

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007



ETHEKWINI MUNICIPALITY ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

I am responsible for the preparation of these annual financial statements, which are set out on pages 3 to 72, 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.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 30 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

20 December 2007

eThekwini Municipality and its Municipal Entities

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ABBREVIATIONS

GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
GAAP	Generally Accepted Accounting Practice
MFMA	Municipal Finance Management Act
HDF	Housing Development Fund
CRR	Capital Replacement Reserve
COID	Compensation for Occupational Injuries and Diseases
VAT	Value Added Taxation
PPE	Property Plant and Equipment
SALGA	South African Local Government Authority
GEPF	Government Employees Pension Fund
NJMP	Natal Joint Municipal Pension
DBSA	Development Bank of South Africa
IMFO	Institute of Municipal Finance Officers
MIG	Municipal Infrastructure Grant (previously CMIP)
MEs	Municipal Entities

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2007

Figures in Rand thousand	Note(s)	Group		Municipality	
		2007	2006	2007	2006
NET ASSETS AND LIABILITIES					
NET ASSETS					
Housing development fund	2	634,610	693,901	634,610	693,901
Capital replacement reserve		246,777	93,275	246,777	93,275
Capitalisation reserve		26,002	29,439	26,002	29,439
Government grant reserve		741,417	468,019	741,417	468,019
Donations and public contributions reserve		1,021,605	1,069,189	1,021,605	1,069,189
Self-insurance reserve		503,479	456,819	503,479	456,819
COID reserve		34,811	31,802	34,811	31,802
Accumulated Surplus		7,294,465	6,541,086	6,875,545	6,112,000
		10,503,166	9,383,530	10,084,246	8,954,444
LIABILITIES					
Non-Current Liabilities					
Long-term liabilities	3	4,541,188	3,953,035	4,345,059	3,737,918
Finance lease obligation	4	2,832	18,181	2,832	18,181
Non-current provisions	5	133,829	50,000	133,829	50,000
Retirement benefit obligations	6	1,341,953	903,236	1,341,953	903,236
		6,019,802	4,924,452	5,823,673	4,709,335
Current Liabilities					
Finance lease obligation	4	15,692	2,832	15,692	2,832
Deposits	7	524,964	476,708	509,544	465,940
Current provisions	5	24,603	11,907	19,622	6,889
Creditors	8	3,476,442	2,863,909	3,391,334	2,826,755
Unspent conditional grants and receipts	9	131,307	101,351	131,307	101,351
Bank overdraft	10	1,789,411	2,630,346	1,786,114	2,619,781
Current portion of long-term liabilities	3	268,900	504,839	237,521	480,215
		6,231,319	6,591,892	6,091,134	6,503,763
Total Liabilities		12,251,121	11,516,344	11,914,807	11,213,098
Total Net Assets and Liabilities		22,754,287	20,899,874	21,999,053	20,167,542
ASSETS					
Non-Current Assets					
Property, plant and equipment	11	12,881,951	11,429,258	11,612,551	10,291,993
Intangible assets	12	291,587	44,701	290,480	43,121
Investment properties	13	230,143	226,667	151,431	147,735
Investments in municipal entities	14	-	-	10,002	2
Investments	15	25,170	352,400	25,170	352,400
Investment in joint venture	16	-	-	162,456	50,631
Loans to municipal entities	17	-	-	-	-
Long-term Receivables	18	294,762	311,989	1,068,776	908,825
Deferred Revenue		3,371	2,292	-	-
		13,726,984	12,367,307	13,320,866	11,794,707
Current Assets					
Inventories	19	141,965	123,246	138,029	119,504
Investments	15	3,400,000	2,050,000	3,400,000	2,050,000
Consumer debtors	20	1,776,102	1,733,067	1,772,630	1,731,801
Debtors	21	1,456,200	1,143,396	1,204,300	1,102,283
VAT	23	46,611	94,269	72,183	95,681
Current portion of Long-term Receivables	18	29,478	12,774	29,478	12,774
Call investment deposits	22	321,721	747,709	240,380	667,117
Bank balances and cash	10	1,855,226	2,628,106	1,821,187	2,593,675
		9,027,303	8,532,567	8,678,187	8,372,835
Total Assets		22,754,287	20,899,874	21,999,053	20,167,542

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2007

STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand thousand	Note(s)	Group		Municipality	
		2007	2006	2007	2006
Revenue					
Property rates	24	3,134,051	2,816,415	3,141,393	2,823,077
Property rates - penalties imposed and collection		203,761	248,152	203,761	248,152
Service charges	25	4,907,754	4,498,972	4,920,503	4,510,763
Regional Services Council Levies		15,642	569,667	15,663	570,029
Rental of facilities and equipment		168,450	132,893	126,236	98,169
Interest earned - external investments		304,770	216,786	306,345	212,527
Interest earned - outstanding debtors		92,322	68,800	92,322	68,779
Fines		117,037	112,820	117,037	112,820
Licences and permits		11,095	10,808	11,095	10,808
Grants and subsidies	26	2,135,298	1,046,190	2,135,298	1,046,190
Public contributions and donations		15,207	10,176	11,815	6,877
Other income	27	1,068,526	773,315	782,102	645,681
Gains on disposal of property, plant and equipment		28,805	31,355	28,781	31,355
Fair value adjustments	28	-	16,094	-	16,094
Total Revenue		12,202,718	10,552,443	11,892,351	10,401,321
Expenditure					
Employee related costs	29	3,134,403	2,738,278	3,073,530	2,681,435
Remuneration of councillors	30	57,354	46,391	57,354	46,391
Bad debts		346,581	388,123	346,430	388,046
Collection costs		587	1,175	333	899
Depreciation - Property, Plant and Equipment		898,028	860,907	842,573	811,665
Amortisation of intangible assets		44,256	1,144	43,373	-
Repairs and maintenance		886,603	836,098	879,222	830,240
Finance costs	31	553,199	591,979	528,985	560,317
Bulk purchases	32	2,684,611	2,443,253	2,684,611	2,443,253
Contracted Services		543,409	450,805	535,768	443,595
Grants and subsidies paid	33	123,449	54,745	123,449	54,745
General expenses		1,797,234	1,292,450	1,647,725	1,209,542
Loss on Impairment of Loans		-	-	109,877	87,870
Loss on disposal of property, plant and equipment		7,963	1,519	342	141
Depreciation - Investment Properties		5,405	4,509	802	244
Fair value adjustment	28	-	42,350	-	42,350
Total Expenditure		11,083,082	9,753,726	10,874,374	9,600,733
Operating surplus		1,119,636	798,717	1,017,977	800,588
Share of Income from Joint Venture		-	-	111,825	1,432
Surplus for the year		1,119,636	798,717	1,129,802	802,020

Refer to Appendix E(1) for comparison with the approved budget

Comparative amounts have been re-stated as per note 39 (correction of prior-year errors).

eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2007

STATEMENT OF CHANGES IN NET ASSETS

	Note(s)	Housing development fund	Capital replacement reserve	Capitalisation reserve	Government grant reserve	Donations and public contributions reserve	Self-insurance reserve	COVID reserve	Total reserves	Accumulated Surplus	Net Assets
Figures in Rand thousand											
Group											
Balance at 01 July 2005		778,241	61,899	34,991	180,295	1,315,860	406,395	29,144	2,028,584	5,793,969	8,600,794
Transfer to CRR			108,938						108,938	(108,938)	-
Contribution to Insurance Reserve							102,133	6,519	108,652	(108,652)	-
Transfer to Housing Development Fund		(68,359)							-	68,359	-
Surplus for the year as previously reported									-	1,073,551	1,073,551
Asset disposal				(1,853)					(1,853)	1,853	-
PPE purchases			(77,562)						(77,562)	77,562	-
Capital grants used to purchase PPE					305,897	32,052			337,949	(337,949)	-
Donated/contributed PPE						6,353			6,353	(6,353)	-
Insurance claims processed							(51,709)	(3,861)	(55,570)	55,570	-
Offsetting of depreciation				(3,699)	(18,173)	(88,726)			(110,598)	110,598	-
Opening balance as previously reported		709,881	93,275	29,439	468,019	1,265,539	456,819	31,802	2,344,893	6,619,570	9,674,344
Prior year adjustments		(15,980)				(196,350)			(196,350)	(78,484)	(290,814)
Balance at 01 July 2006 as restated		693,901	93,275	29,439	468,019	1,069,189	456,819	31,802	2,148,543	6,541,086	9,383,530
Transfer to CRR			373,320						373,320	(373,320)	-
Contribution to Insurance Reserve							85,601	10,033	95,634	(95,634)	-
Transfer to Housing Development Fund		(59,291)							-	59,291	-
Surplus for the year										1,119,636	1,119,636
PPE purchases			(219,818)						(219,818)	219,818	-
Capital grants used to purchase PPE					316,271				316,271	(316,271)	-
Donated/contributed PPE						42,365			42,365	(42,365)	-
Insurance claims processed							(38,941)	(7,024)	(45,965)	45,965	-
Offsetting of depreciation				(3,437)	(42,873)	(89,949)			(136,259)	136,259	-
Balance at 30 June 2007		634,610	246,777	26,002	741,417	1,021,605	503,479	34,811	2,574,091	7,294,465	10,503,166

eThekwini Municipality and its Municipal Entities

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STATEMENT OF CHANGES IN NET ASSETS

	Note(s)	Housing development fund	Capital replacement reserve	Capitalisation reserve	Government grant reserve	Donations and public contributions reserve	Self-insurance reserve	COVID reserve	Total reserves	Accumulated Surplus	Net Assets
Figures in Rand thousand											
Municipality											
Balance at 01 July 2005		778,241	61,899	34,991	180,295	1,315,860	406,395	29,144	2,028,584	5,361,580	8,168,405
Transfer to CRR			108,938						108,938	(108,938)	-
Contribution to Insurance Reserve							102,133	6,519	108,652	(108,652)	-
Transfer to Housing Development Fund		(68,359)							-	68,359	-
Surplus for the year as previously reported									-	1,058,186	1,058,186
Asset disposal				(1,853)					(1,853)	1,853	-
PPE purchases			(77,562)						(77,562)	77,562	-
Capital grants used to purchase PPE					305,897	32,052			337,949	(337,949)	-
Donated/contributed PPE						6,353			6,353	(6,353)	-
Insurance claims processed							(51,709)	(3,861)	(55,570)	55,570	-
Offsetting of depreciation				(3,699)	(18,173)	(88,726)			(110,598)	110,598	-
Opening balance as previously reported		709,881	93,275	29,439	468,019	1,265,539	456,819	31,802	2,344,893	6,171,816	9,226,590
Prior year adjustments		(15,980)				(196,350)			(196,350)	(59,816)	(272,146)
Balance at 01 July 2006 as restated		693,901	93,275	29,439	468,019	1,069,189	456,819	31,802	2,148,543	6,112,000	8,954,444
Transfer to CRR			373,320						373,320	(373,320)	-
Contribution to Insurance Reserve							85,601	10,033	95,634	(95,634)	-
Transfer to Housing Development Fund		(59,291)							-	59,291	-
Surplus for the year										1,129,802	1,129,802
PPE purchases			(219,818)						(219,818)	219,818	-
Capital grants used to purchase PPE					316,271				316,271	(316,271)	-
Donated/contributed PPE						42,365			42,365	(42,365)	-
Insurance claims processed							(38,941)	(7,024)	(45,965)	45,965	-
Offsetting of depreciation				(3,437)	(42,873)	(89,949)			(136,259)	136,259	-
Balance at 30 June 2007		634,610	246,777	26,002	741,417	1,021,605	503,479	34,811	2,574,091	6,875,545	10,084,246

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2007

CASH FLOW STATEMENT

Figures in Rand thousand	Note(s)	Group		Municipality	
		2007	2006	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from ratepayers, government and other		11,103,828	9,603,340	11,049,187	9,394,417
Cash paid to suppliers and employees		(8,003,230)	(7,602,953)	(7,897,161)	(7,449,092)
Cash generated from operations	34	3,100,598	2,000,387	3,152,026	1,945,325
Interest received		396,693	285,283	398,667	281,306
Finance Costs		(552,800)	(591,676)	(528,985)	(560,317)
Net cash from operating activities		2,944,491	1,693,994	3,021,708	1,666,314
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	11	(2,569,577)	(2,183,625)	(2,374,235)	(1,955,765)
Proceeds on disposal of property, plant and equipment, and Investment Properties		253,220	115,509	253,065	491,526
Increase in investment properties		(22,403)	(3,340)	(18,020)	(789)
Purchase of intangibles		(291,142)	(1,567)	(290,732)	(197)
(Increase) / decrease in non-current receivables		523	(32,206)	(176,655)	(595,127)
Increase in Loans to Municipal Entities		-	-	(109,877)	(87,870)
Increase in non-current investments		(1,022,770)	492,685	(1,022,770)	502,681
Increase in Investments in Municipal Entities		-	-	(10,000)	-
Net cash from investing activities		(3,652,149)	(1,612,544)	(3,749,224)	(1,645,541)
CASH FLOWS FROM FINANCING ACTIVITIES					
Loans repaid		(506,526)	(559,104)	(494,293)	(547,632)
New loans raised		858,740	1,200,000	858,740	1,200,000
Decrease in short-term loans		12,860	-	12,860	-
Finance lease payments		(15,349)	(3,951)	(15,349)	(3,951)
Net cash from financing activities		349,725	636,945	361,958	648,417
NET INCREASE IN CASH AND CASH EQUIVALENTS		(357,933)	718,395	(365,558)	669,190
Cash and cash equivalents at the beginning of the year		745,469	27,074	641,011	(28,179)
Cash and cash equivalents at the end of the year	10	387,536	745,469	275,453	641,011

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2007

ACCOUNTING POLICIES

1. Basis of preparation

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of General Notice 991 and 992 of 2005. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

The Standards comprise of the following:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GAMAP 4	The Effects of Changes in Foreign Exchange Rates
GAMAP 6	Consolidated Financial Statements and Accounting for Controlled Entities
GAMAP 7	Accounting for Investments in Associates
GAMAP 8	Financial Reporting of Interests in Joint Ventures
GAMAP 9	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, Plant and Equipment
GAMAP 19	Provisions, Contingent Liabilities and Contingent Asset

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

The Minister of Finance has, in terms of General Notice 552 of 2007 exempted compliance with certain of the abovementioned standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the notes to the annual financial statements.

The entity has elected to early adopt the following requirement(s) in GRAP, GAMAP or SA GAAP, which were exempted in terms of General Notice 552 of 2007:

IAS 19 (AC116) Employee Benefits

IAS 40 (AC 135) Investment Property

A summary of the significant accounting policies are disclosed below.

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

1.1 Basis of consolidation

The consolidated annual financial statements incorporate the financial statements of the Municipality and Municipal Entities controlled by the Municipality.

On acquisition, the assets and liabilities of a municipal entity are measured at their fair values at the date of acquisition. The interests of outside shareholders are stated at the minority's proportion of the fair values of the assets and liabilities recognised.

The results of municipal entities acquired or disposed during the year are included in the consolidated Statement of Financial Performance from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the annual financial statements of municipal entities to bring the accounting policies used into line with those used by the Municipality and other municipal entities included in the Group.

All significant transactions and balances between members of the Group are eliminated on consolidation.

1.2 Presentation of currency

These annual financial statements are presented in South African Rand.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2007

ACCOUNTING POLICIES

1.3 Going concern assumption

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

1.4 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.

1.5 Reserves

1.5.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR. A corresponding amount is transferred to a designated CRR bank or investment account. The cash in the designated CRR bank account can only be utilised to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus/(deficit) is credited by a corresponding amount when the amounts in the CRR are utilised.

The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the Integrated Development Plan.

1.5.2 Capitalisation Reserve

On the implementation of GAMAP/GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisation Reserve instead of the accumulated surplus/(deficit) in terms of a directive (budget circular) issued by National Treasury. The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit).

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

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

1.5.3 Government Grant Reserve

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

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

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

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2007

ACCOUNTING POLICIES

1.5.4 Donations and Public Contributions Reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

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

1.5.5 Self-Insurance Reserve

The Municipality operates a self-insurance scheme under the Self-Insurance Reserve, which has a policy that is aligned with the practice in the Insurance Industry. The balance of the Self-Insurance Reserve is determined based on surpluses accumulated since inception.

These surpluses arise from the differences between premiums charged against claims paid and various administrative expenditure incurred.

At the end of each financial year the surplus as computed per above is transferred from accumulated surplus to Self-Insurance Reserve.

Premiums are calculated on past claims experienced and are charged to the various Clusters.

The balance of the self-insurance fund is fully cash backed and is invested in fixed and negotiable deposits.

1.5.6 Compensation for Occupational Injuries and Diseases (COID) Reserve

The Municipality is exempted in terms of Section 84 of the COID Act. In terms of section 19 of the COID Act employers are required to keep a reserve. This reserve is made up of the capitalized value of pensions for all the dependants and widows or widowers of employees who died on duty and is based on the calculation by the Compensation Commissioner. Monthly pensions are funded by transferring funds out of the reserve to the expense account in the Statement of Financial Performance.

1.6 Investment properties

Investment properties, which are properties held to earn rental revenue or for capital appreciation, are stated at cost less accumulated depreciation. Depreciation is calculated on cost, using the straight-line method over the useful life of the property, which is 30 years.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2007

ACCOUNTING POLICIES

1.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Land is not depreciated as it is deemed to have an indefinite life.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives:-

Details	Years
Infrastructure	
• Rivers and Coastal Engineering	30 years
• Roads and Motorways	15 years
• Economic Development	20 years
• Traffic Equipment	20 years
• Stormwater Drainage	20 years
• Airport Infrastructure	20 years
• Solid Waste	10 - 30 years
• Water and Sanitation	5 - 30 years
• Major Substations: Buildings	30 years
• Transformers and Related Equipment	20 years
• Mains	20 years
• Street Lighting	20 years
Community	
• Buildings	30 years
• Recreational Facilities	20 - 30 years
Other property, plant and equipment	
• Buildings	30 years
• Markets and Informal Markets	30 years
• Fire Engines	20 years
• Landfill Sites	15 years
• Car Parks	10 years
• Lifts	10 years
• Building Improvements	10 years
• Heavy and Mobile Plant	10 years
• Furniture and fittings	7 years
• Vehicles	5 years
• Bins and containers	5 years
• Plant – General	5 years
• Security Systems	5 years
• Office equipment	3-5 years
• Other items of Plant and Equipment	3-5 years

The Municipality has taken advantage of the exemptions permitted by the Minister of Finance, in terms of General Notice 552 of 2007, and confirmed by National Treasury on 15 August 2007 with respect to property plant and equipment as follows:

- GAMAP 17 paragraphs 59-61 and 77 - the review of useful lives of property, plant and equipment recognised in the Statement of Financial Position.
- GAMAP 17 paragraphs 62 and 77 – the review of the depreciation method applied to property, plant and equipment recognised in the Statement of Financial Position.
- GAMAP 17 paragraphs 64-69 and 75(e)(v)-(vi) – Impairment of non-cash generating assets recognised in the Statement of Financial Position.
- GAMAP 17 paragraphs 63 and 75 (e)(v)-(vi) - – Impairment of cash generating assets recognised in the Statement of Financial Position.
- AC 128 (IAS 36) – Impairment of assetsThe Municipality has taken advantage of the exemptions permitted by the Minister of Finance, in terms of General Notice 552 of 2007, and confirmed by National Treasury on 15 August 2007 with respect to property plant and equipment as follows:
 - GAMAP 17 paragraphs 59-61 and 77 - the review of useful lives of property, plant and equipment recognised in the Statement of Financial Position.
 - GAMAP 17 paragraphs 62 and 77 – the review of the depreciation method applied to property, plant and equipment recognised in the Statement of Financial Position.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2007

ACCOUNTING POLICIES

1.7 Property, plant and equipment (continued)

- GAMAP 17 paragraphs 64-69 and 75(e)(v)-(vi) – Impairment of non-cash generating assets recognised in the Statement of Financial Position.
- GAMAP 17 paragraphs 63 and 75 (e)(v)-(vi) - – Impairment of cash generating assets recognised in the Statement of Financial Position.
- AC 128 (IAS 36) – Impairment of assets.

