

eThekwini Municipality and its Municipal Entities
Annual Financial statements
for the year ended June 30, 2016

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

GENERAL INFORMATION

LEGAL FORM OF ENTITY	Municipality
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	High Capacity, Category A, Local Authority
ACCOUNTING OFFICER	Mr. Sibusiso Sithole
REGISTERED OFFICE	City Hall Dr. Pixle Kaseme Street Durban 4000
POSTAL ADDRESS	P O Box 1014 Durban 4000
MUNICIPALITY	incorporated in South Africa
BANKERS	Nedbank (Primary banker with effect 1 October 2015 - refer note 48 for previous bankers) P O Box 5662, Durban, 4000
AUDITORS	The Auditor-General, South Africa

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

INDEX

The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

INDEX	PAGE
Municipal Manager	4
Statement of Financial Position	5 - 6
Statement of Changes in Net Assets	9
Statement of Financial Performance	7 - 8
Cash Flow Statement	10
Appropriation Statement	11 - 16
Accounting Policies	17 - 37
Notes to the Annual Financial Statements	38 - 119
Appendixes: (unaudited)	
Appendix A: Segmental analysis of Property, Plant and Equipment (unaudited)	120
Appendix B: Segmental Statement of Financial Performance (unaudited)	122
Appendix C: Disclosure of Grants and Subsidies in terms of the Municipal Finance Management Act (unaudited)	124
Appendix D: Moses Mabhida Stadium - Statement of Financial Performance (unaudited)	125

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

INDEX

ABBREVIATIONS

COID	Compensation for Occupational Injuries and Diseases
VAT	Value added tax
DBSA	Development Bank of South Africa
GAAP	Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
PPE	Property, Plant and 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
GEPF	Government Employees Pension Fund
NJMP	Natal Joint Municipal Pension
DOHS	Department of Human Settlements
SALA	South African Local Authority Pension Fund

Designation

eThekwini Municipality and its Municipal Entities

Consolidated Annual Financial Statements for the year ended 30 June 2016

Municipal Manager

I am responsible for the preparation of these annual financial statements, which are set out on pages 3 to 115, 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 31 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

30 September 2016

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Statement of Financial Position as at June 30, 2016

Figures in Rand thousand	Note(s)	Group		Municipality	
		2016	2015 Restated*	2016	2015 Restated*
Assets					
Current Assets					
Inventories	2	504,682	414,942	345,831	353,438
Loan to Municipal Entity	3	-	-	-	226,590
Investments	4	6,620,000	4,999,990	6,620,000	4,999,990
Receivables from exchange transactions	5	3,462,295	2,913,174	3,437,855	2,887,927
Receivables from non-exchange transactions	6	237,341	238,303	237,341	238,303
Consumer debtors	8	2,767,695	2,925,902	2,772,513	2,925,168
Current portion of Long term receivables	9	41,595	10,966	41,595	10,966
Call Investment Deposits	3&10	406,220	471,113	195,000	265,000
Cash and Bank Balances	10	1,020,118	883,158	930,713	821,263
		15,059,946	12,857,548	14,580,848	12,728,645
Non-Current Assets					
Investment property	11	305,276	313,143	242,618	248,069
Property, plant and equipment	12	43,804,248	40,888,357	42,851,471	39,900,959
Intangible assets	13	898,195	865,298	895,750	863,643
Heritage assets	14	24,267	19,725	24,267	19,725
Investments in Municipal Entities	15	-	-	908,779	668,065
Interest in joint ventures	16	-	-	74,309	66,546
Investments	4	-	500,000	-	500,000
Deferred Income		5,382	5,560	-	-
Long term Receivables	9	41,817	82,764	41,817	82,764
		45,079,185	42,674,847	45,039,011	42,349,771
Total Assets		60,139,131	55,532,395	59,619,859	55,078,416
Liabilities					
Current Liabilities					
External Borrowings	17	1,065,702	1,082,774	1,065,702	991,878
Payables from exchange transactions	18	6,151,173	5,331,272	6,095,244	5,323,185
VAT payable	7	49,962	78,988	58,741	82,316
Consumer deposits	19	1,945,529	1,712,690	1,903,820	1,693,058
Employee benefit obligation	20	554,040	621,111	554,040	621,111
Unspent conditional grants and receipts	21	749,320	1,126,071	749,320	1,126,071
Provisions	22	102,374	104,927	95,631	98,442
Bank overdraft	10	830,009	687,496	830,009	687,496
		11,448,109	10,745,329	11,352,507	10,623,557
Non-Current Liabilities					
External Borrowings	17	8,170,657	9,249,745	8,170,657	9,249,268
Employee benefit obligation	20	2,949,887	2,353,172	2,949,887	2,353,172
Provisions	22	870,029	800,734	870,029	800,734
		11,990,573	12,403,651	11,990,573	12,403,174
Total Liabilities		23,438,682	23,148,980	23,343,080	23,026,731
Net Assets		36,700,449	32,383,415	36,276,779	32,051,685

* See Note 42

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Statement of Financial Position as at June 30, 2016

Figures in Rand thousand	Note(s)	Group		Municipality	
		2016	2015 Restated*	2016	2015 Restated*
Housing Development Fund	23	123,512	152,924	123,512	152,924
Accumulated surplus		36,576,937	32,230,491	36,153,267	31,898,761
Total Net Assets		36,700,449	32,383,415	36,276,779	32,051,685

* See Note 42

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand thousand	Note(s)	Group		Municipality	
		2016	2015 Restated*	2016	2015 Restated*
Revenue					
Revenue from exchange transactions					
Service charges	24	15,597,272	14,281,303	15,640,700	14,319,411
Rental of facilities and equipment		538,047	560,625	447,586	455,572
Other income	25	523,657	660,854	293,889	452,446
Interest received	26	787,285	555,686	764,893	537,585
Gain on disposal of assets and liabilities		9,125	48,588	10,260	49,065
Fair value adjustments		-	29,667	-	-
Share of income from Joint Venture		-	-	5,013	4,969
Total revenue from exchange transactions		17,455,386	16,136,723	17,162,341	15,819,048
Revenue from non-exchange transactions					
Taxation revenue					
Fines		591,392	262,262	591,392	262,262
Property rates	27	6,219,986	5,669,002	6,230,523	5,677,933
Property rates - penalties imposed		112,883	161,999	112,883	161,999
Licences and permits		40,912	40,461	40,912	40,461
Transfer revenue					
Government grants & subsidies	28	5,770,287	5,411,557	5,770,287	5,411,557
Levies	29	2,103,316	1,968,781	2,103,316	1,968,781
Public contributions and donations		72,723	12,098	68,821	8,975
Donations - PPE		1,160	2,077	1,160	2,077
Reversal of loss on impairment - PPE	12	5,725	3,782	5,725	3,782
Reversal of impairment: Municipal Entities and Joint Venture	15	-	-	2,750	84,631
Total revenue from non-exchange transactions		14,918,384	13,532,019	14,927,769	13,622,458
Total revenue		32,373,770	29,668,742	32,090,110	29,441,506
Expenditure					
Employee related costs	30	(8,251,752)	(7,163,116)	(8,114,523)	(7,040,053)
Remuneration of councillors	31	(105,334)	(100,795)	(105,334)	(100,795)
Amortisation - Intangible assets	13	(73,953)	(47,693)	(72,576)	(46,540)
Impairment Loss - Investment Properties	11	(3,570)	(7,085)	(3,570)	(7,085)
Depreciation - Property, Plant and Equipment	12	(1,878,467)	(1,794,242)	(1,806,790)	(1,724,863)
Impairment Loss - Property, Plant and Equipment	12	(12,147)	(8,664)	(12,147)	(8,664)
Finance costs	32	(968,805)	(950,565)	(971,776)	(953,433)
Lease rentals on operating lease		(74,706)	(58,872)	(71,854)	(57,676)
Debt Impairment		(1,391,264)	(2,093,865)	(1,391,530)	(2,094,085)
Depreciation - Investment Properties	11	(4,277)	(4,418)	(1,861)	(1,727)
Repairs and maintenance		(2,278,114)	(2,507,458)	(2,262,018)	(2,491,968)
Bulk purchases	33	(9,464,736)	(8,378,618)	(9,464,736)	(8,378,618)
Contracted services		(1,374,318)	(1,336,464)	(1,358,834)	(1,321,266)
Grants and subsidies paid	34	(208,921)	(184,095)	(212,081)	(184,095)
Housing - Development Expenditure		(200)	(3,568)	(200)	(3,568)
Impairment Loss - Investment in Municipal Entities		-	-	(75,876)	-
General Expenses	36	(2,022,985)	(2,010,674)	(1,939,310)	(1,926,188)
Total expenditure		(28,113,549)	(26,650,192)	(27,865,016)	(26,340,624)
Surplus before taxation		4,260,221	3,018,550	4,225,094	3,100,882
Taxation	49	3,830	4,334	-	-

* See Note 42

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Statement of Financial Performance

Figures in Rand thousand	Note(s)	Group		Municipality	
		2016	2015 Restated*	2016	2015 Restated*
Surplus for the year		4,256,391	3,014,216	4,225,094	3,100,882

* See Note 42

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

STATEMENT OF CHANGES IN NET ASSETS

	Housing development fund	Accumulated surplus	Total net assets
Figures in Rand thousand			
Group			
Opening balance as previously reported	170,764	29,277,602	29,448,366
Adjustments			
Prior year adjustments (prior to 2014/15)	-	(79,167)	(79,167)
Balance at July 01, 2014 as restated*	170,764	29,198,435	29,369,199
Changes in net assets			
Surplus for the year as previously reported	-	2,948,740	2,948,740
Transfer: Housing Development Fund	(17,840)	17,840	-
Total changes	(17,840)	2,966,580	2,948,740
Opening balance as previously reported	152,924	32,165,015	32,317,939
Adjustments			
Prior year adjustments (2014/15)	-	65,476	65,476
Balance at July 01, 2015 as restated*	152,924	32,230,491	32,383,415
Changes in net assets			
Surplus for the year	-	4,256,391	4,256,391
Transfer of Investment in DPDC (Pty)Ltd	-	57,893	57,893
Reversal of Prior year Impairment :DPDC	-	2,750	2,750
Transfer: Housing Development Fund	(29,412)	29,412	-
Total changes	(29,412)	4,346,446	4,317,034
Balance at June 30, 2016	123,512	36,576,937	36,700,449
Note(s)			
Municipality			
Opening balance as previously reported	170,764	28,859,207	29,029,971
Adjustments			
Prior year adjustments (prior to 2014/15)	-	(79,167)	(79,167)
Balance at July 01, 2014 as restated*	170,764	28,780,040	28,950,804
Changes in net assets			
Surplus for the year as previously reported	-	3,035,405	3,035,405
Transfer: Housing Development Fund	(17,840)	17,840	-
Total changes	(17,840)	3,053,245	3,035,405
Opening balance	152,924	31,833,285	31,986,209
Adjustments			
Prior year adjustments (2014/15)	-	65,476	65,476
Balance at July 01, 2015 as restated*	152,924	31,898,761	32,051,685
Changes in net assets			
Surplus for the year	-	4,225,094	4,225,094
Transfer: Housing Development Fund	(29,412)	29,412	-
Total changes	(29,412)	4,254,506	4,225,094
Balance at June 30, 2016	123,512	36,153,267	36,276,779
Note(s)			

* See Note 42

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Cash Flow Statement

Figures in Rand thousand	Note(s)	Group		Municipality	
		2016	2015 Restated*	2016	2015 Restated*
Cash flows from operating activities					
Receipts					
Ratepayers, Government and other		29,616,321	26,583,447	29,329,224	26,320,909
Interest income		787,285	555,686	764,893	537,585
		30,403,606	27,139,133	30,094,117	26,858,494
Payments					
Employee costs and suppliers		(22,393,698)	(22,148,061)	(22,159,416)	(21,899,479)
Finance costs		(968,805)	(950,565)	(971,776)	(953,433)
Taxes on surpluses	54	(3,830)	(4,334)	-	-
		(23,366,333)	(23,102,960)	(23,131,192)	(22,852,912)
Net cash flows from operating activities	37	7,037,273	4,036,173	6,962,925	4,005,582
Cash flows from investing activities					
Purchase of property, plant and equipment	12	(4,806,591)	(4,632,039)	(4,768,279)	(4,603,084)
Proceeds from sale of property, plant and equipment	12	14,543	57,709	14,420	57,285
Purchase of other intangible assets	13	(105,277)	(137,185)	(103,108)	(136,073)
Purchases of heritage assets	14	(4,542)	(482)	(4,542)	(482)
Decrease in Joint Venture Loan account	14	-	-	-	101
Movement in investment in Municipal Entity		-	-	(90,000)	-
(Increase) / decrease in non-current receivables		10,318	(9,672)	10,318	(11,400)
Net cash flows from investing activities		(4,891,549)	(4,721,669)	(4,941,191)	(4,693,653)
Cash flows from financing activities					
Proceeds from external borrowings		-	1,000,000	-	1,000,000
Repayment of external borrowings		(1,096,160)	(1,007,396)	(1,004,787)	(1,006,570)
Net cash flows from financing activities		(1,096,160)	(7,396)	(1,004,787)	(6,570)
Net increase/(decrease) in cash and cash equivalents		1,049,564	(692,892)	1,016,947	(694,641)
Cash and cash equivalents at the beginning of the year		6,166,765	6,859,657	5,898,757	6,593,398
Cash and cash equivalents at the end of the year	10	7,216,329	6,166,765	6,915,704	5,898,757

* See Note 42

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Appropriation Statement

Figures in Rand thousand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments (i.t.o. s28 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
Group - 2016											
Financial Performance											
Property rates	5,936,803	-	5,936,803	-	-	5,936,803	6,332,869	-	396,066	107 %	107 %
Service charges	16,609,914	1,335	16,611,249	-	-	16,611,249	15,597,272	-	(1,013,977)	94 %	94 %
Investment revenue	760,535	3,522	764,057	-	-	764,057	787,285	-	23,228	103 %	104 %
Transfers recognised - operational	2,640,037	(138,249)	2,501,788	-	-	2,501,788	2,439,256	-	(62,532)	98 %	92 %
Other own revenue	3,586,997	89,596	3,676,593	-	-	3,676,593	3,886,057	-	209,464	106 %	108 %
Total revenue (excluding capital transfers and contributions)	29,534,286	(43,796)	29,490,490	-	-	29,490,490	29,042,739	-	(447,751)	98 %	98 %
Employee costs	(7,970,603)	3,285	(7,967,318)	-	-	(7,967,318)	(8,251,752)	-	(284,434)	104 %	104 %
Remuneration of councillors	(98,554)	(7,466)	(106,020)	-	-	(106,020)	(105,334)	-	686	99 %	107 %
Debt impairment	(644,931)	(329,845)	(974,776)	-	-	(974,776)	(1,391,264)	-	(416,488)	143 %	216 %
Depreciation and asset impairment	(2,145,381)	5,603	(2,139,778)	-	-	(2,139,778)	(1,972,414)	-	167,364	92 %	92 %
Finance charges	(1,427,941)	(75,266)	(1,503,207)	-	-	(1,503,207)	(968,805)	-	534,402	64 %	68 %
Materials and bulk purchases	(9,766,032)	82,072	(9,683,960)	-	-	(9,683,960)	(9,464,736)	-	219,224	98 %	97 %
Transfers and grants	(222,501)	5,324	(217,177)	-	-	(217,177)	(208,921)	-	8,256	96 %	94 %
Other expenditure	(7,160,115)	(243,168)	(7,403,283)	-	-	(7,403,283)	(5,750,323)	-	1,652,960	78 %	80 %
Total expenditure	(29,436,058)	(559,461)	(29,995,519)	-	-	(29,995,519)	(28,113,549)	-	1,881,970	94 %	96 %
Surplus/(Deficit)	98,228	(603,257)	(505,029)	-	-	(505,029)	929,190	-	1,434,219	(184)%	(184)%

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

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	3,564,953	(161,417)	3,403,536	-	-	3,403,536	3,331,031		(72,505)	98 %	93 %
Surplus (Deficit) after capital transfers and contributions	3,663,181	(764,674)	2,898,507	-	-	2,898,507	4,260,221		1,361,714	147 %	116 %
Taxation	-	-	-	-	-	-	3,830		3,830	DIV/0 %	DIV/0 %
Surplus/(Deficit) for the year	3,663,181	(764,674)	2,898,507	-	-	2,898,507	4,256,391		1,357,884	147 %	116 %
Capital expenditure and funds sources											
Total capital expenditure	6,046,926	(631,010)	5,415,916	-	-	5,415,916	4,902,923		(512,993)	91 %	81 %
Sources of capital funds											
Transfers recognised - capital	3,564,953	(161,417)	3,403,536	-	-	3,403,536	3,331,031		(72,505)	98 %	93 %
Borrowing	1,000,000	(1,000,000)	-	-	-	-	-		-	DIV/0 %	- %
Internally generated funds	1,481,973	530,406	2,012,379	-	-	2,012,379	1,571,892		(440,487)	78 %	106 %
Total sources of capital funds	6,046,926	(631,011)	5,415,915	-	-	5,415,915	4,902,923		(512,992)	91 %	81 %

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

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	5,957,494	1,391,419	7,348,913	-	-	7,348,913	7,037,273		(311,640)	96 %	118 %
Net cash from (used) investing	(6,014,212)	631,010	(5,383,202)	-	-	(5,383,202)	(4,891,549)		491,653	91 %	81 %
Net cash from (used) financing	(109,189)	(805,347)	(914,536)	-	-	(914,536)	(1,096,160)		(181,624)	120 %	1,004 %
Net increase/(decrease) in cash and cash equivalents	(165,907)	1,217,082	1,051,175	-	-	1,051,175	1,049,564		(1,611)	100 %	(633)%
Cash and cash equivalents at the beginning of the year	5,156,693	1,010,117	6,166,810	-	-	6,166,810	6,166,765		(45)	100 %	120 %
Cash and cash equivalents at year end	4,990,786	2,227,199	7,217,985	-	-	7,217,985	7,216,329		(1,656)	100 %	145 %

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

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
Municipality - 2016											
Financial Performance											
Property rates	5,936,803	-	5,936,803	-	-	5,936,803	6,343,406	-	406,603	107 %	107 %
Service charges	16,609,914	1,335	16,611,249	-	-	16,611,249	15,640,700	-	(970,549)	94 %	94 %
Investment revenue	748,005	-	748,005	-	-	748,005	764,893	-	16,888	102 %	102 %
Transfers recognised - operational	2,640,037	87,865	2,727,902	-	-	2,727,902	2,439,256	-	(288,646)	89 %	92 %
Other own revenue	3,214,409	1,604	3,216,013	-	-	3,216,013	3,565,811	-	349,798	111 %	111 %
Total revenue (excluding capital transfers and contributions)	29,149,168	90,804	29,239,972	-	-	29,239,972	28,754,066	-	(485,906)	98 %	99 %
Employee costs	(7,826,569)	(6,288)	(7,832,857)	-	-	(7,832,857)	(8,114,523)	-	(281,666)	104 %	104 %
Remuneration of councillors	(98,554)	(7,466)	(106,020)	-	-	(106,020)	(105,334)	-	686	99 %	107 %
Debt impairment	(644,931)	(329,686)	(974,617)	-	-	(974,617)	(1,391,530)	-	(416,913)	143 %	216 %
Depreciation and asset impairment	(2,085,418)	52	(2,085,366)	-	-	(2,085,366)	(1,896,944)	-	188,422	91 %	91 %
Finance charges	(1,427,493)	(75,635)	(1,503,128)	-	-	(1,503,128)	(971,776)	-	531,352	65 %	68 %
Materials and bulk purchases	(9,766,032)	61,500	(9,704,532)	-	-	(9,704,532)	(9,464,736)	-	239,796	98 %	97 %
Transfers and grants	(222,501)	4,639	(217,862)	-	-	(217,862)	(212,081)	-	5,781	97 %	95 %
Other expenditure	(6,953,227)	83,439	(6,869,788)	-	-	(6,869,788)	(5,708,092)	-	1,161,696	83 %	82 %
Total expenditure	(29,024,725)	(269,445)	(29,294,170)	-	-	(29,294,170)	(27,865,016)	-	1,429,154	95 %	96 %
Surplus/(Deficit)	124,443	(178,641)	(54,198)	-	-	(54,198)	889,050	-	943,248	(1,640)%	714 %

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

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	3,564,953	101,297	3,666,250	-	-	3,666,250	3,331,031		(335,219)	91 %	93 %
Surplus (Deficit) after capital transfers and contributions	3,689,396	(77,344)	3,612,052	-	-	3,612,052	4,220,081		608,029	117 %	114 %
Share of surplus (deficit) of associate	-	-	-	-	-	-	(5,013)		(5,013)	- %	DIV/0 %
Surplus/(Deficit) for the year	3,689,396	(77,344)	3,612,052	-	-	3,612,052	4,225,094		613,042	117 %	115 %
Capital expenditure and funds sources											
Total capital expenditure	5,236,168	-	5,236,168	-	-	5,236,168	4,858,553		(377,615)	93 %	93 %
Sources of capital funds											
Transfers recognised - capital	2,858,195	468,734	3,326,929	-	-	3,326,929	3,331,031		4,102	100 %	117 %
Borrowing	1,000,000	-	1,000,000	-	-	1,000,000	-		(1,000,000)	- %	- %
Internally generated funds	1,377,973	(468,734)	909,239	-	-	909,239	1,527,522		618,283	168 %	111 %
Total sources of capital funds	5,236,168	-	5,236,168	-	-	5,236,168	4,858,553		(377,615)	93 %	93 %

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

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
Cash flows											
Net cash from (used) operating	5,790,242	(396,102)	5,394,140	-	-	5,394,140	6,962,925		1,568,785	129 %	120 %
Net cash from (used) investing	(5,901,766)	-	(5,901,766)	-	-	(5,901,766)	(4,941,191)		960,575	84 %	84 %
Net cash from (used) financing	(15,663)	-	(15,663)	-	-	(15,663)	(1,004,787)		(989,124)	6,415 %	6,415 %
Net increase/(decrease) in cash and cash equivalents	(127,187)	(396,102)	(523,289)	-	-	(523,289)	1,016,947		1,540,236	(194)%	(800)%
Cash and cash equivalents at the beginning of the year	5,002,698	896,102	5,898,800	-	-	5,898,800	5,898,757		(43)	100 %	118 %
Cash and cash equivalents at year end	4,875,511	500,000	5,375,511	-	-	5,375,511	6,915,704		(1,540,193)	129 %	142 %

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

ACCOUNTING POLICIES

1. Basis of preparation

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

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. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board

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 18 Segment Reporting
- 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 27 Agriculture GRAP
- GRAP 31 Intangible Assets
- GRAP 100 Non-current Assets Held for Sale and Discontinued Operations
- GRAP 103 Heritage Assets
- GRAP 104 Financial Instruments
- GRAP 105 Transfer of Functions between Entities Under Common Control
- GRAP 106 Transfer of Functions between Entities Not Under Common Control
- GRAP 107 Mergers

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

ACCOUNTING POLICIES

Accounting policies for material transactions, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3.

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 4: Transitional Provisions for Medium and Low Capacity Municipalities.
- Directive 5: Determining the GRAP reporting framework.
- Directive 6: Provisions for Revenue collected by SARS
- Directive 7: The Application of Deemed Cost on the Adoption of Standards of GRAP
- Directive 9: The Application of The Standards of GRAP by Trading Entities
- Directive 10: Application of The Standards of GRAP by Public Further Education And Training Colleges
- Directive 11: Measurement Bases following Initial Adoption of Standards of GRAP
- Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities

Interpretations of the Standards of GRAP

- IGRAP 1: Applying the Probability Test on Initial Recognition of Exchange Revenue
- IGRAP 2: Changes in Existing Decommissioning, Restoration and Similar Liabilities
- IGRAP 3: Determining Whether an Arrangement Contains a Lease
- IGRAP 4: Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- IGRAP5: 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 11: Consolidation - Special Purpose Entities
- IGRAP 12: Jointly Controlled Entities - Non-Monetary Contributions
- 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

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

- GRAP 20 Related Party Disclosures

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

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

ACCOUNTING POLICIES

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 32 and IGRAP 17: 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 exists 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 impairment criteria

GRAP 109: Accounting by Principals and Agents issued July 2015:

Compliance with this standard would have had an effect on presentation and disclosure. The information disclosed in accordance with this Standard shall be provided for each material principal-agent arrangement and in aggregate for other principal-agent arrangements.

