

**ETHEKWINI MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

I am responsible for the preparation of these annual financial statements, which are set out on pages 3 to 61, 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 29 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Municipal Manager

eThekwini Municipality

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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
SALA	South African Local Authority Pension Fund

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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2008

Figures in Rand thousand	Note(s)	2008	2007
NET ASSETS AND LIABILITIES			
NET ASSETS			
Housing development fund	2	556,816	634,610
Capital replacement reserve		637,886	246,777
Capitalisation reserve		23,200	26,002
Government grant reserve		2,661,691	741,417
Donations and public contributions reserve		1,756,629	1,021,605
Self-insurance reserve		586,091	503,479
COID reserve		36,307	34,811
Accumulated Surplus		7,694,759	6,875,545
		13,953,379	10,084,246
LIABILITIES			
Non-Current Liabilities			
Long-term liabilities	3	5,044,619	4,345,059
Finance lease obligation	4	-	2,832
Non-current provisions	5	141,448	133,829
Retirement benefit obligations	6	1,302,812	1,341,953
		6,488,879	5,823,673
Current Liabilities			
Finance lease obligation	4	-	15,692
Deposits	7	573,762	509,544
Current provisions	5	19,645	19,622
Creditors	8	4,096,907	3,391,334
Unspent conditional grants and receipts	9	539,912	131,307
Bank overdraft	10	739,755	1,786,114
Current portion of long-term liabilities	3	278,164	237,521
		6,248,145	6,091,134
Total Liabilities		12,737,024	11,914,807
Total Net Assets and Liabilities		26,690,403	21,999,053
ASSETS			
Non-Current Assets			
Property, plant and equipment	11	15,324,999	11,612,551
Intangible assets	12	313,168	290,480
Investment properties	13	140,317	151,431
Investments in municipal entities	14	344,997	10,002
Investments	15	323,968	25,170
Investment in joint venture	16	166,250	162,456
Long-term Receivables	18	1,070,764	1,068,776
		17,684,463	13,320,866
Current Assets			
Inventories	19	147,870	138,029
Investments	15	4,103,793	3,400,000
Consumer debtors	20	1,825,726	1,772,630
Debtors	21	1,653,621	1,204,300
VAT	23	139,302	72,183
Current portion of Long-term Receivables	18	24,533	29,478
Call investment deposits	22	362,502	240,380
Bank balances and cash	10	748,593	1,821,187
		9,005,940	8,678,187
Total Assets		26,690,403	21,999,053

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STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand thousand	Note(s)	2008	2007
Revenue			
Property rates	24	3,660,408	3,141,393
Property rates - penalties imposed and collection		168,391	203,761
Service charges	25	5,490,368	4,920,503
Regional Services Council Levies		-	15,663
Rental of facilities and equipment		147,720	126,236
Fines		110,405	117,037
Licences and permits		23,785	11,095
Grants and subsidies	26	3,391,335	2,135,298
Public contributions and donations		795,833	11,815
Reversal of Loss on Impairment of Loans		146,960	-
Other income	27	553,818	782,102
Interest earned - external investments		444,770	306,345
Interest earned - outstanding debtors		121,552	92,322
Gains on disposal of property, plant and equipment		69,360	28,781
Total Revenue		15,124,705	11,892,351
Expenditure			
Employee related costs	28	3,235,690	3,073,530
Remuneration of councillors	29	59,033	57,354
Bad debts		375,655	346,430
Collection costs		-	333
Depreciation - Property, Plant and Equipment		909,520	842,573
Amortisation of intangible assets		67,361	43,373
Repairs and maintenance		1,218,338	879,222
Finance costs	30	606,604	528,985
Bulk purchases	31	2,915,858	2,684,611
Contracted Services		665,897	535,768
Grants and subsidies paid	32	115,828	123,449
General expenses	43	1,075,069	1,647,725
Loss on Impairment of Loans		70,374	109,877
Loss on disposal of property, plant and equipment		3,338	342
Depreciation - Investment Properties		801	802
Total Expenditure		11,319,366	10,874,374
Operating surplus		3,805,339	1,017,977
Share of Income from Joint Venture		63,794	111,825
Surplus for the year		3,869,133	1,129,802

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

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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											
Balance at 01 July 2006		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 as previously reported									-	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 01 July 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
Transfer to CRR			1,300,073						1,300,073	(1,300,073)	-
Contribution to Insurance Reserve							120,525	11,823	132,348	(132,348)	-
Transfer to Housing Development Fund		(77,794)							-	77,794	-
Surplus for the year										3,869,133	3,869,133
PPE purchases			(908,964)						(908,964)	908,964	-
Capital grants used to purchase PPE					1,997,809				1,997,809	(1,997,809)	-
Donated/contributed PPE						816,588			816,588	(816,588)	-
Insurance claims processed							(37,913)	(10,327)	(48,240)	48,240	-
Offsetting of depreciation				(2,802)	(77,535)	(81,564)			(161,901)	161,901	-
Balance at 30 June 2008		556,816	637,886	23,200	2,661,691	1,756,629	586,091	36,307	5,701,804	7,694,759	13,953,379

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CASH FLOW STATEMENT

Figures in Rand thousand	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from ratepayers, government and other	13,936,814	11,049,187
Cash paid to suppliers and employees	(8,688,599)	(7,897,161)
Cash generated from operations	33 5,248,215	3,152,026
Interest received	566,322	398,667
Finance Costs	(606,604)	(528,985)
Net cash from operating activities	5,207,933	3,021,708
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	11 (4,629,022)	(2,374,235)
Proceeds on disposal of property, plant and equipment, and Investment Properties	85,665	253,065
Increase in investment properties	(111)	(18,020)
Purchase of intangibles	(92,214)	(290,732)
Increase in non-current receivables	(58,580)	(176,655)
(Increase) / decrease in Loans to Municipal Entities	138,122	(109,877)
Increase in non-current investments	(298,798)	(1,022,770)
Increase in Investments in Municipal Entities	(334,995)	(10,000)
Decrease in Joint Venture Loan Account	60,000	-
Increase in current Investments	(703,793)	-
Net cash from investing activities	(5,833,726)	(3,749,224)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans repaid	(209,796)	(494,293)
New loans raised	950,000	858,740
Decrease in short-term loans	-	12,860
Finance lease payments	(18,524)	(15,349)
Net cash from financing activities	721,680	361,958
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at the beginning of the year	275,453	641,011
Cash and cash equivalents at the end of the year	10 371,340	275,453

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Annual Financial Statements for the year ended 30 June 2008

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 Presentation of currency

These annual financial statements are presented in South African Rand.

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Annual Financial Statements for the year ended 30 June 2008

ACCOUNTING POLICIES

1.2 Going concern assumption

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

1.3 Housing Development Fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.4 Reserves

1.4.1 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.

1.4.2 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.

1.4.3 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).

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ACCOUNTING POLICIES

1.4.4 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).

1.4.5 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.

1.4.6 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.

1.5 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.

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ACCOUNTING POLICIES

1.6 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.

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 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 1.14 on Provisions.

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ACCOUNTING POLICIES

1.6 Property, plant and equipment (continued)

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.

1.7 Intangible assets

The Municipality has taken advantage of the exemption 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 IAS 38 (AC 129) – the entire standard except for the recognition, measurement and disclosure of computer software and website costs (SIC 32) and all other costs are expensed.

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.

1.8 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 carried at anticipated realisable value. An estimate is made for doubtful debts based on the categorisation of debts and a review of past trends in collection rates applied to all outstanding amounts at year-end.

Creditors

Trade creditors are stated at cost.

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ACCOUNTING POLICIES

1.8 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.

Borrowings and other financial liabilities

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

Other financial liabilities are carried at amortised cost.

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 at cost.

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.

1.9 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.

1.9.1 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.

1.10 Investments in municipal entities

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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ACCOUNTING POLICIES

1.11 Investment in joint venture

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.

1.12 Inventories

The Municipality has taken advantage of the exemption 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 GAMAP 12 and SAICA Circular 09/06 – the entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP 17.

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

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

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

1.13 Borrowing costs

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

1.14 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.

1.15 Retirement Benefits

1.15.1 Pension obligations

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

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ACCOUNTING POLICIES

1.15 Retirement Benefits (continued)

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.

1.15.2 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.

1.16 Revenue

The Municipality has taken advantage of the exemption 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 GAMAP 9 paragraph 12 and SAICA Circular 09/06 – initial measurement of fair value discounting all future receipts using an imputed rate of interest.

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

1.16.1 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.

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

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ACCOUNTING POLICIES

1.16 Revenue (continued)

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.

All other revenue is recognised as it accrues.

1.16.2 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.

In the prior year revenue from Regional Levies, both those based on turnover as well as those based on remuneration, was 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.

