

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

For the year ended

30 June 2009

I am responsible for the preparation of these financial statements, which are set out on pages 1 to 154, in terms of section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, as disclosed in note 27 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 the Act.



E NTOBA – HDE B PROC, LLM

Acting Municipal Manager

31 August 2009

Date

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**

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1. BASIS OF PRESENTATION

The annual financial statements are prepared on the accrual basis of accounting and are in accordance with the historical cost convention.

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) as prescribed by the Minister of Finance in terms of General Notice 991 or 992 in Government Gazette 28095 and General Notice 516 in Government Gazette 31021 dated 9 May 2008 and Directive 5 (Determining the GRAP Reporting Framework) that was issued by the Accounting Standards Board (ASB) during March 2009.

The standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The effect of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange transactions
GRAP 10	Financial Reporting in Hyperinflationary Economics
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investing Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-current Assets Held for Sale and Discontinued Operations
GRAP 101	Agriculture
GRAP 102	Intangible Assets
Directive 1	Repeal of Existing Transitional Provisions in, and Consequential Amendments to, Standards of GRAP
Directive 2	Transitional Provisions for the adoption of Standards of GRAP by Public Entities, Municipal Entities and Constitutional Institutions.
Directive 3	Transactional Provisions for the adoption of Standards of GRAP by High Capacity Municipalities
Directive 5	Determining the GRAP Reporting Framework
Guide 1	Guideline on Accounting for Public Private Partnerships
IPSAS 20	Related Party Disclosures
IPSAS 21	Impairment of Non Cash-Generating Assets
IFRS 3	Business Combinations
IFRS 4	Insurance Contracts
IFRS 6	Exploration for and Evaluation of Mineral Resources
IFRS 7	Financial Instruments: Disclosures
IAS 12	Income Taxes
IAS 19	Employee Benefits
IAS 32	Financial Instruments: Presentation
IAS 36	Impairment of Assets
IAS 39	Financial Instruments: Recognition and Measurement
SIC – 21	Income Taxes – Recovery of Revalued Non-Depreciable Assets
SIC – 25	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
SIC – 29	Service Concession Arrangements – Disclosures
IFRIC 2	Members' Shares in Co-operative Entities and Similar Instruments

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

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IFRIC 4	Determining whether an arrangement contains a Lease
IFRIC 9	Reassessment of Embedded Derivatives
IFRIC 12	Service Concession Arrangements
IFRIC 13	Customer Loyalty Programmes
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Accounting policies for material transactions, events or conditions not covered by the above GRAP 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 Standards Board in terms of the application of Directive 5.

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

Details of the Municipality's significant accounting policies are set out below:

- Adoption of IFRS 7: Financial Instruments: Disclosures supersedes the disclosure requirements of IAS 32. One of the main additional requirements of IFRS 7 is that a municipality must group its financial instruments into classes of similar instruments, and when disclosures are required by class.
- IAS 20, "Accounting for Government Grants and Disclosure of Government Assistance", is no longer included in the GRAP Reporting Framework. Once the conditions for the recognition of revenue have been met, revenue shall be recognized in full and can not be deferred or be netted off against another element in the Annual Financial Statements. Paragraphs 9.42 to 9.46 of GAMAP 9 were not withdrawn when GRAP 9 was issued and therefore applies. However GAMAP 9 does not deal with a specific transaction or event and therefore the Municipality may use GRAP 23 to formulate its accounting policy. ASB Directive 5 states that "Where a Standard of GRAP or an Interpretation of the Standards of GRAP has been issued, but is not yet effective, a municipality may select to apply the principles established in that standard or Interpretation in developing an appropriate accounting policy dealing with a particular transaction or event before applying paragraph .11 of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors." Therefore the Municipality recognise the full extent of conditional grants and receipts related to capital as revenue in the Statement of Financial Performance once the criteria, conditions or obligations embodied in the agreement had been met.

In the process of applying the Municipality's accounting policies, management has made the following significant accounting judgements, estimates and assumptions, which have a significant effect on the amounts recognized in the financial statements.

- Operating lease commitments – the Municipality as lessor

The Municipality has entered into commercial property leases on its investment property portfolio. The Municipality has determined that it retains all the significant risks and rewards of ownership of these plans.

- Pension and other post-employment benefits

The cost of defined benefit plans and other employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

- Property, plant and equipment

The useful lives of assets are based on management's estimation. Management considered the impact of technology, availability of capital funding, service requirements and required return on assets in order to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

- Provisions and contingent liabilities

Management judgement is required when recognising and measuring provisions and contingent liabilities. Provisions have been discounted where the effect of discounting is material using actuarial valuations.

2. Consolidated Financial Statements:

The Municipality's financial statements incorporate the financial statements of the parent entity, Nelson Mandela Bay Municipality, and all its municipal entities, presented as a single entity and consolidated at the same reporting date as the parent entity.

All inter-entity transactions and balances, unrealized gains and losses within the Municipality are eliminated upon consolidation. Where appropriate the accounting policies of controlled entities conform to the policies adopted by the Municipality.

3. MUNICIPAL ENTITIES

Municipal entities are all controlled entities over which the Municipality has ownership control or effective control to govern the financial and operating policies of such controlled entity so as to benefit from its activities. As the Municipality is adopting GRAP 6 for the first time, the provisions of ASB Directive 3 have been used by consolidating only for the 2008/09 financial year, with adjustments being made to the opening balances where required as per GRAP 6.

4. PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

5. GOING CONCERN ASSUMPTION

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

6. COMPARATIVE INFORMATION

6.1 Current year comparatives:

Budgeted amounts have been included in the annual financial statements for the current and previous financial years.

6.2 Prior year comparatives:

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified and restated. The nature and reasons for the reclassification and restatement are disclosed in the Notes to the Financial Statements.

7. 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.

8. RESERVES

The municipality maintains various reserves in terms of specific requirements.

8.1 Capital Replacement Reserve (CRR) – Internal reserve administered within the Accumulated Surplus for control purposes.

In order to finance the provision of infrastructure and other items of property, plant and equipment, investment property and intangible assets from internal sources, amounts are transferred from the accumulated surplus (deficit) to the CRR in terms of a Council resolution. The CRR can only be utilised to finance items of property, plant and equipment, investment property and intangible assets.

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

The following provisions are set for the creation and utilisation of the CRR:

- The cash funds that support the CRR are invested until utilised. The cash may only be invested in accordance with the investment policy of the Municipality.
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment, investment property and intangible assets and may not be used for the maintenance of these items.
- Whenever an asset is purchased from the CRR, an amount equal to the cost price of the asset is transferred from the CRR, and the accumulated surplus is credited by a corresponding amount.
- If a profit is made on the sale of assets, the profit on these assets is reflected in the Statement of Financial Performance, and is then transferred, via the Statement Changes in Net Assets, to the CRR, provided that it is cash backed.

8.2 Capitalisation Reserve (CR) – Internal reserve administered within the Accumulated Surplus for control purposes.

With the implementation of GAMAP, 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 (deficit).

8.3 Donations and Public Contributions Reserve – Internal reserve administered within the Accumulated Surplus for control purposes.

When items of property, plant and equipment, investment property and intangible assets 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 investment property and intangible assets are depreciated or amortised, 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, investment property and intangible assets financed from donations and public contributions.

When an item of property, plant and equipment, investment property and intangible assets is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus (deficit).

8.4 Self - Insurance Reserve – Internal reserve administered within the Accumulated Surplus for control purposes.

A Self-Insurance Reserve exists to provide cover for selected risks including fire, storm, workmen's compensation, public liability and motor vehicles. The reserve is re-insured externally to cover major losses.

Premiums are charged to the respective Directorates at market related rates, taking into account past experience of claims and replacement values of the insured assets.

The reserves covers the first R10 000 000 in respect of fire insurance, R5 000 000 in respect of public liability insurance and R3 000 000 in respect of fidelity guarantee insurance, of any one claim.

The maximum aggregate exposure during any one year in respect of public liability insurance amounts to R10 000 000 and in respect of fidelity guarantee insurance amounts to R17 000 000. There is no maximum aggregate exposure in respect of fire insurance.

Claims in excess of the above maximum aggregate exposures are covered by re-insurance.

8.5. Compensation for Occupational Injuries and Diseases (COID) Reserve

The Municipality has been exempted from making contributions to the Compensation Commissioner for Occupational Injuries and Diseases in terms of Section 84 of the COID Act.

The certificate of Exemption issued by the Commissioner and as prescribed by the Compensation for Occupational Injuries and Diseases Act (No. 130 of 1993), requires that the Municipality deposits cash and/or securities with the Commissioner, the market values of which in aggregate, shall not be less than the capitalised value of the continuing liability of the Municipality as at 31 December of each year.

The continuing liability is that of pensions, with the capitalised value being determined on the basis of an actuarial determination as prescribed by the Commissioner. A COID reserve has been established to at least equate to the value of the continuing liability. The market value of the securities is determined annually by the Commissioner and the Municipality is required to meet any shortfall in the aggregate value of the securities as at 31 December. Monthly

pensions are funded by transferring funds out of the reserve to the expense account in the Statement of Financial Performance.

8.6 Government Grant Reserve – Internal reserve administered within the Accumulated Surplus for control purposes.

When items of property, plant and equipment, investment property and intangible assets are financed from government grants, a transfer is made from the accumulated surplus (deficit) to the Government Grant 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, investment property and intangible assets are depreciated or amortised, 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 funded items of property, plant and equipment, investment property and intangible assets are offset by transfers from this reserve to the accumulated surplus (deficit).

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

9. CONDITIONAL GRANTS AND RECEIPTS

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

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor.

9.1 Grants and receipts of a revenue nature

Income is transferred to the Statement of Financial Performance as revenue to the extent that the criteria, conditions or obligations have been met.

10. PROVISIONS

Provisions are recognised when the municipality has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the Statement of Financial Position reporting date and adjusted to reflect the current best estimate.

10.1 Provision for Post Retirement Benefits

The municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or construction obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable.

Defined benefit plans are post-employment plans other than defined contribution plans. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually by means of the projected unit credit method. Deficits identified are covered through

lump sum payments or increased contributions on a proportional basis via all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable.

A provision is maintained in respect of the liability to employees relating to post retirement benefits such as medical aid contributions.

10.1.1 Medical Aid: Continued Members

The municipality provides post-retirement benefits by subsidising the medical aid contributions of certain retired staff. According to the rules of the medical aid funds, with which the municipality is associated, a member on retirement, is entitled to remain a continued member of such medical aid fund, in which case the member is liable for the portion as determined by Council from time to time, of the medical aid membership fee, and the municipality for the remaining portion.

10.1.2 Short-term employee benefits

The cost of all short-term employee benefits, such as leave pay, is recognised during the period in which the employee renders the related service.

10.2 Provision for Rehabilitation of Refuse Landfill Sites

The applicable GAMAP standard states that a provision should be recognised where there is a present obligation to rehabilitate sites.

The municipality has an obligation to rehabilitate its landfill sites in terms of its license stipulations. Provision is made for this obligation based on the net present value of cost. The cost factors as determined have been applied and projected at an inflation rate of 5.1% and discounted to the present value at the average borrowing cost of 11.0667%.

10.3 Gratuity Provision

A provision in respect of the liability relating to gratuities payable to employees that were not previously members of a pension fund is maintained.

10.4 Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is maintained.

11. PROPERTY, PLANT AND EQUIPMENT

11.1 Property, plant and equipment, is stated at cost, less accumulated depreciation and accumulated impairment.

Property, plant and equipment is stated at fair value at date of acquisition less accumulated depreciation and accumulated impairment where assets have been acquired by grant or donation.

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

The cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing the asset to working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Examples of directly

attributable costs are: site preparation, delivery and handling costs and professional fees. The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery of the assets are enhanced in excess of the original assessed standard of performance. If expenditure only restores the originally assessed standard of performance, it is regarded as repairs and maintenance, and is expensed.

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. Similarly, land is not depreciated as it is deemed to have an indefinite life.

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.

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. Depreciation only commences when the asset is available for use. In determining depreciation, the residual values of assets (specifically office equipment and furniture and fittings except for vehicles) are not taken into account as the municipality uses these assets in its operations beyond its estimated useful life. The Municipality maintains and acquires assets to provide a social service to the community, with no intention of disposing of the assets for any economic gain, and thus no residual values are determined other than for motor vehicles.

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

	<u>Years</u>	<i>Other</i>	<u>Years</u>
Infrastructure			
Roads and Paving	10-20	Buildings	30
Pedestrian Malls	30	Specialist vehicles	7-30
Electricity	20-30	Non-Specialised vehicles	5-15
Water	15-20	Plant	5-20
Sewerage	15-20	Office equipment	3-7
Housing	30	Furniture and fittings	7-10
		Watercraft	15
		Bins and containers	5-10
		Specialised plant and equipment	10-15
Community			
Buildings	30	Other items of plant and equipment	2-5
Recreational Facilities	20-30	Landfill Sites	45-50
Security	5		

11.2 Review of useful lives

The useful lives of property, plant and equipment are reviewed on an annual basis.

11.3 Review of Depreciation Method

The depreciation method is reviewed on an annual basis.

11.4 Impairment of cash and non-cash generating assets

In accordance with the initial adoption of IPSAS 21 (Impairment on Non-Cash Generating Assets) impairment is to be applied prospectively. Accordingly impairment will commence as from the 2008/09 financial year on an annual basis. IAS 36 (Impairment on Assets) applies to Cash Generating Assets.

Therefore, property, plant and equipment will be assessed at each reporting date as from the 2008/09 financial year for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance represents the excess of the carrying value over the recoverable amount of the asset.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

11.5 Non-current assets held for sale

Non-current assets and disposal groups are classified as held-for-sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition only applies when the sale is highly probable, and the asset (or disposal group) is available for immediate sale in its present condition. Assets classified as held-for-sale are measured at the lower of the asset's carrying amount, or fair value less cost to sell the asset.

12. INTANGIBLE ASSETS

An intangible asset is defined as an identifiable non-monetary asset without physical substance held for use in the production or supply of goods and services, for rentals to others, or for administrative purposes. Intangible assets have been treated in accordance with the provisions of GRAP 102, "Intangible Assets". Intangible assets are initially recorded at their cost price and subsequently amortised over their expected useful lives. The intangible assets under the control of the municipality are amortized according to the straight-line method.

The Municipality recognises computer development software costs as intangible assets, if the costs are clearly associated with an identifiable and unique system controlled by the Municipality and have a probable benefit exceeding one year. Direct costs include software development, employee costs and an appropriate portion of relevant overheads.

Direct computer software development costs recognised as assets are amortised on the straight-line basis over the useful lives of the assets, estimated at three to five years.

13. INVESTMENT PROPERTY

Investment property is properties held to earn rental income, as well as for capital appreciation, and are stated at cost less accumulated depreciation and accumulated impairment. Land is not depreciated. Investment properties are written down as a result of impairment, where considered necessary. Investment property excludes owner-occupied property that is used in the production or supply of goods and services, or for administrative purposes, or property held to provide a social service.

14. BORROWING COSTS

Borrowing costs are capitalised against qualifying assets as part of property, plant and equipment, investment property and intangible assets.

Such borrowing costs are capitalised over the period during which the asset is being acquired or constructed, and borrowings have been taken up. Capitalisation ceases when construction of the asset is complete, whereafter borrowing costs are charged to the Statement of Financial Performance. As GRAP 5 is to be implemented prospectively no restatements are required for the 2007/08 financial year.

15. INVENTORIES

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost or net realisable value. In general, the basis of determining cost is the first-in, first-out (FIFO) method. Where inventories are held for distribution or consumption at no charge or for a nominal amount, inventories are valued at the lower of cost or current replacement value.

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.

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

The cost of water purchased and not yet sold as reflected in the statement of financial position comprises the purchase price, import duties and other taxes and transport, handling and other costs attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase. The estimation of the water stock in the reservoirs is based on the measurement of water via electronic level sensors which determines the depth of water in the reservoirs, which is then converted into volumes based on the total capacity of the reservoir.

16. PROVISION FOR OBSOLETE INVENTORY

A provision is maintained in lieu of obsolete inventory. The level of the provision for obsolete inventory is the value equivalent to the value of inventory assessed as obsolete at financial year-end.

17. INVESTMENTS

Financial instruments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are stated at cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

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

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

18. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks.

19. TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially recognised at fair value, and subsequently stated at amortised cost, less provision for impairment. Bad debts are written off in the year in which they are identified as irrecoverable, subject to the approval of the Council. Amounts receivable within 12 months from the reporting date are classified as current. Interest is charged on overdue accounts.

A provision for impairment of trade receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of receivables. An estimate is made for doubtful debts based on past default experience of all outstanding amounts at year-end.

20. PROVISION FOR DOUBTFUL DEBTS

The provision is equivalent to 100% of amounts owing to the municipality older than 90 days (amounts owing by government departments have been excluded from determining the level of the provision). The provision currently amounts to R 501 470 062.

In accordance with GRAP the Provision for Doubtful Debts has been deducted from the amount outstanding by debtors at 30 June 2009.

21. TRADE PAYABLES AND OTHER

Trade payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

22. FINANCIAL INSTRUMENTS

Financial instruments are recognised when the Municipality becomes a party to the contractual provisions of the instrument, and are initially measured at fair value plus, in the case of a financial asset or liability not at fair value through the Statement of Financial Performance, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. The subsequent measurement of financial instruments is dealt with as follows:

Financial Assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred, and the Municipality has transferred substantially all risks and rewards of ownership, or when the Municipality loses control of contractual rights that comprise the assets. Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled, or when it expires.

22.1 FINANCIAL ASSETS

The Municipality classifies its financial assets according to the following categories:

- Held to maturity
- Loans and receivables

The classification depends on the purpose for which the financial asset is acquired, and is as follows:

- Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity, where the Municipality has the positive intent and ability to hold the investment to maturity. They are subsequently measured at amortised cost, using the effective interest rate method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.
- Loans and receivables are financial assets that are created by providing money, goods or services directly to a debtor. They are subsequently measured at amortised cost, using the effective interest rate method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.

An assessment is performed at each Statement of Financial Position date to determine whether objective evidence exists that a financial asset is impaired. The carrying amounts of cash investments are reduced to recognise any decline, in the value of individual investments. This reduction in carrying value is recognised in the Statement of Financial Performance.

22.2 FINANCIAL LIABILITIES

The Municipality measures all financial liabilities, including trade and other payables, at amortised cost, using the effective interest rate method. Financial liabilities include borrowings, other non-current liabilities (excluding provisions) and trade and other payables (excluding provisions). Interest-bearing external loans and bank overdrafts are recorded net of direct issue costs. Finance charges, including premiums payable, are accounted for on an accrual basis.

23. REVENUE RECOGNITION

Revenue is recognised net of indirect taxes, rebates and trade discounts, and consists primarily of property rates, grants from National and Provincial Government, service charges, rentals, interest received, and other services rendered. Revenue is recognised, provided that the benefits can be measured reliably. Revenue arising from the application of the approved tariffs, fees and charges is generally recognised when the relevant service is rendered. Revenue also includes the issuing of licences and permits.

23.1 Revenue from Exchange Transactions

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.

Revenue arising from the consumption of electricity and water in the month of June is fully accounted for whether invoiced or not.

Service charges relating to electricity and water are based on consumption. Electricity meters in industrial areas are read at the end of each month and billed the following month. Premises with high tension electricity supplies are read and billed monthly. All electricity and water meters within and outside the municipal boundary are read and billed monthly.

