a modern pension arrangement.

The external auditors of the Fund continue to be satisfied with the running of the KZN Municipal Pension Fund.

The Durban Pension Fund is a closed defined benefit fund. With effect from 1 June 2015 the Fund has been administered by Alexander Forbes prior to which it was administered by the eThekwini Municipality. The rules of the Fund require that the financial condition of the Fund be investigated and reported on by the Fund's actuary annually. The interim valuation as at 2015-01-01 revealed that the Fund was 103.2% funded(2014-01-01: 103.7%). The value of assets amounted to R10,94 billion (2014-01-01: R10.88 billion) whilst the value of liabilities was determined to be R10,6 billion (2014-01-01: R10.5 billion). The active member pool solvency reserve is 51.3% funded (2014-01-01: 64.1%) and the pensioner pool solvency reserve is 100% funded (2014-01-01: 100%). Members and the employer contribute at the rate of 7.5% and 19.68% respectively with a further contribution of 9,57% being funded by the employer surplus account. In compliance with the Fund's rules an amount of R54 million (2013/14: R62.4 million) was contributed by Council in respect of retirement funding during the period under review

Multi-Employer Retirement Benefit Plans:

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|--------------------------|-------|------|--------------|------|
| | 2015 | 2014 | 2015 | 2014 |

20. EMPLOYEE BENEFIT OBLIGATIONS (continued)

Certain members and Council contribute to the Natal Joint Superannuation, Retirement and Provident Funds (NJMP), SALA, Multi Linked and GEPF. Employees of eThekwini Municipality make up less than 1% of the total members of the NJMPF. eThekwini's liability in these funds could not be determined owing mainly to the assets not being allocated to each employer and one set of financials being compiled for each fund and not for each employer.

Two of the NJMP retirement funds are defined benefit in nature. The third fund is a provident fund which is a defined contribution fund. The last actuarial valuations of the 2 Defined Benefit Funds (March 2014) showed both funds to be fully funded as regards pensions in payment, but underfunded as regards contributing members - thus the employers are paying a surcharge. A primary reason for the surcharge is that salaries have been increased well in excess of inflation over the past number of years, which has increased the liabilities of the 2 Defined Benefit Funds. Surcharges were updated to 17.5% for Retirement fund and 9.5% for Superannuation Fund and are applicable for 8 years from July 2012 at which time it is expected that both funds will be fully funded. The 2015 valuations are still in progress, outcomes will only be known by November at the annual AGM of funds. A special additional surcharge is levied individually on municipalities where an employee has received a salary increase that is deemed to be excessive in comparison with the other municipalities. This has the effect of removing some of the cross-subsidisation between municipalities. Other than this, all municipalities are treated in the same manner

Each of the funds undergoes an actuarial valuation each year in order to monitor its financial condition. If necessary the Committee of Management levies a surcharge until the fund is in a sound financial condition, as is currently the case. In this way the Committee ensures that the funds are able to afford the promised benefits.

The asset composition of the Durban Pension Fund is summarised below:

| | | | | |
|----------|---------|---------|---------|---------|
| Cash | 3.76 % | 10.41 % | 3.76 % | 10.41 % |
| Equity | 34.07 % | 29.10 % | 34.07 % | 29.10 % |
| Bonds | 42.85 % | 40.59 % | 42.85 % | 40.59 % |
| Property | 2.28 % | 3.73 % | 2.28 % | 3.73 % |
| Foreign | 15.94 % | 15.38 % | 15.94 % | 15.38 % |
| Other | 1.10 % | 0.79 % | 1.10 % | 0.79 % |
| | - | - | - | - |

eThekwini Municipality and its Municipal Entities

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|---|------------------|------------------|------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| 21. Unspent conditional grants and receipts | | | | |
| Unspent conditional grants and receipts comprises of: | | | | |
| Unspent conditional grants and receipts | | | | |
| Electricity Demand Side Management Grant | 3,194 | 14,308 | 3,194 | 14,308 |
| Department of Co-Operative Governance and Traditional Affairs | 6,445 | 7,006 | 6,445 | 7,006 |
| Department of Transport and Public Transport Infrastructure | 422,175 | 819,688 | 422,175 | 819,688 |
| Department of Environmental Affairs | 7,962 | 2,242 | 7,962 | 2,242 |
| Expanded Public Works Incentive Grant | - | 5,519 | - | 5,519 |
| Neighbourhood Development Partnership | 18,422 | 3,181 | 18,422 | 3,181 |
| Department of Arts and Culture | 318,062 | 236,617 | 318,062 | 236,617 |
| Vuna Awards | 875 | 875 | 875 | 875 |
| Grant Accreditation | 13,884 | 13,884 | 13,884 | 13,884 |
| Department of Human Settlements | 99,658 | 107,508 | 99,658 | 107,508 |
| Lamontville and R293 Trf Deeds/Administration | 1,556 | 1,556 | 1,556 | 1,556 |
| European Union | 6,433 | 7,456 | 6,433 | 7,456 |
| Donations and Public Contributions | 54,412 | 58,183 | 54,412 | 58,183 |
| D Moss Interest and Land Sales | 8,073 | 8,073 | 8,073 | 8,073 |
| Public Transport Network Operations | 84,709 | - | 84,709 | - |
| Municipal Human Settlement Capacity Grant | 39,980 | - | 39,980 | - |
| Other Grants and Subsidies | 39,944 | 42,151 | 39,944 | 42,151 |
| | 1,125,784 | 1,328,247 | 1,125,784 | 1,328,247 |

These amounts are invested in a ring-fenced investment until utilised. See note 28 for more detail.

eThekweni Municipality and its Municipal Entities

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|--------------------------|-------|------|--------------|------|
| | 2015 | 2014 | 2015 | 2014 |

22. Provisions

Reconciliation of provisions - Group - 2015

| | Opening Balance | Additions | Utilised during the year | Interest charged | Total |
|--|-----------------|----------------|--------------------------|------------------|----------------|
| Current | | | | | |
| Clearance of Alien Vegetation | 15,879 | 16,841 | (13,301) | - | 19,419 |
| Performance bonus | 16,156 | 14,226 | (662) | - | 29,720 |
| Long service awards | 62,439 | 40,479 | (47,130) | - | 55,788 |
| Non-current | | | | | |
| Environmental rehabilitation: Landfill sites | 84,241 | (298) | - | 7,726 | 91,669 |
| Clearance of Alien Vegetation | 37,641 | 1,882 | - | - | 39,523 |
| Long service awards | 618,817 | 50,725 | - | - | 669,542 |
| | 835,173 | 123,855 | (61,093) | 7,726 | 905,661 |

Reconciliation of provisions - Group - 2014

| | Opening Balance | Additions | Utilised during the year | Interest charged | Total |
|--|-----------------|----------------|--------------------------|------------------|----------------|
| Current | | | | | |
| Clearance of Alien Vegetation | 15,427 | 14,906 | (14,454) | - | 15,879 |
| Performance bonus | 21,138 | 10,514 | (15,496) | - | 16,156 |
| Long service awards | 11,336 | 51,877 | (774) | - | 62,439 |
| Non-current | | | | | |
| Environmental rehabilitation: Landfill sites | 74,754 | 2,897 | - | 6,590 | 84,241 |
| Clearance of Alien Vegetation | 30,084 | 7,557 | - | - | 37,641 |
| Long service awards | 263,067 | 355,750 | - | - | 618,817 |
| | 415,806 | 443,501 | (30,724) | 6,590 | 835,173 |

Reconciliation of provisions - Municipality - 2015

| | Opening Balance | Additions | Utilised during the year | Interest charged | Total |
|--|-----------------|----------------|--------------------------|------------------|----------------|
| Current | | | | | |
| Clearance of Alien Vegetation | 15,879 | 16,841 | (13,301) | - | 19,419 |
| Performance bonus | 11,552 | 12,345 | (662) | - | 23,235 |
| Long service awards | 62,439 | 40,479 | (47,130) | - | 55,788 |
| Non-current | | | | | |
| Environmental rehabilitation: Landfill sites | 84,241 | (298) | - | 7,726 | 91,669 |
| Clearance of Alien Vegetation | 37,641 | 1,882 | - | - | 39,523 |
| Long service awards | 618,817 | 50,725 | - | - | 669,542 |
| | 830,569 | 121,974 | (61,093) | 7,726 | 899,176 |

Reconciliation of provisions - Municipality - 2014

| | Opening Balance | Additions | Utilised during the year | Interest charged | Total |
|--|-----------------|----------------|--------------------------|------------------|----------------|
| Current | | | | | |
| Clearance of Alien Vegetation | 15,427 | 14,906 | (14,454) | - | 15,879 |
| Performance bonus | 16,647 | 10,401 | (15,496) | - | 11,552 |
| Long service awards | 11,336 | 51,877 | (774) | - | 62,439 |
| Non-current | | | | | |
| Environmental rehabilitation: Landfill sites | 74,754 | 2,897 | - | 6,590 | 84,241 |
| Clearance of Alien Vegetation | 30,084 | 7,557 | - | - | 37,641 |
| Long service awards | 263,067 | 355,750 | - | - | 618,817 |
| | 411,315 | 443,388 | (30,724) | 6,590 | 830,569 |

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|--------------------------|-------|------|--------------|------|
| | 2015 | 2014 | 2015 | 2014 |

22. Provisions (continued)

| | | | | |
|-------------------------|----------------|----------------|----------------|----------------|
| Non-current liabilities | 800,734 | 740,699 | 800,734 | 740,699 |
| Current liabilities | 104,927 | 94,474 | 98,442 | 89,870 |
| | 905,661 | 835,173 | 899,176 | 830,569 |

Environmental rehabilitation: Landfill sites

The Landfill Rehabilitation Provision is created for the rehabilitation of the current operational sites at the future estimated time of closure. The value of the provision is based on the expected future cost to rehabilitate the various sites discounted back to the balance sheet date at the cost of capital, which is currently 9%. The Municipality has an obligation to rehabilitate these Landfill sites. The cost of such property includes the initial estimate of the costs of rehabilitating the land and restoring the site on which it is located, the obligation for which a municipality incurs as a consequence of having used the property during a particular period for landfill purposes. The Municipality estimates the useful lives and makes assumptions as to the useful lives of these assets, which influence the provision for future costs.

The asset is measured using the cost model:

- (a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- (b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- (c) if the adjustment results in an addition to the cost of an asset, the Municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount, and any impairment loss is recognised in surplus or deficit.

The following assumptions were used to calculate the provision:

- (1) Discount rate of 9.25% (2014: 9%);
- (2) Inflation rate of 4.70% (2014: 6.60%);
- (3) Total area expected to be rehabilitated: 913 151 square metres (2014: 800 426 square meters);
- (4) Rate per square metre: R145.27 (2014: R138.75) escalating every year by inflation rate;
- (5) Total area to be rehabilitated can be reconciled to the different sites as follows:

| | | |
|--------------|---------|---------|
| Bisasar | 360,326 | 360,326 |
| Maranhill | 239,725 | 193,000 |
| Wyebank | 25,000 | 25,000 |
| Shallcross | 29,800 | 29,800 |
| Buffelsdraai | 228,300 | 192,300 |
| Lovu | 30,000 | - |

Each of the landfill sites have a different lifespan for rehabilitation ranging from 2 years to 58 years and are best estimates provided for by the respective landfill site engineers. The useful life for the Bisasar Landfill site has been extended by 3 years as at 01 July 2012.

The total rehabilitation can be reconciled as follows:

| Name | O/ Balance | Prior Year Adjustments | Interest | Additions | C/ Balance |
|---------------|---------------|------------------------|--------------|--------------|---------------|
| Bisasar | 49,927 | (2,109) | 4,303 | (878) | 51,243 |
| Maranhill | 21,987 | 423 | 2,017 | 6,226 | 30,653 |
| Wyebank | 3,040 | (5) | 273 | 247 | 3,555 |
| Shallcross | 3,180 | 129 | 298 | (717) | 2,890 |
| Buffelsdraai | 4,573 | 3,096 | 690 | (6,741) | 1,618 |
| Lovu | - | - | 145 | 1,565 | 1,710 |
| Totals | 82,707 | 1,534 | 7,726 | (298) | 91,669 |

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|--------------------------|-------|------|--------------|------|
| | 2015 | 2014 | 2015 | 2014 |

22. Provisions (continued)

Clearance of Alien Vegetation

The clearing of alien vegetation is required in terms of the Conservation of Agricultural Resources Act, 1983 (Act No. 43 of 1983). The Municipality has therefore made a provision for its obligation, based on future estimated costs for the next 3 years. This provision will be reviewed annually to reflect the fair value of the obligation.

Provision for invasive alien plant control / eradication is based on reliable data for growth rates, infestation rates and density. A detailed analysis, based on current costs of alien plant clearing, was undertaken. Input from numerous field staff was obtained with regard to the level of infestation of currently managed areas.

Data used for calculations:

Municipal owned land within the municipal area: 18 000 Ha
 Municipal owned open space currently managed (prioritised): 2 200 Ha
 Current approximate cost of clearing very high infestations of IAP's: R9 153.00 / Ha
 (2014: R8 483.00 / Ha).

Performance Bonus

All employees who are employed in accordance with provisions of section 57 of the Municipal Systems Act are required, in terms of their employment contracts, to sign a performance agreement and performance plan in terms of which their performance is assessed annually. The criteria in terms of which they are assessed is linked to the I.D.P. 8-point plan. Strategic focus areas and key performance indicators are set out in the plan, together with targets and weightings for each target. Employees are assessed quarterly and against these targets and a final assessment is conducted at the end of the financial year. The performance bonus paid to each employee is dependant on the overall score achieved in this assessment and is subject to the approval of the City Manager.

- **Long service awards**

Revised Conditions of Service for employees are currently being negotiated. The interim conditions of service for Employees are as follows:

Long Service Leave will accrue as follows:

Long Service Leave

| | 5 Day Worker- No.of days p.a. | 5 Day Worker- Accum per milestone | 6 Day Worker- No.of days p.a. | 6 Day Worker- Accum per milestone |
|----------------------|--|--|--|--|
| After 20 years | 2 | 25 | 3 | 30 |
| After 30 years | 4 | 35 | 5 | 50 |
| After 40 years | 5 | 15 | 6 | 10 |
| Maximum Accumulation | - | 75 | - | 90 |

Employees who achieve 25 years service receive a once off cash payment of R500 and upon achievement of 40 years service, employees receive a gold wrist watch or a comparable gift.

Employees who achieve 40 years service will be granted 20 days paid leave (once off) and a scroll duly signed by the Mayor in recognition of loyal service rendered to the Council.

A long Service Allowance will accrue as follows:

- 2% of monthly salary at 15-19 years

- 3% of monthly salary at 20-24 years

- 4% of monthly salary at 25-29 years

- 5% of monthly salary at 30-35 years

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| | 2015 | 2014 | 2015 | 2014 |

22. Provisions (continued)

-6% of monthly salary at 35 years or more
 The abovementioned is limited to a maximum of R 1155.28
 The provision is an estimate of the long service award based on the monthly salaries rate at 30 June 2015 (2014: 30 June 2014). It has been assumed that the staff turnover rate will be insignificant based on historical data. A discount rate of 8.3% (2014: 8.5%) was used based on internal rate of return.

Summary of economic assumptions (rates are per annum) and key demographic assumptions

| Figures in Rand thousand | Municipality | |
|---------------------------------|--------------------------------|--------------------------------|
| | 2015 | 2014 |
| Gross discount rate | 8.30 | 8.50% |
| Salary inflation | 7.00 | 7.40% |
| Net discount rate | 1.30 | 1.02% |
| Number of trading days per year | 252 | 252 |
| Assumed retirement age | 63 years for males and females | 63 years for males and females |
| | - | - |

Summary of membership data used in the valuation

| | 30 June 2015 | 30 June 2014 |
|-------------------------------|--------------|--------------|
| Current employees | | |
| Number of current employees | 21,506 | 20,962 |
| Average age of employees | 41.9 | 41.4 |
| Average years of past service | 11.3 | 11.1 |
| Average annual salary (R) | 179,056 | 159,322 |
| | - | - |

Reconciliation of Defined Benefit Obligation

| | | |
|---|----------------|----------------|
| Opening Balance | 681,256 | 274,403 |
| Current Service cost | 52,072 | 9,869 |
| Interest cost | 57,907 | 8,189 |
| Change in model | - | (307) |
| Applying the projected unit credit method | - | (142,986) |
| Correction of salaries | - | (31,967) |
| Past service cost | - | 574,009 |
| Actuarial losses - change in financial assumptions | (14,207) | 15,850 |
| Actuarial gains - change in demographic assumptions | - | (9,403) |
| Actuarial gains - experience variance | 2,320 | (4,500) |
| Cash movements - Benefit payments | (54,018) | (11,901) |
| | 725,330 | 681,256 |

Pre-retirement mortality (only for 30 June 2015)

| Age | Males | Females |
|-----|-------|---------|
| 20 | 0.13% | 0.13% |
| 25 | 0.18% | 0.18% |
| 30 | 0.25% | 0.25% |
| 35 | 0.37% | 0.37% |
| 40 | 0.52% | 0.52% |
| 45 | 0.72% | 0.72% |
| 50 | 0.99% | 0.99% |

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|-----------------------------------|-------|------|--------------|-------|
| | 2015 | 2014 | 2015 | 2014 |
| 22. Provisions (continued) | | | | |
| 55 | | | 1.37% | 1.37% |
| 60 | | | 1.89% | 1.89% |
| | | | - | - |

Withdrawal assumption (only for 30 June 2015)

| Age | Males | Females |
|-----|-------|---------|
| 20 | 7.85% | 7.85% |
| 25 | 5.67% | 5.67% |
| 30 | 4.20% | 4.20% |
| 35 | 3.31% | 3.31% |
| 40 | 2.23% | 2.23% |
| 45 | 1.21% | 1.21% |
| 50 | 0.55% | 0.55% |
| 55 | 0.00% | 0.00% |
| 60+ | 0.00% | 0.00% |
| | - | - |

23. Housing development fund

| | | | | |
|--|----------------|----------------|----------------|----------------|
| Accumulated Surplus | (114,055) | (96,215) | (114,055) | (96,215) |
| Loans extinguished by Government on 1 April 1998 | 266,979 | 266,979 | 266,979 | 266,979 |
| | 152,924 | 170,764 | 152,924 | 170,764 |

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

| | | | | |
|--|----------------|----------------|----------------|----------------|
| Property, plant and equipment | 66,306 | 67,913 | 66,306 | 67,913 |
| Housing selling scheme loans | 63,074 | 65,568 | 63,074 | 65,568 |
| Housing rental Debtors | 8,562 | 11,168 | 8,562 | 11,168 |
| Housing other Debtors | 64 | 247 | 64 | 247 |
| Housing inventory | 72 | 36 | 72 | 36 |
| Investments | 7,489 | 46,892 | 7,489 | 46,892 |
| Investment properties | 16,080 | 16,446 | 16,080 | 16,446 |
| Bank and cash | 4 | 14,765 | 4 | 14,765 |
| Grant Accrual | 311,403 | - | 311,403 | - |
| Assets | 473,054 | 223,035 | 473,054 | 223,035 |
| Long-term liabilities | 165 | 244 | 165 | 244 |
| Unspent Conditional Grants | 6,963 | 15,627 | 6,963 | 15,627 |
| Creditors | 46,789 | 16,581 | 46,789 | 16,581 |
| Bank Overdraft | 246,395 | - | 246,395 | - |
| Government Grant Reserve | 19,818 | 19,819 | 19,818 | 19,819 |
| Liabilities | 320,130 | 52,271 | 320,130 | 52,271 |
| Total Housing Development Fund Assets and Liabilities | 152,924 | 170,764 | 152,924 | 170,764 |

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|--|-------------------|-------------------|-------------------|-------------------|
| | 2015 | 2014 | 2015 | 2014 |
| 24. Service charges | | | | |
| Sale of electricity | 10,168,933 | 9,421,541 | 10,197,502 | 9,449,095 |
| Sale of water | 2,614,399 | 2,294,358 | 2,622,145 | 2,302,765 |
| Solid waste | 521,774 | 472,127 | 523,567 | 472,127 |
| Sewerage and sanitation charges | 799,963 | 726,846 | 799,963 | 726,846 |
| Other service charges | 179,407 | 161,863 | 179,407 | 161,863 |
| Total service charges | 14,284,476 | 13,076,735 | 14,322,584 | 13,112,696 |
| 25. Other income | | | | |
| Sundry Income | 513,417 | 532,000 | 305,009 | 314,907 |
| Moses Mabhida | 11,242 | 12,028 | 11,242 | 12,028 |
| | 524,659 | 544,028 | 316,251 | 326,935 |
| Refer to Appendix D for a Statement of Financial Performance: Moses Mabhida Stadium. | | | | |
| 26. Interest revenue | | | | |
| Interest revenue | | | | |
| Interest earned - External Investments | 380,544 | 334,874 | 362,443 | 320,321 |
| Interest earned - Outstanding Debtors | 175,142 | 143,037 | 175,142 | 143,037 |
| | 555,686 | 477,911 | 537,585 | 463,358 |

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|------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | 2015 | 2014 | 2015 | 2014 |
| 27. Property rates | | | | |
| Rates received | | | | |
| Residential | 2,045,101 | 1,857,193 | 2,045,757 | 1,857,193 |
| Business / Commercial | 1,868,648 | 1,743,207 | 1,876,923 | 1,752,811 |
| Unauthorised / Illegal development | 26,734 | 32,711 | 26,734 | 32,711 |
| Development Phasing | 1,542 | 3,051 | 1,542 | 3,051 |
| Agricultural | 2,962 | 1,680 | 2,962 | 1,680 |
| Vacant land | 380,704 | 355,272 | 380,704 | 355,272 |
| Industrial | 1,393,157 | 1,342,283 | 1,393,157 | 1,342,283 |
| Public Service Infrastructure | 28,267 | 18,197 | 28,267 | 18,197 |
| Total Assessment Rates | 5,747,115 | 5,353,594 | 5,756,046 | 5,363,198 |
| Valuations | | | | |
| Residential | 269,219,317 | 266,601,096 | 269,219,317 | 266,601,096 |
| Business / Commercial | 91,922,905 | 89,480,353 | 91,922,905 | 89,480,353 |
| Unauthorised / Illegal development | 473,063 | 539,224 | 473,063 | 539,224 |
| Agricultural | 2,875,549 | 2,751,760 | 2,875,549 | 2,751,760 |
| Vacant land | 12,342,130 | 12,091,994 | 12,342,130 | 12,091,994 |
| Industrial | 46,172,030 | 45,837,315 | 46,172,030 | 45,837,315 |
| Public Service Infrastructure | 16,211,123 | 16,121,656 | 16,211,123 | 16,121,656 |
| Development Phasing Line | 153,773 | 148,972 | 153,773 | 148,972 |
| Total Property Valuations | 439,369,890 | 433,572,370 | 439,369,890 | 433,572,370 |

The following are the rate randages that were applied to the valuations in respect of the various categories: Residential - R0.01043 (2014: R0.00976); Agriculture - R0.00261 (2014: R0.00244); Vacant Land - R0.04678 (2014: R0.04674); Industrial - R0.03053 (2014: R0.02856); Business and Commercial - R0.02366 (2014: R0.02213); Public Service Infrastructure - R 0.00261 (2014: R0.00244). All residential property owners are exempt from paying rates on the first R120 000 (2014: R120 000) of their property value. In addition to the R120 000, Pensioners, child-headed households, disability grantees and the medically boarded are granted a further rebate not exceeding R3 390. The Senior Citizens rebate is limited to a maximum limit of R3 million on the value of the property. Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2012. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

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|---|------------------|------------------|------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| 28. Government grants and subsidies | | | | |
| Equitable Share | 1,990,048 | 1,869,806 | 1,990,048 | 1,869,806 |
| Expanded Public Works Programme Incentive | 39,673 | 59,747 | 39,673 | 59,747 |
| European Union | 1,069 | 587 | 1,069 | 587 |
| Primary Health Care Provincial Subsidy | 121,365 | 97,088 | 121,365 | 97,088 |
| Department of Transport and Public Transport infrastructure | 742,064 | 285,298 | 742,064 | 285,298 |
| Department of Environmental Affairs | 23 | 7,435 | 23 | 7,435 |
| Vuna Awards | - | 1,036 | - | 1,036 |
| 2010 KZN Provincial Grant | 12,489 | - | 12,489 | - |
| Demand Side Management | 11,114 | 692 | 11,114 | 692 |
| Urban Settlement Development Grant | 1,800,076 | 1,580,999 | 1,800,076 | 1,580,999 |
| Other Grants | 42,278 | 33,702 | 42,278 | 33,702 |
| Public Contributions | 4,034 | 21,229 | 4,034 | 21,229 |
| Neighbourhood Development Partnership | 15,833 | 4,769 | 15,833 | 4,769 |
| Department of Human Settlements | 454,752 | 150,449 | 454,752 | 150,449 |
| Grant Accreditation | 41,948 | 939 | 41,948 | 939 |
| Department of Co-Operative Government and Traditional Affairs | 1,561 | 6,068 | 1,561 | 6,068 |
| Department of Arts and Culture | 42,625 | 13,084 | 42,625 | 13,084 |
| Public Transport Network Operations | 36,111 | 71,395 | 36,111 | 71,395 |
| Intergrated City Development Grant | 52,621 | 9,539 | 52,621 | 9,539 |
| Infrastructure Skills Grant | 26,925 | 18,534 | 26,925 | 18,534 |
| | 5,436,609 | 4,232,396 | 5,436,609 | 4,232,396 |

Equitable Share

| | | | | |
|---|-------------|-------------|-------------|-------------|
| Current-year receipts | 1,990,048 | 1,869,806 | 1,990,048 | 1,869,806 |
| Conditions met - transferred to revenue | (1,990,048) | (1,869,806) | (1,990,048) | (1,869,806) |
| | - | - | - | - |

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

D Moss Interest and Land Sales

| | | | | |
|--------------------------------------|-------|-------|-------|-------|
| Balance unspent at beginning of year | 8,073 | 8,073 | 8,073 | 8,073 |
|--------------------------------------|-------|-------|-------|-------|

The above relates to funding for the acquisition of D Moss land.