1.17 Conditional grants and receipts

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

1.18 Leases

The Municipality has taken advantage of the exemption 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 IAS 17 (AC 105) and SAICA Circular 12/06 – recognising operating lease payments / receipts on a straight-line basis if the amounts are recognised on the basis of the cash flows in the lease agreement (IAS 17.33 - 34 and 50 -51).

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.

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

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ACCOUNTING POLICIES

1.18 Leases (continued)

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.

1.19 Tax

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

1.20 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.

1.21 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.

1.22 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.

1.23 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.

1.24 Comparatives Information

1.24.1 Current year comparatives

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

1.24.2 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.

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1.25 Long Service Awards

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

1.26 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

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2. HOUSING DEVELOPMENT FUND

Housing Development Fund

Accumulated Surplus		289,837	367,631
Loans extinguished by Government on 1 April 1998		266,979	266,979
Total		556,816	634,610

The Housing Development Fund is represented by the following assets and liabilities:

Property, plant and equipment	11	41,605	46,254
Housing selling scheme loans		183,133	185,862
Housing rental Debtors		22,391	27,332
Housing other debtors		2,711	2,165
Housing inventory		672	508
Investments		306,659	378,659
Investment properties		16,726	17,283
Bank and cash		33	4
Sub-total		573,930	658,067
Long-term liabilities		(590)	(632)
Bank overdraft		-	(7,555)
Creditors		(17,047)	(15,270)
Government Grant Reserve		523	-
Total Housing Development Fund Assets and Liabilities		556,816	634,610

3. LONG-TERM LIABILITIES

Annuity Loans		5,285,135	4,544,182
Non Annuity Loans		23,000	23,000
Debentures and Local Registered Stock Loans		14,648	15,398
Sub-total		5,322,783	4,582,580
Current portion of long term liabilities			
Annuity Loans		263,716	236,771
Debentures and Local Registered Stock Loans		14,448	750
Sub-total		278,164	237,521
Non-current liabilities			
Long term Portion		5,044,619	4,345,059

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

R19.2m (2007:R16.6m) has been invested specifically in a ring-fenced account for the repayment of long-term liabilities. See note 34 for more detail.

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

AFD Calyon of R58.7m is separately secured by a cession of carbon credit income in the event of default or non-payment. The income is estimated to be R4.3m to the year 2012.

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3. Long-term liabilities (continued)

All other loans are unsecured.

Long term loan commitments: The Municipality had entered into a loan agreement with the Development Bank of Southern Africa in November 2007 to borrow R2.9 billion at a fixed interest rate of 8.3% unsecured over 20 years. The Municipality has made a drawdown of R950m from this facility in the financial year ending 30 June 2008. A further drawdown of R950m was made on the 1st of July 2008. It is anticipated that a final drawdown of R1 billion will be made on the 1st of July 2009. The funds will be utilised solely for the financing of Capital Expenditure.

4. FINANCE LEASE OBLIGATION

Minimum lease payments due

- within one year	-	15,692
- in second to fifth year inclusive	-	2,832
Present value of minimum lease payments	-	18,524

Non-current liabilities

Current liabilities

-	2,832
-	15,692
-	18,524

The finance lease was settled in full during the year.

Interest rates were linked to prime at the contract date. All leases had 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 Rnil (2007: R5,396,840).

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5. PROVISIONS

Reconciliation of provisions - 2008

	Opening Balance	Additions	Utilised during the year	Total
Current				
Clearance of Alien Vegetation	2,250	995	-	3,245
Performance bonus	12,385	2,874	(4,741)	10,518
Long service awards	4,987	1,239	(344)	5,882
Non-current				
Environmental rehabilitation: Landfill sites	55,481	7,132	(2,920)	59,693
Clearance of Alien Vegetation	4,942	140	-	5,082
Long service awards	73,406	3,267	-	76,673
	153,451	15,647	(8,005)	161,093

Reconciliation of provisions - 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

Non-current liabilities	141,448	133,829
Current liabilities	19,645	19,622
	161,093	153,451

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 R59.7 million (2007:R55.5 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 2008 (2007: 30 June 2007). It has been assumed that the staff turnover rate will be insignificant based on historical data. A discount rate of 15.5% was used based on internal rate of return.

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5. Provisions (continued)

Clearance of Alien Vegetation

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

Performance Bonus

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

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6. RETIREMENT BENEFIT OBLIGATIONS

6.1. Defined benefit plan

Statement of Financial Position obligation for:

Post-employment medical benefits	1,394,452	1,311,873
Pension benefits	(91,640)	30,080
Balance at end of year	1,302,812	1,341,953

Statement of Financial Performance obligation for:

Post-employment medical benefits	82,579	408,637
Pension Benefits:	-	-
Defined Benefit Funds	126,467	113,127
Defined Contribution Funds	296,396	105,777
Total, included in employee benefits expense	28 505,442	627,541

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	1,311,873	903,236
Current service cost	55,414	28,740
Interest cost	100,355	82,154
Actuarial (gains) losses	(29,795)	336,047
Benefit payments	(43,395)	(38,304)
Balance at end of year	1,394,452	1,311,873

Net expense recognised in the Statement of financial performance

Current service cost	55,414	28,740
Interest cost	100,355	82,154
Actuarial (gains) losses	(29,795)	336,047
Benefit payments	(43,395)	(38,304)
Total, included in employee benefits expense	28 82,579	408,637

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6. Retirement benefit obligations (continued)

Key assumptions used

The principal actuarial assumptions used were as follows:

Discount rates used	9.50 %	7.75 %
General increases to medical aid contributions	8.50 %	6.75 %
Salary Inflation	8.00 %	6.25 %
Expected retirement age	63	63
Proportion continuing membership at retirement	100.00 %	100.00 %
Proportion of retiring members who are married	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	5.67 %	5.67 %
Age 30	4.20 %	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:

Present value of funded obligations	6,781,924	5,802,647
Present value of the defined benefit obligation-partially or wholly funded	(7,915,807)	(8,326,690)
Natal Joint Municipal Pension Fund surcharge	-	30,080
Asset not recognised due to future surplus policy not yet established	1,042,243	2,524,043
Liability (Surplus) in the Statement of Financial Position	(91,640)	30,080

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6. Retirement benefit obligations (continued)

Movement in the defined benefit obligation is as follows:

Balance at beginning of the year	30,080	-
Current service cost	126,467	113,127
Contributions by plan participants	33,708	37,235
Actuarial losses	860,282	309,119
Interest cost	452,421	469,502
Benefit payments	(493,601)	(385,336)
Obligation not recognised due to future surplus policy not yet established	(1,100,997)	(513,567)
Balance at end of year	(91,640)	30,080

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

Actuarial gains (losses)	(722,704)	2,550,107
Employer contributions	90,107	88,074
Employee contributions	33,708	37,235
Benefit payments	(493,601)	(385,336)
Expected return on assets	681,607	565,610
Asset not recognised due to future surplus policy not yet established	410,883	(2,855,690)
Balance at end of year	-	-

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

Current service cost - Defined Benefit Funds	126,467	113,127
Current service cost - Defined Contribution Funds	296,396	105,777
Total included in employee benefits expense	422,863	218,904

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6. Retirement benefit obligations (continued)

Key assumptions used

The principal actuarial assumptions used were as follows:

Discount rate	7.75 %	9.00 %
Expected return on plan assets	8.25 %	10.59 %
Future salary increases	4.75 %	5.75 %
Future pension increases	2.85 %	3.81 %

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 %

All Councillors and employees belong to 8 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 December 2007. This valuation indicated that the Fund was in a sound financial position.

The estimated liability of the Fund is R5.819 billion, which is adequately financed by assets of R6.399 billion. An amount of R90.1 million (2007: R88.1 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, Multi Linked and GEPF. Employees of eThekwini Municipality make up less than 1% of the total members of the NJMPF. eThekwini's liability in these funds could not be determined owing mainly to the assets not being allocated to each employer and one set of financials being compiled for each fund and not for each employer.

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 2007 reflected a fund deficit of R229.8 million in respect of members. The total contribution rate payable, including the total surcharge of 14% will eliminate the deficit by the year 2010.

The latest statutory valuation of the NJMP Provident Fund (defined contribution) as at 31 March 2007 revealed that the Fund was in a sound financial position.

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7. DEPOSITS

Electricity	414,441	366,921
Water	117,644	104,155
Interest	41,677	38,468
Total Deposits	573,762	509,544

Included in eThekwini Municipality's deposits is an accrual of interest at an effective interest rate of 3% per annum (2007: 3%) which is paid to consumers when deposits are refunded.