A summary of the significant accounting policies are disclosed below.

These accounting policies are consistent with the previous year, unless otherwise stated.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the Municipality and its entities.

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.

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.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

ACCOUNTING POLICIES

1.4 Retirement Benefits (continued)

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, 2016

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 - RetirementDurban Pension Fund

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 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 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.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

ACCOUNTING POLICIES

1.4 Retirement Benefits (continued)

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 reimburses uShaka Management (Pty) Ltd for the cost of the provident fund which is governed by the pension's 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 (proprietary) Limited are members of the I.C.C pension fund which is 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.

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 5

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 notes. 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 the notes to the Financial Statements

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 recoverable future cash flow based on past recovery trends.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

ACCOUNTING POLICIES

1.5 Significant Judgements (continued)

Non-cash generating and cash generating Impairment testing

Management used the fair value less cost to sell to determine the recoverable amount of assets with an indefinite useful life and identifying assets that may have been impaired. Additional disclosure of these estimates is included in note - Impairment of assets

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 notes to Financial Statements.

Provisions are measured at the head of department's 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, 2016

ACCOUNTING POLICIES

1.6 Investment property

Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land and 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.

Subsequent Measurement

Investment property is measured using the cost model. Under the cost model, Investment properties 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. The fair value of Investment Properties is disclosed in the note for information purposes.

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 - 80years

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.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

ACCOUNTING POLICIES

1.7 Property, plant and equipment

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, to meet service delivery objectives, for rental to others, or for administrative purposes; and are expected to be used during more than one reporting period.

Initial Recognition

Property, plant and equipment are stated at cost. Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Subsequent Measurement

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and 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.

In accordance with GRAP 17, Property, Plant and Equipment, the useful life of an asset must be reviewed at least at each financial year-end, and, if expectations differ from previous estimates, the change must be treated as a change in an accounting estimate. This change would be applied prospectively and only impact the income statement during the year the estimate was revised.

However, if the asset has already reached the end of its estimated useful life, the change in useful life must be accounted for retrospectively as a correction of a prior period error in determination of the new useful life. This change would have an impact on accumulated surplus and the balance sheet.

The annual depreciation rates are based on the following estimated asset lives:-

Details	Years
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
• Lifts	20 years
• Building Improvements	10 years

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

ACCOUNTING POLICIES

1.7 Property, plant and equipment (continued)

• Heavy and Mobile Plant	7 - 10 years
• Furniture and fitting	2 - 20 years
• Vehicle	3 - 11 years
• Bins and containers	5 years
• Plant – General	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 – 80 years

The remaining useful life of an asset and the depreciation method is reviewed annually and any changes are recognized as a change in accounting estimate 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.

All assets are considered to have a nil residual value.

Derecognition:

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.

Where the Municipality replaces parts of an asset, it derecognises of 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 1.17 on Provisions.

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

ACCOUNTING POLICIES

1.8 Intangible assets

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

Initial Recognition

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

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

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale.
- It is technically feasible to complete the intangible asset.
- The municipality has the resources to complete the project.
- It is probable that the municipality will receive future economic benefits or service potential.
- Its ability to use or sell the intangible asset.
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

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.

Subsequent Measurement

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test. Expenditure on an intangible asset is recognised as an expense when it is incurred unless it forms part of the cost of an intangible asset that meets the recognition criteria. Residual value of intangible assets is estimated to be nil.

Amortisation and Impairment

Intangible assets are amortised on a straight line method over their estimated useful lives, as follows:-

Details	Years
Computer Software	5 - 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 that an asset may be impaired. An assessment of whether there is an indication of possible impairment 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.

Derecognition:

Intangible assets are derecognized 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 intangible asset is determined as the difference between the net proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.9 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.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

ACCOUNTING POLICIES

1.9 Heritage assets (continued)

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 value as at the date of acquisition. If at Initial recognition, the Municipality cannot reliably measure its cost, the relevant and useful information about the heritage asset is disclosed in the notes to the financial statements.

Subsequent measurement

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

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.

1.10 Investments in Municipal Entities

Group annual financial statements

Investments in controlled entity are consolidated in the group annual financial statements. Refer to the accounting policy on Consolidations (Note).

Municipality annual financial statements

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

Investments in municipal entities under the ownership or 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 assess 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.

1.11 Interest in joint ventures

Group annual financial statements

An interest in a joint venture is accounted for using the proportionate consolidation method. 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.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

ACCOUNTING POLICIES

1.11 Interest in joint ventures (continued)

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.

1.12 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.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

ACCOUNTING POLICIES

1.12 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.

Debtors

Debtors are initially recognised at fair value plus any transaction costs and subsequently measured at amortised 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 provision for impairment is measured as the difference between the assets' carrying amount and the estimated recoverable future cash flow based on past recovery trends. 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.

Creditors

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

Cash and cash equivalents

These are initially and subsequently recorded at fair value.

For cash flow purposes cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments, and bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred.

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

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

ACCOUNTING POLICIES

1.12 Financial instruments (continued)

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

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

Fixed and Negotiable Deposits

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

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

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

1.13 Taxation

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

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

Deferred tax asset are recognised to the extent that is probable that the future taxable profit will be available against which temporary differences will be utilised

1.14 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.

1.15 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 (land is not depreciated) 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.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

ACCOUNTING POLICIES

1.16 Inventories

Initial Recognition

Inventories are initially recognised 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.

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

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

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.

1.17 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.

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

ACCOUNTING POLICIES

1.18 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.

1.19 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.

1.20 Budget Information

The budget has been included in the Annual Financial Statements in accordance with GRAP 24. An approved budget is the anticipated revenue and expenditure expected to apply in the annual or multi-year period based on current plans and approved by the Municipal Council. 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.

Comparative information is not required.

1.21 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.

1.22 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.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

ACCOUNTING POLICIES

1.23 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.

1.24 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 34.

1.25 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, 2016

ACCOUNTING POLICIES

1.25 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 (Proprietary) Limited recognises revenue from entrance parking fees and sales immediately upon receipt.

All other revenue is recognised as it accrues.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

ACCOUNTING POLICIES

1.25 Revenue (continued)

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 based 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.

1.26 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, regardless of how the borrowing costs are applied.

1.27 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.

1.28 Comparatives information

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.

1.29 Unauthorised expenditure

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

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

ACCOUNTING POLICIES

1.30 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.

1.31 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), 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, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2016	2015	2016	2015
2. Inventories				
Unsold Properties held for re-sale	152,129	55,553	-	-
Food and beverages	3,193	2,405	-	-
Consumable stores	333,305	341,731	332,112	340,726
Maintenance materials	89	72	89	72
Water	13,630	12,640	13,630	12,640
Merchandise	2,336	2,541	-	-
	504,682	414,942	345,831	353,438

The cost of inventories recognised as an expense during the period in respect of water sales was R1 729m (2015: R1 662m).

3. Loan to municipal entity

Controlled entity

ICC Durban (Proprietary) Limited	-	-	-	226,590
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This loan was re-classified to Investments in Municipal Entities in the current year. In the prior year this loan was unsecured, interest free and had no fixed date of repayment. The shareholder had not requested repayment of the loan since cash and cash equivalents of the entity had been allocated to future expenditure such that the entity maintained an acceptable standard within the world conferencing environment.

4. Investments

Designated at fair value

Fixed deposit	6,620,000	5,499,990	6,620,000	5,499,990
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Non-current assets

Fixed Deposit	-	500,000	-	500,000
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Current assets

Fixed Deposit	6,620,000	4,999,990	6,620,000	4,999,990
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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)	(1,105,719)	(1,076,876)	(1,105,719)	(1,076,876)
Prepayments	40,965	40,458	36,902	37,389
Provision for Bad Debts - DOHS	(2,213,844)	(2,018,471)	(2,213,844)	(2,018,471)
Other Debtors (mainly in respect of sundry services and interest on outstanding debt)	3,015,354	2,145,665	2,994,977	2,123,487
Debtor - DOHS	3,552,306	3,389,321	3,552,306	3,389,321
Accruals	173,233	433,077	173,233	433,077
	3,462,295	2,913,174	3,437,855	2,887,927

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2016	2015	2016	2015
6. Receivables from non-exchange transactions				
Fines	1,727,015	1,191,515	1,727,015	1,191,515
Provision for Bad Debts - Traffic Fines	(1,489,674)	(953,212)	(1,489,674)	(953,212)
	237,341	238,303	237,341	238,303
7. VAT				
VAT reconciliation				
VAT payable	(49,962)	(78,988)	(58,741)	(82,316)
Net Vat	(49,962)	(78,988)	(58,741)	(82,316)
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	2,390,308	2,164,207	2,390,308	2,164,207
Electricity	1,136,978	1,350,460	1,136,978	1,350,460
Water	1,728,057	1,479,077	1,737,510	1,482,316
Refuse	147,485	120,439	147,485	120,439
Business service levies	-	3,765	-	3,765
Housing rental	78,996	64,790	78,996	64,790
Waste water	288,762	251,215	288,762	251,215
ICC Debtors	4,635	4,630	-	-
	5,775,221	5,438,583	5,780,039	5,437,192
Less: Allowance for impairment				
Rates	(960,090)	(961,000)	(960,090)	(961,000)
Electricity	(249,531)	(195,907)	(249,531)	(195,907)
Water	(1,507,658)	(1,081,604)	(1,507,658)	(1,081,604)
Refuse	(51,964)	(80,130)	(51,964)	(80,130)
Business service levies	-	(3,765)	-	(3,765)
Housing rental	(72,369)	(56,813)	(72,369)	(56,813)
Waste water	(165,914)	(132,805)	(165,914)	(132,805)
ICC Debtors	-	(657)	-	-
	(3,007,526)	(2,512,681)	(3,007,526)	(2,512,024)
Net balance				
Rates	1,430,218	1,203,207	1,430,218	1,203,207
Electricity	887,447	1,154,553	887,447	1,154,553
Water	220,399	397,473	229,852	400,712
Refuse	95,521	40,309	95,521	40,309
Housing rental	6,627	7,977	6,627	7,977
Waste water	122,848	118,410	122,848	118,410
ICC Debtors	4,635	3,973	-	-
	2,767,695	2,925,902	2,772,513	2,925,168

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2016	2015	2016	2015
8. Consumer debtors (continued)				
Included in above is receivables from exchange transactions				
Electricity	887,447	1,154,553	887,447	1,154,553
Water	220,399	397,473	229,852	400,712
Waste water	122,848	118,410	122,848	118,410
Refuse	95,521	40,309	95,521	40,309
Housing rental	6,627	7,977	6,627	7,977
ICC Debtors	4,635	3,973	-	-
	1,337,477	1,722,695	1,342,295	1,721,961
Included in above is receivables from non-exchange transactions (taxes and transfers)				
Rates	1,430,218	1,203,207	1,430,218	1,203,207
Net balance	2,767,695	2,925,902	2,772,513	2,925,168
Rates				
Current (0 -30 days)	973,640	213,242	973,640	213,242
31 - 60 days	100,608	63,404	100,608	63,404
61 - 90 days	38,693	46,182	38,693	46,182
91 - 120 days	29,861	40,554	29,861	40,554
121 - 365 days	935,282	1,540,640	935,282	1,540,640
> 365 days	312,224	260,185	312,224	260,185
	2,390,308	2,164,207	2,390,308	2,164,207
Electricity, Water, Solid Waste and Waste Water				
Current (0 -30 days)	1,097,279	1,216,835	1,106,552	1,220,074
31 - 60 days	212,240	263,958	212,240	263,958
61 - 90 days	90,253	79,530	90,253	79,530
91 - 120 days	77,241	72,923	77,421	72,923
> 365 days	1,824,269	1,567,945	1,824,269	1,567,945
	3,301,282	3,201,191	3,310,735	3,204,430
Regional services levies				
> 365 days	-	3,765	-	3,765
Housing rental				
Current (0 -30 days)	6,833	7,416	6,833	7,416
31 - 60 days	1,743	1,146	1,743	1,146
61 - 90 days	1,275	1,240	1,275	1,240
91 - 120 days	1,415	1,218	1,415	1,218
121 - 365 days	67,730	53,770	67,730	53,770
	78,996	64,790	78,996	64,790

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2016	2015	2016	2015
8. Consumer debtors (continued)				
I.C.C. Debtors				
Current (0 -30 days)	4,535	23	-	-
31 - 60 days	29	3,079	-	-
61 - 90 days	12	-	-	-
91 - 120 days	-	1,528	-	-
121 - 365 days	59	-	-	-
	4,635	4,630	-	-
Reconciliation of allowance for impairment				
Balance at beginning of the year	(2,512,681)	(2,008,961)	(2,512,024)	(2,008,078)
Contributions to allowance	(576,626)	(615,041)	(577,102)	(615,257)
Debt impairment written off against allowance	81,781	111,321	81,600	111,311
	(3,007,526)	(2,512,681)	(3,007,526)	(2,512,024)
9. Long-term receivables				
Loan: DPDC	96,585	171,671	96,585	171,671
Housing Selling scheme loans	124,153	126,864	124,153	126,864
First Metro Housing Loans	11,929	13,077	11,929	13,077
Land sales	1,010	2,101	1,010	2,101
Education Loans	10,682	15,478	10,682	15,478
Debt Impairment: DPDC	(96,585)	(171,671)	(96,585)	(171,671)
Debt Impairment:Housing Selling scheme loans	(64,362)	(63,790)	(64,362)	(63,790)
	83,412	93,730	83,412	93,730
Less: Current portion transferred to current receivables				
Housing Selling scheme loans	37,873	5,119	37,873	5,119
First Metro Housing Loans	828	1,147	828	1,147
Land sales	1,010	2,101	1,010	2,101
Education Loans	1,884	2,599	1,884	2,599
	41,595	10,966	41,595	10,966
Long-term receivables - Non-current portion	41,817	82,764	41,817	82,764
Long-term receivables - Current portion	41,595	10,966	41,595	10,966

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.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2016	2015	2016	2015

10. Cash and Bank Balances

Refer to note 48 for details on Bank accounts and balances.

Cash and cash equivalents consist of:

Cash on hand	11,754	19,673	11,160	18,330
Bank balances	1,008,364	863,485	919,553	802,933
Bank balances and cash	1,020,118	883,158	930,713	821,263
Bank overdraft	(830,009)	(687,496)	(830,009)	(687,496)
	190,109	195,662	100,704	133,767
Call Investment Deposits	406,220	471,113	195,000	265,000
Investments	6,620,000	5,499,990	6,620,000	5,499,990
Cash and Cash Equivalents	7,216,329	6,166,765	6,915,704	5,898,757

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand

11. Investment property

Group	2016		2015			
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Revenue Generating	191,620	(75,087)	116,533	193,069	(69,438)	123,631
Non-revenue Generating	196,577	(7,834)	188,743	196,597	(7,085)	189,512
Total	388,197	(82,921)	305,276	389,666	(76,523)	313,143
Municipality	2016		2015			
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Revenue Generating	102,359	(48,484)	53,875	102,359	(43,802)	58,557
Non-revenue Generating	196,577	(7,834)	188,743	196,597	(7,085)	189,512
Total	298,936	(56,318)	242,618	298,956	(50,887)	248,069

Reconciliation of investment property - Group - 2016

	Opening balance	Disposals	Impairments	Depreciation	Total
Revenue Generating	123,631	-	(2,821)	(4,277)	116,533
Non-revenue Generating	189,512	(20)	(749)	-	188,743
	313,143	(20)	(3,570)	(4,277)	305,276

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand

11. Investment property (continued)

Reconciliation of investment property - Group - 2015

	Opening balance	Disposals	Impairments	Depreciation	Total
Revenue Generating	128,049	-	-	(4,418)	123,631
Non-revenue Generating	196,632	(35)	(7,085)	-	189,512
	324,681	(35)	(7,085)	(4,418)	313,143

Reconciliation of investment property - Municipality - 2016

	Opening balance	Disposals	Impairments	Depreciation	Total
Revenue Generating	58,557	-	(2,821)	(1,861)	53,875
Non-revenue Generating	189,512	(20)	(749)	-	188,743
	248,069	(20)	(3,570)	(1,861)	242,618

Reconciliation of investment property - Municipality - 2015

	Opening balance	Disposals	Impairments	Depreciation	Total
Revenue Generating	60,284	-	-	(1,727)	58,557
Non-revenue Generating	196,632	(35)	(7,085)	-	189,512
	256,916	(35)	(7,085)	(1,727)	248,069

Municipality

The fair value of the above properties is R3.4billion (2015:R3.5billion). 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 R70.2million (2015: R81.6million). The operating costs related to the rental of these properties amounted to R17.1million (2015: R18.3million).

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2016	2015	2016	2015

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 R141 million (2015: R136 million) based on a valuation method of net rental return, capitalised at a fair value market rate of return of 12% (2015: 12%).

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand

12. Property, plant and equipment

Group	2016			2015		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land and Buildings	6,497,693	(1,534,887)	4,962,806	7,924,341	(1,341,601)	6,582,740
Infrastructure	40,941,406	(8,741,332)	32,200,074	35,213,079	(7,710,831)	27,502,248
Community	4,987,546	(987,385)	4,000,161	4,829,998	(862,069)	3,967,929
Other property, plant and equipment	7,598,091	(5,004,381)	2,593,710	7,336,655	(4,564,809)	2,771,846
Housing Development Fund	131,032	(83,535)	47,497	129,784	(66,190)	63,594
Total	60,155,768	(16,351,520)	43,804,248	55,433,857	(14,545,500)	40,888,357

Municipality	2016			2015		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land and Buildings	5,147,747	(1,059,086)	4,088,661	6,583,473	(911,646)	5,671,827
Infrastructure	40,941,406	(8,741,332)	32,200,074	35,213,079	(7,710,831)	27,502,248
Community	4,987,546	(987,385)	4,000,161	4,829,998	(862,069)	3,967,929
Other property, plant and equipment	7,339,651	(4,840,335)	2,499,316	7,106,357	(4,410,996)	2,695,361
Housing Development Fund	130,616	(67,357)	63,259	129,784	(66,190)	63,594
Total	58,546,966	(15,695,495)	42,851,471	53,862,691	(13,961,732)	39,900,959

Reconciliation of property, plant and equipment - Group - 2016

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

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	6,582,740	58,307	(813)	-	(1,484,142)	(193,286)	-	4,962,806
Infrastructure	27,502,248	1,819,829	(56)	-	3,908,575	(1,028,707)	(1,815)	32,200,074
Community	3,967,929	78,839	-	-	78,709	(121,412)	(3,904)	4,000,161
Other property, plant and equipment	2,771,846	331,843	(4,403)	(1,594)	14,438	(517,717)	(703)	2,593,710
Housing Development Fund	63,594	168	(104)	-	1,184	(17,345)	-	47,497
	40,888,357	2,288,986	(5,376)	(1,594)	2,518,764	(1,878,467)	(6,422)	43,804,248

Reconciliation of property, plant and equipment - Group - 2015

	Opening balance	Additions	Disposals	Transfers	Work in Progress	Depreciation	Impairment loss	Total
Land and Buildings	5,503,739	241,737	(144)	60	1,011,151	(173,803)	-	6,582,740
Infrastructure	25,525,075	1,629,279	(783)	17	1,309,021	(958,032)	(2,329)	27,502,248
Community	3,964,978	73,956	-	-	51,982	(120,229)	(2,758)	3,967,929
Other property, plant and equipment	3,004,146	342,809	(7,979)	(761)	(25,990)	(540,584)	205	2,771,846
Housing Development Fund	65,190	170	(172)	-	-	(1,594)	-	63,594
	38,063,128	2,287,951	(9,078)	(684)	2,346,164	(1,794,242)	(4,882)	40,888,357

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand

12. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Municipality - 2016

	Opening balance	Additions	Disposals	Transfers	Work in Progress	Depreciation	Impairment loss	Total
Land and Buildings	5,671,827	48,364	-	-	(1,484,090)	(147,440)	-	4,088,661
Infrastructure	27,502,248	1,819,829	(56)	-	3,908,575	(1,028,707)	(1,815)	32,200,074
Community	3,967,929	78,839	-	-	78,709	(121,412)	(3,904)	4,000,161
Other property, plant and equipment	2,695,361	303,422	(3,960)	(1,594)	14,438	(507,648)	(703)	2,499,316
Housing Development Fund	63,594	168	(104)	-	1,184	(1,583)	-	63,259
	39,900,959	2,250,622	(4,120)	(1,594)	2,518,816	(1,806,790)	(6,422)	42,851,471

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	(128,575)	-	5,671,827
Infrastructure	25,525,075	1,629,279	(783)	17	1,309,021	(958,032)	(2,329)	27,502,248
Community	3,964,978	73,956	-	-	51,982	(120,229)	(2,758)	3,967,929
Other property, plant and equipment	2,930,560	314,658	(7,182)	(761)	(25,686)	(516,433)	205	2,695,361
Housing Development Fund	65,190	170	(172)	-	-	(1,594)	-	63,594
	37,034,405	2,258,692	(8,177)	(684)	2,346,468	(1,724,863)	(4,882)	39,900,959

Included in Property, Plant and Equipment above are items that are still in use and that have a historical cost of R442m (2015: R410m) but are fully depreciated. This amount is made up as follows: Landfill (Disposal sites) - R282million; PPE fully impaired - R160million. The Net Impairment loss of R6 422m is made up of reversal of impairment of R5 725m and the impairment loss of R12 147m.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand

13. Intangible assets

Group	2016			2015		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Servitudes	54,622	-	54,622	50,107	-	50,107
Computer software	1,259,191	(415,618)	843,573	1,109,559	(294,368)	815,191
Total	1,313,813	(415,618)	898,195	1,159,666	(294,368)	865,298
Municipality	2016			2015		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Servitudes	54,622	-	54,622	50,107	-	50,107
Computer software	1,254,217	(413,089)	841,128	1,106,752	(293,216)	813,536
Total	1,308,839	(413,089)	895,750	1,156,859	(293,216)	863,643

Reconciliation of intangible assets - Group - 2016

	Opening balance	Additions	Disposals	Transfers	Work in Progress	Amortisation	Total
Servitudes	50,107	4,515	-	-	-	-	54,622
Computer software	815,191	69,605	(22)	1,595	31,157	(73,953)	843,573
	865,298	74,120	(22)	1,595	31,157	(73,953)	898,195

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand

13. Intangible assets (continued)

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	726,659	84,595	(8)	719	50,918	(47,692)	815,191
	775,094	86,267	(8)	719	50,918	(47,692)	865,298

Reconciliation of intangible assets - Municipality - 2016

	Opening balance	Additions	Disposals	Transfers	Work in Progress	Amortisation	Total
Servitudes	50,107	4,515	-	-	-	-	54,622
Computer software	813,536	67,436	(20)	1,595	31,157	(72,576)	841,128
	863,643	71,951	(20)	1,595	31,157	(72,576)	895,750

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	724,964	83,483	(8)	719	50,918	(46,540)	813,536
	773,399	85,155	(8)	719	50,918	(46,540)	863,643

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2016	2015	2016	2015

14. Heritage assets

Group	2016			2015		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Art Collections, antiquities and exhibits	24,267	-	24,267	19,725	-	19,725

Municipality	2016			2015		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Art Collections, antiquities and exhibits	24,267	-	24,267	19,725	-	19,725

Reconciliation of heritage assets Group - 2016

	Opening balance	Additions	Transfers	Total
Art Collections, antiquities and exhibits	19,725	3,651	891	24,267

Reconciliation of heritage assets Group - 2015

	Opening balance	Additions	Transfers	Total
Art Collections, antiquities and exhibits	19,277	482	(34)	19,725

Reconciliation of heritage assets Municipality - 2016

	Opening balance	Additions	Transfers	Total
Art Collections, antiquities and exhibits	19,725	3,651	891	24,267

Reconciliation of heritage assets Municipality - 2015

	Opening balance	Additions	Transfers	Total
Art Collections, antiquities and exhibits	19,277	482	(34)	19,725

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2016	2015	2016	2015

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. These are categories of Heritage assets which reflect the number of assets for each category:

Ornithology	38,349	39,429
Mammalogy	14,617	18,741
Entomology	140,024	140,474
Arachnology	619	706
Echinodermata	36	36
Palaeontology	33,302	184,200
Ethnographic	11,759	4,100
Library collection	4,794	3,260
Conchology	5,126	
Audio Visual collection	3,668	625
Numismatic	2,464	
Textile & Costume	14,442	13,183
Glass & Ceramics	7,863	3,366
Other Historical	1,105	17,938
Don Africana Books & Periodicals	4,556	3,471
Exhibitions	894	451
Ichthyology	351	246
Herpetology	2,757	3,073
Biographical	1,191	12,470
Toys	4,415	2,669
Philately	2,247	1,918,566
War memorials	113	1,950
Firearms	168	154
Paintings	7,365	523
Photographic	3,846,903	23,000
Furniture	674	
Documents / Cartoons / Plans	633,597	
Pinetown Library Collection	228	985

Heritage assets which fair values cannot be reliably measured

Some of the items as previously reported above have been reclassified in the current year in terms of the categories. The Municipality has undertaken valuations to determine fair values of its Heritage Assets. Heritage assets have been under review since 2011, with an effort to ensure that the Municipality complies with collections management principles, as well as GRAP 103 compliance.