Department of Environmental Affairs

| | | | | |
|---|--------------|--------------|--------------|--------------|
| Balance unspent at beginning of year | 2,242 | 1,427 | 2,242 | 1,427 |
| Current-year receipts | 5,742 | 8,250 | 5,742 | 8,250 |
| Conditions met - transferred to revenue | (22) | (7,435) | (22) | (7,435) |
| | 7,962 | 2,242 | 7,962 | 2,242 |

Funding was obtained from various sources and local industries for the implementation of the South Durban Basin Multi Point Plan. The expenditure is incurred over a multi year period based on the rollout of the projects per programme. Further funding will be expended based on the outcome of the Air Quality Management Plan which is currently underway. This grant is received from Department of Environmental Affairs for the National Greening Programme and the promotion of non-motorised transport with the aim of reducing gas emissions.

eThekweni Municipality and its Municipal Entities

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| Figures in Rand thousand | Group | | Municipality | |
|--|----------------|----------------|----------------|----------------|
| | 2015 | 2014 | 2015 | 2014 |
| 28. Government grants and subsidies (continued) | | | | |
| Department of Transport and Public Transport infrastructure | | | | |
| Balance unspent at beginning of year | 819,688 | 597,620 | 819,688 | 597,620 |
| Current-year receipts | 654,752 | 507,366 | 654,752 | 507,366 |
| Conditions met - transferred to revenue | (742,064) | (285,298) | (742,064) | (285,298) |
| Paidback | (310,201) | - | (310,201) | - |
| | 422,175 | 819,688 | 422,175 | 819,688 |

This grant is received from the Department of Transport for the design and construction of the dedicated public transport lanes, stations and other related infrastructure as part of the Integrated Rapid Public Transport Network.

The underspending of funds is due to :

- * Delays in awarding contracts as a result of court action.
- * Construction disruption by Taxi industry.
- * Transport Management Centre delays in securing a site.
- * Construction for Bridge City Depot being delayed by EIA amendments.

Neighbourhood Partnership Development

| | | | | |
|---|---------------|--------------|---------------|--------------|
| Balance unspent at beginning of year | 3,181 | 4,395 | 3,181 | 4,395 |
| Current-year receipts | 34,255 | 3,555 | 34,255 | 3,555 |
| Conditions met - transferred to revenue | (15,833) | (4,769) | (15,833) | (4,769) |
| Paidback | (3,181) | - | (3,181) | - |
| | 18,422 | 3,181 | 18,422 | 3,181 |

Focus of the grant is to create economic infrastructure in dormitory townships that will attract private sector investment.

European Union

| | | | | |
|---|--------------|--------------|--------------|--------------|
| Balance unspent at beginning of year | 7,456 | 8,043 | 7,456 | 8,043 |
| Current-year receipts | 46 | - | 46 | - |
| Conditions met - transferred to revenue | (1,069) | (587) | (1,069) | (587) |
| | 6,433 | 7,456 | 6,433 | 7,456 |

Funds used for Capacity Enhancement/ Knowledge Management in terms of close our report

Other Grants and Subsidies

| | | | | |
|---|---------------|---------------|---------------|---------------|
| Balance unspent at beginning of year | 42,151 | 40,739 | 42,151 | 40,739 |
| Current -year receipts | 43,279 | 35,114 | 43,279 | 35,114 |
| Paidback | (3,208) | - | (3,208) | - |
| Conditions met - transferred to revenue | (42,278) | (33,702) | (42,278) | (33,702) |
| | 39,944 | 42,151 | 39,944 | 42,151 |

Other Grants and subsidies were utilised during the year to fund various Council projects.

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|--------------------------|-------|------|--------------|------|
| | 2015 | 2014 | 2015 | 2014 |

28. Government grants and subsidies (continued)

Department of Human Settlements

| | | | | |
|---|---------------|----------------|---------------|----------------|
| Balance unspent at beginning of year | 107,508 | 172,564 | 107,508 | 172,564 |
| Current-year receipts | 135,500 | 85,393 | 135,500 | 85,393 |
| Conditions met - transferred to revenue | (454,753) | (150,449) | (454,753) | (150,449) |
| Accrued Receipts | 311,403 | - | 311,403 | - |
| | 99,658 | 107,508 | 99,658 | 107,508 |

Funding for the administration of Hostels in KwaZulu Natal.

The reasons for the underspending of funds are :

- * Delays in construction of Cornubia Access Road
- * Funding for CRU upgrade project received late in the year.
- * Delays in Donnelly Road CRU upgrade.

Lamontville R293 Trf Deeds/ Administration

| | | | | |
|--------------------------------------|-------|-------|-------|-------|
| Balance unspent at beginning of year | 1,556 | 1,556 | 1,556 | 1,556 |
|--------------------------------------|-------|-------|-------|-------|

This grant was used to fund the maintenance of the Lamontville houses as well as the transfer of the R293 township houses to the beneficiaries.

DANIDA

| | | | | |
|--------------------------------------|---|-------|---|-------|
| Balance unspent at beginning of year | - | 295 | - | 295 |
| Paid back | - | (295) | - | (295) |
| | - | - | - | - |

These funds are used to enhance existing capacity in Urban Environmental Management. This programme prioritizes poverty reduction and building institutional capacity for enhanced local level delivery of environmentally sustainable services.

Grant Accreditation

| | | | | |
|---|---------------|---------------|---------------|---------------|
| Balance unspent at beginning of year | 13,884 | - | 13,884 | - |
| Current-year receipts | 41,948 | 14,823 | 41,948 | 14,823 |
| Conditions met - transferred to revenue | (41,948) | (939) | (41,948) | (939) |
| | 13,884 | 13,884 | 13,884 | 13,884 |

These funds are for the administrative support provided for RDP houses.

Department of Co-operative Governance and Traditional Affairs

| | | | | |
|---|--------------|--------------|--------------|--------------|
| Balance unspent at beginning of year | 7,006 | 9,074 | 7,006 | 9,074 |
| Current-year receipts | 1,000 | 4,000 | 1,000 | 4,000 |
| Conditions met - transferred to revenue | (1,561) | (6,068) | (1,561) | (6,068) |
| | 6,445 | 7,006 | 6,445 | 7,006 |

Funds used for the construction of a Factory for Hazelmere Lungisa Indlela Village and to draft a land use management scheme for Shongweni Local Area Plan.

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|--|---------------|---------------|---------------|---------------|
| | 2015 | 2014 | 2015 | 2014 |
| 28. Government grants and subsidies (continued) | | | | |
| Donations and Public Contributions | | | | |
| Balance unspent at beginning of year | 58,183 | 77,594 | 58,183 | 77,594 |
| Current-year receipts | 263 | 1,818 | 263 | 1,818 |
| Conditions met - transferred to revenue | (4,034) | (21,229) | (4,034) | (21,229) |
| | 54,412 | 58,183 | 54,412 | 58,183 |

The grants were received from various organisations to finance various developments. In the prior year this includes development of Nandi Drive and various roads in Hillcrest.

Department of Arts & Culture

| | | | | |
|---|----------------|----------------|----------------|----------------|
| Balance unspent at beginning of year | 236,617 | 90,856 | 236,617 | 90,856 |
| Current-year receipts | 124,070 | 158,845 | 124,070 | 158,845 |
| Conditions met - transferred to revenue | (42,625) | (13,084) | (42,625) | (13,084) |
| | 318,062 | 236,617 | 318,062 | 236,617 |

This Grant is for the operating expenditure for libraries and museums and capital expenditure for the upgrade of the Central Library .

The reason for underspending of funds is due to delays in construction of new Central Library.

Metropolitan Transport Authority-Taxi Ranks

Funding from eThekwini Transport fund to contribute towards the upgrading of Taxi Ranks.

Electricity Demand Side Management Grant

| | | | | |
|---|--------------|---------------|--------------|---------------|
| Balance unspent at beginning of year | 14,308 | - | 14,308 | - |
| Current-year receipts | - | 15,000 | - | 15,000 |
| Conditions met - transferred to revenue | (11,114) | (692) | (11,114) | (692) |
| | 3,194 | 14,308 | 3,194 | 14,308 |

The grant was used to finance the gas-to-electricity capital project.

Infrastructure Skills Grants

| | | | | |
|---|----------|----------|----------|----------|
| Balance unspent at beginning of year | - | 7,234 | - | 7,234 |
| Current-year receipts | 26,925 | 18,500 | 26,925 | 18,500 |
| Conditions met - transferred to revenue | (26,925) | (18,534) | (26,925) | (18,534) |
| Paid back | - | (7,200) | - | (7,200) |
| | - | - | - | - |

Funding to equip Engineering graduates in achieving professional registration in water and waste water related skills.

Urban Settlements Development Grant

| | | | | |
|---|-------------|-------------|-------------|-------------|
| Current-year receipts | 1,800,076 | 1,580,999 | 1,800,076 | 1,580,999 |
| Conditions met - transferred to revenue | (1,800,076) | (1,580,999) | (1,800,076) | (1,580,999) |
| | - | - | - | - |

This grant was utilised for housing densification, water, electricity and sanitation infrastructure, sidewalks, agricultural gardens and various town centre renewals. This grant has replaced the former Municipal Infrastructure Grant.

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|--|----------|--------------|--------------|--------------|
| | 2015 | 2014 | 2015 | 2014 |
| 28. Government grants and subsidies (continued) | | | | |
| Expanded Public Works Incentive Grant | | | | |
| Balance unspent at beginning of year | 5,519 | 17,885 | 5,519 | 17,885 |
| Current-year receipts | 34,154 | 47,381 | 34,154 | 47,381 |
| Conditions met - transferred to revenue | (39,673) | (59,747) | (39,673) | (59,747) |
| | - | 5,519 | - | 5,519 |

This grant is received from the National Department of Public Works for creating job opportunities for unemployed persons and so allowing them economic participation and resulting in poverty alleviation.

Vuna Awards

| | | | | |
|---|------------|------------|------------|------------|
| Balance unspent at beginning of year | 875 | 1,910 | 875 | 1,910 |
| Conditions met - transferred to revenue | - | (1,035) | - | (1,035) |
| | 875 | 875 | 875 | 875 |

The Vuna Awards is an initiative of the Department of Provincial and Local Government, together with its partners in the coordination of development in local government, the South African Local Government Association, Development Bank of Southern Africa and the National Productivity Institute. The Vuna awards, as the awards are called, reward the municipalities that provide communities excellent services and governance.

Primary Health Care Provincial Subsidy

| | | | | |
|---|-----------|----------|-----------|----------|
| Current-year receipts | 51,765 | 97,088 | 51,765 | 97,088 |
| Conditions met - transferred to revenue | (121,365) | (97,088) | (121,365) | (97,088) |
| Accrued Receipts | 69,600 | - | 69,600 | - |
| | - | - | - | - |

Municipality renders health services on behalf of the Provincial Government. This grant has been used exclusively to fund clinic services. The conditions of the grant have been met.

Public Transport Network Operations

| | | | | |
|---|---------------|----------|---------------|----------|
| Current-year receipts | 120,820 | 71,395 | 120,820 | 71,395 |
| Conditions met - transferred to revenue | (36,111) | (71,395) | (36,111) | (71,395) |
| | 84,709 | - | 84,709 | - |

This grant is used to provide supplementary operational funding to municipalities operating approved Integrated Rapid Public transport Network/ Integrated Public Transport Network services.

The underspending of funds is mainly due to the fact that the city has not progressed to operations stage of its IRPTN.

Intergrated City Development

| | | | | |
|---|----------|---------|----------|---------|
| Current-year receipts | 52,621 | 9,539 | 52,621 | 9,539 |
| Conditions met - transferred to revenue | (52,621) | (9,539) | (52,621) | (9,539) |
| | - | - | - | - |

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|--------------------------|-------|------|--------------|------|
| | 2015 | 2014 | 2015 | 2014 |

28. Government grants and subsidies (continued)

The grant is used to provide financial incentive for metropolitan municipalities to integrate and focus their use of available infrastructure investment and regulatory instruments to achieve a more compact urban spatial form.

Human Settlement Capacity Grant

| | | | | |
|---|---------------|---|---------------|---|
| Current-year receipts | 52,469 | - | 52,469 | - |
| Conditions met - transferred to revenue | (12,489) | - | (12,489) | - |
| | 39,980 | - | 39,980 | - |

This grant is used to build capacity in municipalities to deliver and subsidise the operational cost of administering human settlement programmes.

The reason for underspending is due to funds been received late in the financial year.

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|--|------------------|------------------|------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| 29. Employee related costs | | | | |
| Employee related costs - Salaries and Wages | 4,481,913 | 4,230,803 | 4,374,661 | 4,132,812 |
| Medical aid and Pension Benefits | 1,400,290 | 1,099,720 | 1,400,290 | 1,099,720 |
| UIF | 48,358 | 46,759 | 36,376 | 35,033 |
| Contribution to Provisions (Leave Pay, Performance Bonus, Long Service Awards) | 255,294 | 603,811 | 254,709 | 603,856 |
| Travel, motor car, accommodation, subsistence and other allowances | 348,139 | 279,197 | 348,139 | 279,197 |
| Overtime payments | 466,596 | 440,478 | 463,352 | 437,066 |
| Housing benefits and allowances | 17,376 | 16,715 | 17,376 | 16,715 |
| Holiday Bonus | 322,537 | 290,544 | 322,537 | 290,544 |
| Other | 46,782 | 71,133 | 46,782 | 71,054 |
| Less: Employee costs relating to capitalisation and maintenance of PPE | (229,759) | (185,431) | (229,759) | (185,431) |
| | 7,157,526 | 6,893,729 | 7,034,463 | 6,780,566 |

Remuneration of the Municipal Manager - Mr. S. Sithole (appointed 03/01/2012)

| | | | | |
|--|--------------|--------------|--------------|--------------|
| Annual Remuneration | 2,384 | 2,221 | 2,384 | 2,221 |
| Car Allowance | 180 | 180 | 180 | 180 |
| Performance Bonus 2012 | - | 82 | - | 82 |
| Performance Bonus 2013 | - | 176 | - | 176 |
| Contributions to UIF, Medical and Pension Funds | 27 | 28 | 27 | 28 |
| Other Allowances (Subsistence, Leave cashing, Backpay) | 28 | - | 28 | - |
| | 2,619 | 2,687 | 2,619 | 2,687 |

Remuneration of the Chief Finance Officer - Mr. K. A. Kumar

| | | | | |
|--|--------------|--------------|--------------|--------------|
| Annual Remuneration | 1,311 | 1,227 | 1,311 | 1,227 |
| Car Allowance | 454 | 425 | 454 | 425 |
| Market Allowance | 242 | 242 | 242 | 242 |
| Contributions to UIF, Medical and Pension Funds | 304 | 292 | 304 | 292 |
| Cellphone Allowance | 18 | 18 | 18 | 18 |
| Performance Bonus 2012 | - | 126 | - | 126 |
| Performance Bonus 2013 | - | 124 | - | 124 |
| Other Allowances (Subsistence, Leave cashing, Backpay) | 22 | 146 | 22 | 146 |
| | 2,351 | 2,600 | 2,351 | 2,600 |

Safety and Security - Mr. C. B. Mkhize

| | | | | |
|---------------------|---|-----|---|-----|
| Performance Bonuses | - | 140 | - | 140 |
|---------------------|---|-----|---|-----|

Contract Expired 30 June 2012.

Health and Social Services - Dr. M. Gumede

| | | | | |
|---|-------|-------|-------|-------|
| Annual Remuneration | 1,695 | 1,579 | 1,695 | 1,579 |
| Car Allowance | 120 | 120 | 120 | 120 |
| Performance Bonus 2012 | - | 119 | - | 119 |
| Performance Bonus 2013 | - | 127 | - | 127 |
| Contributions to UIF, Medical and Pension Funds | 46 | 45 | 46 | 45 |
| Cellphone Allowance | 12 | 12 | 12 | 12 |

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|---|--------------|--------------|--------------|--------------|
| | 2015 | 2014 | 2015 | 2014 |
| 29. Employee related costs (continued) | | | | |
| Other Allowances(Subsistence, Leave cashing, Backpay) | 75 | 60 | 75 | 60 |
| | 1,948 | 2,062 | 1,948 | 2,062 |
| Governance - Mr. S. O. Cele | | | | |
| Annual Remuneration | 1,311 | 1,227 | 1,311 | 1,227 |
| Car Allowance | 454 | 425 | 454 | 425 |
| Performance Bonus 2012 | - | 77 | - | 77 |
| Performance Bonus 2013 | - | 82 | - | 82 |
| Contributions to UIF, Medical and Pension Funds | 300 | 285 | 300 | 285 |
| Market Allowance | 121 | 121 | 121 | 121 |
| Cellphone Allowance | 12 | 12 | 12 | 12 |
| Other Allowances(Subsistence, Leave cashing, Backpay) | 51 | 167 | 51 | 167 |
| | 2,249 | 2,396 | 2,249 | 2,396 |
| Procurement and Infrastructure - Mr. D. Naidoo | | | | |
| | - | 130 | - | 130 |
| Resigned:30 June 2012 | | | | |
| Remuneration of the Municipal Manager - Dr. M. Sutcliffe (01/07/2011 - 31/12/2011) | | | | |
| Performance Bonus 2012 | 160 | 69 | 160 | 69 |
| Corporate and Human Resources - Mrs. D. P. Nene | | | | |
| Annual Remuneration | 1,554 | 1,449 | 1,554 | 1,449 |
| Car Allowance | 108 | 108 | 108 | 108 |
| Contributions to UIF, Medical and Pension Funds | 44 | 42 | 44 | 42 |
| Other Allowances(Subsistence, Leave cashing, Backpay) | - | 122 | - | 122 |
| | 1,706 | 1,721 | 1,706 | 1,721 |
| Appointed :1 February 2013 | | | | |
| Sustainable Development and City Enterprises - Dr. C. N. Moyo | | | | |
| Annual Remuneration | 57 | 1,531 | 57 | 1,531 |
| Car Allowance | 4 | 120 | 4 | 120 |
| Contributions to UIF, Medical and Pension Funds | 5 | 49 | 5 | 49 |
| Cellphone Allowance | 1 | 30 | 1 | 30 |
| Other Allowances(Subsistence, Leave cashing, Backpay) | 181 | 1 | 181 | 1 |
| | 248 | 1,731 | 248 | 1,731 |
| Resigned : 11 July 2014 | | | | |
| I.C.C. - Remuneration of the Chief Executive Officer | | | | |
| Annual Remuneration | 456 | 2,076 | - | - |
| Performance Bonuses(J.M.Ellingson) | 525 | - | - | - |

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|---|--------------|--------------|--------------|------|
| | 2015 | 2014 | 2015 | 2014 |
| 29. Employee related costs (continued) | | | | |
| Contributions to UIF, Medical and Pension Funds | 22 | - | - | - |
| | 1,003 | 2,076 | - | - |

Chief Executive Officer J.M.Ellingson resigned on 05 July 2014

Chief Executive Officer L.Rakharebe appointed 01 April 2015

I.C.C. - Remuneration of Executive Managers

| | | | | |
|---|--------------|--------------|---|---|
| Annual Remuneration | 5,401 | 3,855 | - | - |
| Contributions to UIF, Medical and Pension Funds | 1,489 | 341 | - | - |
| | 6,890 | 4,196 | - | - |

Durban Marine Theme Park

| | | | | |
|--|--------------|--------------|---|---|
| Directors Fees | 485 | 855 | - | - |
| Remuneration - CEO : S Thompson | - | 977 | - | - |
| Remuneration - CEO : CN Khumalo | 1,749 | 140 | - | - |
| Remuneration - CFO : P.VD Berg (resigned 31 October 2014) | 521 | 1,332 | - | - |
| Remuneration - CFO : JH Dlamuka (appointed 5 January 2015) | 685 | - | - | - |
| Remuneration - COO : PN Pillay | 1,187 | 1,229 | - | - |
| Remuneration of Executives | 3,302 | 2,647 | - | - |
| | 7,929 | 7,180 | - | - |

30. Remuneration of councillors

| | | | | |
|--|----------------|---------------|----------------|---------------|
| Councillors | 100,795 | 94,721 | 100,795 | 94,721 |
| Mayor | 1,192 | 1,163 | 1,192 | 1,163 |
| Deputy Mayor | 967 | 939 | 967 | 939 |
| Mayoral Committee Members | 8,056 | 8,172 | 8,056 | 8,172 |
| Speaker | 1,054 | 1,000 | 1,054 | 1,000 |
| Councillors | 88,869 | 82,690 | 88,869 | 82,690 |
| Traditional Leaders | 657 | 757 | 657 | 757 |
| Total Councillors' Remuneration | 100,795 | 94,721 | 100,795 | 94,721 |

In-kind benefits

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

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

The Mayor has three full-time bodyguards. The Deputy Mayor and speaker have two full-time bodyguards.