8. CREDITORS

Trade payables	1,814,446	1,250,472
Payments received in advance	1,359,394	931,055
Retentions	45,567	38,103
Bank Deposits not yet receipted	109,508	325,086
Staff leave	183,626	159,936
Other payables	584,366	686,682
Total Creditors	4,096,907	3,391,334

9. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Conditional Grants from other spheres of Government:

Department of Transport and Public Transport Infrastructure	25,661	33,139
Department of Economic Activity and various Industries	3,832	2,978
Provincial Grants & Subsidies	59,718	11,305
Equitable Share	5,554	4,671
Municipal Infrastructure Grant	445	1,813

Other Conditional Receipts

2010 DBSA	178,469	11,000
European Union	87,269	43,782
Donations and Public Contributions	135,187	7,087
D Moss Interest and Land Sales	9,041	8,927
Other Grants and Subsidies	31,497	4,730
Vuna Awards	3,239	1,875

Total Conditional Grants and Receipts	539,912	131,307
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These amounts are invested in a ring-fenced investment until utilised. See note 26 for more detail. No grants or subsidies were withheld during the year.

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10. CASH AND CASH EQUIVALENTS

Refer to note 45 for details on Bank accounts and balances.

Cash and cash equivalents consist of:

Cash on hand	8,922	17,473
Bank balances	739,671	1,803,714
Bank balances and cash	748,593	1,821,187
Bank overdraft	(739,755)	(1,786,114)
	<u>8,838</u>	<u>35,073</u>
Call Investment Deposits	362,502	240,380
Cash and cash equivalents	371,340	275,453

11. PROPERTY, PLANT AND EQUIPMENT

	2008			2007		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land and Buildings	2,636,701	(442,287)	2,194,414	1,647,769	(396,039)	1,251,730
Infrastructure	15,040,865	(5,180,163)	9,860,702	13,543,095	(4,634,042)	8,909,053
Community	2,472,098	(280,652)	2,191,446	768,071	(253,461)	514,610
Other	2,562,253	(1,532,374)	1,029,879	2,148,687	(1,269,329)	879,358
Leased Assets	24,964	(24,894)	70	24,964	(19,971)	4,993
Heritage	6,883	-	6,883	6,553	-	6,553
Housing Development Fund	128,390	(86,785)	41,605	137,794	(91,540)	46,254
Total	22,872,154	(7,547,155)	15,324,999	18,276,933	(6,664,382)	11,612,551

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11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2008

	Opening Balance	Additions	Disposals	Transfers	Work-in-progress	Depreciation	Total
Land and Buildings	1,251,730	932,627	(51)	14,991	41,399	(46,282)	2,194,414
Infrastructure	8,909,053	762,652	(584)	(499,957)	1,243,869	(554,331)	9,860,702
Community	514,610	58,981	-	470,126	1,174,920	(27,191)	2,191,446
Other	879,358	409,788	(3,067)	14,946	2,926	(274,072)	1,029,879
Leased Assets	4,993	-	-	-	-	(4,923)	70
Heritage	6,553	53	-	-	277	-	6,883
Housing Development Fund	46,254	610	(3,352)	255	559	(2,721)	41,605
	11,612,551	2,164,711	(7,054)	361	2,463,950	(909,520)	15,324,999

Reconciliation of property, plant and equipment - 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

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11. Property, plant and equipment (continued)

Pledged as security

In the prior year leased assets were 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. 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 1 July 2008.

12. INTANGIBLE ASSETS

	2008			2007		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Servitudes	42,736	-	42,736	43,728	-	43,728
Computer software	434,086	(163,654)	270,432	343,473	(96,721)	246,752
Total	476,822	(163,654)	313,168	387,201	(96,721)	290,480

Reconciliation of intangible assets - 2008

	Opening Balance	Additions	Disposals	Transfers	Amortisation	Total
Servitudes	43,728	808	(1,800)	-	-	42,736
Computer software	246,752	91,406	(3)	(362)	(67,361)	270,432
	290,480	92,214	(1,803)	(362)	(67,361)	313,168

Reconciliation of intangible assets - 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

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 1 July 2008.

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13. INVESTMENT PROPERTIES

	2008			2007		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Revenue Generating	22,301	(10,526)	11,775	32,705	(9,725)	22,980
Non-revenue Generating	128,542	-	128,542	128,451	-	128,451
Total	150,843	(10,526)	140,317	161,156	(9,725)	151,431

Reconciliation of investment properties - 2008

	Opening Balance	Additions	Disposals	Depreciation	Total
Revenue Generating	22,980	-	-	(801)	22,179
Non-revenue Generating	128,451	111	(10,424)	-	118,138
	151,431	111	(10,424)	(801)	140,317

Reconciliation of investment properties - 2007

	Opening Balance	Additions	Disposals	Transfers	Depreciation	Total
Revenue Generating	5,942	-	-	17,840	(802)	22,980
Non-revenue Generating	141,793	180	(13,522)	-	-	128,451
	147,735	180	(13,522)	17,840	(802)	151,431

Municipality

The fair value of the above properties is R1.8 billion (2007: R533 million). Investment properties have been valued in accordance with the new municipal valuation roll which became effective on 1 July 2007. In the prior-year Investment properties were valued in terms of past trends in the escalation of property values for the period 1998 to 2006. A more accurate valuation has now been determined with the implementation of the Municipal Property Rates Act (No. 6 of 2004).

14. INVESTMENTS IN MUNICIPAL ENTITIES

Name of company	% holding 2008	% holding 2007	Carrying amount 2008	Carrying amount 2007
ICC Durban (Proprietary) Limited	100 %	100 %	1	1
Durban Marine Theme Park (Proprietary) Limited	99.8 %	99 %	344,996	10,001
			344,997	10,002

In addition to the shares issued by Durban Marine Theme Park (Pty) Ltd as per note 17, a further 206 shares were issued in terms of the agreement regarding the Municipality's contribution for the Effingham Road Development Joint Venture surplus.

In addition to the above, in September 2007 the Municipality invested a further R157m for which 1 617 shares were issued. These funds were used by Durban Marine Theme Park (Pty) Ltd to settle the outstanding capital loans with Citibank and the Development Bank of Southern Africa.

eThekweni Municipality

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14. Investments in municipal entities (continued)

Restrictions relating to subsidiaries

As at 30th June 2008

	ICC Durban (Proprietary) Limited	Durban Marine Theme Park (Proprietary) Limited
Issued Share Capital (R'000)	1	3,945
Percentage owned by Council (%)	100	99
Indebtedness of Municipal Entities (R'000)- Non Interest Bearing	226,590	481,789
Loss on Impairment of Loans	(226,590)	(481,789)
Electricity Income Received (R'000)	3,694	7,585
Water Income Received (R'000)	973	3,108
Rates Income Received (R'000)	10,899	-
Interest Received (R'000)	-	11,100

As at 30th June 2007

	ICC Durban (Proprietary) Limited	Durban Marine Theme Park (Proprietary) Limited
Issued Share Capital (R'000)	1	511
Percentage owned by Council (%)	100	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

15. INVESTMENTS

Listed Securities - Held to Maturity

RSA Government Stock-Held to maturity (October 2008)	4,753	4,754
Eskom Stock-Held to maturity (November 2009)	3,793	3,793
	8,546	8,547

Financial Instruments - Held to Maturity

General Investments	19,215	16,623
Fixed and Negotiable Deposits	4,400,000	3,400,000
	4,419,215	3,416,623
Total Cash Investments	4,427,761	3,425,170

Non-current assets

Listed Securities	4,753	8,547
Financial Instruments	319,215	16,623
	323,968	25,170

Current assets

Listed Securities	3,793	-
Held to Maturity	4,100,000	3,400,000
	4,103,793	3,400,000
	4,427,761	3,425,170

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15. Investments (continued)		
Market valuation of listed investments		
RSA Government Stock	9,489	8,265
Eskom Stock	3,700	4,960
	13,189	13,225

16. INVESTMENT IN JOINT VENTURE

Name of company	Unlisted	% holding 2008	% holding 2007	Carrying amount 2008	Carrying amount 2007
Effingham Development		66.74 %	66.74 %	166,250	162,456

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

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

Summary of the municipality's interest in the joint venture

Assets

Township Property	27,516	21,728
Current assets - Debtors	148,220	246,901
Current assets - Cash on hand	53,295	(2,516)
TOTAL ASSETS	229,031	266,113

Equity and Liabilities

Members Loan Accounts	166,250	162,456
Current liabilities - creditors	62,781	103,657
TOTAL EQUITY AND LIABILITIES	229,031	266,113

Reconciliation of Investment in Joint Venture

Balance at beginning of year	162,456	50,631
Share of Income for the year	63,794	111,825
Payment received	(60,000)	-
BALANCE AT END OF YEAR	166,250	162,456

17. LOANS TO MUNICIPAL ENTITIES

Durban Marine Theme Park (Proprietary) Limited	481,789	623,938
ICC Durban (Proprietary) Limited	226,590	222,564
Subtotal	708,379	846,502
Impairment of loans to municipal entities	(708,379)	(846,502)
	-	-

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

During the year the loan of R156.9m to Durban Marine Theme Park (Pty) Ltd. was converted into 1600 ordinary shares in the municipal entity. This loan was previously impaired in full. The reversal of the loan impairment as at 30 June 2007 amounting to R147m has been recognised as revenue in the current year.