Revenue arising from the application of the approved tariffs, fees and charges is generally recognised when the relevant service is rendered.

Interest and rentals are recognised on a time proportion basis, which takes into account the effective yield on the investment. Interest may be transferred from the accumulated surplus to the Housing Development Fund, COID reserve, Self Insurance Reserve or the CCR.

Interest earned on the following investments is not recognized in the Statement of Financial Performance:

- Interest earned on trust funds is allocated to the fund concerned
- Interest earned on unutilized conditional grants is allocated to the creditor, if grant conditions indicate that interest is payable to the funder.

Dividends are recognised on the date that the Municipality's right to receive payment is established.

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

Revenue from the sales 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 available for use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised.

23.2 Revenue from Non-Exchange Transactions

Council applies a flat rating system. The same rate factor is applied for land and buildings. In terms of this system, assessment rates are levied on the value of land and buildings in respect of properties. Rebates are granted according to the use of the property concerned.

Fines constitute both spot fines and summonses. Revenue from spot fines is recognised when payment is received, and the revenue from the issuing of summonses is recognised when collected. Due to the various legal processes that can apply to summonses and the inadequate information received from the courts, it is not possible to measure this revenue in the invoicing period.

Donations are recognised on a cash receipt basis or at fair value where the donation is in the form of property, plant and equipment, when the risks or reward of ownership have been transferred to the Municipality.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment are available for use.

Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

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 probable.

24. LEASES

24.1 The Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Assets subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Payments made under operating leases are charged to the Statement of Financial Performance on a straight-line basis over the term of the relevant lease.

24.2 The Municipality as Lessor

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the Municipality's net investment in the lease. Finance lease or instalment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Rental Income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

25. VALUE ADDED TAX

The municipality accounts for Value Added Tax on the payments basis.

26. FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are initially accounted for at the rate of exchange ruling on the date of the transaction. Exchange differences arising on the settlement of creditors or on reporting of creditors at rates different from those at which they were initially recorded are expensed.

27. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted for, 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 and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

28. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's or Municipal Entities' supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of

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

29. 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. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

MANDELA BAY DEVELOPMENT AGENCY INCORPORATED ASSOCIATION NOT FOR GAIN

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

(Registration Number: 2003/017900/08)

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**MANDELA BAY DEVELOPMENT AGENCY INCORPORATED ASSOCIATION NOT FOR GAIN
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009
DIRECTORS' REPORT**

The directors have pleasure in submitting their report for the Agency, which forms part of the audited financial statements of the Incorporated Association not for gain for the year ended 30 June 2009.

Establishment

The Nelson Mandela Bay Municipality (NMBM), with the assistance of the Industrial Development Corporation (IDC) established the Mandela Bay Development Agency (MBDA) to project manage urban regeneration of the inner metro precinct with a view to promoting economic and tourism development. The geographical area for which the MBDA is responsible for includes *inter alia*, the Central Business District (CBD), Central Hill, the existing harbour, Lower Baakens River Valley and surrounding areas.

In December 2007 the NMBM council resolved that the MBDA's mandate be extended to include the renewal and revitalisation of business nodes within the entire Nelson Mandela Bay area with a focus on emerging areas such as Uitenhage.

General review

The Agency has received conditional grants during the year under review from the NMBM and IDC for urban regeneration projects, operational expenses and property, plant and equipment in terms of the budget submitted to them.

Legislation

The Agency complied with all the relevant sections of the Companies Act, 61 of 1973 and the Municipal Finance Management Act, 56 of 2003.

Financial results

The financial results are set out in the attached annual financial statements.

Key activities

Existing Projects

During the year under review the Agency completed the Govan Mbeki Avenue Environmental Upgrade (Phase 1), and Parliament Street Environmental Upgrade projects.

New Projects

During the year under review, construction on the Govan Mbeki Avenue Environmental Upgrade (Phase 2) continued and this project entailed the semi-pedestrianisation of the precinct, as well as paving walkways, planting trees and installing street furniture and steel structures. Design planning for the Strand Street Environmental Upgrade and Donkin Reserve Project also commenced during this year, with construction planned to commence in 2009/10.

Future Projects

The construction for the Environmental Upgrade of Strand Street and Donkin Reserve projects are planned to commence in the new financial period.

Directors and Secretary

The non-executive directors of the company are:

Sakumzi Justice Macozoma (Chairperson)
Phillip Hugo Gutsche (Deputy Chairperson)
Mninawe Pepi Silinga
Daniel Alexander Jordaan
Lulama Monica Prince
Wilhela Magda Gie
Hannah Sadiki
Alfred Da Costa
Renganayagee Kisten

The company secretary is Ashwin Badra Daya whose business and postal addresses are:

Postal Address:

Mandela Bay Development Agency
P.O. Box 74
Port Elizabeth
6000

Business Address:

7th Floor
Kwantu Towers
Vuyisile Mini Square (Market Square)
Govan Mbeki Avenue
Port Elizabeth
6001

MANDELA BAY DEVELOPMENT AGENCY INCORPORATED ASSOCIATION NOT FOR GAIN

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2009

	Notes	2009 R	2008 R
NET ASSETS AND LIABILITIES			
NET ASSETS			
Grants & Public Contributions Reserves		658 941	606 435
		658 941	606 435
LIABILITIES			
Non Current Liabilities			
Construction Contract Retention Creditors	2	1 516 554	896 759
Current Liabilities			
Trade and Other Payables	3	86 637 580	80 114 068
Provisions	4	8 265 676	8 113 927
Unspent Conditional Grants	5	209 497	198 176
Short term portion of Construction Contract Retention Creditors	2	77 699 501	71 328 829
		462 906	473 136
TOTAL NET ASSETS AND LIABILITIES		88 813 075	81 617 262
ASSETS			
Non-current Assets			
Property, Plant & Equipment	6	658 941	606 435
		658 941	606 435
Current Assets			
Construction (Work in Progress)	7	88 154 134	81 010 827
Trade and Other Receivables	8	35 596 312	42 954 557
Deposits	9	6 510 012	14 101 941
Cash and Cash Equivalents	10	6 605	5 605
		46 041 205	23 948 724
TOTAL ASSETS		88 813 075	81 617 262

MANDELA BAY DEVELOPMENT AGENCY INCORPORATED ASSOCIATION NOT FOR GAIN
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

		ACTUAL	ACTUAL
	NOTES	2009 R	2008 R
REVENUE	11	15 992 200	14 625 449
IDC Grants		1 063 982	1 436 019
NMBM Conditional Grants & Receipts		11 726 233	11 004 462
Interest Received - external investments		3 201 985	2 184 968
OTHER INCOME			
Other Income	12	323 770	108 428
TOTAL REVENUE		16 315 970	14 733 877
EXPENDITURE		16 263 464	14 785 931
Advertising & Media		171 579	318 998
Audit Fees		239 368	105 200
Bank Charges		6 839	3 097
Cleaning, Safety & Security		12 817	6 164
Computer Expenses		32 336	19 896
Consumables		3 115	1 600
Course Fees, Education & Training		44 544	29 038
Depreciation		137 791	113 625
Donations & Social Responsibility		16 500	24 145
Electricity, Water & Rates		51 002	67 452
Employee Related Costs	13	4 579 131	3 764 705
Entertainment		80 269	79 073
Equipment Lease & Rentals		14 205	14 625
Insurance		45 416	42 802
Interest & Penalties	14	2 425	576
IT Support Costs		84 456	76 848
Legal Fees		271 943	210 885
Loss on disposal of non current asset		-	1 494
Meeting Expenses		91 963	44 563
Office Decor & Fittings		11 611	12 403
Postage & Courier		7 801	5 971
Printing & Stationery		50 095	22 033
Professional & Consultant Fees		525 656	198 912
Public Relations & Marketing		722 836	710 227
Recruitment Costs		6 892	6 733
Refreshments		11 532	8 651
Rentals		381 062	385 670
Repairs & Maintenance		9 764	6 259
Small Assets		31 632	3 647
Subscriptions		40 031	21 403
Sundry Expenses		4 226	7 107
Telephone & Fax		124 131	101 176
Travel & Accommodation		373 758	314 099
Strategic Spatial Implementation Framework		2 260 550	1 436 019
Cleansing Plan Project		2 465 445	1 541 290
Security Plan Project		3 194 218	5 054 569
Narrow Gauge Feasibility Study		-	24 976
CBD Facilities		156 525	-
NET SURPLUS/(DEFICIT) FOR THE YEAR		52 506	(52 054)

MANDELA BAY DEVELOPMENT AGENCY INCORPORATED ASSOCIATION NOT FOR GAIN

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2009

	R	R	R
	Grants & Public Contributions Reserve	Accumulated Surplus	Total Net Assets
Balance at 1 July 2007	658 489	-	658 489
Net Deficit for the year	-	(52 054)	(52 054)
Add back depreciation	(113 625)	113 625	-
Grants used to purchase PPE	73 217	(73 217)	-
Asset disposal	(11 646)	11 646	-
Balance at 1 July 2008	606 435	-	606 435
Net Surplus for the year	-	52 506	52 506
Add back depreciation	(137 791)	137 791	-
Grants used to purchase PPE	190 297	(190 297)	-
Balance at 30 June 2009	658 941	-	658 941

MANDELA BAY DEVELOPMENT AGENCY INCORPORATED ASSOCIATION NOT FOR GAIN

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 R	2008 R
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>			
Cash receipts from government and others		79 824 474	36 442 352
Cash paid to suppliers and employees		(60 741 256)	(34 291 047)
<i>Cash generated from operations</i>	15	<u>19 083 218</u>	<u>2 151 305</u>
Interest received		3 201 985	2 184 968
Interest paid		(2 425)	(576)
NET CASH UTILISED FROM OPERATING ACTIVITIES		<u><u>22 282 778</u></u>	<u><u>4 335 697</u></u>
<u>CASH FROM INVESTING ACTIVITIES</u>			
Purchase of property, plant and equipment		(190 297)	(73 217)
Proceeds on disposal of property, plant and equipment		-	10 152
NET CASH UTILISED FROM INVESTING ACTIVITIES		<u>(190 297)</u>	<u>(63 065)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	16	<u><u>22 092 481</u></u>	<u><u>4 272 632</u></u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		23 948 724	19 676 092
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		<u><u>46 041 205</u></u>	<u><u>23 948 724</u></u>

MANDELA BAY DEVELOPMENT AGENCY INCORPORATED ASSOCIATION NOT FOR GAIN

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1.1 REPORTING ENTITY

Mandela Bay Development Agency (MBDA) is a municipal entity (registered section 21 company) with the Nelson Mandela Bay Municipality (NMBM) as its parent municipality. The MBDA's registered address is The City Hall, Port Elizabeth. The MBDA is situated in the Nelson Mandela Bay Municipality of the Eastern Cape Province. The Agency has been established by the NMBM with the assistance of the Industrial Development Corporation (IDC) to project manage urban regeneration of the inner metro precinct with a view to promoting economic and tourism development.

1.2 BASIS FOR PRESENTATION

1.2.1 Statement of Compliance

The annual financial statements have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (GAAP) including any interpretations of such Statements issued by the Accounting Practices Board, with the effective Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Practices Board replacing the equivalent GAAP Statement as follows:

Standard of GRAP
GRAP 1: Presentation of financial statements
GRAP 2: Cash flow statements
GRAP 3: Accounting policies, changes in accounting estimates and errors
GRAP 4 The Effects of Changes in Exchange Rates
GRAP 5 Borrowing Costs
GRAP 6 Consolidated and Separate Financial Statements
GRAP 7 Investments in Associates
GRAP 8 Investments in Joint Ventures
GRAP 9 Revenue from Exchange Transactions
GRAP 10 Financial Reporting in Hyperinflationary Economies
GRAP 11 Construction Contracts
GRAP 12 Inventories
GRAP 13 Leases
GRAP 14 Events After the Reporting Date
GRAP 16 Investment Property
GRAP 17 Property, Plant and Equipment
GRAP 19 Provisions, Contingent Liabilities Assets
GRAP 100 Non – current Assets Held for Sales and Discontinued Operations
GRAP 101 Agriculture

Currently the recognition and measurement principles in the above GRAP and GAAP Statements do not differ or result in material differences in items presented and disclosed in the financial statements.

GRAPs 6, 7 and 8 have been complied with, to the extent that the requirements in these standards relate to the Agency's separate financial statements.

The Minister has determined that the effective date for the above standards of GRAP shall be

- December 2005 for GRAP 1, 2 and 3
- May 2008 for all the other GRAP statements

Directives issued and effective

Reference	Topic
Directive 1	Repeal of Existing Transitional Provisions in, and Consequential Amendments to, Standards of GRAP.
Directive 2	Transitional Provisions for the adoption of Standards of GRAP by Public Entities and Constitutional institutions
Directive 3	Transitional Provisions for the adoption of Standards of GRAP by High Capacity Municipalities
Directive 4	Transitional Provisions for the adoption of Standards of GRAP by Medium and Low Municipalities
Directive 5	Determining the GRAP Reporting Framework

Effective accrual based IPSASs considering the provisions in paragraph .15 to .19 of Directive 5

Reference	Topic
IPSAS 20	Related Party Disclosures
IPSAS 21	Impairment of Non Cash-Generating Assets

MANDELA BAY DEVELOPMENT AGENCY INCORPORATED ASSOCIATION NOT FOR GAIN

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (continued)

Effective IFRSs and IFRICs that are applied considering the provisions in paragraph.20 to .26 of Directive 5

Reference	Topic
IFRS 3 (AC 140)	Business Combinations
IFRS 4 (AC 141)	Insurance contracts
IFRS 6 (AC 143)	Exploration for and Evaluation of Mineral Resources
IAS 7 (AC 144)	Financial Instruments: Disclosures
IAS 12 (AC 102)	Income Tax
IAS 19 (AC 116)	Employee Benefits
IAS 32 (AC 125)	Financial Instruments: Presentation
IAS 36 (AC 128)	Impairment of Assets
IAS 39 (AC 133)	Financial Instruments: Recognition and Measurement
SIC - 21 (AC 421)	Income Taxes - Recovery of Revalued Non-Depreciable Assets
SIC - 25 (AC 425)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
SIC - 29 (AC 429)	Service Concession Arrangements - Disclosures
IFRIC 2 (AC 435)	Members' shares in Co-operative Entities and Similar Instruments
IFRIC 4 (AC 437)	Determining whether an Arrangement contains a Lease
IFRIC 9 (AC 422)	Reassessment of Embedded Derivatives
IFRIC 12 (AC 445)	Service Concession Arrangements
IFRIC 13 (AC 446)	Customer Loyalty Programmes
IFRIC 14 (AC 447)	IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

1.2.1.2 The cash flow statement is prepared in accordance with the direct method

1.2.1.3 Specific information is presented separately on the statement of financial position such as:

- a) Receivables from non-exchange transactions including transfers
- b) Trade and Other Payables from non-exchange transactions

1.2.1.4 The amount and nature of any restrictions on cash balances, where applicable, is disclosed

Adoption of these revised standards and interpretations did not have any effect on the financial performance or position of the Agency. They did however give rise to additional disclosures, including in some cases, revisions to accounting policies.

1.2.2 Basis of measurement

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention and/or fair value.

1.2.3 Use of Estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:
Note 4 – provisions

Performance bonus provisions are based on employment contract stipulations as well as previous performance bonus payment trends.

The estimated useful lives of all property, plant and equipment were revised as part of the annual assessment process.

1.3 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

1.4 GOING CONCERN ASSUMPTION

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

1.5 PROPERTY, PLANT AND EQUIPMENT

- 1.5.1 Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Items of property, plant and equipment are depreciated using the straight line basis at rates that will reduce the book values to estimated residual value over the anticipated useful lives of the assets concerned. The principal annual rates used for this purpose are:

Assets	Useful life in Years
- Computer Equipment	4 - 8
- Computer Software	2
- Office Equipment	5 - 10
- Furniture and Fittings	10
- Motor Vehicles	4 - 5
- Leasehold Assets	3

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Small assets are written off in full in the year they are acquired. Surpluses or deficits on the disposal of assets are credited or charged to income. The surplus or deficit is the difference between the net disposal proceeds and the carrying amount of the asset.

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

1.5.2 Impairment of non-financial assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

1.6 CONSTRUCTION (Work in Progress)

The Agency received grant funding from its parent municipality to undertake certain infrastructure development projects (refer to notes 1.11 & 1.12). It accounts for costs incurred on construction contracts (work in progress) to the extent of the percentage of the completion of the contract which construction is certified as being complete by the consulting engineer.

1.7 CONSTRUCTION CONTRACT RETENTION CREDITORS

Construction contract retention creditors are reflected as short term creditors where the amount is due within 12 months from the reporting date, and as long term creditors where the amount payable is due later than 12 months from reporting date (also see notes 1.11 and 1.12).

1.8 FINANCIAL INSTRUMENTS

1.8.1 Investments and other financial assets

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Agency determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

MANDELA BAY DEVELOPMENT AGENCY INCORPORATED ASSOCIATION NOT FOR GAIN
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (continued)

1.8.2 Cash and Cash Equivalents

Cash and cash equivalents are measured at fair value.

Cash in the balance sheet comprises cash at bank and on hand and short-term deposits with an original maturity of three months or less. For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

1.8.3 Impairment of Financial Assets

The company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

1.8.4 Assets carried at amortised cost

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in profit or loss.

In relation to trade receivables, a provision for impairment is made when there is objective evidence that the Agency will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

1.8.5 Available-for-sale financial investments

If an available-for-sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognised in profit or loss. Reversals of impairment losses on debt instruments are reversed through profit or loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

1.8.6 Derecognition of financial assets and liabilities

1.8.6.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

The rights to receive cash flows from the asset have expired;

the Agency retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or

the Agency has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

1.8.6.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

1.9 CASH AND CASH EQUIVALENTS

Cash includes cash on hand and with banks. Cash equivalents are short-term, liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purpose of the Cash Flow Statement, cash and cash equivalents comprise of cash on hand and deposits held on call accounts with banks.

1.10 PROVISIONS

A provision is recognised when the Agency has a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation

The amount recognised as a provision shall be the estimate of the expenditure required to settle the present obligation at the balance sheet date.

MANDELA BAY DEVELOPMENT AGENCY INCORPORATED ASSOCIATION NOT FOR GAIN
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (continued)

1.10.1 Performance Bonus

Where performance appraisals have not yet been performed at year-end, a performance bonus provision is made based on the employment contract stipulations as well as previous performance bonus payment trends.

1.11 REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and other taxes or duties. The following specific recognition criteria must be met before revenue is recognised:

1.11.1 Grants and Public Contributions

Revenue from grants and 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 grants and public contributions have been received but the Agency has not met the condition, a liability is recognised.

1.11.2 Interest

Interest is recognized on a time proportion basis which takes into account the effective yield on the asset over the period it is expected to yield

1.12 CONDITIONAL GRANTS

Revenue received from conditional grants and public contributions are recognised as revenue to the extent that the Agency 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. There are no further restrictions attached to these grants and public contributions.

1.13 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

1.13.1 Interest Rate Risk

The Agency has no interest rate risk in terms of liabilities. But interest rate change may have an effect on cash reserves

1.13.2 Credit risk management

The Agency has no exposure to credit risk management, as it has no interest bearing borrowings.