The mayoral committee consists of 12 members.
The municipality's council is made up of 205 Councillors.

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|--|----------------|----------------|----------------|----------------|
| | 2015 | 2014 | 2015 | 2014 |
| 30. Remuneration of councillors (continued) | | | | |
| Mayor (1) | | | | |
| Remuneration Allowances | 696 | 697 | 696 | 697 |
| Travelling Allowance | 294 | 280 | 294 | 280 |
| Cellphone Allowance | 42 | 41 | 42 | 41 |
| Medical Aid | 51 | 41 | 51 | 41 |
| Pension Fund | 109 | 104 | 109 | 104 |
| | 1,192 | 1,163 | 1,192 | 1,163 |
| Deputy Mayor (1) | | | | |
| Remuneration Allowances | 564 | 557 | 564 | 557 |
| Travelling Allowance | 238 | 224 | 238 | 224 |
| Cellphone Allowance | 42 | 41 | 42 | 41 |
| Medical Aid | 35 | 33 | 35 | 33 |
| Pension Fund | 88 | 84 | 88 | 84 |
| | 967 | 939 | 967 | 939 |
| Speaker (1) | | | | |
| Remuneration Allowances | 537 | 544 | 537 | 544 |
| Travelling Allowance | 297 | 286 | 297 | 286 |
| Cellphone Allowance | 42 | 29 | 42 | 29 |
| Medical Aid | 94 | 61 | 94 | 61 |
| Pension Fund | 84 | 80 | 84 | 80 |
| | 1,054 | 1,000 | 1,054 | 1,000 |
| Mayoral Committee Members (9) | | | | |
| Remuneration Allowances | 5,097 | 5,270 | 5,097 | 5,270 |
| Travelling Allowance | 2,003 | 1,991 | 2,003 | 1,991 |
| Cellphone Allowance | 203 | 209 | 203 | 209 |
| Medical Aid | 159 | 140 | 159 | 140 |
| Pension Fund | 592 | 561 | 592 | 561 |
| | 8,054 | 8,171 | 8,054 | 8,171 |
| Councillors (193) | | | | |
| Remuneration Allowances | 50,757 | 47,909 | 50,757 | 47,909 |
| Constituency Allowances | 4,196 | 3,943 | 4,196 | 3,943 |
| Travelling Allowance | 20,206 | 18,690 | 20,206 | 18,690 |
| Cellphone Allowance | 3,996 | 3,032 | 3,996 | 3,032 |
| Medical Aid | 4,090 | 3,791 | 4,090 | 3,791 |
| Pension Fund | 5,624 | 5,325 | 5,624 | 5,325 |
| | 88,869 | 82,690 | 88,869 | 82,690 |
| Traditional Leaders (18) | | | | |
| Allowances | 657 | 757 | 657 | 757 |
| 31. Finance costs | | | | |
| Non-current borrowings | 897,591 | 828,269 | 897,439 | 818,657 |
| Consumer Deposits | 47,224 | 27,488 | 47,224 | 27,488 |
| Other interest paid | 5,750 | 1,449 | 8,770 | 4,058 |
| | 950,565 | 857,206 | 953,433 | 850,203 |

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|--|------------------|------------------|------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| 31. Finance costs (continued) | | | | |
| An amount of R52.9m (2014: R78.7m) relating to borrowing costs was capitalised to work-in-progress with 9% (2014: 9%) being the weighted average cost of funds borrowed generally by the municipality. | | | | |
| 32. Bulk purchases | | | | |
| Electricity | 6,716,137 | 6,319,701 | 6,716,137 | 6,319,701 |
| Water | 1,662,481 | 1,519,887 | 1,662,481 | 1,519,887 |
| | 8,378,618 | 7,839,588 | 8,378,618 | 7,839,588 |
| 33. Grants and subsidies paid | | | | |
| Other subsidies | | | | |
| Point Precinct Trust | 2,168 | 2,027 | 2,168 | 2,027 |
| Grant paid: Enhanced Extended Discount Benefit | 1,701 | 3,496 | 1,701 | 3,496 |
| Grant Paid: Sporting Organisations | 54,091 | 46,125 | 54,091 | 46,125 |
| Twilanga Old Age Home | 1,055 | 900 | 1,055 | 900 |
| Grant Paid: South African Association of Marine Biology Research | 56,595 | 56,469 | 56,595 | 56,469 |
| Grant Paid: Playhouse Company | 3,000 | 3,803 | 3,000 | 3,803 |
| Durban Arts Association | 1,150 | 336 | 1,150 | 336 |
| Grant Paid: Natal Philharmonic Orchestra | 6,800 | 7,816 | 6,800 | 7,816 |
| Grant Paid: Tourism Indaba | 13,495 | 15,658 | 13,495 | 15,658 |
| Grant Paid: Trade Point Durban | - | 1,058 | - | 1,058 |
| Grant Paid: Food Aid Program | 27,910 | 12,203 | 27,910 | 12,203 |
| Grants Paid: Other | 11,807 | 16,242 | 11,807 | 19,109 |
| | 179,772 | 166,133 | 179,772 | 169,000 |
| 34. Fair value adjustments | | | | |
| Fair value adjustment - Debtors | 798 | (425) | 798 | (425) |
| Fair value adjustment - Creditors | 11,556 | (9,289) | 11,556 | (9,289) |
| Fair value adjustment - Debentures | 29,667 | - | - | - |
| Fair value adjustment - PPE | - | 196 | - | 66 |
| | 42,021 | (9,518) | 12,354 | (9,648) |

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| Figures in Rand thousand | Group | | Municipality | |
|---|------------------|------------------|------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| 35. General expenses | | | | |
| Advertising | 51,181 | 42,780 | 48,971 | 41,301 |
| Auditors remuneration | 23,633 | 24,851 | 22,074 | 23,406 |
| Bank charges | 8,276 | 6,728 | 6,704 | 5,129 |
| Cleaning | 22,561 | 25,954 | 20,929 | 24,637 |
| Commission paid | 25,774 | 26,551 | 25,670 | 26,202 |
| Consulting and professional fees | 66,186 | 45,312 | 61,815 | 40,327 |
| Delivery expenses | 3,310 | 3,505 | 3,310 | 3,505 |
| Civic Entertainment | 1,247 | 1,023 | 1,245 | 1,015 |
| Hire | 64,890 | 62,189 | 64,890 | 62,189 |
| Insurance | 18 | 50 | - | - |
| Community development and training | 24,980 | 11,948 | 24,980 | 11,948 |
| Conferences and seminars | 5,411 | 2,849 | 5,411 | 2,849 |
| IT expenses | 44,080 | 37,510 | 43,383 | 36,915 |
| Lease rentals on operating lease | 58,828 | 51,446 | 57,632 | 50,060 |
| Marketing | 57,458 | 53,546 | 42,934 | 38,697 |
| Levies | 4,843 | 4,355 | 3,760 | 3,361 |
| Magazines, books and periodicals | 8,306 | 9,162 | 8,291 | 9,114 |
| Medical requisites | 17,026 | 40,580 | 17,026 | 40,580 |
| Fuel and oil | 224,194 | 249,531 | 224,160 | 249,436 |
| Postage and courier | 26,898 | 25,082 | 26,890 | 25,073 |
| Printing and stationery | 38,817 | 36,826 | 37,501 | 35,596 |
| Promotions | 73,123 | 62,905 | 73,123 | 62,905 |
| Project maintenance costs | 53,640 | 13,169 | 53,640 | 13,169 |
| Research costs | 13,946 | 11,210 | 13,946 | 11,210 |
| Secretarial fees | 61,122 | 55,713 | 57,576 | 53,148 |
| Subscriptions and membership fees | 20,819 | 15,444 | 20,657 | 15,234 |
| Telephone and fax | 61,445 | 58,922 | 60,271 | 57,873 |
| Transport and freight | 71,682 | 68,144 | 70,082 | 64,708 |
| Training | 104,025 | 91,258 | 103,868 | 91,111 |
| Travel - local | 25,830 | 20,563 | 25,511 | 20,169 |
| Refuse | 26,874 | 23,574 | 26,874 | 23,574 |
| Title deed search fees | 593 | 778 | 593 | 778 |
| Stock Adjustments | 14,216 | 6,090 | 13,841 | 5,667 |
| Sewerage and waste disposal | 52,317 | 49,426 | 52,317 | 49,426 |
| Refuse Bags | 101,076 | 76,542 | 101,076 | 76,542 |
| Recycling | 19,938 | 9,313 | 19,938 | 9,313 |
| Tourism development | 3,049 | 8,326 | 3,049 | 8,326 |
| Other Sponsorships and Subsidies | 8,422 | 4,198 | 8,422 | 4,198 |
| Stadium Operational Costs | 20,674 | 50,376 | 20,674 | 50,376 |
| Urban Improvement Precincts | 3,799 | 21,478 | 3,799 | 21,478 |
| Safety Equipment | 20,890 | 25,842 | 20,890 | 25,842 |
| Contribution to the Provision for the Eradication of Alien Vegetation | 1,735 | 11,142 | 1,735 | 11,142 |
| Special Events | 119,587 | 153,035 | 119,587 | 153,035 |
| Venue Decorative expenses | 2,760 | 3,140 | 2,760 | 3,140 |
| Other expenses | 416,299 | 323,196 | 368,717 | 281,806 |
| | 2,075,778 | 1,925,562 | 1,990,522 | 1,845,510 |

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|--|------------------|------------------|------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| 36. Cash generated from operations | | | | |
| Surplus | 2,948,740 | 1,976,600 | 3,035,405 | 2,220,088 |
| Adjustments for: | | | | |
| Depreciation: PPE | 1,859,644 | 1,702,430 | 1,790,265 | 1,633,631 |
| Gain on disposal of PPE | (49,286) | (17,168) | (49,286) | (17,095) |
| Loss on sale of PPE | 668 | 656 | 191 | 197 |
| Loss on Impairment: Investment Properties | 9,236 | - | 9,236 | - |
| Depreciation: Investment Properties | 4,551 | 4,544 | 1,860 | 1,844 |
| Share of Income from Joint Venture | - | - | (4,969) | (15,083) |
| Fair value adjustments | (42,021) | 9,518 | (12,354) | 9,648 |
| Amortisation: Intangible assets | 56,784 | 43,789 | 55,631 | 42,860 |
| Contribution to provisions | 70,488 | 419,367 | 68,607 | 419,254 |
| Impairment deficit | 8,664 | 11,625 | 8,664 | 11,625 |
| Debt impairment | 2,079,360 | 1,618,726 | 2,079,580 | 1,617,118 |
| Reversal of Impairment | (3,782) | (314) | (3,782) | (314) |
| Movements in retirement benefit assets and liabilities | 159,137 | (73,123) | 159,137 | (73,123) |
| (Reversal of) Loss on impairment of investment in Municipal entity | - | - | (84,631) | (211,651) |
| Donations received: PPE | (2,076) | (706) | (2,076) | (706) |
| Changes in working capital: | | | | |
| Inventories | (89,126) | (82,160) | (75,331) | (85,135) |
| Receivables from exchange transactions | (192,849) | (1,488,030) | (1,602,598) | (983,584) |
| Consumer debtors | (726,440) | (563,045) | (722,910) | (563,882) |
| Other receivables from non-exchange transactions | (1,613,003) | 143,102 | (192,717) | (199,760) |
| Prepayments | 174 | (835) | - | - |
| Payables from exchange transactions | (496,517) | 883,614 | (509,275) | 886,329 |
| VAT | 65,062 | (76,850) | 64,047 | (77,048) |
| Unspent conditional grants and receipts | (202,463) | 288,982 | (202,463) | 288,982 |
| Consumer deposits | 179,512 | 239,299 | 181,867 | 236,679 |
| | 4,024,457 | 5,040,021 | 3,992,098 | 5,140,874 |

37. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

| | | | | |
|---|--------------|--------------|--------------|--------------|
| Long-term liabilities | 10,372,423 | 10,369,582 | 10,241,146 | 10,247,716 |
| Used to finance property, plant and equipment – at cost | (10,372,423) | (10,369,582) | (10,241,146) | (10,247,716) |
| | - | - | - | - |

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|--------------------------|-------|------|--------------|------|
| | 2015 | 2014 | 2015 | 2014 |

38. Commitments

Commitments in respect of capital expenditure

Approved and contracted for:

| | | | | |
|----------------------|------------------|------------------|------------------|------------------|
| • Infrastructure | 3,678,138 | 4,661,143 | 3,678,138 | 4,661,143 |
| • Community | 76,448 | 15,410 | 76,448 | 15,410 |
| • Land and Buildings | 246,428 | 235,107 | 246,428 | 235,107 |
| • Other | 860,710 | 1,806,567 | 860,710 | 1,793,476 |
| | 4,861,724 | 6,718,227 | 4,861,724 | 6,705,136 |

Approved but not yet contracted for:

| | | | | |
|----------------------|----------------|----------------|----------------|----------------|
| • Infrastructure | 446,553 | 202,781 | 446,553 | 202,781 |
| • Community | 36,146 | 64,804 | 36,146 | 64,804 |
| • Land and Buildings | 40,793 | 149,110 | 40,793 | 149,110 |
| • Other | 450 | 15,853 | 450 | 15,853 |
| | 523,942 | 432,548 | 523,942 | 432,548 |

Included in the Other Capital Commitments figure for Housing is Housing Agency commitments amounting to R 787million (2014: R1 687.6million).

Financial Commitments:

Debenture held in Durban Marine Theme Park R90million

Included in the liability of R129.9million (refer to note 16) is a debenture held in Durban Marine Theme Park which is convertible at the option of the holder into ordinary shares. Council has resolved to settle the liability on behalf of the Durban Marine Theme Park in 2 tranches of R45 million each (November 2015 and March 2016) in exchange of equity. This was the final offer by DBSA after lengthy negotiations. Based on the commitment by Council the R90 Million has therefore been reclassified from contingent liabilities to financial commitments.

Operating leases - as lessor (income)

Minimum lease payments due

| | | | | |
|-------------------------------------|---------------|---------------|---|---|
| - within one year | 19,046 | 21,547 | - | - |
| - in second to fifth year inclusive | 35,956 | 56,940 | - | - |
| | 55,002 | 78,487 | - | - |

Durban Marine Theme Park Pty (Ltd):The operating leases relate to rental contracts derived from Ushaka Village Walk. The lease agreements were entered into on various dates and will be operational for varying periods, the last expiring on 30 June 2020. For the purposes of calculating the lease commitments, options to renew the leases on expiry have been ignored. The rental escalation percentage varies from lease to lease, the average being approximately 6%.

Municipality:Rental Income recognised from operating leases have not been accounted for on the straight-line basis over the lease terms for the following reasons: Approximately 50% of lease income is short term i.e. the lease is terminable at 1 to 3 months notice; Approximately 45% of long term lease income is based on turnover i.e. subjective and not fixed. Lease income is recognised as it accrues. The straight-lining of lease income is considered not to provide a fair reflection of income from leases.

Operating leases - as lessee (expenditure)

Minimum lease payments due

| | | | | |
|-------------------------------------|----------------|----------------|----------------|----------------|
| - within one year | 73,018 | 105,451 | 50,040 | 36,715 |
| - in second to fifth year inclusive | 130,906 | 128,070 | 94,950 | 67,198 |
| - later than five years | 4,165 | 4,350 | 4,165 | 4,350 |
| | 208,089 | 237,871 | 149,155 | 108,263 |

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|--------------------------|-------|------|--------------|------|
| | 2015 | 2014 | 2015 | 2014 |

38. Commitments (continued)

Operating Commitments

Commitments Payable

| | | | | |
|-----------------------------|------------------|------------------|------------------|------------------|
| - within one year | 1,319,073 | 1,588,816 | 1,306,738 | 1,585,052 |
| - within two to three years | 1,145,313 | 693,137 | 1,145,313 | 693,137 |
| - after three years | 11,185 | 18,930 | 11,185 | 18,930 |
| | 2,475,571 | 2,300,883 | 2,463,236 | 2,297,119 |

Included above is Operating Commitments for Security Management. The Contract terminates on 31 October 2015. A contract has not been entered into for the period thereafter. The three year budget forecasts for Security Management costs is R485.1m, R523.4m and R567.8m respectively.

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|--------------------------|-------|------|--------------|------|
| | 2015 | 2014 | 2015 | 2014 |

39. Contingencies

| | | | | |
|---------------------|---------|---------|---------|---------|
| Contracted Disputes | 734,915 | 130,040 | 734,915 | 130,040 |
|---------------------|---------|---------|---------|---------|

Various departments within the municipality have price disputes with certain contractors. Included in the amount of R734m is an amount of R528m which was reflected as part of legal claims in the prior year.

| | | | | |
|------------------------|---------|--------|---------|--------|
| Self Insurance Reserve | 304,540 | 79,067 | 304,540 | 79,067 |
|------------------------|---------|--------|---------|--------|

Various claims submitted to the Insurance department of the municipality are under dispute. The estimated liability of such claims is disclosed.

| | | | | |
|----------------|---------|-------|---------|-------|
| Property Rates | 355,464 | 3,949 | 355,464 | 3,949 |
|----------------|---------|-------|---------|-------|

During the implementation of the Municipal Property Rates Act (MPRA), ratepayers were given the opportunity to object to the property valuations used in the computation of their property rates charge. These objections were investigated and resolved. Ratepayers that were dissatisfied with the results of the response had the right to lodge an appeal in terms of the MPRA. The appeals process has commenced. If the ratepayers are successful in their appeal, the above rates revenue recognised for the year will have to be reversed.

| | | | | |
|-----------------|--------|--------|--------|--------|
| Bank Guarantees | 66,660 | 75,354 | 66,660 | 75,354 |
|-----------------|--------|--------|--------|--------|

These guarantee's are issued in favour of the following:

- The Member(s), Jeena's Warehouse Close Corporation: R3.6m (Standard Bank) dated 19 May 1999;
- S.A. Post Office: R76 000 (Standard Bank) dated 14 October 1997;
- S.A. Post Office: R1.9m (Standard Bank) dated 6 August 1997;
- ESKOM Holdings: R7 800 (Standard Bank) dated 1 November 2011;
- Compensation Commissioner: R61m (Standard Bank).

| | | | | |
|--------------|---------|---------|---------|---------|
| Legal Claims | 284,404 | 904,888 | 284,404 | 904,888 |
|--------------|---------|---------|---------|---------|

Various claims submitted to the legal department of the municipality are in the process of being resolved. The estimated liability of such claims, should the claimant be successful, is disclosed.

Legal disputes relate to:

- Rates dispute: R5m;
- Value of compensation in respect of expropriation of various properties R131.4m
- Claims for damages - various: R147.8m

| | | | | |
|--|---|---------|---|---------|
| Municipal Entity: Durban Marine Theme Park | - | 113,748 | - | 113,748 |
|--|---|---------|---|---------|

A debenture held in Durban Marine Theme Park is convertible at the option of the holder into ordinary shares. Council has resolved to settle the liability on behalf of Durban Marine theme Park in 2 tranches of R45m each (November 2015 and March 2016) in exchange of equity. This was the final offer by DBSA after long negotiations. Based on the commitment by Council, the R90m has therefore been reclassified from contingent liability to financial commitments.

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|---|-------|------|----------------|--|
| | 2015 | 2014 | 2015 | 2014 |
| 40. Related parties | | | | |
| Relationships Municipal entities (refer to note 13) | | | | |
| | | | | Durban Marine Theme Park SOC Limited ICC Durban (Pty)Ltd Ethekewini Transport Authority River Horse Valley Joint Venture Durban Infrastructure Development Trust |
| Joint ventures (refer to note 14) | | | | Trustees : |
| Councillor/Official with significant influence | | | | M.E.Bayeni - Councillor N.N.Nyanisa - Councillor S.Z.Xulu - Councillor J.Balwanth - Council Official M.Tembe - Independent 3rd Party P.N.Ngcobo - Independent 3rd Party K.Rugunandan - Independent 3rd Party |
| Related party balances | | | | |
| Loan accounts - Owing by related parties | | | | |
| Durban Infrastructural Development Trust | | | 156,583 | 156,583 |
| ICC (Proprietary) Limited | | | 226,590 | 226,590 |
| | | | 383,173 | 383,173 |
| Amounts included in Trade Receivable regarding related parties | | | | |
| I.C.C. Durban (Proprietary) Limited | | | 1,663 | 1,165 |
| Durban Marine Theme Park (Proprietary) Limited | | | 1,576 | 2,254 |
| | | | 3,239 | 3,419 |
| Amounts included in Trade Payable regarding related parties | | | | |
| I.C.C. Durban (Proprietary) Limited | | | 2,608 | 7,164 |
| Ethekewini Transport Authority | | | 53,372 | 55,534 |
| | | | 55,980 | 62,698 |
| Consumer Deposits Paid | | | | |
| I.C.C Durban(Proprietary) Limited | | | 1,435 | 1,409 |
| Other Related Party Asset | | | | |
| I.C.C Durban(Proprietary) Limited | | | - | 2,695 |
| Related party transactions | | | | |
| Sales to related parties | | | | |
| I.C.C. Durban (Proprietary) Limited: | | | | |
| Electricity | | | 9,704 | 9,351 |
| Water | | | 1,458 | 1,711 |
| Refuse | | | 751 | 617 |
| Gross Rates | | | 5,317 | 5,370 |
| Durban Marine Theme Park (Proprietary) Limited | | | | |
| Electricity | | | 18,796 | 18,197 |
| Water | | | 6,288 | 5,143 |
| Waste | | | 1,042 | 936 |
| Insurance | | | 741 | 1,421 |
| Advance Fire Training | | | - | 4,234 |
| Rates | | | 3,614 | - |
| Riverhorse Valley Joint Venture | | | | |
| Electricity and Water | | | 69 | 6 |