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Figures in Rand thousand	2008	2007
18. RECEIVABLES		
Long-term receivables		
Loan:DIDT	138,058	126,474
Housing Selling scheme loans	183,133	185,862
Loan: I.C.C. Durban (Pty) Limited	749,295	774,014
Sewerage connection loans	11	14
Land sales	17,055	5,374
Education Loans	4,712	3,148
Sporting bodies	2,838	3,025
Car Loans	83	164
Housing Bonds	112	179
	1,095,297	1,098,254
Less: Current portion transferred to current receivables		
Housing Selling scheme loans	5,972	27,828
Sewerage connection loans	11	7
Land sales	17,055	-
Education Loans	849	1,001
Sporting bodies	531	550
Car Loans	83	50
Housing Bonds	32	42
	24,533	29,478
Non-current assets		
Long-term receivables	1,070,764	1,068,776
Current assets		
Long-term receivables	24,533	29,478

Car loans

Senior staff are entitled to car loans which attract interest at 15% (2007:8% - 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 15% (2007:13%) per annum and are repayable over a maximum period of 10 years.

Sporting Bodies Loans

These loans attract interest of 15%(2007:13%) 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 building transferred to the ICC. The loan has been impaired to the carrying value of the building.

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Figures in Rand thousand	2008	2007
19. INVENTORIES		
Unsold Properties held for resale	15,015	19,796
Consumable stores	122,855	108,244
Maintenance materials	243	508
Water	9,757	9,481
Total	147,870	138,029
20. CONSUMER DEBTORS		
Gross Balances		
Rates	1,779,294	1,953,723
Electricity	517,844	441,073
Water	978,257	899,382
Refuse	8,842	8,353
Regional services levies	41,160	70,221
Housing rental	79,178	68,933
Waste water	9,583	8,738
Total	3,414,158	3,450,423
Less Provision for bad debts		
Rates	(788,172)	(840,141)
Electricity	(140,000)	(140,000)
Water	(562,313)	(585,830)
Regional services levies	(41,160)	(70,221)
Housing rental	(56,787)	(41,601)
Total	(1,588,432)	(1,677,793)
Net Balance		
Rates	991,122	1,113,582
Electricity	377,844	301,073
Water	415,944	313,552
Refuse	8,842	8,353
Housing rental	22,391	27,332
Waste water	9,583	8,738
Total	1,825,726	1,772,630
Rates		
Current (0 -30 days)	143,696	146,245
31 - 60 days	44,573	46,573
61 - 90 days	29,840	37,263
91 - 120 days	26,675	781,336
121 - 365 days	793,220	230,577
> 365 days	741,290	711,729
Total	1,779,294	1,953,723
Electricity, Water, Solid Waste and Waste Water		
Current (0 -30 days)	478,372	436,727
31 - 60 days	150,916	132,860
61 - 90 days	37,292	41,388
91 - 120 days	25,926	33,832
121 - 365 days	822,020	711,853
> 365 days	-	886
Total	1,514,526	1,357,546

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Regional services levies		
Current (0 -30 days)	-	53
31 - 60 days	-	93
61 - 90 days	-	19
91 - 120 days	41,160	70,056
Total	41,160	70,221
Housing rental		
Current (0 -30 days)	2,814	2,549
31 - 60 days	2,149	1,955
61 - 90 days	17,428	810
91 - 120 days	56,787	22,018
121 - 365 days	-	41,601
Total	79,178	68,933
21. DEBTORS		
Other Debtors	1,624,033	1,218,999
Provision for bad debts	(53,770)	(31,179)
Insurance debtor	72,140	6,592
Prepayments made in advance	11,218	9,888
	1,653,621	1,204,300
22. CALL INVESTMENT DEPOSITS		
30 Day deposits	362,502	240,380
23. VAT		
VAT reconciliation		
VAT receivable	139,302	92,789
VAT payable	-	(20,606)
Net Vat	139,302	72,183

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

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24. PROPERTY RATES

Rates received

Residential	1,459,521	1,272,283
Commercial	2,018,818	1,713,987
State	182,069	155,123
Total Assessment Rates	3,660,408	3,141,393

Valuations

Residential	59,695,714	58,517,064
Commercial	37,795,301	33,703,313
State	5,179,125	4,836,474
Municipal	1,860,234	3,789,323
Total Property Valuations	104,530,374	100,846,174

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 R0,085 (2007: R0.078) 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 70.59% (2007:70,73%) for dwellings and 66.91% (2007:67,08%) for flats and complexes are granted for residential properties valued at over R100 000.

A rate randage of R0,3168 (2007:R0,28824) is applied to commercial and industrial land valuations and a randage of R0,0264 (2007 R0,02402) is applied to commercial and industrial building valuations. A rebate of 45 % is granted to commercial and industrial. A rebate of 50 % is granted to vacant land properties. Rates are levied on a monthly basis for the majority of property owners.

Rates payable annually were due on 31 October 2007 (2007. 31 October 2006). In the prior year the interest rate was 24% per annum and a 15 % collection charge was levied on arrear rates .With the repeal of the Local Authorities Ordinance number 25 of 1974 there is longer an authority for these charges to be raised. Instead interest at prime plus 5% is levied on arrears.

25. SERVICE CHARGES

Sale of electricity	3,631,136	3,272,164
Sale of water	1,531,291	1,374,320
Solid waste	138,244	124,049
Sewerage and sanitation charges	65,177	66,012
Other service charges	124,520	83,958
Total service charges	5,490,368	4,920,503

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Figures in Rand thousand	2008	2007
26. GRANTS AND SUBSIDIES		
Equitable share	1,314,837	1,146,889
Municipal infrastructure grant	358,449	319,595
Restructuring grant	100,000	75,000
European Union	44,783	81,855
Provincial health subsidies	34,311	32,851
Department of Transport and Public Transport Infrastructure	99,129	11,083
Department of Economic Activities and various Industries	1,820	1,458
Vuna Awards	1,036	125
2010 KZN Provincial grant	1,135,590	264,957
2010 DBSA	-	29,998
Provincial government	66,260	70,946
Other grants	232,474	100,197
Public Contributions	2,646	344
Total government grants and subsidies	3,391,335	2,135,298
Equitable share		
Balance unspent at beginning of year	4,671	18,285
Current-year receipts	1,315,720	1,133,275
Conditions met - transferred to revenue	(1,314,837)	(1,146,889)
Conditions still to be met - transferred to liabilities	5,554	4,671
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	1,813	6,948
Current-year receipts	357,081	309,032
Current-year accruals	-	5,428
Conditions met - transferred to revenue	(358,449)	(319,595)
Conditions still to be met - transferred to liabilities	445	1,813
This grant was used to construct roads and sewerage infrastructure.		
Department of Economic Activities and various Industries		
Balance unspent at beginning of year	2,978	4,436
Current-year receipts	2,674	-
Conditions met - transferred to revenue	(1,820)	(1,458)
Conditions still to be met - transferred to liabilities	3,832	2,978

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	2008	2007
Department of Transport and Public Transport Infrastructure		
Balance unspent at beginning of year	33,139	13,300
Current-year receipts	91,651	30,922
Conditions met - transferred to revenue	(99,129)	(11,083)
Conditions still to be met - transferred to liabilities	25,661	33,139

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

European Union

Balance unspent at beginning of year	43,782	52,398
Current-year receipts	88,270	73,239
Conditions met - transferred to revenue	(44,783)	(81,855)
Conditions still to be met - transferred to liabilities	87,269	43,782

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	4,730	474
Current-year receipts	259,241	104,453
Conditions met - transferred to revenue	(232,474)	(100,197)
Conditions still to be met - transferred to liabilities	31,497	4,730

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

Public Contributions

Balance unspent at beginning of year	7,087	-
Current-year receipts	130,745	7,431
Conditions met - transferred to revenue	(2,646)	(344)
Conditions still to be met - transferred to liabilities	135,186	7,087

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

2010 KZN Provincial grant

Current-year receipts	1,135,590	264,957
Conditions met - transferred to revenue	(1,135,590)	(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	2008	2007
Provincial government		
Balance unspent at beginning of year	11,305	3,510
Current-year receipts	114,673	78,741
Conditions met - transferred to revenue	(66,260)	(70,946)
Conditions still to be met - transferred to liabilities	59,718	11,305

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

2010 DBSA

Balance unspent at beginning of year	11,000	-
Current-year receipts	167,469	40,998
Conditions met - transferred to revenue	-	(29,998)
Conditions still to be met - transferred to liabilities	178,469	11,000

The grant was used to fund various roads infrastructure.