1.13.3 Liquidity risk

The Agency has no present liquidity risk due to large cash reserves.

1.13.4 Foreign currency risk

The agency is not exposed to foreign currency risk as all trading is done locally.

1.13.5 Capital management

The primary objective of the Agency's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

1.14 VALUE ADDED TAX

The Agency accounts for Value Added Tax on the invoice basis.

1.15 RESERVES

Grants and Public Contributions Reserve

When items of property, plant and equipment are financed from grants and public contributions, a transfer is made from the accumulated surplus/(deficit) to the Grants and Public Contributions Reserve equal to the grants 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 Grants 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 Grants and Public Contributions is disposed, the balance in the Grants and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/(deficit).

1.16 UNSPENT CONDITIONAL GRANTS

Unutilised grants are reflected on the Statement of Financial Position as a Current Liability – Unspent Conditional Grants. They represent unspent conditional grants and public sector contributions. The cash received is invested until it is utilised.

1.17 COMPARATIVE INFORMATION

1.17.1 *Current year comparatives :*

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

1.17.2 *Prior year comparatives :*

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

1.18 TAXATION

The Agency has applied and received a tax exemption certificate from South African Revenue Services.

1.19 LEASES

Operating lease payments are charged to the income statement in line with the terms of the underlying lease agreement.

1.20 RETIREMENT BENEFITS

The policy of the company is to provide retirement benefits for all its employees. The company has a defined contribution plan. Current contributions to the retirement benefit plan operated for employees are charged against the income in the period to which they relate.

MANDELA BAY DEVELOPMENT AGENCY INCORPORATED ASSOCIATION NOT FOR GAIN

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (continued)

	2009 R	2008 R
2 CONSTRUCTION CONTRACT RETENTION CREDITORS		
Rand Civils - GMA 1	194 150	718 456
Rand Civils - GMA 2	1 516 554	386 257
Rand Civils - Parliament Street	268 756	201 548
Trenchless Technologies	-	63 634
	<u>1 979 460</u>	<u>1 369 895</u>
Less: Short term portion transferred to Current Liabilities	(462 906)	(473 136)
	<u>1 516 554</u>	<u>896 759</u>

3 TRADE AND OTHER PAYABLES

Trade Creditors	6 370 484	6 051 361
PAYE	68 885	59 839
UIF	2 964	2 440
Audit fees	80 000	31 000
Staff leave	122 317	52 756
Legal fees	10 446	27 000
13th Cheque	41 186	67 862
VAT	-	876 142
Sundry Creditors	1 569 394	945 527
	<u>8 265 676</u>	<u>8 113 927</u>

4 PROVISIONS

Performance bonuses

Balance at beginning of year	198 176	168 645
Contributions to Provisions	209 497	198 176
Adjustment for underprovision	(11 537)	-
Expenditure incurred	(186 639)	(168 645)
Balance at end of year	<u>209 497</u>	<u>198 176</u>

Narrow Gauge Contract

Balance at beginning of year	-	150 007
Contributions to Provisions	-	-
Expenditure incurred	-	(150 007)
Balance at end of year	<u>-</u>	<u>-</u>
	<u>209 497</u>	<u>198 176</u>

NOTE:

The Narrow Gauge contract provision is based on estimated percentage of work completed at financial year end which formed the basis of the provision calculation.

5 DEFERRED INCOME

IDC

Opening Balance
 Amount Received
 Recognised as Income

77 699 501

71 328 829

	-	1 063 981
Opening Balance	1 063 981	-
Amount Received	-	2 500 000
Recognised as Income	(1 063 981)	(1 436 019)
	77 699 501	70 264 848
NMBM		
Opening Balance	70 264 848	38 310 431
Grants for the year	71 908 775	42 958 884
CAPITAL ASSETS TRANSFERRED TO NMBM	(52 747 888)	-
Less: Amount Recognised as income during the year	(11 726 234)	(11 004 467)
Interest Received	3 201 985	2 184 968
Expenditure on PPE	(190 297)	(73 216)
Depreciation	137 791	113 625
Sundry Income	323 770	108 428
Operating expenses	(15 199 483)	(13 338 272)

(Refer to Note 1.11.1)

6 PROPERTY, PLANT AND EQUIPMENT

2009
R

	Cost			Closing Balance	Accumulated Depreciation			Carrying Value
	Opening Balance	Additions	Disposal		Opening Balance	Depreciation	Disposal	
Computer Equipment	423 767	22 793	-	446 560	170 636	63 139	-	212 785
Computer Software	38 504	-	-	38 504	26 427	3 899	-	8 178
Office Equipment	47 491	8 391	-	55 882	13 396	6 882	-	35 604
Furniture & Fittings	384 276	39 113	-	423 389	96 697	34 416	-	292 276
Motor Vehicles	16 053	120 000	-	136 053	7 402	19 811	-	108 840
Leasehold Assets	17 192	-	-	17 192	6 290	9 644	-	1 258
	927 283	190 297	-	1 117 580	320 848	137 791	-	658 941

2008
R

	Cost			Closing Balance	Accumulated Depreciation			Carrying Value
	Opening Balance	Additions	Disposal		Opening Balance	Depreciation	Disposal	
Computer Equipment	392 297	43 810	(12 340)	423 767	107 732	63 598	(694)	253 131
Computer Software	40 524	-	(2 020)	38 504	24 547	3 900	(2 020)	12 077
Office Equipment	41 747	5 744	-	47 491	7 536	5 860	-	34 095
Furniture & Fittings	360 613	23 663	-	384 276	64 869	31 828	-	287 579
Motor Vehicles	16 053	-	-	16 053	3 995	3 407	-	8 651
Leasehold Assets	17 192	-	-	17 192	1 258	5 032	-	10 902
	868 426	73 217	(14 360)	927 283	209 937	113 625	(2 714)	606 435

NOTE

No item of Property, Plant and Equipment has been pledged as security for liabilities.

7 CONSTRUCTION (Work in Progress)

2009
R

2008
R

Infrastructure - GMA 1 Upgrade

Balance at beginning of year	28 922 541	14 491 378
Additions	2 985 508	14 431 163
Balance at end of year	<u>31 908 049</u>	<u>28 922 541</u>

Infrastructure - GMA 2 Upgrade

Balance at beginning of year	7 224 117	-
Additions	23 343 188	7 224 117
Balance at end of year	<u>30 567 305</u>	<u>7 224 117</u>

Infrastructure - GMA 1 Sewer Rehabilitation

Balance at beginning of year	2 790 544	2 755 606
Additions	-	34 938
Closing Balance	<u>2 790 544</u>	<u>2 790 544</u>

Infrastructure - Parliament Street Upgrade

Balance at beginning of year	4 017 355	-
Additions	14 031 940	4 017 355
Balance at end of year	<u>18 049 295</u>	<u>4 017 355</u>

Design - Donkin Reserve Project

Balance at beginning of year	-	-
Additions	1 920 741	-
Balance at end of year	<u>1 920 741</u>	<u>-</u>

Design - Strand Street Project

Balance at beginning of year	-	-
Additions	3 108 266	-
Balance at end of year	<u>3 108 266</u>	<u>-</u>

Total Project Cost before Transfer

	<u>88 344 200</u>	<u>42 954 557</u>
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Less: Completed and Transferred Assets

Infrastructure - GMA 1 Upgrade	52 747 888	-
Infrastructure - GMA 1 Upgrade	31 908 049	-
Infrastructure - Sewer Rehabilitation	2 790 544	-
Infrastructure - Parliament Street Upgrade	18 049 295	-

Total Project Cost After Transfer

	<u>35 596 312</u>	<u>42 954 557</u>
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MANDELA BAY DEVELOPMENT AGENCY INCORPORATED ASSOCIATION NOT FOR GAIN

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (continued)

	2009 R	2008 R
8 TRADE AND OTHER RECEIVABLES		
Trade Debtors	6 248 463	14 040 055
Sundry Debtors	153 698	61 886
VAT	107 851	-
	<u>6 510 012</u>	<u>14 101 941</u>
9 DEPOSITS		
Telkom	2 100	2 100
Portnet Rental	2 000	2 000
Africorp Parking Bay and Remote Controls	1 400	1 400
Salaries' Savings Account	105	105
F M Adekunle Stores	1 000	-
	<u>6 605</u>	<u>5 605</u>
10 CASH AND CASH EQUIVALENTS		
<i>The Agency has the following bank accounts</i>		
<u>Current Account (Primary Account)</u>		
Standard Bank of SA Limited, Rink Street, Port Elizabeth Account Number - 080308503		
Cashbook balance at beginning of year	71 266	100 469
Cashbook balance at end of the year	<u>491 274</u>	<u>71 266</u>
Bank statement balance at beginning of the year	71 266	100 469
Bank statement balance at end of the year	<u>491 274</u>	<u>71 266</u>
Savings Account		
Standard Bank of SA Limited, Rink Street, Port Elizabeth Account Number - 38368193000		
Cashbook balance	191	126
Bank statement balance	<u>191</u>	<u>126</u>
Short Term Investments		
Standard Bank of SA Limited, Rink Street, Port Elizabeth Account Number - 08846132		
<i>Call Account Deposits</i>		
Cashbook balance at beginning of year	23 877 332	19 575 522
Cashbook balance at end of the year	<u>45 549 740</u>	<u>23 877 332</u>
Bank statement balance at beginning of the year	23 877 332	19 575 522
Bank statement balance at end of the year	<u>45 549 740</u>	<u>23 877 332</u>
<i>Which are disclosed in the Statement of Financial Position as follows:-</i>		
Cash and cash equivalents	46 041 205	23 948 724
Current Account (Primary Account)	491 274	71 266
Savings Account	191	126
Call Account Deposits	45 549 740	23 877 332
NOTE:		
<i>All amounts of Cash and Cash Equivalents are available for use by the Agency.</i>		
11 REVENUE		
IDC Grant	1 063 982	1 436 019
NMBM Conditional Grants & Receipts	11 726 233	11 004 462
Interest Received - external investments	3 201 985	2 184 968
	<u>15 992 200</u>	<u>14 625 449</u>

MANDELA BAY DEVELOPMENT AGENCY INCORPORATED ASSOCIATION NOT FOR GAIN

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (continued)

	2009 R	2008 R
12 OTHER INCOME		
Request for Proposal Deposits	115 181	96 596
Sundry income	208 589	11 832
	<u>323 770</u>	<u>108 428</u>
13 EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and Wages	3 492 500	2 912 584
Employee related costs - Social Contributions	769 114	546 945
Car allowances	108 000	107 000
Performance bonus provision	209 517	198 176
Total Employee Related Costs	<u>4 579 131</u>	<u>3 764 705</u>
Remuneration of the Chief Executive Officer		
Annual Remuneration including social contributions	954 190	854 733
Car allowance	60 000	60 000
Performance bonus provision	107 160	119 598
Total	<u>1 121 350</u>	<u>1 034 331</u>
Remuneration of Chief Financial Officer		
Annual Remuneration including social contributions	547 100	480 668
Car allowance	24 000	24 000
Performance bonus provision	59 584	65 912
Total	<u>630 684</u>	<u>570 580</u>
Remuneration of Planning and Development Manager		
Annual Remuneration including social contributions	420 125	222 575
Car allowance	24 000	23 000
Performance bonus provision	26 887	12 666
Total	<u>471 012</u>	<u>258 241</u>
Remuneration Operations Manager		
Annual Remuneration including social contributions	301 749	-
Car allowance	-	-
Performance bonus provision	15 886	-
Total	<u>317 635</u>	<u>-</u>
14 INTEREST AND PENALTIES		
Interest on overdraft	-	576
Penalty Paid on late payment of VAT	2 425	-
	<u>2 425</u>	<u>576</u>
15 CASH (UTILISED IN)/GENERATED FROM OPERATIONS		
Net surplus/(deficit) for the year	52 506	(52 054)
Depreciation	137 791	113 625
Investment Income	(3 201 985)	(2 184 968)
Interest Paid	2 425	576
Loss on sale of Property Plant and Equipment	-	1 494
Operating loss before working capital changes:	<u>(3 009 263)</u>	<u>(2 121 327)</u>
(Decrease)/Increase in Trade and other Payables	151 749	5 544 156
Increase in provisions	11 321	(120 476)
Increase in deferred income	6 370 672	33 018 398
Increase in construction contract retention creditors	609 565	673 997
Increase in construction (work in progress)	7 358 245	(25 707 573)
(Increase)/decrease in Trade and other Receivables	7 591 929	(9 135 870)
Increase in deposits paid	(1 000)	-
Cash generated from operations	<u>19 083 218</u>	<u>2 151 305</u>

MANDELA BAY DEVELOPMENT AGENCY INCORPORATED ASSOCIATION NOT FOR GAIN

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (continued)

	2009 R	2008 R
16 MOVEMENT IN CASH AND CASH EQUIVALENTS		
Balance at the end of the year	46 041 205	23 948 724
Balance at the beginning of the year	23 948 724	19 676 092
<i>Net increase in cash and cash equivalents</i>	<u>22 092 481</u>	<u>4 272 632</u>

17 ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT

17.1 Audit fees

Opening balance	31 000	23 000
Current year audit fee	80 000	105 200
Amount paid - current year	(169 173)	(74 200)
Amount paid - previous year	(21 194)	(23 000)
Adjustment of provision	159 367	-
Balance unpaid	<u>80 000</u>	<u>31 000</u>

17.2 PAYE and UIF

Opening balance	62 279	58 473
Current year payroll deductions	926 545	798 340
Amount paid - current year	(854 696)	(736 061)
Amount paid - previous year	(62 279)	(58 473)
Balance unpaid	<u>71 849</u>	<u>62 279</u>

17.3 Performance Bonuses

Opening balance	198 176	168 645
Amount paid	(186 639)	(168 645)
Provisions for the year	209 497	198 176
Adjustment of provision	(11 537)	-
Balance unpaid	<u>221 034</u>	<u>198 176</u>

17.4 VALUE ADDED TAX

As at 30 JUNE 2009 all VAT returns have been submitted timeously to the South African Revenue Services.

18 RELATED PARTIES

18.1 Relations

Parent Municipality	Nelson Mandela Bay Municipality
Funder	Industrial Development Corporation

18.2 Related party balances

Amounts included in Trade and Other Receivables (Trade and Other Payables) regarding related parties

Nelson Mandela Bay Municipality	6 214 632	14 040 055
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These balances have no fixed terms and conditions.

18.3 KEY MANAGEMENT PERSONNEL

The following are persons having authority and responsibility for planning, directing and controlling the activities of the municipal entity, directly or indirectly including any director of MBDA:

Chief Executive Officer: Pierre Voges
 Chief Financial Officer: Ashwin Badra Daya
 Planning and Development Manager: Dorelle Giuliana Esilda Sapere
 Operations Manager: Mcebisi Ncalu

Their short term employee benefits are disclosed in note 13.

MANDELA BAY DEVELOPMENT AGENCY INCORPORATED ASSOCIATION NOT FOR GAIN

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (continued)

	2009	2008
	R	R

19 CONTINGENT LIABILITY

The Agency is being sued by Ms Xoliswa Hudson for the loss of income to the value of R156 481. She alleges that her business in Govan Mbeki Avenue lost clientele as a result of offensive odours that escaped from the sewer pipes and manholes that were exposed during the upgrade of the street. Based on the evidence at hand the Agency is confident that it can defend the claim and has instructed its attorneys to notify the defendant of its intention to defend.

20 CONTINGENT ASSETS

We are not aware of the existence of any contingent assets at the financial year end.

21 IN-KIND DONATIONS

No in-kind donations and/or assistance was received during the financial year that would require adjustments to the annual financial statements.

22 POST BALANCE SHEET EVENTS

We are not aware of the occurrence of any events post balance sheet date that would require adjustments to the annual financial statements

23 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

Balance at beginning of year	3 743	47
Fruitless and wasteful expenditure	2 425	3 696
Balance at end of year	<u>6 168</u>	<u>3 743</u>

23.1 Interest and Penalties

Interest paid on bank account	-	576
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23.2 Unauthorised use of Cellphone

Theft of cellphone by an employee, resulting in disciplinary action and subsequent dismissal.	-	3 120
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23.3 VAT Penalty

Penalty on late payment of VAT	2 425	-
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24 OPERATING LEASES

The following are the total minimum future lease payments

	0 - 1 year	1 - 5 years	more than 5 years
Office accommodation rental	74 318	-	-
Warehouse rental	5 505	-	-
Office plants rental	17 040	11 360	-
Public toilets rental	26 450	9 040	-

NOTE:

The Agency is the lessee.

25 RESTATEMENT OF ERRORS

During 2008, the entity discovered that revenue recognised in the Statement of Financial Performance which is transferred from Deferred Income was incorrect due to the following:

Interest received during 2007 and prior periods were incorrectly omitted in calculating the revenue to be transferred from Deferred Income in 2007 and prior periods and were only included during 2008.

The operating lease for the office premises which has a fixed escalation of 10% per year has not been straight-lined as required by IAS 17.