The Municipality did apply a valuation methodology and completed the exercise on certain classes of Heritage Assets after extensive research, reviewing benchmarks, both nationally and internationally, including consulting research papers that have been compiled on this subject matter.

On some classes of Heritage Assets the Municipality has started the process of creating a comprehensive inventory of heritage assets and have developed an action plan to assist the completion of this task.

Because there is no active market for some of the items of Heritage Assets, the municipality is currently testing various valuation methodologies in order to determine the fair value of the Heritage Assets, however, GRAP 103 does allow the entity to determine fair value by using a replacement cost approach in cases where there is no active market and the Municipality has followed this approach.

No Heritage Assets were pledged as security for liabilities during the financial year end.

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2016	2015	2016	2015
15. Investments in Municipal Entities				
Name of company	% holding 2016	% holding 2015	Carrying amount 2016	Carrying amount 2015
Durban Marine Theme Park (State Owned Company) Limited	100.00 %	99.80 %	962,996	872,996
ICC Durban (Proprietary) Limited - Shareholders Loan	- %	- %	226,590	-
ICC Durban (Proprietary) Limited - Share capital	100.00 %	100.00 %	1	1
			1,189,587	872,997
Impairment of investment in controlled entities			(280,808)	(204,932)
			908,779	668,065

The Shareholders loan was re-classified from "Loan to Municipal Entities" in the current year. At its meeting on 22 June 2016, and taking cognizance of the International Convention Centre and Durban Marine Theme Park, Council 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". Impairment for the year amounted to R75 876m (2015: impairment reversal of R84 631m).

As at June 30, 2016

	ICC Durban (Proprietary) Limited	Durban Marine Theme Park (SOC)
Issued Share Capital (R'000)	1	10
Percentage owned by Council (%)	100	100
Indebtedness of Municipal Entities (R'000)- Non Interest Bearing	226,590	-
Electricity Income Received (R'000)	10,762	20,904
Water Income Received (R'000)	1,535	8,193
Rates Income Received (R'000)	5,687	3,851
Refuse Removal (R'000)	940	1,082
Insurance (R'000)	-	494

As at June 30, 2015

	ICC Durban (Proprietary) Limited	Durban Marine Theme Park (Proprietary) Limited
Issued Share Capital (R'000)	1	9
Percentage owned by Council (%)	100	99
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

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2016	2015	2016	2015
16. Interest in joint ventures				
Name of company	Listed / Unlisted	Carrying amount 2016	Carrying amount 2015	
Effingham development	66.74%	74,309	66,546	
Durban Point Development Company (Pty) Ltd	50.00%	75,716	-	
		150,025	66,546	
Impairment of DPDC Joint Venture		(75,716)	-	
		74,309	66,546	

This represents a 66.74% investment in Effingham Development and a 50% investment in Durban Point Development Company (Joint Ventures).

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.

In September 2015 EtheKwini Municipality acquired a 50% shareholding in Durban Point Development Company from the Durban Infrastructure Development Trust. The acquisition was approved via a Council resolution dated 29 August 2014.

The Durban Infrastructure Development Trust was established as a private Trust. The objective of the Trust was to promote development within the area of jurisdiction of Ebhodwe (now part of EtheKwini Municipality). The Trust was involved in the development of the ICC, Ushaka Marine World and Durban Development. For the purposes of the Point Development, the Trust entered into a Joint Venture with Rocpoint Company, a Malaysian Company, to form the Durban Point Development Company. This company has been driving the development of the Point Precinct. The project stalled when the Malaysians withdrew because of an economic meltdown in their country. They are now in a position to continue with the project.

The Trust had loan accounts owing to the Municipality. The loans granted by the Municipality to the Trust were equal to the Trust's right, title and interest in the shares and loan accounts held in Durban Point Development Company.

Based on the annual impairment test performed, the interest in Durban Point Development Company was considered to be impaired.

Summary of the municipality's interest in the joint venture - Effingham Development

Non-current assets

Township Property	58,779	55,553
Current assets - Debtors	16,062	22,081
Current assets - Bank Balances and Cash on hand	20,665	13,110

Total Assets	95,506	90,744
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Equity and Liabilities

Members Loan Accounts	74,309	66,546
Current liabilities - Creditors	21,197	24,198

Total Equity and Liabilities	95,506	90,744
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Reconciliation of Investment in Joint Venture

Balance at beginning of year	66,546	61,678
Share of Income for the year	7,763	4,969
Payment made	-	(101)
Balance at end of year	74,309	66,546

Summary of the municipality's interest in the joint venture - Durban Point Development Company

Non-current assets - Property	2,675
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eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2016	2015	2016	2015
16. Interest in joint ventures (continued)				
Current assets - Debtors			1,639	
Current assets - Inventory			93,350	
Current assets - Bank Balances and Cash on hand			1,279	
TOTAL ASSETS			98,943	
Equity - Accumulated Loss			(20,573)	
Equity - Loans from shareholders			78,466	
Non-current liability - Rates Liability			39,558	
Current Liabilities - Creditors			1,492	
TOTAL EQUITY AND LIABILITIES			98,943	

17. External Borrowings

Designated at fair value

Annuity loan	9,236,359	10,242,519	9,236,359	10,241,146
Debenture	-	90,000	-	-
	9,236,359	10,332,519	9,236,359	10,241,146

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

Refer to Note 53 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 R5m for the year 2016/17 (excluding VAT).

All other loans are unsecured.

The Municipality has budgeted to borrow R1billion per annum for the next 3 financial years (commencing in 2016/17) in order to finance capital expenditure. This practice is consistent with prior years.

Non-current liabilities

Designated at fair value	8,170,657	9,249,745	8,170,657	9,249,268
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Current liabilities

Designated at fair value	1,065,702	1,082,774	1,065,702	991,878
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18. Payables from exchange transactions

Trade payables	1,791,088	2,328,223	1,768,754	2,305,740
Payments received in advance	53,770	47,357	53,703	47,215
Income received in advance - D.O.H.S	822,203	709,954	822,203	709,954
Other payables	2,277,412	1,354,326	2,243,884	1,368,864
Retentions	286,662	219,315	286,662	219,315
Bank deposits not receipted	427,327	206,338	427,327	206,338
Staff leave	461,580	436,246	461,580	436,246
Deferred Expenditure (Straight-lining of Leases)	31,131	29,513	31,131	29,513
	6,151,173	5,331,272	6,095,244	5,323,185

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2016	2015	2016	2015
19. Consumer deposits				
I.C.C.: Clients deposits	40,872	18,988	-	-
Electricity	1,323,037	1,178,134	1,324,634	1,179,569
Water	346,659	309,047	346,659	309,047
Interest	232,527	204,442	232,527	204,442
Ushaka: Rental deposits	2,434	2,079	-	-
	1,945,529	1,712,690	1,903,820	1,693,058

Included in eThekwini Municipality's deposits is an accrual of interest at an effective interest rate of 3% per annum (2015: 3%) which is paid to consumers when deposits are refunded.

20. Employee benefit obligations

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

Carrying value

Post-employment medical benefits	(3,881,543)	(3,497,714)	(3,881,543)	(3,497,714)
Post-employment pension benefits	377,616	523,431	377,616	523,431
	(3,503,927)	(2,974,283)	(3,503,927)	(2,974,283)
Non-current liabilities	(2,949,887)	(2,353,172)	(2,949,887)	(2,353,172)
Current liabilities	(554,040)	(621,111)	(554,040)	(621,111)
	(3,503,927)	(2,974,283)	(3,503,927)	(2,974,283)

Actuarial Valuations:

The actuarial valuations were done by Independent Actuaries & Consultants, 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 gains and losses.

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

Actuarial gains and (losses) arising from changes in financial assumptions	(9,767)	(46,189)	(9,767)	(46,189)
Actuarial gains and (losses) arising from changes in demographic assumptions	-	202,692	-	202,692
Actuarial gains and (losses) arising from experience adjustments	(21,796)	(179,321)	(21,796)	(179,321)
	(31,563)	(22,818)	(31,563)	(22,818)

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

Change in economic assumptions	(247,821)	169,863	(247,821)	169,863
Experience variance and data changes	295,875	340,906	295,875	340,906
	48,054	510,769	48,054	510,769

Statement of Financial Performance obligation for:

Contribution to Post-employment medical benefits	502,088	472,748	502,088	472,748
Pension Benefits: Contribution to Funds	195,368	(153,564)	195,368	(153,564)
Total, included in employee benefits expense	697,456	319,184	697,456	319,184

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2016	2015	2016	2015

20. Employee benefit obligations (continued)

Post-Retirement Medical Aid Plan

The municipality operates on 6 accredited medical aid schemes, namely Key Health, Hosmed, Bonitas, Samwumed, Discovery 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	3,497,714	3,132,817	3,497,714	3,132,817
Current service cost	157,146	152,312	157,146	152,312
Interest cost	313,379	297,618	313,379	297,618
Actuarial (gains) losses	31,563	22,818	31,563	22,818
Benefit payments	(118,259)	(107,851)	(118,259)	(107,851)
Balance at end of year	3,881,543	3,497,714	3,881,543	3,497,714

Net expense recognised in the Statement of financial performance

Current service cost	157,146	152,312	157,146	152,312
Interest cost	313,379	297,618	313,379	297,618
Actuarial (gains) losses	31,563	22,818	31,563	22,818
Total, included in employee benefits expense	502,088	472,748	502,088	472,748

Trend Information - Disclosure Requirement in terms of GRAP 25

	30 June 2012	30 June 2013	30 June 2014	30 June 2015	30 June 2016
Present Value of Obligations	(2,752,683)	(2,867,471)	(3,132,817)	(3,497,714)	(3,881,543)
Fair Value of Plan Assets	2,752,683	2,867,471	3,132,817	3,497,714	3,881,543

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

In respect of Present Value of Obligations	(162,839)	(179,531)	(120,563)	183,275	(21,796)
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eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2016	2015	2016	2015

20. Employee benefit obligations (continued)

Disclosure Requirement in terms of GRAP 25

	Health Care cost Inflation			
	Central Assumption	-0.5%	+0.5%	
Accrued Liability June 30, 2016	8.76%	3,881,543	3,570,933	4,232,018
Current Service Cost + Interest Cost 2015/16		470,525	509,589	624,571

Sensitivity Results from Previous Valuation

	Central Assumption			
	7.92%	-1%	+1%	
Accrued Liability June 30, 2015	7.92%	3,497,714	3,131,796	3,973,737
Current Service Cost + Interest Cost 2012/13		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 R129.2million.

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	9.74 %	8.91 %	9.74 %	8.91 %
General increases to medical aid contributions	8.76 %	7.92 %	8.76 %	7.92 %
Salary Inflation	8.76 %	7.40 %	8.76 %	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 %	80.00 %	80.00 %	80.00 %
Real rate (Gap)	0.90 %	0.92 %	0.90 %	0.92 %
General Inflation	7.26 %	6.42 %	7.26 %	6.42 %

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 %

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2016	2015	2016	2015
20. Employee benefit obligations (continued)				
Pension benefits				
The amounts recognised in the Statement of Financial Position were determined as follows:				
Present value of funded obligations	11,257,690	10,695,658	11,257,690	10,695,658
Fair value of plan assets	(11,635,306)	(11,219,089)	(11,635,306)	(11,219,089)
Liability (Surplus) in the Statement of Financial Position	(377,616)	(523,431)	(377,616)	(523,431)
Net expense recognised in the statement of financial performance				
Service cost	(143,224)	(103,616)	(143,224)	(103,616)
Interest cost	(938,359)	(942,464)	(938,359)	(942,464)
Expected return on assets	980,823	1,287,090	980,823	1,287,090
Net actuarial gains / (losses) recognised in the year	(94,608)	(745,023)	(94,608)	(745,023)
Change in unrecognised due to net asset limit	-	657,577	-	657,577
	(195,368)	153,564	(195,368)	153,564
Movement in the defined benefit obligation is as follows:				
Balance at beginning of the year	(10,695,658)	(10,832,916)	(10,695,658)	(10,832,916)
Current service cost	(143,224)	(103,616)	(143,224)	(103,616)
Contributions by plan participants	(18,885)	(19,892)	(18,885)	(19,892)
Actuarial gains (losses)	48,054	510,769	48,054	510,769
Interest cost	(938,359)	(942,464)	(938,359)	(942,464)
Benefit payments	490,382	692,461	490,382	692,461
Balance at end of year	(11,257,690)	(10,695,658)	(11,257,690)	(10,695,658)
Movement in the fair value of plan assets is as follows:				
Balance at beginning of the year	11,219,089	11,808,164	11,219,089	11,808,164
Actuarial gains (losses)	(142,662)	(1,255,792)	(142,662)	(1,255,792)
Employer contributions	49,553	52,196	49,553	52,196
Employee contributions	18,885	19,892	18,885	19,892
Benefit payments	(490,382)	(692,461)	(490,382)	(692,461)
Expected return on assets	980,823	1,287,090	980,823	1,287,090
Balance at end of year	11,635,306	11,219,089	11,635,306	11,219,089

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2016	2015	2016	2015

20. Employee benefit obligations (continued)

Disclosure in terms GRAP 25

Defined benefit obligation	(11,257,690)	(10,695,658)	(11,257,690)	(10,695,658)
Plan assets	11,635,306	11,219,089	11,635,306	11,219,089
Funded status (before applying the net asset limit)	377,616	523,431	377,616	523,431
Experience adjustments on plan liabilities	(295,875)	(340,906)	(295,875)	(340,906)
Experience adjustments on plan assets	142,662	1,255,792	142,662	1,255,792

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 2016. The resulting expected return on plan assets was 9.7%p.a.

The actual return on plan assets (in accordance with paragraph 116 of GRAP 25) for the year ending 30 June 2016 was 0.27%p.a.

Key assumptions used

The principal actuarial assumptions used were as follows:

Discount rate	9.70	8.90	9.70	8.90
Expected return on plan assets	9.70	8.90	9.70	8.90
Future salary increases	8.30	7.40	8.30	7.40
Future pension increases	7.30	6.40	7.30	6.40

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2016	2015	2016	2015

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 %

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

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2016	2015	2016	2015

20. Employee benefit obligations (continued)

The KZN Municipal Pension Fund is a defined contribution fund and became operational on 2001-11-01. As at 30 June 2016 the KZN Municipal Pension Fund had a membership of 20 382 eThekwini staff with R10 765m invested. In the coming year 103 staff who will be turning 63 and are expected to retire. The Fund's in-house living annuity membership has increased to 92 with a total of R142,6m invested.

Most members are invested in the Fund's default portfolio, the 'Managed Fund' with a holding exceeding R9b. Coronation, Foord, Investec, and Prudential, are mandated to make asset allocation and investment decisions in line with a moderately aggressive investment objective given to this portfolio.

The 'Aggressive Fund' portfolio, an alternative investment choice available, has specialist investment mandates with an equity bias, the allocation of which is set to the maximum permitted through regulation.

As an indication, the annual return to the end of June 2016 of the Managed Fund was 6,2%, and against the trend, the Defensive Fund was the best performer at 9,4%. Such lower than normal returns reflect the correction that occurred in world investment markets over the last 12 months. Interestingly, the fact that the returns are firstly positive, and then, still above inflation, is largely due to gains made from the 25% offshore allocation.

The Fund continues to move towards becoming fully self-insured. In 2016 the disability insurance became fully self-insured and the death and funeral self-insurance increased from 20% to 40%. Of the Employer's 18% contribution, 14,664% is now invested into the member investment account, 0,385% is used for administration cost and related expenses, and 2,951% goes to the insurance premium. Considering that some years ago members banked less than 14% in terms of the employer contribution of 18%, the fewer death claims and lower expenses now evident is welcome news for members.

In the preceding 12 months the Fund continued on its member education drive, and again, the annual seminars were held and attracted an audience of some 6000 members. In recognition the Fund was honoured in winning the prestigious Batseta Member Education Fund Challenge Award. Another communication initiative, that of providing retiring members advice at the Front Office, SmartXchange Building, is a service that retiring members are encouraged to make use of.

The need to promote black owned and managed companies in the investment, pension, and insurance sector features important on the agenda of Trustees who are now regularly interacting with these emerging companies. Significant transformation has already occurred with contracts concluded for Insurance (Nestlife), Beneficiary Services (Bophelo), and Investments (Kagiso). An initiative to increase the investment allocation to good performing black owned asset managers is presently under review.

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 statutory valuation as at 2016-01-01 revealed that the Fund was 106.5% funded (interim 2015-01-01: 103.2%). The value of assets amounted to R11,27 billion (2015-01-01: R10.94 billion) whilst the value of liabilities was determined to be R10,59 billion (2014-01-01: R10.6 billion). The active member pool solvency reserve is 64.5% funded (2015-01-01: 51.3%) and the pensioner pool solvency reserve is 100% funded (2015-01-01: 100%).

Members and the employer contribute at the rate of 7.5% and 19.68% respectively with a further contribution of 9,3% being required to be funded by the employer surplus account and 1.38% from the contribution stabilization reserve account with effect 1 August 2016. In compliance with the Fund's rules an amount of R52.8 million (2014/15: R54.0 million) was contributed by Council in respect of retirement funding during the period under review.

Multi-Employer Retirement Benefit Plans:

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2016	2015	2016	2015

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 two Defined Benefit Funds (March 2015) showed both funds to be fully funded as regards pensions in payment. For the Retirement Fund the fund is underfunded as regards contributing members - thus the employers are paying a surcharge. For the Superannuation Fund the fund has sufficient assets to cover the basic liability as regards contributing members, but not any solvency reserves for the contributing members. A primary reason for the surcharge is that salaries have been increased at rates well in excess of inflation over the past number of years, which has increased the liabilities of the two Defined Benefit Funds. (from 2011: Surcharge updated to 17.5% for Retirement Fund and 9.5% for Superannuation Fund - please refer to valuation reports available from Fund's website or the Director.)

The three funds cater for employees of all municipalities in KZN.

Each fund is treated as one fund and not as a collection of sub-funds for each participating municipality. In the DB funds any surplus or deficit is spread across all municipalities - each municipality pays the same rate of contribution and the same rate of surcharge. 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.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2016	2015	2016	2015
21. Unspent conditional grants and receipts				
Unspent conditional grants and receipts comprises of:				
Unspent conditional grants and receipts				
Electricity Demand Side Management Grant	8,636	3,194	8,636	3,194
Department of Co-Operative Governance and Traditional Affairs	5,000	6,445	5,000	6,445
Department of Transport and Public Transport Infrastructure	-	422,175	-	422,175
Department of Environmental Affairs	7,838	7,962	7,838	7,962
Neighbourhood Development Partnership	261	18,422	261	18,422
Department of Arts and Culture	443,607	318,062	443,607	318,062
Vuna Awards	-	875	-	875
Grant Accreditation	19,077	13,884	19,077	13,884
Department of Human Settlements	124,224	99,658	124,224	99,658
Lamontville and R293 Trf Deeds/Administration	-	1,556	-	1,556
European Union	5,433	6,433	5,433	6,433
Donations and Public Contributions	54,367	54,412	54,367	54,412
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	26,450	39,980	26,450	39,980
Sports and Recreation Grant	10,000	-	10,000	-
Other Grants and Subsidies	36,354	40,231	36,354	40,231
	749,320	1,126,071	749,320	1,126,071

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

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2016	2015	2016	2015

22. Provisions

Reconciliation of provisions - Group - 2016

	Opening Balance	Additions	Utilised during the year	Interest charged	Total
Current					
Clearance of Alien Vegetation	19,419	16,405	(16,004)	-	19,820
Performance bonus	29,720	7,773	(17,225)	-	20,268
Long service awards	55,788	55,144	(48,646)	-	62,286
Non-current					
Environmental rehabilitation: Landfill sites	91,669	1,238	-	8,479	101,386
Clearance of Alien Vegetation	39,523	2,364	-	-	41,887
Long service awards	669,542	57,214	-	-	726,756
	905,661	140,138	(81,875)	8,479	972,403

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 - Municipality - 2016

	Opening Balance	Additions	Utilised during the year	Interest charged	Total
Current					
Clearance of Alien Vegetation	19,419	16,405	(16,004)	-	19,820
Performance bonus	23,235	7,515	(17,225)	-	13,525
Long service awards	55,788	55,144	(48,646)	-	62,286
Non-current					
Environmental rehabilitation: Landfill sites	91,669	1,238	-	8,479	101,386
Clearance of Alien Vegetation	39,523	2,364	-	-	41,887
Long service awards	669,542	57,214	-	-	726,756
	899,176	139,880	(81,875)	8,479	965,660

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

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2016	2015	2016	2015
22. Provisions (continued)				
Non-current liabilities	870,029	800,734	870,029	800,734
Current liabilities	102,374	104,927	95,631	98,442
	972,403	905,661	965,660	899,176

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 10.50% (2015: 9.25%);
- (2) Inflation rate 6.30%(2015: 4.7%);
- (3) Total area expected to be rehabilitated: 913 151 square metres (2015: 913 151 square meters);
- (4) Rate per square metre: R154.54 (2015: R145.27) 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	239,725
Wyebank		25,000	25,000
Shallcross		29,800	29,800
Buffelsdraai		228,300	228,300
Lovu		30,000	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 remaining useful life of the Lovu Landfill Site has been extended from 21 years to 22 years as at 30 June 2016.