Provincial health subsidies

Current-year receipts	34,311	32,851
Conditions met - transferred to revenue	(34,311)	(32,851)
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

Current-year receipts	100,000	75,000
Conditions met - transferred to revenue	(100,000)	(75,000)
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	1,875	2,000
Current-year receipts	2,400	-
Conditions met - transferred to revenue	(1,036)	(125)
Conditions still to be met - transferred to liabilities	3,239	1,875

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

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Figures in Rand thousand	2008	2007
27. OTHER INCOME		
Housing :Development Income	328,664	588,738
Sundry Income	225,154	193,364
	553,818	782,102
28. EMPLOYEE RELATED COSTS		
Employee related costs-Salaries and Wages	2,164,524	1,961,677
Medical aid and Pension Benefits	6 505,442	627,541
UIF	18,459	16,885
Leave pay provision contribution	61,569	39,769
Travel, motor car, accommodation, subsistence and other allowances	91,742	93,118
Overtime payments	221,563	166,215
Long-service awards	5,921	73,600
Housing benefits and allowances	31,700	26,539
Holiday Bonus	142,230	128,135
Other	17,909	20,552
Less: Employee costs capitalised to PPE	(25,369)	(80,501)
	3,235,690	3,073,530

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	1,150	1,074
Car Allowance	102	102
Contributions to UIF, Medical Aid and Pension Funds	1	1
Total	1,253	1,177

Remuneration of the Chief Finance Officer

Annual Remuneration	808	759
Car Allowance	259	243
Contributions to UIF, Medical Aid and Pension Funds	171	161
Total	1,238	1,163

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Governance		
Annual Remuneration	808	759
Car Allowance	259	243
Contributions to UIF, Medical Aid and Pension Funds	164	154
Total	1,231	1,156
Corporate and Human Resources		
Annual Remuneration	875	812
Car Allowance	165	165
Contributions to UIF, Medical Aid and Pension Funds	26	25
Total	1,066	1,002
Health, Safety and Social Services		
Annual Remuneration	384	857
Car Allowance	60	144
Contributions to UIF, Medical Aid and Pension Funds	1	1
Total	445	1,002
The above post was vacant for part of the year		
Procurements and Infrastructure		
Annual Remuneration	982	917
Car Allowance	60	60
Contributions to UIF, Medical Aid and Pension Funds	25	26
Total	1,067	1,003

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29. REMUNERATION OF COUNCILLORS

Mayor	807	766
Deputy Mayor	745	627
Mayoral Committee Members	2,545	3,462
Speaker	503	430
Councillors	49,862	47,384
Councillors' pension contribution	4,571	4,685
Total Councillors' Remuneration	59,033	57,354

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.

30. FINANCE COSTS

Non-current borrowings	513,887	500,954
Consumer Deposits	6,914	6,386
Finance leases	-	2,565
Other interest paid	85,803	19,080
Total Finance costs	606,604	528,985

31. BULK PURCHASES

Electricity	1,961,355	1,827,602
Water	954,503	857,009
Total Bulk Purchases	2,915,858	2,684,611

32. GRANTS AND SUBSIDIES PAID

Grant paid :Durban Arts Association	2,497	2,378
Grant paid: Enhanced Extended Discount Benefit	13,230	56,432
Grant paid: Sporting Organisations	29,713	28,827
Grant paid: Playhouse Company	2,484	2,366
Grant paid: Natal Philharmonic Orchestra	5,600	5,000
Grant paid: Tourism Indaba	7,656	6,085
Grant paid: Trade Point Durban	1,300	-
Grant paid: Food Aid Program	5,226	4,038
Grant paid: Other	48,122	18,323
Total Grants and Subsidies Paid	115,828	123,449

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33. CASH GENERATED FROM OPERATIONS		
Surplus for the year	3,869,133	1,129,802
Adjustments for:		
Depreciation - Property, Plant and equipment	909,520	842,573
Gains on disposal of property, plant and equipment	(69,360)	(28,781)
Contributions to provisions - non current	7,619	83,829
Contribution to provisions - current	23	12,733
Contribution to bad debt provision	375,655	346,430
Investment income	(566,322)	(398,667)
Finance Costs	606,604	528,985
Net fair value adjustments	-	-
Loss on impairment	70,374	109,877
Loss on disposal of property, plant and equipment	3,338	342
Reversal of Loss on Impairment	(146,960)	-
Increase /Decrease in deferred income	-	-
Share of income from joint venture	(63,794)	(111,825)
Depreciation - Investment properties	801	802
Amortisation of Intangibles	67,361	43,373
Changes in working capital:		
Inventories	(9,841)	(18,525)
Debtors	(428,751)	(387,259)
(Increase) in other debtors	(449,321)	(102,017)
Decrease / (increase) in VAT debtors	(67,119)	23,498
Increase in deposits	64,218	43,604
Creditors	705,573	564,579
Unspent conditional grants and receipts	408,605	29,956
Increase in Retirement Benefit Obligations	(39,141)	438,717
	5,248,215	3,152,026
34. UTILISATION OF LONG-TERM LIABILITES RECONCILIATION		
Long-term liabilities	5,322,783	4,582,580
Used to finance property, plant and equipment – at cost	(5,322,783)	(4,582,580)
	-	-

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35. COMMITMENTS

35.1 Commitments in respect of capital expenditure

Approved and contracted for

• Infrastructure	1,330,556	400,669
• Community	3,512	5,950
• Land and buildings	566	114
• Other assets	12,007	4,267

Approved but not yet contracted for

• Infrastructure	466,924	300
• Community	14,600	6,776
• Other	3,269	-

Total

1,831,434	418,076
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35.2 Operating leases – as lessee (expenditure)

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

- within one year	36,469	29,519
- in second to fifth year inclusive	228,693	212,118
- later than five years	87,084	140,128
	352,246	381,765

The comparatives have been restated to provide more accurate information.

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36. CONTINGENCIES		
Contractual Disputes	730	11,956
Various departments within the municipality have price disputes with certain contractors.		
Self Insurance Reserve	14,878	44,905
Various claims submitted to the Insurance department of the municipality are under dispute. The estimated liability of such claims is disclosed.		
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	3,600
This guarantee is issued in favour of The Member(s), Jeena's Warehouse Close Corporation dated 11 November 1998.		
Finance Guarantees	-	141,800
The municipality had issued promissory notes as surety for Loans granted by Financial Institutions to the Durban Marine Theme Park (Pty) Ltd. These promissory notes were cancelled during the year.		
37. 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	
Councillors / Official with significant influence	Durban Infrastructural Development Trust	
	Trustees:	
	G.M. Borman - Councillor	
	R.D. Macpherson - Councillor	
	V.G. Reddy - Councillor	
	J. Balwanth - Council Official	
	M. Tembe - Independent 3rd party	
	P. Ngcobo - Independent 3rd party	
	K. Raganandan - Independent 3rd party	
Councillors / Officials with significant influence	Metro Club Trust Fund	
	Trustees:	
	Z.R.T. Gumede - Councillor	
	V.G. Reddy - Councillor	
	B.N. Magwaza - Council Official	
	S.O. Cele - Council Official	
Related party balances		
Loan accounts - Owing by related parties		
I.C.C. Durban (Proprietary) Limited	-	-
I.C.C. Durban (Proprietary) Limited - Buildings	749,295	774,014
Durban Infrastructural Development Trust	138,058	126,474
	887,353	900,488

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37. Related parties (continued)		
Amounts included in Trade receivable regarding related parties		
I.C.C. Durban (Proprietary) Limited	-	506
Durban Marine Theme Park (Proprietary) Limited	861	988
	861	1,494
Amounts included in Trade Payable regarding related parties		
Durban Marine Theme Park (Proprietary) Limited	243	23
Metro Club Trust Fund	1,503	594
	1,746	617
Related party transactions		
Sales to related parties		
I.C.C. Durban (Proprietary) Limited:		
Electricity	3,694	3,082
Water	973	386
Rates	10,899	7,324
Durban Marine Theme Park (Proprietary) Limited		
Electricity	7,586	6,776
Water	3,108	2,467
Business Levies	-	21
Interest	11,100	14,460
Riverhorse Valley Joint Venture		
Electricity and Water	42	37
Rates	-	18
Income from Joint Venture	63,794	111,825
	101,196	146,396
Purchases from related parties		
I.C.C. Durban (Proprietary) Limited		
General Expenses	5,262	4,906
Durban Marine Theme Park (Proprietary) Limited		
General Expenses	1,642	1,909
	6,904	6,815

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38. 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. The submission of legislative proposals and constitutional amendments to give effect to a RED Establishment Bill did not happen as envisaged during the current year Parliamentary sessions. This would delay the RED establishment process and with elections in 2009, further delays may be expected. However, in the interim, an accession agreement is expected to be entered into between Electricity Distribution Industry(EDI) Holdings and the municipality to continue with the preparatory work towards RED establishment.