MANDELA BAY DEVELOPMENT AGENCY INCORPORATED ASSOCIATION NOT FOR GAIN

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (continued)

	2009 R	2008 R
Statement of Financial Performance (Extract)		
<i>Prior to restatement</i>		
Revenue		
Conditional Grants & Receipts	-	9 764 580
Total Revenue	<u>-</u>	<u>13 493 995</u>
Rentals expenditure	-	432 281
Total Expenditure	<u>-</u>	<u>14 832 542</u>
Net (Deficit)/Surplus for the year	<u>-</u>	<u>(1 338 547)</u>
<i>After restatement</i>		
Revenue		
Conditional Grants & Receipts	-	11 004 462
Total Revenue	<u>-</u>	<u>14 733 877</u>
Rentals expenditure	-	385 670
Total Expenditure	<u>-</u>	<u>14 785 931</u>
Net (Deficit)/Surplus for the year	<u>-</u>	<u>(52 054)</u>
Statement of Changes in Net Assets (Extract)		
<i>Prior to restatement</i>		
Accumulated surplus at beginning of year	-	1 286 492
Net (Deficit)/Surplus for the year	-	(1 338 547)
Accumulated Surplus at year end	<u>-</u>	<u>-</u>
<i>After restatement</i>		
Accumulated Surplus at beginning of year	-	-
Correction of error	-	-
Restated balance at 1 July 2007	-	-
Net (Deficit)/Surplus for the year	-	(52 054)
Accumulated Surplus at year end	<u>-</u>	<u>-</u>
Statement of Financial Position (Extract)		
<i>Prior to restatements</i>		
Trade & other payables	-	8 041 272
Deferred income	-	71 401 484
<i>After restatement</i>		
Trade & other payables	-	8 113 925
Deferred income	-	71 328 829

APPENDIX A

MANDELA BAY DEVELOPMENT AGENCY INCORPORATED ASSOCIATION NOT FOR GAIN

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2009

2009
R

	Cost			Accumulated Depreciation				Carrying Value	
	Opening Balance	Additions	Disposal	Closing Balance	Opening Balance	Depreciation	Disposal		Closing Balance
Computer Equipment	423 767	22 793	-	446 560	170 636	63 139	-	233 775	212 785
Computer Software	38 504	-	-	38 504	26 427	3 899	-	30 326	8 178
Office Equipment	47 491	8 391	-	55 882	13 396	6 882	-	20 278	35 604
Furniture & Fittings	384 276	39 113	-	423 389	96 697	34 416	-	131 113	292 276
Motor Vehicles	16 053	120 000	-	136 053	7 402	19 811	-	27 213	108 840
Leasehold Assets	17 192	-	-	17 192	6 290	9 644	-	15 934	1 258
	927 283	190 297	-	1 117 580	320 848	137 791	-	458 639	658 941

2008
R

	Cost			Accumulated Depreciation				Carrying Value	
	Opening Balance	Additions	Disposal	Closing Balance	Opening Balance	Depreciation	Disposal		Closing Balance
Computer Equipment	392 297	43 810	(12 340)	423 767	107 732	63 598	(694)	170 636	253 131
Computer Software	40 524	-	(2 020)	38 504	24 547	3 900	(2 020)	26 427	12 077
Office Equipment	41 747	5 744	-	47 491	7 536	5 860	-	13 396	34 095
Furniture & Fittings	360 613	23 663	-	384 276	64 869	31 828	-	96 697	287 579
Motor Vehicles	16 053	-	-	16 053	3 995	3 407	-	7 402	8 651
Leasehold Assets	17 192	-	-	17 192	1 258	5 032	-	6 290	10 902
	868 426	73 217	(14 360)	927 283	209 937	113 625	(2 714)	320 848	606 435

APPENDIX B
MANDELA BAY DEVELOPMENT AGENCY INCORPORATED ASSOCIATION NOT FOR GAIN
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2009

	<u>2009</u> ACTUAL	<u>2009</u> BUDGET	<u>2009</u> VARIANCE	<u>2009</u> VARIANCE
	R	R	R	%
REVENUE	16 315 970	22 480 061	(6 164 091)	(27.42)
EXPENDITURE				
Advertising & Media	171 579	480 000	308 421	64.25
Audit Fees	239 368	265 000	25 632	9.67
Bank Charges	6 839	10 800	3 961	36.68
Cleaning & Safety	12 817	21 507	8 690	40.41
Computer Expenses	32 336	52 500	20 164	38.41
Consumables	3 115	4 240	1 125	26.53
Course Fees Education & Training	44 544	59 400	14 856	25.01
Depreciation	137 791	159 464	21 673	13.59
Donations & Social Responsibility	16 500	27 000	10 500	38.89
Electricity, Water & Rates	51 002	91 403	40 401	44.20
Employee Related Costs	4 579 131	5 028 812	449 681	8.94
Entertainment	80 269	116 370	36 101	31.02
Equipment Lease & Rentals	14 205	24 000	9 795	40.81
Insurance	45 416	50 000	4 584	9.17
Interest & Penalties	2 425	-	(2 425)	-
IT Support Costs	84 456	122 866	38 410	31.26
Legal Fees	271 943	302 513	30 570	10.11
Meeting and Conference	91 963	99 600	7 637	7.67
Office Decor & Fittings	11 611	21 600	9 989	46.25
Postage & Courier	7 801	16 551	8 750	52.87
Printing & Stationery	50 095	80 000	29 905	37.38
Professional & Consultant Fees	525 656	600 000	74 344	12.39
Public Relations & Marketing	722 836	1 023 000	300 164	29.34
Recruitment Costs	6 892	21 600	14 708	68.09
Refreshments	11 532	12 340	808	6.55
Rentals	381 062	551 788	170 726	30.94
Repairs & Maintenance	9 764	20 000	10 236	51.18
Small Assets	31 632	61 000	29 368	48.14
Subscriptions	40 031	62 400	22 369	35.85
Sundry Expenses	4 226	8 165	3 939	48.24
Telephone & Fax	124 131	126 829	2 698	2.13
Travel & Accommodation	373 758	380 000	6 242	1.64
SSIF Studies	2 260 550	5 428 777	3 168 227	58.36
Cleansing Plan Project - PE	1 641 052	2 080 000	438 948	21.10
Cleansing Plan Project - Uitenhage	824 393	1 100 000	275 607	25.06
Security Plan Project	3 194 218	3 630 000	435 782	12.01
CBD Facilities	156 525	500 000	343 475	68.70
Total Expenditure	16 263 464	22 639 525	6 376 061	28.16
NET SURPLUS/(DEFECIT) FOR THE YEAR	52 506	(159 464)	211 970	

APPENDIX C

MANDELA BAY DEVELOPMENT AGENCY INCORPORATED ASSOCIATION NOT FOR GAIN

ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT & EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2009

	2009 Actual Cost R	2009 Budget Cost R	Variance R	Variance %
Computer Equipment	22 793	81 000	58 207	71.86
Computer Software	-	27 000	27 000	100.00
Office Equipment	8 391	27 000	18 609	68.92
Furniture & Fittings	39 113	81 000	41 887	51.71
Motor Vehicles	120 000	120 000	-	-
Totals	190 297	336 000	145 703	43.36

**NELSON MANDELA BAY METROPOLITAN MUNICIPALITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

36.3 Supply Chain Management Policy

**SCHEDULE FOR RECORDING DEVIATION FROM NORMAL PROCUREMENT PROCESS FOR SUBMISSION TO COUNCIL AS REQUIRED
IN TERMS OF REGULATION 36 OF THE SUPPLY CHAIN MANAGEMENT POLICY**

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
1.	Appointment of AOC Geomatics (Pty) Ltd to provide the NMBM with a current and spatially accurate Pictometry Image Library	R2 354 050, exclusive of VAT	AOC Geomatics (Pty) Ltd	12 June 2008	As AOC Geomatics (Pty) Ltd was the sole service provider of Pictometry in South Africa, the invitation for tenders was dispensed with in terms of Section 36(1)(a)(ii) of the Municipal Supply Chain Management Policy, and authority was granted to Corporate GIS in the office of the Chief Operating Officer to procure the services of AOC Geomatics (Pty) Ltd to provide the NMBM with a spatially accurate and current Image Library.
2.	Emergency repairs to Walmer Substation	R210 000	Various – Item description: Clamps, Compression Dead Ends, Rocker Isolators, Insulators, Kiosks, Contingency.	30 May 2008	The invitation for tenders was dispensed with in terms of paragraph 36(1)(a)(i) and (v) of the Municipal Supply Chain Management Policy to authorise the acquisition of goods for emergency repairs to the Walmer Substation which was extensively damaged on 18 April 2008 when a transformer exploded causing severe damage to the transformer and the building, and rendering the affected area without electricity for one week.
3.	Appointment of Juta and Company Limited to provide the NMBM with Legal Publications	R182 434,85, inclusive of VAT	Juta and Company Limited	11 June 2008	The invitation for tenders was dispensed with in terms of paragraph 36(1)(a)(ii) of the Supply Chain Management Policy and authority was granted to the Director : Legal Services to procure the services of Juta and Company Limited to provide the NMBM with legal referencing publications, it being the sole provider of the publications and titles required.

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4.	Appointment of Combined Systems Group (Pty) Ltd : Contract 2216	R7,98 per asset, inclusive of VAT	Combined Systems Group (Pty) Ltd	23 June 2008	As Combined Systems Group (Pty) Ltd was the sole supplier of the Bar Coded Asset Audit System (BAUD) And Psion Hand Held scanner used to perform an annual stock take of movable assets owned by the Municipality, the invitation for tenders was dispensed with in terms of Section 36(1)(a)(ii) of the Supply Chain Management Policy.
5.	Increase in number of vehicles purchased through normal tendering procedures			21 May 2008	With the conclusion of most of the tender processes pertaining to Safety and Security Capital Budget Projects it became clear that it was not possible to proceed with one of the projects within the confines of the 2007/08 financial year (Centralised Armoury). In order to ensure that the Directorate meets its objectives it was considered prudent to re-allocate funds by bringing a project planned for 2008/09, which could be finalised with minimum delay forward to this year and by postponing the problematic project scheduled for 2007/08. The process of requesting authority to proceed with this project in terms of a deviation of tender procedures, which had been refused, resulted in inadequate time left over for the preparation of specifications, tender process and installation/commissioning. It was therefore clear that the funds would not be spent during 2007/08. In order to ensure that the funds were utilised it was proposed that the procurement of some vehicles planned for the 2008/09 financial year be finalised this year and that the planned funds for the vehicles in the 2008/09 Capital Budget be reserved to finalise the Centralised Armoury project. The procurement of an additional 5 sedan vehicles could proceed

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					without further delays as currently a tender for 27 vehicles was in an advanced stage of evaluation by the Infrastructure and Engineering Directorate. Authority was therefore granted that the number of sedan vehicles currently being obtained through normal tender procedures be increased by 5 from 27 to 32 vehicles in terms of Section 36(1)(a)(v) of the Supply Chain Management Policy.
6.	Extension/renewal of the Lease Agreement of the Caledon Street Offices with Ju-Thy Eiendomme Trust	R511 000 for the 2008/09 Financial Year R541 000 for the 2009/10 Financial Year	Ju-Thy Eiendomme Trust	23 June 2008	As there was currently no alternative suitable accommodation available, the invitation for tenders was dispensed with in terms of Section 36(1)(a)(v) of the Supply Chain Management Policy.
7.	Reinstallation of ID Card Machine Digi-Badge Programme	R16 026,40, inclusive of VAT	Doculam Identification, Security and Safety Solutions	21 May 2008	The invitation for tenders was dispensed with in terms of Section 36(1)(a)(i) and (v) of the Supply Chain Management Policy and Doculam Identification, Security and Safety Solutions, the original suppliers of the Digi-Badge Programme was appointed to reinstall the programme for the purposes of the issuing of identification badges as a matter of urgency on a new PC at Brister House, as the old PC that used to run this programme, was no longer functional.
8.	Relocation of Community families from informal housing settlements to Chatty 3 and 4	R56 658,00, exclusive of VAT	IT Cleaning Services	21 May 2008	Contract 2161 for the relocation of community families from informal housing settlements was approved by the Adjudication Committee on 7 December 2006. The tender submitted by IT Cleaning Services was approved for the relocation of beneficiaries from informal housing to Chatty 3 and 4. Their tender however should not have been approved, as it was not in terms of the specifications reflected. Their price which was adjudicated per

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					<p>hour was reflected in their tender document in the column under the rate per kilometre, and two quotes were quoted, which are R180,00, which was intended to be a per hour rate, which thus was reflected on the wrong page. There were two pages in the tender documents being per hour and per kilometre rate and the other rate reflected by this supplier was R6, 50 per kilometre rate. In the absence of sufficient information this company's tender was approved at a rate of R6,50 per hour, being the lowest rate between R180,00 and R6,50, being reflected on the same page of the tender document, per Council's policy. This trucking company was issued with a letter of award based on their tender document subject to all the terms and conditions embodied therein for the supply of, Item no 5, for the period ending 30 June 2007. This Company entered into an Agreement with NMBM to relocate the 115 beneficiaries and therefore delivered the service. Council is therefore legally bound to pay this company for their services rendered. This matter was discussed with the legal services of Council and a proposal to solve this matter and pay this company was agreed to. Hence, authority was granted to deviate from normal procurement procedures in terms of Section 36(1)(b) of the Municipal Supply Chain Management Policy to ratify any breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.</p>

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9.	Expenditure for SABC Morning Live Broadcast – Refund of catering costs to Mr M Skade	R530,40	Waterfront Spar	30 May 2008	Authority was granted to deviate from normal tender procedures in terms of paragraph 36(1)(a)(v) of the Municipal Supply Chain Management Policy to purchase refreshments from Waterfront Spar for the crew, staff and participants who were on site from 04:00 for the Morning Live official broadcast at Nelson Mandela Bay Stadium on 24 February 2008, as no municipal caterer was will to provide refreshments so early in the morning.
10.	Payment of Zinfundise Training and Consulting, Team Building Workshop of Housing and Land Directorate	R28 500,00, inclusive of VAT	Zinfundise Training and Consulting	27 June 2008	As the proper procurement process was not followed, the requirements of paragraph 17 of the Municipal Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) of the policy and authority was granted to the Executive Director: Housing and Land to pay the amount of R28 500, 00, inclusive of VAT to Zinfundise Training and Consulting for services rendered at the Housing and Land's Team Building Workshop held from 8 – 10 June 2008 at Bushman Sands.
11.	Extension of existing contract with Zama Marketing (Alias Valitrade 63 (Pty) Limited Pole Ads) : street light standard (lamp pole) advertising		Valitrade 63 (Pty) Limited	23 June 2008	As the existing contract between the erstwhile Port Elizabeth Municipality and Valitrade 63 (Pty) Limited for the provision and administration of advertising on street light standards (Lamp poles) in the municipal area expired on 31 August 2008, the invitation for tenders was dispensed with in terms of Section 36(1)(a)(v) of the Supply Chain Management Policy and the existing contract with Valitrade 63 (Pty) Limited was extended on a month to month basis until the contract could be re-awarded in terms of the due processes of the SCMP on the understanding that such extension

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					would not exceed a period of 12 months from 1 September 2008.
12.	Payment to Life and Analytical Sciences for maintenance of the inductively coupled Plasma Optical Emission Spectrometer (ICP-OES) in the Scientific Services Division of the Infrastructure and Engineering Directorate	R101 276,00, inclusive of VAT	Life and Analytical Sciences (Perkin Elmer)	27 June 2008	Authority was granted to deviate from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(i) given the urgent nature of the repairs required, to acquire the services of the original supplier of the equipment.
13.	Executive Municipal Development Program by the University of Pretoria	R127 000	University of Pretoria	11 June 2008	Authority was granted to deviate from normal tender procedures in terms of paragraph 36(1)(a)(v) of the Municipal Supply Chain Management Policy to procure the services of the University of Pretoria to present an Executive Municipal Leadership Programme to a group of 17 Councillors during the period 10 June 2008 to 25 November 2008, as it was ascertained by the Office of the Speaker that a similar program was not available at institutions of higher learning in the Nelson Mandela Bay area and the University of Pretoria's program was selected in consultation with SALGA.
14.	Training of Councillors : Diploma in Local Government Law and Administration	R107 000	University of Fort Hare	3 July 2008	Authority was granted to deviate from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) to authorise Councillors M Gomomo, Z Skosana, A Gqalane, B Prinsloo, F Mbane, E Mgwana, J Tutu and Z Qupe to enrol for the Diploma in Local Government Law and Administration at the University of Fort Hare, the preferred service provider of SALGA who was making a 50% contribution towards the costs of the training course.
15.	Authority for payment to contractors where current contractors were cancelled in terms of the "impossibility to perform" clause of the JBCC Agreement and where the same	In alignment with the rates offered to all contractors being appointed on Blocked Projects	<u>Schedule A</u> Peni Builders Tsepiso Construction Inkciyo Developers	4 July 2008	Authority was granted to depart from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v)

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	contractors have been appointed to complete outstanding work in terms of a new JBCC Agreement		Masakhane Makhozikazi Pro Arc Projects Schedule B Peni Builders K & L Construction N Magula & Ass SS Construction Madlavu Civil & Building Construction Abafazi Management Trust Amafu Construction		thereof for the specific purpose of appointing the contractors listed in the schedules A and B for the purpose of completing the Matthew Goniwe, Izinyoka and Joe Slovo projects respectively, without the need for formal tenders.
16.	Repair and Calibration of Opsis Air Pollution Monitoring Station	R159 916,00, inclusive of VAT	C & M Consulting Engineers	8 July 2008	As C & M Consulting Engineers was the sole providers of the Opsis equipment in South Africa and therefore the only company able to perform the required service, repairs and calibration, the invitation for tenders was dispensed with in terms of paragraph 36(1)(a)(ii) of the Municipal Supply Chain Management Policy and C & M Consulting Engineers was appointed to conduct the repairs and calibration of the Opsis Air Pollution Monitoring Station for a period of one year.
17.	Acquisition of Traffic Modelling Software	R22 509,00	Akcelik & Associates (Pty) Ltd	8 July 2008	As Akcelik & Associates was the world wide sole provider of the latest version of SIDRA Solutions and therefore the only company that could provide the software, the invitation for tenders was dispensed with in terms of paragraph 36(1)(a)(ii) of the Municipal Supply Chain Management Policy and authority was granted to obtain the SIDRA Solution Software Package from the Australian Supplier, i.e. Akcelik and Associates (Pty) Ltd.
18.	Repairs of fencing and Woolfson Stadium	R37 141,20, inclusive of VAT	Hyman Masterfence	15 July 2008	In order to comply with the request of the Premier Soccer League to render the Woolfson Stadium compliant with its requirements for the playoff game between Bay United and Black Leopards on 2

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					July 2008, and the resultant limited time available, authority was granted to deviate from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to engage the services of Hyman Masterfence to repair the fence.
19.	Renovations at Eric Tindale Building	R22 800	Luphulo Construction and Civil	15 July 2008	Authority was granted to deviate from the provisions of paragraph 36(1)(a)(v) of the Municipal Supply Chain Management Policy to allow the present contractor, Luphulo Construction and Civil, who was appointed to undertake the renovations to the ablution block at the ground floor of Eric Tindale Building, to do additional tiling.
20.	Transfer of Cable Fault Finding Equipment from Fleet No 8418 to Fleet No 1376	R76 972,80, inclusive of VAT	Verotest (Pty) Ltd	4 August 2008	As Verotest (Pty) Ltd was the sole supplier of the specialised Seba KMT cable fault finding equipment, the invitation for tenders was dispensed with in terms of Section 36(1)(a)(ii) of the Municipal Supply Chain Management Policy and Verotest (Pty) Ltd was appointed to disassemble the complete Seba KMT cable fault finding component system and remove all components from Fleet No 8418 and reinstall the same system, with several modifications, in Fleet No 1376
21.	Procurement of services of local and national artists for Nelson Mandela's 90 th Birthday Celebrations on 25 July 2008	R80 000, inclusive of VAT	Various artists	22 July 2008	Given that artistic talent is not a commodity which can be comparatively measured, the experience gained by the selected group of local performing artists over the past years to showcase the vibrancy of Mandela Bay at municipal events, the availability of a national artist at short notice and due to time constraints to organise the event, authority was granted to deviate from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph

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					36(1)(a)(v) thereof to engage the services of a national artist, Ms Phinda Mtya (including flight and accommodation costs for four persons) in the approximate amount of R49 000 and local artists in the approximate amount of R31 000 to perform at the NMBM's celebrations of Nelson Mandela's birthday at the Missionvale Campus of NMMU on 25 July 2008.
22.	Change of venue and hiring of an alternative venue for EU Programme Steering Committee meeting at short notice	R11 800, inclusive of VAT	Lavender Barn, Bushy Park (Mr Henning Borch Hansen, the EU Technical and Operations Co-ordinator based at the NMBM paid for costs out of his own pocket and approval was granted that he be reimbursed)	28 July 2008	Due to the threat by the so-called "Motherwell Stakeholders" to disrupt the planned E U Program Steering Committee meeting at the Pine Lodge, which venue was procured in terms of the provisions of the Municipal Supply Chain Management Policy, authority was granted to deviate from the provisions of that policy in terms of paragraph 36(1)(a)(i) thereof to change the venue of the meeting to the Lavender Barn, Bushy Park, the only venue available at short notice that suited the requirements of the meeting.
23.	Venue for meeting of Speakers of Municipalities in the Eastern Cape Province – 21 to 23 July 2008	Venue hire – R1 600 Staffing – R4 480 Catering – R26 880 Set up and equipment – R8 260 Screen for presentations- R1 000 Draping – R5 000	Nzuluwazi Hall at Coega Village	22 July 2008	Due to the unavailability of other suitable venues from accredited service providers, the use of the Nzuluwazi Hall at Coega Village as venue for the meeting of Speakers of Eastern Cape Municipalities to be held from 21 to 23 July 2008 be approved with the provision of paragraph 17 of the Municipal Supply Chain Management be departed from in terms of paragraph 36(1)(a)(v) thereof for venue hire, staffing, catering, set up and equipment, screen for presentations and draping which services are included in the agreement of the event organisers for the venue.