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 sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

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 1.15 on Provisions.

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

1.8 Intangible assets

Cost Model

Intangible assets are carried at cost less any accumulated amortisation.

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

Servitudes are classified as intangible assets. Rights consist of servitudes. Rights are not amortised as they have an indefinite useful life.

Amortisation is charged so as to write off the cost of intangible assets over their estimated useful lives, using the straight line method as follows :-.

Computer Software 5 years.

1.9 Financial instruments

Loans to (from) municipal entities

These include loans to municipal entities and recognised at cost.

An impairment loss is recognised in profit or loss 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 recognised at cost.

In the prior year debtors were recognised at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of debtors is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of the debtors. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Impairment losses are recognised in the Statement of Financial Performance.

Creditors

In the prior year creditors were recognized at fair value and subsequently measured at amortized cost using the effective interest method.

Trade creditors are stated at cost.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2007

ACCOUNTING POLICIES

1.9 Financial instruments (continued)

Cash and cash equivalents

For cash flow purposes cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

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

Loans and receivables

Loans and receivables are 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.

Exemptions

The Municipality has taken advantage of the exemptions permitted by the Minister of Finance, in terms of General Notice 552 of 2007, and confirmed by National Treasury on 15 August 2007 with respect to financial instruments as follows:

- AC 133 (IAS 39) – initially measuring financial assets and financial liabilities at fair value.
- AC 144 (IFRS 7) – entire standard.

1.10 Investments

The Municipality classifies its investments in the following categories: loans and receivables and held-to-maturity investments. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

1.10.1 Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the municipality has the positive intention and ability to hold to maturity.

In the current year investments are stated at cost. In the prior year loans and receivables and held-to-maturity investments were carried at amortized cost using the effective interest method. Realized and unrealized gains and losses arising from changes in the fair value of the 'Financial assets at fair value through profit or loss' category are included in the Statement of Financial Performance in the period in which they arise.

1.11 Investments in municipal entities

Group annual financial statements

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

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

Municipal annual financial statements

In the municipality's separate annual financial statements, investments in municipal entities are carried at cost less any accumulated impairment.

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

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Annual Financial Statements for the year ended 30 June 2007

ACCOUNTING POLICIES

1.12 Investment in joint venture

Group annual financial statements

An investment in a joint venture is accounted for using the proportionate consolidation method, except when the asset is classified as held-for-sale. Under the proportionate consolidation method the group's share of each of the assets, liabilities, income 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. The investment in the joint venture is not held for resale.

Municipal 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 investment in the joint venture is not held for resale.

1.13 Inventories

Consumable stores, maintenance materials, work-in-progress, finished goods, water stock, uniform stock, merchandise, food and beverage 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.

1.14 Borrowing costs

Borrowing costs are recognised as an expense in the period in the Statement of Financial Performance.

1.15 Provisions

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. In the prior year non-current provisions were discounted to the present value using a discount rate based on the average cost of borrowing to the Municipality.

1.16 Retirement Benefits

1.16.1 Pension obligations

The municipality and its employees contribute to 7 different Pension Funds, of which 2 (Durban Pension Fund and the KZN Pension Fund) cater for more than 95% of staff.

The Durban Pension Fund is a defined benefit fund and is actuarially valued on an interim basis each year with a statutory valuation undertaken every three years.

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.

Natal Joint Superannuation & Retirement Funds and Government Employee Pension Fund are defined benefit funds.

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

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

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2007

ACCOUNTING POLICIES

1.16 Retirement Benefits (continued)

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 of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Cumulative actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligations are spread to income over the employees' expected average remaining working lives. Past-service costs are recognised immediately in income.

For defined contribution plans, 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.

Durban Marine Theme Park (Proprietary) Limited reimburses uShaka Management (Pty) Ltd for the cost of the Provident Fund maintained by it for staff who work at uShaka Marine World. All such staff are obliged to be members of the Provident Fund which is governed by the Pension Funds Act of 1956. Contributions are based on a percentage of the payroll and charged to the Statement of Financial Performance in the year to which they relate.

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

1.16.2 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 income over the expected average remaining working lives of the relevant employees to the extent that they exceed the 10% corridor.

1.17 Revenue

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

1.17.1 Revenue from Exchange Transactions

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. 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 in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2007

ACCOUNTING POLICIES

1.17 Revenue (continued)

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 or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised.

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

All other revenue is recognised as it accrues.

1.17.2 Revenue from non-exchange transactions

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.

Revenue from Regional Levies, both those based on turnover as well as those based on remuneration, is recognised on the payment due basis. Where declarations have not been submitted, estimated levies based on average data are accrued. Estimates are reviewed regularly to ensure that average data is appropriate.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received. There is uncertainty regarding recoverability of outstanding fines and summonses. Spot fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the Public Prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender.

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.

1.18 Conditional grants and receipts

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

1.19 Leases

Finance leases – The Municipality as lessee

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

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2007

ACCOUNTING POLICIES

1.19 Leases (continued)

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

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

Operating leases - The Municipality as lessor

Assets leased to third parties under operating leases are included in investment properties in the statement of financial position.

They are depreciated over their expected useful lives on a basis consistent with similar owned investment properties. 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 over the period of the lease.

1.20 Tax

Deferred income tax

Deferred income tax, with respect to Municipal entities, is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used to determine deferred income tax.

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

Taxation

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

1.21 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, it is recovered from the responsible person and the amount received is accounted for as revenue in the Statement of Financial Performance.

1.22 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 it is treated as a current asset until it is recovered or written off as irrecoverable in the Statement of Financial Performance.

1.23 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 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.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2007

ACCOUNTING POLICIES

1.24 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.

1.25 Comparatives Information

1.25.1 Current year comparatives

Budgeted amounts have been included in the annual financial statements for the current financial year only.

1.25.2 Prior year comparatives

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

1.26 Long Service Awards

Provision for long service leave 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.

1.27 Exemptions

The Municipality has taken advantage of the following exemptions permitted by the Minister of Finance, in terms of General Notice 552 of 2007, and confirmed by National Treasury on 15 August 2007 as follows:

- AC 142 (IFRS 5) paragraphs 6-14, 15-29 and 38-42 – classification, measurement and disclosure of non-current assets held for sale and discontinued operations
- AC 115 (IAS 14) – Segment reporting
- AC 145 (IFRS 8) – Operating segments
- AC 109 (IAS 11) – Construction contracts
- AC 140 (IFRS 3) – Business combinations
- AC 128 (IAS 36) – Impairment of assets

eThekweni Municipality and its Municipal Entities

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2007	2006	2007	2006
2. HOUSING DEVELOPMENT FUND				
Housing Development Fund				
Accumulated Surplus	367,631	426,922	367,631	426,922
Loans extinguished by Government on 1 April 1998	266,979	266,979	266,979	266,979
Total	634,610	693,901	634,610	693,901
The Housing Development Fund is represented by the following assets and liabilities:				
Property, plant and equipment	11 46,254	66,882	46,254	66,882
Housing selling scheme loans	185,862	181,518	185,862	181,518
Housing rental Debtors	27,332	10,609	27,332	10,609
Housing other debtors	2,165	14,061	2,165	14,061
Housing inventory	508	606	508	606
Investments	378,659	458,601	378,659	458,601
Investment properties	17,283	-	17,283	-
Bank and cash	4	4	4	4
Sub-total	658,067	732,281	658,067	732,281
Long-term liabilities	(632)	(1,341)	(632)	(1,341)
Bank overdraft	(7,555)	(13,324)	(7,555)	(13,324)
Creditors	(15,270)	(23,715)	(15,270)	(23,715)
Total Housing Development Fund Assets and Liabilities	634,610	693,901	634,610	693,901

Refer to note 39 (Correction of Prior Year Errors) for details of restatement of comparatives.

3. LONG-TERM LIABILITIES

Annuity Loans	4,698,097	4,051,725	4,544,182	3,879,077
Non Annuity Loans	23,000	323,000	23,000	323,000
Debentures and Local Registered Stock Loans	88,991	83,149	15,398	16,056
Sub-total	4,810,088	4,457,874	4,582,580	4,218,133
Current portion of long term liabilities				
Annuity Loans	268,150	204,182	236,771	179,558
Non Annuity Loans	-	300,000	-	300,000
Debentures and Local Registered Stock Loans	750	657	750	657
Sub-total	268,900	504,839	237,521	480,215
Non-current liabilities				
Long term Portion	4,541,188	3,953,035	4,345,059	3,737,918

Refer to Appendix A for more detail on long-term liabilities.

R16.6m (2006:R343m) has been invested specifically in a ring-fenced account for the repayment of long-term liabilities. See note 35 for more detail.

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2007

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2007	2006	2007	2006

3. Long-term liabilities (continued)

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.

DBSA Phase 5 R300m is separately secured by a cession of an acceptable revenue stream of R10 million p.a. as security .

AFD Calyon R58.7m is separately secured by a cession of carbon credit income in the event of default or non-payment. The income is estimated to be R19.3m to the year 2012.

Included in Annuity Loans:

Ushaka: Citibank Loan is secured by assets with a book value of R 564.7m (2006:R 601.3m). See notes 11 and 13 for more detail

Ushaka: Standard Bank Loan is secured by assets with a book value of R0.8m (2006:R1.8m). See notes 11 and 13 for more detail.

Ushaka: DBSA Loan is secured by assets with a book value of R 564.7m (2006:R 601.3m). See notes 11 and 13 for more detail.

Ushaka: DBSA Phantom Ship Loan is secured by assets with a book value of R 6.1m (2006:R 6.8m). See notes 11 and 13 for more detail.

Ushaka: DBSA Village Walk Loan is secured by assets with a book value of R 5.9m (2006:R nil). See notes 11 and 13 for more detail.

4. FINANCE LEASE OBLIGATION

Minimum lease payments due

- within one year	15,692	2,832	15,692	2,832
- in second to fifth year inclusive	2,832	18,181	2,832	18,181

Present value of minimum lease payments	18,524	21,013	18,524	21,013
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Non-current liabilities	2,832	18,181	2,832	18,181
Current liabilities	15,692	2,832	15,692	2,832

	18,524	21,013	18,524	21,013
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Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The capitalised lease liability relates to other leased assets as indicated in note 11. These assets are financed by Stannic Bank Ltd.

The annual instalments inclusive of interest equal R5,396,840 (2006: R5,396,840).

Refer to note 39 (Correction of Prior Year Errors) for details of restatement of comparatives.

eThekwini Municipality and its Municipal Entities

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2007	2006	2007	2006

5. PROVISIONS

Reconciliation of provisions - Group - 2007

	Opening Balance	Additions	Utilised during the year	Total
Current				
Long service awards	-	4,987	-	4,987
Performance bonus, leave pay and overtime	11,907	6,332	(873)	17,366
Clearance of Alien Vegetation	-	2,250	-	2,250
Non-current				
Environmental rehabilitation: Landfill sites	50,000	6,965	(1,484)	55,481
Clearance of Alien Vegetation	-	4,942	-	4,942
Long service awards	-	73,406	-	73,406
	61,907	98,882	(2,357)	158,432

Reconciliation of provisions - Group - 2006

	Opening Balance	Additions	Total
Current			
Performance bonus, leave pay and overtime	-	11,907	11,907
Non-current			
Environmental rehabilitation: Landfill sites	50,000	-	50,000
	50,000	11,907	61,907

Reconciliation of provisions - Municipality - 2007

	Opening Balance	Additions	Utilised during the year	Total
Current				
Clearance of Alien Vegetation	-	2,250	-	2,250
Performance bonus	6,889	5,496	-	12,385
Long service awards	-	4,987	-	4,987
Non-current				
Environmental rehabilitation: Landfill sites	50,000	6,965	(1,484)	55,481
Clearance of Alien Vegetation	-	4,942	-	4,942
Long service awards	-	73,406	-	73,406
	56,889	98,046	(1,484)	153,451

Reconciliation of provisions - Municipality - 2006

	Opening Balance	Additions	Total
Current			
Performance bonus	-	6,889	6,889
Non-current			
Environmental rehabilitation: Landfill sites	50,000	-	50,000
	50,000	6,889	56,889
Non-current liabilities	133,829	50,000	133,829
Current liabilities	24,603	11,907	6,889
	158,432	61,907	153,451
			56,889

eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2007

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2007	2006	2007	2006

5. Provisions (continued)

Environmental rehabilitation: Landfill sites

Provision for reclamation of refuse landfill sites. In terms of the licencing of the landfill refuse site, council will incur rehabilitation estimated costs of R55.5 million(2006:R50 million) to restore the sites at the end of its useful lives

Long service awards

Employees who achieve 15 years service will be granted 10 days paid leave (once off) together with a service certificate signed by the Head of Department.

Employees who achieve 25 years service will be granted 15 days paid leave (once off) together with an engraved gold watch to a maximum value of R2000 (value reviewable every five (5) years) and service certificate signed by Head of Department.

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.

The abovementioned leave is granted in addition to the annual leave entitlement and maximum accumulation granted in terms of the National Conditions of Service, and may be taken, converted to cash in full or partially or accumulated.

The abovementioned leave is only applicable to those employees who achieve the stated years of service after the effective date of these conditions.

The provision is an estimate of the long service award based on the monthly salaries rate at 30 June 2007. It has been assumed that the staff turnover rate will be insignificant based on historical data. A discount rate of 13% was used based on internal rate of return.

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.

Performance Bonus

All employees who are employed in accordance with the 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2007	2006	2007	2006

6. RETIREMENT BENEFIT OBLIGATIONS

6.1. Defined benefit plan

Refer to note 39 (Correction of Prior Year Errors) for details of restatement of comparatives.

Statement of Financial Position obligation for:

Post-employment medical benefits	(1,311,873)	(903,236)	(1,311,873)	(903,236)
Pension benefits	(30,080)	-	(30,080)	-
Balance at end of year	(1,341,953)	(903,236)	(1,341,953)	(903,236)

Statement of Financial Performance obligation for:

Post-employment medical benefits	408,637	60,576	408,637	59,258
Pension Benefits:	-	-	-	-
Defined Benefit Funds	113,127	66,471	113,127	66,471
Defined Contribution Funds	107,538	269,726	105,777	266,351
Total, included in employee benefits expense	629,302	396,773	627,541	392,080

6.1.1. Post-Retirement Medical Aid Plan

The municipality operates on 6 accredited medical aid schemes, namely Global Health, Hosmed, Munimed, Bonitas, Samwumed and LA Health. Pensioners continue on the option they belonged to on the day of their retirement.

Movement in the defined benefit obligation is as follows:

Balance at beginning of the year	903,236	843,978	903,236	843,978
Current service cost	28,740	26,987	28,740	26,987
Interest cost	82,154	68,238	82,154	68,238
Actuarial (gains) losses	336,047	-	336,047	-
Benefit payments	(38,304)	(35,967)	(38,304)	(35,967)
Balance at end of year	1,311,873	903,236	1,311,873	903,236

Net expense recognised in the Statement of financial performance

Current service cost	28,740	26,987	28,740	26,987
Municipal Entities current service costs	-	1,288	-	-
Interest cost	82,154	68,238	82,154	68,238
Actuarial (gains) losses	336,047	-	336,047	-
Benefit payments	(38,304)	(35,967)	(38,304)	(35,967)
Total, included in employee benefits expense	408,637	60,546	408,637	59,258

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Figures in Rand thousand	Group		Municipality	
	2007	2006	2007	2006

6. Retirement benefit obligations (continued)

Key assumptions used

The principal actuarial assumptions used were as follows:

Discount rates used	7.75 %	9.00 %	7.75 %	9.00 %
General increases to medical aid contributions	6.75 %	7.00 %	6.75 %	7.00 %
Salary Inflation	6.25 %	- %	6.25 %	- %
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	90.00 %	90.00 %	90.00 %	90.00 %

Other assumptions:

Age of spouse	-	Husbands 5 years older than wives
Mortality of in-service members	-	In accordance with the SA 85-90 (Light) ultimate table (rated down 3 years for females)
Mortality of pensioners	-	In accordance with the PA(90) ultimate male and female tables

(No explicit assumption was made about additional mortality or health care costs due to AIDS).

Percentage of in-service members withdrawing before retirement:

Age 20	7.85 %	7.85 %
Age 25	5.00 %	5.67 %
Age 30	4.00 %	4.20 %
Age 35	3.31 %	3.31 %
Age 40	2.23 %	2.23 %
Age 45	1.21 %	1.21 %
Age 50	0.55 %	0.55 %
Age 55+	0.00 %	0.00 %

6.1.2. Pension benefits

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

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

Present value of funded obligations	5,802,647	5,259,000	5,802,647	5,259,000
Present value of the defined benefit obligation-partially or wholly funded	(8,326,690)	(5,471,000)	(8,326,690)	(5,471,000)
Natal Joint Municipal Pension Fund surcharge	30,080	-	30,080	-
Asset not recognised due to future surplus policy not yet established	2,524,043	212,000	2,524,043	212,000
Liability (Surplus) in the Statement of Financial Position	30,080	-	30,080	-

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Figures in Rand thousand	Group		Municipality	
	2007	2006	2007	2006
6. Retirement benefit obligations (continued)				
Movement in the defined benefit obligation is as follows:				
Balance at beginning of the year	-	4,934,000	-	4,934,000
Current service cost	113,127	(145,529)	113,127	(145,529)
Contributions by plan participants	37,235	38,031	37,235	38,031
Actuarial losses	309,119	763,306	309,119	763,306
Interest cost	469,502	-	469,502	-
Benefit payments	(385,336)	(330,808)	(385,336)	(330,808)
Obligation not recognised due to future surplus policy not yet established	(513,567)	(5,259,000)	(513,567)	(5,259,000)
Balance at end of year	30,080	-	30,080	-
Movement in the fair value of plan assets is as follows:				
Balance at beginning of the year	-	4,913,000	-	4,913,000
Actuarial gains	2,550,107	763,306	2,550,107	763,306
Employer contributions	88,074	87,471	88,074	87,471
Employee contributions	37,235	38,031	37,235	38,031
Benefit payments	(385,336)	(330,808)	(385,336)	(330,808)
Expected return on assets	565,610	-	565,610	-
Asset not recognised due to future surplus policy not yet established	(2,855,690)	(5,471,000)	(2,855,690)	(5,471,000)
Balance at end of year	-	-	-	-
The amounts recognised in the Statement of Financial Performance were as follows:				
Current service cost - Defined Benefit Funds	113,127	66,471	113,127	66,471
Current service cost - Defined Contribution Funds	107,538	269,726	105,777	266,351
Total included in employee benefits expense	220,665	336,197	218,904	332,822

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2007	2006	2007	2006

6. Retirement benefit obligations (continued)

Key assumptions used

The principal actuarial assumptions used were as follows:

Discount rate	9.00 %	5.20 %	9.00 %	5.20 %
Expected return on plan assets	10.59 %	10.59 %	10.59 %	10.59 %
Future salary increases	5.75 %	5.42 %	5.75 %	5.42 %
Future pension increases	3.81 %	5.00 %	3.81 %	5.00 %

Examples of mortality rates used were as follows:

Active members (All):

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

Pensioners (Female):

Age 60	1.29 %	1.29 %
Age 65	1.81 %	1.81 %
Age 70	2.77 %	2.77 %
Age 75	4.51 %	4.51 %
Age 80	7.62 %	7.62 %
Age 85	13.15 %	13.15 %

Pensioners (Male):

Age 60	2.08 %	2.08 %
Age 65	3.05 %	3.05 %
Age 70	4.46 %	4.46 %
Age 75	6.86 %	6.86 %
Age 80	10.90 %	10.90 %
Age 85	15.89 %	15.89 %

All Councillors and employees belong to 9 retirement funds. The KZN Municipal Pension Fund is a defined contribution fund and became operational from 2001-11-01.