The total rehabilitation can be reconciled as follows:

Name	O/ Balance	Prior Year Adjustments	Interest	Additions	C/ Balance
Bisasar	51,243	-	4,740	(983)	55,000
Maranhill	30,653	-	2,835	1,440	34,928
Wyebank	3,555	-	329	(39)	3,845
Shallcross	2,890	-	267	140	3,297
Buffelsdraai	1,618	-	150	572	2,340
Lovu	1,710	-	158	108	1,976
Totals	91,669	-	8,479	1,238	101,386

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2016	2015	2016	2015

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
 (2015: R9 153.00 / 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

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2016	2015	2016	2015

22. Provisions (continued)

-6% of monthly salary at 35 years or more
 The abovementioned is limited to a maximum of R1 310.32 (2015: R1 155.28).
 The provision is an estimate of the long service award based on the monthly salaries rate at 30 June 2016 (2015: 30 June 2015). It has been assumed that the staff turnover rate will be insignificant based on historical data. A discount rate of 8.83% (2015: 8.35%) 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	
	2016	2015
Gross discount rate	8.83%	8.30%
Salary inflation	7.45%	7.00%
Net discount rate	1.38%	1.30%
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

Current employees	30 June 2016	30 June 2015
Number of current employees	22,706	21,506
Average age of employees	41.8	41.9
Average years of past service	11	11.3
Average annual salary (R)	188,580	179,056
	-	-

Reconciliation of Defined Benefit Obligation

Opening Balance	725,330	681,256
Current Service cost	52,532	52,072
Interest cost	62,445	57,907
Actuarial losses (gains) - change in financial assumptions	(6,006)	(14,207)
Actuarial losses (gains) - experience variance	14,781	2,320
Cash movements - Benefit payments	(60,040)	(54,018)
	789,042	725,330

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%
55	1.37%	1.37%
60	1.89%	1.89%
	-	-

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2016	2015	2016	2015
22. Provisions (continued)				
Withdrawal assumption				
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	(143,467)	(114,055)	(143,467)	(114,055)
Loans extinguished by Government on 1 April 1998	266,979	266,979	266,979	266,979
	123,512	152,924	123,512	152,924
The housing development fund is represented by the following assets and liabilities				
Property, plant and equipment	65,628	66,314	65,628	66,314
Housing selling scheme loans	59,791	63,074	59,791	63,074
Housing rental Debtors	6,627	8,562	6,627	8,562
Housing other Debtors	29,975	64	29,975	64
Housing inventory	89	72	89	72
Investments	7,489	7,489	7,489	7,489
Investment properties	15,713	16,080	15,713	16,080
Grant Accrual	275,257	311,403	275,257	311,403
Bank and cash	4	4	4	4
Vat Receivable	-	57	-	57
Assets	460,573	473,119	460,573	473,119
Long-term liabilities	62	165	62	165
Unspent Conditional Grants	18,335	6,963	18,335	6,963
Creditors	17,001	46,789	17,001	46,789
Bank Overdraft	301,663	246,459	301,663	246,459
Government Grant Reserve	-	19,818	-	19,818
Liabilities	337,061	320,194	337,061	320,194
Total Housing Development Fund Assets and Liabilities	123,512	152,924	123,512	152,924
24. Service charges				
Sale of electricity	11,295,514	10,168,933	11,327,192	10,197,502
Sale of water	2,759,678	2,614,399	2,769,406	2,622,145
Solid waste	556,239	521,774	558,261	523,567
Sewerage and sanitation charges	805,590	801,616	805,590	801,616
Other service charges	180,251	174,581	180,251	174,581
Total service charges	15,597,272	14,281,303	15,640,700	14,319,411

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2016	2015	2016	2015
25. Other income				
Sundry Income	510,357	649,612	280,589	441,204
Moses Mabhida	13,300	11,242	13,300	11,242
	523,657	660,854	293,889	452,446

Refer to Appendix D for a Statement of Financial Performance: Moses Mabhida Stadium.

26. Interest revenue

Interest revenue				
Interest earned - External Investments	540,599	380,544	518,207	362,443
Interest earned - Outstanding Debtors	246,686	175,142	246,686	175,142
	787,285	555,686	764,893	537,585

27. Property rates

Rates received

Residential	2,210,759	2,035,180	2,210,759	2,035,180
Business / Commercial	2,050,684	1,800,456	2,061,221	1,809,387
Unauthorised / Illegal development	27,776	26,734	27,776	26,734
Development Phasing	1,656	1,542	1,656	1,542
Agricultural	7,252	2,962	7,252	2,962
Vacant land	396,661	380,704	396,661	380,704
Industrial	1,514,407	1,393,157	1,514,407	1,393,157
Public Service Infrastructure	10,791	28,267	10,791	28,267
Total Assessment Rates	6,219,986	5,669,002	6,230,523	5,677,933

Valuations

Residential	272,054,810	269,219,317	272,054,810	269,219,317
Business / Commercial	92,766,118	91,992,905	92,766,118	91,922,905
Unauthorised / Illegal development	290,196	473,063	290,196	473,063
Agricultural	2,869,523	2,875,549	2,869,523	2,875,549
Vacant land	12,923,845	12,342,130	12,923,845	12,342,130
Industrial	46,801,061	46,172,030	46,801,061	46,172,030
Public Service Infrastructure	15,528,926	16,211,123	15,528,926	16,211,123
Development Phasing Line	153,353	153,773	153,353	153,773
Total Property Valuations	443,387,832	439,439,890	443,387,832	439,369,890

The following are the rate randages that were applied to the valuations in respect of the various categories: Residential - R0.01115 (2015: R0.01043); Agriculture - R0.00279 (2015: R0.00261); Vacant Land - R0.04998 (2015: R0.04678); Industrial - R0.03262 (2015: R0.03053); Business and Commercial - R0.02528 (2015: R0.02366); Public Service Infrastructure - R 0.00279 (2015: R0.00261); Unauthorised/Illegal Development - R0.5574(2015:R0.04678); Development Phasing line - R0.01649 (2015: R0.01544); Rural Residential R0.01115 (2015: R0.01043). All residential property owners are exempt from paying rates on the first R120 000 (2015: 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 623 (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.

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2016	2015	2016	2015
28. Government grants and subsidies				
Equitable Share	2,115,453	1,990,048	2,115,453	1,990,048
Expanded Public Works Programme Incentive	40,618	39,673	40,618	39,673
European Union	1,000	1,069	1,000	1,069
Primary Health Care Provincial Subsidy	135,000	96,600	135,000	96,600
Department of Transport and Public Transport infrastructure	1,232,168	742,064	1,232,168	742,064
Department of Environmental Affairs	123	23	123	23
Vuna Awards	875	-	875	-
Municipal Human Settlements Capacity Grant	27,872	12,489	27,872	12,489
Demand Side Management	364	11,114	364	11,114
Urban Settlement Development Grant	1,838,336	1,800,076	1,838,336	1,800,076
Other Grants	91,742	41,991	91,742	41,991
Public Contributions	295	4,034	295	4,034
Neighbourhood Development Partnership	53,549	15,833	53,549	15,833
Department of Human Settlements	110,770	454,752	110,770	454,752
Grant Accreditation	13,563	41,948	13,563	41,948
Department of Co-Operative Government and Traditional Affairs	2,029	1,561	2,029	1,561
Department of Arts and Culture	35,010	42,625	35,010	42,625
Public Transport Network Operations	-	36,111	-	36,111
Intergrated City Development Grant	46,781	52,621	46,781	52,621
Infrastructure Skills Grant	24,739	26,925	24,739	26,925
	5,770,287	5,411,557	5,770,287	5,411,557

Equitable Share

Current-year receipts	2,115,453	1,990,048	2,115,453	1,990,048
Conditions met - transferred to revenue	(2,115,453)	(1,990,048)	(2,115,453)	(1,990,048)
	-	-	-	-

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

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

Department of Environmental Affairs

Balance unspent at beginning of year	7,962	2,242	7,962	2,242
Current-year receipts	-	5,743	-	5,743
Conditions met - transferred to revenue	(124)	(23)	(124)	(23)
	7,838	7,962	7,838	7,962

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

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.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2016	2015	2016	2015

28. Government grants and subsidies (continued)

Department of Transport and Public Transport infrastructure

Balance unspent at beginning of year	422,175	819,688	422,175	819,688
Current-year receipts	1,232,168	654,752	1,232,168	654,752
Conditions met - transferred to revenue	(1,232,168)	(742,064)	(1,232,168)	(742,064)
Paid back	(422,175)	(310,201)	(422,175)	(310,201)
	-	422,175	-	422,175

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

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	18,422	3,181	18,422	3,181
Current-year receipts	53,810	34,255	53,810	34,255
Conditions met - transferred to revenue	(53,549)	(15,833)	(53,549)	(15,833)
Paid back	(18,422)	(3,181)	(18,422)	(3,181)
	261	18,422	261	18,422

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

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	6,433	7,456	6,433	7,456
Current-year receipts	-	46	-	46
Conditions met - transferred to revenue	(1,000)	(1,069)	(1,000)	(1,069)
	5,433	6,433	5,433	6,433

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

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

Other Grants and Subsidies

Balance unspent at beginning of year	40,231	42,151	40,231	42,151
Current-year receipts	87,865	43,279	87,865	43,279
Paid back	-	(3,208)	-	(3,208)
Conditions met - transferred to revenue	(91,742)	(41,991)	(91,742)	(41,991)
	36,354	40,231	36,354	40,231

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

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2016	2015	2016	2015

28. Government grants and subsidies (continued)

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

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2016	2015	2016	2015
28. Government grants and subsidies (continued)				
Department of Human Settlements				
Balance unspent at beginning of year	99,658	107,508	99,658	107,508
Current-year receipts	75,142	135,500	75,142	135,500
Conditions met - transferred to revenue	(110,770)	(454,753)	(110,770)	(454,753)
Accrued receipts	58,638	311,403	58,638	311,403
Transferred from Lamontville R293	1,556	-	1,556	-
	124,224	99,658	124,224	99,658

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

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
Transferred to Human Settlements	(1,556)	-	(1,556)	-
	-	1,556	-	1,556

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

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.

Grant Accreditation

Balance unspent at beginning of year	13,884	13,884	13,884	13,884
Current-year receipts	18,756	41,948	18,756	41,948
Conditions met - transferred to revenue	(13,563)	(41,948)	(13,563)	(41,948)
	19,077	13,884	19,077	13,884

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

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	6,445	7,006	6,445	7,006
Current-year receipts	585	1,000	585	1,000
Conditions met - transferred to revenue	(2,030)	(1,561)	(2,030)	(1,561)
	5,000	6,445	5,000	6,445

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

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.

Donations and Public Contributions

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2016	2015	2016	2015
28. Government grants and subsidies (continued)				
Balance unspent at beginning of year	54,412	58,183	54,412	58,183
Current-year receipts	250	263	250	263
Conditions met - transferred to revenue	(295)	(4,034)	(295)	(4,034)
	54,367	54,412	54,367	54,412

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

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	318,062	236,617	318,062	236,617
Current-year receipts	160,555	124,070	160,555	124,070
Conditions met - transferred to revenue	(35,010)	(42,625)	(35,010)	(42,625)
	443,607	318,062	443,607	318,062

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

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.

Electricity Demand Side Management Grant

Balance unspent at beginning of year	3,194	14,308	3,194	14,308
Current-year receipts	9,000	-	9,000	-
Conditions met - transferred to revenue	(364)	(11,114)	(364)	(11,114)
Paid back	(3,194)	-	(3,194)	-
	8,636	3,194	8,636	3,194

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

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

Infrastructure Skills Grants

Current-year receipts	24,739	26,925	24,739	26,925
Conditions met - transferred to revenue	(24,739)	(26,925)	(24,739)	(26,925)
	-	-	-	-

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

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2016	2015	2016	2015

28. Government grants and subsidies (continued)

Urban Settlements Development Grant

Current-year receipts	1,838,336	1,800,076	1,838,336	1,800,076
Conditions met - transferred to revenue	(1,838,336)	(1,800,076)	(1,838,336)	(1,800,076)
	-	-	-	-

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.

Expanded Public Works Incentive Grant

Balance unspent at beginning of year	-	5,519	-	5,519
Current-year receipts	40,618	34,154	40,618	34,154
Conditions met - transferred to revenue	(40,618)	(39,673)	(40,618)	(39,673)
	-	-	-	-

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	875	875	875
Conditions met - transferred to revenue	(875)	-	(875)	-
	-	875	-	875

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

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	135,000	27,000	135,000	27,000
Accrued receipts	-	69,600	-	69,600
Conditions met - transferred to revenue	(135,000)	(96,600)	(135,000)	(96,600)
	-	-	-	-

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.

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2016	2015	2016	2015
28. Government grants and subsidies (continued)				
Public Transport Network Operations				
Balance unspent at beginning of year	84,709	-	84,709	-
Current-year receipts	-	120,820	-	120,820
Conditions met - transferred to revenue	-	(36,111)	-	(36,111)
Paid back	(84,709)	-	(84,709)	-
	-	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	46,781	52,621	46,781	52,621
Conditions met - transferred to revenue	(46,781)	(52,621)	(46,781)	(52,621)
	-	-	-	-

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.

Municipal Human Settlements Capacity Grant

Balance unspent at beginning of year	39,980	-	39,980	-
Current-year receipts	14,342	52,469	14,342	52,469
Conditions met - transferred to revenue	(27,872)	(12,489)	(27,872)	(12,489)
	26,450	39,980	26,450	39,980

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

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

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

Department of Sports & Recreation

Current-year receipts	10,000	-	10,000	-
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Conditions still to be met - remain liabilities (see note 21).

This grant is used for Durban Soccer Academy.

29. Levies

Fuel levy	2,103,316	1,968,781	2,103,316	1,968,781
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National Treasury shared revenue generated by the general fuel levy.

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2016	2015	2016	2015
30. Employee related costs				
Employee related costs - Salaries and Wages	4,809,842	4,481,913	4,688,819	4,374,661
Medical aid and Pension Benefits	1,883,596	1,400,290	1,883,596	1,400,290
UIF	50,982	48,358	38,502	36,376
Contribution to Provisions (Leave Pay, Performance Bonus, Long Service Awards)	244,893	255,294	244,672	254,709
Travel, motor car, accommodation, subsistence and other allowances	370,071	348,139	370,071	348,139
Overtime payments	600,376	466,572	596,925	463,328
Housing benefits and allowances	39,388	17,376	39,388	17,376
Holiday Bonus	343,690	322,537	343,690	322,537
Other	89,373	52,396	89,319	52,396
Less: Employee costs relating to capitalisation and maintenance of PPE	(180,459)	(229,759)	(180,459)	(229,759)
	8,251,752	7,163,116	8,114,523	7,040,053
Remuneration of the Municipal Manager - Mr. S. Sithole				
Annual Remuneration	2,489	2,384	2,489	2,384
Car Allowance	166	180	166	180
Performance Bonuses	218	-	218	-
Contributions to UIF, Medical and Pension Funds	31	27	31	27
Other Allowances(Subsistence, Leave cashing, Backpay)	78	28	78	28
	2,982	2,619	2,982	2,619
Remuneration of the Chief Finance Officer - Mr. K. A. Kumar				
Annual Remuneration	1,364	1,311	1,364	1,311
Car Allowance	473	454	473	454
Market Allowance	242	242	242	242
Contributions to UIF, Medical and Pension Funds	327	304	327	304
Cellphone Allowance	18	18	18	18
Performance Bonus	136	-	136	-
Other Allowances(Subsistence, Leave cashing, Backpay)	237	22	237	22
	2,797	2,351	2,797	2,351
Health and Social Services - Dr. M. Gumede				
Annual Remuneration	1,769	1,695	1,769	1,695
Car Allowance	120	120	120	120
Performance Bonuses	163	-	163	-
Contributions to UIF, Medical and Pension Funds	52	46	52	46
Cellphone Allowance	12	12	12	12
Other Allowances(Subsistence, Leave cashing, Backpay)	123	75	123	75
	2,239	1,948	2,239	1,948
Governance - Mr. S. O. Cele				
Annual Remuneration	1,364	1,311	1,364	1,311
Car Allowance	473	454	473	454
Performance Bonuses	97	-	97	-
Contributions to UIF, Medical and Pension Funds	322	300	322	300

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2016	2015	2016	2015
30. Employee related costs (continued)				
Market Allowance	121	121	121	121
Cellphone Allowance	12	12	12	12
Other Allowances(Subsistence, Leave cashing, Backpay)	264	51	264	51
	2,653	2,249	2,653	2,249
Remuneration of the Municipal Manager - Dr. M. Sutcliffe				
Performance Bonus 2012	-	160	-	160
Corporate and Human Resources - Mrs. D. P. Nene				
Annual Remuneration	1,611	1,554	1,611	1,554
Car Allowance	108	108	108	108
Performance Bonuses	119	-	119	-
Contributions to UIF, Medical and Pension Funds	50	44	50	44
Other Allowances(Subsistence, Leave cashing, Backpay)	139	-	139	-
Cellphone Allowance	41	-	41	-
	2,068	1,706	2,068	1,706
Sustainable Development and City Enterprises - Dr. C. N. Moyo				
Annual Remuneration	-	57	-	57
Car Allowance	-	4	-	4
Performance Bonuses	119	-	119	-
Contributions to UIF, Medical and Pension Funds	-	5	-	5
Cellphone Allowance	-	1	-	1
Other Allowances(Subsistence, Leave cashing, Backpay)	-	181	-	181
	119	248	119	248
Resigned: 11 July 2014				
I.C.C. - Remuneration of the Chief Executive Officer (appointed 1 April 2015)				
Annual Remuneration	1,940	456	-	-
Contributions to UIF, Medical and Pension Funds	21	22	-	-
	1,961	478	-	-
I.C.C. - Remuneration of Executive Managers				
Annual Remuneration	6,544	5,401	-	-
Contributions to UIF, Medical and Pension Funds	581	1,489	-	-
	7,125	6,890	-	-
Durban Marine Theme Park				
Directors Fees	664	485	-	-
Remuneration - CEO : C. Khumalo	1,935	1,749	-	-
Remuneration - CFO : P.vd Berg (resigned 31 October 2014)	-	521	-	-
Remuneration - CFO : J. Dlamuka (appointed 5 January 2015)	1,612	685	-	-

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2016	2015	2016	2015
30. Employee related costs (continued)				
Remuneration - COO : P. Pillay	1,281	1,187	-	-
Remuneration of Executives	2,693	3,302	-	-
	8,185	7,929	-	-

31. Remuneration of councillors

Councillors	105,334	100,795	105,334	100,795
Mayor	1,261	1,192	1,261	1,192
Deputy Mayor	1,017	967	1,017	967
Mayoral Committee Members	8,656	8,056	8,656	8,056
Speaker	1,095	1,054	1,095	1,054
Councillors	92,891	88,869	92,891	88,869
Traditional Leaders	415	657	415	657
Total Councillors' Remuneration	105,335	100,795	105,335	100,795

In-kind benefits

The Mayor, Deputy Mayor, Speaker and Executive Committee Members are provided with bodyguards and 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 ,the Deputy Mayor and speaker have full-time bodyguards.

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2016	2015	2016	2015
31. Remuneration of councillors (continued)				
Mayor (1)				
Remuneration Allowances	723	696	723	696
Travelling Allowance	311	294	311	294
Cellphone Allowance	42	42	42	42
Medical Aid	73	51	73	51
Pension Fund	112	109	112	109
	1,261	1,192	1,261	1,192
Deputy Mayor (1)				
Remuneration Allowances	633	564	633	564
Travelling Allowance	251	238	251	238
Cellphone Allowance	42	42	42	42
Medical Aid	22	35	22	35
Pension Fund	95	88	95	88
	1,043	967	1,043	967
Speaker (1)				
Remuneration Allowances	591	537	591	537
Travelling Allowance	301	297	301	297
Cellphone Allowance	42	42	42	42
Medical Aid	72	94	72	94
Pension Fund	89	84	89	84
	1,095	1,054	1,095	1,054
Mayoral Committee Members (9)				
Remuneration Allowances	5,435	5,097	5,435	5,097
Travelling Allowance	2,119	2,003	2,119	2,003
Cellphone Allowance	188	203	188	203
Medical Aid	205	159	205	159
Pension Fund	709	592	709	592
	8,656	8,054	8,656	8,054
Councillors (193)				
Remuneration Allowances	53,206	50,757	53,206	50,757
Constituency Allowances	3,996	4,196	3,996	4,196
Travelling Allowance	21,264	20,206	21,264	20,206
Cellphone Allowance	3,975	3,996	3,975	3,996
Medical Aid	4,675	4,090	4,675	4,090
Pension Fund	5,775	5,624	5,775	5,624
	92,891	88,869	92,891	88,869
Traditional Leaders (7)				
Allowances	415	657	415	657
32. Finance costs				
Non-current borrowings	932,905	897,591	932,823	897,439
Consumer Deposits	38,397	47,224	38,397	47,224
Other interest paid	(2,497)	5,750	556	8,770
	968,805	950,565	971,776	953,433

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2016	2015	2016	2015

32. Finance costs (continued)

An amount of R21.1m (2015: R52.9m) relating to borrowing costs was capitalised to work-in-progress with 9% (2015: 9%) being the weighted average cost of funds borrowed generally by the municipality. The accumulated borrowing costs that have been capitalised to work-in-progress at 30 June 2016 are R74.0m (30 June 2015: R52.9m).

33. Bulk purchases

Electricity	7,735,741	6,716,137	7,735,741	6,716,137
Water	1,728,995	1,662,481	1,728,995	1,662,481
	9,464,736	8,378,618	9,464,736	8,378,618

34. Grants and subsidies paid

Other subsidies

Grant Paid: Point Precinct Trust	2,276	2,168	2,276	2,168
Grant Paid: Enhanced Extended Discount Benefit	2,325	1,701	2,325	1,701
Grant Paid: Sporting Organisations	58,766	54,091	58,766	54,091
Grant Paid: Twilanga Old Age Home	1,202	1,055	1,202	1,055
Grant Paid: South African Association of Marine Biology Research	62,424	56,595	62,424	56,595
Grant Paid: Playhouse Company	3,000	3,000	3,000	3,000
Grant Paid: Durban Arts Association	129	1,150	129	1,150
Grant Paid: Natal Philharmonic Orchestra	6,800	6,800	6,800	6,800
Grant Paid: Tourism Indaba	13,558	13,495	13,558	13,495
Grant Paid: Food Aid Program	43,614	27,910	43,614	27,910
Grants Paid: Other	14,827	16,130	17,987	16,130
	208,921	184,095	212,081	184,095

35. Fair value adjustments

Fair value adjustment - Debentures	-	29,667	-	-
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eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2016	2015	2016	2015
36. General expenses				
Advertising	48,628	51,181	46,556	48,971
Auditors remuneration	19,170	20,185	17,309	18,626
Bank charges	7,312	8,276	5,705	6,704
Cleaning	20,398	22,561	18,747	20,929
Commission paid	30,513	25,774	30,410	25,670
Consulting and professional fees	52,918	69,634	50,185	65,263
Delivery expenses	3,729	3,310	3,729	3,310
Civic Entertainment	2,698	1,247	2,391	1,245
Hire of facilities, plant and equipment	51,868	64,962	51,868	64,962
Insurance	62	18	-	-
Community development and training	27,134	24,820	27,134	24,820
Conferences and seminars	8,692	5,411	8,692	5,411
IT expenses	37,311	44,080	36,514	43,383
Marketing	65,685	57,458	47,897	42,934
Levies	6,740	4,843	5,581	3,760
Magazines, books and periodicals	8,216	8,331	8,206	8,316
Medical requisites	21,291	17,026	21,291	17,026
Fuel and oil	215,010	224,194	214,971	224,160
Postage and courier	27,506	26,898	27,496	26,890
Printing and stationery	44,022	38,827	42,571	37,511
Promotions	77,842	73,123	77,842	73,123
Project maintenance costs	60,092	53,640	60,092	53,640
Research costs	12,858	13,946	12,858	13,946
Secretarial fees	73,692	61,122	70,497	57,576
Subscriptions and membership fees	19,527	20,819	19,158	20,657
Telephone and fax	61,312	61,446	60,105	60,272
Transport and freight	68,684	71,682	67,120	70,082
Training	108,459	103,962	108,359	103,868
Travel - local	29,766	25,830	29,324	25,511
Refuse	26,873	26,874	26,873	26,874
Title deed search fees	722	593	722	593
Stock Adjustments	4,343	14,231	3,894	13,856
Sewerage and waste disposal	41,232	52,317	41,232	52,317
Refuse Bags	101,386	101,076	101,386	101,076
Recycling	11,978	19,938	11,978	19,938
Tourism development	3,542	3,049	3,542	3,049
Other Sponsorships and Subsidies	8,931	8,422	8,931	8,422
Stadium Operational Costs	19,679	20,674	19,679	20,674
Urban Improvement Precincts	9,034	3,799	9,034	3,799
Safety Equipment	4,634	2,174	4,634	2,174
Contribution to the Provision for the Eradication of Alien Vegetation	21,085	20,458	21,085	20,458
Special Events	133,522	119,587	133,522	119,587
Venue Decorative expenses	2,966	2,760	2,966	2,760
Other expenses	421,923	410,116	377,224	362,045
	2,022,985	2,010,674	1,939,310	1,926,188

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2016	2015	2016	2015
37. Cash generated from operations				
Surplus	4,256,391	3,014,214	4,225,094	3,100,880
Adjustments for:				
Depreciation: PPE	1,878,467	1,794,242	1,806,790	1,724,863
Gain on disposal of PPE	(9,125)	(48,588)	(10,260)	(49,065)
Loss on Impairment: Investment Properties	3,570	7,085	3,570	7,085
Depreciation: Investment Properties	4,277	4,418	1,861	1,727
Share of Income from Joint Venture	-	-	(5,013)	(4,969)
Fair value adjustments	-	(29,667)	-	-
Amortisation: Intangible assets	73,953	47,692	72,576	46,540
Contribution to provisions	66,742	70,488	66,484	68,607
Impairment deficit	12,147	8,664	12,147	8,664
Debt impairment	1,391,264	2,093,865	1,391,530	2,094,085
Reversal of Impairment	(5,725)	(3,782)	(5,725)	(3,782)
Movements in retirement benefit assets and liabilities	529,644	159,137	529,644	159,137
Reversal of Loss on impairment of investment in Municipal entity	-	-	(2,750)	(84,631)
Donations received: PPE	(1,160)	(2,077)	(1,160)	(2,077)
Taxation expense	3,830	4,334	-	-
Loss on impairment: Municipal Entity	-	-	75,876	-
Changes in working capital:				
Inventories	(89,740)	(83,149)	7,607	(69,354)
Receivables from exchange transactions	(1,388,805)	(1,999,676)	(1,389,878)	(1,998,474)
Consumer debtors	(393,373)	(575,386)	(398,925)	(655,554)
Other receivables from non-exchange transactions	962	(38,543)	962	(38,543)
Payables from exchange transactions	876,892	(542,481)	772,059	(461,924)
VAT	(29,026)	178,047	(23,575)	182,676
Unspent conditional grants and receipts	(376,751)	(202,176)	(376,751)	(202,176)
Consumer deposits	232,839	179,512	210,762	181,867
	7,037,273	4,036,173	6,962,925	4,005,582

38. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term liabilities	9,236,359	10,326,600	9,236,359	10,241,146
Used to finance property, plant and equipment – at cost	(9,236,359)	(10,326,600)	(9,236,359)	(10,241,146)
	-	-	-	-

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2016	2015	2016	2015
39. Commitments				
Commitments in respect of capital expenditure				
Approved and contracted for				
• Infrastructure	2,507,785	3,678,138	2,507,785	3,678,138
• Community	57,791	76,448	57,791	76,448
• Land and Buildings	204,795	246,428	204,795	246,428
• Other	1,263,671	860,710	1,261,877	860,710
	4,034,042	4,861,724	4,032,248	4,861,724
Approved but not yet contracted for				
• Infrastructure	147,377	446,553	147,377	446,553
• Community	10,863	36,146	10,863	36,146
• Land and Buildings	25,432	40,793	25,432	40,793
• Other	-	450	-	450
	183,672	523,942	183,672	523,942
Total capital commitments				
Approved and contracted for	4,034,042	4,861,724	4,032,248	4,861,724
Approved but not yet contracted for	183,672	523,942	183,672	523,942
	4,217,714	5,385,666	4,215,920	5,385,666

Included in the Other Capital Commitments figure for Housing is Housing Agency commitments amounting to R 1.1 billion (2015: R786million).