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24.	Purchase of furniture for office of the Municipal Manager and Deputy Executive Mayor	Municipal Manager Manufacture of furniture – bookshelf – R11 500 Wall unit- R13 523 1 Compucure Range Rectangular desk – R2 697 1 Buzz range Mid Back Operators Chair – R1 229 3 x carpet protectors – R1 142 Dep Executive Mayor 2 x Canterbury visitor's chair- R8 350 1 x Canterbury High Back Chair – R4 979 (All excl VAT)	Sorted System Solutions cc Sorted System Solutions cc Cecil Nurse Cecil Nurse Cecil Nurse Cecil Nurse Cecil Nurse	27 June 2008	The Municipal Manager and Deputy Executive Mayor have appointed additional staff members who required office furniture. Therefore, due to the availability of unspent funds on the capital budget of the 07/08 financial year on Project ID 2008JCSX00564 a portion of the available funding is being utilised for the purchase and manufacture of office furniture for the above offices. Quotes were obtained from suppliers on the database of the municipality and in all instances the procurement process was followed in that the supplier who supplied the cheapest quote was selected except in respect of the bookshelf in the Municipal Manager's Office that are being enclosed with doors that are being specially made up by a carpenter who specialises in working with Imbuia wood (to match the bookshelf and furniture in the Municipal Manager's Office). Only two of the suppliers contacted were prepared to quote for this specialised job, i.e. Sorted and Paddy May. Cecil Nurse Furniture declined to quote as they do not undertake this type of specialised carpentry work. Thus, the requirements of paragraph 18(c) of the Municipal Supply Chain Management Policy was departed from in terms of paragraph 36(1)(a)(v) of the policy and authority was granted to engage the services of the suppliers detailed in the previous column.
25.	Service level agreement with Internet Solutions for the End-to End Mobile Solution	R8 500, excl VAT per month for the period ending 30 November 2009 – Total Value of contract - R164 730, inclusive of VAT	Internet Solutions	4 August 2008	As Internet Solutions was the developer of the software and also the provider of the hardware platform and therefore the sole supplier of the equipment, the invitation for tenders was dispensed

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					with in terms of Section 36(1)(a)(ii) of the Supply Chain Management Policy and that a Service Level Agreement be entered into with Internet Solutions to maintain and service the software and data of the end-to-end mobile solution.
26.	Appointment of Gobodo Forensic and Investigative Accounting (Pty) Limited (GFIA) to conduct a forensic investigation	R499 548,00, exclusive of VAT and disbursements	Gobodo Forensic Investigative Accounting (Pty) Limited	25 August 2008	Due to the nature of the investigation, authority was granted to depart from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to appoint Gobodo Forensic Investigative Accountil (Pty) Limited (GFIA) to conduct a forensic investigation at a cost of R499 548,00, exclusive of VAT and disbursements.
27.	Roads, stormwater and transportation Sub-directorate		Various	28 August 2008	The tenders were originally awarded for a period not exceeding three years. The critical shortage of technical staff in the Infrastructure and Engineering Directorate has delayed the finalization of tender documentation where existing specifications and documentation need to be amended. In order to alleviate the problem various consulting engineers have been commissioned to assist with the updating of certain tenders in accordance with legislative requirements and roads and storm water specifications. The amended tenders will be presented to the Specification Committee as soon as the specifications have been finalized. The process should not take longer than four months to finalise in the entirety. The invitation for tenders was dispensed with in terms of Section 36(1)(a)(v) of the Municipal Supply Chain Management Policy and the previously approved tri-annual

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					services tenders, which expired on 30 June 2008, was appointed for the period ending 31 December 2008, while fresh tenders were being invited.
28.	Replacement of eleven Nu-lec N27-150 Autoreclosers : Walmer Substation	R1 037 685, inclusive of VAT	ESKOM	11 August 2008	As the Walmer substation had to be urgently rebuilt in the shortest possible time the necessary equipment was obtained from ESKOM on the understanding that it would be replaced, and the Supply Chain Management Policy was deviated from in terms of paragraph 36(1)(a)(i) and Eskom be paid the amount of R1 037 685, 00, inclusive of VAT, being the cost of the replacement of the eleven Nu-Lec reclosure units.
29.	Appointment of PriceWaterhouseCoopers to assist Creditors Section, Budget and Treasury Directorate	R6 897 000, inclusive of VAT and excluding disbursements	PriceWaterhouseCoopers	1 September 2008	In order to meet the challenges of the Creditors Section in the Budget and Treasury Directorate to fulfil its obligations in respect of the payment of suppliers, the appointment of a service provider was urgently required. A number of consultants with the necessary experience were invited to submit proposals. Only PriceWaterhouseCoopers was able to commit the time and human resources to the project and offered a discount on recommended fees for the profession. Accordingly, being satisfied that the costs were competitive and having regard to the urgency of providing operational support, authority was granted to depart from the provisions of paragraph 36(1)(a)(v) of the Municipal Supply Chain Management Policy to appoint PriceWaterhouseCoopers to assist with the Creditors' Section business process assessment, backlog eradication and the assessment of structure to support the Creditors Business

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					Process at a contract value of R6 897 000, inclusive of VAT, and excluding disbursements.
30.	Repair to DC lift, motor and generator at Brister House	R303 713	Schindler Lifts	15 August 2008	The faulty DC lift, motor and generator at Brister House are in need of repair and as explained in the report by the Executive Director: Corporate Services, they type of repairs to be undertaken falls outside those stipulated in the current service contract. The costs of the repairs involved necessitate that a procurement process be followed for the appointment of a registered service provider to undertake the repairs. However, due to the high work cycle of the lifts, the repairs are urgently required and as none of the registered service providers, except Schindler Lifts who was the current holder of the service contract, were prepared to respond, departure from the provisions of paragraphs 12 and 19 of the Municipal Supply Chain Management Policy was approved in terms of paragraph 36(1)(a)(i) and (v) thereof to appoint Schindler Lifts in the amount of R303 713,00 to undertake the repairs to the DC lift, motor and generator at Brister House.
31.	Purchase of building materials to rebuild 17 shacks destroyed in a fire at Chris Hani Village	R132 640,03, inclusive of VAT	Penny Pinchers Port Elizabeth	29 August 2008	On 12 August 2008, 17 shacks in Chris Hani Village were destroyed by fire replacing displacing 42 family members. The Executive Mayor visited the area and undertook to provide relief to the affected families in the form of the provision of building materials to rebuild their shacks. Authority was thus granted to depart from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(i) thereof to acquire

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					building materials for the family members in the amount of R132 640,03, inclusive of VAT to rebuild their shacks which were destroyed in a fire at Chris Hani Village on 12 August 2008.
32.	Kitchen equipment and furniture for Motherwell NU 30, Community Hall	R92 662,62, inclusive of VAT	Office Designs	11 August 2008	As it was the only supplier able to provide all the furniture and kitchen equipment required, authority was granted to deviate from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof and appoint Office Designs to supply and deliver kitchen equipment and furniture required at the Motherwell NU30 Community Hall, in the amount of R92 662,62, inclusive of VAT.
33.	Repairs to Beckman Coulter Counter for Scientific Services	R17 538,37, inclusive of VAT	Beckman Coulter South Africa (Pty) Limited	2 September 2008	As it was the sole supplier of Coulter Counters and accessories in South Africa, the invitation for tenders was dispensed with in terms of paragraph 36(1)(a)(ii) of the Municipal Supply Chain Management Policy and authority was granted to the Executive Director: Infra-structure and Engineering to engage the service of Beckman Coulter South Africa (Pty) Limited, to urgently repair the Coulter Counter in the Scientific Services Section at a cost of R17 538,37, inclusive of VAT.
34.	Contract 94 : Transport of emergency obstetric/neonatal referrals from West End Community Health Centre to Dora Nginza Hospital		BernMed Ambulans	5 September 2008	As the only tender received was non-responsive, the invitation for tenders was dispensed with in terms of Section 36(1)(a)(v) of the Municipal Supply Chain Management Policy and the previously approved contractor, i.e. BernMed Ambulans, was reappointed retrospectively with effect from 1 June 2008 until 31 October 2008, whilst fresh tenders were being invited.

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35.	Purchase of an 11 kV Voltage Transformer	R28 443,00, inclusive of VAT	ABB South Africa (Pty) Ltd	12 September 2008	Due to the explosion at the Walmer Load Centre on 19 April 2008, certain customer supplies were without electricity resulting in the conversion of the 17th Avenue Walmer numbers 1, 2 and 3 distribution substations from the Walmer Load Centre 6,6 kV network to the 11kV Lorraine network, and the action of the Executive Director : Electricity and Energy in purchasing a new 11 kV voltage transformer from ABB South Africa (Pty) Limited in the amount of R28 443,00, inclusive of VAT, as a matter of urgency, was condoned.
36.	Golf Shirts for the Mayoral Committee and Councillors	R27 228,90	Siyathunga Stitches (Pty) Ltd	26 September 2008	An informal tender process was followed by the 2010 FIFA World Cup Directorate to procure golf shirts, with embroidered composite logo for Mayoral Committee and Councillors in time for the June Council meeting as instructed by the Executive Mayor. Tender documents went astray between Purchasing and Supplies and the Directorate and when eventually found, it was too late for the suppliers to process the order in time for the Council meeting. A supplier, who had not tendered, was approached and was prepared to supply and deliver at short notice, with the required quality. As Siyathunga Stitches (Pty) Ltd was the only service provider that could provide the service at short notice, the action of the 2010 FIFA World Cup Directorate in dispensing with the invitation of tenders in terms of Section 36(1)(a)(v) of the Municipal Supply Chain Management Policy to proceed with the ordering of t-shirts from a supplier who did not tender, was condoned.

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37.	Repair to chiller unit at Eric Tindale Building	R6 288,00, exclusive of VAT	ITD Air-Conditioning	21 August 2008	In order to determine the extent and cost of the repairs of the chiller of the air-conditioning unit at Eric Tindale Building, the original designers, installers and commissioners of the equipment, i.e. ITD AirCon-ditioning (formerly known as Improvair) was appointed for the inspection thereof, as requested by the Executive Director : Corporate Services. Authority was therefore granted to depart from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to appoint ITD Air-Conditioning, the original designers, installers and commissioners of the equipment, to remove, strip off, inspect and measure the different components of the unit in order to determine its repair costs in the amount of R6 288,00, exclusive of VAT. A supplementary request would be submitted for the balance of the work once the quotation for the repair costs has been received.
38.	Refund to Continental Tyre SA (Pty) Ltd for match tickets purchased on behalf of NMBM – Vodacom Challenge	R13 469,50	Continental Tyre SA (Pty) Ltd	15 September 2008	The 2010 FIFA World Cup Directorate was requested at short notice to assist with the accommodation of SAFA officials in the Province to attend the Vodacom Challenge match between Kaizer Chiefs and Orlando Pirates on 24 July 2008. The events organizer, Sail (Pty) Ltd, accepted cash payments of tickets only. The Directorate could not meet this request and Continental Tyre SA (Pty) Ltd who funded a suite, food and beverages for the SAFA officials, agreed to purchase the tickets on condition that the costs be refunded by the NMBM. Due to the 2010 FIFA World Cup Directorate being unable to pay the event

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					organizer in cash for 31 Vodacom Challenge tickets for SAFA officials in the Province to attend the match between Kaizer Chiefs and Orlando Pirates on 24 July 2008 and Continental Tyres SA (Pty) Ltd agreeing to assist to pay for the tickets on their behalf in advance on condition that Continental Tyres are refunded by NMB, a refund in the amount of R13 469,50 to Continental Tyres (SA (Pty) Ltd was therefore approved with the provisions of paragraph 17 of the Municipal Supply Chain Management Policy departed from in terms of paragraph 36(1)(a)(v) thereof.
39.	Repair to chiller at Eric Tindale Building by ITD-Airconditioning	R69 828,00, exclusive of VAT	ITD-Airconditioning	12 September 2008	Municipal Manager's resolution 1199 dated 21 August 2008 authorised the assessment of the repair and re-commissioning costs of the chiller of the air-conditioning unit at Eric Tindale Building by ITD Air-Conditioning, the original designers, installers and commissioners of the equipment. Having completed such assessment and on the basis of the report resulting therefrom, authority was granted to depart from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to appoint ITD Air-Conditioning, the original designers, installers and commissioners and the preferred contractor of Carrier equipment, to repair and re-commission the chiller in the Eric Tindale Building at a cost of R69 828,00, exclusive of VAT.
40.	Repairs to Ditchling/Mount Road 132 kV Oil Filled Cable	R22 558,78, inclusive of VAT	CBI Electric	5 September 2008	As the damaged cable had to be repaired as a matter of urgency, the action of the Executive Director : Electricity and Energy, in appointing CBI Electric to undertake the

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					emergency repairs to the Ditchling/Mount Road No.1 132kV Oil Filled Cable, in the amount of R22 558,78, inclusive of VAT, was condoned.
41.	Provision of dinner and lunch for delegation from Ningbo, China	R3 315,75	Lai Kung, Boardwalk	15 September 2008	A delegation from Ningbo, China will be hosted by the NMBM on Monday evening, 8 and Tuesday, 9 September 2008. The Deputy Executive Mayor will host the delegation for lunch and dinner at a restaurant on Tuesday, 9 September 2008. As meals at a restaurant are provided on an a la carte basis and in considering the choice of a restaurant the dietary requirements or preferences of the incoming delegation need to be taken into consideration it is impractical to follow formal tender procedures. As it is impractical to follow formal tender procedures when meals are arranged at a restaurant with an a la carte menu, authority was granted to deviate from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to host a lunch and dinner at a restaurant for a delegation from Ningbo, China who will be the guests of the Deputy Executive Mayor on 9 September 2008.
42.	Service Providers and Artists for Heritage Month	R30 000	Various	12 September 2008	On 29 May 2008 Council approved the Heritage Month Programme for September 2008 with a budget of R300 000. Procurement processes will be followed for the provision of services except in respect of local performing artists, visiting groups and key note speakers where due to the uniqueness of their services and the fact that they may not be registered on the municipal data base a departure from the provisions of the Municipal Supply

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					Chain Management Policy was sought by the Executive Director : Economic Development and Recreational Services. Expenditure of the amount not exceeding R30 000 was approved for the visiting groups and guest speaker who will participate in the NMBM's Heritage Month Programme during September 2008. Given that artistic talent is not a commodity which can be comparatively measured and that performers provide unique services not procurable in terms of competitive processes, authority was granted to depart to the extent necessary from the provisions of paragraph 17 of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to procure the services of various local community service providers.
43.	Extension of existing "Model Maker" Survey Software Suite	R23 645,00, inclusive of VAT.	Model Maker Systems	12 September 2008	As the Housing and Land Directorate - Land Survey Services, currently utilise "Model Maker" Survey Suite as a software package for land survey requirements, including calculation, design, loading of data to and from survey equipment and various draughting (CAD) purposes, the invitation for tenders was dispensed with in terms of Section 36(1)(a)(v) of the Municipal Supply Chain Management Policy and the Model Maker survey package and maintenance agreement was purchased from Model Maker Systems in the amount of R23 645,00, inclusive of VAT.
44.	Full NMB/Goteborg Partnership Management Committee Meeting	R34 087,50	Kuzuko Lodge	23 September 2008	The full NMB/Goteborg Partnership Management meeting was held from 19 to 21 September 2008 in Port Elizabeth. In order to expose international partnership delegates

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					to diverse local and regional attractions and experiences, the Deputy Executive Mayor proposed that the Goteborg delegation be hosted at a game lodge for the meeting. Game lodges were contacted and the only available venue on the proposed dates was Kuzuko Lodge, who also happens to be the cheapest of the four game lodges approached. Due to the unavailability of suitable accommodation and meeting facilities at various game lodges over the weekend of 19 – 21 September 2008, authority was granted to depart from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to use Kuzuko Lodge, who in any event was the cheapest of the game lodges approached, as the venue for the NMG/Goteborg Partnership Management Committee.
45.	Radio links maintenance contract	Motherwell – R1 615,95, inclusive of VAT, per month Motherwell/ Coega – R1 539,00, inclusive of VAT, per month Chatty/ Despatch/ Uitenhage – R4 363,03, inclusive of VAT, per month SEEC – R2 714, inclusive of VAT, per month	Aerosat	12 September 2008	For the reasons set out in the Executive Director : Electricity and Energy's report to the Adjudication Committee at its meeting dated 4 September 2008 (Agenda page 83), the invitation for tenders was dispensed with in terms of Section 36(1)(a)(v) of the Municipal Supply Chain Management Policy and the aforementioned maintenance agreements with Aerosat was extended /entered into for the period ending 30 June 2009.
46.	Contract ESP1 : Extension of irrigation system	R22 777,20, inclusive of VAT	Vusumzi Picket Lane	5 September 2008	As the repositioning of the water meter to where it was originally intended to be located resulted in unforeseen additional costs to the contractor, the original tender amount was increased by R22 777,20 inclusive of VAT from

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					R191 607,98 inclusive of VAT to R214 385,18, inclusive of VAT.
47.	Purchase of building materials to rebuild 32 shacks destroyed in a fire at Mayibuye Village	R251 635,23	Suppliers of building materials	11 September 2008	On 31 August 2008, 32 shacks in Mayibuya Village were destroyed by fire displacing 96 family members. Authority was granted to depart from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(i) thereof to acquire building materials for the family members in the amount of R251 635,23 to rebuild their shacks which were destroyed in a fire at Mayibuye Village on 31 August 2008.
48.	Renovations to Algoa House	R193 500,18 and 138 916,98, inclusive of VAT respectively	CGI Construction and Development and LGH Building Contractors	12 September 2008	Renovations to Algoa House had to be completed for occupations by 30 September 2008 due to the termination of the Kwantu Towers Lease. Unless the renovation work was divided between two contractors to meet the deadline, the work will not be completed in time. Authority was therefore granted to depart to the extent necessary from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to approve the division of renovation work to Algoa House between two contractors in order to meet the deadline for occupation by 30 September 2008.
49.	Business meeting with MEC for Sport, Recreation, Arts and Culture – 12 August 2008	R1 500,00	De Kelder Restaurant	13 August 2008	As it is difficult to compare the costs of menu items with other a la carte restaurants when it is not known what a group of people attending a business meeting will eat during a meal, it is impractical to follow formal tender procedures on such occasions and further given the convenient location and layout of the selected restaurant. As it was impractical to follow formal tender procedures when a dinner is arranged at a restaurant with an a la

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					carte menu authority was granted to deviate from the provision of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to host a business meeting with the MEC for Sport, Recreation, Arts and Culture at the De Kelder Restaurant on 12 August 2008.
50.	Venue Hire : Meeting of the Provincial Co-ordinating Committee : 31 July 2008	R13 200,00	Protea Edward Hotel	15 August 2008	No suitable municipal or outside venues from registered suppliers were available on 31 July 2008, except the Protea Edward Hotel, for a meeting of the Provincial Coordinating Committee and this venue was therefore selected by the 2010 Fifa World Cup South Africa Directorate. Due to the unavailability of suitable municipal and other outside venues from accredited service providers, the use of the Protea Edward Hotel as venue for the meeting of the Provincial Co-ordinating Committee meeting held on 31 July 2008 was approved with the provisions of paragraph 17 of the Municipal Supply Chain Management Policy departed from in terms of paragraph 36(1)(a)(v) thereof for venue hire, catering and associated costs in the amount of R13 200.
51.	Upgrading of Brister House Foyer	R55 000,00	Ihlumelo Development Engineers	15 August 2008	When the service provider commenced with the retiling of the Brister House Foyer it was found that the surface had to be prepared and leveled off for the new tiles, which was not possible to detect prior to removal of the old tiles. As it was not possible to detect prior to the removal of the old tiles that a new base course for the new tiles would have to be laid and that as this additional work was therefore not on the specification, authority was granted to deviate from the

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					provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to appoint Ihlumelo Development Engineers, the cheapest tenderer for the additional work and also the successful tenderer for the original job, to undertake the additional work at a cost of R55 000,00.
52.	Repairs to diesel testing air pollution monitoring equipment	R1 140,00, inclusive of VAT	Midas, trading as Parts Incorporated Africa	15 August 2008	The diesel testing air pollution monitoring equipment of the Public Health Directorate became faulty and the equipment, originally supplied by an overseas company, whose sole agent in South Africa is Midas, was sent to the latter's branch in Port Elizabeth for repairs. The invitation for tenders was dispensed with in terms of paragraph 36(1)(a)(v) of the Supply Chain Management Policy and authority was granted to the Executive Director : Public Health to pay Midas, trading as Parts Incorporated Africa, the amount of R 1 140,00, it being the sole agent in South Africa to repair the diesel testing equipment.
53.	Appointment of an Independent Systems Specialist : New Billing Solution	R151 200,00	Professor Andre Calitz	6 October 2008	As the new Billing Solution had presented certain challenges that necessitated the services of an Independent Systems Specialist, and further because of the reasons set out in the Directorate's report to the Adjudication Committee at its meeting dated 18 September 2008, the invitation for tenders was dispensed with in terms of Section 36(1)(a)(v) of the Supply Chain Management Policy and Professor Andre Calitz was appointed to undertake the services in terms of the scope detailed in the Directorate's report, in the amount of R450,00 per hour, the total cost being approximately R151 200,00.