The results for the year ended 2005-06-30 (per the Fund Valuator) revealed that the fund was in sound financial position.

The Durban Pension Fund is a defined benefit fund administered by the eThekwini Municipality. The Fund is subject to a triennial actuarial valuation. The last statutory valuation was performed in 2003. This valuation indicated that the Fund was in a sound financial position.

The estimated liability of the Fund is R4 617 million, which is adequately financed by assets of R4 904 million. An amount of R88,1 million (2006: R126,6 million) was contributed by Council in respect of employee's retirement funding in respect of employees belonging to the Durban Pension Fund. These contributions have been expensed.

Certain members and Council contribute to the Natal Joint Superannuation, Retirement and Provident Funds (NJMP), SALA 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.

An interim valuation carried out on the NJMP Superannuation fund (defined benefit) at 31 March 2006 concluded that should the surcharge of 6% be retained for the year to 30 June 2007 and thereafter at 4,5% until 30 June 2008, the deficit of R88.3 million for members should be eliminated within two years.

The latest statutory valuation of the NJMP Retirement fund (defined benefit) as at 31 March 2006 reflected a fund deficit of R204.3 million in respect of members. The total contribution rate payable, including the total surcharge of

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2007	2006	2007	2006
6. Retirement benefit obligations (continued)				
14% will eliminate the deficit by the year 2010.				
The latest statutory valuation of the NJMP Provident Fund (defined contribution) as at 31 March 2006 revealed that the Fund was in a sound financial position.				
7. DEPOSITS				
Electricity	366,921	335,218	366,921	335,218
Water	104,155	95,155	104,155	95,155
Interest	38,468	35,567	38,468	35,567
I.C.C.:Clients Deposits	14,125	9,501	-	-
Ushaka:Rental Deposits	1,295	1,267	-	-
Total Deposits	524,964	476,708	509,544	465,940

Refer to note 39 (Correction of Prior Year Errors) for details of restatement of comparatives.

Included in eThekwini Municipality's deposits is an accrual of interest at an effective interest rate of 3% per annum (2006: 3%) which is paid to consumers when deposits are refunded.

8. CREDITORS

Trade payables	1,250,571	1,168,184	1,250,472	1,165,432
Payments received in advance	931,055	783,823	931,055	783,823
Retentions	38,103	31,386	38,103	31,386
Bank Deposits not yet receipted	325,086	90,987	325,086	90,987
Staff leave	159,936	144,298	159,936	144,298
Other payables	771,691	661,325	686,682	626,923
Adjustment for fair value at amortised cost	-	(16,094)	-	(16,094)
Total Creditors	3,476,442	2,863,909	3,391,334	2,826,755

Refer to note 39 (Correction of Prior Year Errors) for details of restatement of comparatives.

The classification of creditors in the prior year has been restated to provide more meaningful information.

9. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Refer to note 39 (Correction of Prior Year Errors) for details of restatement of comparatives.

Conditional Grants from other spheres of Government:

Department of Transport and Public Transport Infrastructure	33,139	13,300	33,139	13,300
Department of Economic Activity and various Industries	2,978	4,436	2,978	4,436
Provincial Grants & Subsidies	11,305	3,510	11,305	3,510
Equitable Share	4,671	18,285	4,671	18,285
Municipal Infrastructure Grant	1,813	6,948	1,813	6,948
Other Conditional Receipts				
2010 DBSA	11,000	-	11,000	-
European Union	43,782	52,398	43,782	52,398
Donations and Public Contributions	7,087	-	7,087	-
D Moss Interest and Land Sales	8,927	-	8,927	-
Other Grants and Subsidies	4,730	474	4,730	474
Vuna Awards	1,875	2,000	1,875	2,000
Total Conditional Grants and Receipts	131,307	101,351	131,307	101,351

These amounts are invested in a ring-fenced investment until utilised. See note 26 for more detail.

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Figures in Rand thousand	Group		Municipality	
	2007	2006	2007	2006

10. CASH AND CASH EQUIVALENTS

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

Cash and cash equivalents consist of:

Cash on hand	18,637	9,875	17,473	9,117
Bank balances	1,836,589	2,618,231	1,803,714	2,584,558
Bank balances and cash	1,855,226	2,628,106	1,821,187	2,593,675
Bank overdraft	(1,789,411)	(2,630,346)	(1,786,114)	(2,619,781)
	65,815	(2,240)	35,073	(26,106)
Call Investment Deposits	321,721	747,709	240,380	667,117
Cash and cash equivalents	387,536	745,469	275,453	641,011

Refer to note 39 (Correction of Prior Year Errors) for details of restatement of comparatives.

11. PROPERTY, PLANT AND EQUIPMENT

Group	2007			2006		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land and Buildings	2,880,322	(452,731)	2,427,591	2,802,411	(493,554)	2,308,857
Infrastructure	13,543,095	(4,634,042)	8,909,053	11,713,319	(4,285,670)	7,427,649
Community	768,071	(253,461)	514,610	724,923	(251,644)	473,279
Other	2,318,640	(1,345,743)	972,897	2,377,852	(1,241,707)	1,136,145
Leased Assets	24,964	(19,971)	4,993	24,964	(14,978)	9,986
Heritage	6,553	-	6,553	6,460	-	6,460
Housing Development Fund	137,794	(91,540)	46,254	161,685	(94,803)	66,882
Total	19,679,439	(6,797,488)	12,881,951	17,811,614	(6,382,356)	11,429,258

Municipality	2007			2006		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land and Buildings	1,647,769	(396,039)	1,251,730	1,622,201	(343,994)	1,278,207
Infrastructure	13,543,095	(4,634,042)	8,909,053	11,713,319	(4,285,670)	7,427,649
Community	768,071	(253,461)	514,610	724,923	(251,644)	473,279
Other	2,148,687	(1,269,329)	879,358	2,221,528	(1,191,998)	1,029,530
Leased Assets	24,964	(19,971)	4,993	24,964	(14,978)	9,986
Heritage	6,553	-	6,553	6,460	-	6,460
Housing Development Fund	137,794	(91,540)	46,254	161,685	(94,803)	66,882
Total	18,276,933	(6,664,382)	11,612,551	16,475,080	(6,183,087)	10,291,993

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Figures in Rand thousand

11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2007

	Opening Balance	Additions	Disposals	Transfers	Work-in- Progress	Depreciation	Total
Land and Buildings	2,308,857	73,338	(95,224)	-	206,558	(65,938)	2,427,591
Infrastructure	7,427,649	496,519	70,589	-	1,448,654	(534,358)	8,909,053
Community	473,279	30,115	7,981	-	29,630	(26,395)	514,610
Other	1,136,145	283,164	(8,157)	(175,769)	1,323	(263,809)	972,897
Leased Assets	9,986	-	-	-	-	(4,993)	4,993
Heritage	6,460	40	-	-	53	-	6,553
Housing Development Fund	66,882	182	(435)	(17,840)	-	(2,535)	46,254
	11,429,258	883,358	(25,246)	(193,609)	1,686,218	(898,028)	12,881,951

Reconciliation of property, plant and equipment - Group - 2006

	Opening Balance	Additions	Disposals	Work-in- progress	Depreciation	Total
Land and Buildings	1,943,583	61,178	22,632	338,162	(56,698)	2,308,857
Infrastructure	6,665,570	737,813	(83,875)	611,323	(503,182)	7,427,649
Community	491,523	17,189	(18,154)	14,489	(31,768)	473,279
Other	1,001,409	401,178	(5,558)	118	(261,002)	1,136,145
Leased Assets	14,979	-	-	-	(4,993)	9,986
Heritage	6,410	50	-	-	-	6,460
Housing Development Fund	68,162	2,125	(141)	-	(3,264)	66,882
	10,191,636	1,219,533	(85,096)	964,092	(860,907)	11,429,258

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Figures in Rand thousand

11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Municipality - 2007

	Opening Balance	Additions	Disposals	Transfers	Work-in- progress	Depreciation	Total
Land and Buildings	1,278,207	66,770	(87,613)	-	29,380	(35,014)	1,251,730
Infrastructure	7,427,649	496,519	70,589	-	1,448,654	(534,358)	8,909,053
Community	473,279	30,115	7,981	-	29,630	(26,395)	514,610
Other	1,029,530	271,569	(8,065)	(175,721)	1,323	(239,278)	879,358
Leased Assets	9,986	-	-	-	-	(4,993)	4,993
Heritage	6,460	40	-	-	53	-	6,553
Housing Development Fund	66,882	182	(435)	(17,840)	-	(2,535)	46,254
	10,291,993	865,195	(17,543)	(193,561)	1,509,040	(842,573)	11,612,551

Reconciliation of property, plant and equipment - Municipality - 2006

	Opening Balance	Additions	Disposals	Work-in- progress	Depreciation	Total
Land and Buildings	1,480,658	60,852	(352,089)	116,048	(27,262)	1,278,207
Infrastructure	6,665,570	737,813	(83,875)	611,323	(503,182)	7,427,649
Community	491,523	17,189	(18,154)	14,489	(31,768)	473,279
Other	880,328	395,758	(5,478)	118	(241,196)	1,029,530
Leased Assets	14,979	-	-	-	(4,993)	9,986
Heritage	6,410	50	-	-	-	6,460
Housing Development Fund	68,162	2,125	(141)	-	(3,264)	66,882
	9,607,630	1,213,787	(459,737)	741,978	(811,665)	10,291,993

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Figures in Rand thousand	Group		Municipality	
	2007	2006	2007	2006

11. Property, plant and equipment (continued)

Pledged as security

Property, plant and equipment with a book value of R520 539 939 (2006:R549 311 235) have been pledged as security to financial institutions as disclosed in note 3.

Leased assets are pledged against loans from Stannic Bank Limited as disclosed in note 4.

Other information

The Municipality has taken advantage of the transitional provisions set out in GAMAP 17. The Municipality is in the process of itemizing all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2008. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records. Furthermore, the Municipality has not assessed whether items of property, plant and equipment are impaired. It is expected that an assessment of impairments will be done by 30 June 2008.

Durban Marine Theme Park (Proprietary) Limited : The change in the estimated useful life of various assets of the company has resulted in the following increases in depreciation for the mentioned categories for the financial year ending 30 June 2007.

Airconditioners initially written off over 5 years are now written off over 4 years. (R3.6m)

Upperdeck furniture initially written off over 10 years are now written off over 3 years. (R0.1m)

Signage initially written off over 10 years are now written off over 3 years. (R0.6m)

Refer to note 39 (Correction of Prior Year Errors) for details of restatement of comparatives.

12. INTANGIBLE ASSETS

Refer to note 39 (Correction of Prior Year Errors) for details of restatement of comparatives.

Group	2007			2006		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Servitudes	43,728	-	43,728	43,121	-	43,121
Computer software	345,463	(97,604)	247,859	3,819	(2,239)	1,580
Total	389,191	(97,604)	291,587	46,940	(2,239)	44,701

Municipality	2007			2006		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Servitudes	43,728	-	43,728	43,121	-	43,121
Computer software	343,473	(96,721)	246,752	-	-	-
Total	387,201	(96,721)	290,480	43,121	-	43,121

eThekweni Municipality and its Municipal Entities

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Figures in Rand thousand	Group		Municipality	
	2007	2006	2007	2006

12. Intangible assets (continued)

Reconciliation of intangible assets - Group - 2007

	Opening Balance	Additions	Transfers	Amortisation	Total
Servitudes	43,121	607	-	-	43,728
Computer software	1,580	114,814	175,721	(44,256)	247,859
	44,701	115,421	175,721	(44,256)	291,587

Reconciliation of intangible assets - Group - 2006

	Opening Balance	Additions	Amortisation	Total
Servitudes	42,924	197	-	43,121
Computer software	1,354	1,370	(1,144)	1,580
	44,278	1,567	(1,144)	44,701

Reconciliation of intangible assets - Municipality - 2007

	Opening Balance	Additions	Transfers	Amortisation	Total
Servitudes	43,121	607	-	-	43,728
Computer software	-	114,404	175,721	(43,373)	246,752
	43,121	115,011	175,721	(43,373)	290,480

Reconciliation of intangible assets - Municipality - 2006

	Opening Balance	Additions	Total
Servitudes	42,924	197	43,121

Intangible assets disclosed relate to servitudes registered by the electricity department of the municipality. The balance of the servitudes are disclosed in Property, Plant and Equipment. It has been the municipality's policy to capitalise servitudes to projects which are currently disclosed as Infrastructure costs. In terms of the transitional provision as set out in GAMAP 17, the municipality is in the process of itemizing all infrastructure assets and identifying servitudes. The costs of each servitude will be determined when the exercise is completed by 30 June 2008.

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Figures in Rand thousand	Group		Municipality	
	2007	2006	2007	2006

13. INVESTMENT PROPERTIES

Group	2007			2006		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land and Buildings	253,712	(23,569)	230,143	240,371	(13,704)	226,667

Municipality	2007			2006		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land and Buildings	161,156	(9,725)	151,431	152,198	(4,463)	147,735

Reconciliation of investment properties - Group - 2007

	Opening Balance	Additions	Transfers	Depreciation	Disposals	Total
Land and Buildings	226,667	4,563	17,840	(5,405)	(13,522)	230,143

Reconciliation of investment properties - Group - 2006

	Opening Balance	Additions	Depreciation	Disposals	Total
Land and Buildings	228,410	3,340	(4,509)	(574)	226,667

Reconciliation of investment properties - Municipality - 2007

	Opening Balance	Additions	Transfers	Depreciation	Disposals	Total
Land and Buildings	147,735	180	17,840	(802)	(13,522)	151,431

Reconciliation of investment properties - Municipality - 2006

	Opening Balance	Additions	Depreciation	Disposals	Total
Land and Buildings	147,765	789	(244)	(575)	147,735

Pledged as security

Investment properties with a book value of R56 983 659 (2006: R64 685 553) are pledged against loans from Citibank Limited and the Development Bank of South Africa Limited (refer note 3).

Municipality

The fair value of the above properties is R533 million (2006: R450 million). Investment properties have been valued in terms of past trends in the escalation of property values for the period 1998 to 2006. A more accurate valuation will be determinable by 2007/08 when the Municipal Property Rates Act (No. 6 of 2004) is implemented.

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	2007	2006	2007	2006

13. Investment properties (continued)

Group

In addition to the note above included in investment properties are assets pledged by Durban Marine Theme Park (Proprietary) Limited against loans from Citibank limited and the Development Bank of South Africa limited (refer note 3).

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 000 000. The directors fair value thereof is R105 000 000 based on a valuation method of net rental return capitalised at 11.5%.

14. INVESTMENTS IN MUNICIPAL ENTITIES

Name of company	% holding 2007	% holding 2006	Carrying amount 2007	Carrying amount 2006
ICC Durban (Proprietary) Limited	100 %	100 %	1	1
Durban Marine Theme Park (Proprietary) Limited	99 %	99 %	10,001	1
			10,002	2

As at 30th June 2007

	ICC Durban (Proprietary) Limited	Durban Marine Theme Park (Proprietary) Limited
Issued Share Capital (R'000)	-	511
Percentage owned by Council (%)	-	99
Indebtedness of Municipal Entities (R'000)-Interest Bearing	-	146,960
Indebtedness of Municipal Entities (R'000)- Non Interest Bearing	222,564	476,977
Loss on Impairment of Loans	(222,564)	(623,937)
Electricity Income Received (R'000)	3,082	6,776
Water Income Received (R'000)	386	2,467
Rates Income Received (R'000)	7,324	-
Regional Services Levy Income Received (R'000)	-	21
Interest Received (R'000)	-	14,460

As at 30th June 2006

	ICC Durban (Proprietary) Limited	Durban Marine Theme Park (Proprietary) Limited
Issued Share Capital (R'000)	-	409
Percentage owned by Council (%)	-	99
Indebtedness of Municipal Entities (R'000)-Interest Bearing	-	64,936
Indebtedness of Municipal Entities (R'000)- Non Interest Bearing	201,325	470,363
Loss on Impairment of Loans	(201,325)	(470,363)
Electricity Income Received (R'000)	2,313	6,500
Water Income Received (R'000)	418	2,482
Rates Income Received (R'000)	6,657	-
Regional Services Levy Income Received (R'000)	125	234
Interest Received (R'000)	-	4,022

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	2007	2006	2007	2006
15. INVESTMENTS				
Listed Securities - Held to Maturity				
RSA Government Stock-Held to maturity (October 2008)	4,754	4,758	4,754	4,758
Eskom Stock-Held to maturity (November 2009)	3,793	3,793	3,793	3,793
	8,547	8,551	8,547	8,551
Financial Instruments - Held to Maturity				
General Investments	16,623	343,849	16,623	343,849
Fixed and Negotiable Deposits	3,400,000	2,050,000	3,400,000	2,050,000
	3,416,623	2,393,849	3,416,623	2,393,849
Total Cash Investments	3,425,170	2,402,400	3,425,170	2,402,400
Non-current assets				
Listed Securities	8,547	8,551	8,547	8,551
Financial Instruments	16,623	343,849	16,623	343,849
	25,170	352,400	25,170	352,400
Current assets				
Held for trading	3,400,000	2,050,000	3,400,000	2,050,000
	3,425,170	2,402,400	3,425,170	2,402,400
Market valuation of listed investments				
RSA Government Stock	8,265	7,199	8,265	7,199
Eskom Stock	4,960	5,294	4,960	5,294
	13,225	12,493	13,225	12,493

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Figures in Rand thousand	Group		Municipality	
	2007	2006	2007	2006

16. INVESTMENT IN JOINT VENTURE

Name of company	Unlisted	% holding 2007	% holding 2006	Carrying amount 2007	Carrying amount 2006
Effingham Development		66.74 %	66.74 %	162,456	50,631

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

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

Summary of groups interest in joint venture

Summary of the municipality's interests in the joint venture.

Assets

Township Property	21,728	18,246
Current assets - Debtors	246,901	39,403
Current assets - Cash on hand	(2,516)	27,949

TOTAL ASSETS

266,113 **85,598**

Equity and Liabilities

Members Loan Accounts	162,456	50,631
Current liabilities - creditors	103,657	34,967

TOTAL EQUITY AND LIABILITIES

266,113 **85,598**

17. LOANS TO MUNICIPAL ENTITIES

Durban Marine Theme Park (Proprietary) Limited	-	-	623,938	535,299
ICC Durban (Proprietary) Limited	-	-	222,564	201,325
Subtotal	-	-	846,502	736,624
Impairment of loans to municipal entities	-	-	(846,502)	(736,624)
	-	-	-	-

Loans to Municipal Entities are fully impaired as they are considered to be irrecoverable in the short-term.

18. RECEIVABLES

Long-term receivables

Loan:DIDT	126,474	138,470	126,474	138,470
Housing Selling scheme loans	185,862	181,518	185,862	181,518
Loan: I.C.C. Durban (Pty) Limited	-	-	774,014	596,836
Sewerage connection loans	14	45	14	45
Land sales	5,374	-	5,374	-
Education Loans	3,148	501	3,148	501
Sporting bodies	3,025	3,313	3,025	3,313
Car Loans	164	916	164	916
Housing Bonds	179	-	179	-
	324,240	324,763	1,098,254	921,599

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	2007	2006	2007	2006
Less: Current portion transferred to current receivables				
Housing Selling scheme loans	27,828	12,101	27,828	12,101
Sewerage connection loans	7	17	7	17
Education Loans	1,001	167	1,001	167
Sporting bodies	550	164	550	164
Car Loans	50	325	50	325
Housing Bonds	42	-	42	-
	29,478	12,774	29,478	12,774
Non-current assets				
Long-term receivables	294,762	311,989	1,068,776	908,825

Refer to note 39 (Correction of Prior Year Errors) for details of restatement of comparatives.

Car loans

Senior staff are entitled to car loans which attract interest at 8% - 8,5% per annum and which are repayable over a maximum period of 5 years. These loans are repayable in the year 2009.