Financial Commitment

Debenture held in Durban Marine Theme Park - - - 90,000

A debenture held in Durban Marine Theme Park by DBSA was convertible at the option of the holder into ordinary shares. Council resolved to settle the liability in exchange of shares in 2 tranches of R45 million each (November 2015 and March 2016). Refer to note 15 for increase in Investments in Municipal Entities.

Operating leases - as lessor (income):

Minimum lease payments due	-	-	-	-
- within one year	23,811	19,046	-	-
- in second to fifth year inclusive	39,369	35,956	-	-
	63,180	55,002	-	-

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 ie. the lease is terminable at 1 to 3 months notice;

Approximately 45% of long term lease income is based on turnover ie. 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)

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2016	2015	2016	2015
39. Commitments (continued)				
Minimum lease payments due				
- within one year	45,861	73,018	45,710	50,040
- in second to fifth year inclusive	63,150	130,906	62,949	94,950
- later than five years	4,432	4,165	4,432	4,165
	113,443	208,089	113,091	149,155

Operating Commitments

Commitments Payable

- within one year	1,186,748	1,319,073	1,163,831	1,306,738
- within two to three years	1,219,782	1,145,313	1,219,782	1,145,313
- after three years	28,321	11,185	28,321	11,185
	2,434,851	2,475,571	2,411,934	2,463,236

Included above is Operating Commitments for Security Management. The Contract has been extended for 6 months and the estimated cost is R311m. The three year budget forecasts for Security Management costs is R622.2m, R621.5m and R673.5m respectively.

40. Contingencies

Contracted Disputes	793,500	734,915	793,500	734,915
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Various departments within the municipality have price disputes with certain contractors.

Self Insurance Reserve	295,692	304,540	295,692	304,540
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Various claims submitted to the Insurance department of the municipality are under dispute. The estimated liability of such claims is disclosed.

Property Rates	235,603	355,464	235,603	355,464
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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	69,032	66,660	68,484	66,660
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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: R62.9m (NedBank);

- I.C.C.	Durban:	R548	611.
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Legal Claims	218,948	284,404	218,948	284,404
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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.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2016	2015	2016	2015

40. Contingencies (continued)

Legal disputes relate to:

- Rates dispute: R5.2m;
- Value of compensation in respect of expropriation of various properties R91m
- Claims for damages - various: R122.7m

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2016	2015	2016	2015
41. Related parties				
Relationships Municipal entities (refer to note 15)			Durban Marine Theme Park SOC Limited ICC Durban (Pty)Ltd Ethekeeni Transport Authority	
Joint ventures (refer to note 16)			River Horse Valley Joint Venture Durban Point Development Company	
Related party balances				
Loan accounts - Owning by related parties				
Durban Infrastructural Development Trust			-	171,671
Durban Point Development Company Proprietary Limited			175,052	-
			175,052	171,671
Amounts included in Trade Receivable regarding related parties				
I.C.C. Durban (Proprietary) Limited			3,814	1,663
Durban Marine Theme Park SOC Limited			14,860	10,177
			18,674	11,840
Amounts included in Trade Payable regarding related parties				
I.C.C. Durban (Proprietary) Limited			14,476	2,608
Durban Marine Theme Park (Proprietary) Limited			123	-
Ethekeeni Transport Authority			48,417	53,372
			63,016	55,980
Consumer Deposits paid				
I.C.C. Durban (Proprietary) Limited			1,597	1,435
Related party transactions				
Sales to related parties				
I.C.C. Durban (Proprietary) Limited:				
Electricity			10,762	9,704
Water			1,535	1,458
Refuse			940	751
Rates			5,687	5,317
Other			505	-
Durban Marine Theme Park SOC Limited				
Electricity			20,904	18,796
Water			8,193	6,288
Waste			1,082	1,042
Insurance			494	741
Rates			3,851	3,614
Riverhorse Valley Joint Venture				
Electricity and Water			12	69
Income from Joint Venture			7,763	4,969
Rates			999	-
Purchases from related parties				
I.C.C. Durban (Proprietary) Limited:				
General Expenses			45,043	26,587
Durban Marine Theme Park SOC Limited				
General Expenses			5,453	1,601
Riverhorse Valley Joint Venture				

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2016	2015	2016	2015
41. Related parties (continued)				
General Expenses			-	102
EtheKweni Transport Authority				
General Expenses			3,063	3,051
Other			3,160	-
42. Prior year adjustments				
The following adjustments all relate to corrections of prior-year errors.				
Consumer Debtors				
Balance previously reported	-	3,077,172	-	3,076,438
Rates adjustments (valuation appeals) - prior to 2014/15	-	(60,712)	-	(60,712)
Rates adjustments (valuation appeals) - 2014/15	-	(75,470)	-	(75,470)
Re-classification to Long-term receivables of DIDT capitalised rates	-	(15,088)	-	(15,088)
	-	2,925,902	-	2,925,168
Payables from exchange transactions				
Balance previously reported	-	5,259,984	-	5,257,542
Accruals adjustments - prior to 2014/15	-	20,392	-	20,392
Accruals adjustments - 2014/15	-	18,630	-	18,630
Trade payables adjustments - prior to 2014/15	-	(10,747)	-	(10,747)
Trade payables adjustments - 2014/15	-	(149)	-	(149)
Fair value adjustments - prior to 2014/15	-	8,651	-	8,651
Fair value adjustments - 2014/15	-	11,556	-	11,556
Retention adjustment - 2014/15	-	(36)	-	(36)
Other adjustments - prior to 2014/15	-	(7,419)	-	(7,419)
Other adjustments - 2014/15	-	24,765	-	24,765
USHAKA adjustment - VAT	-	5,644	-	-
	-	5,331,271	-	5,323,185
Property, Plant and Equipment				
Balance previously reported	-	40,803,518	-	39,816,121
Depreciation Adjustments - prior to 2014/15	-	19,436	-	19,436
Depreciation Adjustments - 2014/15	-	65,402	-	65,402
	-	40,888,356	-	39,900,959
Inventories				
Balance previously reported	-	420,919	-	359,415
Stock adjustments	-	(5,977)	-	(5,977)
	-	414,942	-	353,438
Investment Property				
Balance previously reported	-	314,901	-	249,827
Re-classification from Investments	-	10	-	10
Adjustment for non-council properties	-	(4,048)	-	(4,048)
Impairment reversal	-	2,150	-	2,150
Depreciation adjustment	-	130	-	130
	-	313,143	-	248,069

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand

42. Prior year adjustments (continued)

Intangible Assets

Balance previously reported	-	855,475	-	853,820
Cost adjustment - prior to 2014/15	-	732	-	732
Amortisation adjustment - 2014/15	-	9,091	-	9,091
	-	865,298	-	863,643

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand

42. Prior year adjustments (continued)

Accumulated Surplus

Balance previously reported	-	32,244,182	-	31,912,452
Long-term receivables: Student loan write-offs - prior to 2014/15	-	(1,732)	-	(1,732)
Investment Property: Adjustment for non-council properties	-	(4,048)	-	(4,048)
Unspent conditional Grants: Reforestation grant adjustment - 2014/15	-	(287)	-	(287)
Payables from exchange transactions: Accruals adjustments - prior to 2014/15	-	(20,392)	-	(20,392)
Payables from exchange transactions: Accruals adjustments - 2014/15	-	(18,630)	-	(18,630)
Payables from exchange transactions: Trade payables adjustments - prior to 2014/15	-	10,747	-	10,747
Payables from exchange transactions: Trade payables adjustments - 2014/15	-	149	-	149
Payables from exchange transactions: Fair value adjustments - prior to 2014/15	-	(8,651)	-	(8,651)
Payables from exchange transactions: Fair value adjustments - 2014/15	-	(11,556)	-	(11,556)
Payables from exchange transactions: Retention adjustment - 2014/15	-	36	-	36
Payables from exchange transactions: Other adjustments - prior to 2014/15	-	7,419	-	7,419
Payables from exchange transactions: Other adjustments - 2014/15	-	(24,765)	-	(24,765)
Cash and Bank Balances: Petty cash adjustment	-	(34)	-	(34)
Intangible assets: Cost adjustment - prior to 2014/15	-	732	-	732
Intangible assets: Amortisation adjustment - 2014/15	-	9,091	-	9,091
PPE: Depreciation adjustments - prior to 2014/15	-	19,437	-	19,437
PPE: Depreciation adjustments - 2014/15	-	65,402	-	65,402
Consumer Debtors: Rates adjustments (valuation appeals) - prior to 2014/15	-	(60,712)	-	(60,712)
Consumer Debtors: Rates adjustments (valuation appeals) - 2014/15	-	(75,470)	-	(75,470)
VAT payable: VAT adjustments	-	(118,629)	-	(118,629)
Inventories: Stock adjustments	-	(5,977)	-	(5,977)
Receivables from exchange transactions: Accruals adjustments	-	269,262	-	269,262
Receivables from exchange transactions: Fair value adjustments	-	871	-	871
Receivables from exchange transactions: DOH Debtor adjustments	-	(25)	-	(25)
Receivables from exchange transactions: Other receivables adjustments	-	(40,525)	-	(40,525)
Receivables from exchange transactions: Other receivables provision for bad debts adjustments	-	1,166	-	1,166
Investment Property: Depreciation adjustment	-	129	-	129
Investment Property: Reversal of Impairment	-	2,150	-	2,150
Long-term receivables: DIDT - Impairment - 2014/15	-	(15,088)	-	(15,088)
Heritage Assets: take-on of assets - prior to 2014/15	-	6,239	-	6,239

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand

42. Prior year adjustments (continued)	-	32,230,491	-	31,898,761
Long-term receivables				
Balance previously reported	-	84,497	-	84,497
Re-classification from Consumer Debtors of DIDT capitalised rates	-	15,088	-	15,088
Student loan write-offs - prior to 2014/15	-	(1,733)	-	(1,733)
DIDT impairment	-	(15,088)	-	(15,088)
	-	82,764	-	82,764
Unspent conditional grants and receipts				
Balance previously reported	-	1,125,784	-	1,125,784
Reforestation Grant adjustment - 2014/15	-	287	-	287
	-	1,126,071	-	1,126,071
Receivables from exchange transactions				
Balance previously reported	-	2,682,424	-	2,657,177
Accruals adjustments	-	269,263	-	269,263
Fair value adjustments	-	871	-	871
DOHS Debtor adjustment	-	(25)	-	(25)
Other Debtors adjustment	-	(40,525)	-	(40,525)
Other Debtors provision for bad debts adjustment	-	1,166	-	1,166
	-	2,913,174	-	2,887,927
VAT payable				
Balance previously reported (VAT receivable)	-	(33,997)	-	(36,313)
VAT adjustments	-	118,629	-	118,629
USHAKA VAT adjustment	-	(5,644)	-	-
	-	78,988	-	82,316
Investments				
Balance previously reported	-	5,000,000	-	5,000,000
Re-classification to Investment Property	-	(10)	-	(10)
	-	4,999,990	-	4,999,990
Cash and Bank Balances				
Balance previously reported	-	883,192	-	821,297
Petty Cash adjustment	-	(34)	-	(34)
	-	883,158	-	821,263
Heritage Assets				
Balance previously reported	-	13,486	-	13,486
Take-on of Heritage assets - prior to 2014/15	-	6,239	-	6,239
	-	19,725	-	19,725

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand

43. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	11,925	10,264	11,925	10,264
Amount paid - current year	(11,925)	(10,264)	(11,925)	(10,264)
	-	-	-	-

Audit fees

Previous year fees	13,283	14,158	11,800	14,158
Current year fees	7,198	6,798	5,469	5,274
Amount paid - current year	(7,198)	(6,798)	(5,469)	(5,274)
Amount paid - previous years	(13,266)	(14,158)	(11,800)	(14,158)
	17	-	-	-

PAYE and UIF

Current year payroll deductions	1,064,359	928,158	1,049,366	916,668
Amount paid - current year	(1,064,359)	(928,158)	(1,049,366)	(916,668)
	-	-	-	-

Pension and Medical Aid Deductions

Opening balance	-	902	-	-
Current year expenditure	-	1,732,208	1,854,626	1,713,896
Amount paid - current year : Defined Benefit Pension Fund	(213,394)	(228,180)	(213,394)	(228,180)
Amount paid - current year : Defined Contribution Pension Fund	-	(884,950)	(969,142)	(873,030)
Amount paid - previous year : Defined Contribution Pension Fund	-	(902)	-	-
Amount paid - current year : Medical Aid	-	(619,078)	(672,090)	(612,686)
	(213,394)	-	-	-

VAT

VAT received for the year	28,480	35,429	373,225	422,656
VAT paid	78,443	114,416	(51,625)	(33,947)
	106,923	149,845	321,600	388,709

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.

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand

43. 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, 2016:

June 30, 2016	Amount outstanding (Rands)	Month
Councillor A. Shabalala	566	Oct-15
Councillor B. Fortein	162	Feb-16
Councillor B. Hlongwa	271	Sep-15
Councillor B. Ngwane	15	Aug-15
Councillor B. Dlamini	70	Jun-16
Councillor B. Gumede	903	Jan-16
Councillor B. Mpungose	174	Apr-16
Councillor B. Chili	3,355	Jun-16
Councillor B. Ntshangase	292	Jun-16
Councillor C. Beata	80	Jun-16
Councillor C. Dlamini	726	Mar-16
Councillor D. Shozi	29	Oct-15
Councillor F. Moyo	332	Jun-16
Councillor G. Pullan	934	May-16
Councillor H. Cele	97	Nov-15
Councillor H. Maphumulo	319	Mar-16
Councillor J. Cele	749	Nov-15
Councillor M. Khakaza	84	Nov-15
Councillor M. Zungu	13	Jan-16
Councillor M. Mabaso	12	May-16
Councillor M. Ntshangase	12	Jun-16
Councillor M. Mnyandu	23	Jun-16
Councillor M. Sibiyi	31	Mar-16
Councillor M. Bayeni	123	Mar-16
Councillor M. Gumede	6	Jun-16
Councillor M. Ngcobo	411	Aug-15
Councillor M. Mthembu	176	Jun-16
Councillor M. Bhengu	40	Jun-16
Councillor M. Munien	226	May-16
Councillor M. Dladla	165	Oct-15
Councillor M. Ndzimbomvu	13	Jun-16
Councillor N. Nyanisa	1,310	Feb-16
Councillor N. Khawulo	4,185	Jun-16
Councillor N. Makhanya-Sibiyi	164	Sep-15
Councillor O. Ngcobo	13	Jun-16
Councillor O. Mthembu	9	Jun-16
Councillor P. Mkeka	11	Sep-15
Councillor P. Naidoo	1,427	Oct-15
Councillor P. Padayachee	53	Aug-15
Councillor P. Hlengwa	283	Nov-15
Councillor P. Sibiyi	13	Jun-16
Councillor S. Naidoo	117	Mar-16
Councillor S. Zenzile	275	Nov-15
Councillor S. Gumede	147	Apr-16
Councillor S. Mcoyi	507	Feb-16
Councillor S. Buthelezi	225	Oct-15
Councillor T. Ncane	13	Oct-15
Councillor T. Nzuza	1,358	Jul-15
Councillor V. Qulo	702	Mar-16
Councillor V. Gebashe	12	Oct-15

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand

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

Councillor Z. Gumede	1,454	Jun-16
Councillor Z. Ndzoyiya	39	Sep-15
Councillor Z. Ngcece	91	Sep-15
	22,817	

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

	Amount outstanding (Rands)	Month
Councillor A. Shabalala	514	Mar-15
Councillor B. Fortein	59	Mar-15
Councillor B. Hlongwa	403	Jun-15
Councillor B. Ngwane	957	Mar-15
Councillor B. Dlamini	375	Nov-14
Councillor B. Mpungose	28	Jun-15
Councillor B. Chili	933	Feb-15
Councillor B. Singh	781	Aug-14
Councillor B. Ntshangase	50	Mar-15
Councillor C. Dlamini	716	Feb-15
Councillor D. Pillay	502	Nov-14
Councillor D. Shozi	3,812	Jun-15
Councillor H. Cele	9,977	Jun-15
Councillor H. Biyela	36	Apr-15
Councillor H. Maphumulo	64	Feb-15
Councillor J. Cele	501	Jun-15
Councillor L. Mngwengwe	256	Apr-15
Councillor M. Xhakaza	284	Jun-15
Councillor M. Zungu	144	Jul-14
Councillor M. Bayeni	5,304	Nov-14
Councillor M. Gumede	249	Dec-14
Councillor M. Ngcobo	210	Jun-15
Councillor M. Nkosi	2,684	Dec-14
Councillor M. Mthembu	744	Jun-15
Councillor M. Dladla	59	Feb-15
Councillor N. Nyansa	519	Jun-15
Councillor N. Khawula	519	Apr-15
Councillor N. Makhanya-Sibiya	232	Nov-14
Councillor N. Mabaso	3,819	Nov-14
Councillor N. Shabalala	175	Nov-14
Councillor O. Ngcobo	66	Jun-15
Councillor P. Davis	3,886	Aug-14
Councillor P. Naidoo	6,254	Dec-14
Councillor P. Hlengwa	3,289	May-15
Councillor P. Sibiyi	54	Jun-15
Councillor S. Govender	12,452	Aug-14
Councillor S. Mcoyi	278	Mar-15
Councillor S. Buthelezi	765	May-15
Councillor T. Ncane	48	Jun-15
Councillor T. Nzuza	27,235	Jun-15
Councillor V. Gebashe	53	Feb-15
Councillor Z. Ndzoyiya	74	May-15
Councillor Z. Nzama	2,040	Jun-15
	91,400	

44. Comparative figures

Certain comparative figures have been restated (refer note 42 for details).

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand

45. Deviation from supply chain management regulations

Contract awards made in terms of Section 36(1) (Regulation 36 of SCMR) of the Supply Chain Management Policy amounted to R 947.9 million (2015: R937.3 million). Details of the awards are summarised in the tables below:

Durban Marine Theme Park: Contract awards made in terms of Section 36(1) (Regulation 36 of SCMR) of the Supply Chain Management Policy amounted to R687 186 (2015: R925 999)

ICC (Proprietary) Limited: Contract awards made in terms of Section 36(1) (Regulation 36 of SCMR) of the Supply Chain Management Policy amounted to R6.9 million (2015: R3.9 million).

Group - 2016 : 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)	272	43.52	39,236	4.11
If such goods or services are produced or available from a single provider only	36(1)(a)(ii)	147	23.52	173,997	18.21
In any other exceptional case where it is impractical or impossible to follow the official procurement processes	36(1)(a)(v)	206	32.96	742,369	77.68
		625		955,602	

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	

Municipality - 2016 : 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)	257	62.84	38,723	4.09
If such goods or services are produced or available from a single provider only	36(1)(a)(ii)	27	6.60	169,608	17.89
In any other exceptional case where it is impractical or impossible to follow the official procurement processes	36(1)(a)(v)	125	30.56	739,613	78.02
		409		947,944	

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 %

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand

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

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand

46. Material losses

Water:

The Water Design and 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 2020.

The success of the NRW programme has been hampered by the drought as some areas have been forced to be on daily intermittent supply which damages the infrastructure, and increases the leaks, bursts and meter damage. Consumers have also been instructed to reduce demand between 15% and 50%. Where the water sales decrease as a result of this call, this has the impact of increasing the NRW%.

Due to the implementation of the new RMS billing system, the consumption was estimated for part of June 2016 based on previous billed consumption. Figures reported below are this based on an extrapolation of 11 months of available performance data to predict the data for June 2016. This estimate will not be significantly out.

The key results for the 2015/16 financial year are:

- Bulk water System Input Volume decreased by 33 Ml/day as compared to 2014/15 from an average of 926 Ml/day to 893 Ml/day;
- Consumer sales decreased by 29 Ml/day as compared to 2014/15 from an average of 559 Ml/day to 530ML/day;
- NRW by Volume has therefore deteriorated 1% from 39,7% in June 2015 to 40,7%.

Water losses of 132 507 263 kl (2014/2015 : 134 333 086 kl) occurred during the twelve months under review, which resulted in revenue losses to the municipality. The estimated water losses amounting to R710.9m (2014/2015: R669m) were due mainly to illegal connections and deteriorating infrastructure. In terms of MFMA circular 71 the norm for water losses is between 15% and 30%. The basis of calculation of the water loss has changed from the previous year. In the previous year the net loss reported was 122 295 885 kl, that included deemed authorised consumption, which equates to 609m.

In line with the current NRW Business Plan, EWS is implementing a number of water loss interventions, the highlights of which for the period under review is as follows:

1. During the period 39 Pressure Reducing Valves were installed and 116 installations were designed.
2. The Leak Detection and Repair Strategy with a total of up to 16 Category B plumbers in formal and informal areas has proved extremely successful and a total of 4785 primarily non-visible leaks were repaired from the 5480 km of reticulation that were surveyed for leaks.
3. 1513 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 15 years old a total of 2685 out of a target of 5000 has been achieved.
5. In terms of the programme for meter replacement for Industrial, Commercial and Institutional consumers a total of 1197 out of a target of 1000 has been achieved.