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54.	Venue Hire for Speaker's Religious Conference	R9 643,40	Hume Park Hall	20 October 2008	Due to the unavailability of other suitable municipal and outside venues from accredited service providers on the proposed dates of the conference, authority was granted to deviate from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to use the Hume Park Hall as venue for the Speaker's Religious Conference to be held from 29 to 30 October 2008.
55.	Payment of INNOVenton Analytical Doenstream Chemical Technology Station	R1 000,00	INNOVenton Analytical Doenstream Chemical Technology Station	1 September 2008	A toxic substance was deposited under the desk of an employee at the Harrower Road Waste Management Depot by an unknown person resulting in staff members who inhaled the substance to experience breathing problems. In order to establish the contents of the substance, samples were taken and sent for analysis on the instruction of the Executive Director : Environment and Health Services. As this was an emergency situation, the Municipal Manager concurred with the actions of the Executive Director. Hence, authority was granted to depart from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a) (i) and (v) thereof to pay INNOVenton Downstream Technology Station at the Nelson Mandela Metropolitan University the amount of R1 000,00 for the release of the results of the samples taken by the Environmental Health Practitioners to establish the contents of the toxic substance deposited at the Harrower Road Waste Management Depot on 28 July 2008.
56.	Attendance of Short Course in Hazard Analysis Critical Control Point at NMMU :	R45 000,00	NMMU	6 October 2008	Authority was granted to deviate from the provisions of the Municipal

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	Environmental Health Practitioners				Supply Chain Management Policy in terms of paragraph 36(1)(a)(ii) thereof to allow 18 staff members of the Environmental Health Sub-directorate to attend a short course in Hazard Analysis Critical Control Point at the NMMU, the sole presenter of the course.
57.	Purchase of building materials to rebuild 18 shacks destroyed in a fire at Hlalani Village, Motherwell NU8	R128 269,60	Africa Timbers	30 September 2008	On 15 September 2008, 18 shacks in Hlalani Village, Motherwell NU8 were destroyed by fire displacing 53 family members. Authority was granted to depart from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(i) thereof to acquire building materials for the family members in the amount of R128 269,60 to rebuild their shacks which were destroyed in a fire at Hlalani Village, Motherwell NU8.
58.	Fire damage : Appointment of loss adjuster	Fee could not be determined upfront	The African Adjusting Firm in association with Lammers and Turner	17 October 2008	After extensive fire damage was caused to the Old Greatermans Building in Govan Mbeki Ave-nue, it was necessary for the Budget and Treasury Directorate to appoint a loss adjuster as a matter of urgency to investigate the extent of the damage on behalf of the municipality in the event of potential claims. The appointment was made in terms of section 15.2.12 of the Council's Financial Management Policies. Due to the urgency of the appointment and the fact that the fee tendered could not be determined upfront, it was impractical to follow official tender procedures and with the assistance of the Council's insurance intermediary, a firm not involved with any other claim, as it would result in a conflict of interest, was recommended. Hence, authority was granted to the Chief Financial Officer to deviate from the provi-

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					sions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(i) and (v) thereof to appoint The African Adjusting Firm in association with Lammers and Turner as the Council's loss adjuster to investigate the extent of the damage to the Old Greatermans Building in Govan Mbeki Avenue on behalf of the Municipality.
59.	Venue Hire : Visit by FIFA Inspection Team	R20 428,80	PR Unlimited	21 October 2008	The date of the visit by the FIFA inspection team to Nelson Mandela Bay was changed at short notice from 6 to 8 October 2008 by FIFA. Despite diligent effort by the 2010 FIFA World Cup Directorate, they were unable to obtain alternate municipal or private conference facilities as venue for the visit, except PR Unlimited, a registered service provider with hire charges within acceptable parameters. Given the late change of the date of the visit of the inspection team by FIFA, the consequent unavailability of municipal venues and other conference facilities, that PR Unlimited is a registered supplier and the hire charges within acceptable parameters, authority was granted to deviate from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to pay PR Unlimited the amount of R20 428,80 for venue hire, photocopying and catering for the visit of the FIFA inspection team on 8 October 2008.
60.	Visit by Dutch Partnership	Costs cannot be provided in advance	Various restaurants	22 October 2008	Representatives of the Dutch partnership visited the NMBM from 18 to 25 October 2008 to inter alia sign an agreement between the NMBM and the Stichting Municipalities and to develop and finalise a wellness project between NMBM

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					Occupational Health and the Stichting Municipalities. Accommodation and meals had to be provided for the delegates as well as a visit to a game park. Three quotes were obtained for the hotel accommodations and the cheapest quote accepted, i.e. that of City Lodge at an approximate cost of R11 940. Quotes were also obtained from three Game lodges for an overnight stay and the cheapest accepted, i.e. that of Msengi Bush Lodge, at a cost of R21 520. As meals at a restaurant are provided on an a la carte basis and in considering the choice of a restaurant the dietary requirements or preferences of the delegation needed to be taken into consideration, it was impractical the follow formal tender procedures and costs cannot be provided in advance. As it was impractical to follow formal tender procedures when meals are arranged at restaurants with a la carte menus, authority was granted to deviate from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to host lunches and dinners at a variety of restaurants during the visit of the Dutch partnership.
61.	Construction of stormwater detention ponds "A" and "R1" and upgrading of stormwater pipework and associated infrastructure in Kwazakhele	R3 172 620	WK Construction	17 October 2008	The contractor encountered the following unforeseen difficulties, which are more comprehensively set out in the Executive Director : Infrastructure and Engineering report to the Adjudication Committee: -Delayed award – Increased escalation -Changed circumstances at the designated spoil sites -Unknown services

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					<p>-Consultant measurement error -Contractor working at accelerated pace</p> <p>The invitation for tenders was dispensed with in terms of Section 36(1)(a)(v) of the Municipal Supply Chain Management Policy, and the approved contract amount under Contract C5509: The Construction of Stormwater Detention Ponds "A" and "R1" and Upgrading of Stormwater Pipework and Associated Infrastructure in Kwazakhele (Phase 3), was increased by R3 172 620 from R16 389 780 to R19 562 400 inclusive of contingencies and VAT, subject to escalation, and subject further to the necessary budget amendment being approved to cover the increased costs.</p>
62.	Contract C5446 : Construction of the upgrading of Addo Road : Request to authorise increase in the approved contract price	R33 571 843,12	Rumdel Construction	31 October 2008	<p>That to the extent necessary, the provisions of the Supply Chain Management Policy was departed from in terms of paragraph 36(1)(a)(v) thereof, and the contract price for contract C5446 for the construction of the upgrading of Addo Road awarded to Rumdel Construction was increased by R33 571 843,12 from 73 128 049,18 to R106 699 892,31, inclusive of VAT, and subject to escalation. The Municipal Manager had regard inter alia to the following considerations:</p> <ul style="list-style-type: none"> -The date of the original award (6 December 2006) -The delay in commencement of the contract occasioned by poor information flow and assistance from Telkom, the need to relocate the Telkom line, the cost thereof and time extension claims from the contractor. -The unforeseen circumstances surrounding the layerworks material

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					<p>including the inadequacy of the in situ material, the failure of the usual sources of natural gravel resulting from quarry closures by the DME and the need to resort to crushed sub-base material for which there was only one supplier.</p> <p>-The consequences of the aforementioned in the need to increase P and G's and other resulting escalations.</p> <p>-With regard to the possibility of terminating the contract and re-tendering, a period of at least 12 months (existing contractor's defects liability period) would have had to elapse, contractor would have had a claim for reduction in scope of work, escalation at 25% per annum, duplication of consultant's time and costs, new tenderers adding substantial risk factor, etc.</p> <p>-An alternative approach would pose considerable political risk relative to undertakings made to the community.</p>
63.	Contract C5489 : Repairs to Settlers Way : Mount Road Interchange, north to west ramp : Increase in contract amount for SAR Safety Concerns	R1 509 312,86	Bridge Jointing/Erbacon Construction Joint Venture	17 October 2008	As this was an exceptional safety related emergency case, where it was impractical and impossible to follow the official procurement processes due to time constraints and safety requirements of the SA Railways for the safety of the North End Station and railway property under the bridges, and for the reasons more fully set out in the Executive Director : Infrastructure and Engineering's report to the Adjudication Committee dated 8 October 2008, the invitation for tenders was dispensed with in terms of Section 36(1)(a)(i) and (v) of the Municipal Supply Chain Management Policy, and Bridge Jointing/ Erbacon Construction Joint Venture

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					was appointed to undertake urgent repairs and rehabilitation Bridge work at the North End Station and railway property under the bridges in the amount of R1 509 312,86, inclusive of VAT and subject to escalation, based on the same rates submitted by this appointed contractor under Contract C5489 : Repairs to Settlers Way : Mount Road Interchange, North to West Ramp.
64.	Recognition of Prior Learning (RPL) Assessment by The Nelson Mandela Metropolitan University of Fifty Councillors	R2 000 per person	Nelson Mandela Bay Metropolitan University	31 October 2008	As Nelson Mandela Bay Metropolitan University was the only qualified learning institution within the Nelson Mandela Bay area that could facilitate the process of RPL assessment for Councillors, it was impractical to follow formal tender procedures and authority was granted to deviate from the provisions of the Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to use the services of the Nelson Mandela Metropolitan Municipality.
65.	Contract C5176 : Upgrading of the Kelvin Jones Waste Water Treatment Works : Increase in Approved Contract Price	R468 184.66 inclusive of VAT and subject to escalation.		10 December 2008	Whilst the contract called for refurbishment of the aerators, the poor condition of the blades could not be foreseen at the time of tender, the contractor being responsible for a maintenance period on the whole contract, and the price competitiveness being certified by the Plant Maintenance Engineer, the invitation for tenders was dispensed with in terms of Section 36(1)(a)(v) of the Supply Chain Management Policy and the approved contract amount under Contract C5176 : Upgrading of the Kelvin Jones Wastewater Treatment Works Mechanical and Electrical Equipment, was increased by R468 184.66 from R7 052 026.08 to

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					R7 520 210.65, inclusive of VAT and subject to escalation.
66.	Emergency Replacement of One Model T4 Gorman Rupp Pump for Essexvale Sewerage Pump Station	R46 720,00, inclusive of VAT	Northfield Engineering	11 December 2008	As Northfield Engineering was the sole agents of the equipment and further due to the fact that the pump had to be repaired as a matter of urgency due to the potential of serious flooding of sewerage, the action of the Executive Director : Infrastructure & Engineering in appointing Northfield Engineering for the supply of one Model T4 Gorman Rupp Bareshaft Pump for the Essexvale Sewerage Pump Station in the amount of R46 720,00, inclusive of VAT, was condoned in accordance with Section 36(1)(a)(i) and (ii) of the Municipal Supply Chain Management Policy.
67.	Contract 94 : Transport of Emergency Obstetric / Neonatal Referrals from West End Community Health Centre to Dora Nginza Hospital	R76 060	BernMed Ambulans	11 December 2008	As the only tender received under Contract 94 was non-responsive and the services sought essential, the invitation for tenders was dispensed with in terms of Section 36(1)(a)(v) of the Municipal Supply Chain Management Policy and the previously approved contractor (BernMed Ambulans), appointed to continue providing the service for the period ending 31 March 2009, whilst fresh tenders were being invited.
68.	Approval of Deviation from the Provisions of the Municipal Supply Chain Management Policy : Purchase of Art Works	R341 035,00	Various artists	4 November 2008	Having regard to the Municipal Manager's resolution of 31 October 2008 regarding the approval of acquisition of works of art, and the fact that artistic pieces are unique and have individual merit and that it was accordingly not possible to acquire same by a competitive process as prescribed in the Supply Chain Management Policy, a departure from the Supply Chain Management Policy in terms of

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					paragraph 36(1)(a)(iii) was authorized, for the purchase of art works in the total amount of R341 035,00.
69.	Progress : Annual Maintenance Renewal	R245 070,36, inclusive of VAT per annum); and that escalation be paid if and when applicable.	Sys-Net (Cape) CC	4 November 2008	As the Electricity and Energy Directorate used Progress as its relational database and Sys-Net (Cape) CC being the sole supplier of the software licenses, the invitation for tenders was dispensed with in terms of Section 36(1)(a)(v) of the Municipal Supply Chain Management Policy so that the Progress Software Maintenance be renewed annually and that Sys-Net (Cape) CC be paid annually for the period whilst in use by the Electricity and Energy Directorate but not exceeding a maximum period of three years, in the amount of 18% of the list price of all Progress licences owned by the Electricity and Energy Directorate (currently R245 070,36, inclusive of VAT per annum); and that escalation be paid if and when applicable.
70.	Procurement of Works of Art : Application for a Waiver of Standard Supply Chain Management Pro-cesses		Various Artists	31 October 2008	The Nelson Mandela Bay Art Museum Management submitted a request to the Adjudication Committee to consider agreeing to deviations/departures relating to the purchase of art work being submitted directly to the Municipal Manager instead of following the route of first submitting it to the Adjudication Committee, which would then recommend to the Municipal Manager. The Museum Management requested that the Municipal Manager formally appoint a separate advisory committee of specialists in art work, chaired by the Assistant Director responsible for the management of the Museum, to consider the purchase of the art work as per the Museum's policy. The appointed committee will make

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					<p>recommendations to the Municipal Manager on purchase of art work and the process will be classified as a deviation/departure from the SCMP and can only be approved by the Municipal Manager. Once purchases have been approved by the Municipal Manager and the specific works of art obtained from the artist/s, the invoice will be paid by Budget and Treasury.</p> <p>Having considered and concurred with the above, it was resolved that the Assistant Director : Nelson Mandela Bay Art Museum formulate recommendations from time to time on the acquisition of works of art and other artifacts for the Museum collection, with the assistance of an advisory committee to be appointed by the Municipal Manager upon recommendation from the Assistant Director.; that the Assistant Director : Nelson Mandela Bay Art Museum be authorized to submit acquisition proposals directly to the Municipal Manager, with any required deviation from the Supply Chain Management Policy duly motivated therein.</p>
71.	Supply of Spares for Hamworthy Compressors at Fishwater Flats Wastewater Treatment Works	R249 429,14, inclusive of VAT	Gardner Denver Limited	20 November 2008	The invitation for tenders was dispensed with in terms of Section 36(1)(a)(ii) of the Municipal Supply Chain Management Policy and Gardner Denver Limited, (the sole agents), was appointed to supply the required spares for the overhaul of the Hamworthy Compressors at the Fishwater Flats Wastewater Treatment Works, in the amount of R249 429,14, inclusive of VAT.
72.	Provision Meals for Tyne and Wear Partnership Delegation – 25 to 27 November 2008			25 November 2008	As it is impractical to follow formal tender procedures when meals are arranged at a restaurant with an a la

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					carte menu, authority was granted to deviate from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to host meals at restaurants for a delegation from Tyne and Wear Museums Joint Committee during their visit to Nelson Mandela Bay Municipality from 24 to 27 November 2008.
73.	Purchase Five Software Licences from Metrofile (Pty) Limited	R26 790,00, inclusive of VAT	Metrofile (Pty) Limited	27 January 2009	The invitation for tenders was dispensed with in terms of Section 36(1)(a)(ii) and (v) of the Municipal Supply Chain Management Policy, as Metrofile (Pty) Limited was the service provider currently authorized to scan and maintain the Town Planning datasets dealing with zoning approvals, Metrofile (Pty) Limited, (the sole supplier), was appointed for the supply of five Metrofile eRecords licences in the once off amount of R26 790,00, inclusive of VAT.
74.	Purchase of Change Management and Training Sap Productivity Pak	R242 483,85, inclusive of VAT, subject to exchange rate variation	SAP	27 January 2009	As the purchase of a SAP Productivity Pak was never planned or budgeted for when the software was purchased initially, it came to light that it was required to commence training development, the invitation for tenders was dispensed with in terms of Section 36(1)(a)(v) of the Supply Chain Management Policy; and SAP appointed for the supply of the following software and maintenance at a total cost of R242 483,85, inclusive of VAT, subject to exchange rate variation: 1. Productivity Pak - R146 429,39 2. Software License - R 32 214,46 3. SAP Productivity Composer Training and Installation -