Sewerage connection loans

To encourage property owners to connect to the reticulation system, low interest rate loans are made to provide the necessary financial assistance. These loans attract interest at a rate of 13% per annum and are repayable over a maximum period of 10 years.

Sporting Bodies Loans

These loans attract interest of 13% per annum and are repayable over 20 to 50 years.

Housing selling scheme loans

Housing loans are granted to qualifying individuals in terms of the provincial administrations housing programme. These loans attract interest in terms of the State Directives and Guidelines and are repayable over 20 years. These loans will be repaid by the year 2011.

I.C.C. (Pty) Limited

This relates to the Net Book Value of Property, Plant and Equipment transferred to the ICC.

19. INVENTORIES

Unsold Properties held for resale	19,796	13,306	19,796	13,306
Consumable stores	109,021	99,504	108,244	98,836
Maintenance materials	508	606	508	606
Water	9,481	6,756	9,481	6,756
Uniform Stock	-	235	-	-
Food and Beverage	1,743	1,287	-	-
Merchandise	1,416	1,552	-	-
	141,965	123,246	138,029	119,504

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Figures in Rand thousand	Group		Municipality	
	2007	2006	2007	2006
20. CONSUMER DEBTORS				
Gross Balances				
Rates	1,953,723	1,745,552	1,953,723	1,745,552
Electricity	441,073	404,776	441,073	404,776
Water	897,888	828,790	899,382	829,110
Refuse	8,353	7,175	8,353	7,175
Regional services levies	70,221	138,585	70,221	138,585
Housing rental	68,933	41,490	68,933	41,490
Waste water	8,738	15,555	8,738	15,555
I.C.C. Debtors	4,966	1,586	-	-
Total	3,453,895	3,183,509	3,450,423	3,182,243
Less Provision for bad debts				
Rates	(840,141)	(793,623)	(840,141)	(793,623)
Electricity	(140,000)	(125,000)	(140,000)	(125,000)
Water	(585,830)	(453,531)	(585,830)	(453,531)
Regional services levies	(70,221)	(47,407)	(70,221)	(47,407)
Housing rental	(41,601)	(30,881)	(41,601)	(30,881)
Total	(1,677,793)	(1,450,442)	(1,677,793)	(1,450,442)
Net Balance				
Rates	1,113,582	951,929	1,113,582	951,929
Electricity	301,073	279,776	301,073	279,776
Water	312,058	375,259	313,552	375,579
Refuse	8,353	7,175	8,353	7,175
Regional services levies	-	91,178	-	91,178
Housing rental	27,332	10,609	27,332	10,609
Waste water	8,738	15,555	8,738	15,555
I.C.C. Debtors	4,966	1,586	-	-
Total	1,776,102	1,733,067	1,772,630	1,731,801
Rates				
Current (0 -30 days)	146,245	142,689	146,245	142,689
31 - 60 days	46,573	56,170	46,573	56,170
61 - 90 days	37,263	45,771	37,263	45,771
91 - 120 days	781,336	47,844	781,336	47,844
121 - 365 days	230,577	987,659	230,577	987,659
> 365 days	711,729	465,419	711,729	465,419
Total	1,953,723	1,745,552	1,953,723	1,745,552
Electricity, Water, Solid Waste and Waste Water				
Current (0 -30 days)	435,233	389,025	436,727	447,810
31 - 60 days	132,860	125,865	132,860	125,865
61 - 90 days	41,388	41,190	41,388	41,190
91 - 120 days	33,832	31,306	33,832	31,306
121 - 365 days	711,853	218,185	711,853	218,185
> 365 days	886	450,725	886	392,260
Total	1,356,052	1,256,296	1,357,546	1,256,616
Regional services levies				
Current (0 -30 days)	53	52,029	53	52,029
31 - 60 days	93	4,363	93	4,363
61 - 90 days	19	39,841	19	39,841
91 - 120 days	70,056	42,352	70,056	42,352
Total	70,221	138,585	70,221	138,585

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	2007	2006	2007	2006
Housing rental				
Current (0 -30 days)	2,549	2,543	2,549	2,543
31 - 60 days	1,955	-	1,955	-
61 - 90 days	810	1,777	810	1,777
91 - 120 days	22,018	723	22,018	723
121 - 365 days	41,601	5,566	41,601	5,566
> 365 days	-	30,881	-	30,881
Total	68,933	41,490	68,933	41,490

I.C.C. Debtors

Current (0 -30 days)	3,589	820	-	-
31 - 60 days	469	154	-	-
61 - 90 days	709	302	-	-
91 - 120 days	199	310	-	-
Total	4,966	1,586	-	-

21. DEBTORS

Other Debtors	1,465,901	1,169,949	1,218,999	1,135,832
Fair Value Adjustment	-	(42,350)	-	(42,350)
Provision for bad debts	(31,179)	(24,562)	(31,179)	(24,562)
Insurance debtor	6,592	27,914	6,592	27,914
Prepayments made in advance	14,886	12,445	9,888	5,449
Total	1,456,200	1,143,396	1,204,300	1,102,283

Refer to note 39 (Correction of Prior Year Errors) for details of restatement of comparatives.

22. CALL INVESTMENT DEPOSITS

30 Day deposits	321,721	747,709	240,380	667,117
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23. VAT

VAT reconciliation

VAT receivable	74,101	99,189	92,789	121,601
VAT payable	(27,490)	(4,920)	(20,606)	(25,920)
Net Vat	46,611	94,269	72,183	95,681

VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS.

Refer to note 39 (Correction of Prior Year Errors) for details of restatement of comparatives.

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	2007	2006	2007	2006

24. PROPERTY RATES

Rates received

Residential	1,272,283	1,143,872	1,272,283	1,143,872
Commercial	1,706,645	1,532,745	1,713,987	1,539,407
State	155,123	139,798	155,123	139,798
Total Assessment Rates	3,134,051	2,816,415	3,141,393	2,823,077

Valuations

Residential	58,517,064	56,076,651	58,517,064	56,076,651
Commercial	33,703,313	28,639,391	33,703,313	28,639,391
State	4,836,474	10,737,327	4,836,474	10,737,327
Municipal	3,789,323	3,600,285	3,789,323	3,600,285
Total Property Valuations	100,846,174	99,053,654	100,846,174	99,053,654

In the past valuations on land and buildings are performed every five years but this has been discontinued because of the anticipated introduction of market values as a basis for valuations. The last valuation on the old basis came into effect on 1 July 1998. Interim valuations are processed on a daily basis to take into account changes in individual property values due to change in use, alterations, consolidations and subdivisions. A residential property allocation factor of R0,078 (2006: R0.073) is applied to residential property valuations to determine assessment rates. Lifeline rebates on a graduated scale are granted to properties valued at R100 000 or less. Rebates of 70.73% (2006:70,91%) for dwellings and 67.08% (2006:67,28%) for flats and complexes are granted for residential properties valued at over R100 000.

A rate randage of R0,28824(2006:R0,26808) is applied to commercial and industrial land valuations and a randage of R0,02402 (2006 R0,02234) is applied to commercial and industrial building valuations. All vacant land is rated on the same basis as commercial land. A rebate of 50% is granted to commercial, industrial and vacant land properties. Rates are levied on a monthly basis for the majority of property owners.

Rates payable annually were due on 31 October 2006 (2006. 28 January 2006). Interest at 18% per annum (2006: 18%) was levied on outstanding rates for the first two months. Thereafter the interest rate is 24% per annum (2006: 24%). A 15 % (2006: 15%) collection charge was levied on annual rates two months after due date.

25. SERVICE CHARGES

Sale of electricity	3,262,269	3,012,239	3,272,164	3,021,130
Sale of water	1,371,466	1,238,351	1,374,320	1,241,251
Solid waste	124,049	104,834	124,049	104,834
Sewerage and sanitation charges	66,012	63,960	66,012	63,960
Other service charges	83,958	79,588	83,958	79,588
Total service charges	4,907,754	4,498,972	4,920,503	4,510,763

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	2007	2006	2007	2006
26. GRANTS AND SUBSIDIES				
Equitable share	1,146,889	521,080	1,146,889	521,080
Municipal infrastructure grant	319,595	286,172	319,595	286,172
Restructuring grant	75,000	72,584	75,000	72,584
European Union	81,855	63,999	81,855	63,999
Provincial health subsidies	32,851	31,804	32,851	31,804
Department of Transport and Public Transport Infrastructure	11,083	18,351	11,083	18,351
Department of Economic Activities and various Industries	1,458	4,600	1,458	4,600
Vuna Awards	125	-	125	-
2010 KZN Provincial grant	264,957	-	264,957	-
2010 DBSA	29,998	-	29,998	-
Provincial government	70,946	8,757	70,946	8,757
Other grants	100,197	38,843	100,197	38,843
Public Contributions	344	-	344	-
Total government grants and subsidies	2,135,298	1,046,190	2,135,298	1,046,190

Equitable share

Balance unspent at beginning of year	18,285	18,407	18,285	18,407
Current-year receipts	1,133,275	520,958	1,133,275	520,958
Conditions met - transferred to revenue	(1,146,889)	(521,080)	(1,146,889)	(521,080)
Conditions still to be met - transferred to liabilities	4,671	18,285	4,671	18,285

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

Municipal infrastructure grant

Balance unspent at beginning of year	6,948	-	6,948	-
Current-year receipts	309,032	293,120	309,032	293,120
Current-year accruals	5,428	-	5,428	-
Conditions met - transferred to revenue	(319,595)	(286,172)	(319,595)	(286,172)
Conditions still to be met - transferred to liabilities	1,813	6,948	1,813	6,948

This grant was used to construct roads and sewerage infrastructure.

Department of Economic Activities and various Industries

Balance unspent at beginning of year	4,436	5,049	4,436	5,049
Current-year receipts	-	3,987	-	3,987
Conditions met - transferred to revenue	(1,458)	(4,600)	(1,458)	(4,600)
Conditions still to be met - transferred to liabilities	2,978	4,436	2,978	4,436

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.

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Figures in Rand thousand	Group		Municipality	
	2007	2006	2007	2006
Department of Transport and Public Transport Infrastructure				
Balance unspent at beginning of year	13,300	-	13,300	-
Current-year receipts	30,922	31,651	30,922	31,651
Conditions met - transferred to revenue	(11,083)	(18,351)	(11,083)	(18,351)
Conditions still to be met - transferred to liabilities	33,139	13,300	33,139	13,300

This grant was for roads infrastructure / Queen Nandi Drive. No funds have been withheld.

European Union

Balance unspent at beginning of year	52,398	56,957	52,398	56,957
Current-year receipts	73,239	59,440	73,239	59,440
Conditions met - transferred to revenue	(81,855)	(63,999)	(81,855)	(63,999)
Conditions still to be met - transferred to liabilities	43,782	52,398	43,782	52,398

The Municipality has an Area-based Management Programme that focuses on key areas of the Council and enhances service delivery to these areas. The European Union formed a partnership with the Council on condition that the funds provided are to be utilised only in these specific areas.

Other grants

Balance unspent at beginning of year	474	2,813	474	2,813
Current-year receipts	104,453	36,504	104,453	36,504
Conditions met - transferred to revenue	(100,197)	(38,843)	(100,197)	(38,843)
Conditions still to be met - transferred to liabilities	4,730	474	4,730	474

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

Public Contributions

Current-year receipts	7,431	-	7,431	-
Conditions met - transferred to revenue	(344)	-	(344)	-
Conditions still to be met - transferred to liabilities	7,087	-	7,087	-

The grants were received from various organisations to finance various developments.

2010 KZN Provincial grant

Current-year receipts	264,957	-	264,957	-
Conditions met - transferred to revenue	(264,957)	-	(264,957)	-
Conditions still to be met - transferred to liabilities	-	-	-	-

The grant was received for the building of the stadium and other constructions in preparation of 2010 bid . No funds were withheld.

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Figures in Rand thousand	Group		Municipality	
	2007	2006	2007	2006
Provincial government				
Balance unspent at beginning of year	3,510	-	3,510	-
Current-year receipts	78,741	12,267	78,741	12,267
Conditions met - transferred to revenue	(70,946)	(8,757)	(70,946)	(8,757)
Conditions still to be met - transferred to liabilities	11,305	3,510	11,305	3,510

Funds were received from provincial government for various projects. In the prior year these grants were classified under Other Grants.

2010 DBSA

Current-year receipts	40,998	-	40,998	-
Conditions met - transferred to revenue	(29,998)	-	(29,998)	-
Conditions still to be met - transferred to liabilities	11,000	-	11,000	-

The grant was used to fund various roads infrastructure.

Provincial health subsidies

Current-year receipts	32,851	31,804	32,851	31,804
Conditions met - transferred to revenue	(32,851)	(31,804)	(32,851)	(31,804)
Conditions still to be met - transferred to liabilities	-	-	-	-

The Municipality renders health services on behalf of the Provincial Government and is refunded approximately 80% of total expenditure incurred. This grant has been used exclusively to fund clinic services (included in the public health vote in Appendix F). The conditions of the grant have been met. There was no delay or withholding of the subsidy.

Restructuring grant

Balance unspent at beginning of year	-	7,584	-	7,584
Current-year receipts	75,000	65,000	75,000	65,000
Conditions met - transferred to revenue	(75,000)	(72,584)	(75,000)	(72,584)
Conditions still to be met - transferred to liabilities	-	-	-	-

This grant was used for the implementation of the Municipal Property Rates Act No. 6 of 2004. No funds have been withheld.

Vuna Awards

Balance unspent at beginning of year	2,000	-	2,000	-
Current-year receipts	-	2,000	-	2,000
Conditions met - transferred to revenue	(125)	-	(125)	-
Conditions still to be met - transferred to liabilities	1,875	2,000	1,875	2,000

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.

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	2007	2006	2007	2006
27. OTHER INCOME				
Housing :Development Income	593,301	410,662	588,738	405,356
Sundry Income	475,225	362,653	193,364	240,325
	1,068,526	773,315	782,102	645,681
28. FAIR VALUE ADJUSTMENTS				
Fair Value Adjustment - Payables	-	16,094	-	16,094
Fair Value Adjustment-Receivables	-	(42,350)	-	(42,350)
	-	(26,256)	-	(26,256)
29. EMPLOYEE RELATED COSTS				
Employee related costs-Salaries and Wages	2,010,382	1,583,829	1,961,677	1,535,650
Medical aid and Pension Benefits	6 629,302	396,773	627,541	392,080
UIF	20,409	117,449	16,885	118,111
Leave pay provision contribution	39,941	39,137	39,769	39,137
Travel, motor car, accommodation, subsistence and other allowances	93,134	84,231	93,118	84,231
Overtime payments	168,654	155,452	166,215	152,810
Long-service awards	73,600	119	73,600	119
Housing benefits and allowances	26,539	26,134	26,539	26,134
Holiday Bonus	128,135	121,523	128,135	121,523
Other	24,808	342,548	20,552	340,557
Less: Employee costs capitalised to PPE	(80,501)	(127,476)	(80,501)	(127,476)
Less: Employee costs included in other expenses	-	(1,441)	-	(1,441)
	3,134,403	2,738,278	3,073,530	2,681,435

There were no advances to employees. Loans to employees are set out in note 18.

Included in the employee related costs are the following:

Remuneration of the Municipal Manager

Annual Remuneration	1,074	986	1,074	986
Car Allowance	102	102	102	102
Contributions to UIF, Medical Aid and Pension Funds	1	1	1	1
Total	1,177	1,089	1,177	1,089

Remuneration of the Chief Finance Officer

Annual Remuneration	759	702	759	702
Car Allowance	243	225	243	225
Contributions to UIF, Medical Aid and Pension Funds	161	150	161	150
Total	1,163	1,077	1,163	1,077

eThekweni Municipality and its Municipal Entities

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2007	2006	2007	2006
Governance				
Annual Remuneration	759	702	759	702
Car Allowance	243	225	243	225
Contributions to UIF, Medical Aid and Pension Funds	154	142	154	142
Total	1,156	1,069	1,156	1,069
Corporate and Human Resources				
Annual Remuneration	812	741	812	741
Car Allowance	165	165	165	165
Contributions to UIF, Medical Aid and Pension Funds	25	20	25	20
Total	1,002	926	1,002	926
Health, Safety and Social Services				
Annual Remuneration	857	769	857	769
Car Allowance	144	144	144	144
Contributions to UIF, Medical Aid and Pension Funds	1	13	1	13
Total	1,002	926	1,002	926
Procurements and Infrastructure				
Annual Remuneration	917	769	917	769
Car Allowance	60	144	60	144
Contributions to UIF, Medical Aid and Pension Funds	26	13	26	13
Total	1,003	926	1,003	926
Remuneration paid by Municipal Entities:				
I.C.C.: Remuneration of the Chief Executive Officer				
Salaries, allowances and benefits	1,234	1,334	-	-
Durban Marine Theme Park:				
Chairman fees	24	12	-	-
Directors Fees	15	-	-	-
Directors Expenses	36	-	-	-
Total	75	12	-	-

eThekwini Municipality and its Municipal Entities

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2007	2006	2007	2006

30. REMUNERATION OF COUNCILLORS

Mayor	766	569	766	569
Deputy Mayor	627	484	627	484
Mayoral Committee Members	3,462	4,468	3,462	4,468
Speaker	430	486	430	486
Councillors	47,384	36,465	47,384	36,465
Councillors' pension contribution	4,685	3,919	4,685	3,919
Total Councillors' Remuneration	57,354	46,391	57,354	46,391

In-kind Benefits:

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

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

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

31. FINANCE COSTS

Non-current borrowings	525,168	574,837	500,954	543,175
Consumer Deposits	6,386	5,992	6,386	5,992
Finance leases	2,565	2,908	2,565	2,908
Other	19,080	8,242	19,080	8,242
Total Finance costs	553,199	591,979	528,985	560,317

32. BULK PURCHASES

Electricity	1,827,602	1,645,491	1,827,602	1,645,491
Water	857,009	797,762	857,009	797,762
Total Bulk Purchases	2,684,611	2,443,253	2,684,611	2,443,253

33. GRANTS AND SUBSIDIES PAID

Grant paid :Durban Arts Association	2,378	2,265	2,378	2,265
Grant paid: Enhanced Extended Discount Benefit	56,432	-	56,432	-
Grant paid: Sporting Organisations	28,827	26,920	28,827	26,920
Grant paid: Playhouse Company	2,366	2,346	2,366	2,346
Grant paid: Natal Philharmonic Orchestra	5,000	6,009	5,000	6,009
Grant paid: Tourism Indaba	6,085	5,211	6,085	5,211
Grant paid: Trade Point Durban	-	1,000	-	1,000
Grant paid: Food Aid Program	4,038	3,241	4,038	3,241
Grant paid: Other	18,323	7,753	18,323	7,753
Total Grants and Subsidies Paid	123,449	54,745	123,449	54,745

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Figures in Rand thousand	Group		Municipality	
	2007	2006	2007	2006
34. CASH GENERATED FROM OPERATIONS				
Surplus for the year	1,119,636	798,717	1,129,802	802,020
Adjustments for:				
Depreciation - Property, Plant and equipment	898,028	860,907	842,573	811,665
Gains on disposal of property, plant and equipment	(28,805)	(31,355)	(28,781)	(31,355)
Contributions to provisions-non current	83,829	-	83,829	-
Contribution to provisions - current	12,696	11,907	12,733	6,889
Contribution to bad debt provision	346,430	388,122	346,430	388,122
Investment income	(396,693)	(285,283)	(398,667)	(281,306)
Finance Costs	552,800	591,676	528,985	560,317
Net fair value adjustments	-	26,256	-	26,256
Loss on impairment	-	-	109,877	87,870
Loss on disposal of property, plant and equipment	7,963	1,519	342	141
Increase /Decrease in deferred income	(1,079)	677	-	-
Share of income from joint venture	-	-	(111,825)	(1,432)
Depreciation - Investment properties	5,405	4,509	802	244
Amortisation of Intangibles	44,256	1,144	43,373	-
Changes in working capital:				
Inventories	(18,719)	7,686	(18,525)	7,639
Debtors	(389,465)	(629,771)	(387,259)	(629,203)
(Increase) in other debtors	(312,804)	(13,912)	(102,017)	(75,581)
Decrease / (increase) in VAT debtors	47,658	(90,059)	23,498	(81,984)
Increase in deposits	48,256	44,727	43,604	44,527
Creditors	612,533	264,121	564,579	261,697
Unspent conditional grants and receipts	29,956	10,541	29,956	10,541
Increase in Retirement Benefit Obligations	438,717	38,258	438,717	38,258
	3,100,598	2,000,387	3,152,026	1,945,325
35. UTILISATION OF LONG-TERM LIABILITES RECONCILIATION				
Long-term liabilities	4,810,088	4,457,874	4,582,580	4,218,133
Used to finance property, plant and equipment – at cost	(4,810,088)	(4,457,874)	(4,582,580)	(4,218,133)
Cash set aside for the repayment of long-term liabilities	16,623	343,849	16,623	343,849

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2007	2006	2007	2006
36. COMMITMENTS				
36.1 Commitments in respect of capital expenditure				
Approved and contracted for				
• Infrastructure	400,669	323,587	400,669	323,587
• Community	5,950	26,740	5,950	26,740
• Land and buildings	114	-	114	-
• Other assets	4,667	-	4,267	-
Approved but not yet contracted for				
• Infrastructure	300	332,687	300	332,687
• Community	6,776	11,720	6,776	11,720
Durban Marine Theme Park (Pty)Ltd	400	-	-	-
Total	418,876	694,734	418,076	694,734

Durban Marine Theme Park Pty (Ltd) has R0,4m worth of unexpended capital commitments approved by the directors to be funded by shareholders loan.