Durban Transport (Remant Alton)

The eThekwini Municipality will acquire ownership of the Durban Transport buses and other ancillary equipment from the Durban Transport Contractor (Remant Alton) with effect from 1st September 2008. Tenders will be called for the purchase of a further 162 busses to maintain the fleet at the required level of service. The busses and other ancillary equipment will be leased to Remant Alton to cover all costs involved i.e. depreciation, interest, administrative overheads, maintenance, insurance, licence fees etc. in conformity with the law. The payment terms agreed are as follows.

First payment of R100 million to be made on date of signing of the purchase and sale agreement.

Second payment of R 285 793 693 to be made on physical transfer of assets.

Final R20 million to be held as Retention and be paid over at the end of the contract in September 2010

39. TRAFFIC FINES

Traffic fines issued but not yet recovered at year end.

904,289

711,969

The recoverability of outstanding traffic fines is uncertain.

An application was made to the Directorate of Public Prosecutions and in summary the following has been approved:

(a) all outstanding fines prior to and including 31 December 2004 to be withdrawn;

(b) all fines from 1 January 2005 to be reduced by 50%;

(c) that the incentive referred to in item (a) and (b) to be applicable provided that all outstanding fines are settled in full;

(d) this incentive will run for a period of three months, whereafter Metro Police Department will implement stringent measures to enforce collection of fines in respect of individuals who have failed to take advantage thereof.

This directive is effective from 4 June 2008.

40. 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).

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41. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

A summary of material cases during 2007/08 are listed below

Manipulation of Tender Process	1,784	-
Theft of Municipal Vehicle	950	-
Manipulation of Property Valuations resulting in reduction of Rates Income	306	-

Irregular expenditure

Reconciliation of irregular expenditure

Opening balance	5,793	2,280
Irregular expenditure current year	3,040	3,513
Condoned or written off by Council	(3,000)	-
Rates Income Recovered	(306)	-
Irregular expenditure awaiting condonement	5,527	5,793

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42. ADDITIONAL DISCLOSURE IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

Contributions to organized local government

Council subscriptions	6,000	6,000
Amount paid - current year	(6,000)	(6,000)
Balance unpaid (included in creditors)	-	-

Audit fees

Current year audit fee	855	819
Previous years audit fee	8,314	7,517
Amount paid - current year	(855)	(819)
Amount paid - previous years	(8,314)	(7,517)
Balance unpaid (included in creditors)	-	-

VAT

VAT received(paid) for the year	309,718	61,574
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PAYE and UIF

Current year payroll deductions	403,093	357,682
Amount paid - current year	(403,093)	(357,682)
Balance unpaid (included in creditors)	-	-

Pension and Medical Aid Deductions

Current year payroll deductions and Council Contributions	707,463	638,568
Amount paid - current year	(707,463)	(638,568)
Balance unpaid (included in creditors)	-	-

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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 2008

	<u>Amount Outstanding Rands</u>
Councillor Madlala P.N.	854
Councillor Mabuza F.T.	76
Councillor Mbambo V.J.	4,764
Councillor Ntanzi P.N.	8,006
Councillor Pillay P.	1,074
Councillor Mngwengwe B.V.	5,053
Councillor Gumede	98
	<u>19,925</u>

30 June 2007

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

43. GENERAL EXPENSES

Debt collection	919	333
General Expenses	1,074,150	1,647,392
	<u>1,075,069</u>	<u>1,647,725</u>

These are COID claims determined by the Compensation Commissioner.

44. 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.

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45. BANK BALANCES

Account number - Bank - Account Description	Cash Book Balance 30June 2008	Bank Statement balance 30June 2008	Cash Book Balance 30June 2007	Bank Statement balance 30June 2007
62085728106 - FNB - Main Expenditure	38,319	(230,652)	36,913	(169,133)
62085728263 - FNB - Main Expenditure EFT	-	(560,285)	6	(347,220)
62085720722 - FNB - Direct Deposits Account	9,513	233,030	3,286	152,243
62085725855 - FNB - Electronic Deposits Account	32,822	216,417	9,861	2,131,237
62085729948 - FNB - Cashiers Deposit Account	(7,806)	175,927	1,359	92,218
62085730119 - FNB - Government Deposit Account	8,420	73,761	6,190	43,369
62085723990 - FNB - Water and Sanitation Services Deposit Account	-	-	218	1,315
62085721952 - FNB - Electricity Income Account	284	10,609	126	14,264
62085721481 - FNB - Electricity Prepaid Vendor Deposits	4,932	30,700	2,283	32,218
62085729071 - FNB - SARS E-Filing Account	-	144,317	837	837
62085725996 - FNB - Dishonoured Cheques Account	(418)	(2,204)	(493)	(2,031)
050073117 - Standard Bank - Main Expenditure Bank	102	102	-	-
62085721275 - FNB - Mayors Relief Account	-	(42)	-	-
62116972599 - FNB - Housing Operating Account	-	-	-	-
62085727827 - FNB - Durban Fresh Produce EFT Account	-	-	-	-
62085721332 - FNB - Direct Debit Collections Account	-	46,638	-	41,412
62085721762 - FNB - Transwitch Account	(8)	80,172	72	73,986
62085722546 - FNB - Agents Deposit Account	8,662	48,592	1,144	23,245
62085722877 - FNB - Metro Police Deposit Account	-	4,283	14	2,646
62085729790 - FNB - Metro Police Transwitch Deposit Account	(41)	1,291	-	639
62085723495 - FNB - Parks, Recreation and Culture Deposit Acc.	129	1,536	12	2,223
62085723776 - FNB - City Engineers Account	413	24,326	85	39,395
62085724992 - FNB - Business Levies Income Deposit Account	-	255	-	143
62085725152 - FNB - Business Levies Direct Deposit Account	-	537	-	529
62085725384 - FNB - Business Levies Unpaid Cheques Account	-	-	-	207
62085729534 - FNB - Virginia Airport Account	-	339	-	277
62116972755 - FNB - Department of Housing Account	-	5,501	-	10,783
62085728908 - FNB - Sundry PAYE Account	408	407	449	449
62085729245 - FNB - Cash Payments Account	156	(428)	185	(246)
62088851764 - FNB - Refunds Expenditure Account	4,547	1,627	2,960	770
62085724542 - FNB - Water and Sanitation Services Expenditure Acc.	543	(3,102)	1,309	(4,082)
62085724732 - FNB - Water and Sanitation Services EFT Account	-	(554,676)	76	(198,645)
62085722348 - FNB - Electricity Expenditure Account	(14,882)	(14,883)	(1,882)	(1,882)
62085722463 - FNB - Electricity EFT Account	(476,406)	(476,406)	(258,481)	(258,481)
62085738750 - FNB - Salaries Account	(10)	(135,167)	(10)	(118,800)
62085727661 - FNB - Durban Fresh Produce Market Account	9,360	9,298	9,444	9,381

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62151500496 - FNB - CIFAL Durban Account	1,185	1,275	-	-
62085727143 - FNB - Short term 2 Account	-	-	(1,525,248)	(1,494,686)
62085727116 - FNB - General Bank Account	(240,182)	(474,922)	1,030,657	(743,500)
62085729378 - FNB - Bank Charges Account	-	(446)	-	(450)
62085726449 - FNB - Consolidated Investment Fund Bank Account	511,364	851,364	527,119	527,119
62085726879 - FNB - Consolidated Investment Fund EFT Account	-	-	93,467	93,467
62121186705 - FNB - 2010 Soccer Grant Account	108,510	536,831	75,492	75,492
Internal Inter-company Banks	-	-	150	-
Totals:ETHEKWINI MUNICIPALITY				
Bank balances	739,671	-	1,803,714	-
Bank overdraft	(739,755)	-	(1,786,114)	-

Electricity

APPENDIX A for the period ended 30 June 2008

GOVERNMENT TEMPLATE: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2006
EXTERNAL LOANS