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75.	Purchase of Pre-Payment Vending Equipment	R569 430,00, inclusive of VAT	Contour Technology (Pty) Limited	19 December 2008	R 63,840 The invitation for tenders was dispensed with in terms of Section 36(1)(a)(ii) and (v) of the Municipal Supply Chain Management Policy, and Contour Technology (Pty) Limited (the sole suppliers of the Contour Vend 2000 equipment) was appointed for the supply of 15 Contour Vend 2000 Online Vending Terminals, in the amount of R569 430,00, inclusive of VAT.
76.	Extension of the Lamacs Contract to ensure logical conclusion to the project	R3 483 270,00, including VAT	Lamacs	19 December 2008	The invitation for tenders was dispensed with in terms of Section 36(1)(a)(v) of the Municipal Supply Chain Management Policy, and the current scope of the work by Lamacs with the Housing and Land Directorate, was extended as set out in the Directorate's report in the following amounts: Support for six months: R2 223 000,00 including VAT Maintenance plans cost: R1 260 270,00 including VAT Total cost: R3 483 270,00 including VAT
77.	Repairs to Safepius Metering Unit at Aspen Substation	R36 236,04, inclusive of VAT.	ABB South Africa (Pty) Ltd	19 December 2008	The invitation for tenders was dispensed with in terms of Section 36(1)(a)(ii) and (v) of the Municipal Supply Chain Management Policy, and ABB South Africa (Pty) Ltd, (the sole supplier and manufacturer of the metering unit), was appointed to repair the Safepius Metering Unit at the Aspen Substation, in the amount of R36 236,04, inclusive of VAT.
78.	Data World : Provision of a Software Maintenance Contract	Contract value for year 1: R431 376,00 inclusive of VAT Contract value for year 2: R474 513,60 inclusive of VAT	Data World	24 December 2008	As Value Assist 3.0 was utilized for all workflow processes pertaining to the Valuation Roll, including the updating of the Valuation Roll, the invitation for tenders was dispensed with in terms of Section 36(1)(a)(ii)

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		Contract value for year 3: R521 964,96 inclusive of VAT			<p>of the Municipal Supply Chain Management Policy, and a software maintenance agreement entered into with Data World for the Value Assist 3.0 program and related components, for the period ending December 2011, at the costs indicated below:</p> <p>Contract value for year 1: R431 376,00 inclusive of VAT</p> <p>Contract value for year 2: R474 513,60 inclusive of VAT</p> <p>Contract value for year 3: R521 964,96 inclusive of VAT</p>
79.	Purchase of Lockable Manhole Covers, Frames and Keys		Maverick Trading	24 December 2008	<p>The Infrastructure and Engineering Directorate is in the process of preparing specifications to put out a tender for the purchase of lockable manhole covers and frames.</p> <p>Approval was granted to deviate from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(ii) and (v) thereof to purchase manhole covers and frames directly from Maverick Trading (sole supplier), to serve the specific needs of the Infrastructure and Engineering Directorate relating to the replacement of existing stolen manhole covers as a matter of urgency.</p> <ol style="list-style-type: none"> 1. 300 number type 2A man-hole covers and frames 2. 100 number type 4A man-hole covers and frames 3. 12 manhole keys for the locks
80.	Marketing of Host City at Bay United/Santos FC Game: 25 January 2009	R13 486,00	PSL; NMBM purchase 250 tickets for learners (R2 500),	23 January 2009	In order to promote the 2010 Directorate's Road to 2010 Marketing

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			provide transport for learners (R8 250) and pay a performance fee for a DJ (R2 736).		Programme at the Bay United/Santos FC televised game to be hosted at the EPRU Stadium on 25 January 2009 and as the service providers have all been contracted by the soccer governing body, PSL, authority was granted to deviate from the provisions of paragraph 17 of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof for payment of 250 tickets for learners, transport for learners and a performance fee of a DJ at a total cost of R13 486,00.
81.	Appointment of a Media Consultant for the 2010 Nelson Mandela Bay Fifa World Cup Directorate	R12 000.	Mr Raymond Hartle	15 January 2009	Authority was granted to deviate from the provisions of paragraph 17 of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to appoint Mr Raymond Hartle on a short-term basis to provide special media services for the 2010 FIFA World Cup Directorate for the period 13 to 17 January 2009 for a maximum of 20 hours at a cost of R600,00 per hour. (Maximum cost: R12 000).
82.	PURCHASE OF WORKS OF ART (3/2/1/3/4)	R2 300,00; R1 710,00	Glenn Meyer (Red Location) - R2 300,00 Altus Pienaar (Oom Piet en Tannie Thysina) - R1 710,00	8 January 2009	Having regard to the Municipal Manager's resolution of 31 October 2008 regarding the approval of acquisition of works of art, and the fact that artistic pieces are unique and have individual merit and that it was accordingly not possible to acquire same by a competitive process as prescribed in the Supply Chain Management Policy, a departure from the Supply Chain Management Policy in terms of paragraph 36(1)(a)(iii) was hereby authorized, for the purchase of artworks with details of artists, description and costs set out as follows:

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					Glenn Meyer (Red Location) - R2 300,00 Altus Pienaar (Oom Piet en Tannie Thysina) - R1 710,00
83.	Appointment of Wika Instruments (Pty) Limited to Test and Calibrate the Pressure and Temperature Transducers at the Gas Turbine.	R36 160,80, including VAT	WIKA Instruments (Pty) Limited	12 February 2009	As the field devices (pressure and temperature transducers) at the Gas Turbine had not been calibrated since installation of the plant in 1982, authority was granted to deviate from the provisions of the Municipal Supply Chain Management Policy, in terms of paragraph 36(1)(a)(v) thereof to appoint WIKA Instruments (Pty) Limited who are situated in Port Elizabeth and available at short notice to test and calibrate the pressure and temperature transducers at the Gas Turbine, in the amount of R36 160,80, including VAT.
84.	Visit by International Delegations – 2 February 2009	R4 250,00	Red Location Museum Restaurant	5 February 2009	As it was impractical to follow formal tender procedures, authority was granted to depart from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to host a dinner at the Red Location Museum Restaurant for a group of international students and their trainers on 2 February 2009 at a cost of R4 250,00 and lunch for the Swedish Parliamentarians at Ginger Restaurant on 2 February 2009 all of whom were the guests of the Deputy Executive Mayor.
85.	Nelson Mandela Bay Metropolitan Municipality's Stadium Operator		Access Facilities and Leisure Management Company (Pty) Limited	6 March 2009	(a) Access Facilities and Leisure Management (Pty) Limited was appointed as the preferred bidder with whom direct negotiations are to be conducted with a view to appointing the company as the Nelson Mandela Bay Metropolitan Municipality's Multi Purpose Stadium Oper-

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					<p>ator to the end of the 2010 World Cup tournament in terms of an agreement, the terms of which are acceptable to the Accounting Officer of the Nelson Mandela Bay Metropolitan Municipality.</p> <p>(b) Access Facilities and Leisure Management Company (Pty) Limited was appointed as the preferred bidder with whom direct negotiations are to be concluded with a view to the conclusion of an agreement, the terms of which are acceptable to the Accounting Officer of the Nelson Mandela Bay Metropolitan Municipality, for its appointment as the Nelson Mandela Bay Metropolitan Municipality's Multi Purpose Stadium Operator and/or lessee for the post 2010 World Cup period, in terms of an agreement acceptable to the Accounting Officer of the Nelson Mandela Bay Metropolitan Municipality.</p>
86.	Contract 60/1 and 60/2 – Supply and/or Delivery Of Engineering Aggregate		A M Harbron Quarries and Afrimat	19 February 2009	The Acting Municipal Manager's resolution of December 2008 was amended to include approval of a departure from the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof for the acquisition of material during November and December 2008 from A M Harbron Quarries and Afrimat, for the reasons more fully set out in the report of the Executive Director : Infra-structure and Engineering.
87.	Purchase of Works of Art	R242 136,00	Michael Stevenson Fine Art cc	4 March 2009	Having regard to the Municipal Manager's resolution of 30 October 2008 regarding the approval of acquisition of works of art, and the

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					fact that artistic pieces are unique and have individual merit and that it was accordingly not possible to acquire same by a competitive process as prescribed in the Supply Chain Management Policy, a departure from the Supply Chain Management Policy in terms of paragraph 36(1)(a)(iii) was hereby authorised, for the purchase of the following art works from Michael Stevenson Fine Art cc in the amount of R242 136,00.
88.	Purchase of Works of Art	R38 000,00	Photographers Gallery ZA	4 March 2009	Having regard to the Municipal Manager's resolution of 30 October 2008 regarding the approval of the acquisition of works of art, and the fact that artistic pieces are unique and have individual merit and that it was accordingly not possible to acquire same by a competitive process as prescribed in the Supply Chain Management Policy, a departure from the Supply Chain Management Policy in terms of paragraph 36(1)(a)(iii) was hereby authorised, for the purchase of a framed painting by Conrad Botes (Untitled, Female figure and soldiers) from the Photographers Gallery ZA in the amount of R38 000,00.
89.	Motherwell Community Development Forum (MCDF) Workshop – 26 to 27 February 2009	R73 350,00 R11 880,00	Cape St Francis Resort Springbok Atlas Bus Services	20 February 2009	The requirements of paragraph 18(b) of the Municipal Supply Chain Management Policy was departed from in terms of paragraph 36(1)(a)(v) of the policy and authority was granted to utilise Cape St Francis Resort as the venue for the MCDF workshop at a cost of R73 350,00 and Springbok Atlas Bus Services at a cost of R11 880,00 for the transport of participants.
90.	Provision of Meals for Delegation from Kampala District Municipality		Variety of restaurants	20 February 2009	As it was impractical to follow formal tender procedures when meals are

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					arranged at a restaurant with an a la carte menu, authority was granted to deviate from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to provide meals at a variety of restaurants during the visit of a delegation from Kampala District Municipality from 23 to 24 February 2009 and members of Goteborg Management Committee from 27 February to 2 March 2009 respectively who were the guests of the Deputy Executive Mayor.
91.	Extension of Validity Period of Contracts : Waste Management Community Cooperatives		Cocisizwe (Soweto-on-sea); Sodlasonke (Walmer/Gqebera); Eyabafazi (Matthew Goniwe Hostel), Kuphilwa Phi (Joe Slovo) and Ncedolwethu (Blue Horizon Bay), Seaview, Beachview and Kini Bay)	12 March 2009	<p>Given the reasons advanced in the report by the Executive Director : Public Health to the Adjudication Committee and in particular the delays occasioned by the difficulties experienced in recruiting a contracts officer in the directorate resulting in a failure to advertise tenders for the expiring cooperative con-tracts and further noting the need to provide sufficient time for the procurement process to be concluded and further given the essential nature of the services provided, it was</p> <p>RESOLVED:</p> <p>That the contracts of Cocisizwe (Soweto-on-sea); Sodlasonke (Walmer/Gqebera); Eyabafazi (Matthew Goniwe Hostel), Kuphilwa Phi (Joe Slovo) and Ncedolwethu (Blue Horizon Bay), Seaview, Beachview and Kini Bay) be extended on a month-to-month basis with effect from 1 December 2008 or 1 February 2009 as the case may be for a period not exceeding beyond 31 May 2009 and that the Supply Chain Management Policy be departed from accordingly</p>

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					in terms of paragraph 36(1)(a)(v) to avoid the need for tenders.
92.	Request for the Extension of the Full Maintenance Lease Agreement with Vuswa Fleet Services (Pty) Limited	R538 152.96	Vuswa Fleet Services (Pty) Limited	19 February 2009	The invitation for tenders was dispensed with in terms of paragraph 36(1)(a)(v) of the Municipal Supply Chain Management Policy, and the existing contract with Vuswa Fleet Services (Pty) Limited for the provision of vehicles on a full maintenance lease was extended for a further four months in the amount of R134 538,24 per month, inclusive of VAT, for the 43 Almeiras, to allow Traffic and Licensing Services to provide adequate funds on the budget for the replacement of these vehicles.
93.	Contract C1-4483812 : Web Hosting and Bandwidth Requirements	R204 705,00, inclusive of VAT	Business Connexion	20 February 2009	The invitation for tenders was dispensed with in terms of Section 36(1)(a)(v) of the Municipal Supply Chain Management Policy, and as Business Connexion was the current service provider for the hosting of the Municipality's Corporate website, Business Connexion be appointed to provide Web Hosting and Bandwidth requirements for the Budget and Treasury Directorate for the period ending 31 December 2010 in the amount of R204 705,00, inclusive of VAT.
94.	Contracts CE11, 21 and 66 (9/3/19-CE11; 9/3/19-CE-21; 9/3/19-CE66)		Various	6 March 2009	(a) In order to continue with service delivery and for the further reasons more fully set out in the report to the Adjudication Committee, including readiness for 2010, the invitation for tenders was dispensed with in terms of Section 36(1)(a)(v) of the Municipal Supply Chain Management Policy, and the following previously approved annual contracts, which

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					<p>expired on 31 December 2008, was extended on a month-to-month basis for a period not exceeding six months, until the new tenders under Contracts CE119/B : Construction of Asphalt Premix Overlays and CE119/C : Construction of Bitumen Seals and Slurries, have been re-advertised and awarded:</p> <p>Contract Enquiry 11 : Application of Bitumen Slurry</p> <p>Contract Enquiry 21 : Construction of Asphalt Premix Overlays and</p> <p>Contract Enquiry 66 : Construction of Bitumen Seals</p> <p>(b) That the extension be made at the previously approved rates, plus escalation, in line with the previous contract.</p> <p>(c) That it be noted that no maintenance work was carried out after 31 December 2008.</p>
95.	Emergency Repairs To Creek Pump Station	R88 030,80	Elmach Electricity	16 January 2009	<p>The action of the Executive Director : Infrastructure and Engineering in dispensing with the invitation for tenders in terms of Section 36(1)(a)(i) and (v) of the Municipal Supply Chain Management Policy and appointing Elmach Electrical to undertake emergency repairs to the Creek Pump Station when it broke down after electrical cabling was stolen and controls damaged on 16/17 December 2008 was condoned and authority granted to pay Elmach Electrical the amount of R88 030,80 for carrying out the repairs.</p>

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
96.	Extension of the Services of Omega Risk Solutions to provide Security Services in the Nelson Mandela Bay Development Agency's Mandate Area		Omega Risk Solutions	23 January 2009	Authority was granted to deviate from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to authorise Omega Risk Solutions to be appointed by the NMBM on a month-to-month basis until 30 April 2009 to enable the Executive Director : Safety and Security to complete the procurement process and to allow the implementation of the guarding/law enforcement plan within the Mandela Bay Development Agency's mandate area to continue and that the terms and conditions of the MBDA contract apply.
97.	Appointment of Project Manager (Co-Ordinator) - New Billing Solution	R775,20 per hour (excluding VAT) for a period not exceeding 3 months should the project continue on a permanent basis, the rate be based on the amount of R661,20 per hour (excluding VAT) for the duration of the project.	Ms Elma Lotter	10 March 2009	The invitation for tenders was dispensed with in terms of Section 36(1)(a)(i) and (v) of the Municipal Supply Chain Management Policy, and Ms Elma Lotter, in her capacity as a member of a close corporation to be formed, was appointed as a project manager to oversee the implementation of the New Billing Solution at Revenue Management and Customer Care Sub-directorate, in the amount R775,20 per hour (excluding VAT) for a period not exceeding 3 months, and should the project continue on a permanent basis, the rate be based on the amount of R661,20 per hour (excluding VAT) for the duration of the project.
98.	Extension of contract period for the Sludge Removal And Disposal from Fishwater Flats Wastewater Treatment Works	Monthly rate of R43 718,16	Khulani Brick and Blocks CC	10 March 2009	The existing contractor, Khulani Brick and Blocks CC be re-appointed with effect from 1 September 2008 at a monthly rate of R43 718,16, on a month-to-month basis, but for a period not extending beyond 30 April 2009 and that the Municipal Supply Chain Manage-

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					ment Policy be departed from in terms of paragraph 36(1)(a)(v) thereof to dispense with the need for tenders accordingly.
99.	Payment of Services : Waste Collection Services		Buyiswa Peyana	12 March 2009	Buyiswa Peyana was appointed retrospectively to provide essential waste collection services on the terms and conditions contained in Contract C2262 for the period 1 November 2007 to 30 April 2008 (Vote 04125339) and the Supply Chain Management Policy was departed from accordingly in terms of paragraph 36(1)(a)(v) to avoid the need for tenders.
100.	Contract 2467 – Construction of Civil Engineering Infrastructure for Various Infill Areas in Kwazakhele, Port Elizabeth	R10 916 646,76, inclusive of 10% contingencies and VAT, be accepted subject to escalation of the contract	Ngelethu Construction (Pty) Limited	16 March 2009	<p>The tender of Ngelethu Construction (Pty) Limited, under Contract CE2467 : Construction of Civil Engineering Infrastructure for various infill areas in Kwazakhele, Port Elizabeth, in the amount of R10 916 646,76, inclusive of 10% contingencies and VAT, was accepted subject to escalation of the contract and subject further to:</p> <p>(a) the outstanding environmental approvals for both Sisulu and Mandela villages being obtained;</p> <p>(b) the successful relocation of all the affected families living informally in the reserves and/or servitudes.</p>
101.	Extension of Contract – Re-Appointment of Pragma Africa	<p>±R1 184 460,00 (VAT inclusive) from date of approval to 30 June 2009</p> <p>R2 123 820 (VAT inclusive) from 1 July 2009 to 30 June 2010</p> <p>R2 531 826 (VAT inclusive) from</p>	Pragma Africa	16 March 2009	Given that Pragma Africa was appointed to develop an asset management solution in the form of an asset care centre which phase has been completed and piloted and given the need to implement and manage this solution throughout the Electricity and Energy Directorate and given that it would now be impractical to start afresh with new tenders, it was

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		1 July 2010 to 30 June 2011 R1 856 672 (VAT inclusive) from 1 July 2011 to 30 June 2012			<p>RESOLVED:</p> <p>(a) That Contract No. 2155 with Pragma Africa be extended to continue with the establishment and management of asset care centres in the Electricity and Energy Directorate for a period of three years in the following amounts:</p> <p>Amount Period</p> <p>±R1 184 460,00 (VAT inclusive) From date of approval to 30 June 2009 R2 123 820 (VAT inclusive 1 July 2009 to 30 June 2010 R2 531 826 (VAT inclusive 1 July 2010 to 30 June 2011 R1 856 672 (VAT inclusive 1 July 2011 to 30 June 2012</p> <p>(b) That the Municipal Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) to obviate the need for tenders.</p>
102.	Contract FMS 04/2006 – Supply, Installation and Maintenance of an Integrated Electronic Fleet Management System	R838 284,86, inclusive of VAT	Fleet Data Technologies cc	16 March 2009	Contract FMS 04/2006 was amended to provide for the supply by Fleet Data Technologies cc of 20 additional user licences in the amount of R838 284,86, inclusive of VAT (Project ID 20070102) and given that it was not possible to acquire user licences from a supplier other than the supplier of the system, the Supply Chain Management Policy was departed from in terms of paragraph 36(1)(a)(ii) and (v) to obviate the need for a further tender.
103.	Transport Summit : 30 January 2009	R67 454 550,00	ESS Coega (Pty) Limited	29 January 2009	Due to short notice resulting from political agreement that the Transport Indaba be reconvened, it

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					<p>was</p> <p>RESOLVED:</p> <p>(a) That authority be granted to depart from the provisions of paragraph 17 of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to allow three quotes to suffice, and that the quote of ESS Coega (Pty) Limited in the amount of R67 454 550,00 be accepted as the lowest quote able to provide the required facilities.</p> <p>(b) That the necessary expenditure ancillary to the event be approved from Vote 2007XCRG00363 (2010 Work Package Public Transport Planning) subject to the Municipal Supply Chain Management Policy being complied with.</p>
104.	Security of Councillor Offices	R16 193,24	Joe Davis Locksmiths and Hardware	10 February 2009	The action of the Executive Director : Corporate Services in engaging the services of Joe Davis Locksmiths and Hardware to replace the locks at the offices of the Councillors who had resigned was condoned due to the urgency, sensitivity and risk of the situation and authority granted to depart from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(a)(a)(i) thereof to pay Joe Davis Locksmiths and Hardware the amount of R16 193,24 for carrying out the work.
105.	Webhosting and Bandwidth Requirements	R257 679,00 inclusive of VAT	BCX	12 March 2009	Having noted the report from Budget and Treasury to the effect that to accommodate the newly developed supplier Web Enquiry