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|--|-------|------------------|--------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| 40. Related parties (continued) | | | | |
| Income from Joint Venture | | | 4,969 | 15,083 |
| Purchases from related parties | | | | |
| I.C.C. Durban (Proprietary) Limited: | | | | |
| General Expenses | | | 26,587 | 27,441 |
| Durban Marine Theme Park (Proprietary) Limited | | | | |
| General Expenses | | | 1,601 | 6,738 |
| Ethekekwini Transport Authority | | | | |
| General Expenses | | | 3,051 | 2,610 |
| Grant-in-Aid | | | - | 2,867 |
| Purchases from Riverhorse Valley Joint Venture | | | | |
| General Expenses | | | 102 | - |
| I.C.C. Durban (Proprietary) Limited - own related party transactions: | | | | |
| Sales to Z. Msimang (Ikhono Communications CC) | | | 520 | 1,179 |
| Purchases from N. Elia-Beissel (Wild Water Bottling and Distribution CC) | | | 17 | 3 |
| Commission paid to Z. Msimang (Ikhono Communications CC) | | | - | 40 |
| 41. Prior year adjustments | | | | |
| The following adjustments all relate to corrections of prior-year errors. | | | | |
| Consumer Debtors | | | | |
| Balance previously reported | - | 2,879,048 | - | 2,882,059 |
| Rates adjustments - prior to 2013/14 | - | 32,036 | - | 32,036 |
| Rates adjustments - 2013/14 | - | 54,689 | - | 54,689 |
| | - | 2,965,773 | - | 2,968,784 |
| Payables from exchange transactions | | | | |
| Balance previously reported | - | 5,733,200 | - | 5,740,769 |
| Accrual for Security payments - prior to 2013/14 | - | 17,275 | - | 17,275 |
| Accrual for Security payments - 2013/14 | - | 23,383 | - | 23,383 |
| VAT relating to Security payments accrual - 2013/14 | - | 5,202 | - | 5,202 |
| Human Resources Payroll adjustment - prior to 2013/14 | - | (2,305) | - | (2,305) |
| Housing Development Fund accrual adjustment - 2013/14 | - | (405) | - | (405) |
| Accruals adjustments - prior to 2013/14 | - | (4,059) | - | (4,059) |
| Accruals adjustments - 2013/14 | - | (1,487) | - | (1,487) |
| Ushaka - Accruals adjustment - prior to 2013/14 | - | (2,854) | - | - |
| | - | 5,767,950 | - | 5,778,373 |

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|--|-------|-------------------|--------------|-------------------|
| | 2015 | 2014 | 2015 | 2014 |
| 41. Prior year adjustments (continued) | | | | |
| Property, Plant and Equipment | | | | |
| Balance previously reported | - | 38,113,209 | - | 37,084,494 |
| Adjustments: Various - prior to 2013/14 | - | (48,661) | - | (48,538) |
| Adjustments: Depreciation - 2013/14 | - | (20,067) | - | (20,067) |
| Adjustments: Disposals - 2013/14 | - | (565) | - | (565) |
| Adjustments: Impairment - 2013/14 | - | 190 | - | 190 |
| Landfill sites rehabilitation adjustment - prior to 2013/14 | - | 1,986 | - | 1,986 |
| Housing Development Fund adjustment - prior to 2013/14 | - | (5) | - | (5) |
| Transfer to Heritage assets from Infrastructure - prior to 2013/14 | - | (2,526) | - | (2,526) |
| | - | 38,043,561 | - | 37,014,969 |
| Inventories | | | | |
| Balance previously reported | - | 389,622 | - | 341,913 |
| Stock adjustment - prior to 2013/14 | - | (34,383) | - | (34,383) |
| Stock adjustment - 2013/14 | - | (23,455) | - | (23,446) |
| | - | 331,784 | - | 284,084 |
| Heritage Assets | | | | |
| Balance previously reported | - | 10,512 | - | 10,512 |
| Transfer from PPE Infrastructure - prior to 2013/14 | - | 2,526 | - | 2,526 |
| | - | 13,038 | - | 13,038 |
| Intangible Assets | | | | |
| Balance previously reported | - | 773,544 | - | 771,849 |
| Adjustments: Various - prior to 2013/14 | - | 787 | - | 787 |
| Amortisation adjustment - 2013/14 | - | 31 | - | 31 |
| | - | 774,362 | - | 772,667 |

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|--|-------|-------------------|--------------|-------------------|
| | 2015 | 2014 | 2015 | 2014 |
| 41. Prior year adjustments (continued) | | | | |
| Accumulated Surplus | | | | |
| Balance previously reported | - | 29,346,324 | - | 28,930,783 |
| PPE adjustments: Various - prior to 2013/14 | - | (48,537) | - | (48,537) |
| PPE adjustments: Depreciation - 2013/14 | - | (20,067) | - | (20,067) |
| PPE adjustments: Disposals - 2013/14 | - | (565) | - | (565) |
| PPE adjustments: Impairment - 2013/14 | - | 190 | - | 190 |
| Landfill sites rehabilitation adjustment - prior to 2013/14 | - | 452 | - | 452 |
| Intangibles adjustments: Various - prior to 2013/14 | - | 787 | - | 787 |
| Intangibles adjustments: Amortisation - 2013/14 | - | 31 | - | 31 |
| Consumer Debtors: Rates adjustments - prior to 2013/14 | - | 32,036 | - | 32,036 |
| Consumer Debtors: Rates adjustments - 2013/14 | - | 54,689 | - | 54,689 |
| Payables from exchange transactions: Accrual for Security payments - prior to 2013/14 | - | (17,275) | - | (17,275) |
| Payables from exchange transactions: Accrual for Security payments - 2013/14 | - | (23,383) | - | (23,383) |
| Payables from exchange transactions: Human Resources Payroll adjustment - prior to 2013/14 | - | 2,305 | - | 2,305 |
| Receivables from exchange transactions: Accrual for Sponsorship Income - prior to 2013/14 | - | 307 | - | 307 |
| Receivables from exchange transactions: Accrual for Sponsorship Income - 2013/14 | - | 292 | - | 292 |
| Inventories: Stock adjustment - prior to 2013/14 | - | (34,383) | - | (34,383) |
| Inventories: Stock adjustment - 2013/14 | - | (23,446) | - | (23,446) |
| Housing Development Fund: Accruals adjustment - 2013/14 | - | 405 | - | 405 |
| Housing Development Fund: PPE adjustment - 2013/14 | - | (5) | - | (5) |
| Housing Development Fund: Transfer adjustment - 2013/14 | - | (400) | - | (400) |
| Payables from exchange transactions: Accruals adjustments - prior to 2013/14 | - | 4,059 | - | 4,059 |
| Payables from exchange transactions: Accruals adjustments - 2013/14 | - | 1,487 | - | 1,487 |
| Cash and cash equivalents: Cash takings adjustment - 2013/14 | - | (35) | - | (35) |
| VAT adjustment - prior to 2013/14 | - | (520) | - | (520) |
| Ushaka - Accruals adjustment - prior to 2013/14 | - | 2,854 | - | - |
| | - | 29,277,602 | - | 28,859,207 |
| Housing Development Fund | | | | |
| Balance previously reported | - | 170,364 | - | 170,364 |
| Payables from exchange transactions: Accruals adjustment - 2013/14 | - | 405 | - | 405 |
| PPE adjustment - prior to 2013/14 | - | (5) | - | (5) |
| | - | 170,764 | - | 170,764 |
| Cash and Cash Equivalents | | | | |
| Balance previously reported | - | 1,067,314 | - | 996,029 |
| Cash takings adjustment - 2013/14 | - | (35) | - | (35) |
| | - | 1,067,279 | - | 995,994 |

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| Figures in Rand thousand | Group | | Municipality | |
|---|-----------|------------------|--------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| 41. Prior year adjustments (continued) | | | | |
| Receivables from exchange transactions | | | | |
| Balance previously reported | - | 2,576,289 | - | 2,561,688 |
| Accrual for Sponsorship Income - prior to 2013/14 | - | 307 | - | 307 |
| Accrual for Sponsorship Income - 2013/14 | - | 292 | - | 292 |
| VAT adjustment - 2013/14 | - | 87 | - | 87 |
| | - | 2,576,975 | - | 2,562,374 |
| VAT receivable | | | | |
| Balance previously reported | - | 94,464 | - | 95,765 |
| VAT relating to Security payments accrual - 2013/14 | - | 5,202 | - | 5,202 |
| Receivables from exchange transactions adjustment - 2013/14 | - | (87) | - | (87) |
| Accumulated Surplus - prior to 2013/14 | - | (520) | - | (520) |
| | - | 99,059 | - | 100,360 |
| Provisions - Non-current Liabilities | | | | |
| Balance previously reported | - | 739,165 | - | 739,165 |
| Landfill sites rehabilitation adjustment - prior to 2013/14 | - | 1,534 | - | 1,534 |
| | - | 740,699 | - | 740,699 |
| 42. Additional disclosure in terms of Municipal Finance Management Act | | | | |
| Contributions to organised local government | | | | |
| Current year subscription | 10,264 | 10,400 | 10,264 | 10,400 |
| Amount paid - current year | (10,264) | (10,400) | (10,264) | (10,400) |
| | - | - | - | - |
| Audit fees | | | | |
| Opening balance | - | 30 | - | - |
| Previous year fees | 6,798 | 13,971 | 14,158 | 13,971 |
| Current year fees | 14,158 | 5,515 | 5,274 | 4,103 |
| Amount paid - current year | (6,798) | (5,515) | (5,274) | (4,103) |
| Amount paid - previous years | (14,158) | (14,001) | (14,158) | (13,971) |
| | - | - | - | - |
| PAYE and UIF | | | | |
| Current year payroll deductions | 928,158 | 871,797 | 916,668 | 871,797 |
| Amount paid - current year | (928,158) | (871,797) | (916,668) | (871,797) |
| | - | - | - | - |

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| | 2015 | 2014 | 2015 | 2014 |
| 42. Additional disclosure in terms of Municipal Finance Management Act (continued) | | | | |
| Pension and Medical Aid Deductions | | | | |
| Opening balance | 902 | 821 | - | - |
| Current year expenditure | 1,732,208 | 1,699,686 | 1,713,896 | 1,684,300 |
| Amount paid - current year : Defined Benefit Pension Fund | (228,180) | (273,213) | (228,180) | (273,213) |
| Amount paid - current year : Defined Contribution Pension Fund | (884,950) | (768,217) | (873,030) | (759,002) |
| Amount paid - current year : Medical Aid | (619,078) | (657,354) | (612,686) | (652,085) |
| Amount paid - previous years : Defined Contribution Pension Fund | (902) | (539) | - | - |
| Amount paid - previous years : Medical Aid | - | (282) | - | - |
| | - | 902 | - | - |
| VAT | | | | |
| VAT received for the year | 447,126 | 366,349 | 422,656 | 366,349 |
| VAT paid | (35,667) | (11,935) | (33,947) | (10,803) |
| | 411,459 | 354,414 | 388,709 | 355,546 |

VAT output payables and VAT input receivables are shown in note 5.

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

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| | 2015 | 2014 | 2015 | 2014 |

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

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days during the financial year ended June 30, 2015:

| June 30, 2015 | Amount outstanding (Rands) | Month |
|--|----------------------------------|---------|
| Councillor Abegail Nomthandazo Shabalala | 514 | Mar-15 |
| Councillor Barbar Fortein | 59 | Mar-15 |
| Councillor Bhekisisa Hlongwa | 403 | Jun-15 |
| Councillor Bhekisisa Ngwane | 957 | Mar-15 |
| Councillor Bongani Dlamini | 375 | Nov-14 |
| Councillor Bongani Mpungose | 28 | June-15 |
| Councillor Bonke Chili | 933 | Feb-15 |
| Councillor Bradley Singh | 781 | Aug-14 |
| Councillor Bridget Ntshangase | 50 | Mar-15 |
| Councillor Conrad Dlamini | 716 | Feb-15 |
| Councillor Danova Pillay | 502 | Nov-14 |
| Councillor Dennis Shozi | 3,812 | Jun-15 |
| Councillor Hendrick Cele | 9,977 | Jun-15 |
| Councillor Hlengiwe Biyela | 36 | Apr-15 |
| Councillor Hubane Maphumulo | 64 | Feb-15 |
| Councillor Joice cele | 501 | Jun-15 |
| Councillor Lucky Mngwengwe | 256 | Apr-15 |
| Councillor Mandlenkosi Xhakaza | 284 | Jun-15 |
| Councillor Marcus Zungu | 144 | Jul-14 |
| Councillor Mduduzi Bayeni | 5,304 | Nov-14 |
| Councillor Mduduzi Gumede | 249 | Dec-14 |
| Councillor Mduduzi Ngcobo | 210 | Jun-15 |
| Councillor Mduduzi Nkosi | 2,684 | Dec-14 |
| Councillor Melta Mthembu | 744 | Jun-15 |
| Councillor Muzimenyanga Dladla | 59 | Feb-15 |
| Councillor Nelisiwe Nyanisa | 519 | Jun-15 |
| Councillor Nhlanhla Khawula | 519 | Apr-15 |
| Councillor Nokuthula Makhanya-Sibiya | 232 | Nov-14 |
| Councillor Nompumelelo Mabaso | 3,819 | Nov-14 |
| Councillor Nomvuso Shabalala | 175 | Nov-14 |
| Councillor Obed Ngcobo | 66 | Jun-15 |
| Councillor Peter Davis | 3,886 | Aug-14 |
| Councillor Pragalathan Naidoo | 6,254 | Dec-14 |
| Councillor Primrose Hlengwa | 3,289 | May-15 |
| Councillor Professor Sibiya | 54 | Jun-15 |
| Councillor Sarojini Govender | 12,452 | Aug-14 |
| Councillor Simingayesonke Mcoyi | 278 | Mar-15 |
| Councillor Stanley Buthelezi | 765 | May-15 |
| Councillor Themba Ncane | 48 | Jun-15 |
| Councillor Thereza Nzuzi | 27,235 | Jun-15 |
| Councillor Vusi Gebashe | 53 | Feb-15 |
| Councillor Zanele Ndzoyiya | 74 | May-15 |
| Councillor Ziphathele Nzama | 2,040 | Jun-15 |
| | 91,400 | |

| June 30, 2014 | Amount outstanding (Rands) | Month |
|--|----------------------------------|--------|
| Councillor Abegail Nomthandazo Shabalala | 6,497 | Jun-14 |

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| | 2015 | 2014 | 2015 | 2014 |
| 42. Additional disclosure in terms of Municipal Finance Management Act (continued) | | | | |
| Councillor Barbar Fortein | | | 69 | Apr-14 |
| Councillor Bhekisisa Ngwane | | | 5,792 | Jun-14 |
| Councillor Conrad Dlamini | | | 3,232 | Feb-14 |
| Councillor Danova Pillay | | | 495 | Jun-14 |
| Councillor Dennis Shozi | | | 1,895 | Jun-14 |
| Councillor Divas Mncwabe | | | 26 | May-14 |
| Councillor GS Ngcobo | | | 548 | Aug-13 |
| Councillor Hendrick Cele | | | 12,692 | Jun-14 |
| Councillor Hubane Maphumulo | | | 682 | Jun-14 |
| Councillor James Nxumalo | | | 3,154 | Apr-14 |
| Councillor Japhet Dlamini | | | 1,679 | May-14 |
| Councillor Joice Cele | | | 219 | Jun-14 |
| Councillor Mary Jane Ntshangase | | | 29 | Sep-13 |
| Councillor Mduduzi Bayeni | | | 511 | Jun-14 |
| Councillor Mduduzi Ngcobo | | | 622 | Jun-14 |
| Councillor Mduduzi Nkosi | | | 4,743 | May-13 |
| Councillor Melta Mthembu | | | 565 | Feb-14 |
| Councillor Mfanufikile Cele | | | 293 | Dec-13 |
| Councillor Mhlabunzima Bhengu | | | 715 | Dec-13 |
| Councillor MM Ngiba | | | 3,978 | Oct-13 |
| Councillor MK Ndzimbomvu | | | 31 | Sep-13 |
| Councillor Muzimenyanga Dladla | | | 141 | Jun-14 |
| Councillor Nelisiwe Nyanisa | | | 7,009 | Jun-14 |
| Councillor Ngwazi | | | 20 | Sep-13 |
| Councillor Nokuthula Makhanya(Sibiya) | | | 22 | Nov-13 |
| Councillor Nompumelelo Mabaso | | | 14,106 | Jun-14 |
| Councillor Octavia Mthembu | | | 14,865 | Jun-14 |
| Councillor P Padayachee | | | 152 | Jun-14 |
| Councillor Pragalathan Naidoo | | | 5,352 | Jun-14 |
| Councillor Professor Sibiya | | | 362 | Jun-14 |
| Councillor Sibusiso Gumede | | | 1,050 | Feb-14 |
| Councillor Stanley Buthelezi | | | 1,853 | Jun-14 |
| Councillor Themba Ncane | | | 43 | May-14 |
| Councillor Theresa Nzuzza | | | 2,524 | Nov-13 |
| Councillor Valelisa Qulo | | | 266 | Feb-14 |
| Councillor Vusi Gebashe | | | 63 | May-14 |
| Councillor ZRT Gumede | | | 601 | Dec-13 |
| Councillor ZS Ndzoyiya | | | 879 | Jun-14 |
| | | | 97,775 | |

43. Comparative figures

Certain comparative figures have been restated (refer note 41 for details).

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| | 2015 | 2014 | 2015 | 2014 |

44. Deviation from supply chain management regulations

Contract awards made in terms of Section 36(1)(a) (Regulation 36 of SCMR) of the Supply Chain Management Policy amounted to R 937 million (2014: R1.673 billion). Details of the awards are summarised in the tables below:

Durban Marine Theme Park: Contract awards made in terms of Section 36(1)(a) (Regulation 36 of SCMR) of the Supply Chain Management Policy amounted to R925 999 (2014 : R2.046 million)

ICC (Proprietary) Limited: Contract awards made in terms of Section 36(1)(a) (Regulation 36 of SCMR) of the Supply Chain Management Policy amounted to R3.9 million (2014 :R752 thousand).

| Group - 2015 : Categories per SCM regulations | SCM Regulation Reference | Number of cases | % of Total | Value (R000's) | % of Rand Value |
|--|--------------------------|-----------------|------------|----------------|-----------------|
| In an emergency | 36(1)(a)(i) | 51 | 12.62 | 80,361 | 8.53 |
| If such goods or services are produced or available from a single provider only | 36(1)(a)(ii) | 123 | 30.45 | 61,687 | 6.55 |
| For the acquisition of special works of art or historical objects where specifications are difficult to compile | 36(1)(a)(iii) | 19 | 4.70 | 1,614 | 0.17 |
| In any other exceptional case where it is impractical or impossible to follow the official procurement processes | 36(1)(a)(v) | 180 | 44.56 | 793,731 | 84.23 |
| Minor deviation from the standard process | 36(1)(b) | 31 | 7.67 | 4,860 | 0.52 |
| | | 404 | | 942,253 | |

| Group - 2014 : Categories per SCM regulations | SCM Regulation Reference | Number of cases | % of Total | Value (R000's) | % of Rand Value |
|--|--------------------------|-----------------|------------|------------------|-----------------|
| In an emergency | 36(1)(a)(i) | 30 | 3.22 | 124,242 | 7.41 |
| If such goods or services are produced or available from a single provider only | 36(1)(a)(ii) | 73 | 7.83 | 207,810 | 12.40 |
| For the acquisition of special works of art or historical objects where specifications are difficult to compile | 36(1)(a)(iii) | 3 | 0.32 | 630 | 0.04 |
| Acquisition of animals for zoos | 36(1)(a)(iv) | 1 | 0.11 | 26 | - |
| In any other exceptional case where it is impractical or impossible to follow the official procurement processes | 36(1)(a)(v) | 798 | 85.62 | 835,382 | 49.84 |
| Minor deviation from the standard process | 36(1)(b) | 27 | 2.90 | 507,909 | 30.31 |
| | | 932 | | 1,675,999 | |

| Municipality - 2015 : Categories per SCM regulations | SCM Regulation Reference | Number of cases | % of Total | Value (R000's) | % of Rand Value |
|---|--------------------------|-----------------|------------|----------------|-----------------|
| In an emergency | 36(1)(a)(i) | 23 | 9.27 | 79,634 | 8.50 |
| If such goods or services are produced or available from a single provider only | 36(1)(a)(ii) | 33 | 13.31 | 58,831 | 6.28 |
| For the acquisition of special works of art or historical objects where specifications are difficult to compile | 36(1)(a)(iii) | 19 | 7.66 | 1,614 | 0.17 |

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|--|-------------|------------|--------------|----------------|-------|
| | 2015 | 2014 | 2015 | 2014 | |
| 44. Deviation from supply chain management regulations (continued) | | | | | |
| In any other exceptional case where it is impractical or impossible to follow the official procurement processes | 36(1)(a)(v) | 144 | 58.06 | 792,560 | 84.55 |
| Minor deviation from the standard process | 36(1)(b) | 29 | 11.69 | 4,698 | 0.50 |
| | | 248 | | 937,337 | |

| Municipality - 2014 : Categories per SCM regulations | SCM Regulation Reference | Number of cases | % of Total | Value (R000's) | % of Rand Value |
|--|--------------------------|-----------------|------------|------------------|-----------------|
| In an emergency | 36(1)(a)(i) | 23 | 2.65 % | 124,134 | 7.42 % |
| If such goods or services are produced or available from a single provider only | 36(1)(a)(ii) | 40 | 4.60 % | 206,800 | 12.35 % |
| For the acquisition of special works of art or historical objects where specifications are difficult to compile | 36(1)(a)(iii) | 3 | 0.34 % | 630 | 0.04 % |
| Acquisition of animals for zoos | 36(1)(a)(iv) | 1 | 0.12 % | 26 | 0.01 % |
| In any other exceptional case where it is impractical or impossible to follow the official procurement processes | 36(1)(a)(v) | 789 | 90.79 % | 835,064 | 49.91 % |
| Minor deviation from the standard process | 36(1)(b) | 13 | 1.50 % | 506,547 | 30.27 % |
| | | 869 | | 1,673,201 | |

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| | 2015 | 2014 | 2015 | 2014 |

45. Material losses

Water:

The Non-Revenue Water (NRW) Branch is responsible for monitoring the NRW situation at eThekwini Water and Sanitation (EWS) and reporting thereon, providing strategic direction for the Unit to reduce losses as well as implementing a number of programmes to reduce losses on a wide scale. The primary objective of the NRW reduction activities is to reduce the NRW levels to a targeted and sustained value of 25% by volume (420 litres/connection/day total water losses) by June 2019.

Water losses of 134 333 086 kl (2013/2014 : 131 021 634 kl) occurred during the year under review, which resulted in revenue losses to the municipality. The estimated water losses amounting to R669,0m (2013/2014: R602,6m) were due mainly to illegal connections and deteriorating infrastructure. The non-revenue water volume increased from 39.4% in 2013/14 to 39.7% in 2014/15. Based on a Water Research Commission Report TT512/12, (using 2010 data) the current South African NRW average is 36.8% whilst the African average is 38.0%.

An estimated deemed authorised consumption of 31 369kl/day is being consumed in the informal settlements in the eThekwini Municipality and a programme is underway to meter and monitor this consumption. The municipality is compensated for this water consumption via the Equitable Share. If this volume had been included in the 2014/15 financial year, the reported NRW% would be 36,2% and the water losses would be 122 295 885 kl.

In terms of MFMA circular 71 the norm for water losses is between 15% and 30%. The Municipality's losses are 9.7% above this norm and this equates to approximately R163.5m. However, if the estimated consumption by informal settlements as indicated above is taken into account, the losses in excess of the norm would reduce to 5.9% which equates to approximately R89.8m.