The Unit Head has formed 2 task teams to focus and reduce NRW. The 1st team is comprised of key internal role players whilst the 2nd team is comprised of the Heads of key Units and Departments that influence the NRW reduction programmes (Treasury, Legal, HR, Audit and SCM.) The function of the 2nd task team is to assist with the implementation of all proposed programmes as well as expedite the resolution of any delays. A review of the NRW programme is being conducted and in light of the drought, the 5 year NRW reduction plan is also being revised and updated to provide new informed direction and focus towards achieving the NRW reduction goals.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand

Electricity:

Estimated Electricity losses 1 197 963 034 kWh (2015: 849 426 488 kWh) occurred during the year under review which resulted in revenue losses to the municipality. These estimated kWh losses amounted to R 828m (2015: R 566m).

The national norm for electricity losses ranges from 5.6% to 12%. The loss incurred by the municipality is 10.71% (2015: 7.70%) and is due to a combination of transmission/distribution losses and losses due to illegal connections.

Note: The losses is incorrectly inflated due to a series of issues affecting the reporting system. The reporting system only considers an electricity sale upon the input of a meter reading. The lack of meter readings entered into the system will have the undue effect of understating sales, leading to the overstatement of the calculated losses.

Meter reads entered into the system was affected by 3 main factors:

- Delays in meter reading contracts
- In order to improve billing accuracy, the upper and lower acceptance limits on the billing system were revised. This had the undue effect of placing greater number of readings in audit.
- Migration to a new billing system (RMS) interrupted the loading and capturing of meter reads. This had the undue effect of meter reads not acknowledged by the system, leading to an understatement of sales.

As meter readings are consistently inputted into the new billing system (RMS), this anomaly is expected to selfheal and regularise leading to a decrease in losses.

Bad Debts written off:

Debt of R133.3m (2015: R113m) 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.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand

47. Unauthorised, irregular, fruitless and wasteful expenditure disallowed

Cases reported during the 2015/16 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, 3 quotations not being obtained and adverts not being adequately advertised.	91,761	-	91,761	-
Non-compliance with MFMA - Section 116(3)	3,471	113,744	3,471	113,744
Non-compliance with MFMA - Section 116(1)(b)	75,945	3,131	75,945	3,131
Non-compliance with MFMA - Section 116(2)	46	-	46	-
Non-compliance with MFMA - Section 15(b)	4,763	-	4,763	-
Non-compliance with MFMA - Section 112(1)(a)	223	16,663	223	16,663
Non-compliance with MFMA - Section 110	169	78	169	78
Non-compliance with MFMA - Section 36	24,469	8,741	24,469	8,741
Awards made to entities whose directors / members / principal shareholders / stakeholders were in the service of eThekwini municipality	254	66	254	66
Awards made to entities whose directors / members / principal shareholders / stakeholders were close family members of persons in the service of eThekwini municipality	2,486	525	2,486	525
Awards made entities whose directors / members / principal shareholders / stakeholders were in the service of other State institutions	1,491	417	1,491	417
Non-compliance with S.C.M - invalid deviations	-	43,237	-	43,237
Non-compliance with S.C.M - contract extended after expiry	-	13,664	-	13,664
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	171	2,067	171	2,067
Non-compliance with S.C.M - Splitting of tenders	869	1,894	869	1,894
Non-compliance with S.C.M - No valid tax clearance certificate submitted	2,200	2,123	2,200	2,123
I.C.C Durban (Pty) Ltd. Fruitless and Wasteful Expenditure : Interest on late payment of utility bills	9	-	-	-
I.C.C Durban (Pty) Ltd. - Fruitless and Wasteful Expenditure : VAT interest on late payment	-	22	-	-
Durban Marine Theme Park SOC Limited - Fruitless and Wasteful Expenditure : Interest on late payment of rates	-	143	-	-
Durban Marine Theme Park SOC Limited - Non-compliance with S.C.M. - various:	60,150	-	-	-

Irregular expenditure

Reconciliation of irregular expenditure

Opening balance	132,956	316,686	132,791	316,686
Irregular expenditure current year	217,832	219,005	157,682	219,005
Fruitless and wasteful expenditure current year	9	165	-	-
Prior year irregular expenditure arising through finalised investigations	50,636	-	50,636	-
Certified as irrecoverable by Council	(186,235)	(402,900)	(186,235)	(402,900)
Irregular expenditure awaiting condonement	215,198	132,956	154,874	132,791

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand

47. 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.

The amounts above are inclusive of VAT.

There are currently 15 investigations outstanding that were carried out and the City Manager is still in the process with the finalisation thereof. Included in the current year irregular expenditure is an amount of R 50.6m relating to irregular expenditure incurred in the prior years. Of the R50.6m an amount of R50m relates to the 2013/14 financial year. The irregular expenditure for the year excluding the prior year expenditure is R157.7m. This prior year irregular expenditure has been identified as irregular by our investigation unit as per the reports that were finalised during the year. Therefore the expenditure has not been reported to Council for condonation as the recommendations per these reports are still being processed.

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand

48. Bank balances

Account number - Bank - Account	Cash Book Balance	Bank Statement balance	Cash Book Balance	Bank Statement balance
Description	June 30, 2016	June 30, 2016	June 30, 2015	June 30, 2015
050134353 - Standard Bank - Main Expenditure	-	-	14,745	(77,537)
1107821231 Nedbank -Main Expenditure	104,322	(738,818)	-	-
050133535 - Standard Bank - Main Expenditure EFT	-	-	(404)	(863,278)
1107821010 - Nedbank - Main Expenditure EFT	(1,011)	(1,479,871)	-	-
050133969 - Standard Bank - Direct Deposits Account	-	-	15,342	268,417
1107821061 - Nedbank - Direct Deposit Account	7,402	32,847	-	-
050134116 - Standard Bank - Electronic Deposits Account	-	21,507	58,406	1,932,385
1107821126 - Nedbank - Electronic Deposit Account	74,486	136,292	-	-
050134132 - Standard Bank - Cashiers Deposit Account	-	-	(10,438)	181,139
1107821134 - Nedbank - Cashiers Deposit Account	(14,244)	232,432	-	-
050134140 - Standard Bank - Government Deposit Account	-	-	11,109	53,212
1107821002 - Nedbank - Government Deposit Account	26,909	27,017	-	-
050134655 - Standard Bank - Electricity Income Account	-	142	442	11,638
1107821398 - Nedbank - Electricity Income Account	3,018	7,700	-	-
050134671 - Standard Bank - Electricity Prepaid Vendor Deposits	-	-	3,247	103,345
1107821401 - Nedbank - Electricity Prepaid Vendor Deposits	95,191	96,360	-	-
050134469 - Standard Bank - SARS E-Filing Account	-	-	-	354,319
1107821304 - Nedbank - SARS E-Filing Account	14,355	14,354	-	-
050134442 - Standard Bank - Dishonoured Cheques Account	-	-	(3)	(158)
1107821282 - Nedbank - Dishonoured Cheques Account	(86)	(258)	-	-
050073117 - Standard Bank - Main Expenditure Bank	-	(4,193)	-	(4,496)
050133993 - Standard Bank - Direct Debit Collections Account	-	-	-	77,136
1107821088 - Nedbank - Direct Debit Collections Account	7,496	6,906	-	-
050134019 - Standard Bank - Transwitch Account	-	-	-	118,276
1107821096 - Nedbank - Transwitch Deposit Account	-	5,435	-	-
050134094 - Standard Bank - Agents Deposit Account	-	806	23,982	126,825
1107821118 - Nedbank - Agents Deposit Account	23,851	60,343	-	-
050134213 - Standard Bank - Metro Police Deposit Account	-	-	-	5,129
1107821169 - Nedbank - Metro Police Deposit Account	-	5,894	-	-
1107821150 - Nedbank - Metro Police Transwitch Deposit Account	-	564	-	-

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand

48. Bank balances (continued)

050134248 - Standard Bank - Parks, Recreation and Culture Deposit Acc.	-	-	(119)	2,795
1107821177 - Nedbank - Parks, Recreation and Culture Deposit Acc.	1,215	2,745	-	-
050134264 - Standard Bank - City Engineers Account	-	-	374	3,135
1107821185 - Nedbank - City Engineers Account	1,357	12,741	-	-
050134272 - Standard Bank - Durban Tourism Deposit Account	-	-	-	564
1107821193 - Nedbank - Durban Tourism Deposit Account	-	78	-	-
050134531 - Standard Bank - Central Foreign Rand Account	-	-	-	(287)
1107821347 - Nedbank - Central Foreign Rand Account	-	(6)	-	-
050134574 - Standard Bank - Water Foreign Rand Account	-	-	-	(1)
050134698 - Standard Bank - Electricity Foreign Rand Account	-	-	223	223
050134299 - Standard Bank - Virginia Airport Account	-	-	-	595
1107821207 - Nedbank - Virginia Airport Account	-	403	-	-
050134329 - Standard Bank - Department of Housing Account	-	-	-	15,238
1107821215 - Nedbank - Department of Housing Account	-	162,726	-	-
050134450 - Standard Bank - Sundry PAYE Account	-	-	439	439
1107821290 - Nedbank - Wages Sundry PAYE Account	376	376	-	-
050134507 - Standard Bank - Cash Payments Account	-	-	610	(795)
1107821312 - Nedbank - Cash Payments Account	1	(887)	-	-
050134426 - Standard Bank - Refunds Expenditure Account	-	-	-	4,043
1107821266 - Nedbank - Refunds Expenditure Account	-	1,805	-	-
050134582 - Standard Bank - Water and Sanitation Services Expenditure Account	-	-	341	(56)
050133616 - Standard Bank - Water and Sanitation Services EFT Account	-	-	60	(412,730)
050134701 - Standard Bank - Electricity Expenditure Account	-	-	(1,479)	1,480
1107821436 - Nedbank - Electricity Expenditure Account	(747)	(747)	-	-
050133608 - Standard Bank - Electricity EFT	-	-	(669,887)	(669,887)
1107821037 - Nedbank - Electricity EFT	(807,737)	(807,740)	-	-
050133586 - Standard Bank - Salaries Account	-	-	69,479	(390,255)
1107821029 - Nedbank - Salaries Account	75,798	(443,966)	-	-
050134590 - Standard Bank - Durban Fresh Produce Market Account	-	-	17,580	17,550
1107821371 - Nedbank - Durban Fresh Produce Market Account	22,397	22,369	-	-
050134515 - Standard Bank - CIFAL Durban Account	-	-	230	230
1107821339 - Nedbank - CIFAL Durban Account	-	239	-	-
050134493 - Standard Bank - General Bank Account	-	-	558,805	(858,028)
1107821320 - Nedbank - General Bank Account	436,556	2,670,970	-	-

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand

48. Bank balances (continued)

050041827 - Standard Bank - E-Ticketing Account	-	-	-	(439)
1107821487 - Nedbank - E- Ticketing Account	911	3,110	-	-
050134434 - Standard Bank - Bank Charges Account	-	(3)	-	(254)
1107821274 - Nedbank - Bank Charges Account	-	(467)	-	-
050134337 - Standard Bank - Moses Mabhida Stadium Deposit Account	-	-	53	3,732
1107821223 - Nedbank - Moses Mabihda Stadium Deposit Account	61	4,979	-	-
050138987 - Standard Bank - Pay at Deposit Account	-	-	(5,166)	99,333
1107821460 - Nedbank - Pay at Deposit Account	(6,181)	13,198	-	-
050137190 - Standard Bank - Consolidated Investment Account	-	-	-	(3)
1107821444 - Nedbank - Consolidated Investment Fund	9	8	-	-
1107821452 Nedbank - Consolidated Investment Fund (EFT)	-	(1)	-	-
050154540 - Standard Bank - Syntell Deposit Account	-	-	-	(131)
1107821479 - Nedbank - Syntell Deposit Account	(4)	97	-	-
050189816 - Standard Bank - Reforestation Project Account	-	-	21,021	23,593
1107821509 - Nedbank - Reforestation Project Account	23,841	31,799	-	-
050138782-Standard Bank-Moses Mabhida Expenditure Account	-	-	6,445	(8,299)
1107821517 - Nedbank - Moses Mabhida Expenditure Account	2	(9,736)	-	-

Totals: ETHEKWINI MUNICIPALITY

Bank balances	919,553	3,576,242	802,933	3,403,420
	(830,009)	(3,486,693)	(687,496)	(3,285,283)

The following accounts had nil balances at year end:

1107821053 - Nedbank - Durban Fresh Produce Market EFT; 1107821495 - Nedbank - Auctions Account; 1107821525 - Nedbank - Rates Clearance; 050134493 - Standard Bank - General Bank; 050137190 - Standard Bank - Consolidated Investment Bank.

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand

48. Bank balances (continued)

Durban Marine Theme Park (Proprietary) Limited:

443362 - Investec Bank	11,653	11,653	10,858	10,858
50003801489 - Investec Bank	26,003	26,003	25,093	25,093
100027X021905914 - RMB	-	-	4,600	4,600
050139452 - Standard Bank	-	-	45	45
1107821584 - Nedbank	851	851	-	-
1108788556 - Nedbank	1	1	-	-
1107821592 - Nedbank	48	48	-	-
1107821606 - Nedbank	1	1	-	-
1108788564 - Nedbank	3	3	-	-
800221322 - Nedbank	3,826	3,826	-	-
1107821045 - Nedbank	20	20	-	-
1100443362451 - Investec Bank	1,900	1,900	-	-
050139495 - Standard Bank	-	-	1	1
050139509 - Standard Bank	24	24	409	409
050215280 - Standard Bank	-	-	10	10
I.C.C. Durban (Proprietary) Limited: 50226959 - Standard Bank	1,124	1,093	1,344	1,201
50881201632 - FNB	-	-	2,285	2,284
1107821576 - Nedbank	3,525	3,525	-	-
1107821568 - Nedbank	2	2	-	-
1107821541 - Nedbank	14,748	14,623	-	-
50138162 - Standard Bank	55	55	2,271	2,106
50138197 - Standard Bank	4,083	4,083	526	676
Bank Balances (Effingham)	20,665	-	13,110	-
Bank Balances (Durban Point Development Company)	279	-	-	-

Totals: MUNICIPAL ENTITIES

Bank balances	88,811	67,711	60,552	47,283
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Totals: GROUP

Bank balances	1,008,364	3,643,953	863,485	3,450,703
Bank overdraft	(830,009)	(3,486,693)	(687,496)	(3,285,283)

49. Taxation

Current tax for the year recognised in surplus or deficit - ICC	(3,830)	(4,334)	-	-
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No provision has been made for the taxation of Durban Marine Theme Park SOC Limited as they have an assessed loss of R371 188 583 (2015 R297 845 220) which is available for set-off against future taxable income. No deferred tax asset has been raised.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand

50. FINANCIAL INSTRUMENTS

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

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 timeous 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	6,620,000	5,499,990	6,620,000	5,499,990
Long-term receivables	83,412	93,730	83,412	93,730
Consumer Debtors	2,767,695	2,925,902	2,772,513	2,925,168
Receivables from Exchange Transactions	3,462,295	2,913,174	3,437,855	2,887,927
Receivables from Non Exchange Transactions	237,341	238,303	237,341	238,303
Long-term Liabilities	9,236,359	10,332,519	9,236,359	10,241,146
Payables from Exchange	6,151,173	5,331,272	6,095,244	5,323,185
Fair value				
Investments	6,620,000	5,499,990	6,620,000	5,499,990
Long-term receivables	83,412	93,730	83,412	93,730
Consumer Debtors	2,767,695	2,925,902	2,772,513	2,925,168
Receivables from Exchange	3,462,295	2,913,174	3,437,855	2,887,927
Receivables from Non Exchange	237,341	238,303	237,341	238,303
Long-term Liabilities	9,236,359	10,332,519	9,236,359	10,241,146
Payables from Exchange	6,151,173	5,331,272	6,095,244	5,323,185

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand

50. Unauthorised, irregular, fruitless and wasteful expenditure disallowed (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:	5,000
Ethekwini Municipality - Letter of Credit:	15,075
Ethekwini Municipality - Performance guarantee:	80,550
Ethekwini Municipality -Working Capital Facilities:	9,985
Ethekwini Municipality - Fleet Management Card:	30
Ethekwini Municipality - Credit Card	228
I.C.C. Durban - Credit card:	228
I.C.C. Durban - Performance guarantee:	549
Durban Marine Theme Park - Fleet Management	36

The total of these facilities amount to **111,681**

Group

At June 30, 2016	Carrying Amount	Contractual Cash Flows	12 Months or less	More than 12 months
Borrowings	9,236,359	9,236,359	1,065,702	8,170,657
Trade and other payables	6,151,173	6,151,173	6,151,173	-
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	5,331,272	5,331,272	5,331,272	-

Municipality

At June 30, 2016	Carrying Amount	Contractual Cash Flows	12 Months or less	More than 12 months
Borrowings	9,236,359	9,236,359	1,065,702	8,170,657
Trade and other payables	6,095,244	6,095,244	6,095,244	-
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	5,323,185	5,323,185	5,323,185	-

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand

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

Group

At June 30, 2016	Less than 1 year	Between 1 and 3 years
Investments		
• Short term investments	6,620,000	-
• Call deposits	406,220	-
At June 30, 2015	Less than 1 year	Between 1 and 3 years
Investments		
• Short term investments	4,999,990	-
• Long term investments	-	500,000
• Call deposits	471,113	-

Municipality

At June 30, 2016	Less than 1 year	Between 1 and 3 years
• Short term investments	6,620,000	-
• Call deposits	195,000	-
At June 30, 2015	Less than 1 year	Between 1 and 3 years
Investments		
• Short term investments	4,999,990	-
• Long term investments	-	500,000
• Call deposits	265,000	-

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, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand

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

Interest rate risk

Fair Value Sensitivity to interest rate movement/shift for floating rate Investments	-1	-0.5	0	0.5	1
	548,229	266,545	(15,138)	(296,822)	(578,506)

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.

On the basis of the assumptions in the table above, a 1% increase in the floating interest rate will result in a cash inflow of R578 506 and a decrease of 1% will result in a cash outflow of R548 229.

Cash flow interest rate risk

Swap Cash flow Sensitivity

Credit Quality Investments	Long Term Ratings: AA+	Long Term Ratings: AA	Long Term Ratings: AA-	ShortTerm Ratings: A+	Short Term Ratings: A1	Short Term Ratings: A1-
Domestic Bank	2	2	3	6	1	-

Heading	Exposure Limits	Cash Deposits	Medium / Short term Deposits	Long term Deposits
Domestic Banks	15,220,000	195,000	6,620,000	-

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand

50. Unauthorised, irregular, fruitless and wasteful expenditure disallowed (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 2016: Financial Assets at Fair Value through profit or loss - Group	Level 1	Level 2	Level 3	Total
Investments	6,620,000	-	-	6,620,000
Cash on hand	11,754	-	-	11,754
Net Bank Balance	178,355	-	-	178,355
Call Investment Deposits	406,220	-	-	406,220
Long-term Receivables	-	83,412	-	83,412
Consumer Debtors	-	2,767,695	-	2,767,695
Receivables from Exchange	-	3,462,295	-	3,462,295
Receivables from Non Exchange	-	237,341	-	237,341
Long-term Liabilities	-	9,236,359	-	9,236,359
Payables from Exchange	-	6,151,173	-	6,151,173
	7,216,329	21,938,275	-	29,154,604

30 June 2015: Financial Assets at Fair Value through profit or loss - Group	Level 1	Level 2	Level 3	Total
Investments	5,499,990	-	-	5,499,990
Cash on hand	19,673	-	-	19,673

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand

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

Net Bank Balance	175,989	-	-	175,989
Call Investment Deposits	471,113	-	-	471,113
Long-term Receivables	-	93,730	-	93,730
Consumer Debtors	-	2,925,902	-	2,925,902
Receivables from Exchange	-	2,913,174	-	2,913,174
Receivables from Non Exchange	-	238,303	-	238,303
Long-term Liabilities	-	10,332,519	-	10,332,519
Payables from Exchange	-	5,331,272	-	5,331,272
	6,166,765	21,834,900	-	28,001,665

Group

Financial instrument	Call Deposits (R'000)		Fixed Deposits (R'000)	
	2016	2015	2016	2015
ABSA BANK - ICC	36,841	45,668	-	-
INVESTEC BANK - ICC	63,436	45,300	-	-
NEDBANK - ICC	63,300	50,351	-	-
FNB - ICC	25,855	28,924	-	-
STANDARD BANK - ICC	20	20,820	-	-
GRINDROD BANK - ICC	20,767	15,050	-	-
MUNICIPALITY	195,000	265,000	6,620,000	5,500,000
TOTAL	405,219	471,113	6,620,000	5,500,000

Municipality

Financial instrument	Call Deposits (R'000)		Fixed Deposits (R'000)	
	2016	2015	2016	2015
ABSA BANK	175,000	245,000	550,000	-
GRINDROD BANK	20,000	20,000	-	-
FNB	-	-	1,270,000	1,200,000
NEDBANK	-	-	2,250,000	2,100,000
STANDARD BANK	-	-	1,800,000	800,000
INVESTEC BANK	-	-	650,000	1,300,000
BANK OF CHINA	-	-	100,000	100,000
TOTAL	195,000	265,000	6,620,000	5,500,000

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand

50. Unauthorised, irregular, fruitless and wasteful expenditure disallowed (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				
Consumer Debtors	2,767,695	2,925,902	2,772,513	2,925,168
Receivables from Exchange	3,462,295	2,913,174	3,437,855	2,887,927
Receivables from Non Exchange	237,341	238,303	237,341	238,303
Cash and Cash Equivalents	7,216,329	6,166,765	6,915,704	5,898,757

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

Consumer Debtors:

Gross

0 - 30 days	2,082,287	1,437,516	2,087,025	1,440,732
31 - 120 days	553,370	574,762	553,509	570,155
More than 120 days	3,139,564	3,426,305	3,139,505	3,426,305
Less: Provision for Bad Debts	(3,007,526)	(2,512,681)	(3,007,526)	(2,512,024)
Net Consumer Debtors	2,767,695	2,925,902	2,772,513	2,925,168

Movement in the provision for Bad Debts:

Consumers

Balance at beginning of year	2,512,681	2,008,961	2,512,024	2,008,078
Contribution	576,626	615,041	577,102	615,257
Bad debts written off	(81,781)	(111,321)	(81,600)	(111,311)
Balance at year end	3,007,526	2,512,681	3,007,526	2,512,024

Movement in the provision for Bad Debts:

Other (Exchange and Non Exchange)

Balance at beginning of year	4,048,559	2,586,854	4,049,142	2,586,854
Contribution	812,380	1,463,461	811,797	1,464,044
Bad debts written off	(51,702)	(1,756)	(51,702)	(1,756)
Balance at year end	4,809,237	4,048,559	4,809,237	4,049,142

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended June 30, 2016

Notes to the Annual Financial Statements

Figures in Rand thousand

51. Budget disclosure

Material differences between budget and actual amounts

Differences between budget and actual amounts basis of preparation and presentation

An adjustments budget is the mechanism to amend an approved budget under certain conditions and is legislated in terms of Section 28 of the MFMA of 2003 and the Municipal Budgeting and Reporting Regulations. The main reasons for the adjustments to the budget are as follows:

- reallocation of budgets between votes to ensure operational efficiencies;
- adjustments in respect of grant funding to the municipality;
- re-prioritisation of capital projects for various reasons.

Budget policy is aligned with GRAP in terms of disclosure.
Operational grants for the year were R2.4billion and capital grants were R3.3billion.

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.