Operating leases – as lessee (expense)

Minimum lease payments due

- within one year	169	155	-	-
- in second to fifth year inclusive	165	334	-	-
	334	489	-	-

Durban Marine Theme Park Pty (Ltd) : The operating leases relate to photocopies used for office administration. The lease agreements were entered into on various dates and will be operational for varying periods, the last expiring on 31 May 2009. 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 about 10%.

36.2 Operating leases – as lessor (expenditure)

The future minimum lease payments payable under operating leases are as follows:

- within one year	44,460	29,686	29,519	14,211
- in second to fifth year inclusive	88,035	64,291	41,204	2,519
- later than five years	16,538	511	16,538	511
	149,033	94,488	87,261	17,241

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 28 February 2017. 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 about 10%.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2007	2006	2007	2006

37. CONTINGENCIES

Contractual Disputes	11,956	574	11,956	574
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Various departments within the municipality have price disputes with certain contractors.

Self Insurance Reserve	44,905	75,130	44,905	75,130
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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.

Long Service Awards	-	1,193	-	1,193
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It is council policy to award employees who have been in service for a period of longer than ten years. The estimated liability of the award is disclosed.

In the current year a provision has been made for these awards.

Bank Guarantee	3,600,000	3,600,000	3,600,000	3,600,000
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This guarantee is issued in favour of The Member(s), Jeena's Warehouse Close Corporation dated 11 November 1998.

Finance Guarantees	141,800	170,000	141,800	170,000
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The municipality has issued promissary notes as surety for Loans granted by Financial Institutions to the Durban Marine Theme Park (Pty) Ltd.

38. RELATED PARTIES

Relationships	
Municipal Entities	Durban Marine Theme Park (Proprietary) Limited I.C.C. Durban (Proprietary) Limited Refer to note 14
Joint Venture	Riverhorse Valley Joint Venture Refer to note 16

Related party balances

Loan accounts - Owing by related parties

I.C.C. Durban (Proprietary) Limited	222,564	201,325
Durban Marine Theme Park (Proprietary) Limited	476,978	470,364
Durban Marine Theme Park (Proprietary) Limited - Interest bearing	146,960	64,935
Loans fully impaired	(846,502)	(736,624)
	-	-

Amounts included in Trade receivable regarding related parties

I.C.C. Durban (Proprietary) Limited	506	320
Durban Marine Theme Park (Proprietary) Limited	988	1,425
	1,494	1,745

Amounts included in Trade Payable regarding related parties

Durban Marine Theme Park (Proprietary) Limited	23	362
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Figures in Rand thousand	Group		Municipality	
	2007	2006	2007	2006
38. Related parties (continued)				
Related party transactions				
Sales to related parties				
I.C.C. Durban (Proprietary) Limited:				
Electricity			3,082	2,313
Water			386	418
Business Levies			-	125
Rates			7,324	6,657
Insurance			-	1,618
Durban Marine Theme Park (Proprietary) Limited				
Electricity			6,776	6,500
Water			2,467	2,482
Business Levies			21	234
Interest			14,460	4,022
Riverhorse Valley Joint Venture				
Electricity and Water			37	77
Business Levies			-	3
Rates			18	5
Income from Joint Venture			111,825	1,432
			146,396	25,886
Purchases from related parties				
I.C.C. Durban (Proprietary) Limited				
General Expenses			4,906	4,398
Durban Marine Theme Park (Proprietary) Limited				
General Expenses			1,909	4,743
			6,815	9,141

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2007	2006	2007	2006
39. CORRECTION OF PRIOR YEAR ERRORS				
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GAMAP: -				
Property, Plant and Equipment				
Balance previously reported	-	11,409,667	-	10,851,211
Capitalisation of Hostels incorrectly expensed	-	11,427	-	11,427
Finance Leased Assets incorrectly recorded as operating leases	-	9,986	-	9,986
Correction of Accumulated Depreciation	-	(242)	-	(242)
Transfer of I.C.C. Assets	-	-	-	(580,389)
Ushaka computer software reclassified as Intangible assets	-	(306)	-	-
I.C.C. computer software reclassified as Intangible assets	-	(1,274)	-	-
	-	11,429,258	-	10,291,993
VAT receivable				
Balance previously reported	-	31,010	-	32,337
Refund from SARS relating to the period 1991 to 1996	-	63,344	-	63,344
Reversal of previously consolidated Metro Trust VAT	-	(85)	-	-
	-	94,269	-	95,681
Other debtors				
Balance previously reported	-	1,159,855	-	1,118,742
Correction of Housing Debtors	-	(16,459)	-	(16,459)
	-	1,143,396	-	1,102,283
Deposits				
Balance previously reported	-	476,903	-	466,135
Reclassified as other creditors	-	(195)	-	(195)
	-	476,708	-	465,940
Creditors				
Balance previously reported	-	2,737,930	-	2,703,601
Accruals incorrectly omitted	-	123,629	-	123,629
Reversal of previously consolidated Metro Trust creditors	-	76	-	-
Reclassification from Ushaka bank balances	-	686	-	-
Deposits reclassified as creditors	-	195	-	195
Metro Trust accruals adjustment	-	2,063	-	-
Creditors reclassified as unspent conditional grants	-	(670)	-	(670)
	-	2,863,909	-	2,826,755

eThekwini Municipality and its Municipal Entities

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2007	2006	2007	2006
39. Correction of Prior Year Errors (continued)				
Retirement benefit obligations				
Balance previously reported	-	691,236	-	691,236
Reversal of Asset as per actuarial valuations : Durban Pension Fund	-	212,000	-	212,000
	-	903,236	-	903,236
Housing Development Fund				
Balance previously reported	-	709,881	-	709,881
Bad Debts written off	-	(16,459)	-	(16,459)
Accruals incorrectly omitted	-	479	-	479
	-	693,901	-	693,901
Accumulated Surplus				
Balance previously reported	-	6,619,570	-	6,171,815
Capitalisation of Hostels previously expensed	-	11,427	-	11,427
Finance Leased Assets	-	9,986	-	9,986
VAT refund	-	63,344	-	63,344
Housing bad debts written off	-	(16,459)	-	(16,459)
Housing Development Fund adjustment	-	15,980	-	15,980
Correction of Depreciation error	-	(242)	-	(242)
Expenses incorrectly omitted	-	(140,502)	-	(140,502)
ICC Assets transfer depreciation adjustment	-	-	-	16,447
Reversal of actuarial gain - Durban Pension Fund (Employee related costs - retirement benefit obligations)	-	(212,000)	-	(212,000)
Employee benefits - Performance Bonus payments	-	(4,146)	-	(4,146)
Transfer of future depreciation value of I.C.C. assets	-	196,350	-	196,350
Interest on Investments - Ethekewini interest earned via Metro Trust	-	186	-	-
Other Income - Metro Trust	-	(11,438)	-	-
General Expenses - Metro Trust	-	9,030	-	-
	-	6,541,086	-	6,112,000
Unspent Conditional Grants and Receipts				
Balance previously reported	-	100,681	-	100,681
Reclassified from Creditors	-	670	-	670
	-	101,351	-	101,351

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2007	2006	2007	2006
39. Correction of Prior Year Errors (continued)				
Donations and Public Contributions Reserve				
Balance previously reported	-	1,265,539	-	1,265,539
Transfer of future depreciation value of I.C.C. assets	-	(196,350)	-	(196,350)
	-	1,069,189	-	1,069,189
Finance Lease Obligations				
Balance previously reported	-	-	-	-
Recognition of Finance Leases	-	21,013	-	21,013
	-	21,013	-	21,013
Long-term Receivables				
Balance previously reported	-	311,989	-	311,989
Transfer of I.C.C. Assets	-	-	-	580,389
I.C.C. Assets transfer depreciation adjustment	-	-	-	16,447
	-	311,989	-	908,825
Intangible assets				
Balance previously reported	-	43,121	-	43,121
Ushaka computer software reclassified from Property, Plant and Equipment	-	306	-	-
I.C.C. computer software reclassified from Property, Plant and Equipment	-	1,274	-	-
	-	44,701	-	43,121
Bank balances and cash / Bank overdraft				
Balance previously reported	-	(2,926)	-	(26,106)
Reclassification of Ushaka bank balances to Creditors	-	686	-	-
	-	(2,240)	-	(26,106)

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand	Group		Municipality	
	2007	2006	2007	2006

40. POST REPORTING DATE EVENTS

Establishment of the Regional Electricity Distributors

A Cabinet decision was taken on the 25 October 2006 where approval was given to the proposal of creating six Regional Electricity Distributors which will be established as public entities under the auspices of the Electricity Distribution Industry (EDI) Holdings (Ltd). These entities will be accountable to the Ministry of Minerals and Energy. The next step will include the drafting of legislation and business plan for the establishment of the Regional Electricity Distributors. The financial impact of the establishment of the Regional Electricity Distributors is still to be assessed.

Durban Marine Theme Park (Pty)Ltd

In September 2007 the Municipality invested a further R157million into one of its entities, Durban Marine Theme Park (Pty)Ltd, for which 1617 shares were issued. In addition it was also decided to convert the interest-bearing loan from the Municipality into equity which will equate to 1545 shares at the date of conversion. Furthermore, the shareholders loan of R477million is also to be converted to the value of 4913 shares at the date of conversion. The eThekwini Municipality and the entity will account for these entries in the 2007/08 financial year.

41. TRAFFIC FINES

Traffic fines issued but not yet recovered at year end.	711,969	556,265	711,969	556,265
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The recoverability of outstanding traffic fines is uncertain.

42. HOUSING

In the prior year no insurance was provided for houses that were constructed in terms of agency agreement with Province. Any costs, inclusive of insurance, were expensed against the project.

43. COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexure's E(1) and E(2).

44. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

A summary of material cases during 2006/07 are listed below

Housing - Collections not deposited	117	-	117	-
Materials Management - Fraud and Cover quoting	3,396	-	3,396	-

Irregular expenditure

Reconciliation of irregular expenditure

Opening balance	2,280	-	2,280	-
Fruitless and wasteful expenditure current year	3,513	2,280	3,513	2,280
Irregular expenditure awaiting condonement	5,793	2,280	5,793	2,280

eThekwini Municipality and its Municipal Entities

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Figures in Rand thousand	Group		Municipality	
	2007	2006	2007	2006
45. ADDITIONAL DISCLOSURE IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT				
Contributions to organized local government				
Council subscriptions	6,000	6,000	6,000	6,000
Amount paid - current year	(6,000)	(6,000)	(6,000)	(6,000)
Balance unpaid (included in creditors)	-	-	-	-
Audit fees				
Opening balance	100	8,980	-	8,436
Current year audit fee	1,430	842	819	826
Previous years audit fee	7,517	-	7,517	-
Amount paid - current year	(1,430)	(945)	(819)	(826)
Amount paid - previous years	(7,617)	(8,777)	(7,517)	(8,436)
Balance unpaid (included in creditors)	-	100	-	-
VAT				
VAT received(paid) for the year	61,574	(68,977)	61,574	(68,977)
PAYE and UIF				
Opening balance	163	160	-	-
Current year payroll deductions	363,943	359,038	357,682	356,655
Amount paid - current year	(363,717)	(358,875)	(357,682)	(356,655)
Amount paid - previous years	(163)	(160)	-	-
Balance unpaid (included in creditors)	226	163	-	-
Pension and Medical Aid Deductions				
Opening balance	235	233	-	-
Current year payroll deductions and Council Contributions	644,949	610,073	638,568	603,341
Amount paid - current year	(644,690)	(609,838)	(638,568)	(603,341)
Amount paid - previous years	(235)	(233)	-	-
Balance unpaid (included in creditors)	259	235	-	-

eThekwini Municipality and its Municipal Entities

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Figures in Rand thousand	Group		Municipality	
	2007	2006	2007	2006

Councillors arrears

The following Councillors had arrear accounts outstanding for more than 90 days as at the end of the respective financial years:

30 June 2007	<u>Amount Outstanding Rands</u>	<u>Amount Outstanding Rands</u>
Councillor Mfeka P.	2,861	2,861
Councillor Mthembu M.K.	2,884	2,884
Councillor Ntanzu P.N.	15,166	15,166
	20,911	20,911

30 June 2006	<u>Amount Outstanding Rands</u>	<u>Amount Outstanding Rands</u>
Councillor Chamane B.N.	3,343	3,343
Councillor Buthelezi S.S.	320	320
Councillor Cele J.N.	4,884	4,884
Councillor Hoosen M.H.	54,960	54,960
Councillor Kaunda T.M.	1,737	1,737
Councillor Lutyeka V.	208	208
Councillor Mabuza F.T.	694	694
Councillor Mfeka P.	4,460	4,460
Councillor Mlaba T.O.	7,129	7,129
Councillor Mkhize N.I.	994	994
Councillor Mthembu M.K.	156	156
Councillor Mthembu N.E.	17,097	17,097
Councillor Mshibe Z.W.	237	237
Councillor Ngcece Z.V.	287	287
Councillor Ngcobo M.C.	1,292	1,292
Councillor Shabalala A.N.	1,657	1,657
	99,455	99,455

It should be noted, in the case of Councillor T.O. Mlaba, that the amount related to outstanding insurance proceeds due to a burst water pipe.

46. TAXATION

No provision has been made for the taxation of municipal entities as they have an assessed loss of R322 038 198 (2006: R239 257 719), which is available for set-off against future taxable income. No deferred tax asset has been raised.

47. GOVERNMENT GAZETTE NO. 30013 - EXEMPTIONS

During the year, the municipality took advantage of the exemptions in terms of Government Gazette no. 30013 approved by the Minister of Finance. The Accountant-General granted the municipality permission to deviate from the above government gazette with regard to full compliance with IAS 40/AC135 (Investment property) and IAS 19/AC116 (Employee benefits). The impact of these exemptions will result in assets and liabilities being disclosed at historical cost as opposed to fair value. The exemptions have been applied prospectively.

eThekweni Municipality and its Municipal Entities

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Figures in Rand thousand

48. BANK BALANCES

Account number - Bank - Account Description	Cash Book Balance 30June 2007	Bank Statement balance 30June 2007	Cash Book Balance 30June 2006	Bank Statement balance 30June 2006
62085728106 - FNB - Main Expenditure	36,913	(169,133)	-	(662,821)
62085728263 - FNB - Main Expenditure EFT	6	(347,220)	4	(1,151,807)
62085720722 - FNB - Direct Deposits Account	3,286	152,243	(5,043)	(267,266)
62085725855 - FNB - Electronic Deposits Account	9,861	2,131,237	-	(41,810)
62085729948 - FNB - Cashiers Deposit Account	1,359	92,218	1,627,732	4,772,005
62085730119 - FNB - Government Deposit Account	6,190	43,369	-	80,810
62085723990 - FNB - Water and Sanitation Services Deposit Account	218	1,315	-	1,217
62085721952 - FNB - Electricity Income Account	126	14,264	-	2,151
62085721481 - FNB - Electricity Prepaid Vendor Deposits	2,283	32,218	-	49,135
62085729071 - FNB - SARS E-Filing Account	837	837	13,570	109,138
62085725996 - FNB - Dishonoured Cheques Account	(493)	(2,031)	(401)	(4,550)
62085721332 - FNB - Direct Debit Collections Account	-	41,412	-	370
62085721762 - FNB - Transwitch Account	72	73,986	-	353,276
62085722546 - FNB - Agents Deposit Account	1,144	23,245	-	16,798
62085722877 - FNB - Metro Police Deposit Account	14	2,646	-	2,640
62085729790 - FNB - Metro Police Transwitch Deposit Account	-	639	-	1,410
62085723495 - FNB - Parks, Recreation and Culture Deposit Acc.	12	2,223	-	9,624
62085723776 - FNB - City Engineers Account	85	39,395	-	13,541
62085724992 - FNB - Business Levies Income Deposit Account	-	143	-	15,803
62085725152 - FNB - Business Levies Direct Deposit Account	-	529	-	37,116
62085725384 - FNB - Business Levies Unpaid Cheques Account	-	207	-	(65)
62085729534 - FNB - Virginia Airport Account	-	277	-	343
62116972755 - FNB - Department of Housing Account	-	10,783	-	-
62085728908 - FNB - Sundry PAYE Account	449	449	264	264
62085729245 - FNB - Cash Payments Account	185	(246)	(663)	(2,032)
62088851764 - FNB - Refunds Expenditure Account	2,960	770	-	(1,393)
62085724542 - FNB - Water and Sanitation Services Expenditure Acc.	1,309	(4,082)	(3,232)	688
62085724732 - FNB - Water and Sanitation Services EFT Account	76	(198,645)	(179,446)	(1,354,731)
62085722348 - FNB - Electricity Expenditure Account	(1,882)	(1,882)	-	-
62085722463 - FNB - Electricity EFT Account	(258,481)	(258,481)	(177,853)	(347,652)
62085738750 - FNB - Salaries Account	(10)	(118,800)	-	(422,446)
62085727661 - FNB - Durban Fresh Produce Market Account	9,444	9,381	6,155	438,565
62085727143 - FNB - Short term 2 Account	(1,525,248)	(1,494,686)	(1,199,679)	(1,002,307)
62085727116 - FNB - General Bank Account	1,030,657	(743,500)	(1,053,464)	(1,944,279)
62085729378 - FNB - Bank Charges Account	-	(450)	-	(601)
62085726449 - FNB - Consolidated Investment Fund Bank Account	527,119	527,119	936,747	1,313,749

eThekwini Municipality and its Municipal Entities

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Figures in Rand thousand

62085726879 - FNB - Consolidated Investment Fund EFT Account	93,467	93,467	-	(31,311)
62121186705 - FNB - 2010 Soccer Grant Account	75,492	75,492	-	-
Internal Inter-company Banks	150	-	86	-
Totals: ETHEKWINI MUNICIPALITY				
Bank balances	1,803,714	-	2,584,558	-
Bank overdraft	(1,786,114)	-	(2,619,781)	-
Durban Marine Theme Park (Proprietary)				
<u>Limited:</u>				
0500337036 - Citibank - Primary Bank Account	12,454	12,454	(2,116)	(2,116)
0500337052 - Citibank - Retail Bank Account	70	70	90	90
050033026 - Standard Bank - Overdraft Bank Account	2	2	(7,870)	(7,870)
0500337125 - Citibank - Schools Bank Account	8	8	1	1
0500337044 - Citibank - Debt Service Bank Account	3,788	3,788	3	3
<u>I.C.C. Durban (Proprietary) Limited:</u>				
50226959 - Standard Bank	(781)	-	(579)	-
332845 - Standard Bank	16,357	-	5,507	-
50881201632 - FNB	196	-	116	-
<u>Effingham Development Joint Venture:</u>				
Bank Balances	(2,516)	-	27,956	-
Totals: MUNICIPAL ENTITIES				
Bank balances	32,875	-	33,673	-
Bank overdraft	(3,297)	-	(10,565)	-
Totals: GROUP				
Bank balances	1,836,589	-	2,618,231	-
Bank overdraft	(1,789,411)	-	(2,630,346)	-