In line with the current NRW Business Plan, EWS is implementing a number of water loss interventions, the highlights of which for 2014/15 are as follows:

1. During the year 77 Pressure Reducing Valves were installed and 120 installations are planned to be done in the 2015/16 year.
2. The Leak Detection and Repair Strategy with a total of 16 Category B plumbers in formal and informal areas has proved extremely successful and a total of 11 738 leaks were repaired from the 6 067 km of reticulation that were surveyed for leaks.
3. 4520 connections were regularized and registered in COINS from the sweeps being conducted Metro-wide in old eThekwini Housing projects.
4. In terms of the programme for meter replacement for domestic consumers which are more than 20 years old a total of 3278 out of a target of 9000 has been achieved. This programme was hampered by delays in the meter supply contract as well as plumbing resources. 1141 ICI (Industrial, Commercial and Institutional) consumer meters older than 20 years were replaced.
5. The total number of registered connections increased by 9835 (2,2%) and the consumer sales marginally increased by 5698 kl/day. The stagnant sales volume is highlighted as a major concern for the Unit and several programmes are being conducted to address this. There are now a total of 498 105 registered connections in eThekwini.

The success of the NRW programme has been hampered in the 2014/15 financial year due to the non-availability of materials and resources but has started to regain the momentum lost in the previous years. System attrition is estimated to be 2.1% and this is masking the results of the positive achievements. The compliance of the consumers as well as the large population migration to peri-urban areas is also highlighted as a concern. A significant increase in budget and planned work will be required as per the NRW 2013 Business Plan in order to achieve the stated target of 25% NRW by volume by June 2019.

The unit had commenced with some minor changes to the organogram and this will result in increasing accountability of the Operation staff and a greater focus towards achieving the KPI's.

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| | 2015 | 2014 | 2015 | 2014 |

Electricity:

Estimated Electricity losses 849 426 488 kWh (2013: 687,009,986 kWh) occurred during the year under review which resulted in revenue losses to the municipality. These estimated electricity losses amounted to R 566m (2014: R 424m).

The norm for electricity losses ranges from 5.6% to 12%. The loss incurred by the municipality is 7.7% (2014: 6.11%) and is due to a combination of transmission/distribution losses and losses due to illegal connections. In comparison to other Metro's, eThekwini Municipality maintains its losses at a lower end of the norm.

Transmission losses are inevitable, however, the following interventions have been implemented:

1. Optimal Network Configuration:

The Planning and Design engineers ensure that all network additions are implemented with correct equipment ratings and configuration so as to minimize losses.

2. Effective Maintenance on Network:

The unit has adopted a comprehensive maintenance schedule to promote the reliability of the network as well as enhance the efficiency of the network.

3. Efficient Network Loading:

Power flow into the network is carefully monitored on a 24 hour basis and the correct, most efficient electrical loading configuration is adopted.

Illegal electricity connections are a major contributing factor to non-technical losses. The following interventions have been implemented to curb illegal connections:

1. Area Sweeps:

The Revenue protection teams continuously investigate high theft area's to remove all illegal connections.

2. Employment of security Intelligence Teams:

Private investigators are deployed to site to try and gather evidence to apprehend suspects.

3. Installation of anti-theft technologies at substations:

The employment of this technology deters intruders from entering into substations and carrying out illegal connections.

4. Theft Hotline:

A 24 hour hotline has been set up to report acts of theft and illegal connections - once a suspicious activity is reported, security will be dispatched immediately to the affected site.

Bad Debts written off:

Debt of R90m (2014: 533m) was written off during the year. The write-off is in respect of irrecoverable debts which relate to rates, services, housing and sundry debts. The Municipality took steps to write-off this debt which is considered irrecoverable so that efforts can be focused on debt that can still be recovered. About 51% of the write-off relates to Water Debt Relief Programme where customers pay for the current consumption and the debt being written off over a period of time. Prescribed Debt relating to acknowledgement of debt agreements for water was written off.

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|---|----------------|----------------|----------------|----------------|
| | 2015 | 2014 | 2015 | 2014 |
| 46. Unauthorised, irregular, fruitless and wasteful expenditure disallowed | | | | |
| Cases reported during the 2014/15 year are included below: | | | | |
| Non-compliance with S.C.M. - various: This expenditure is deemed to be irregular due to Public Tender Process not being adhered to, preference points not being applied, variation orders not being approved by the relevant committee's, tax clearance certificates not being received, 3 quotations not being obtained and adverts not being adequately advertised. | - | 331,841 | - | 331,841 |
| Non-compliance with MFMA - Section 116(3) | 113,744 | - | 113,744 | - |
| Non-compliance with MFMA - Section 116(1)(b) | 3,131 | - | 3,131 | - |
| Non-compliance with MFMA - Section 112(1)(a) | 16,663 | - | 16,663 | - |
| Non-compliance with MFMA - Section 110 | 78 | - | 78 | - |
| Non-compliance with MFMA - Section 36 | 8,741 | - | 8,741 | - |
| Awards made to entities whose directors / members / principal shareholders / stakeholders were in the service of eThekwini municipality | 66 | 399 | 66 | 399 |
| Awards made to entities whose directors / members / principal shareholders / stakeholders were close family members of persons in the service of eThekwini municipality | 525 | 389 | 525 | 389 |
| Awards made entities whose directors / members / principal shareholders / stakeholders were in the service of other State institutions | 417 | 2,149 | 417 | 2,149 |
| Non-compliance with S.C.M - invalid deviations | 43,237 | - | 43,237 | - |
| Non-compliance with S.C.M - contract extended after expiry | 6,932 | - | 6,932 | - |
| Non-compliance with S.C.M - No valid BBBEE certificates - subcontractors | 10,504 | - | 10,504 | - |
| Non-compliance with S.C.M - Less than three quotes obtained - Electricity | 2,151 | - | 2,151 | - |
| Non-compliance with S.C.M - Supplier declarations not received - Electricity | 2,067 | - | 2,067 | - |
| Non-compliance with S.C.M - Splitting of tenders | 1,894 | - | 1,894 | - |
| Non-compliance with S.C.M - No valid tax clearance certificate submitted | 2,123 | - | 2,123 | - |
| Durban Marine Theme Park (Pty) Ltd. - Noncompliance with Supply Chain Management policy | 51 | - | - | - |
| Durban Marine Theme Park (Pty) Ltd. - Fruitless and Wasteful Expenditure : Interest on late payment of Rates | 143 | - | - | - |
| I.C.C. Durban (Pty) Ltd. - Non-compliance with Supply Chain Management policy | - | 24,796 | - | - |
| I.C.C Durban (Pty) Ltd. - Fruitless and Wasteful Expenditure : Interest on late payment of VAT | 22 | - | - | - |
| Irregular expenditure | | | | |
| Reconciliation of irregular expenditure | | | | |
| Opening balance | 316,686 | 7,162 | 316,686 | 7,162 |
| Irregular expenditure current year | 212,324 | 359,574 | 212,273 | 334,778 |
| Fruitless and Wasteful Expenditure | 165 | - | - | - |
| Recoveries / Condonements | (402,900) | (50,050) | (402,900) | (25,254) |
| Irregular expenditure awaiting condonement | 126,275 | 316,686 | 126,059 | 316,686 |

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| Figures in Rand thousand | 2015 | 2014 | 2015 | 2014 |

46. Unauthorised, irregular, fruitless and wasteful expenditure disallowed (continued)

A number of interventions have been introduced to improve monitoring controls in Supply Chain Management and the bid process prior to the awarding of contracts to service providers.

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|---|--------------------------|-------------------------------|--------------------------|-------------------------------|
| | 2015 | 2014 | 2015 | 2014 |
| 47. Bank balances | | | | |
| Account number - Bank - Account | Cash Book Balance | Bank Statement balance | Cash Book Balance | Bank Statement balance |
| Description | June 30, 2015 | June 30, 2015 | June 30, 2014 | June 30, 2014 |
| 050134353 - Standard Bank - Main Expenditure | 14,745 | (77,537) | 78,197 | (96,276) |
| 050133535 - Standard Bank - Main Expenditure EFT | (404) | (863,278) | 193,655 | (619,466) |
| 050133969 - Standard Bank - Direct Deposits Account | 15,342 | 268,417 | 15,717 | 255,422 |
| 050134116 - Standard Bank - Electronic Deposits Account | 58,406 | 1,932,385 | 50,817 | 2,136,261 |
| 050134132 - Standard Bank - Cashiers Deposit Account | (10,438) | 181,139 | (5,652) | 14,603 |
| 050134140 - Standard Bank - Government Deposit Account | 11,109 | 53,212 | 10,062 | 135,924 |
| 050134655 - Standard Bank - Electricity Income Account | 442 | 11,638 | 1,563 | 8,630 |
| 050134671 - Standard Bank - Electricity Prepaid Vendor Deposits | 3,247 | 103,345 | 2,015 | 78,865 |
| 050134469 - Standard Bank - SARS E-Filing Account | - | 354,319 | - | 35,266 |
| 050134442 - Standard Bank - Dishonoured Cheques Account | (3) | (158) | (71) | (313) |
| 050073117 - Standard Bank - Main Expenditure Bank | - | (4,496) | - | (4,804) |
| 050133993 - Standard Bank - Direct Debit Collections Account | - | 77,136 | - | 75,232 |
| 050134019 - Standard Bank - Transwitch Account | - | 118,276 | - | 95,911 |
| 050134094 - Standard Bank - Agents Deposit Account | 23,982 | 126,825 | 15,055 | 230,732 |
| 050134213 - Standard Bank - Metro Police Deposit Account | - | 5,129 | - | 5,156 |
| 050134183 - Standard Bank - Metro Police Transwitch Deposit Account | - | - | - | (1) |
| 050134248 - Standard Bank - Parks, Recreation and Culture Deposit Acc. | (119) | 2,795 | 55 | 1,255 |
| 050134264 - Standard Bank - City Engineers Account | 374 | 3,135 | 176 | 5,220 |
| 050134272 - Standard Bank - Durban Tourism Deposit Account | - | 564 | - | 128 |
| 050134531 - Standard Bank - Central Foreign Rand Account | - | (287) | - | (116) |
| 050134574 - Standard Bank - Water Foreign Rand Account | - | (1) | - | (13) |
| 050134698 - Standard Bank - Electricity Foreign Rand Account | 223 | 223 | - | - |
| 050134299 - Standard Bank - Virginia Airport Account | - | 595 | - | 764 |
| 050134329 - Standard Bank - Department of Housing Account | - | 15,238 | 50 | 25,125 |
| 050134450 - Standard Bank - Sundry PAYE Account | 439 | 439 | 367 | 367 |
| 050134507 - Standard Bank - Cash Payments Account | 610 | (795) | 6 | (5,319) |
| 050134426 - Standard Bank - Refunds Expenditure Account | - | 4,043 | 8,747 | 2,767 |
| 050134582 - Standard Bank - Water and Sanitation Services Expenditure Account | 341 | (56) | 242 | (1,378) |
| 050133616 - Standard Bank - Water and Sanitation Services EFT Account | 60 | (412,730) | (199,891) | (487,550) |

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2015

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| Figures in Rand thousand | Group | | Municipality | |
|---|------------------|--------------------|------------------|--------------------|
| | 2015 | 2014 | 2015 | 2014 |
| 47. Bank balances (continued) | | | | |
| 050134701 - Standard Bank - Electricity Expenditure Account | (1,479) | (1,480) | (1,722) | (1,724) |
| 050133608 - Standard Bank - Electricity EFT | (669,887) | (669,887) | (639,653) | (639,653) |
| 050133586 - Standard Bank - Salaries Account | 69,479 | (390,255) | 65,909 | (369,388) |
| 050134590 - Standard Bank - Durban Fresh Produce Market Account | 17,580 | 17,550 | 16,154 | 16,015 |
| 050134515 - Standard Bank - CIFAL Durban Account | 230 | 230 | 230 | 230 |
| 050134493 - Standard Bank - General Bank Account | 558,805 | (858,028) | 502,346 | (862,018) |
| 050041827 - Standard Bank - E-Ticketing Account | - | (439) | - | (559) |
| 050134434 - Standard Bank - Bank Charges Account | - | (254) | - | (505) |
| 050134337 - Standard Bank - Moses Mabhida Stadium Deposit Account | 53 | 3,732 | 1 | 10,474 |
| 050138987 - Standard Bank - Pay at Deposit Account | (5,166) | 99,333 | (10,569) | 79,849 |
| 050137190 - Standard Bank - Consolidated Investment Account | - | (3) | - | - |
| 050154540 - Standard Bank - Syntell Deposit Account | - | 131 | (3) | 81 |
| 050189816 - Standard Bank - Reforestation Project Account | 21,021 | 23,593 | 7,067 | 7,311 |
| 050138782-Standard Bank-Moses Mabhida Expenditure Account | 6,445 | (8,299) | 9,198 | (12,540) |
| Totals: ETHEKWINI MUNICIPALITY | | | | |
| Bank balances | 802,933 | 3,403,420 | 977,630 | 3,221,588 |
| Bank overdraft | (687,496) | (3,287,981) | (857,562) | (3,101,623) |

The following accounts had nil balances at year end:

050258087 - Standard Bank - Ethekewini Rates Clearance; 050041924 - Standard Bank - Vehicle Auctions Account; 050137220 - Standard Bank - CIF (EFT) Account; 050134159 - Standard Bank - Mayors Relief Account; 050133624 - Standard Bank - Durban Fresh Produce Market EFT Account; 050682830 - Standard Bank - Tertiary Student Relief Fund.

eThekweni Municipality and its Municipal Entities

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|--|------------------|--------------------|------------------|--------------------|
| | 2015 | 2014 | 2015 | 2014 |
| 47. Bank balances (continued) | | | | |
| Durban Marine Theme Park (Proprietary) Limited: | | | | |
| 50003530849 Investec Bank- Fixed Deposit | - | - | 4,570 | 4,570 |
| 50003530849 Investec Bank- Fixed Deposit | - | - | 3,844 | 3,844 |
| 50006958840-Investec Smart Rate Notice 90/0 | 10,858 | 10,858 | 4,746 | 4,746 |
| 50005636079 - Investec Bank - Smartrate Account | 25,093 | 25,093 | 21,224 | 21,224 |
| 100027X021905914 - RMB - Account | 4,600 | 4,600 | - | - |
| 050139452 - Standard Bank - Retail Bank Account | 45 | 45 | 122 | 122 |
| 050139495 - Standard Bank - Schools Account | 1 | 1 | 7 | 7 |
| 050139509 - Standard Bank - Main Deposit Account | 409 | 409 | 1,043 | 1,043 |
| 050215280-Standard Bank salary clearing account | 10 | 10 | 1,717 | 1,717 |
| I.C.C. Durban (Proprietary) Limited: | | | | |
| 50226959 - Standard Bank | 1,344 | 1,201 | 1,467 | 1,467 |
| 50881201632 - FNB | 2,285 | 2,284 | 2,219 | 2,219 |
| 50138162 - Standard Bank | 2,271 | 2,106 | 200 | 200 |
| 50138197 - Standard Bank | 526 | 676 | 1,385 | 1,385 |
| Effingham Development Joint Venture: | | | | |
| Bank Balances | 13,110 | - | 28,176 | - |
| Totals: MUNICIPAL ENTITIES | | | | |
| Bank balances | 60,552 | 47,283 | 70,720 | 42,544 |
| Totals: GROUP | | | | |
| Bank balances | 863,485 | 3,264,132 | 1,048,347 | 2,410,465 |
| Bank overdraft | (687,496) | (3,287,981) | (857,562) | (2,294,382) |

48. Taxation

No provision has been made for the taxation of Durban Marine Theme Park SOC Limited as they have an assessed loss of R339 051 250 (2014: R332 327 990), which is available for set-off against future taxable income. No deferred tax asset has been raised.

49. FINANCIAL INSTRUMENTS

Exposure to interest rate, credit risk and liquidity risks arise in the normal course of the municipality's operations.

eThekwini Municipality and its Municipal Entities

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|--------------------------|-------|------|--------------|------|
| | 2015 | 2014 | 2015 | 2014 |

49. FINANCIAL INSTRUMENTS (continued)

Financial risk management

The Municipality has exposure to the following risks from its use of Financial Instruments:

- Liquidity risk
- Interest rate risk
- Credit risk

This note presents information about the Municipality's exposure to each of the above risks and the Municipality's objectives, policies and processes for measuring and managing risks.

Further quantitative disclosures are included throughout these financial statements.

The Accounting Officer has overall responsibility for the establishment and oversight of the Municipality's risk management framework. The Municipality's risk management policies are established to identify and analyse the risks faced by the Municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes to market conditions and the Municipality's activities.

As part of managing the municipality's liquidity risk, Promissory notes have been issued to facilitate the timely repayment of the borrowings. No further terms and conditions are attached to these promissory notes other than the normal repayment terms and conditions of the loan repayment.

The Municipality, through its training and management standards and procedures, aims to develop a disciplined and constructive environment in which all employees understand their roles and obligations.

Fair values versus carrying amounts:

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet are as follows:

| Carrying amount | | | | |
|-------------------------------|------------|------------|------------|------------|
| Investments | 5,500,000 | 4,050,000 | 5,500,000 | 4,050,000 |
| Long-term receivables | 95,463 | 98,843 | 95,463 | 98,843 |
| Consumer Debtors | 3,077,172 | 2,965,773 | 3,076,438 | 2,968,785 |
| Receivables from Exchange | 2,683,295 | 2,378,989 | 2,658,048 | 2,364,283 |
| Receivables from Non Exchange | 238,303 | 199,760 | 238,303 | 199,760 |
| Long-term Liabilities | 10,332,519 | 10,369,582 | 10,241,146 | 10,247,716 |
| Creditors | 5,280,191 | 5,776,708 | 5,277,749 | 5,787,024 |
| Fair value | | | | |
| Investments | 5,500,000 | 4,050,000 | 5,500,000 | 4,050,000 |
| Long-term receivables | 95,463 | 98,843 | 95,463 | 98,843 |
| Consumer Debtors | 3,077,172 | 2,965,773 | 3,076,438 | 2,968,785 |
| Receivables from Exchange | 2,682,424 | 2,377,320 | 2,657,177 | 2,362,614 |
| Receivables from Non Exchange | 238,303 | 199,760 | 238,303 | 199,760 |
| Long-term Liabilities | 10,332,519 | 10,369,582 | 10,241,146 | 10,247,716 |
| Creditors | 5,259,984 | 5,768,057 | 5,257,542 | 5,778,373 |

Basis for determining fair value:

The following summarises the significant methods and assumptions used in estimating the fair values of the Financial Instruments reflected in the tables above:

Debtors and Creditors:

The fair value of Debtors and Creditors is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2015

Notes to the Annual Financial Statements

| Figures in Rand thousand | Group | | Municipality | |
|--------------------------|-------|------|--------------|------|
| | 2015 | 2014 | 2015 | 2014 |

49. FINANCIAL INSTRUMENTS (continued)

Liquidity risk

Liquidity risk is the risk that the municipality will encounter in raising funds to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored. The following are details of the contractual maturities of financial liabilities:

Standard Bank:

| | |
|---|---------|
| Ethekwini Municipality - Trading Pre Settlement: | 35,000 |
| Ethekwini Municipality - Letter of Credit: | 1,500 |
| Ethekwini Municipality - Performance guarantee: | 80,000 |
| Ethekwini Municipality -Working Capital Facilities: | 123,319 |
| Ethekwini Municipality - Fleet Management Card: | 15 |
| I.C.C. Durban - Credit card: | 228 |
| I.C.C. Durban - Performance guarantee: | 550 |
| I.C.C. Durban - Letter of Credit | 13,092 |
| Durban Marine Theme Park - Working Capital | 9,995 |
| Durban Marine Theme Park - Fleet Management | 15 |

The total of these facilities amount to **263,714**

Group

| | | | | |
|--------------------------|-----------------|------------------------|-------------------|---------------------|
| At June 30, 2015 | Carrying Amount | Contractual Cash Flows | 12 months or less | More than 12 months |
| Borrowings | 10,332,519 | 10,332,519 | 1,082,774 | 9,249,745 |
| Trade and other payables | 5,259,984 | 5,259,984 | 5,259,984 | - |
| At June 30, 2014 | Carrying Amount | Contractual Cash Flows | 12 months or less | More than 12 months |
| Borrowings | 10,369,582 | 10,369,582 | 993,039 | 9,376,543 |
| Trade and other payables | 5,768,057 | 5,768,057 | 5,768,057 | - |

Municipality

| | | | | |
|--------------------------|-----------------|------------------------|-------------------|---------------------|
| At June 30, 2015 | Carrying Amount | Contractual Cash Flows | 12 months or less | More than 12 months |
| Borrowings | 10,241,146 | 10,241,146 | 991,878 | 9,249,268 |
| Trade and other payables | 5,257,542 | 5,257,542 | 5,257,542 | - |
| At June 30, 2014 | Carrying Amount | Contractual Cash Flows | 12 months or less | More than 12 months |
| Borrowings | 10,247,716 | 10,247,716 | 992,214 | 9,255,502 |
| Trade and other payables | 5,778,373 | 5,778,373 | 5,778,373 | - |

eThekwini Municipality and its Municipal Entities

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Notes to the Annual Financial Statements

| Figures in Rand thousand | Group | | Municipality | |
|--------------------------|-------|------|--------------|------|
| | 2015 | 2014 | 2015 | 2014 |

49. FINANCIAL INSTRUMENTS (continued)

Group

| | | |
|--------------------------|---------------------|--------------------------|
| At June 30, 2015 | Less than 1 year | Between 1 and 3 years |
| Investments | | |
| • Short term investments | 5,000,000 | - |
| • Long term investments | - | 500,000 |
| • Call Deposits | 471,113 | - |
| At June 30, 2014 | Less than 1 year | Between 1 and 3 years |
| Investments | | |
| • Short term investments | 3,550,000 | - |
| • Long term investments | - | 500,000 |
| • Call Deposits | 2,405,000 | - |

Municipality

| | | |
|--------------------------|---------------------|--------------------------|
| At June 30, 2015 | Less than 1 year | Between 1 and 3 years |
| Investments | | |
| • Short term investments | 5,000,000 | - |
| • Long term investments | - | 500,000 |
| • Call Deposits | 265,000 | - |
| At June 30, 2014 | Less than 1 year | Between 1 and 3 years |
| Investments | | |
| • Short term investments | 3,550,000 | - |
| • Long term investments | - | 500,000 |
| • Call Deposits | 2,405,000 | - |

Market risk

Market risk is the risk that changes in market prices, such as interest rates and commodity prices will affect the eThekwini Municipality's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable risk parameters, while optimizing the eThekwini Municipality's service delivery objectives. GRAP 104 requires entities to disclose sensitivity analysis for each type of market risk as shown in the sections below. Interest rate risk is the main category of market risk which affects the Group.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2015

Notes to the Annual Financial Statements

| Figures in Rand thousand | Group | | Municipality | |
|--------------------------|-------|------|--------------|------|
| | 2015 | 2014 | 2015 | 2014 |

49. FINANCIAL INSTRUMENTS (continued)

Interest rate risk

| Fair Value Sensitivity to interest rate movement/shift for floating rate Investments | -1 | -0.5 | 0 | 0.5 | 1 |
|--|-----------|-----------|-----------|-----------|-----------|
| | 6,590,278 | 6,057,945 | 5,525,613 | 4,993,280 | 4,460,947 |

The municipality's policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on surplus (deficit). All long-term debt is at fixed rates.

The municipality's income and operating cash are substantially independent of changes in market rates. The municipality has no significant interest bearing assets.