52. Events after the reporting date

Incorporation of Vulamehlo Municipality:

In terms of Department of Co- Operative Governance circular date 06 June 2016, the Municipal Demarcation Board, as permitted under of the Local Government: Municipal Demarcation Act 27 of 1998, has re-determined the municipal boundaries of eThekwini Municipality which will result in the incorporation of Vulamehlo Municipality into eThekwini Municipality. The effective date of incorporation of Vulamehlo Municipality into eThekwini is 10th of August 2016 after the local government elections. Applying the spilt model developed by Bonakude Consulting (Pty) Ltd, 3 and a half wards that were previously under Vulamehlo Municipality will be incorporated into eThekwini area of jurisdiction.

Moses Mabhida Stadium:

The Municipality is currently reviewing the institutional arrangements of Moses Mabhida Stadium. As at August 2016 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
Annual Financial Statements for the period ended 30 June 2016
Notes to the Financial Statements
Figures in Rand thousand

NOTE 53: EXTERNAL LOANS FOR THE YEAR ENDED 30 June 2016

DESCRIPTION	%	LOAN No.	DATE REPAYABLE	BALANCE AT 30-Jun-15	REDEEMED DURING THE PERIOD	BALANCE AT 30-Jun-16
				R 000's	R 000's	R 000's
FRB PN 15 Years	Variable	1/58	30-06-2016	79 888	49 783	30 105
INCA/IVUZI 15 Years	9.52%	1/66	30-06-2020	247 221	40 654	206 567
Nedbank 15 Years	8.47%	1/67	31-03-2021	500 924	67 081	433 843
DBSA Ph 1 20 Years	13.50%	P1	30-09-2017	217 496	76 354	141 141
DBSA Ph 2 15 Years	Variable	P2	31-03-2016	63 375	31 687	31 687
DBSA Ph 3 15 Years	12.90%	P3	30-09-2017	160 789	47 029	113 761
DBSA Ph 4 15 Years	10.40%	P4	30-06-2019	241 028	51 400	189 628
DBSA Ph 5 15 Years	8.90%	P5	30-06-2020	160 043	23 681	136 363
DBSA Ph 6 15 Years	8.75%	P6	30-06-2022	498 825	54 243	444 582
DBSA Ph 7 20 Years	8.30%	P7	02-01-2028	2 360 540	106 104	2 254 436
DBSA Ph 8 15 Years	9.85%	P8	30-06-2029	1 453 082	51 268	1 401 814
NEDBANK 7 Years	10.09%	1/70	28-02-2017	185 542	88 243	97 299
RMB R 1b 15 Years	10.28%	1/72	30-06-2025	814 003	49 578	764 425
ABSA 7 Years	8.73%	1/73	29-09-2017	436 513	163 454	273 059
ABSA 15 Years	10.19%	1/74	30-06-2026	858 185	45 011	813 174
AFD Calyon 12 Years	9.52%	1/68	31-12-2018	22 843	6 527	16 317
RMB R1B 20 Years	9.53%	1/75	30-06-2032	940 850	23 536	917 314
NEDBANK R1.0bn 15 Years	10.58%	1/76	28-06-2030	1 000 000	29 156	970 844
Total Annuity Loans				10 241 148	1 004 789	9 236 359
TOTAL EXTERNAL LOANS (all Municipality)				10 241 148	1 004 789	9 236 359

eThekweni Municipality and its Municipal Entities
Annual Financial Statements for the year ended 30 June 2016
Notes to the Annual Financial Statements
Figures in Rand thousand

Note 54(c): ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2016 - GROUP

	Cost / Realisation					Accumulated					Carrying Value R'000	
	Opening Balance R'000	Opening Under Construction R'000	Additions R'000	Under Construction R'000	Closing Balance R'000	Disposals R'000	Transfers R'000	Impairments R'000	Impairments Reversal R'000	Transfers R'000		Closing Balance R'000
Land and Buildings	526 191	168	9 001	4 101	539 124	-	-	-	-	-	-52	539 072
Buildings	5 367 223	2 030 259	49 277	-1 487 088	6 859 289	-427	-902	416	-	-	-1 538 626	4 423 463
	5 893 414	2 030 427	59 278	-1 482 987	6 895 413	-1 330	-	416	-	-	-1 538 678	4 862 534
Infrastructure	9 844 500	2 306 639	521 039	11 775 436	11 775 436	-	-	-	2 306	-	-2 889 516	8 985 945
Traffic Equipment & Banks	8 472 077	10 300	804 177	-252 657	8 624 090	-69	-	15	-4 628	-	-272 022	3 100 068
Stormwater Drainage	644 370	5	5 375	9 816	649 545	-	-	-	-	-	-228 322	398 410
Sewerage Pumps	1 000 000	24 443	754 771	396 077	1 875 291	-8	-	5	-915	794	-305 307	1 569 984
Purification Works	772 268	28 541	22 071	69 005	801 033	-	-	-	-	-	-403 697	1 552 242
Refuse Sites & Transfer Station	696 416	0	1 067	1 512 016	2 209 499	-	-	-	-	-	-5 557	4 004 335
Water Mains & Retention	1 512 016	0	0	1 513 083	1 513 083	-	-	-	-	-	-1 172	1 507 526
Water Reservoirs	300 754	-2 413 255	36 233	2 422 697	1 869 499	-	-	-	-	-	-41 728	1 558 369
Water Treatment Works	1 100 000	4 655	2 000 000	1 100 000	1 100 000	-	-	-	-	-	-1 100 000	0
Mains	2 546 213	171 805	115 300	18 258	2 851 600	-	-	-	-	-	-950 696	1 898 903
Major Substations	2 809 361	208 565	97 613	138 078	3 254 618	-	-	-	-65	-	-876 465	2 378 353
Public Lighting	311 156	7 697	4 655	3 523	327 001	-	-	-	-	-	-129 967	197 034
Other Infrastructure	1 100 000	0	0	0	1 100 000	-	-	-	-	-	-1 100 000	0
Connections & Switches	31 979 413	3 833 865	1 819 829	3 908 575	40 841 483	-77	-	21	-5 666	-	-6 741 132	32 200 073
Community Assets	3 986 597	114 917	23 507	70 477	4 205 498	-	-	-	-5 636	-	-826 936	3 378 562
Recreation	207 135	0	21 586	238 721	238 721	-	-	-	-	-	-4 107	197 614
Clinics & Depots	109 149	0	1 657	110 800	110 800	-	-	-	1 932	-	-33 920	76 880
Community Halls	112 237	16 550	28 377	8 232	165 395	-	-	-	-	-	-1 425	144 577
Fire Stations	136 697	0	731	198 829	198 829	-	-	-	-	-	-2 249	56 694
Libraries	1 000	0	2 764	45 955	49 719	-	-	-	-	-	-1 001	48 718
Police Stations	4 697 515	132 484	78 839	78 709	4 887 547	-	-	-	-5 835	-	-367 385	4 520 162
Other Assets	11 550	2 015	3 336	1 201	112 953	-	-	-	-	-	-42 487	60 466
Airconditioning	781 915	5 830	73 988	3 322	803 694	-	-	2	-	-	-8 982	794 712
Computer Equipment	710 487	448	0	1 914	722 163	-48 893	-	982	-	-	-77 927	644 236
Car Parks & Fencing	1 152 254	19 346	153 782	8 370	1 333 752	-	-	-	-	-	-38 846	1 294 906
Plant & Equipment	206 370	0	2 420	800	209 590	-	-	-	-	-	-1 209 188	118 864
Furniture & Fittings	3 111 260	10 869	40 787	-2 457	3 159 375	-21 093	-	20 363	-637	47 236	-95 230	2 101 412
Vehicles	7 442 005	23 895	332 010	14 396	7 727 387	-36 119	-48 892	31 714	-703	-	-1 739 923	1 339 452
Fire Engines	49 413 748	6 020 272	2 288 965	2 518 754	60 555 532	-37 258	-48 892	-	-	-47 237	-5 085 509	1 22 159
Total	49 413 748	6 020 272	2 288 965	2 518 754	60 555 532	-37 258	-48 892	31 714	-703	-47 237	-16 351 105	43 804 247

eThekweni Municipality and its Municipal Entities
 Annual Financial Statements for the year ended 30 June 2016
Notes to the Annual Financial Statements
 Figures in Rand thousand

Note 54(b): ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2016 - MUNICIPALITY

	Cost / Revaluation						Accumulated						Carrying Value R'000		
	Opening Balance R'000	Opening Under Construction R'000	Additions R'000	Under Construction R'000	Disposals R'000	Transfers R'000	Closing Balance R'000	Opening Balance R'000	Additions R'000	Disposals R'000	Impairments R'000	Impairments Reversal R'000		Transfers R'000	Closing Balance R'000
Land and Buildings															
Land	4 536 191	168	0 031	4 161	0	4 536 124	-911 646	-148 752	-148 752	416	0	0	0	-1 050 078	3 536 072
Buildings	4 553 047	2 030 718	39 313	-1 482 296	-427	5 138 392	-311 646	-1 148 752	-1 148 752	416	0	0	0	-1 060 078	4 088 317
Infrastructure															
Roads	9 944 590	236 637	521 638	472 594	0	11 175 459	-2 479 436	-413 080	-413 080	0	0	2 959	0	-2 889 516	8 285 943
Traffic Equipment & Ranks	2 295 319	0	10 190	308 030	0	3 462 080	-277 236	-277 236	-277 236	0	0	0	0	-274 026	3 190 068
Stormwater Drainage	1 836 378	1 836 378	804 177	-252 657	-69	10 863 513	-1 509 593	-209 513	-209 513	15	-4 628	0	794	-1 723 718	9 136 619
Sewerage Pumps	1 029 942	0	5 175	0	0	649 545	-228 322	-35 606	-35 606	0	0	0	0	-263 135	386 410
Water Mains	25 689	25 689	21 756	2 816	0	1 079 204	-46 627	-11 181	-11 181	0	0	0	0	-77 808	1 001 396
Water Mains & Retention	1 029 942	1 029 942	1 029 942	38 055	0	1 029 942	-46 627	-11 181	-11 181	0	-910	0	0	-57 808	972 134
Water Mains & Retention Station	699 416	26 541	22 071	63 065	0	806 093	-381 307	-12 300	-12 300	0	0	0	0	-409 607	404 256
Water Reservoirs	1 512 016	0	1 067	0	0	1 513 083	-2 693	-12 300	-12 300	0	0	0	0	-5 527	1 507 556
General Infrastructure	500 734	-2 413 448	56 513	2 422 697	0	566 496	-100 593	-10 535	-10 535	0	0	0	0	-111 128	455 368
Mains	321 050	645 252	29 824	373 617	0	1 369 742	-34 614	-16 666	-16 666	0	0	0	0	-51 280	1 318 462
Major Substations	2 546 213	171 508	115 320	18 258	0	2 851 600	-886 755	-65 941	-65 941	0	0	0	0	-952 696	1 898 903
Public Lighting	2 809 361	208 565	97 813	139 079	0	3 254 818	-793 057	-43 343	-43 343	0	-65	0	0	-876 465	2 378 353
Connections & Switches	311 156	7 697	4 635	3 523	0	327 001	-114 672	-15 295	-15 295	0	0	0	0	-129 967	187 034
	970 138	39 469	1 05 593	38 459	0	1 055 659	-157 652	-31 363	-31 363	0	0	0	0	-209 015	846 644
	31 979 413	3 652 665	1 819 629	3 968 579	-77	40 341 465	-1 029 797	-1 029 797	-1 029 797	21	-5 608	3 793	-	-8 741 352	32 260 913
Community Assets															
Recreation	3 996 597	114 917	23 507	70 477	0	4 205 498	-711 480	-109 619	-109 619	0	-5 836	1 932	-	-626 936	3 378 562
Clinics & Depots	207 135	0	21 586	0	0	228 721	-39 174	-3 865	-3 865	0	0	0	0	-41 107	187 614
Cemeteries & Crematoria	27 304	0	89	0	0	27 392	-4 570	-443	-443	0	0	0	0	-5 013	22 380
Community Halls	109 149	0	1 651	0	0	110 800	-31 827	-2 092	-2 092	0	0	0	0	-33 920	76 880
Fire Stations	112 237	16 550	28 377	8 232	0	165 395	-19 383	-1 425	-1 425	0	0	0	0	-20 808	144 587
Libraries	136 067	0	731	0	0	136 828	-38 985	-2 249	-2 249	0	0	0	0	-41 134	95 694
Police Stations	49 211	1 000	6 744	0	0	56 955	-10 667	-1 091	-1 091	0	0	0	0	-11 758	34 197
	4 697 515	132 484	78 639	78 709	-	4 987 547	-862 069	-121 412	-121 412	0	-5 836	1 932	-	-887 365	4 000 182
Other Assets															
Airconditioning	111 550	-2 015	3 336	1 201	-1 119	112 953	-42 487	-9 608	-9 608	2	0	0	0	-52 094	60 859
Security Systems	212 446	-3 213	20 048	1 176	-1 088	228 368	-121 180	-18 720	-18 720	885	0	0	0	-138 916	90 452
Computer Equipment	774 241	-830	71 890	3 323	-5 807	793 923	-585 735	-76 597	-76 597	4 270	6	0	0	-658 056	135 867
Car Parks & Fencing	710 487	19 163	9 313	1 914	0	722 163	-408 692	-38 846	-38 846	0	0	0	0	-448 538	273 625
Furniture & Equipment	899 232	13 622	13 622	8 470	-5 352	918 592	-13 526	-13 526	-13 526	5 002	-61	0	0	-1 038 590	880 002
Tools & Things	298 379	-909	10 869	860	-1 246	306 842	-71 425	-13 526	-13 526	1 077	-11	0	47 238	-39 520	265 618
Motor Vehicles	3 109 189	10 869	40 137	-2 457	-21 064	3 136 673	-90 644	-4 596	-4 596	0	0	0	0	-96 240	2 101 612
Fire Engines	317 045	0	303 589	14 438	-35 676	7 469 600	-194 561	-325	-325	31 714	-703	-	47 297	-1 798 810	1 337 863
	7 212 610	6 020 107	2 250 622	2 518 616	-36 270	58 546 968	-13 961 732	-1 806 789	-1 806 789	32 150	-12 147	5 725	-	-4 900 701	2 562 899
Total	47 842 586	6 020 107	2 250 622	2 518 616	-36 270	58 546 968	-13 961 732	-1 806 789	-1 806 789	32 150	-12 147	5 725	-	-15 695 496	42 851 471

eThekweni Municipality and its Municipal Entities
Annual Financial Statements for the year ended 30 June 2016
Notes to the Annual Financial Statements
Figures in Rand thousand

Note 55(a): ANALYSIS OF INTANGIBLE ASSETS AS AT 30 JUNE 2016 - GROUP

	Cost				Accumulated Depreciation							Carrying Value	
	Opening Balance Cost R'000	Opening Balance Capital Under Construction R'000	Additions R'000	Under Construction R'000	Disposals R'000	Transfers R'000	Closing Balance R'000	Disposals R'000	Impairments R'000	Impairments Reversal R'000	Transfers R'000		Closing Balance R'000
RMS Services	180 436	470 578	4 515	31 157			682 171						630 579
Computer Software	50 107	0	69 605	0		48 892	54 622					0	54 622
	457 392	0	74 120	31 157	(22)	48 892	575 867						212 995
Total	687 935	470 578	74 120	31 157	(22)	48 892	1 312 660	-	-	-	(47 297)	(414 466)	898 194

eThekweni Municipality and its Municipal Entities
 Annual Financial Statements for the year ended 30 June 2016
 Notes to the Annual Financial Statements
 Figures in Rand thousand

Note 55(b): ANALYSIS OF INTANGIBLE ASSETS AS AT 30 JUNE 2016 - MUNICIPALITY

	Cost					Accumulated Depreciation					Carrying Value				
	Opening Balance Cost R'000	Opening Balance Capital Under Construction R'000	Additions R'000	Under Construction R'000	Closing Balance R'000	Disposals R'000	Transfers R'000	Closing Balance R'000	Disposals R'000	Transfers R'000		Impairments R'000	Impairments Reversal R'000	Transfers R'000	Closing Balance R'000
RMS Services	180 436	470 578		31 157	682 171										630 579
Computer Software	150 107	0	4 515	0	54 622										54 622
	455 738	0	67 436	0	572 046	(20)	48 892								216 569
Total	686 281	470 578	71 951	31 157	1 308 839	(20)	48 892								895 730

eThekweni Municipality
Annual Financial Statements for the year ended 30 June 2016
Notes to the Annual Financial Statements

Figures in Rand thousand

Note 56: Awards to close family members of person in service of municipality

The details of total awards (43) to close family members amounting to R42,693,000.00 that transacted with the municipality are as follows:

No	Supplier Name	Spouse Name	Employee Name	R '000
1	AKS CREATIONS CC	AKESH	SHABNAM KISSOONLALL	6 237
2	AMAGABHISA CIVILS & CONSTRUCTI	ABEDNIGO MBONGISENI	XOLISILE HLONGWA	319
3	BA 1712 SE SECURITY TECHNOLOGI	KUBASHEN	KAMLESH RAJOO	277
4	BALLITO PLUMBERS CC	ALISTAIR ARNOLD ROWLAND	RESHMA VANDAYAR	1 138
5	GABHISA SERVICES CC	LUCKY NHLANHLA	BONGEKILE HLONGWA	9 404
6	GRAHAMS PLUMBING CC	DIANE	QUENTIN GRAHAM	2 183
7	INTERCOL (PTY) LTD	JANE CAROLINE	LAWRENCE PALMER	4
8	IYER URBAN DESIGN STUDIO	KAMALEN	DEVOSHINI KONAR	6 116
9	NHLANZI CONSULTANTS CC	PHINDA	PRISCILLA SHEMBE	485
10	NONTUBUYI TRADING ENTERPRISE C	BUYISILE	EUNICE MILOTSHWA SIBISI	250
11	PHISETH CONSTRUCTION CC	PHILILE MINENHLE	JACQUES VAN HEERDEN	382
12	PP FOCUS TRADING PROJECTS CC	PRINCESS NOZIPHO	CLAYTON NGCOBO	8
13	QOOO CONTRACTING SERVICES CC	DUMISILE DOREEN DOLLY	MZOKHONA NGCOBO	395
14	SANDILES PLUMBING SERVICES CC	SANDILE SUDNEY	BUSISIWE NYATHIKAZI	204
15	SINOANELE (PTY) LTD	MFANAFUTHI KENNETH	SINDISIWE KHATHI	51
16	THANDTHANDO PROJECTS (PTY)LTD	NOMUSA	BRIAN CELE	958
17	TMEN DEVELOPMENT SERVICES	MELINDA ZANELE	THOKOZANI SOKO	52
18	UMZACA CONTRACTORS CC	THULANI CLIFTON	SUKEPHI ZONDI	2 078
19	VERSFELD & ASSOCIATES CC	SHARLENE	DONALD JOLLEY	66
20	WHIZ CONSTRUCTION AND MAINTENA	KALAVANI	GANESAN PILLAY	2 286
21	STEELWARE DISTRIBUTORS CC	DHANASEN	MAYASREE MOODLEY	6
22	AUTO SPORT PANELBEATERS CC	MEGANATHAN	JAGATHAMBAL NAIDOO	18
23	IZMANGALISO BUSINESS SOLUTION	NOKULUNGA	ROBERT MKHIZE	178
24	MABANDLA INVESTMENTS CC	MABANDLA SAVIOUR	BONANGANI MKHIZE	303
25	MU HLEKWE CONSULTING CC	MVIKELANI JOSEPH	THULISILE HLEKWE	280
26	NDILE MULTIMEDIA CC	MZWANDILE BRING PEACE	GUGULETHU RADEBE	12
27	NYANDAYOMKHONTO TRADING ENTERP	GUGU ANGELINE	ZITHA MCHUNU	228
28	KWA-DUBE MEDICAL CC	DEBBY	CLINT FYNN	1
29	IKLWA CONTRACTORS CC	MFISELENI SYLVESTER	PRUDENCE CELE	1
30	SINGHCO INVESTMENTS CC	RANDEL	GAIL GOVENDER	48
31	LENS PLUMBERS CC	HOWARD MAGAYE	RUTH CELE	1 045
32	ZIKETHELE TRADING (PTY) LTD T/	VERONICA	MBONGISENI MSIMANG	85
33	ISIQUBULO PRIMARY CO-OPERATIVE	NOZIPHO ANNACETTA	XOLANI NGCOBO	491
34	MASIZUZE CO-OPERATIVE LIMITED	NONTUTHUKO PRIMROSE	BOXER ZULU	5 432
35	MAHEQENE CONTRACTING AND SERVI	VERONICA ZANDILE	DUMISANI DLADLA	556
36	NKULISABANTU CONTRACTING AND S	LIZIWE PEARL	BONGANI MNGENI	387
37	BAYEZA CLEANING AND MULTI PURP	NOMBUSO	ENOCK HLOPHE	403
38	MATRIVISTA	MARJORIE JANICE	THAMSAQA MANYATHI	100
39	OPIFLASH PTY LTD	LINDIWE VIRGINIA	MDUDUZI MASIKANE	15
40	GXABHASHEH VISUAL PRODUCTION C	NKOSINATHI GODFREY	SILINDILE MKHOMA	4
41	ASITHEPHE SAFETY AND INDUSTRIA	VUJAI	SITHARA SINGH	1
42	NTWUNGWA (PTY)LTD	NJABULO BRAINS	NOKULUNGA KHUMALO	90
43	NABANQOBI TRADING PRIMARY CO-O	THANDILE	INNOCENT NCUBE	148
		Total		42 693