APPENDIX A(1) : ETHEKWINI MUNICIPALITY - SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDED 30 JUNE 2007

Description	Loan Number	Interest Rate	Date Repayable	Balance at 30/06/06	Received during the year	Redeemed / (Interest Capitalised) during this period	Balance at 30/06/07	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
		%		R'000	R'000	R'000	R'000	R'000	R'000
ETHEKWINI MUNICIPALITY:									
LONG TERM LOANS									
Debenture Stock	D142	3.75	10/11/2007	750	0	0	750	0	0
Stock Loan	N7	13	31/07/2006	500	0	500	0	0	0
Stock Loan	N8	15.25	30/06/2009	1,000	0	0	1,000	0	0
Stock Loan	V1	14.1	31/10/2008	11,448	0	0	11,448	0	0
Stock Loan	A700	12.7	30/06/2007	158	0	158	0	0	0
Stock Loan	A772	16.1	30/06/2009	2,000	0	0	2,000	0	0
Stock Loan	K34	14.6	30/06/2013	200	0	0	200	0	0
Total Stock Loans				16,056	0	658	15,398	0	0
FRB PN	1/58	Variable	30/06/2016	280,157	0	12,406	267,751		
INCA INDWA	1/66	9.52	30/06/2020	483,923	0	17,645	466,278	445,987	0
Nedbank Ltd	1/67	8.47	31/03/2021	909,709	0	32,199	877,510	786,002	0
SBSA	1/44	Variable	31/12/2006	31,106	0	31,106	0	0	0
DBSA Ph 1	P1	13.5	30/09/2017	597,625	0	23,654	573,971	0	0
DBSA Ph 2	P2	11.97	31/03/2016	345,543	0	29,682	315,861	0	0
DBSA Ph 3	P3	12.9	30/09/2017	399,350	0	15,268	384,082	0	0
DBSA Ph 4	P4	10.4	30/06/2019	529,402	0	20,666	508,736	0	0
DBSA Ph 5	P5	8.9	30/06/2020	301,542	0	10,825	290,717	42,555	0
DBSA Ph 6	P5	8.75	30/06/2022	0	800,000	0	800,000	485,397	0
DWAF	DW	8.9	31/03/2013	720	0	184	536	0	0
AFD Calyon	1/68	9.52	31/12/2018	0	58,740	0	58,740	0	0
Total Annuity Loans				3,879,077	858,740	193,635	4,544,182	1,759,941	0
MLS ABSA	1/36	Variable	12/06/2006	0	0	0	0	0	0
ABSA	1/41	Variable	31/05/2007	300,000	0	300,000	0	0	0
ABSA	1/64	Variable	31/10/2010	23,000	0	0	23,000	0	0
Total Non Annuity Loans				323,000	0	300,000	23,000	0	0
TOTAL EXTERNAL LOANS (ETHEKWINI MUNICIPALITY)				4,218,133	858,740	494,293	4,582,580	1,759,941	0

APPENDIX A(2) : ETHEKWINI MUNICIPALITY AND ITS MUNICIPAL ENTITIES - SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDED 30 JUNE 2007

Description	Loan Number	Interest Rate	Date Repayable	Balance at 30/06/06	Received during the year	Redeemed / (Interest Capitalised) during this period	Balance at 30/06/07	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
		%		R'000	R'000	R'000	R'000	R'000	R'000
DURBAN MARINE THEME PARK:									
LONG TERM LOANS									
Debenture Stock		13		67,093	0	(6,500)	73,593	0	0
Total Stock Loans				67,093	0	(6,500)	73,593	0	0
Standard Bank		9.52		2,964	0	802	2,162	842	0
CITI Bank		13.84		125,977	0	16,513	109,464	564,662	0
DBSA		13.84		38,235	0	5,882	32,353	564,662	0
DBSA - Phantom ship		10.9		4,900	0	1,464	3,436	6,150	0
DBSA - Village Walk		8.5		0	0	(5,871)	5,871	5,870	0
Total Annuity Loans				172,076	0	18,790	153,286	1,142,186	0
Premium Finance Solutions		Variable		572	0	(56)	628	0	0
Total Non Annuity Loans				572	0	(56)	628	0	0
TOTAL EXTERNAL LOANS (DURBAN MARINE THEME PARK)				239,741	0	12,234	227,507	1,142,186	0
TOTAL EXTERNAL LOANS: ETHEKWINI MUNICIPALITY (refer Appendix A (1))				4,218,133	858,740	494,293	4,582,580	1,759,941	0
GROUP TOTAL:				4,457,874	858,740	506,527	4,810,087	2,902,127	0

APPENDIX B : ETHEKWINI MUNICIPALITY : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT FOR THE YEAR ENDED 30 JUNE 2007

	Cost / Revaluation							Accumulated Depreciations					Carrying Value
	Opening Balance Cost	Opening Balance Capital Under Construction	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Land and Buildings													
Land	539,284	0	1,138	3,708	(5,575)	(87,783)	450,771	0	0	0	0	0	450,771
Buildings	1,199,358	55,941	65,632	29,078	(16,726)	(1,172)	1,332,112	453,123	37,494	(4,460)	(1,032)	485,125	846,987
	1,738,642	55,941	66,770	32,786	(22,301)	(88,955)	1,782,883	453,123	37,494	(4,460)	(1,032)	485,125	1,297,758
Infrastructure													
Roads	3,238,489	157,885	246,571	94,745	0	70,732	3,808,423	1,309,827	182,032	0	70,732	1,562,591	2,245,831
Traffic Equipment & Ranks	288,222	0	63,902	0	0	(60)	352,064	77,161	14,246	0	(14)	91,393	260,671
Stormwater Drainage	496,252	0	45,216	24,073	0	0	565,541	204,297	21,951	0	0	226,248	339,293
Servitudes	15,976	0	0	0	0	0	15,976	7,368	539	0	0	7,907	8,069
Sewerage Pumps	89,811	72,127	1,090	2,455	0	0	165,483	32,080	5,531	0	0	37,611	127,872
Sewerage Mains & Reticulation	998,780	129,604	40,772	229,046	0	0	1,398,203	332,835	49,772	0	0	382,607	1,015,596
Purification Works	390,402	11,483	10,509	40,095	0	0	452,489	178,517	16,814	0	0	195,331	257,158
Refuse Sites & Transfer Station	244,829	7,635	0	45,899	0	0	298,363	87,577	20,989	0	0	108,565	189,798
Water Mains & Reticulation	1,416,357	103,973	20,554	238,194	0	0	1,779,078	460,969	60,818	0	0	521,787	1,257,291
Water Reservoirs	212,918	374	116	6,809	0	0	220,216	73,184	10,208	0	0	83,393	136,824
General Infrastructure	562,601	4,253	12,844	526,505	0	(178,119)	928,083	304,147	18,096	0	(248,852)	73,391	854,692
Mains	1,151,765	26,259	32,324	135,463	0	0	1,345,810	413,004	7,158	0	0	420,162	925,648
Major Substations	1,250,777	95,130	6,876	102,521	0	(7,949)	1,447,355	408,011	124,856	0	(7,853)	525,015	922,341
Public Lighting	152,487	5,450	15,246	0	0	0	173,183	57,457	64	0	0	57,521	115,663
Connections & Switches	592,330	0	499	0	0	0	592,830	339,258	1,285	0	0	340,543	252,287
	11,101,996	614,173	496,519	1,445,805	0	(115,396)	13,543,097	4,285,691	534,359	0	(185,986)	4,634,064	8,909,033
Community Assets													
Recreation	459,217	1,533	10,948	12,505	0	(666)	483,537	168,680	18,598	0	8,230	195,508	288,029
Clinics & Depots	40,718	5,701	34	13,785	0	0	60,239	9,492	1,333	0	0	10,825	49,414
Cemeteries & Crematoria	60,858	1,013	549	(10)	0	1,087	63,497	16,668	2,047	0	(15,791)	2,924	60,573
Community Halls	64,343	2,104	6,378	(1,265)	0	0	71,560	16,207	2,145	0	0	18,352	53,208
Fire Stations	14,959	1,572	1,504	7,180	0	(2)	25,214	3,989	498	0	0	4,487	20,727
Libraries	51,676	0	0	0	0	0	51,676	19,172	1,718	0	0	20,890	30,787
Museums	925	0	0	0	0	0	925	378	31	0	0	409	517
Police Stations	720	3,239	10,702	(3,239)	0	0	11,421	43	24	0	0	67	11,355
	693,417	15,162	30,115	28,956	0	420	768,071	234,628	26,394	0	(7,561)	253,461	514,610
Heritage Assets													
Exhibits	6,459	0	40	53	0	0	6,553	0	0	0	0	0	6,553
	6,459	0	40	53	0	0	6,553	0	0	0	0	0	6,553
Other Assets													
Airconditioning	5,901	0	347	0	0	(256)	5,993	4,578	426	0	(225)	4,779	1,214
Security Systems	35,700	0	20,868	0	0	(40)	56,528	16,221	5,650	0	(33)	21,839	34,690
Computer Equipment	223,098	0	25,291	0	0	(28,981)	219,409	189,459	19,721	0	(25,772)	183,408	36,000
Car Parks & Fencing	6,252	0	2,054	0	0	0	8,307	3,776	1,119	0	0	4,895	3,412
Building	202	0	0	0	0	0	202	0	0	0	0	0	202
Plant & Equipment	1,013,957	0	14,869	0	(229,068)	(69,961)	729,797	487,957	88,183	(53,348)	(67,555)	455,237	274,561
Furniture & Fittings	42,220	0	2,539	0	0	(3,544)	41,215	27,095	3,670	0	(2,949)	27,817	13,399
Markets	21,704	0	3,724	0	0	0	25,428	3,602	706	0	0	4,308	21,121
Vehicles	840,129	0	182,505	0	0	(13,611)	1,009,023	454,829	117,971	0	(12,154)	560,646	448,377
Fire Engines	35,165	0	19,554	1,439	0	(695)	55,463	7,156	1,886	0	(209)	8,833	46,630
	2,224,330	0	271,751	1,439	(229,068)	(117,086)	2,151,366	1,194,672	239,333	(53,348)	(108,896)	1,271,761	879,605
Leased Assets													
	24,964	0	0	0	0	0	24,964	14,978	4,993	0	0	19,971	4,993
	24,964	0	0	0	0	0	24,964	14,978	4,993	0	0	19,971	4,993
Total	15,789,809	685,277	865,195	1,509,040	(251,369)	(321,018)	18,276,933	6,183,093	842,573	(57,808)	(303,475)	6,664,382	11,612,551

APPENDIX B : GROUP : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT FOR THE YEAR ENDED 30 JUNE 2007

	Cost / Revaluation							Accumulated Depreciations					Carrying Value
	Opening Balance Cost	Opening Balance Capital Under Construction	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Land and Buildings													
Land	539,284	0	1,138	3,708	(5,575)	(87,783)	450,771	0	0	0	0	0	450,771
Buildings	2,256,090	55,986	72,385	206,256	(16,726)	(9,329)	2,564,663	479,435	68,418	(4,460)	(1,576)	541,817	2,022,846
	2,795,374	55,986	73,523	209,964	(22,301)	(97,112)	3,015,435	479,435	68,418	(4,460)	(1,576)	541,817	2,473,618
Infrastructure													
Roads	3,238,489	157,885	246,571	94,745	0	70,732	3,808,423	1,309,827	182,032	0	70,732	1,562,591	2,245,831
Traffic Equipment & Ranks	288,222	0	63,902	0	0	(60)	352,064	77,161	14,246	0	(14)	91,393	260,671
Stormwater Drainage	496,252	0	45,216	24,073	0	0	565,541	204,297	21,951	0	0	226,248	339,293
Servitudes	15,976	0	0	0	0	0	15,976	7,368	539	0	0	7,907	8,069
Sewerage Pumps	89,811	72,127	1,090	2,455	0	0	165,483	32,080	5,531	0	0	37,611	127,872
Sewerage Mains & Reticulation	998,780	129,604	40,772	229,046	0	0	1,398,203	332,835	49,772	0	0	382,607	1,015,596
Purification Works	390,402	11,483	10,509	40,095	0	0	452,489	178,517	16,814	0	0	195,331	257,158
Refuse Sites & Transfer Station	244,829	7,635	0	45,899	0	0	298,363	87,577	20,989	0	0	108,565	189,798
Water Mains & Reticulation	1,416,357	103,973	20,554	238,194	0	0	1,779,078	460,969	60,818	0	0	521,787	1,257,291
Water Reservoirs	212,918	374	116	6,809	0	0	220,216	73,184	10,208	0	0	83,393	136,824
General Infrastructure	562,601	4,253	12,844	526,505	0	(178,119)	928,083	304,147	18,096	0	(248,852)	73,391	854,692
Mains	1,151,765	26,259	32,324	135,463	0	0	1,345,810	413,004	7,158	0	0	420,162	925,648
Major Substations	1,250,777	95,130	6,876	102,521	0	(7,949)	1,447,355	408,011	124,856	0	(7,853)	525,015	922,341
Public Lighting	152,487	5,450	15,246	0	0	0	173,183	57,457	64	0	0	57,521	115,663
Connections & Switches	592,330	0	499	0	0	0	592,830	339,258	1,285	0	0	340,543	252,287
	11,101,996	614,173	496,519	1,445,805	0	(115,396)	13,543,097	4,285,691	534,359	0	(185,986)	4,634,064	8,909,033
Community Assets													
Recreation	459,217	1,533	10,948	12,505	0	(666)	483,537	168,680	18,598	0	8,230	195,508	288,029
Clinics & Depots	40,718	5,701	34	13,785	0	0	60,239	9,492	1,333	0	0	10,825	49,414
Cemeteries & Crematoria	60,858	1,013	549	(10)	0	1,087	63,497	16,668	2,047	0	(15,791)	2,924	60,573
Community Halls	64,343	2,104	6,378	(1,265)	0	0	71,560	16,207	2,145	0	0	18,352	53,208
Fire Stations	14,959	1,572	1,504	7,180	0	(2)	25,214	3,989	498	0	0	4,487	20,727
Libraries	51,676	0	0	0	0	0	51,676	19,172	1,718	0	0	20,890	30,787
Museums	925	0	0	0	0	0	925	378	31	0	0	409	517
Police Stations	720	3,239	10,702	(3,239)	0	0	11,421	43	24	0	0	67	11,355
	693,417	15,162	30,115	28,956	0	420	768,071	234,628	26,394	0	(7,561)	253,461	514,610
Heritage Assets													
Exhibits	6,459	0	40	53	0	0	6,553	0	0	0	0	0	6,553
	6,459	0	40	53	0	0	6,553	0	0	0	0	0	6,553
Other Assets													
Airconditioning	5,901	0	347	0	0	(256)	5,993	4,578	426	0	(225)	4,779	1,214
Security Systems	35,700	0	20,868	0	0	(40)	56,528	16,221	5,650	0	(33)	21,839	34,690
Computer Equipment	225,555	0	25,416	0	0	(29,011)	221,959	191,551	19,913	0	(25,793)	185,671	36,288
Car Parks & Fencing	6,252	0	2,054	0	0	0	8,307	3,776	1,119	0	0	4,895	3,412
Building	202	0	0	0	0	0	202	0	0	0	0	0	202
Plant & Equipment	1,107,504	0	17,038	0	(229,116)	(70,004)	825,421	512,000	97,264	(53,348)	(67,599)	488,316	337,105
Furniture & Fittings	103,544	0	11,536	0	0	(3,703)	111,376	52,075	18,649	0	(3,028)	67,696	43,680
Markets	21,704	0	3,724	0	0	0	25,428	3,602	706	0	0	4,308	21,121
Vehicles	841,628	0	182,624	0	0	(13,611)	1,010,641	455,744	118,249	0	(12,154)	561,838	448,803
Fire Engines	35,165	0	19,554	1,439	0	(695)	55,463	7,156	1,866	0	(209)	8,833	46,630
	2,383,155	0	283,161	1,439	(229,116)	(117,320)	2,321,319	1,246,701	263,861	(53,348)	(109,040)	1,348,175	973,144
Leased Assets													
	24,964	0	0	0	0	0	24,964	14,978	4,993	0	0	19,971	4,993
	24,964	0	0	0	0	0	24,964	14,978	4,993	0	0	19,971	4,993
Total	17,005,366	685,322	883,358	1,686,218	(251,417)	(329,408)	19,679,439	6,261,434	898,025	(57,808)	(304,163)	6,797,488	12,881,951

APPENDIX C : ETHEKWINI MUNICIPALITY : SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT FOR THE YEAR ENDED 30 JUNE 2007