The Municipality entered into a fixed interest rate swap agreement with Standard Corporate & Merchant Bank in order to mitigate the floating interest rate exposure of the DBSA phase 2 loan. During the year R9.4million (2013: R12.3million) was recognised in surplus as ineffectiveness arising from fair value hedges.

On the basis of the assumptions in the table above, a 1% change in the interest rate will result in a 19% change in the value of the swap. There is a positive relationship between the swap value and interest rates.

Cash flow interest rate risk

Swap Cash flow Sensitivity

| Credit Quality Investments | Long Term Ratings: AA+ | Long Term Ratings: AA | Long Term Ratings: AA- | Long Term Ratings: A- | Short Term Ratings: A1+ | Short Term Ratings: A1- |
|----------------------------|------------------------|-----------------------|------------------------|-----------------------|-------------------------|-------------------------|
| Domestic Bank | 2 | 2 | 1 | - | 5 | - |

| Counterparty Class | Exposure Limits | Cash Deposits | Medium / Short term Deposits | Long term Deposits |
|--------------------|-----------------|---------------|------------------------------|--------------------|
| Domestic Banks | 11,620,000 | 265,000 | 5,000,000 | 500,000 |

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2015

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| Figures in Rand thousand | Group | | Municipality | |
|--------------------------|-------|------|--------------|------|
| | 2015 | 2014 | 2015 | 2014 |

49. FINANCIAL INSTRUMENTS (continued)

Valuation of Financial Instruments

Availability of observable market prices and model inputs reduces the need for management opinion and estimation. This also reduces the uncertainty associated with determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions of financial markets.

The Municipality has an established control framework with respect to the measurement of fair values. This framework includes a portfolio valuation function which is independent of front office management and reports to the Risk committee which has overall responsibility of significant fair value measurements. Specific controls include: verification of observable pricing inputs and re-performance of model valuation; a review and approval process for new models and changes to such models; analysis and investigation of significant daily valuation movement and reporting of significant valuation issues to the Risk committee.

The Municipality measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in the measurements:

Level 1: Quoted prices (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs either directly (ie. as prices) or indirectly (ie. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active ; or other valuator techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant, unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instruments valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted prices or dealer price quotations.

The Municipality uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, like interest swaps that use only observable market data and require little management, judgement and / or estimation. Observable prices and model inputs are usually available in the market for listed debt, exchange traded derivatives and simple over the counter derivatives like interest rate swaps.

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

| 30 June 2015: Financial Assets at Fair Value through profit or loss - Group | Level 1 | Level 2 | Level 3 | Total |
|--|------------------|-------------------|----------------|-------------------|
| Investments | 5,500,000 | - | - | 5,500,000 |
| Cash on hand | 19,707 | - | - | 19,707 |
| Net Bank Balance | 195,696 | - | - | 195,696 |
| Call Investment Deposits | 471,113 | - | - | 471,113 |
| Long-term Receivables | - | 95,463 | - | 95,463 |
| Consumer Debtors | - | 3,077,172 | - | 3,077,172 |
| Receivables from Exchange | - | 2,682,424 | - | 2,682,424 |
| Receivables from Non Exchange | - | 238,303 | - | 238,303 |
| Long-term Liabilities | - | 10,332,519 | - | 10,332,519 |
| Creditors | - | 5,259,984 | - | 5,259,984 |
| | 6,186,516 | 21,685,865 | - | 27,872,381 |
| 30 June 2014: Financial Assets at Fair Value through profit or loss - Group | Level 1 | Level 2 | Level 3 | Total |
| Investments | 4,050,000 | - | - | 4,050,000 |
| Cash on hand | 18,932 | - | - | 18,932 |

eThekwini Municipality and its Municipal Entities

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Notes to the Annual Financial Statements

| Figures in Rand thousand | Group | | Municipality | |
|--|------------------|-------------------|--------------|-------------------|
| | 2015 | 2014 | 2015 | 2014 |
| 49. FINANCIAL INSTRUMENTS (continued) | | | | |
| Net Bank Balance | 190,785 | - | - | 190,785 |
| Call Investment Deposits | 2,599,940 | - | - | 2,599,940 |
| Long-term Receivables | - | 98,843 | - | 98,843 |
| Consumer Debtors | - | 2,965,773 | - | 2,965,773 |
| Receivables from Exchange | - | 2,377,320 | - | 2,377,320 |
| Receivables from Non Exchange | - | 199,760 | - | 199,760 |
| Long-term Liabilities | - | 10,369,582 | - | 10,369,582 |
| Creditors | - | 5,768,057 | - | 5,768,057 |
| | 6,859,657 | 21,779,335 | - | 28,638,992 |

eThekwini Municipality and its Municipal Entities

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| Figures in Rand thousand | Group | | Municipality | |
|--------------------------|-------|------|--------------|------|
| | 2015 | 2014 | 2015 | 2014 |

49. FINANCIAL INSTRUMENTS (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents 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. The Municipality has no control over the approval of new customers who acquire properties in the designated metro area and consequently incur rates, water and electricity debts. The municipality limits this risk exposure in the following ways, in addition to its normal credit control and debt management procedures:

- through the application of section 118(3) of the Municipal Systems Act (MSA), which permits the municipality to refuse connection of services whilst any amount remains outstanding from a previous debtor on the same property.
- a new owner is advised, prior to the issue of a revenue clearance certificate, that any debt remaining from the previous owner will be transferred to the new owner, if the previous owner does not settle the outstanding amount.
- through the consolidation of rates and service accounts, thereby disconnecting services for the non-payment of any of the individual debts, in terms of section 102 of the MSA.
- reviewing the municipality's Credit Control Policy annually to ensure that it is updated for to current practice that enhance revenue collection.

Long term Receivables and Other Debtors are individually evaluated annually at balance sheet date for impairment of discounting.

The maximum credit and interest risk exposure in respect of the relevant financial instrument is as follows:

| Financial instrument | 2015 | 2014 | 2015 | 2014 |
|-------------------------------|-----------|-----------|-----------|-----------|
| Consumer Debtors | 3,077,172 | 2,965,773 | 3,076,438 | 2,968,785 |
| Receivables from Exchange | 2,682,424 | 2,377,320 | 2,657,177 | 2,362,614 |
| Receivables from Non Exchange | 238,303 | 199,760 | 238,303 | 199,760 |
| Cash and Cash Equivalents | 6,186,516 | 6,859,657 | 5,898,801 | 6,593,432 |

The ageing of trade receivables at the reporting date was as follows:

Consumer Debtors:

Gross

| | 2015 | 2014 | 2015 | 2014 |
|-------------------------------|------------------|------------------|------------------|------------------|
| 0 - 30 days | 1,588,786 | 1,607,480 | 1,592,000 | 1,511,353 |
| 31 - 120 days | 574,762 | 504,555 | 572,703 | 518,658 |
| More than 120 days | 3,426,305 | 2,862,699 | 3,423,759 | 2,946,852 |
| Less: Provision for Bad Debts | (2,512,681) | (2,008,961) | (2,512,024) | (2,008,078) |
| Net Consumer Debtors | 3,077,172 | 2,965,773 | 3,076,438 | 2,968,785 |

Movement in the provision for Bad Debts:

Consumers

| | 2015 | 2014 | 2015 | 2014 |
|------------------------------|------------------|------------------|------------------|------------------|
| Balance at beginning of year | 2,008,961 | 1,987,634 | 2,008,078 | 1,985,507 |
| Contribution | 615,257 | 553,736 | 615,257 | 554,980 |
| Bad debts written off | (111,537) | (532,409) | (111,311) | (532,409) |
| Balance at year end | 2,512,681 | 2,008,961 | 2,512,024 | 2,008,078 |

Movement in the provision for Bad Debts:

Other (Exchange and Non Exchange)

| | 2015 | 2014 | 2015 | 2014 |
|------------------------------|------------------|------------------|------------------|------------------|
| Balance at beginning of year | 2,586,854 | 1,586,555 | 2,586,854 | 1,586,555 |
| Contribution | 1,464,044 | 1,000,833 | 1,464,044 | 1,000,833 |
| Bad debts written off | (1,173) | (534) | (1,173) | (534) |
| Balance at year end | 4,049,725 | 2,586,854 | 4,049,725 | 2,586,854 |

eThekwini Municipality and its Municipal Entities

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| | 2015 | 2014 | 2015 | 2014 |

50. Budget disclosure

Material differences between budget and actual amounts

Differences between budget and actual amounts basis of preparation and presentation

A comparison of the budget and actual information has been disclosed in the Appropriation Statement and not in columnar format as required due to the classification as per budget regulations as prescribed by National Treasury differing to the GRAP disclosure requirements.

51. Events after the reporting date

Banking services provider:

Nedbank limited (Reg No. 1951/000009/06) was appointed as the transactional banking services provider to the eThekwini Municipality with effect from 1 October 2015, for a period of five years. The award to Nedbank was made after a stringent process of tender evaluation. The letter of award was signed by the City Manager on 16 June 2015.

Moses Mabhida Stadium:

The Municipality is currently reviewing the institutional arrangements of Moses Mabhida Stadium. As at August 2015 the stadium is still operating on the same basis as the previous year. If the matter is finalised before the audit report date the note will be updated accordingly.

Durban public bus service:

The Municipality has taken a decision subsequent to year end to provide the Durban public transport bus service through an external mechanism in the form of a Municipal Entity and the City Manager has been authorised to invoke the provisions of Section 84 of the MFMA in this regard.

Hosting of the 2022 Commonwealth Games:

On the 2nd of September 2015, in Auckland, New Zealand, the Commonwealth Games Federation announced Durban as the host of the Commonwealth games 2022. The approved financial contribution by the municipality to host the event is R543 million. This financial contribution will take place over multiple years leading to 2022.

eThekweni Municipality and its Municipal Entities
 Financial Statements for the period ended 30 June 2015
 Notes to the Annual Financial Statements
 Figures in Rand thousand

NOTE 52: EXTERNAL LOANS FOR THE PERIOD ENDED 30 June 2015 - Municipality

| DESCRIPTION | % | LOAN No. | DATE REPAYABLE | BALANCE AT 30-Jun-14 R 000's | RECEIVED DURING THE PERIOD R 000's | REDEEMED DURING THE PERIOD R 000's | BALANCE AT 30-Jun-15 R 000's |
|--|---------------|----------|----------------|------------------------------|------------------------------------|------------------------------------|------------------------------|
| FRB PN 15 Years | Variable 1/58 | | 30-06-2016 | 118 457 | | 38 570 | 79 887 |
| INCA/IVUZI 15 Years | 9.52% 1/66 | | 30-06-2020 | 284 320 | | 37 099 | 247 221 |
| Nedbank 15 Years | 8.47% 1/67 | | 31-03-2021 | 562 766 | | 61 843 | 500 923 |
| DBSA Ph 1 20 Years | 13.50% P1 | | 30-09-2017 | 285 141 | | 67 645 | 217 496 |
| DBSA Ph 2 15 Years | Variable P2 | | 31-03-2016 | 95 063 | | 31 687 | 63 376 |
| DBSA Ph 3 15 Years | 12.90% P3 | | 30-09-2017 | 202 335 | | 41 546 | 160 789 |
| DBSA Ph 4 15 Years | 10.40% P4 | | 30-06-2019 | 287 527 | | 46 499 | 241 028 |
| DBSA Ph 5 15 Years | 8.90% P5 | | 30-06-2020 | 181 782 | | 21 739 | 160 043 |
| DBSA Ph 6 15 Years | 8.75% P6 | | 30-06-2022 | 548 720 | | 49 895 | 498 825 |
| DBSA Ph 7 20 Years | 8.30% P7 | | 02-01-2028 | 2 458 841 | | 98 301 | 2 360 540 |
| DBSA Ph 8 15 Years | 9.85% P8 | | 30-06-2029 | 1 500 000 | | 46 918 | 1 453 082 |
| NEDBANK 7 Years | 10.09% 1/70 | | 28-02-2017 | 265 411 | | 79 868 | 185 543 |
| NEDBANK 5 Years | 9.21% 1/71 | | 30-04-2015 | 120 604 | | 120 603 | 1 |
| RMB R 1b 15 Years | 10.28% 1/72 | | 30-06-2025 | 859 053 | | 45 050 | 814 003 |
| ABSA 7 Years | 8.73% 1/73 | | 29-09-2017 | 586 664 | | 150 151 | 436 513 |
| ABSA 15 Years | 10.19% 1/74 | | 30-06-2026 | 899 149 | | 40 964 | 858 185 |
| AFD Calyon 12 Years | 9.52% 1/68 | | 31-12-2018 | 29 370 | | 6 527 | 22 843 |
| RMB R1B 20 Years | 9.53% 1/75 | | 30-06-2032 | 962 513 | | 21 665 | 940 848 |
| NEDBANK R1.0bn 15 Years | 10.58% 1/76 | | 28-06-2030 | 0 | 1 000 000 | 0 | 1 000 000 |
| Total Annuity Loans | | | | 10 247 716 | 1 000 000 | 1 006 570 | 10 241 146 |
| TOTAL EXTERNAL LOANS (Municipality) | | | | 10 247 716 | 1 000 000 | 1 006 570 | 10 241 146 |

eThekweni Municipality and its Municipal Entities

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NOTE 52 (continued): EXTERNAL LOANS FOR THE YEAR ENDED 30 JUNE 2015 - Group

| Description | Loan Number | Interest Rate | Date Repayable | Balance at 30/06/14 | Received during the year | Interest Capitalised (Redeemed) during this period | Balance at 30/06/15 |
|--|-------------|---------------|----------------|---------------------|--------------------------|--|---------------------|
| | | % | | R'000 | R'000 | R'000 | R'000 |
| <u>DURBAN MARINE THEME PARK:</u> | | | | | | | |
| LONG TERM LOANS | | | | | | | |
| Debtenture Stock | | 13 | | 119 666 | 0 | -29 666 | 90 000 |
| Total Stock Loans | | | | 119 666 | 0 | -29 666 | 90 000 |
| DBSA - Village Walk | | 8.5 | | 2 200 | 0 | -827 | 1 373 |
| Total Annuity Loans | | | | 2 200 | 0 | -827 | 1 373 |
| TOTAL EXTERNAL LOANS (DURBAN MARINE THEME PARK) | | | | 121 866 | 0 | -30 493 | 91 373 |
| TOTAL EXTERNAL LOANS: ETHEKWINI MUNICIPALITY | | | | 10 247 716 | 1 000 000 | -1 006 570 | 10 241 146 |
| GROUP TOTAL: | | | | 10 369 582 | 1 000 000 | -1 037 063 | 10 332 519 |

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NOTE 53: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT - GROUP

| | Opening Balance | Opening Construction | Additions | Under Construction | Disposals | Transfers | Closing Balance | Opening Balance | Opening Impairment | Additions | Disposals | Impairments | Impairments Reversal | Transfers | Closing Balance | Carrying Value |
|---------------------------------|-------------------|----------------------|------------------|--------------------|----------------|---------------|-------------------|-------------------|--------------------|------------------|----------------|--------------|----------------------|-------------|-------------------|-------------------|
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Land and Buildings | 505 271 | 0 | 18 695 | 1 010 847 | -105 | - | 523 641 | - | 0 | 0 | 0 | 0 | 0 | 0 | 523 641 | |
| Land and Buildings | 5 279 758 | 1 024 707 | 223 232 | 1 010 847 | -393 | - | 7 527 752 | 1 231 561 | 0 | 175 963 | -716 | 0 | 0 | 60 | 1 406 269 | 6 131 494 |
| | 9 785 029 | 1 024 707 | 241 731 | 1 010 847 | -925 | - | 8 001 394 | 1 231 561 | - | 175 963 | -716 | - | - | 60 | 1 406 269 | 9 655 126 |
| Infrastructure | 9 884 634 | 460 480 | 593 002 | 1 486 189 | 0 | 0 | 12 464 305 | 2 103 650 | 0 | 373 013 | 0 | 0 | 0 | 0 | 2 476 663 | 9 877 643 |
| Trails | 585 263 | 168 122 | 70 935 | -205 | 0 | 0 | 32 533 | 231 677 | 0 | 209 615 | -162 | 0 | 0 | 0 | 204 210 | 579 925 |
| Traffic Equipment & Ranks | 9 859 386 | -935 934 | 262 750 | 0 | -943 | 0 | 9 714 261 | 1 331 951 | -13 | 209 615 | 0 | 0 | 0 | 0 | 1 541 575 | 8 172 685 |
| Stormwater Drainage | 551 837 | 52 055 | 0 | 40 478 | 0 | 0 | 644 370 | 202 987 | 0 | 0 | 0 | 0 | 0 | 0 | 202 987 | 441 363 |
| Slowerage Pumps | 18 340 | 1 146 276 | 18 799 | -158 903 | 0 | 0 | 1 024 512 | 5 229 | 0 | 21 720 | 0 | 0 | 0 | 0 | 26 959 | 997 953 |
| Purification Works | 722 960 | -317 997 | 50 809 | -11 708 | -6 | 0 | 443 338 | 246 972 | 69 | 68 758 | -4 | 0 | 0 | 0 | 315 794 | 127 544 |
| Refuse Sites & Transfer Station | 613 642 | 59 677 | 58 325 | -35 228 | 0 | 0 | 696 416 | 378 019 | 146 | 27 739 | 0 | 0 | 0 | 0 | 405 904 | 250 513 |
| Water Mains & Retention | 26 852 | 1 942 797 | 14 661 | -143 314 | 0 | 0 | 1 509 961 | 2 091 | 2 347 | 4 789 | 0 | 0 | 0 | 0 | 1 504 774 | 1 504 774 |
| Water Reservoirs | 451 196 | 181 031 | 11 621 | 0 | 0 | 0 | 500 734 | 87 349 | 0 | 9 367 | 0 | 0 | 0 | 0 | 88 477 | 402 258 |
| General Infrastructure | 222 890 | 92 018 | 109 635 | 0 | 0 | 0 | 321 050 | 23 232 | 0 | 14 648 | 0 | 0 | 0 | 0 | 37 880 | 283 170 |
| Mains | 2 445 512 | 100 701 | 79 790 | -60 404 | 0 | 0 | 2 718 021 | 623 738 | 0 | 63 018 | 0 | 0 | 0 | 0 | 886 756 | 1 831 265 |
| Major Substations | 2 564 301 | 269 968 | 245 061 | -3 255 | 0 | 0 | 3 017 026 | 715 923 | 0 | 77 133 | 0 | 0 | 0 | 0 | 793 056 | 2 224 870 |
| Public Lighting | 291 627 | 10 943 | 19 529 | -3 255 | 0 | 0 | 318 844 | 99 811 | 0 | 14 861 | 0 | 0 | 0 | 0 | 114 672 | 204 172 |
| Connectors & Switches | 896 767 | 48 137 | 73 971 | -9 670 | 0 | 0 | 1 009 205 | 486 676 | 0 | 47 876 | 0 | 0 | 0 | 0 | 537 652 | 471 553 |
| | 29 234 319 | 3 045 008 | 1 629 279 | 1 309 021 | -949 | - | 35 216 678 | 6 742 285 | -13 | 962 537 | -166 | 2 329 | - | - | 7 707 372 | 27 509 307 |
| Community Assets | 4 062 066 | 13 854 | 28 805 | 4 833 | 0 | 0 | 4 109 558 | 598 504 | 0 | 108 862 | 0 | 2 758 | 0 | 0 | 710 124 | 3 399 435 |
| Recreation | 170 281 | 7 954 | 28 869 | 31 | 0 | 0 | 207 135 | 34 085 | -68 | 3 606 | 0 | 0 | 0 | 0 | 37 603 | 169 532 |
| Clinics & Depots | 24 612 | 168 | 943 | 1 581 | 0 | 0 | 27 304 | 4 120 | 0 | 450 | 0 | 0 | 0 | 0 | 4 570 | 22 734 |
| Cemeteries & Crematoria | 102 452 | 5 356 | 6 897 | -5 356 | 0 | 0 | 109 149 | 28 778 | 0 | 2 050 | 0 | 0 | 0 | 0 | 31 828 | 77 321 |
| Community Halls | 62 321 | 34 968 | 6 485 | 8 463 | 0 | 0 | 112 237 | 18 146 | 0 | 1 282 | 0 | 0 | 0 | 0 | 19 408 | 92 828 |
| Fire Stations | 112 692 | 19 346 | 2 080 | 1 979 | 0 | 0 | 136 097 | 40 240 | 0 | 2 407 | 0 | 0 | 0 | 0 | 42 647 | 93 450 |
| Libraries | 24 350 | 10 885 | 55 | 31 495 | 0 | 0 | 66 786 | 5 452 | 0 | 620 | 0 | 0 | 0 | 0 | 6 072 | 60 715 |
| Museums | 45 049 | -11 815 | 22 | 8 955 | 0 | 0 | 42 211 | 7 749 | 0 | 972 | 0 | 0 | 0 | 0 | 8 721 | 33 490 |
| Police Stations | 4 603 823 | 80 716 | 73 956 | 51 982 | - | - | 4 810 477 | 738 054 | -68 | 120 229 | - | 2 759 | - | - | 860 973 | 3 949 504 |
| Other Assets | 102 144 | 336 | 7 755 | -523 | -1 | -1 | 109 711 | 33 707 | 0 | 8 403 | 0 | 0 | 0 | 0 | 42 110 | 67 602 |
| Airconditioning | 194 527 | -3 038 | 20 890 | 184 | -4 | -100 | 212 275 | 114 808 | -4 | 17 158 | -4 | 0 | 0 | 0 | 131 962 | 80 313 |
| Security Systems | 739 009 | -2 432 | 51 492 | 0 | -6 726 | 246 | 781 589 | 526 548 | 45 | 86 162 | -6 031 | 0 | 0 | -857 | 605 867 | 1 75 722 |
| Computer Equipment | 695 353 | -1 128 | 16 262 | 0 | 0 | 0 | 710 487 | 312 939 | 0 | 41 027 | 0 | 0 | 0 | 0 | 353 966 | 366 521 |
| Car Parks & Fencing | 1 827 298 | 5 017 | 111 666 | 12 781 | -3 313 | -1 594 | 1 951 796 | 1 090 382 | 0 | 140 874 | -2 605 | 2 037 | 0 | -60 | 1 230 628 | 721 167 |
| Plant & Equipment | 231 434 | -114 | 27 695 | -2 992 | -1 938 | -4 024 | 253 054 | 159 381 | 0 | 33 360 | -1 356 | 0 | 0 | 0 | 184 394 | 68 660 |
| Furniture & Fittings | 302 840 | -1 469 | 0 | -31 909 | 0 | 0 | 298 379 | 79 467 | -135 | 6 537 | 0 | 0 | 0 | 0 | 86 004 | 212 375 |
| Motor Vehicles | 2 860 264 | 42 778 | 107 038 | -3 043 | -6 789 | 0 | 3 001 729 | 1 729 809 | 0 | 267 653 | -1 113 | 1 486 | -3 782 | 0 | 1 996 817 | 1 004 362 |
| Fire Engines | 17 046 | 36 | 162 | 0 | 0 | 0 | 17 046 | 14 142 | 0 | 464 | 0 | 0 | 0 | 0 | 14 596 | 2 449 |
| Biological Assets | 6 899 867 | 42 993 | 342 980 | -25 666 | -18 772 | -5 471 | 7 339 531 | 4 057 163 | -135 | 601 533 | -11 109 | 3 377 | -3 782 | -917 | 4 646 350 | 2 689 562 |
| | 46 623 056 | 4 193 424 | 2 287 952 | 2 346 164 | -20 646 | -5 471 | 55 424 461 | 12 769 083 | -216 | 1 860 862 | -11 991 | 8 664 | -3 782 | -637 | 14 620 963 | 40 803 516 |