Loan Number	Redeemable	Balance at 30 June 2008	Received during the period	Redeemed written off during the period	Balance at 30 June 2008	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
LONG-TERM LOANS							
Stock Loan @ 11.60%	28	2003/06/30	300,000	-	300,000	-	-
Stock Loan @ 12.75%	29	2005/06/30	-	300,000	-	203,612	2,145
Stock Loan @ 12.00%	30	2007/06/30	22,700	-	22,700	-	-
Stock Loan @ 12.00%	32	2007/06/30	100,000	-	100,000	-	-
Stock Loan @ 12.00%	33	2007/06/30	22,700	-	22,700	-	-
Stock Loan @ 12.75%	35	2007/12/31	300,000	-	300,000	-	-
Stock Loan @ 12.00%	37	2009/06/30	2,000	-	-	2,000	1,200
Stock Loan @ 10.00%	41	2009/06/30	11,000	-	-	11,000	1,200
Stock Loan @ 10.00%	43	2009/06/30	21,780	-	-	21,780	6,850
Stock Loan @ 10.00%	44	2009/06/30	10,000	-	-	10,000	7,000
Stock Loan @ 10.00%	45	2010/06/30	2,600	-	-	2,600	2,180
Stock Loan @ 10.00%	46	2005/06/30	500	-	-	500	375
Stock Loan @ 13.00%	50	2005/12/31	500,000	-	-	500,000	412,754
Stock Loan @ 12.00%	54	2012/12/31	900	-	-	900	666
Stock Loan @ 14.00%	58	2012/12/31	3,500	-	-	3,500	2,288
Stock Loan @ 14.00%	61	2014/12/31	100	-	-	100	84
Stock Loan @ 15.25%	62	2019/12/31	1,000,000	-	-	1,000,000	854,989
Stock Loan @ 13.75%	103	2021/12/31	500,000	-	-	500,000	419,331
Stock Loan @ 13.75%	105	2021/12/31	250,000	-	-	250,000	210,723
Stock Loan @ 12.75%	108	2021/12/31	2,000,000	-	-	2,000,000	1,543,970
Stock Loan @ 12.00%	112	2027/06/30	-	22,700	-	22,700	18,903
Stock Loan @ 12.00%	114	2027/06/30	-	100,000	-	100,000	91,878
Stock Loan @ 12.00%	115	2029/06/30	-	22,700	-	22,700	19,632
			5,047,780	445,400	745,400	4,747,780	3,797,635
ANNUITY LOANS Sanlam @ 8%							
Sanlam @ 8%	38	2030/06/30	1,095,005	-	117,089	977,916	1,027,436
			1,095,005	-	117,089	977,916	1,027,436
GOVERNMENT LOANS							
Other @ 2-5%	70	2019/06/30	1,438,779	-	22,707	1,416,072	1,143,208
			1,438,779	-	22,707	1,416,072	1,143,208
LEASE LIABILITY							
Infrastructure @ 18%	116	2009/06/30	-	2,242,000	746,000	1,496,000	1,125,030
			-	2,242,000	746,000	1,496,000	1,125,030

Electricity

APPENDIX B for the period ended 30 June 2008

GOVERNMENT TEMPLATE: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2006
Cost/Revaluation Accumulated Depreciation

	Opening Balance Rand	Additions Rand	Under Construction Rand	Disposals Rand	Closing Balance Rand	Opening Balance Rand	Additions Rand	Disposals Rand	Closing Balance Rand	Carrying Value Rand	Budget Additions Rand
Land/ Heritage											
Historical Buildings	1,563,998	-	-	-	1,563,998	-	-	-	-	1,563,998	96,800
Painting & Art Galleries	1,193,279	312,033	-	71,710	1,433,602	-	-	-	-	1,433,602	300,000
	2,757,277	312,033	-	71,710	2,997,600	-	-	-	-	2,997,600	396,800
Buildings											
Land	5,015,134	78,250	22,954	-	5,116,338	-	-	-	-	5,116,338	100,000
Buildings	12,657,861	26,988	-	-	12,684,849	3,471,039	1,414,333	-	4,885,372	7,799,477	46,000
	17,672,995	105,238	22,954	-	17,801,187	3,471,039	1,414,333	-	4,885,372	12,915,815	146,000
Leasehold property											
Sewerage Mains & Purify	-	1,350,000	-	-	1,350,000	-	224,970	-	224,970	1,125,030	1,350,000
	-	1,350,000	-	-	1,350,000	-	224,970	-	224,970	1,125,030	1,350,000
Plant and machinery	-	-	-	-	-	-	-	-	-	-	-
Furniture and fixtures	-	-	-	-	-	-	-	-	-	-	-
Motor vehicles	-	-	-	-	-	-	-	-	-	-	-
Office equipment	-	-	-	-	-	-	-	-	-	-	-
IT equipment	-	-	-	-	-	-	-	-	-	-	-
Computer software	-	-	-	-	-	-	-	-	-	-	-
Housing Develop Fund											
Housing Rental 1	1,664,155	-	-	48,660	1,615,495	1,509,987	49,916	48,660	1,511,243	104,252	25,000
Housing Rental 2	4,992,463	-	-	145,980	4,846,483	1,529,961	137,157	145,980	1,521,138	3,325,345	-
	6,656,618	-	-	194,640	6,461,978	3,039,948	187,073	194,640	3,032,381	3,429,597	25,000
Infrastructure											
Drains	1,258,123	22,650	-	-	1,280,773	251,463	19,544	-	271,007	1,009,766	21,856
Roads	4,106,501	45,224	67,908	-	4,219,633	1,451,774	156,578	-	1,608,352	2,611,281	114,200
Beach Improvements	962,094	80,964	-	599	1,042,459	116,177	9,029	599	124,607	917,852	79,000
Sewerage Mains & Purif	2,442,239	728,673	354,327	-	3,525,239	1,387,006	118,767	-	1,505,773	2,019,466	2,000,000
Electricity Mains	3,330,326	104,818	-	-	3,435,144	2,369,383	73,626	-	2,443,009	992,135	150,000
Electricity Peak Load Equip	4,698,559	91,927	-	-	4,790,486	3,025,378	168,383	-	3,193,761	1,596,725	92,000
Water Mains & Purification	12,063,920	104,750	15,329	4,158	12,179,841	4,013,601	217,995	4,158	4,227,438	7,952,403	126,000
Reservoirs – Water	2,738,268	72,650	-	-	2,810,918	708,315	55,052	-	763,367	2,047,551	70,000
Water Meters	1,184,118	228,613	75,000	-	1,487,731	459,194	35,631	-	494,825	992,906	600,000
Water Mains	1,480,146	59,167	-	-	1,539,313	469,348	36,481	-	505,829	1,033,484	100,000
	34,264,294	1,539,436	512,564	4,757	36,311,537	14,251,639	891,086	4,757	15,137,968	21,173,569	3,353,056

Electricity

APPENDIX B for the period ended 30 June 2008

GOVERNMENT TEMPLATE: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2006
Cost/Revaluation **Accumulated Depreciation**

	Opening Balance Rand	Additions Rand	Under Construction Rand	Disposals Rand	Closing Balance Rand	Opening Balance Rand	Additions Rand	Disposals Rand	Closing Balance Rand	Carrying Value Rand	Budget Additions Rand
Community											
Parks & Gardens	2,051,950	1,008,184	99,123	109,643	3,049,614	1,109,259	188,244	104,121	1,193,382	1,856,232	750,000
Libraries	3,640,509	713,584	-	220,854	4,133,239	1,657,487	181,533	142,754	1,696,266	2,436,973	2,500,000
Recreation Grounds	1,074,833	562,717	-	-	1,637,550	397,800	67,568	-	465,368	1,172,182	450,000
Civic Buildings	4,103,898	143,559	-	181,296	4,066,161	1,761,453	199,362	176,950	1,783,865	2,282,296	150,000
	10,871,190	2,428,044	99,123	511,793	12,886,564	4,925,999	636,707	423,825	5,138,881	7,747,683	3,850,000
Other property, plant and equipment											
Landfill sites	3,903,708	-	-	171,843	3,731,865	982,711	200,945	171,843	1,011,813	2,720,052	45,000
Office Equipment	811,289	483,619	-	346,242	948,666	324,667	98,078	46,554	376,191	572,475	475,000
Furniture & Fittings	585,073	353,030	-	94,257	843,846	688,461	187,277	106,936	768,802	75,044	352,900
Bins and Containers	136,333	296,912	-	-	433,245	129,974	93,638	53,467	170,145	263,100	295,000
Emergency Equipment	837,859	624,361	-	37,173	1,425,047	296,861	131,931	75,333	353,459	1,071,588	623,450
Motor vehicles	418,930	312,180	-	63,587	667,523	148,430	65,965	37,666	176,729	490,794	315,000
Fire engines	68,167	206,770	-	-	274,937	64,987	46,819	26,734	85,072	189,865	209,000
Refuse tankers	542,537	176,515	-	22,129	696,923	344,231	93,639	53,468	384,402	312,521	175,500
Computer equipment	255,645	341,810	-	48,121	549,334	162,333	64,651	23,278	203,706	345,628	340,000
Councillors Regalia	490,734	13,494	-	-	504,228	217,363	16,894	-	234,257	269,971	15,000
Conservancy tankers	586,272	-	-	-	586,272	-	-	-	-	586,272	22,000
Watercraft	1,558,198	409,390	-	70,077	1,897,511	474,377	223,474	168,522	529,329	1,368,182	408,790
	10,194,745	3,218,081	-	853,429	12,559,397	3,834,395	1,223,311	763,801	4,293,905	8,265,492	3,276,640
Total											
Land/ Heritage	2,757,277	312,033	-	71,710	2,997,600	-	-	-	-	2,997,600	396,800
Buildings	17,672,995	105,238	22,954	-	17,801,187	3,471,039	1,414,333	-	4,885,372	12,915,815	146,000
Leasehold property	-	1,350,000	-	-	1,350,000	-	224,970	-	224,970	1,125,030	1,350,000
Plant and machinery	-	-	-	-	-	-	-	-	-	-	-
Furniture and fixtures	-	-	-	-	-	-	-	-	-	-	-
Motor vehicles	-	-	-	-	-	-	-	-	-	-	-
Office equipment	-	-	-	-	-	-	-	-	-	-	-
IT equipment	-	-	-	-	-	-	-	-	-	-	-
Computer software	-	-	-	-	-	-	-	-	-	-	-
Housing Develop Fund	6,656,618	-	-	194,640	6,461,978	3,039,948	187,073	194,640	3,032,381	3,429,597	25,000
Infrastructure	34,264,294	1,539,436	512,564	4,757	36,311,537	14,251,639	891,086	4,757	15,137,968	21,173,569	3,353,056
Community	10,871,190	2,428,044	99,123	511,793	12,886,564	4,925,999	636,707	423,825	5,138,881	7,747,683	3,850,000
Other property, plant and equipment	10,194,745	3,218,081	-	853,429	12,559,397	3,834,395	1,223,311	763,801	4,293,905	8,265,492	3,276,640
	82,417,119	8,952,832	634,641	1,636,329	90,368,263	29,523,020	4,577,480	1,387,023	32,713,477	57,654,786	12,397,496