Figures in Rand thousand

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

	Restated Opening Balance	Additions	Under Construction	Disposals	Impairments	Transfers	Closing Balance	Restated Opening Balance	Charging Balance	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
Miscellaneous	28 454	1 138	1 184	(520)	—	(455)	29 822	126 837	1 586	(416)	—	—	0	18 040	62 757
Formal Housing	126 560	—	125	(44)	—	18	126 651	63 119	3 293	(38)	—	—	(109)	64 380	7 700
Legal Services	10 340	—	125	(144)	—	18	10 439	3 157	3 293	(7)	—	—	18	3 429	7 019
Local Estates	11 310	—	520	(122)	—	15	11 363	2 502	1 717	(13)	—	—	(2)	2 574	13 057
Health Estates	242 295	—	26 842	(1 125)	—	(102)	271 292	84 833	5 377	(81)	—	—	(62)	89 214	183 078
Skills Development	3 733	—	195	309	(5)	(5)	4 342	2 304	2 459	(91)	—	—	(4)	2 668	1 874
Emergency Control Centre - Admin	169 955	—	28 192	(2 048)	—	(3)	197 695	96 007	14 413	(863)	—	—	(4)	109 553	89 005
Information Systems	1 000	—	3 000	(332)	—	(3)	3 665	3 665	3 665	(3)	—	—	(4)	3 662	3 662
Metropolitan Police	83 918	—	7 008	(144 585)	—	105	103 347	36 534	32 251	(201)	—	—	6	39 901	63 446
Retail Market	69 297	—	2 685	(653)	—	(1 140)	70 899	25 238	1 758	(145)	—	—	(2 427)	27 656	43 843
Sanitation	4 732 976	—	39 844	(4 901)	—	—	4 791 342	1 220 549	217 958	(145)	—	—	(2 427)	1 440 619	3 350 723
Seaport	2 159	—	54 19	—	—	—	26 377	111 668	89 133	(4 851)	—	—	—	195 778	1 216
Housing	1 251 194	—	8 912	(209)	—	(10)	1 467 881	340 388	42 522	(8)	—	—	(722)	382 704	1 074 676
Market Service	130 869	—	1 269	(12)	—	—	140 118	35 179	4 277	(6)	—	—	—	39 127	101 392
Police & Public Order	1 702	—	293	—	—	(0)	3 656	200	—	—	—	—	(0)	856	1 139
ombudsman & Head: Investigation	725	—	44	—	—	—	783	550	52	—	—	—	0	602	181
Office of International & Governance	6 757	—	102	—	—	14	7 077	3 422	528	—	—	—	0	3 949	3 067
Community Participation	—	—	4	—	—	0	4	3 422	528	—	—	—	0	3 949	3 067
Office of Grant In Aid	—	—	570	—	—	36 856	36 856	2 591	2 591	—	—	—	10 447	13 039	23 818
Office of Information	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Office of Information	4 295	—	216	(0)	—	—	4 511	2 591	2 591	(0)	—	—	—	2 591	4 511
City Manager's Office	760 731	—	1 013	(30)	—	(275 815)	488 904	143 167	25 029	(25)	—	—	(43 689)	130 520	358 184
Strategic Projects	171	—	68	(27)	—	(0)	213	103	31	(6)	—	—	(0)	128	85
Office of the D.C.M. - Procurement	5 279	—	156	—	—	(3 392)	2 443	2 443	165	—	—	—	(1 257)	1 360	713
Office of the D.C.M. - Health & Safety	125	—	—	—	—	(0)	125	17	17	—	—	—	—	7	118
Office of the D.C.M. - Governance	689	—	125	—	—	—	814	268	67	—	—	—	—	328	56 491
Office of the D.C.M. - Corp & HR	136 822	—	6 920	(46)	—	(6)	143 290	58 819	1 407	(3)	—	—	(9)	60 220	42 549
Public Relations & Community	8 480	—	365	(696)	—	(26)	8 149	8 513	1 407	(392)	—	—	(25)	9 560	139 675
Office of the D.C.M. - Governance	14 117	—	107 707	(115 245)	—	(6)	967 233	100 600	22 594	(4)	—	—	(4)	123 590	844 044
Economic Development & Facilitation	927	—	46	(230)	—	(0)	14 500	2 316	2 273	(197)	—	—	(0)	2 392	12 168
Business Support	294 897	—	74	(165)	—	1 118	296 248	53 235	5 000	—	—	—	(24)	59 241	238 007
Water	8 245 673	—	11 025	(1 651)	—	(5 674)	9 440 760	1 521 703	212 261	(1 466)	—	—	(5 646)	1 726 885	7 413 776
Solid Waste	1 855 861	—	3 418	(378)	—	—	1 894 901	819 847	4 856	(84)	—	—	(6 065)	824 103	464 075
Engineering	11 700 444	—	517 211	(789)	—	(15 777)	16 782 363	2 744 699	420 018	(364)	—	—	(6 065)	3 155 888	13 007 875
Electricity	1 633 248	—	3 745	(1 845)	—	(3 992)	1 632 256	1 632 256	1 632 256	(3 992)	—	—	(3 992)	1 632 256	1 632 256
Phix, Recreation, Commines & Governance	207 502	—	22 919	(855)	—	(7 730)	237 898	725 888	61 823	(897)	—	—	44 237	831 134	1 536 765
Communications	2 889	—	119	(14)	—	(104)	224 474	66 311	9 311	(98)	—	—	(356)	149 306	149 306
Human Resources	21 112	—	2 443	(75)	—	113	3 395	1 495	3 289	(98)	—	—	44	4 170	10 865
Management Services & Org. Development	1 365	—	5 083	(279)	—	(601)	3 168	11 488	1 547	(260)	—	—	(643)	12 130	19 639
Finance	14 642	—	3 273	(18 590)	—	(158)	1 007	709	164	(56)	—	—	—	867	2 416
Information Technology	5 099	—	18 149	(18 590)	—	(12 777)	19 047	6 055	605	(718)	—	—	(1 065)	13 052	6 015
Office of Audit & Performance Management	28	—	47 71	(119)	—	(5 489)	1 701	63 415	54	(177)	—	—	7	2 016	3 474
Electricity Transport Authority	703 924	—	39 872	(287)	—	(185 719)	627 723	39 948	39 948	(182)	—	—	(140 197)	484 648	223 075
Health & Safety	1 111	—	3 752	(62)	—	(2 354)	3 604 856	388 656	37 947	(4 901)	—	—	4 901	486 652	3 196 252
ABMS	8 955	—	—	(62)	—	(8 107)	9 848	34	481	(56)	—	—	(3 414)	785	2 482
Mayor's Parlor	5	—	—	(40)	—	(659)	46 659	69	69	—	—	—	282	352	1 307
Durban Energy Office	709 544	—	6 278	(40)	—	(22 517)	718 285	46 813	64 813	(95)	—	—	(5 045)	499 157	223 049
Office of the D.C.M. - Health & Social	7 354	—	1	(1)	—	(5 111)	7 355	3 392	3 392	(6)	—	—	(2 450)	497 157	233 049
Income	38 271	—	2 535	(787)	—	161 098	218 817	24 087	8 904	(687)	—	—	118 020	150 324	68 293
Income and Major Projects	186 013	—	229	(310)	—	(126)	200 539	66 132	6 817	(28)	—	—	(19)	72 000	127 368
Int. Core and Business Systems	11 886	—	2 192	(10 136)	—	(10 136)	1 750	2 169	2 169	(28)	—	—	(2 272)	1 603	1 853
SDB	26 716	—	—	—	—	—	26 716	9 744	20	—	—	—	—	9 764	16 852
ABMINK	1 291	—	—	—	—	—	1 905	651	171	—	—	—	—	826	619
Performance Management	3 509 002	—	2 855	(1 058)	—	(23)	6 520 820	109 049	109 049	(970)	—	—	49	738 044	2 613 799
Moses Mabhida Stadium	7 609 522	—	424 457	(186)	—	—	8 703 474	2 989 964	2 989 964	(176)	—	—	—	3 073 218	5 630 255
Electricity Service	917 079	—	16 803	(3)	—	—	933 879	309 778	38 066	—	—	—	—	343 844	980 035
CC	165 450	—	—	(12 526)	—	—	152 924	14 545 614	1 878 461	(32 151)	—	—	(47 280)	15 351 103	43 804 246
Totals	49 413 743	—	2 518 744	(37 526)	—	(48 932)	60 555 351	14 545 614	1 878 461	(32 151)	—	—	(47 280)	16 351 103	43 804 246

o'tekwini Municipality and its Municipal Entities
Annual Financial Statements for the year ended 30 June 2016
Notes to the Annual Financial Statements
Figures in Rand Thousand

APPENDIX A(II) - SEGMENT ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT - MUNICIPALITY

	Retained Opening Balance 2016	Transfers W/D	Under Construction	Disposals	Impairments	Transfers	Closing Balance	Retained Opening Balance	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
Manufactures	28 454	-	1 138	(1 138)	-	(455)	28 000	15 369	1 596	-	-	-	-	15 369	67 337
Animal Husbandry	10 340	-	125	(18)	(520)	18	126 837	15 369	1 596	(410)	-	-	(100)	126 837	7 010
Water Services	99 383	57	120	(129)	(44)	(63)	99 402	3 157	293	(38)	-	-	18	3 429	7 010
Health Services	26 862	-	309	(309)	-	-	26 862	24 646	3 128	(121)	-	-	18	27 595	16 087
Skills Development	3 733	200	309	(309)	(91)	(5)	4 342	2 306	2 039	(81)	-	(1 933)	6	2 668	18 174
Emergency Control Centre - Admin	168 585	2 930	2 192	(2 192)	(8)	(8)	170 717	96 007	14 413	(813)	-	-	10	108 555	88 105
Security	15 906	2 048	(14 504)	(8)	(28)	(70)	2 374	3 215	3 215	(26)	-	-	(64)	3 151	2 013
Public Works Policy	69 297	1 009	(553)	-	-	(140)	70 899	25 296	1 758	(67)	-	-	0	72 065	43 943
Retail Market	4 732 976	-	21 281	(4 801)	-	-	4 754 456	1 220 549	217 938	(145)	5 498	(794)	-	1 440 619	3 350 723
Sanitation	214 898	-	-	-	-	-	111 668	89 988	1 988	(451)	-	-	-	193 644	68 778
Garage	1 251 194	-	873	(209)	-	-	1 457 968	340 368	4 522	(201)	-	-	(722)	382 794	1 074 876
Market Service	139 882	-	1 269	(12)	-	(73)	140 118	35 179	4 277	(8)	-	-	0	101 392	101 392
Regional Information & Policy	133	-	-	-	-	-	133	3 677	200	-	-	-	-	3 877	1 130
Regional Information & Policy	1 720	-	-	-	-	-	1 720	1 995	200	-	-	-	-	3 915	1 130
Regional Information & Policy	1 720	-	-	-	-	-	1 720	1 995	200	-	-	-	-	3 915	1 130
Office Of International & Governance	6 757	-	158	-	-	14	7 017	3 422	528	-	-	-	-	3 949	3 949
Community Participation	4 306	-	-	-	-	36	4 342	2 022	2 220	-	-	-	-	6 562	1 811
Office Of Geographic Information	2 985	-	-	-	-	58	3 043	2 022	2 220	-	-	-	-	7 263	2 398
Office Of The D.C.M. Procurement	1 013	-	2 005	(275)	(30)	(275)	1 919	1 919	37	-	-	-	27	2 566	1 499
Strategic Projects & Self Development	891	-	-	-	-	-	891	289	136	-	-	-	-	1 117	358 184
Office Of The D.C.M. Health, Safety	156	-	-	-	-	(3 382)	2 073	2 453	163	-	-	-	(1 257)	1 366	713
Office Of The D.C.M. Governance	125	-	-	-	-	-	125	(10)	17	-	-	-	-	124	118
Office Of The D.C.M. Governance	136 924	-	4 173	(406)	(64)	(46)	140 655	8 519	1 407	(53)	-	-	-	139 475	139 475
Office Of The D.C.M. Treasury	58 822	-	-	-	-	195	60 017	615	91	-	-	-	-	60 711	58 281
Development Planning & Management	136 924	-	6 920	(406)	-	26	149 635	100 000	22 594	-	-	-	25	9 950	139 475
Economic Development & Facilitation	606 991	367 789	(115 249)	-	-	-	857 233	100 000	22 594	-	-	-	-	123 190	84 044
Business Support	294 897	217	158	(22)	-	-	295 032	53 235	5 030	(137)	-	-	-	58 244	238 007
Procurement	15 813	-	11 025	-	(109)	50	27 012	9 727	929	-	-	-	-	28 241	238 007
Water	8 325 971	-	824 415	-	(1 651)	-	9 148 700	1 521 703	212 281	(1 466)	-	-	-	1 728 985	7 413 776
Engineering	11 769 444	3 822 030	679 733	(378)	(770)	(15 777)	15 633 263	2 744 698	420 018	(824)	-	(2 990)	-	15 531 31	22 679
Emergency Services	31 295	-	(1 115)	(87)	-	95	38 803	139 811	13 353	-	-	-	-	153 131	22 679
Parks, Recreation, Centenres & Communications	1 306	2 016	70 390	(164)	-	-	72 058	1 620	6 203	(87)	-	-	-	7 756	1 306
Regional Centres	2 869	2 016	4 527	(150)	(115)	(1 500)	2 342 474	3 311	3 311	(66)	-	-	-	7 146	1 306
Regional Centres	133 006	1 222	354	(69)	(115)	113	133 395	1 495	289	(89)	-	-	-	1 790	1 605
Regional Centres	1 306	3 907	4 527	(150)	(115)	(1 500)	4 197	3 631	3 631	(66)	-	-	-	4 535	89 592
Regional Centres & Org Development	1 306	1 306	1 306	-	-	158	2 614	1 164	1 164	(66)	-	-	-	1 200	1 306
Finance	14 642	23 949	3 335	(780)	(1 577)	1 577	19 047	12 056	698	(718)	-	-	-	12 046	2 416
City Fleet	16 018	47 596	4 596	(8 375)	(12 991)	1 000 991	1 000 991	648 616	63 357	(17 727)	-	-	-	683 060	317 941
Information Technology	705 924	4 488	65 444	(237)	(185 718)	22 354	505 079	39 948	39 948	(182)	-	-	(140 197)	40 646	23 075
Information Technology	1 114 390	952 230	3 762	(62)	-	-	3 604 836	366 666	37 417	(56)	-	-	-	4 600	40 646
Occupational Health & Safety	8 325	-	470	-	-	64	8 799	4 126	481	-	-	-	-	9 280	2 192
Durban Energy Office	52 715	-	5 511	(40)	-	659	59 885	4 126	80	-	-	-	-	60 774	307
Durban Transport	709 540	-	6 773	-	-	(22 777)	713 806	428 171	64 813	(2)	-	-	-	490 797	23 049
Office Of The D.C.M. Health & Social	30 271	12 862	2 535	(787)	(90)	(100)	218 817	24 007	8 904	(837)	-	-	-	110 324	68 200
Finance and Major Projects	1 163	2 540	229	(310)	-	(128)	2 003 539	66 182	6 817	(79)	-	-	-	72 000	372
IT Control and Business Systems	20 716	-	-	-	-	-	20 716	9 744	20	-	-	-	-	30 460	16 952
MyKorl Labour	1 281	-	-	-	-	188	1 469	1 505	171	-	-	-	-	1 676	619
Performance Management	3 369 522	-	2 895	(829)	-	(829)	3 369 522	629 390	109 049	(670)	-	-	-	4 028	1 900
Risk Management System	7 609 522	-	424 457	(1 869)	-	-	8 703 474	2 774 369	2 598 864	(176)	-	-	-	7 934 044	2 613 255
Electricity Service	47 842 588	6 020 105	2 258 622	(612 720)	-	(48 822)	56 546 985	13 367 725	1 868 788	(32 151)	12 146	(5 725)	(47 295)	15 693 694	42 851 472
Total															

eThekweni Municipality and its Municipal Entities

APPENDIX B(i): SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 June 2016 - GROUP

30-Jun-15 Income R'000	30-Jun-15 Expenditure R'000	30-Jun-15 (Deficit) R'000	30-Jun-16 Income R'000	30-Jun-16 Expenditure R'000	30-Jun-16 (Deficit) R'000
34 211	(396 449)	(362 238)	28 725	(424 168)	(395 444)
9 699 794	(2 553 388)	7 146 406	10 101 494	(2 345 966)	7 755 528
257 445	(794 168)	(536 723)	235 149	(915 302)	(680 154)
112 273	(398 770)	(286 496)	150 973	(424 768)	(273 796)
101 330	(789 946)	(688 615)	130 606	(867 696)	(737 090)
654 048	(1 746 341)	(1 092 293)	332 965	(839 594)	(506 629)
306 742	(1 466 810)	(1 160 067)	620 235	(2 013 352)	(1 393 117)
95 173	(1 232 538)	(1 137 365)	94 968	(1 272 913)	(1 177 945)
5 537	(156 250)	(150 713)	3 110	(130 649)	(127 539)
2 828 997	(2 767 891)	61 106	2 763 584	(3 020 950)	(257 366)
1 649 096	(2 001 916)	(352 820)	2 367 354	(2 008 544)	358 810
4 522 914	(4 313 776)	209 138	4 513 149	(4 656 687)	(143 538)
10 926 683	(9 484 722)	1 441 960	12 472 675	(10 514 024)	1 958 652
361 435	(473 174)	(111 738)	391 902	(474 925)	(83 023)
182 690	(184 273)	(1 583)	204 645	(229 088)	(24 443)
171 148	(130 278)	40 870	179 431	(192 172)	(12 741)
771	(5 986)	(5 215)	7 089	(12 047)	(4 958)
7 940	(3 005)	4 935	11 599	(3 836)	7 763
			1 474	(4 224)	(2 750)
31 918 229	(28 899 680)	3 018 549	34 611 125	(30 350 905)	4 260 221
(2 249 487)	2 249 487	0	(2 237 355)	2 237 355	0
	(4 334)	(4 334)		(3 830)	(3 830)
29 668 742	(26 654 527)	3 014 215	32 373 770	(28 117 379)	4 256 391

APPENDIX B: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 June 2016

30-Jun-15 Income R'000	30-Jun-15 Expenditure R'000	30-Jun-15 (Deficit) R'000		30-Jun-16 Income R'000	30-Jun-16 Expenditure R'000	30-Jun-16 (Deficit) R'000
34 211	(396 449)	(362 238)	Executive & Council	28 725	(424 168)	(395 444)
9 830 138	(2 567 362)	7 262 776	Finance & Admin	10 217 059	(2 538 800)	7 678 259
257 445	(794 168)	(536 723)	Planning & Development	235 149	(915 302)	(680 154)
112 273	(398 770)	(286 496)	Health	150 973	(424 768)	(273 796)
101 330	(789 946)	(688 615)	Community & Social Services	130 606	(867 696)	(737 090)
654 048	(1 746 341)	(1 092 293)	Housing	332 965	(839 594)	(506 629)
306 742	(1 466 810)	(1 160 067)	Public Safety	620 235	(2 013 352)	(1 393 117)
95 173	(1 232 538)	(1 137 365)	Sport & Recreation	94 968	(1 272 913)	(1 177 945)
5 537	(156 250)	(150 713)	Environmental Protection	3 110	(130 649)	(127 539)
2 828 997	(2 767 891)	61 106	Waste Management	2 763 584	(3 020 950)	(257 366)
1 649 096	(2 001 916)	(352 820)	Road Transport	2 367 354	(2 008 544)	358 810
4 522 914	(4 313 776)	209 138	Water	4 513 149	(4 656 687)	(143 538)
10 926 683	(9 484 722)	1 441 960	Electricity	12 472 675	(10 514 024)	1 958 652
361 435	(473 174)	(111 738)	Other	391 902	(474 925)	(83 023)
31 686 024	(28 590 112)	3 095 912	Sub Total	34 322 452	(30 102 372)	4 220 081
			Share of Income from Joint			
4 969		4 969	Venture	5 013		5 013
(2 249 487)	2 249 487	0	Less Inter-Dep charges	(2 237 355)	2 237 355	0
29 441 506	(26 340 625)	3 100 881	Total	32 090 110	(27 865 016)	4 225 094

eThekweni Municipality and its Municipal Entities
Annual Financial Statements for the year ended 30 June 2016
Notes to the Annual Financial Statements
Figures in Rand thousand

APPENDIX C: DISCLOSURE OF GRANTS AND SUBSIDIES FOR THE YEAR ENDED 30 JUNE 2016 IN TERMS OF SECTION 123 MFMA.56 OF 2003

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 MFMA.56 OF 2003

GRANT DESCRIPTION	NAME OF ORGAN OF STATE	QUARTERLY RECEIPTS						QUARTERLY PAYMENTS						GRANTS AND SUBSIDIES DELAYED/WITHHELD / PAID BACK	REASONS FOR DELAYS OF FUNDS	MUNICIPALITY COMPLIANT WITH CONDITIONS IN TERMS OF THE GRANT	REASON FOR NON COMPLIANCE
		SEPT R'000	DEC R'000	MAR R'000	JUN R'000	TOTAL R'000	SEP R'000	DEC R'000	MAR R'000	JUN R'000	TOTAL R'000	Sep. Dec. R'000	Mar./Jun R'000				
EQUITABLE SHARE	NATIONAL TREASURY	881 439	685 151	5 48 863	5 48 863	2 115 453	881 439	705 151	528 863	528 863	2 115 453						
URBAN SETTLEMENT DEVELOPMENT GRANT	HUMAN SETTLEMENTS	469 584	735 334	643 418	-	1 848 336	217 133	388 206	456 498	776 133	1 838 336	20 000		20 000		Yes	N/A
MUNICIPAL MANAGEMENT GRANT	NATIONAL TREASURY	1 050	-	-	-	1 050	1 050	-	-	-	1 050					Yes	N/A
INTEGRATED CITIES DEVELOPMENT GRANT	NATIONAL TREASURY	23 391	23 390	-	-	46 781	324	23 067	10 647	12 743	46 781					Yes	N/A
INFRASTRUCTURE SKILLS DEVELOPMENT GRANT	NATIONAL TREASURY	11 133	-	13 606	-	24 739	8 851	3 324	10 515	2 049	24 739					Yes	N/A
NRF	NATIONAL RESEARCH FOUNDATION	-	102	70	140	312	25	74	110	40	249 000					Yes	N/A
GOVERNMENT HEALTH SUBSIDY	KZN DEPT OF HEALTH	-	45 000	-	90 000	135 000	-	45 000	90 000	-	135 000					Yes	N/A
PTCG	NATIONAL DEPARTMENT OF TRANSPORT	220 542	220 542	-	791 084	1 232 168	306 548	285 017	262 946	377 657	1 232 168	506 884		506 884		Yes	N/A
VUNA AWARDS	NATIONAL TREASURY	-	-	-	32 367 000	53 810	0	6 767	6 194	875	875					Yes	N/A
NEIGHBOUR HOOD DEVELOPMENT GRANT	DEPARTMENT OF PUBLIC WORKS	7 932	13 511	-	16 247	40 618	11 891	16 220	12 507	40 618	18 422		18 422		Yes	N/A	
EXPANDED PUBLIC WORKS PROGRAMME	DEPARTMENT OF HUMAN SETTLEMENTS	16 247	12 186	-	64 142	75 142	8 734	54 369	18 522	29 148	110 773				Yes	N/A	
DEAT	DEPARTMENT OF ENVIRONMENTAL AFFAIRS	-	4 000	7 000	-	11 000	-	-	-	-	11 000				Yes	N/A	
GRANT ACCREDITATION	DEPARTMENT OF HUMAN SETTLEMENTS	-	-	-	18 756	18 756	0	12 3	12 3	0	12 3				Yes	N/A	
NATIONAL ELECTRIFICATION PROGRAMME	DEPARTMENT OF MINERALS AND ENERGY	30 000	30 000	-	-	30 000	10 430	19 570	-	-	30 000				Yes	N/A	
DEPARTMENT OF MINERAL AND ENERGY (EEDSM)	DEPARTMENT OF MINERALS AND ENERGY	-	9 000	9 000	-	18 000	6 656	10 031	9 954	364	364				Yes	N/A	
DEPARTMENT OF ARTS AND CULTURE	KZN DEPARTMENT OF ARTS AND CULTURE	-	155 393	4 390	772	160 355	6 656	10 031	9 954	8 369	35 010	3 194		3 194		Yes	N/A
COGTA	KZN - COGTA	-	585	584 97	-	1 169 97	79	922	914	114	2 019				Yes	N/A	
DISASTER FUND	NATIONAL DISASTER FUND	-	-	-	-	-	0	-	-	-	806 000				Yes	N/A	
MUNICIPAL HUMAN SETTLEMENT CAPACITY GANT	NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS	-	-	-	14 342	14 342	2 884	5 261	3 215	16 513	27 873				Yes	N/A	
SPORTS AND RECREATION	KZN SPORTS AND RECREATION	10 000	-	-	-	10 000	-	-	-	-	0				Yes	N/A	
GRAND TOTAL		1 661 318	1 908 951	1 239 117	997 261	5 806 646	1 456 051	1 576 865	1 410 885	1 265 458	5 709 359	0	548 500				

eThekweni Municipality and its Municipal Entities
 Financial Statements for the period ended 30 June 2016
 Figures in Rand thousand

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

	2015	2016	2015
	R'000	R'000	R'000
REVENUE			
Rental of facilities and equipment	43 549	43 386	43 549
Rent Non Bowl Events	6 899	6 426	6 899
Rent Bowl Events	18 051	20 338	18 051
Rent Shops	11 645	11 280	11 645
	6 095	4 434	6 095
Rent Parking Bays	859	908	859
Other income	12 063	13 300	12 063
Adventure Walk	126	92	126
Other Attractions-Income	465	93	465
People's Park	0	7 218	5 950
Skycar	3 760	4 379	3 760
Sponsorships	821	0	821
Stadium Tours	670	827	670
Sundry Income	270	691	271
Total operating revenue	55 612	56 686	55 612
EXPENDITURE			
Bad Debts	515	0	515
Bad Debts Provision	515	0	515
Depreciation - Property, Plant and Equipment	113 913	118 875	107 800
Depreciation	113 913	118 875	107 800
General expenses	58 093	95 047	91 548
Electricity	14 317	14 498	14 317
Fuel & Oil : Vehicles	302	150	302
Refuse Removal	979	881	979
Stadium Operational Costs	195	75 862	72 518
Hire Of City Fleet	0	0	0
Water	3 432	3 656	3 432
Loss on disposal of property, plant and equipment	0	93	0
Loss on Disposal of Assets	0	93	0
Total operating expenditure	205 976	214 015	199 863
DEFICIT FOR THE YEAR	-150 364	-157 329	-144 251