	Cost							Accumulated Depreciation					Carrying Value
	Opening Balance Cost	Opening Balance Capital Under Construction	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R'000	R'000	R'000	R'000		R'000	R'000	R'000	R'000		R'000	R'000	
Miscellaneous	178,182	1,856	0	4,092	0	(178,119)	6,011	265,818	0	0	(265,755)	63	5,948
Legal Services	1,303	0	215	0	0	(104)	1,413	880	140	0	(95)	925	488
Real Estates	245,706	0	364	0	0	(2)	246,069	34,340	2,054	0	(1)	36,392	209,677
Health	151,450	2,919	2,601	20,820	0	(424)	177,366	63,881	7,607	0	(432)	71,056	106,310
Skills Development	1,319	0	61	0	0	(27)	1,353	919	142	0	(11)	1,051	302
Metropolitan Police	144,381	3,239	12,082	(3,239)	0	(852)	155,610	73,557	11,324	0	(753)	84,128	71,482
Retail Market	32,965	0	368	0	0	0	33,333	9,124	1,842	0	0	10,966	22,367
Housing	169,106	159,432	33,652	106,428	0	(250)	468,368	48,545	3,123	0	(173)	51,495	416,874
Municipal Information & Policy	4,353	0	1,356	0	0	(168)	5,541	2,022	654	0	(134)	2,541	2,999
Ombudsperson & Head : Investigation	768	0	38	0	0	(204)	603	369	107	0	(150)	326	276
Office Of International & Governance	163	0	47	0	0	(13)	198	43	33	0	(1)	75	122
Community Participation	2,844	0	166	0	0	0	3,010	540	558	0	0	1,098	1,912
Office Of Geographic Information	1,199	0	17	0	0	0	1,216	1,141	33	0	0	1,174	42
City Manager's Office	156	0	0	0	0	(25)	131	68	27	0	(15)	80	51
Strategic Projects	131	627	120	468,888	0	0	469,767	13	29	0	0	41	469,725
Office Of The D C M : Health, Safety	80	0	0	0	0	0	80	30	13	0	0	42	38
Office Of The D C M : Governance	12	0	0	0	0	0	12	2	2	0	0	5	7
Office Of The D C M : Treasury	1,096	0	130	0	0	0	1,226	357	151	0	0	509	718
Development Planning & Management	97,524	0	2,369	0	0	(240)	99,653	48,941	1,589	0	(199)	50,332	49,321
Economic Development & Facilitation	205,799	0	3,842	30,259	0	(124)	239,776	25,397	11,030	0	(94)	36,333	203,444
City Enterprises	7,362	(0)	35	0	0	(8)	7,389	6,224	278	0	(2)	6,500	889
Business Support	55,583	5,281	8,075	(4,804)	0	0	64,134	19,331	3,084	0	0	22,415	41,719
Procurement	9,447	0	2,565	0	0	(21)	11,992	4,141	1,621	0	(17)	5,745	6,246
Engineering	3,928,588	32,359	296,571	25,419	(330)	(965)	4,281,643	1,507,557	208,066	(306)	69,827	1,785,145	2,496,498
Emergency Services	143,570	1,572	24,080	8,587	0	(5,674)	172,135	59,164	11,651	0	(5,054)	65,760	106,375
Parks, Recreation, Cemeteries & Governance	1,070,556	4,862	22,097	1,501	0	(18,692)	1,080,323	394,953	49,751	0	7,497	452,201	628,122
Communications	84,471	0	4,495	0	0	(492)	88,474	57,581	3,600	0	(416)	60,764	27,710
Regional Centres	1,046	0	128	0	0	(341)	833	755	73	0	(328)	500	333
Human Resources	12,827	4,528	5,516	(255)	0	0	22,616	892	823	0	0	1,715	20,902
Management Services & Org Development	78,165	0	1,661	0	0	(261)	79,566	50,781	3,335	0	(158)	53,959	25,607
Finance	496	0	4	0	0	(27)	473	390	51	0	(16)	425	48
City Fleet	276,864	0	(32,670)	0	(177,970)	(1,857)	64,367	59,537	1,663	(25,904)	(1,683)	33,614	30,753
Office Of Audit & Performance Management	430,510	0	50,085	0	0	(6,393)	474,202	172,293	61,614	0	(5,250)	228,657	245,546
Information Technology	1,614	0	97	0	0	(326)	1,385	995	192	0	(281)	907	479
Ethekwini Transport Authority	235,906	0	57,829	0	(28,431)	(56)	265,249	132,562	34,635	(17,896)	(33)	149,269	115,980
Occupational Health & Safety	326,639	0	54,442	0	(3)	(2,599)	378,478	90,791	18,018	(3)	(2,107)	106,698	271,780
ABMS	2,513	0	122	0	0	(75)	2,561	1,646	293	0	(62)	1,877	684
Water	103,518	6,407	40,270	34,522	0	(17)	184,701	4,225	6,100	0	(4)	10,321	174,380
Sanitation	2,055,155	104,435	125,745	253,175	0	(60,428)	2,478,082	736,662	147,499	0	(57,743)	826,418	1,651,664
Solid Waste	1,540,400	213,214	25,852	271,683	0	(24,015)	2,027,134	610,882	33,506	0	(23,199)	621,188	1,405,945
Airport	492,141	1,218	28,699	18,991	0	(6,797)	534,252	241,223	49,099	0	(6,025)	284,297	249,955
Housing	1,313	0	193	0	0	0	1,507	351	5	0	0	356	1,150
Market Service	161,684	0	182	0	(22,301)	(1,773)	137,793	94,804	2,534	(4,460)	(1,338)	91,540	46,253
Gas	79,753	3,885	1,766	4,757	0	(4)	90,157	28,266	2,763	0	(3)	31,025	59,132
Electricity Service	0	6,417	0	26,908	0	0	33,325	0	0	0	0	0	33,325
	3,451,145	133,024	89,927	241,308	(22,335)	(9,643)	3,883,426	1,331,100	161,859	(9,240)	(9,267)	1,474,453	2,408,973
Total	15,789,806	685,277	865,195	1,509,040	(251,369)	(321,016)	18,276,933	6,183,092	842,573	(57,808)	(303,475)	6,664,382	11,612,551

APPENDIX C : GROUP : SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT FOR THE YEAR ENDED 30 JUNE 2007

	Cost							Accumulated Depreciation					Carrying Value
	Opening Balance Cost	Opening Balance Capital Under Construction	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Miscellaneous	178,182	1,856	0	4,092	0	(178,119)	6,011	265,818	0	0	(265,755)	63	5,948
Legal Services	1,303	0	215	0	0	(104)	1,413	880	140	0	(95)	925	488
Real Estates	245,706	0	364	0	0	(2)	246,069	34,340	2,054	0	(1)	36,392	209,677
Health	151,450	2,919	2,601	20,820	0	(424)	177,366	63,881	7,607	0	(432)	71,056	106,310
Skills Development	1,319	0	61	0	0	(27)	1,353	919	142	0	(11)	1,051	302
Metropolitan Police	144,381	3,239	12,082	(3,239)	0	(852)	155,610	73,557	11,324	0	(753)	84,128	71,482
Retail Market	32,965	0	368	0	0	0	33,333	9,124	1,842	0	0	10,966	22,367
Housing	169,106	159,432	33,652	106,428	0	(250)	468,368	48,545	3,123	0	(173)	51,495	416,874
Municipal Information & Policy	4,353	0	1,356	0	0	(168)	5,541	2,022	654	0	(134)	2,541	2,999
Ombudsperson & Head : Investigation	768	0	38	0	0	(204)	603	369	107	0	(150)	326	276
Office Of International & Governance	163	0	47	0	0	(13)	198	43	33	0	(1)	75	122
Community Participation	2,844	0	166	0	0	0	3,010	540	558	0	0	1,098	1,912
Office Of Geographic Information	1,199	0	17	0	0	0	1,216	1,141	33	0	0	1,174	42
City Manager's Office	156	0	0	0	0	(25)	131	68	27	0	(15)	80	51
Strategic Projects	131	627	120	468,888	0	0	469,767	13	29	0	0	41	469,725
Office Of The D C M : Health, Safety	80	0	0	0	0	0	80	30	13	0	0	42	38
Office Of The D C M : Governance	12	0	0	0	0	0	12	2	2	0	0	5	7
Office Of The D C M : Treasury	1,096	0	130	0	0	0	1,226	357	151	0	0	509	718
Development Planning & Management	97,524	0	2,369	0	0	(240)	99,653	48,941	1,589	0	(199)	50,332	49,321
Economic Development & Facilitation	205,799	0	3,842	30,259	0	(124)	239,776	25,397	11,030	0	(94)	36,333	203,444
City Enterprises	6,180	(0)	35	0	0	(8)	6,207	6,218	278	0	(2)	6,494	(287)
Business Support	55,583	5,326	8,075	(4,804)	0	0	64,179	19,331	3,084	0	0	22,415	41,764
Procurement	9,447	0	2,565	0	0	(21)	11,992	4,141	1,621	0	(17)	5,745	6,246
Engineering	3,928,588	32,359	296,571	25,419	(330)	(965)	4,281,643	1,507,557	208,066	(306)	69,827	1,785,145	2,496,498
Emergency Services	143,570	1,572	24,080	8,587	0	(5,674)	172,135	59,164	11,651	0	(5,053)	65,761	106,374
Parks, Recreation, Cemeteries & Governance	1,070,559	4,862	22,097	1,501	0	(18,692)	1,080,326	394,958	49,751	0	7,497	452,206	628,120
Communications	84,471	0	4,495	0	0	(492)	88,474	57,581	3,600	0	(416)	60,764	27,710
Regional Centres	1,046	0	128	0	0	(341)	833	755	73	0	(328)	500	333
Human Resources	12,827	4,528	5,516	(255)	0	0	22,616	892	823	0	0	1,715	20,902
Management Services & Org Development	78,165	0	1,661	0	0	(261)	79,566	50,781	3,335	0	(158)	53,959	25,607
Finance	496	0	4	0	0	(27)	473	390	51	0	(16)	425	48
City Fleet	276,864	0	(32,670)	0	(177,971)	(1,857)	64,366	59,537	1,663	(25,904)	(1,683)	33,614	30,752
Office Of Audit & Performance Management	430,510	0	50,085	0	0	(6,393)	474,202	172,293	61,614	0	(5,250)	228,657	245,546
Information Technology	1,614	0	97	0	0	(326)	1,385	995	192	0	(281)	907	479
Ethekwini Transport Authority	235,906	0	57,829	0	(28,431)	(56)	265,249	132,562	34,635	(17,896)	(33)	149,269	115,980
Occupational Health & Safety	326,639	0	54,442	0	(3)	(2,599)	378,478	90,791	18,018	(3)	(2,107)	106,699	271,780
ABMS	2,513	0	122	0	0	(75)	2,561	1,646	293	0	(62)	1,877	684
Water	103,518	6,407	40,270	34,522	0	(17)	184,701	4,225	6,100	0	(3)	10,322	174,379
Sanitation	2,055,155	104,435	125,745	253,175	0	(60,428)	2,478,082	736,662	147,499	0	(57,743)	826,418	1,651,664
Solid Waste	1,540,400	213,214	25,852	271,683	0	(24,015)	2,027,134	610,882	33,506	0	(23,199)	621,188	1,405,946
Airport	492,141	1,218	28,699	18,991	0	(6,797)	534,252	241,223	49,099	0	(6,025)	284,297	249,955
Housing	1,313	0	193	0	0	0	1,507	351	5	0	0	356	1,150
Market Service	161,684	0	182	0	(22,301)	(1,772)	137,794	94,803	2,534	(4,460)	(1,337)	91,540	46,254
Gas	79,753	3,885	1,766	4,757	0	(4)	90,157	28,266	2,763	0	(3)	31,025	59,132
Electricity Service	0	6,417	0	26,908	0	0	33,325	0	0	0	0	0	33,325
Durban Marine Theme Park	3,451,145	133,024	89,927	241,308	(22,335)	(9,643)	3,883,426	1,331,100	161,859	(9,240)	(9,267)	1,474,453	2,408,973
International Convention Centre	615,372	0	15,418	0	(46)	(8,456)	622,288	66,059	36,429	0	(765)	101,722	520,565
	601,367	0	2,745	177,178	0	62	781,352	12,286	19,023	0	74	31,383	749,969
Total	17,005,366	685,322	883,358	1,686,218	(251,416)	(329,408)	19,679,439	6,261,434	898,025	(57,808)	(304,163)	6,797,488	12,881,951

APPENDIX D : ETHEKWINI MUNICIPALITY : SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2007

2006 Actual Revenue R'000	2006 Actual Expenditure R'000	2006 Surplus/ (Deficit) R'000		2007 Actual Revenue R'000	2007 Actual Expenditure R'000	2007 Surplus/ (Deficit) R'000
25,564	142,911	(117,347)	Executive & Council	30,762	161,453	(130,691)
5,227,976	1,824,958	3,403,018	Finance & Admin	4,932,733	2,115,563	2,817,170
149,105	325,538	(176,433)	Planning & Development	558,157	342,000	216,157
34,968	229,582	(194,614)	Health	58,169	241,310	(183,141)
34,115	330,615	(296,500)	Community & Social Services	223,384	350,893	(127,509)
583,523	621,766	(38,243)	Housing	818,919	901,399	(82,480)
289,411	677,074	(387,663)	Public Safety	146,709	557,721	(411,012)
27,051	597,926	(570,875)	Sport & Recreation	19,608	617,384	(597,776)
0	5,211	(5,211)	Environmental Protection	315	7,381	(7,066)
604,329	991,777	(387,448)	Waste Management	655,455	1,079,825	(424,370)
166,142	815,017	(648,875)	Road Transport	204,807	898,368	(693,561)
1,695,388	1,882,007	(186,619)	Water	2,024,276	1,975,572	48,704
3,179,745	2,754,655	425,090	Electricity	3,572,760	2,957,014	615,746
48,750	66,442	(17,692)	Other	60,849	83,043	(22,194)
12,066,067	11,265,479	800,588	Sub Total	13,306,903	12,288,926	1,017,977
1,432	0	1,432	Share of Revenue from Joint Venture	111,825	0	111,825
(1,664,746)	(1,664,746)	0	Less Inter-Dep charges	(1,414,552)	(1,414,552)	0
10,402,753	9,600,733	802,020	Total	12,004,176	10,874,374	1,129,802

APPENDIX D : GROUP : SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2007

2006 Actual Revenue R'000	2006 Actual Expenditure R'000	2006 Surplus/ (Deficit) R'000		2007 Actual Revenue R'000	2007 Actual Expenditure R'000	2007 Surplus/ (Deficit) R'000
25,564	142,911	(117,347)	Executive & Council	30,762	161,453	(130,691)
5,194,688	1,721,411	3,473,277	Finance & Admin	4,891,738	1,981,149	2,910,589
149,105	325,538	(176,433)	Planning & Development	558,157	342,000	216,157
34,968	229,582	(194,614)	Health	58,169	241,310	(183,141)
34,115	330,615	(296,500)	Community & Social Services	223,384	350,893	(127,509)
583,523	621,766	(38,243)	Housing	818,919	901,399	(82,480)
289,411	677,074	(387,663)	Public Safety	146,709	557,721	(411,012)
27,051	597,926	(570,875)	Sport & Recreation	19,608	617,384	(597,776)
0	5,211	(5,211)	Environmental Protection	315	7,381	(7,066)
604,329	991,777	(387,448)	Waste Management	655,455	1,079,825	(424,370)
166,142	815,017	(648,875)	Road Transport	204,807	898,368	(693,561)
1,695,388	1,882,007	(186,619)	Water	2,024,276	1,975,572	48,704
3,179,745	2,754,655	425,090	Electricity	3,572,760	2,957,014	615,746
48,750	66,442	(17,692)	Other	60,849	83,043	(22,194)
68,105	72,123	(4,018)	International Convention Centre	81,655	91,286	(9,631)
112,652	182,197	(69,545)	Durban Marine Theme Park	114,395	208,349	(93,954)
3,653	2,220	1,433	Effingham/Link road Joint Venture	155,312	43,487	111,825
12,217,189	11,418,472	798,717	Sub Total	13,617,270	12,497,634	1,119,636
(1,664,746)	(1,664,746)	0	Less Inter-Dep charges	(1,414,552)	(1,414,552)	0
10,552,443	9,753,726	798,717	Total	12,202,718	11,083,082	1,119,636

APPENDIX E(1) : ETHEKWINI MUNICIPALITY : ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2007

	2007 Actual	2007 Budget	2007 Variance	2007 Variance	Explanation of Significant Variances greater than 10% versus Budget
	R'000	R'000	R'000	%	
REVENUE					
Property rates	3,141,393	3,167,752	(26,359)	(1)	
Property rates - penalties imposed and collection charges	203,761	227,502	(23,741)	(10)	
Service Charges	4,920,503	4,959,742	(39,239)	(1)	
Regional Services Levies	15,663	0	15,663	0	
Rental of facilities and equipment	126,236	110,153	16,083	15	For reasons refer to annexure E(1A): 1
Interest earned - external investments	306,345	213,073	93,272	44	For reasons refer to annexure E(1A): 2
Interest earned - outstanding debtors	92,322	77,466	14,856	19	For reasons refer to annexure E(1A): 3
Fines	117,037	139,638	(22,601)	(16)	For reasons refer to annexure E(1A): 4
Licences and permits	11,095	9,574	1,521	16	For reasons refer to annexure E(1A): 5
Government grants and subsidies	2,135,298	1,851,054	284,244	15	For reasons refer to annexure E(1A): 6
Public contributions and donations	11,815	0	11,815	0	
Other revenue	782,102	743,507	38,595	5	
Gains on disposal of property, plant and equipment	28,781	0	28,781	0	
TOTAL REVENUE	11,892,351	11,499,459	392,892		
EXPENDITURE					
Executive & Council	161,453	165,222	(3,769)	(2)	
Finance & admin	2,115,563	1,636,027	105,001	29	
Planning & Development	342,000	414,529	(72,529)	(17)	For reasons refer to annexure E(1A): 7
Health	241,310	245,015	(3,705)	(2)	
Community & Social Services	350,893	400,566	(49,673)	(12)	For reasons refer to annexure E(1A): 8
Housing	901,399	890,276	11,123	1	
Public Safety	557,721	711,271	(153,550)	(22)	For reasons refer to annexure E(1A): 9
Sport & Recreation	617,384	611,252	6,132	1	
Environmental Protection	7,381	7,572	(191)	(3)	
Waste Management	1,079,825	1,108,388	(28,563)	(3)	
Road Transport	898,368	929,710	(31,342)	(3)	
Water	1,975,572	1,992,276	(16,704)	(1)	
Electricity	2,957,014	3,094,272	(137,258)	(4)	
Other	83,043	82,358	685	1	
Inter-departmental charges	(1,414,552)	(1,573,635)	159,083	(10)	
TOTAL EXPENDITURE	10,874,374	10,715,100	(215,261)		
Share of Revenue from Joint Venture	111,825	0	111,825		
SURPLUS FOR THE YEAR	1,129,802	784,359	719,978		

APPENDIX E(1) : GROUP : ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2007

	2007 Actual	2007 Budget	2007 Variance	2007 Variance	Explanation of Significant Variances greater than 10% versus Budget
	R'000	R'000	R'000	%	
REVENUE					
Property rates	3,134,051	3,167,752	(33,701)	(1)	
Property rates - penalties imposed and collection charges	203,761	227,502	(23,741)	(10)	
Service Charges	4,907,754	4,959,742	(51,988)	(1)	
Regional Services Levies	15,642	0	15,642	0	
Rental of facilities and equipment	168,450	110,153	58,297	53	For reasons refer to annexure E(1A): 1
Interest earned - external investments	304,770	213,073	91,697	43	For reasons refer to annexure E(1A): 2
Interest earned - outstanding debtors	92,322	77,466	14,856	19	For reasons refer to annexure E(1A): 3
Fines	117,037	139,638	(22,601)	(16)	For reasons refer to annexure E(1A): 4
Licences and permits	11,095	9,574	1,521	16	For reasons refer to annexure E(1A): 5
Government grants and subsidies	2,135,297	1,851,054	284,243	15	For reasons refer to annexure E(1A): 6
Public contributions and donations	15,207	0	15,207	0	
Other revenue	1,068,527	900,980	167,547	19	
Gains on disposal of property, plant and equipment	28,805	0	28,805	0	
TOTAL REVENUE	12,202,718	11,656,932	545,786		
EXPENDITURE					
Executive & Council	161,453	165,222	(3,769)	(2)	
Finance & admin	1,980,749	1,636,027	344,722	21	
Planning & Development	342,000	414,529	(72,529)	(17)	For reasons refer to annexure E(1A): 7
Health	241,310	245,015	(3,705)	(2)	
Community & Social Services	350,893	400,566	(49,673)	(12)	For reasons refer to annexure E(1A): 8
Housing	901,399	890,276	11,123	1	
Public Safety	557,721	711,271	(153,550)	(22)	For reasons refer to annexure E(1A): 9
Sport & Recreation	617,384	611,252	6,132	1	
Environmental Protection	7,381	7,572	(191)	(3)	
Waste Management	1,079,825	1,108,388	(28,563)	(3)	
Road Transport	898,368	929,710	(31,342)	(3)	
Water	1,975,572	1,992,276	(16,704)	(1)	
Electricity	2,957,014	3,094,272	(137,258)	(4)	
Other	83,043	82,358	685	1	
International Convention Centre	91,286	82,129	9,157	11	
Durban Marine Theme Park	208,749	189,500	19,249	10	
Metro Club Trust	0	0	0	0	
Effingham/Link Road	43,487	12,857	30,630	238	
Inter-departmental charges	(1,414,552)	(1,573,635)	159,083	(10)	
TOTAL EXPENDITURE	11,083,082	10,999,585	83,497		
Share of Revenue from Joint Venture	0	0	0		
SURPLUS FOR THE YEAR	1,119,636	657,347	462,289		

APPENDIX E(1A) : GROUP : ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2007

1. Rental of facilities and equipment – Increase

The increase in revenue from the rental of facilities and equipment is mainly attributable to an increase in the number of facilities generating rental income

2. Interest earned - external investments - Increase

The increase is mainly attributable to an increase in prime interest rates.

3. Interest earned - outstanding debtors - Increase

The increase is mainly due to an unexpected increase of customers in arrears.

4. Fines - Decrease

The decrease is mainly due to an increase in the 'Grace Window' and the problems experienced with the implementation of eNatis.