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NOTE 53: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2015 - MUNICIPALITY
Cost / Revaluation

| | Opening Balance | Opening Under Construction | Additions | Under Construction | Disposals | Transfers | Operating Balance | Opening Impairment | Additions | Impairments | Impairments Reversal | Transfers | Closing Balance | Carrying Value |
|---------------------------------|-----------------|----------------------------|-----------|--------------------|-----------|-----------|-------------------|--------------------|-----------|-------------|----------------------|-----------|-----------------|----------------|
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Land and Buildings | 505 271 | 0 | 18 505 | 1 011 151 | -135 | - | 846 939 | - | 130 031 | 0 | 0 | 60 | 976 314 | 523 641 |
| Buildings | 3 939 999 | 1 024 238 | 222 724 | 1 011 151 | -791 | - | 846 939 | - | 130 031 | 0 | 0 | 60 | 976 314 | 5 220 036 |
| Land | 4 445 270 | 1 024 238 | 1 011 151 | 1 011 151 | -925 | - | 846 939 | - | 130 031 | - | - | 60 | 976 314 | 5 744 048 |
| Infrastructure | 9 884 634 | 490 480 | 593 002 | 1 486 189 | 0 | 0 | 2 103 650 | - | 373 013 | 0 | 0 | - | 2 476 663 | 9 977 643 |
| Traffic Equipment & Ranks | 585 283 | 188 122 | 70 935 | 205 | -943 | 0 | 231 677 | - | 32 533 | 0 | 0 | - | 264 210 | 579 925 |
| Stormwater Drainage | 9 958 388 | 505 934 | 262 750 | 40 478 | 0 | 0 | 1 331 931 | -13 | 208 815 | 4 | 0 | - | 1 541 575 | 8 172 866 |
| Sewerage Pumps | 551 837 | 52 055 | 0 | 0 | 0 | 0 | 202 987 | 0 | 0 | 0 | 0 | - | 202 987 | 441 883 |
| Sewerage Mains & Retention | 18 340 | 1 146 276 | 18 799 | -158 903 | -6 | 0 | 5 229 | 0 | 21 730 | 0 | 0 | - | 26 959 | 997 553 |
| Purification Works | 722 960 | -317 997 | 50 089 | -11 708 | 0 | 0 | 246 972 | 0 | 68 758 | 69 | 0 | - | 315 734 | 127 544 |
| Refuse Sites & Transfer Station | 613 642 | 1 342 797 | 18 799 | 35 228 | 0 | 146 | 375 019 | 0 | 27 739 | 146 | 0 | - | 405 904 | 290 513 |
| Water Mains & Retention | 26 652 | 14 661 | 11 821 | 125 251 | 0 | 0 | 2 091 | 0 | 2 347 | 349 | 0 | - | 4 787 | 1 504 774 |
| Water Reservoirs | 451 196 | 1 81 031 | 109 635 | -143 314 | 0 | 0 | 87 349 | 0 | 9 367 | 1 761 | 0 | - | 96 477 | 402 258 |
| Mains | 2 445 512 | -11 565 | 100 701 | 79 790 | 0 | 0 | 23 232 | 0 | 14 646 | 0 | 0 | - | 37 880 | 283 170 |
| General Infrastructure | 2 564 301 | 2 68 968 | 245 061 | -60 404 | 0 | 0 | 823 738 | 0 | 63 018 | 0 | 0 | - | 886 756 | 1 831 265 |
| Major Substations | 281 627 | 10 943 | 19 529 | -3 255 | 0 | 0 | 715 923 | 0 | 77 133 | 0 | 0 | - | 793 056 | 2 224 870 |
| Public Lighting | 886 767 | 48 137 | 73 971 | -9 670 | 0 | 0 | 488 676 | 0 | 14 861 | 0 | 0 | - | 114 672 | 204 172 |
| Connections & Switches | 29 234 319 | 3 045 008 | 1 629 279 | 1 309 021 | -349 | - | 6 142 265 | -13 | 962 937 | 2 293 | - | - | 7 707 372 | 471 652 |
| Community Assets | 4 062 066 | 13 854 | 28 805 | 4 833 | 0 | 0 | 568 504 | 0 | 108 862 | 2 758 | 0 | - | 710 124 | 3 399 155 |
| Clerical & Depot | 170 281 | 7 954 | 28 866 | 1 31 | 0 | 0 | 34 065 | -68 | 3 606 | 0 | 0 | - | 37 663 | 169 532 |
| Commissaries & Crematoria | 24 612 | 168 | 1 581 | 0 | 0 | 0 | 4 120 | 0 | 0 | 0 | 0 | - | 4 570 | 122 734 |
| Community Halls | 102 452 | 5 356 | 6 697 | -5 355 | 0 | 0 | 20 778 | 0 | 2 050 | 0 | 0 | - | 31 828 | 77 321 |
| Fire Stations | 62 321 | 34 968 | 6 485 | 8 463 | 0 | 0 | 18 146 | 0 | 1 262 | 0 | 0 | - | 19 408 | 92 928 |
| Libraries | 112 692 | 19 346 | 2 080 | 1 979 | 0 | 0 | 40 240 | 0 | 2 407 | 0 | 0 | - | 42 647 | 93 450 |
| Museums | 24 350 | 10 865 | 55 | 31 495 | 0 | 0 | 5 452 | 0 | 620 | 0 | 0 | - | 6 072 | 60 715 |
| Police Stations | 45 049 | -11 815 | 22 | 8 955 | 0 | 0 | 7 749 | 0 | 972 | 0 | 0 | - | 8 721 | 33 490 |
| Other Assets | 4 603 823 | 80 716 | 73 956 | 51 982 | - | - | 738 054 | -68 | 120 226 | 2 758 | - | - | 860 973 | 3 949 504 |
| Airconditioning | 102 144 | 335 | 7 755 | -523 | -1 | 0 | 33 707 | 0 | 8 403 | 0 | 0 | - | 42 110 | 67 601 |
| Security Systems | 194 527 | -3 038 | 20 890 | 0 | -4 | -100 | 114 808 | 0 | 17 156 | 0 | 0 | - | 131 962 | 80 313 |
| Markets | 302 840 | -1 469 | 0 | -2 992 | 0 | 0 | 79 467 | 0 | 6 537 | 0 | 0 | - | 86 004 | 212 375 |
| Vehicles | 2 888 351 | 42 778 | 106 876 | -31 909 | -6 789 | 0 | 1 732 024 | -135 | 267 409 | 1 486 | -3 782 | - | 1 995 889 | 1 003 419 |
| File Engines | 17 045 | 3 043 | 0 | -3 043 | 0 | 0 | 14 142 | 0 | 464 | 0 | 0 | - | 14 596 | 2 449 |
| | 6 784 705 | 42 992 | 314 828 | -25 686 | -18 292 | 139 | 3 920 721 | -135 | 577 069 | 3 577 | -3 782 | -917 | 4 485 424 | 2 613 262 |
| Total | 45 068 117 | 4 192 954 | 2 258 692 | 2 346 468 | -20 166 | 139 | 12 247 998 | -216 | 1 790 267 | 8 664 | -3 782 | -857 | 14 030 083 | 39 816 121 |

NOTE 54: ANALYSIS OF INTANGIBLE ASSETS - GROUP

| | Opening Balance | | Cost | | Accumulated Depreciation | | | | | | | Carrying Value | | | | |
|-------------------|-----------------|----------------|---------------|---------------|--------------------------|--------------|------------------|------------------|-----------------|------------|-----------|----------------|----------------------|------------|------------------|----------------|
| | R'000 | R'000 | R'000 | R'000 | Under Construction | Disposals | Transfers | Closing Balance | Opening Balance | Additions | Disposals | Impairments | Impairments Reversal | Transfers | Closing Balance | R'000 |
| RMS | 180 436 | 411 368 | 1 672 | 59 210 | | | | 651 014 | -33 536 | -9 016 | | | | | -42 552 | 608 462 |
| Services | 48 435 | | 84 595 | -8 292 | | -436 | -138 | 50 107 | 0 | | | | | | 0 | 50 107 |
| Computer Software | 375 474 | 8 292 | 84 595 | -8 292 | | | | 459 495 | -216 106 | -47 768 | 428 | 428 | | 857 | -262 589 | 196 907 |
| Total | 604 345 | 419 660 | 86 267 | 50 918 | (436) | (138) | 1 160 616 | (249 642) | (56 784) | 428 | - | - | - | 857 | (305 141) | 855 475 |

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NOTE 54: ANALYSIS OF INTANGIBLE ASSETS - MUNICIPALITY

| | Opening Balance | | Cost | | Accumulated Depreciation | | | | | | | Carrying Value | | |
|-------------------|-----------------|----------------------------|--------------------|---------------|--------------------------|--------------|------------------|------------------|-----------------|------------|-------------|----------------------|------------|-----------------|
| | Cost | Capital Under Construction | Under Construction | Additions | Disposals | Transfers | Closing Balance | Opening Balance | Additions | Disposals | Impairments | Impairments Reversal | Transfers | Closing Balance |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| RMS | 180 436 | 411 368 | 59 210 | 1 672 | | | 651 014 | -33 536 | -9 016 | | | | | 608 462 |
| Servitudes | 48 435 | | | 50 107 | | | 50 107 | 0 | | | | | | 50 107 |
| Computer Software | 372 849 | 8 292 | -8 292 | 83 483 | -436 | -138 | 455 758 | -215 177 | -46 615 | 428 | | | 857 | 195 251 |
| Total | 601 720 | 419 660 | 50 918 | 85 155 | (436) | (138) | 1 156 879 | (248 713) | (55 631) | 428 | - | - | 857 | 853 820 |

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Note 55: Awards to close family members of person in service of municipality
The details of total awards (18) to close family members amounting to R2 488 424 that transacted with the municipality is as follows:

| No | Supplier Name | Spouse Name | Employee Name | Employee Designation | R '000 |
|----|----------------------------------|-------------------------|---------------------|--------------------------------------|--------|
| 1 | NHLANZI CONSULTANTS CC | PHINDA | PRISCILLA SHEMBE | SENIOR MANAGER (SAFER CITIES) | 21 |
| 2 | BALLITO PLUMBERS CC | ALISTAIR ARNOLD ROWLAND | RESHMA VANDAYAR | PRINCIPAL CLERK | 17 |
| 3 | PHISETH CONSTRUCTION CC | PHILILE MINENHLE | JACQUES VAN HEERDEN | CHIEF CIVIL ENGINEERING TECHNOLOGIST | 17 |
| 4 | GABHISA SERVICES CC | LUCKY NHLANHLA | BONGEKILE HLONGWA | SENIOR PROFESSIONAL NURSE | 627 |
| 5 | AMAGABHISA CIVILS & CONSTRUCTION | | XOLISILE HLONGWA | PRINCIPAL CLERK | 145 |
| 6 | B S KHUMALO TRADING CC | | BOY KHUMALO | LEARNER1 | 59 |
| 7 | BA 1712 SE SECURITY TECHNOLOGIES | | KAMLESH RAJOO | CHIEF LEGAL ADVISOR | 495 |
| 8 | GXABHASHAH VISUAL PRODUCTION | | SLINDILE MKHOMA | CIVIL ENGINEERING TECHNICIAN | 36 |
| 9 | INTERCOL (PTY) LTD | | LAWERENCE PALMER | MANAGER (ASSET MANAGEMENT) | 4 |
| 10 | KWALO CONSTRUCTION SERVICES | | NONTSIKELELO FOTOYI | GRADUATE (WORK EXP +3YEARS) | 217 |
| 11 | NONTUBUYI TRADING ENTERPRISE CC | | MLOTSHWA SIBISI | AREA CO-ORDINATOR | 131 |
| 12 | PEACOCK LIEBENBERG & DICKINSON | | DHANESH BALDAV | WATER ASSESSOR | 46 |
| 13 | PNT GENERAL AND INDUSTRIAL SUP | | TRISSANDHYA BEEKY | PRINCIPAL CLERK | 15 |
| 14 | SINOANELE (PTY) LTD | | SINDISIWE KHATHI | SUPERVISOR DRIVER | 90 |
| 15 | MAMI'S CONSTRUCTION | HAMILTON VELENKOSINI | HALALISIWE | TRAINEE APPLICATION ENGINEER | 168 |
| 16 | AKS CREATIONS | AKESH | SHABNAM | SENIOR TECHNICAL PLANNER | 339 |
| 17 | THANDTHANDO PROJECTS | NOMUSA | BRIAN | ARTISAN (ELECTICIAN) (LEVEL 1) | 17 |
| 18 | MABANDLA INVESTMENTS | | BONANGANI | PLANNING OFFICER | 44 |

Total value of awards

2 488

APPENDIX A: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT - GROUP

| | Restated Opening Balance cost | Restated Opening Balance construction | Additions | Disposals | Transfers | Closing Balance | Restated Opening Balance | Additions | Disposals | Impairments | Impairments Reversal | Transfers | Closing Balance | R'000 |
|--|-------------------------------|---------------------------------------|-----------|-----------|-----------|-----------------|--------------------------|-----------|-----------|-------------|----------------------|-----------|-----------------|------------|
| Miscellaneous | 34 065 | - | 170 | (927) | - | 126 560 | 14 692 | 1 672 | (754) | - | - | - | 16 364 | 17 701 |
| Formal Housing | 127 316 | - | 170 | (827) | - | 126 560 | 62 274 | 1 599 | (827) | 0 | - | - | 63 119 | 63 444 |
| Reg. Services | 12 184 | - | 120 | (1 047) | - | 11 257 | 1 987 | 10 | (1 037) | - | - | - | 1 960 | 1 970 |
| Health | 85 114 | 4 021 | 839 | (3 471) | (2) | 91 379 | 22 335 | 2 578 | (332) | - | - | 21 | 24 546 | 24 546 |
| Skills Development | 209 424 | 20 397 | 33 217 | (329) | (34) | 252 118 | 77 535 | 7 578 | (302) | 0 | - | 29 | 84 839 | 167 379 |
| Emergency Control Centre - Admin | 3 462 | 4 083 | 29 161 | (69) | 146 | 39 172 | 1 999 | 3 379 | (61) | - | - | (33) | 4 285 | 4 285 |
| Strategic Planning | 2 081 | 7 331 | 29 443 | (1) | (28) | 39 213 | 1 142 | 17 530 | (6) | - | - | (69) | 9 537 | 1 607 |
| Metropolitan Police | 87 557 | 1 083 | 1 083 | (293) | 221 | 90 212 | 33 538 | 3 666 | (271) | - | - | (68) | 36 934 | 36 934 |
| Retail Market | 68 420 | - | 265 877 | (36) | (9) | 69 007 | 23 245 | 1 882 | (71) | - | - | (69) | 25 288 | 25 288 |
| Stadium | 4 420 | 1 007 136 | 86 514 | (93) | - | 1 097 032 | 10 859 | 98 382 | (130) | 1 832 | - | (89) | 11 925 | 12 409 |
| Airport | 2 801 | - | 266 544 | (147) | 276 | 279 828 | 179 568 | 14 141 | (130) | - | - | - | 199 944 | 4 776 |
| Housing | 1 225 365 | 80 380 | 25 928 | (89) | - | 1 405 613 | 288 233 | 42 470 | (95) | - | (219) | - | 340 388 | 1 065 224 |
| Market Services | 121 743 | 2 992 | 4 277 | (150) | 238 | 128 845 | 4 896 | 3 917 | (139) | - | - | - | 35 077 | 35 077 |
| Human Resources & Policy | 1 600 | 1 600 | - | - | - | 1 600 | 2 817 | 18 | - | - | (1) | - | 91 936 | 91 936 |
| Investigation | 757 | 99 | - | - | 24 | 725 | 2 462 | 195 | (13) | - | - | 12 | 656 | 656 |
| Office of International & Governance | 4 757 | 0 | 2 482 | (133) | 6 | 6 912 | 2 825 | 66 | - | - | - | - | 550 | 176 |
| Community Participation | 4 217 | 0 | - | - | - | 4 217 | 4 200 | 29 | - | - | - | - | 2 378 | 2 378 |
| City Manager's Office | 1 152 | - | 143 | (133) | 6 | 1 168 | 1 08 | 27 | - | - | - | 57 | 1 191 | 1 191 |
| Strategic Projects | 755 905 | - | 5 030 | (6) | (189) | 760 731 | 109 489 | 33 682 | (4) | - | - | - | 143 167 | 617 563 |
| Office of The D.C.M. - Stat. Development | 639 | - | 32 | (1) | - | 670 | 27 | 28 | - | - | - | - | 103 | 69 |
| Office of The D.C.M. - Health, Safety | 5 037 | - | 254 | (12) | (2) | 5 267 | 2 090 | 363 | (0) | - | - | - | 2 453 | 2 453 |
| Office of The D.C.M. - Governance | 12 | - | 113 | - | 15 | 125 | 12 | 15 | - | - | - | - | (10) | 135 |
| Office of The D.C.M. - Corp & HR | 353 | (26) | 270 | (9) | 55 | 643 | 209 | 40 | (9) | - | - | 28 | 268 | 375 |
| Office of The D.C.M. - Marketing | 1 528 | - | 1 528 | (1) | (1) | 1 528 | 1 528 | 1 528 | (2) | - | - | - | 1 526 | 1 526 |
| Office of The D.C.M. - Governance | 86 524 | 184 | 1 712 | (71) | (2) | 89 727 | 7 205 | 1 399 | (90) | - | - | - | 81 201 | 81 201 |
| Office of The D.C.M. - Marketing | 571 097 | 129 470 | 35 885 | (77) | - | 793 927 | 78 965 | 21 694 | (71) | 4 | 9 | - | 100 660 | 693 327 |
| Economic Development & Facilitation | 3 645 | 56 | 3 649 | (52) | 6 | 3 649 | 2 231 | 398 | (45) | - | - | - | 2 316 | 1 533 |
| City Enterprises | 1 214 | - | 2 141 | (93) | - | 1 262 | 4 077 | 5 630 | (75) | - | - | 3 | 5 833 | 5 833 |
| Procurement | 13 335 | 1 139 | 1 939 | (85) | (9) | 15 685 | 9 157 | 6 32 | (2) | - | - | 20 | 10 527 | 10 527 |
| Water | 7 832 093 | 1 105 074 | 276 912 | (3 289) | (111) | 9 932 437 | 1 304 898 | 243 129 | (2 251) | 2 245 | - | - | 15 18 022 | 8 414 415 |
| Solid Waste | 1 280 763 | 59 677 | 740 724 | (2 000) | (1 702) | 1 347 603 | 815 451 | 4 575 | (1 859) | 0 | (1 62) | - | 818 863 | 527 740 |
| Engineering | 10 828 998 | 1 025 625 | 740 724 | (22 686) | (1 702) | 12 865 566 | 2 348 961 | 397 137 | (607) | 0 | (3 647) | - | 2 742 242 | 10 223 324 |
| Public Works | 1 809 584 | 38 053 | 57 238 | (555) | 14 876 | 1 965 126 | 668 594 | 9 931 | (455) | 2 789 | - | - | 728 152 | 1 206 974 |
| Phy. Recreation, Committees & Governance | 203 897 | 3 974 | 3 865 | (280) | - | 217 664 | 56 277 | 9 931 | (221) | - | - | - | 65 987 | 151 678 |
| Communications | 1 224 | 141 | 2 141 | (96) | 19 991 | 12 889 | 3 631 | 390 | (82) | - | - | - | 1 495 | 1 375 |
| Human Resources | 15 991 | 304 | 4 789 | (389) | - | 24 995 | 10 301 | 1 570 | (42) | - | - | - | 13 508 | 13 508 |
| Management Services & Org. Development | 1 646 | 1 847 | 152 | (79) | 246 | 1 865 | 1 542 | 1 600 | (340) | - | - | 78 | 1 488 | 656 |
| Finance | 16 695 | - | 13 895 | (481) | - | 16 909 | 13 219 | 76 999 | (448) | - | - | (1 319) | 15 066 | 31 582 |
| Information Technology | 9 546 | 8 121 | 3 280 | (28) | - | 18 846 | 5 135 | 3 294 | (0) | 846 | - | 372 | 651 701 | 2 877 |
| Office of Audit & Performance Management | 657 412 | 48 213 | 48 213 | (389) | (1 332) | 710 231 | 475 240 | 287 | (287) | - | - | - | 527 550 | 182 880 |
| Information Technology | 1 025 751 | 353 842 | 18 913 | (28) | - | 1 428 517 | 32 937 | 43 92 | (80) | - | - | 32 | 398 552 | 1 873 881 |
| Health & Safety | 47 031 | 101 | 1 144 | (85) | 36 | 48 325 | 2 517 | 2 943 | (67) | - | - | 495 | 4 166 | 3 689 |
| ABMS | 52 666 | - | 53 | - | (9 789) | 7 255 | 3 729 | 448 | - | - | - | 767 | 4 166 | 3 689 |
| Durban Energy Office | 7 782 | - | 63 542 | (15) | 11 | 72 867 | 4 925 | 2 691 | (13) | - | - | - | 8 370 | 55 172 |
| Office of The D.C.M. - Health & Social | 37 015 | - | 63 542 | (85) | (616) | 70 954 | 3 823 | 72 582 | (17) | 929 | - | - | 423 332 | 285 172 |
| Income | 37 015 | 468 | 2 051 | (774) | (21) | 51 172 | 22 566 | 2 234 | (683) | 0 | (0) | 3 | 24 087 | 27 086 |
| Finance and Major Projects | 1 065 | 131 | - | (104) | - | 1 163 | 60 745 | 1 116 | (97) | - | - | - | 68 676 | 131 487 |
| Information and Business Systems | 11 888 | 586 | 3 329 | (461) | 1 892 | 11 886 | 1 934 | 6 036 | (42) | - | - | - | 9 519 | 9 519 |
| SDB | 26 762 | - | - | (45) | - | 26 717 | 8 374 | 1 411 | (42) | - | - | 1 | 9 744 | 16 917 |
| ABMINK | 1 024 | - | 296 | - | (11) | 1 281 | 557 | 1 120 | (25) | - | - | - | 651 | 630 |
| Performance Management | 5 264 | 521 | 6 358 | - | - | 11 843 | 5 839 | 113 388 | - | - | - | - | 4 839 | 5 713 |
| Risk Management | 9 300 | - | 17 982 | (6) | - | 25 276 | 2 699 093 | 276 008 | (735) | - | - | - | 633 396 | 5 337 800 |
| Business | 9 300 | 503 870 | 534 230 | - | - | 1 438 300 | 2 699 093 | 8 112 166 | - | - | - | - | 2 774 396 | 5 337 800 |
| Electricity Service | 900 435 | 17 982 | 17 982 | (0) | (0) | 918 416 | 269 696 | 37 420 | - | - | - | - | 307 116 | 307 116 |
| ICC | 638 995 | 11 279 | 654 245 | (0) | (5 471) | 1 287 952 | 251 385 | 32 377 | - | - | - | - | 283 765 | 307 146 |
| Unkals | 46 423 335 | 4 388 586 | 2 287 252 | (20 445) | (5 471) | 55 521 962 | 12 198 397 | 1 860 062 | (1 981) | 8 664 | (3 782) | (657) | 14 616 463 | 40 883 316 |
| Total | | | | | | | | | | | | | | |