Electricity

APPENDIX C for the period ended 30 June 2008

GOVERNMENT TEMPLATE: SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2006
Cost/Revaluation **Accumulated Depreciation**

	Opening Balance Rand	Additions Rand	Under Construction Rand	Disposals Rand	Closing Balance Rand	Opening Balance Rand	Additions Rand	Disposals Rand	Closing Balance Rand	Carrying Value Rand
Executive & Council	2,032,928	251,321	15,866	40,908	2,259,207	738,076	109,437	34,676	812,837	1,446,370
Finance & Admin	2,846,099	351,849	22,212	57,272	3,162,888	1,033,306	153,212	48,546	1,137,972	2,024,916
Planning & Development	2,439,514	301,585	19,039	49,090	2,711,048	885,691	131,324	41,611	975,404	1,735,644
Health	4,879,027	603,170	38,078	98,180	5,422,095	1,771,381	262,649	83,221	1,950,809	3,471,286
Community & Social Services	4,879,027	603,170	38,078	98,180	5,422,095	1,771,381	262,649	83,221	1,950,809	3,471,286
Housing	5,692,198	703,698	44,425	114,543	6,325,778	2,066,611	306,424	97,092	2,275,943	4,049,835
Public Safety	6,505,370	804,227	50,771	130,906	7,229,462	2,361,842	350,198	110,962	2,601,078	4,628,384
Sport & Recreation	1,626,342	201,057	12,693	32,727	1,807,365	590,460	87,550	27,740	650,270	1,157,095
Environmental Protection	1,219,757	150,792	9,520	24,545	1,355,524	442,845	65,662	20,805	487,702	867,822
Waste Management	7,318,541	904,755	57,118	147,270	8,133,144	2,657,072	393,973	124,832	2,926,213	5,206,931
Road Transport	8,131,712	1,005,283	63,464	163,633	9,036,826	2,952,302	437,748	138,702	3,251,348	5,785,478
Water	21,429,280	1,413,208	158,660	409,082	22,592,066	7,380,755	1,094,370	346,756	8,128,369	14,463,697
Electricity	13,010,739	1,608,453	101,543	261,813	14,458,922	4,723,683	700,397	221,924	5,202,156	9,256,766
Other	406,586	50,264	3,173	8,182	451,841	147,615	21,887	6,935	162,567	289,274
	82,417,120	8,952,832	634,640	1,636,331	90,368,261	29,523,020	4,377,480	1,387,023	32,513,477	57,854,784

Electricity

APPENDIX E(2) for the period ended 30 June 2008

GOVERNMENT TEMPLATE: ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2006

	Additions	Under Construction	Closing Balance	Budget	Variance	Variance	Explanation of Significant Variances greater than 5% versus Budget
	Rand	Rand	Rand	Rand	Rand	%	
Land/ Heritage							
Historical Buildings	-	-	-	96,800	(96,800)	-	(Explanations to be recorded)
Painting & Art Galleries	312,033	-	312,033	300,000	12,033	4	
	312,033	-	312,033	396,800	(84,767)	(27)	-
Buildings							
Land	78,250	22,954	101,204	100,000	1,204	1	
Buildings	26,988	-	26,988	46,000	(19,012)	(70)	
	105,238	22,954	128,192	146,000	(17,808)	(14)	-
Leasehold property							
Sewerage Mains & Purify	1,350,000	-	1,350,000	1,350,000	-	-	
	1,350,000	-	1,350,000	1,350,000	-	-	-
Housing Develop Fund							
Housing Rental 1	-	-	-	25,000	(25,000)	-	
	-	-	-	25,000	(25,000)	-	-
Infrastructure							
Drains	22,650	-	22,650	21,856	794	4	
Roads	45,224	67,908	113,132	114,200	(1,068)	(1)	
Beach Improvements	80,964	-	80,964	79,000	1,964	2	
Sewerage Mains & Purif	728,673	354,327	1,083,000	2,000,000	(917,000)	(85)	
Electricity Mains	104,818	-	104,818	150,000	(45,182)	(43)	
Electricity Peak Load Equip	91,927	-	91,927	92,000	(73)	-	
Water Mains & Purification	104,750	15,329	120,079	126,000	(5,921)	(5)	
Reservoirs – Water	72,650	-	72,650	70,000	2,650	4	
Water Meters	228,613	75,000	303,613	600,000	(296,387)	(98)	
Water Mains	59,167	-	59,167	100,000	(40,833)	(69)	
	1,539,436	512,564	2,052,000	3,353,056	(1,301,056)	(63)	-

Electricity

APPENDIX E(2) for the period ended 30 June 2008

	Additions	Under Construction	Closing Balance	Budget	Variance	Variance	Explanation of Significant Variances greater than 5% versus Budget
	Rand	Rand	Rand	Rand	Rand	%	
Community							
Parks & Gardens	1,008,184	99,123	1,107,307	750,000	357,307	32	
Libraries	1,813,584	-	1,813,584	2,500,000	(686,416)	(38)	
Recreation Grounds	562,717	-	562,717	450,000	112,717	20	
Civic Buildings	143,559	-	143,559	150,000	(6,441)	(4)	
	3,528,044	99,123	3,627,167	3,850,000	(222,833)	(6)	-
Other property, plant and equipment							
Landfill sites	-	-	-	45,000	(45,000)	-	
Office Equipment	483,619	-	483,619	475,000	8,619	2	
Furniture & Fittings	353,030	-	353,030	352,900	130	-	
Bins and Containers	296,912	-	296,912	295,000	1,912	1	
Emergency Equipment	624,361	-	624,361	623,450	911	-	
Motor vehicles	312,180	-	312,180	315,000	(2,820)	(1)	
Fire engines	206,770	-	206,770	209,000	(2,230)	(1)	
Refuse tankers	176,515	-	176,515	175,500	1,015	1	
Computer equipment	341,810	-	341,810	340,000	1,810	1	
Councillors Regalia	13,494	-	13,494	15,000	(1,506)	(11)	
Conservancy tankers	-	-	-	22,000	(22,000)	-	
Watercraft	409,390	-	409,390	408,790	600	-	
Land	78,250	22,954	101,204	100,000	1,204	1	
Buildings	26,988	-	26,988	46,000	(19,012)	(70)	
	3,323,319	22,954	3,346,273	3,422,640	(76,367)	(2)	-
Total							
Buildings	105,238	22,954	128,192	146,000	(17,808)	(14)	
Leasehold property	1,350,000	-	1,350,000	1,350,000	-	-	
Housing Develop Fund	-	-	-	25,000	(25,000)	-	
Infrastructure	1,539,436	512,564	2,052,000	3,353,056	(1,301,056)	(63)	
Community	3,528,044	99,123	3,627,167	3,850,000	(222,833)	(6)	
Other property, plant and equipment	3,323,319	22,954	3,346,273	3,422,640	(76,367)	(2)	
	10,158,070	657,595	10,815,665	12,543,496	(1,727,831)	(16)	-

Electricity

APPENDIX F for the ended 30 June 2008

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF 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 framework in the latest Division of Revenue Act	Reason for noncompliance
		Mar	Jun	Sep	Dec	Mar	Mar	Jun	Sep	Dec	Mar	Mar	Jun	Sep	Dec	Mar			
		1	2	3	4	5	6	7	8	9	1	2	3	4	5	1,999		No	
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		1	2	3	4	5	6	7	8	9	1	2	3	4	5	1,999			

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.