5. Licences and permits - Increase

The increase is due to an increase in the number of taxi ranks and an increase in the issue of Public Driver Permits at the municipal test centres.

6. Government grants and subsidies - Increase

- a. Mainly due to 2010 KZN Provincial Grant excluded during the budgetary process as there was no agreement in place at that stage (R 264 m).
- b. Increase in revenue as result of unspent grant from previous financial year.

7. Planning and Development

Budget is underspent mainly as a result of :

- a. Savings in employee related costs (R26.8 m) due to the non filling of vacant posts
- b. The asset lives of actual acquisitions differed from those budgeted for, resulting in depreciation savings (R16.8 m)
- c. Stringent control of costs has resulted in the decrease in the general expenses – other (R20 m)

8. Community & Social Services

Budget is underspent mainly as a result of :

- a. The asset lives of actual acquisitions differed from those budgeted for, resulting in depreciation savings (R16 m)
- b. Decreases in the employee related costs due to non filling of vacancies (R11 m)
- c. Decrease in general expenses due to stringent control of costs (R13 m)

9. Public Safety

Budget is underspent mainly as a result of savings in internal charges (R148 m)

APPENDIX E (2) : ETHEKWINI MUNICIPALITY : ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY,PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2007

Output Unit	2007 Actual	2007 Under Construction	2007 Total Additions	2007 Budget	Adjustment	Revised Budget	2007 Variance	2007 Variance	Explanation of Significant Variances greater than 5% versus Budget
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	
Legal Services	215	4,092	4,307	3,927	0	3,927	380	10	Construction of the Municipal Court was more than anticipated due to variations in the contract.
Real Estates	364	0	364	7,138	0	7,138	(6,774)	(95)	Savings primarily due to re-allocation of the Sports Clubs which did not occur.
Health	2,601	20,820	23,421	28,227	1,964	30,191	(6,770)	(22)	Delay in construction of Isipingo Clinic due to contractor problems. Delay in finalisation of tender of Adams Mission Clinic. Electricity and Water connection incomplete iro abluition blocks.
Skills Development	61	0	61	84	0	84	(23)	(27)	Budgeted expenditure for Plant and Equipment not fully utilized.
Metropolitan Police	12,082	(3,239)	8,843	9,284	2,202	11,486	(2,643)	(23)	Savings due to additional funds allocated for the KwaMashu Police Station, which was not required.
Retail Market	368	0	368	1,562	(1,000)	562	(194)	(35)	Underspending due to a delay in the implementation of project as a result of a dispute in the awarding of the contract.
Housing	33,834	13,029	46,863	285,300	(185,600)	99,700	(52,837)	(53)	Savings due to delay in the implementation of various housing projects.
Office of Geographic Information	17	0	17	33	0	33	(16)	(48)	Budgeted expenditure for Plant and Equipment not fully utilized.
Ombudsperson & Head : Investigation	38	0	38	61	0	61	(23)	(38)	Budgeted expenditure for Plant and Equipment not fully utilized.
Office Of International & Governance	47	0	47	46	0	46	1	2	
Community Participation	166	0	166	604	0	604	(438)	(73)	Budgeted expenditure for Plant and Equipment not fully utilized.
Municipal Information & Policy	1,356	0	1,356	1,505	0	1,505	(149)	(10)	Budgeted expenditure for Plant and Equipment not fully utilized.
City Manager's Office	0	0	0	0	0	0	0	0	
Strategic Projects	120	468,888	469,008	436,544	48,867	485,411	(16,403)	(3)	
Office Of The D C M : Health, Safety	130	0	130	0	0	0	130	100	Purchase of Office Furniture and Equipment for which no provision was made.
Office Of The D C M : Treasury	0	0	0	0	0	0	0	0	
Development Planning & Management	2,369	0	2,369	3,771	0	3,771	(1,402)	(37)	Savings due to delays in land purchases encountered by Real Estate department.
Economic Development & Facilitation	3,842	30,259	34,101	46,945	(10,506)	36,439	(2,338)	(6)	Underspending due to tender disputes,late award of tenders and inclement weather delay in projects.
City Enterprises	229	0	229	0	0	0	229	100	To be adjusted via adjustment budget.
Business Support	8,075	(4,804)	3,271	6,434	(2,500)	3,934	(663)	(17)	Delay in appointing a contractor for Ezimbuzini project. The contractor only moved on site towards the end of April 2007.
Procurement	2,565	0	2,565	352	0	352	2,213	629	Over expenditure due to extension of the implementation of the Capital Monitoring System.
Engineering	296,571	118,818	415,389	236,822	223,627	460,449	(45,060)	(10)	Over spending due to certain projects carried forward from 05/06 to slow progress and contractor delays that were being experienced.
Emergency Services	24,080	8,587	32,667	36,872	(4,802)	32,070	597	2	
Parks, Recreation, Cemeteries & Culture	22,097	1,501	23,598	27,502	0	27,502	(3,904)	(14)	Savings due to the delay in the awarding of contracts and contractor delays.
Governance	4,495	0	4,495	8,186	(1,000)	7,186	(2,691)	(37)	Certain projects will be completed in 2007/2008 financial year, Heavy printer to be delivered at the end of August 2007. One order for Park homes was cancelled due to late delivery. Car park Facility project didn't proceed as various process had to be followed such as Land clearance and rezoning. The department is currently following up with the relevant departments. Once approval and clearance has been obtained, the project will be initiated again as there is a huge pressure to provide additional parking.
Communications	128	0	128	142	0	142	(14)	(10)	Budgeted expenditure for Plant and Equipment not fully utilized.
Regional Centres	5,516	(254)	5,262	5,262	0	5,262	0	0	
Human Resources	1,661	0	1,661	4,549	0	4,549	(2,888)	(63)	Savings mainly due to delay in the completion of the Centralisation of Pay Project.
Management Services & Org Development	4	0	4	9	0	9	(5)	(56)	To be adjusted via adjustment budget.
Finance	81,115	0	81,115	85,961	0	85,961	(4,846)	(6)	Under expenditure due to certain consultation fees transferred to operating on the payable software and delay in the role out of the RMS Project.
City Fleet	50,085	0	50,085	32,862	18,102	50,964	(879)	(2)	
Office Of Audit & Performance Management	97	0	97	101	0	101	(4)	(4)	
Information Technology	57,829	0	57,829	57,736	0	57,736	93	0	
Ethekwini Transport Authority	54,442	0	54,442	41,401	0	41,401	13,041	31	To be adjusted via adjustment budget.
Occupational Health & Safety	122	0	122	185	0	185	(63)	(34)	To be adjusted via adjustment budget.
Area Based Management	40,270	34,522	74,792	113,528	0	113,528	(38,736)	(34)	The under expenditure is due to the ff: 1. Budget was inclusive of 14% Vat, expenditure is exclusive of vat due to the new vat ruling. 2. Certain projects did not start due to various problems being incurred such as Land dispute and EIA delays. 3.Certain projects are still in work in progress as at 30 June 2007, and will be completed in 2007/08 , the funds to complete these projects will be carried forward as they are Grant funded. 4. Due to contractor delays, certain projects are experiencing delays and these will be resolved in 07/08 and point 3 above will apply.
Water	125,745	253,175	378,920	332,012	28,246	360,258	18,662	5	Savings primarily due to delays in the awarding of contracts and contractor delays.
Sanitation	25,852	271,683	297,535	222,058	34,637	256,695	40,840	16	Monies for Sub Aqueous Tunnel and Additional Macro Funds for Sanitation Projects, requested and agreed upon during the 06/07 year have not yet been allocated to our projects.
Solid Waste	28,699	18,991	47,690	51,415	(1,513)	49,902	(2,212)	(4)	Savings primarily due to delays in the awarding of contract and contractor delays.
Housing Service	0	0	0	0	0	0	0	0	
Market Service	1,766	4,757	6,523	6,720	0	6,720	(197)	(3)	
Gas	0	26,908	26,908	38,083	0	38,083	(11,175)	(29)	Savings primarily due to delays in commissioning of plant at Marriannahill, Bisaser and La Mercy sites as a result of technical issues.
Electricity Service	91,153	241,308	332,461	395,983	(51,312)	344,671	(12,210)	(4)	
Total	980,206	1,509,041	2,489,247	2,529,206	99,412	2,628,618	-139,371	-5	

APPENDIX E (2) : GROUP : ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2007

Output Unit	2007 Actual	2007 Under Construction	2007 Total Additions	2007 Budget	Adjustment	Revised Budget	2007 Variance	2007 Variance	Explanation of Significant Variances greater than 5% versus Budget
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	
Legal Services	215	4,092	4,307	3,927	0	3,927	380	10	Construction of the Municipal Court was more than anticipated due to variations in the contract.
Real Estates	364	0	364	7,138	0	7,138	(6,774)	(95)	Savings primarily due to re-allocation of the Sports Clubs which did not occur.
Health	2,601	20,820	23,421	28,227	1,964	30,191	(6,770)	(22)	Delay in construction of Isipingo Clinic due to contractor problems. Delay in finalisation of tender of Adams Mission Clinic. Electricity and Water connection incomplete in abulution blocks.
Skills Development	61	0	61	84	0	84	(23)	(27)	Budgeted expenditure for Plant and Equipment not fully utilized.
Metropolitan Police	12,082	(3,239)	8,843	9,284	2,202	11,486	(2,643)	(23)	Savings due to additional funds allocated for the KwaMashu Police Station, which was not required.
Retail Market	368	0	368	1,562	(1,000)	562	(194)	(35)	Underspending due to a delay in the implementation of project as a result of a dispute in the awarding of the contract.
Housing	33,834	13,029	46,863	285,300	(185,600)	99,700	(52,837)	(53)	Savings due to delay in the implementation of various housing projects.
Office of Geographic Information	17	0	17	33	0	33	(16)	(48)	Budgeted expenditure for Plant and Equipment not fully utilized.
Ombudsperson & Head : Investigation	38	0	38	61	0	61	(23)	(38)	Budgeted expenditure for Plant and Equipment not fully utilized.
Office Of International & Governance	47	0	47	46	0	46	1	2	
Community Participation	166	0	166	604	0	604	(438)	(73)	Budgeted expenditure for Plant and Equipment not fully utilized.
Municipal Information & Policy	1,356	0	1,356	1,505	0	1,505	(149)	(10)	Budgeted expenditure for Plant and Equipment not fully utilized.
City Manager's Office	0	0	0	0	0	0	0	0	
Strategic Projects	120	468,888	469,008	436,544	48,867	485,411	(16,403)	(3)	
Office Of The D C M : Health, Safety	130	0	130	0	0	0	130	100	Purchase of Office Furniture and Equipment for which no provision was made.
Office Of The D C M : Treasury	0	0	0	0	0	0	0	0	
Development Planning & Management	2,369	0	2,369	3,771	0	3,771	(1,402)	(37)	Savings due to delays in land purchases encountered by Real Estate department.
Economic Development & Facilitation	3,842	30,259	34,101	46,945	(10,506)	36,439	(2,338)	(6)	Underspending due to tender disputes, late award of tenders and incompletion weather delay in projects.
City Enterprises	229	0	229	0	0	0	229	100	
Business Support	8,075	(4,804)	3,271	6,434	(2,500)	3,934	(663)	(17)	Delay in appointing a contractor for Ezimbuzini project. The contractor only moved on site towards the end of April 2007.
Procurement	2,565	0	2,565	352	0	352	2,213	629	Over expenditure due to extension of the implementation of the Capital Monitoring System.
Engineering	296,571	118,818	415,389	236,822	223,627	460,449	(45,060)	(10)	Over spending due to certain projects carried forward from 05/06 to slow progress and contractor delays that were being experienced.
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Parks, Recreation, Cemeteries & Culture	22,097	1,501	23,598	27,502	0	27,502	(3,904)	(14)	Savings due to the delay in the awarding of contracts and contractor delays.
Governance	4,495	0	4,495	8,186	(1,000)	7,186	(2,691)	(37)	Certain projects will be completed in 2007/2008 financial year, Heavy printer to be delivered at the end of August 2007. One order for Park homes was cancelled due to late delivery. Car park Facility project didn't proceed as various process had to be followed such as Land clearance and rezoning. The department is currently following up with the relevant departments. Once approval and clearance has been obtained, the project will be initiated again as there is a huge pressure to provide additional parking.
Communications	128	0	128	142	0	142	(14)	(10)	Budgeted expenditure for Plant and Equipment not fully utilized.
Regional Centres	5,516	(254)	5,262	5,262	0	5,262	0	0	
Human Resources	1,661	0	1,661	4,549	0	4,549	(2,888)	(63)	Savings mainly due to delay in the completion of the Centralisation of Pay Project.
Management Services & Org Development	4	0	4	9	0	9	(5)	(56)	To be adjusted via adjustment budget.
Finance	81,115	0	81,115	85,961	0	85,961	(4,846)	(6)	Under expenditure due to certain consultation fees transferred to operating on the payable software and delay in the role out of the RMS Project.
City Fleet	50,085	0	50,085	32,862	18,102	50,964	(879)	(2)	
Office Of Audit & Performance Management	97	0	97	101	0	101	(4)	(4)	
Information Technology	57,829	0	57,829	57,736	0	57,736	93	0	
Ethekeini Transport Authority	54,442	0	54,442	41,401	0	41,401	13,041	31	To be adjusted via adjustment budget.
Occupational Health & Safety	122	0	122	185	0	185	(63)	(34)	To be adjusted via adjustment budget.
Area Based Management	40,270	34,522	74,792	113,528	0	113,528	(38,736)	(34)	The under expenditure is due to the ff. 1. Budget was inclusive of 14% Vat, expenditure is exclusive of vat due to the new vat ruling. 2. Certain projects did not start due to various problems being incurred such as Land dispute and EIA delays. 3. Certain projects are still in work in progress as at 30 June 2007, and will be completed in 2007/08, the funds to complete these projects will be carried forward as they are Grant funded. 4. Due to contractor delays, certain projects are experiencing delays and these will be resolved in 07/08 and point 3 above will apply.
Water	125,745	253,175	378,920	332,012	28,246	360,258	18,662	5	Savings primarily due to delays in the awarding of contracts and contractor delays.
Sanitation	25,852	271,683	297,535	222,058	34,637	256,695	40,840	16	Monies for Sub Aqueous Tunnel and Additional Macro Funds for Sanitation Projects, requested and agreed upon during the 06/07 year have not yet been allocated to our projects.
Solid Waste	28,699	18,991	47,690	51,415	(1,513)	49,902	(2,212)	(4)	Savings primarily due to delays in the awarding of contract and contractor delays.
Housing Service	0	0	0	0	0	0	0	0	
Market Service	1,766	4,757	6,523	6,720	0	6,720	(197)	(3)	
Gas	0	26,908	26,908	38,083	0	38,083	(11,175)	(29)	Savings primarily due to delays in commissioning of plant at Marnanhill, Bisaser and La Mercy sites as a result of technical issues.
Electricity Service	91,153	241,308	332,461	395,983	(51,312)	344,671	(12,210)	(4)	
Durban Marine Theme Park	15,830	0	15,830	0	0	0	15,830	100	
International Convention Centre	2,745	177,178	179,923	140,000	37,178	177,178	2,745	2	
Total	998,781	1,686,219	2,685,000	2,669,206	136,590	2,805,796	-120,796	-4	

APPENDIX F : ETHEKWINI MUNICIPALITY : GRANTS AND SUBSIDIES RECEIVED - 30 JUNE 2007

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

NAME OF GRANTS	NAME OF ORGAN OF STATE OR MUNICIPAL ENTITY	QUARTERLY RECEIPTS				QUARTERLY EXPENDITURE				GRANTS AND SUBSIDIES DELAYED / WITHHELD				REASON FOR DELAY / WITHHOLDING OF FUNDS	DID YOUR MUNICIPALITY COMPLY WITH THE GRANT CONDITIONS IN TERMS OF GRANT	REASON FOR NON COMPLIANCE
		Sept R'000	Dec R'000	Mar R'000	Jun R'000	Sept R'000	Dec R'000	Mar R'000	Jun R'000	Sept R'000	Dec R'000	Mar R'000	Jun R'000			
Municipal Infrastructure Grant	National Treasury	0	0	0	0	0	0	0	0	0	0	0	0	N/A	Yes	N/A
Financial Management Grant	National Treasury	500	0	0	0	500	0	0	0	0	0	0	0	N/A	Yes	N/A
Equitable Share/Subsidy	National Treasury	551,230	350,320	13,441	10,000	551,230	40,320	347,055	0	0	0	0	4,672	N/A	Yes	N/A
Equitable Share - INK	National Treasury	2,940	2,205	3,675	0	2,310	2,076	2,259	2,175	0	0	0	0	N/A	Yes	N/A
Equitable Share - BSL	National Treasury	185,977	0	0	0	185,977	0	0	0	0	0	0	0	N/A	Yes	N/A
Vuna Awards	National Treasury	0	0	0	0	0	0	0	125	0	0	1,875	0	N/A	Yes	N/A
Restructuring Grant	National Treasury	806	74,194	0	0	806	74,194	0	0	0	0	0	0	N/A	Yes	N/A
Municipal Infrastructure Grant	National Treasury	1,305	0	106,257	208,041	1,305	208,041	4,551	105,698	0	109	247	1,458	N/A	Yes	N/A
Equitable Share - KZNPA	National Treasury	4,496	3,372	5,620	0	4,496	3,372	5,620	0	0	0	0	0	N/A	Yes	N/A
NDOT	National Treasury	20,250	0	0	0	0	0	0	0	0	0	0	0	N/A	Yes	N/A
DEAT	Health Subsidy	0	0	699	0	729	729	0	0	0	2,978	0	0	N/A	Yes	N/A
District Health Office	District Health Office	0	0	0	0	0	0	2	0	0	0	0	0	N/A	Yes	N/A
Provincial Housing Board	Provincial Government	0	0	0	0	0	0	0	0	0	0	0	0	N/A	Yes	N/A
Provincial Grants & Subsidy(CFF)	Provincial Government	16,396	7,718	7,718	0	8,607	8,606	6,825	0	0	0	0	11,304	N/A	Yes	N/A
KZNPA Subsidy	Provincial Government	0	0	0	0	0	0	0	0	0	0	0	0	N/A	Yes	N/A
Grant - Accreditation	Provincial Government	9,500	0	0	0	0	9,500	0	0	0	0	0	0	N/A	Yes	N/A
Govt Subs - Primary Health	Dept Of Health - State	16,338	8,169	8,168	0	8,129	7,976	8,194	8,376	0	0	0	0	N/A	Yes	N/A
Govt Subs - Environ Health	Dept Of Health - State	0	176	0	0	0	176	0	0	0	0	0	0	N/A	Yes	N/A
Food Samples - Subsidy	Dept Of Health - State	0	10	0	0	10	0	0	0	0	0	0	0	N/A	Yes	N/A
Govt Subs - Health Other	Dept Of Health - State	0	0	0	0	0	0	0	0	0	0	0	0	N/A	Yes	N/A
Public Sponsorship	Provincial Government	0	3,104	0	0	0	217	0	0	0	0	2,954	0	N/A	Yes	N/A
City Managers Fund	Provincial Government	0	0	42	0	0	0	0	0	0	0	0	42	N/A	Yes	N/A
Subsidies	Provincial Government	0	0	1,144	0	1,144	0	0	0	0	0	0	0	N/A	Yes	N/A
	KZN Dept of Transport	10,672	0	0	0	0	0	0	0	0	0	23,973	0	N/A	Yes	N/A
Capital Grants - Dwaf	DWAF	0	1,392	0	0	0	0	556	0	0	836	0	0	N/A	Yes	N/A
2010 KZN Provincial Grant	Provincial Government	0	132,479	132,479	0	0	132,479	132,479	0	0	0	0	0	N/A	Yes	N/A
TOTAL		820,410	583,139	279,243	218,041	765,243	487,686	507,541	116,374	0	3,923	29,049	17,476			