Figures in Rand thousand

APPENDIX A: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT - MUNICIPALITY

| | Restated opening Balance cost | Restated opening Balance Capital Under construction | Additions | Under Construction | Disposals | Transfers | Closing Balance | Restated Opening Balance | Accumulated Depreciation | Disposals | Impairments | Impairments Reversal | Transfers | Closing Balance | Carrying Value |
|--|----------------------------------|---|------------------|-----------------------|-----------------|------------|-------------------|-----------------------------|--------------------------|-----------------|--------------|-------------------------|--------------|-------------------|-------------------|
| | R'000 | R'000 | R'000 | | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Miscellaneous | 28 455 | — | — | — | (927) | — | 28 455 | 14 692 | 1 672 | — | — | — | — | 16 364 | 12 091 |
| Formal Housing | 127 316 | — | 170 | — | (121) | — | 126 560 | 62 274 | 1 589 | (754) | 0 | — | — | 63 119 | 63 441 |
| Legal Services | 10 239 | — | 80 | — | (347) | (22) | 10 198 | 2 912 | 343 | (98) | (98) | — | — | 3 157 | 7 042 |
| Real Estates | 85 314 | 4 021 | 839 | 1 567 | (329) | (22) | 91 373 | 22 383 | 2 578 | (302) | (332) | — | 21 | 24 648 | 66 725 |
| Health | 209 424 | 20 397 | 33 217 | (10 557) | (200) | (1 279) | 252 118 | 77 535 | 7 576 | (302) | (41) | — | 29 | 84 839 | 167 279 |
| Skills Development | 3 462 | — | 161 | 2 007 | (56) | (229) | 3 912 | 1 999 | 379 | (152) | 0 | — | (33) | 2 304 | 1 607 |
| Emergency Control Centre - Admin | 140 695 | 4 308 | 2 934 | 2 707 | (229) | (1 279) | 175 597 | 82 020 | 13 615 | (152) | (0) | — | 524 | 96 007 | 79 590 |
| Security | 2 081 | 7 331 | 443 | 6 776 | (1) | — | 17 530 | 1 142 | 264 | (0) | (0) | — | (69) | 1 337 | 16 193 |
| Metropolitan Police | 87 557 | 3 364 | 1 083 | 1 280 | (293) | 221 | 90 212 | 33 538 | 3 668 | (271) | (0) | — | — | 36 534 | 53 278 |
| Retail Market | 68 420 | — | 877 | 609 | (308) | — | 69 907 | 23 415 | 1 882 | (217) | — | — | (9) | 25 298 | 44 609 |
| Sanitation | 4 435 382 | 1 007 338 | 265 621 | 243 683 | (308) | (0) | 5 951 695 | 1 025 591 | 195 352 | (217) | 1 832 | — | 0 | 1 220 627 | 4 731 068 |
| Gas | 117 758 | (95) | 96 614 | 376 | (147) | (0) | 179 568 | 19 744 | 98 289 | (130) | (0) | — | — | 119 734 | 59 834 |
| Airport | 2 801 | — | 282 | — | (1) | — | 3 062 | 729 | 141 | — | — | — | (219) | 889 | 2 193 |
| Housing | 1 225 355 | 80 380 | 25 928 | 74 039 | (69) | — | 1 405 613 | 289 233 | 42 470 | (95) | — | — | — | 340 388 | 1 065 224 |
| Market Services | 112 355 | 2 992 | 4 277 | (2 992) | (150) | 238 | 126 834 | 3 812 | 4 195 | (139) | — | — | — | 35 029 | 90 416 |
| Market Services & Policy | 6 423 | — | — | — | (21) | 24 | 6 423 | 2 462 | 1 495 | (13) | (13) | — | (1) | 3 692 | 1 636 |
| Operational Health & Management | 1 600 | — | 99 | — | (19) | — | 1 702 | 502 | 195 | (19) | — | — | — | 655 | 1 046 |
| Office of International & Governance | 757 | — | — | — | (13) | — | 725 | 502 | 66 | (13) | — | — | — | 550 | 1 046 |
| Community Participation | 4 317 | 0 | 2 482 | — | (123) | 6 | 6 757 | 2 935 | 484 | (114) | — | — | (6) | 3 422 | 3 335 |
| Office Of Geographic Information | 4 317 | — | — | — | (6) | — | 4 201 | 1 842 | 27 | (4) | — | — | 57 | 191 | 104 |
| City Manager's Office | 152 | — | 143 | — | (198) | (198) | 760 731 | 109 489 | 33 682 | (4) | — | — | 48 | 143 167 | 617 563 |
| Strategic Projects | 755 905 | — | 5 030 | — | (6) | — | 755 905 | 108 | 27 | (4) | — | — | — | 103 | 68 |
| Office Of The D.C.M. : Sust. Development | 139 | — | 32 | — | (1) | — | 171 | 27 | 90 | (0) | — | — | — | 289 | 591 |
| Office Of The D.C.M. :Sust.Procurement | 618 | — | 329 | — | (1) | — | 881 | 199 | 90 | (0) | — | — | — | 289 | 591 |
| Office Of The D.C.M. : Health, Safety | 5 037 | — | 254 | — | — | — | 5 279 | 2 090 | 363 | — | — | — | — | 2 453 | 2 826 |
| Office Of The D.C.M. : Governance | 12 | — | 113 | — | — | — | 125 | 12 | 15 | — | — | — | (36) | (10) | 135 |
| Office Of The D.C.M. : Corp & HR | 353 | (26) | 270 | — | (9) | 55 | 643 | 209 | 40 | (9) | — | — | — | 268 | 375 |
| Office Of The D.C.M. : Treasury | 916 | — | 136 | — | (76) | — | 945 | 585 | 92 | (9) | — | — | 2 | 615 | 330 |
| Development Planning & Management | 86 524 | 184 | 1 712 | 1 393 | (71) | (2) | 89 720 | 1 381 | 92 | (64) | — | — | — | 8 519 | 81 201 |
| Economic Development & Facilitation | 571 097 | 129 070 | 35 885 | 57 552 | (97) | (2) | 793 927 | 78 965 | 21 684 | (71) | 4 | — | (26) | 100 600 | 693 327 |
| City Enterprises | 143 | — | 36 | — | (52) | — | 154 949 | 2 231 | 5 396 | (49) | — | — | — | 2 363 | 1 353 |
| Business Support | 13 935 | — | 2 449 | (1 215) | (69) | 6 726 | 15 885 | 9 957 | 635 | (75) | — | — | — | 5 335 | 10 153 |
| Procurement | 7 832 803 | 1 105 074 | 276 312 | 721 947 | (3 289) | (111) | 9 932 437 | 1 304 898 | 213 129 | (2 251) | 2 245 | — | — | 9 737 | 5 948 |
| Waste | 1 280 763 | 59 677 | 5 088 | 2 066 | (3 289) | (111) | 1 347 603 | 815 451 | 4 575 | (2 251) | — | — | (162) | 1 518 022 | 8 414 415 |
| Solid Waste | 1 280 763 | 59 677 | 5 088 | 2 066 | (3 289) | (111) | 1 347 603 | 815 451 | 4 575 | (2 251) | — | — | (162) | 1 518 022 | 8 414 415 |
| Engineering | 10 828 898 | 1 025 625 | 740 724 | 374 080 | (2 059) | (1 705) | 12 965 564 | 2 346 961 | 132 080 | (228) | 0 | — | — | 819 863 | 527 740 |
| Emergency Services | 296 211 | 28 524 | 26 570 | 2 808 | (277) | (17) | 353 819 | 132 080 | 12 407 | (228) | — | — | — | 139 811 | 214 008 |
| Parks, Recreation, Cemeteries & Governance | 1 809 584 | 38 053 | 57 238 | 45 930 | (555) | 14 876 | 1 965 126 | 668 594 | 57 358 | (455) | 2 789 | — | — | 728 152 | 1 236 974 |
| Communications | 203 897 | 3 974 | 3 865 | 6 188 | (260) | — | 217 664 | 56 277 | 9 931 | (221) | — | — | — | 65 987 | 151 674 |
| Regional Centres | 2 824 | — | 141 | — | (96) | — | 2 869 | 1 631 | 350 | (82) | — | — | (405) | 1 495 | 1 375 |
| Human Resources | 111 728 | 304 | 2 001 | 525 | (25) | 19 901 | 134 435 | 38 251 | 3 981 | (23) | — | — | (236) | 41 972 | 92 463 |
| Management Services & Org Development | 15 991 | 1 847 | 4 788 | 2 037 | (389) | 722 | 24 996 | 10 301 | 1 570 | (340) | — | — | — | 11 488 | 13 508 |
| Finance | 16 680 | — | 152 | — | (79) | 246 | 1 365 | 542 | 160 | (71) | — | — | 78 | 709 | 656 |
| City Fleet | 930 535 | 8 121 | 13 011 | 2 806 | (481) | (1 954) | 969 747 | 13 319 | 76 900 | (448) | 15 | — | (1 319) | 12 056 | 5 393 |
| Office Of Audit & Performance Management | 1 946 | — | 3 280 | (621) | (28) | — | 1 946 | 1 035 | 284 | (0) | — | — | 372 | 1 701 | 2 877 |
| Information Technology | 657 412 | — | 46 213 | 6 307 | (389) | (1 332) | 4 578 | 1 035 | 284 | (0) | — | — | — | 527 550 | 182 660 |
| Operational Health & Safety | 1 095 921 | 353 022 | 19 028 | 800 265 | (301) | (332) | 2 267 502 | 475 240 | 52 565 | (180) | — | — | 32 | 394 053 | 1 873 895 |
| ABMS | 47 031 | 104 | 1 944 | (45) | (69) | 39 789 | 7 255 | 3 729 | 448 | (87) | — | — | — | 4 166 | 3 089 |
| Urban Energy Office | 52 666 | — | 53 | (101) | (39 789) | — | 63 542 | 3 729 | 448 | (87) | — | — | — | 4 166 | 3 089 |
| Durban Transport | 709 751 | — | 699 | — | (15) | — | 709 548 | 4 925 | 2 691 | (13) | — | — | — | 8 370 | 55 172 |
| Office Of The D.C.M. : Health & Social | 7 262 | — | 92 | — | (85) | (816) | 7 054 | 354 591 | 72 719 | (67) | 929 | — | — | 428 171 | 281 377 |
| Income | 37 015 | 468 | 2 051 | 12 434 | (774) | (21) | 51 172 | 22 566 | 2 234 | (693) | 0 | (0) | 3 | 3 392 | 3 962 |
| Finance and Major Projects | 1 065 | — | 131 | — | (104) | (21) | 71 | 22 566 | 2 234 | (693) | — | — | (21) | 24 087 | 27 086 |
| Int Control and Business Systems | 191 158 | 568 | 3 325 | 1 972 | (461) | 1 992 | 198 554 | 60 712 | 6 718 | (432) | — | — | (87) | 66 999 | 131 555 |
| SDB | 11 886 | — | — | — | (45) | — | 11 886 | 1 934 | 235 | (42) | — | — | — | 2 169 | 9 717 |
| ABM INK | 26 762 | — | — | — | (45) | — | 26 762 | 8 374 | 1 411 | (42) | 0 | — | 1 | 9 744 | 16 972 |
| Performance Management | 1 024 | — | 286 | — | (28) | (11) | 1 281 | 557 | 120 | (25) | — | — | — | 651 | 630 |
| Risk Management | 5 284 | 521 | — | — | (2) | — | 5 805 | 4 839 | — | — | — | — | — | 4 839 | 966 |
| Moses Mabhida Stadium | 3 343 746 | 503 870 | 6 258 | (1 226) | (6 986) | (2) | 3 350 002 | 522 649 | 113 386 | (735) | (2) | — | — | 636 033 | 2 713 970 |
| Electricity Service | 7 081 688 | 4 388 118 | 534 220 | 2 256 692 | (20 167) | 138 | 8 112 166 | 2 489 093 | 276 008 | (1 991) | 8 664 | (3 782) | (857) | 2 774 366 | 5 337 800 |
| Total | 44 870 054 | 4 388 118 | 2 256 692 | 2 346 468 | (20 167) | 138 | 53 843 704 | 12 235 283 | 1 790 266 | (11 991) | 8 664 | (3 782) | (857) | 14 027 583 | 39 816 121 |

eThekwiini Municipality and its Municipal Entities

APPENDIX B: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015 - GROUP

| 2014 Actual Income R'000 | 2014 Actual Expenditure R'000 | 2014 Surplus/ (Deficit) R'000 | 2015 Actual Income R'000 | 2015 Actual Expenditure R'000 | 2015 Surplus/ (Deficit) R'000 |
|-----------------------------------|--|--|-----------------------------------|--|--|
| 32 951 | 352 130 | (319 179) | 34 211 | 396 559 | (362 348) |
| 9 034 133 | 2 480 541 | 6 553 592 | 9 287 993 | 2 529 010 | 6 758 983 |
| 245 918 | 765 802 | (519 884) | 257 445 | 796 068 | (538 624) |
| 98 288 | 401 360 | (303 072) | 137 039 | 399 048 | (262 009) |
| 64 971 | 705 258 | (640 288) | 331 628 | 989 177 | (657 549) |
| 264 630 | 1 547 984 | (1 283 354) | 652 711 | 1 746 041 | (1 093 330) |
| 266 618 | 1 423 685 | (1 157 067) | 80 091 | 1 611 822 | (1 531 731) |
| 95 010 | 1 184 613 | (1 089 603) | 95 348 | 1 236 768 | (1 141 421) |
| 3 224 | 145 026 | (141 802) | 6 510 | 156 297 | (149 788) |
| 2 839 819 | 2 438 013 | 401 806 | 2 828 903 | 2 617 438 | 211 465 |
| 1 042 615 | 1 897 960 | (855 345) | 1 645 252 | 2 012 252 | (367 000) |
| 4 068 712 | 4 167 127 | (98 415) | 4 846 403 | 4 561 668 | 294 734 |
| 10 433 010 | 8 913 694 | 1 519 316 | 11 388 268 | 9 633 539 | 1 754 729 |
| 342 729 | 427 642 | (84 913) | 453 356 | 455 402 | (2 045) |
| 177 188 | 178 283 | (1 095) | 182 690 | 184 273 | (1 583) |
| 135 250 | 150 444 | (15 194) | 171 148 | 130 278 | 40 870 |
| 718 | 4 710 | (3 991) | 771 | 5 986 | (5 215) |
| 21 477 | 6 389 | 15 088 | 7 940 | 3 005 | 4 935 |
| 29 167 261 | 27 190 661 | 1 976 600 | 32 407 707 | 29 454 633 | 2 953 074 |
| (2 657 554) | (2 657 554) | 0 | (2 755 771) | (2 755 771) | (4 334) |
| 26 509 707 | 24 533 107 | 1 976 600 | 29 651 936 | 26 703 196 | 2 948 740 |

APPENDIX C

DISCLOSURE OF GRANTS AND SUBSIDIES INTERMS OF SECTION 123 MFMA 56 OF 2003

| GRANT DESCRIPTION | NAME OF ORGAN OF STATE | QUARTERLY RECEIPTS | | | | | | QUARTERLY PAYMENTS | | | | | | REASONS FOR DELAYS OF FUNDS | DID YOUR MUNICIPALITY COMPLY WITH THE GRANT CONDITIONS IN TERMS OF THE GRANT | REASON FOR NON COMPLIANCE | |
|---|--|--------------------|-----------|-----------|-----------|-----------|-----------|--------------------|-----------|-----------|-----------|-------|-------|-----------------------------|--|---------------------------|-------|
| | | SEPT | DEC | MAR | JUN | TOTAL | SEP | DEC | MAR | JUN | TOTAL | SEP | DEC | | | | MAR |
| | | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| EQUITABLE SHARE | NATIONAL TREASURY | 787 727 | 663 349 | 538 972 | - | 1 990 048 | 787 727 | 663 349 | 538 972 | 344 412 | 1 990 048 | | | | | | N/A |
| URBAN SETTLEMENT DEVELOPMENT GRANT | HUMAN SETTLEMENTS | 380 019 | 750 030 | 670 027 | - | 1 800 076 | 308 990 | 569 528 | 321 680 | 599 878 | 1 800 076 | | | | | | N/A |
| FINANCIAL MANAGEMENT GRANT | NATIONAL TREASURY | 1 250 | - | - | - | 1 250 | 1 164 | 1 650 | 1 479 | 1 108 | 5 401 | | | | | | N/A |
| INTEGRATED CITIES DEVELOPMENT | NATIONAL TREASURY | 26 311 | 26 310 | - | - | 52 621 | 383 | 30 | 30 963 | 21 247 | 52 621 | | | | | | N/A |
| INFRASTRUCTURE SKILLS DEVELOPMENT GRANT | NATIONAL TREASURY | 16 500 | - | 8 925 | 1 500 | 26 925 | 11 795 | 3 934 | 9 198 | 1 997 | 26 925 | | | | | | N/A |
| NRF | NATIONAL RESEARCH FOUNDATION | 524 | - | 32 | - | 556 | 17 | 26 | 26 | -6 | 62 | | | | | | N/A |
| GOVERNMENT HEALTH SUBSIDY | KZN DEPT OF HEALTH | - | - | 27 000,00 | 24 765,22 | 51 765 | 30 341 | 30 341 | 30 341 | 30 341 | 121 365 | | | | | | N/A |
| PTIG | NATIONAL DEPARTMENT OF TRANSPORT | 1 000 000 | - | 554 751 | 0 | 654 751 | 141 408 | 184 315 | 303 316 | 114 116 | 743 064 | | | | | | N/A |
| PTN0G | NATIONAL DEPARTMENT OF TRANSPORT | 20 000 | 35 000 | 65 820 | 0 | 120 820 | 7 785 | 8 794 | 11 590 | 7 941 | 36 111 | | | | | | N/A |
| YUNA-AWARDS | NATIONAL TREASURY | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | | | N/A |
| NEIGHBOUR HOOD DEVELOPMENT GRANT | NATIONAL TREASURY | 4 695 | 3 756 | 25 804 | - | 34 255 | 371 | 1 249 | 630 | 13 582 | 15 832 | | | | | | N/A |
| EXPANDED PUBLIC WORKS PROGRAMME | DEPARTMENT OF PUBLIC WORKS | 13 662 | 10 248 | 10 248 | - | 34 154 | 14 757,54 | 12 130 | -3 822 | 18 080 | 41 105 | | | | | | N/A |
| DEPARTMENT OF HUMAN SETTLEMENTS | DEPARTMENT OF HUMAN SETTLEMENTS | - | - | 20 000,00 | 115 500 | 135 500 | 86 307 | 225 650 | 37 092 | 105 704 | 464 752 | | | | | | N/A |
| DEAT | DEPARTMENT OF ENVIRONMENTAL AFFAIRS | - | - | 5 742 | - | 5 742 | - | 23 | - | - | 23 | | | | | | N/A |
| GRANT ACCREDITATION | DEPARTMENT OF HUMAN SETTLEMENTS | - | 32 578,40 | 2 737 | 6 633 | 41 948 | - | 703 | - | 41 245 | 41 948 | | | | | | N/A |
| NATIONAL ELECTRIFICATION PROGRAMME | DEPARTMENT OF MINERALS AND ENERGY | 15 000 | - | - | - | 15 000 | 9 184 | 12 343 | 12 378,56 | -16 692 | 17 214 | | | | | | N/A |
| ESKOM | DEPARTMENT OF MINERALS AND ENERGY | - | - | - | - | 0 | 71 | -71 | - | 1 440 | 1 440 | | | | | | N/A |
| DEPARTMENT OF MINERAL AND ENERGY (EEDSM) | DEPARTMENT OF MINERALS AND ENERGY | - | - | - | - | 0 | - | 1 072 | 973 | 9 069 | 11 114 | | | | | | N/A |
| DEPARTMENT OF ARTS AND CULTURE | KZN DEPARTMENT OF ARTS AND CULTURE | - | 5 750 | 118 320 | - | 124 070 | 7 383 | 13 866 | 10 842 | 10 534 | 42 625 | | | | | | N/A |
| KZNPA SUBSIDY | KZN DEPARTMENT OF TRANSPORT | - | - | - | 4 425 | 4 425 | - | - | - | - | 4 425 | | | | | | N/A |
| COGTA | KZN-COGTA | 1 000 | - | - | - | 1 000 | - | 1 021 | - | 540,00 | 1 561 | | | | | | N/A |
| DISASTER FUND | NATIONAL DISASTER FUND | - | - | 806 | - | 806 | - | - | - | - | 0 | | | | | | N/A |
| MUNICIPAL HUMAN SETTLEMENT CAPACITY GRANT | NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS | - | - | 52 469 | - | 52 469 | 4 707 | 3 319 | 2 841 | 1 621 | 12 489 | | | | | | N/A |
| GRAND TOTAL | | 1 366 688 | 1 527 051 | 2 101 619 | 152 823 | 5 148 182 | 1 412 390 | 1 733 171 | 963 069 | 1 310 593 | 5 419 243 | | | | | | N/A |

eThekweni Municipality and its Municipal Entities

Financial Statements for the period ended 30 June 2015

Figures in Rand thousand

APPENDIX D:MOSES MABHIDA STADIUM - DETAILED STATEMENT OF FINANCIAL PERFORMANCE

| | 2015 R'000 | 2014 R'000 |
|---|-----------------|-----------------|
| REVENUE | | |
| Rental of facilities and equipment | 43 549 | 64 303 |
| Rent Non Bowl Events | 6 899 | 11 217 |
| Rent Bowl Events | 18 051 | 36 900 |
| Rent Shops | 11 645 | 11 343 |
| Suites & Business Clubs | 6 095 | 4 161 |
| Rent Parking Bays | 859 | 682 |
| Other income | 12 063 | 13 739 |
| Adventure Walk | 126 | 51 |
| Other Attractions-Income | 465 | 0 |
| People's Park | 5 950 | 6 520 |
| Skycar | 3 760 | 4 777 |
| Sponsorships | 821 | 1 805 |
| Stadium Tours | 670 | 516 |
| Sundry Income | 271 | 70 |
| Total operating revenue | 55 612 | 78 042 |
| EXPENDITURE | | |
| Bad Debts | 515 | 228 |
| Bad Debts Provision | 515 | 228 |
| Depreciation - Property, Plant and Equipment | 113 913 | 113 129 |
| Depreciation | 113 913 | 113 129 |
| General expenses | 91 548 | 68 224 |
| Electricity | 14 317 | 13 391 |
| Fuel & Oil : Vehicles | 302 | 150 |
| Refuse Removal | 979 | 954 |
| Stadium Operational Costs | 72 518 | 50 368 |
| Hire Of City Fleet | 0 | 232 |
| Water | 3 432 | 3 129 |
| Total operating expenditure | 205 976 | 181 581 |
| DEFICIT FOR THE YEAR | -150 364 | -103 539 |