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					<p>Portal, additional bandwidth will need to be provided by the current website hosts, Business Connexion (BCX), and given that such additional bandwidth cannot be provided by another supplier whilst BCX remain the hosts and further given that the cost of the additional bandwidth of 256 Kb is the same as originally tendered, it was</p> <p>RESOLVED:</p> <p>(a) That the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) thereof to dispense with the need for tenders.</p> <p>(b) That the total cost of the webhosting contract with BCX be increased by an amount of R257 679,00 inclusive of VAT.</p>
106.	Approval of a further lease agreement for the Energy Efficiency Centre	R422 684,70 inclusive of VAT plus municipal increases, with an option by the Municipality to renew annually for a further period of two years at an annual escalation of 10%.	Growthpoint Securitisation Warehouse Trust	16 March 2009	<p>Given the reasons advanced by the Executive Director : Electricity and Energy, in particular the need to retain the premises for the continued functioning of the Energy Efficiency Centre (as established by Council), the unavailability of suitable alter-native premises and the IT connection costs already incurred, it was</p> <p>RESOLVED:</p> <p>(a) That the invitation for tenders be dispensed with in terms of Section 36(1)(a)(v) of the Supply Chain Management Policy.</p> <p>(b) That a new lease agreement be entered into with Growth-</p>

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					<p>point Securitisation Warehouse Trust for the rental of office space situated at 66 Ring Road, Greenacres, Investec building, including seven allocated parking bays, for a period of one year ending 30 April 2010, at a cost of R422 684,7 inclusive of VAT plus municipal increases, with an option by the Municipality to renew annually for a further period of two years at an annual escalation of 10%.</p>
107.	Approval for the appointment of an expert consultant to facilitate, so that the Wind Farm co-ordinates with 2010 World Cup	R250 000,00, inclusive of VAT	Afri-Coast Engineers SA (Pty) Limited	16 March 2009	<p>Given the potential delays to the wind farm projects caused by the reorganization of CEF (Pty) Limited after its acquisition of its partners, the need to maintain momentum of the project as part of World Cup 2010 Green Goal, and the immersion of Afri-Coast in the project thus far, it was</p> <p>RESOLVED:</p> <p>(a) That the invitation for tenders be dispensed with in terms of Section 36(1)(a)(v) of the Municipal Supply Chain Management Policy.</p> <p>(b) That, because of institutional knowledge and technical work done by Afri-Coast Engineers SA (Pty) Limited in this field, Afri-Coast Engineers SA (Pty) Limited be appointed to carry out technical work outside the EIA of the Wind Farm, for the 2008/09 and 2009/10 financial years at a total cost not exceeding R250 000,00, inclusive of VAT, subject to an agreement being concluded with CEF (Pty) Limited that the</p>

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					funds would be reimbursed by them.
108.	Recision of Municipal Manager's Resolution to deviate from the provisions of the Municipal Supply Chain Management Policy for the appointment of a media consultant for 2010 Fifa World Cup Nelson Mandela Bay and authority to follow an open tender process instead			16 April 2009	<p>Municipal Manager's Resolution No. 1271 dated 15 January 2009 authorised a deviation from the provisions of the Municipal Supply Chain Management Policy to appoint Mr Raymond Hartle on a short term basis to provide special media services for the 2010 FIFA World Cup Nelson Mandela Bay Directorate. However, Mr Raymond Hartle has since been appointed as a contractor for extensive work in Cape Town and is therefore no longer available as originally envisaged by the Directorate. In view thereof, it was</p> <p>RESOLVED:</p> <p>That Municipal Manager's Resolution No. 1271 dated 15 January 2009 be rescinded and that authority be granted to the 2010 FIFA World Cup South Africa Directorate to follow an open tender process for the designated work envisaged for a media consultant.</p>
109.	Appointment of Contractor to Complete 11 Units at Motherwell Tjoks 2943	R323 986,00 VAT inclusive at 0%.	Umongo Development	23 March 2009	<p>Given the reasons by the Executive Director : Housing and Land, specifically the economic factors influencing the contractor's inability to complete the project, it was</p> <p>RESOLVED:</p> <p>(a) That the invitation for tenders be dispensed with in terms of Section 36(1)(a)(v) of the Supply Chain Management Policy.</p> <p>(b) That Umongo Development, the same contractor who was</p>

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					originally appointed by the Municipality be reappointed to erect the remaining 11 units in Motherwell Tjoks 2943 which were left in different stages of completeness, in the amount of R323 986,00 VAT inclusive at 0%.
110.	Alterations to Traffic Services Sub-Directorate at Korsten – Extension of Scope of Work of Contract 2388	R1 394 245,82, inclusive of VAT	Zama Projects (Pty) Limited	30 March 2009	<p>Given the need to provide for additional work to address supplementary needs of the Traffic Services Sub-directorate and the deteriorating state of the building as established by the contractors and further given that Zama Projects (Pty) Limited are on site, it was</p> <p>RESOLVED:</p> <p>(a) That the invitation for tenders be dispensed with in terms of paragraph 36(1)(a)(v) of the Municipal Supply Chain Management Policy.</p> <p>(b) That the scope of Contract 2388 – alterations to Korsten Traffic Department – awarded to Zama Projects (Pty) Limited be extended to allow for additional work to be undertaken under the existing contract as detailed in the Directorate's report at a cost of R1 394 245,82, inclusive of VAT.</p> <p>(c) That the overall value of Contract 2388 be increased by R1 394 245,82, inclusive of VAT from R1 675 000,00, inclusive of VAT to R3 069 245,82.</p>
111.	Road to 2010 and Legacy Programme of Host City at the Eastern Weekend Football Tournaments	R10 000,00	Ambassador Frankie Schoeman	30 March 2009	Given that official referees are allocated by SAFA, that Host City Ambassadors have been appointed

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					<p>by the Executive Mayor and that such services cannot be obtained by competitive process, it was</p> <p>RESOLVED:</p> <p>(a) That in order to promote the 2010 Directorate's Road to 2010 and Legacy Programme at the Eastern Weekend Football Tournaments to be held in Uitenhage, Motherwell and the northern areas, between 10 and 13 April 2009, authority be granted to deviate from the provisions of paragraph 17 of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to pay for referees' fees and 2010 branded referee kits.</p> <p>(b) That in order to obtain the services of Ambassador Frankie Schoeman, one of the appointed 2010 NMB Host City Ambassadors, over the said period, authority be granted to deviate from the provisions of paragraph 17 of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to pay for his services in an amount not exceeding R10 000,00.</p>
112.	2010 Fifa World Cup Nelson Bay – Legacy Programme for hosting of a Soccer Level 1 Course for Coaches – 2 To 9 April 2009	R54 000,00 R20 000,00	Connex Travel Messrs Urban de Kok and Desmond Lewis	16 April 2009	(a) In order to promote the 2010 FIFA World Cup Nelson Mandela Bay Directorate's Legacy Programme in respect of the Soccer Level 1 coaching course hosted between 2 to 9 April 2009 the actions of the Directorate to dispense with the invitation for tenders, due to short notice, to obtain a

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					<p>training venue and two trainers be condoned.</p> <p>(b) Authority was granted to deviate from the provisions of paragraph 36(1)(a)(v) of the Municipal Supply Chain Management Policy to pay Connex Travel an amount not exceeding R54 000,00 for the provision of a training venue.</p> <p>(c) Authority was granted to deviate from the provisions of paragraph 17 of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to pay Messrs Urban de Kok and Desmond Lewis, SAFA accredited conductors of the training course, for their services in an amount not exceeding R20 000,00.</p>
113.	Reduction of tender period from 30 Days to 14 Days in respect of Contract CE2505 – Upgrading of the Existing Soccer Pitch And Ancillary Works at Gelvandale Stadium for use as a practise ground for the 2010 Fifa World Cup			3 March 2009	The requirements of paragraph 22(2) of the Municipal Supply Chain Management Policy was departed from in terms of paragraph 36(1)(a)(v) of the policy and authority was granted to reduce the tender period from 30 days to 14 days in respect of Contract CE2505 for the upgrading of the existing soccer pitch and ancillary works at Gelvandale Stadium for use as a practice ground for the 2010 FIFA World Cup due to the late change from the Oval to Gelvandale Stadium.
114.	Extension of existing brief of Prof. Nan van den Berg of Form-A-Law – draft by-law – outdoor signs (advertising and other)	R22 500,00	Prof. van Den Berg's	20 March 2009	As the public participation process for the Draft Outdoor Signs (Advertising and Other) By-law prepared by Prof. Nan van den Berg of Form-A-Law is now complete and coincidentally the First Draft of the Revised South African Manual for

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					<p>Outdoor Advertising Control (SAMOAC) Guidelines published by DEDA available for public comment and the municipality intends to comment thereon, it is considered appropriate that Prof. van Den Berg's brief be extended to inter alia assist with the assessment of the comments received during the public participation process and the assessment, drafting of comments on and incorporation of the SAMOAC Guidelines into the draft by-law as detailed in the letter by the Director : Land Planning and Management, it is</p> <p>That the brief of Prof. Nan van den Berg of Form-A-Law be extended as detailed above and in the report by the Director : Land Planning to re-assess and revise the Nelson Mandela Bay Municipality's Draft Outdoor Signs (Advertising and Other) By-law at an approximate cost of R22 500,00 and that the provisions of the Municipal Supply Chain Management Policy be departed from accordingly in terms of paragraph 36(1)(a)(v) to avoid the need for tenders.</p>
115.	Expenditure for Ironman Support Programme – Traditional Dancers and Artists	R63 000,00 R8 000,00 R15 000,00 R16 800,00	14 traditional dance groups. Oyama Vanto, Shane Botha and Zamuxolo Mgoduka Transport Catering	31 March 2009	(a) The programme and budget for Ironman 2009 was approved for expenditure from Job No. 2009JCSE26385. (b) Given that artistic talent was not a commodity which would be comparatively measured and that the performers provide unique services not procurable in terms of competitive processes, authority was granted to the Executive Director : Economic Development and Recreational Servi-

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					<p>ces to depart to the extent necessary from the provisions of paragraph 17(b) of the municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to procure the services of 14 traditional dance groups at a cost of R63 000,00 and specialized choreography and co-ordination services by Oyama Vanto, Shane Botha and Zamuxolo Mgoduka to support the dance groups on 5 April 2009 at a cost of R8 000,00.</p> <p>(c) Transport for the groups at an approximate cost of R15 000,00 and catering at an estimated cost of R16 800,00 be procured by following normal supply chain management procedures (total estimated cost : R101 800,00).</p>
116.	Purchase of Works of Art by Alan Alborough from Art Intelligence	R129 960,00	Art Intelligence	6 April 2009	<p>Having regard to the Municipal Manager's resolution of 31 October 2008 regarding the approval of acquisition of works of art, and the fact that artistic pieces are unique and have individual merit and that it was accordingly not possible to acquire same by a competitive process as prescribed in the Supply Chain Management Policy, a departure from the Supply Chain Management Policy in terms of paragraph 36(1)(a)(iii) was hereby authorised, for the purchase of artworks from Art Intelligence in the amount of R129 960,00.</p>
117.	Purchase of Host City Posters from Touchline Media	R203 678,58	Touchline Media	23 April 2009	<p>In terms of the Graphic Guidelines for the Use of Host City Posters (Premiums/Giveaways) Host City posters may only be purchased from the appointed licensee. The</p>

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
		<p>R1 055 009,40</p> <p>annual rental with a 10% annual escalation in rental, inclusive of VAT, for 20 parking bays as follows:</p> <p>2009/10 - R68 400,00</p> <p>2010/11 - R75 240,00</p> <p>2011/12 - R82 764,00</p>			<p>paragraph 19 of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof.</p> <p>(b) That the lease agreement in respect of the ground floor lease, Fidelity House Building, presently occupied by the ATTP Subdirectorate, be renewed with Apexhi Properties Limited in terms of the new lease agreement for a further period of 3 years in terms of the new lease agreement proposal, inter alia as follows:</p> <ul style="list-style-type: none"> • rental of R62,00 per m², inclusive of VAT • annual rental with a 10% annual escalation in rental and operating cost including VAT as follows: <p>2009/10 R707 365,44 2010/11 R778 102,08 2011/12 R855 912,36</p> <p>(c) That the lease agreement in respect of the 11th and 12th floor, Fidelity House Building, presently occupied by the Treasury and Financial Support Sub-directorate, be renewed in terms of the original lease agreement with Apexhi Properties Limited for a further period of 3 years in terms of the new lease agreement proposal, inter alia as follows:</p> <ul style="list-style-type: none"> • rental of R62,00 per m², inclusive of VAT • parking at R250,00 per day, inclusive of VAT • annual rental with a 10%

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					<p>annual escalation in rental and operating cost including VAT, as follows:</p> <p>2009/10 R 871 908,48 2010/11 R 959 099,04 2011/12 R1 055 009,40</p> <ul style="list-style-type: none"> annual rental with a 10% annual escalation in rental, inclusive of VAT, for 20 parking bays as follows: <p>2009/10 R68 400,00 2010/11 R75 240,00 2011/12 R82 764,00</p>
119.	Reduction of tender period from 30 Days to 21 days in respect of Contract CE2506 – Upgrading of Gelvandale Stadium for use as a practice ground for the 2010 Fifa World Cup			7 April 2009	The requirements of paragraph 22(2) of the Municipal Supply Chain Management Policy was departed from in terms of paragraph 36(1)(a)(v) of the policy and authority granted to reduce the tender period from 30 days to 21 days in respect of Contract CE2506 for the upgrading of Gelvandale Stadium for use as a practice ground for the 2010 FIFA World Cup.
120.	Appointment of Service Providers for Ward Programmes for forthcoming General Elections	R46 600,00	Catering suppliers Service providers	14 April 2009	<p>Having regard to the report by the Director : Constituency Services, it was</p> <p>RESOLVED:</p> <p>(a) That due to the need to appoint service providers acceptable to the communities in which they will operate and for catering suppliers who will provide groceries as opposed to package meals, and given that listed suppliers meet the above criteria, the Supply Chain Management Policy be departed from in terms of paragraph 36(1)(a)(v) and goods to the value listed in the</p>

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					<p>schedules in the report be acquired from the service providers specified (petrol to be acquired from the most convenient outlet).</p> <p>(b) That the hiring of PA systems for 40 public meetings be authorised, subject to compliance with the Supply Chain Management Policy.</p> <p>(c) That expenditure of R46 600,00 on flyers and posters be approved, subject to compliance with the Supply Chain Management.</p> <p>(d) That expenditure as proposed by minority party programmes be approved, subject to compliance with the supply Chain Management policy (i.e. cash will not be paid to parties – proposed suppliers must be identified, with a cost attached to each, for consideration of a departure).</p>
121.	Enclosure of Newton Park Swimming Pool – Erf 2178, Newton Park, Port Elizabeth – Extension Of Scope Of Work	R6 779 447,87, inclusive of VAT and contingencies of R100 000,00.	Zama Projects (Pty) Limited	20 April 2009	<p>(a) Authority was granted to depart from the provisions of paragraph 19 of the Municipality Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof.</p> <p>(b) The scope of Contract HL00043 : Enclosure of Newton Park Swimming Pool : Erf 2178, Newton Park, Port Elizabeth, awarded to Zama Projects (Pty) Limited was extended to allow for additional work to be undertaken under the existing contract as detailed in the Directorate's report in the amount of</p>

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					<p>R6 779 447,87, inclusive of VAT and contingencies of R100 000,00.</p> <p>(c) The approved contract amount under Contract HL00043 was increased by R6 779 447,87 from R21 600 600,00 to R28 380 047,87 all inclusive of VAT.</p>
122.	Minor Plumbing and Building Repairs to Helenvale Primary School	R211 600,00	Lulana Construction	20 April 2009	As a competitive bidding process had been followed by the Department of Education, Section 32 of the Supply Chain Management Policy – procurement of goods and services under contracts secured by other organs of state – was invoked, subject to a Service Level Agreement being concluded with the Department of Education, Lulana Construction be appointed to do Minor Plumbing and Building Repairs at the Helenvale Primary School in the amount of R211 600,00.
123.	Contract C5Q010723 – Repairs and Maintenance of Weighbridges		SA Scale Company	23 April 2009	SA Scale Company was appointed retrospectively to provide essential maintenance and repair services to computerised weighbridges and associated software, on the terms and conditions contained in Contract CSQ010723, on a month to month basis, pending the finalisation of the tender process, but in any event not later than 31 May 2009, and that the Supply Chain Management Policy be departed from accordingly in terms of paragraph 36(1)(a)(v) to avoid the need for tenders.
124.	Preparation of Annual Financial Statements for Centenary Hall Promotions	R22 000,00	Ms Mariella Hargreaves	20 May 2009	Ms Mariella Hargreaves has been preparing the Annual Financial Statements for Centenary Hall Promotions for a number of years. She is familiar with the accounting systems of the Centenary Hall

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					<p>Promotions and due to time constraints and as discussed with the Office of the Auditor-General she is in the best position to prepare the Annual Financial Statements of the Centenary Hall Promotions for the period 1 July 2008 to 30 April 2009 within the required timeframe. In view of the aforementioned a deviation from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(i) and (v) thereof is therefore requested to appoint Ms Mariella Hargreaves to perform this function.</p> <p>RESOLVED:</p> <p>That authority be granted to dispense with the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(i) and (v) thereof to appoint Ms Mariella Hargreaves to prepare the Annual Financial Statements of Centenary Hall Promotions for the period 1 July 2008 to 30 April 2009 at a cost of R22 000,00 based on time spent on the required work to be performed.</p>
125.	Preparation of Annual Financial Statements for Feather Market Promotions	R32 750,00	Ms Mariella Hargreaves	20 May 2009	<p>Ms Mariella Hargreaves has been preparing the Annual Financial Statements for Feather Market Promotions for a number of years. She is familiar with the accounting systems of the Feather Market Promotions and due to time constraints and as discussed with the Office of the Auditor-General she is in the best position to prepare the Annual Financial Statements of the Feather Market Promotions for the period 1 July 2008 to 30 April 2009 within the required timeframe. In view of the aforementioned a</p>

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					<p>deviation from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(i) and (v) thereof is therefore requested to appoint Ms Mariella Hargreaves to perform this function.</p> <p>RESOLVED:</p> <p>That authority be granted to dispense with the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(i) and (v) thereof to appoint Ms Mariella Hargreaves to prepare the Annual Financial Statements of Feather Market Promotions for the period 1 July 2008 to 30 April 2009 at a cost of R32 750,00 based on time spent on the required work to be performed.</p>
126.	Urgent permanent repairs to 132 kV overhead line tower at Chatty/Redhouse/Swartkops Overhead Line	R325 000,00	Lamont's Electrical	20 May 2009	<p>Due to vandalism, sections of steel and belts were removed from the base of a 132 kV overhead line tower at the Chatty/Redhouse/Swartkops 132 kV overhead line, causing the tower to lean precariously toward the second line supplying Swartkops also at 132 kV. The tower has been temporarily stayed, but acquires urgent permanent repairs to be carried out as detailed below. The Nelson Mandela Bay Municipality has appointed contractors to carry out overall line work and Lamont's Electrical, one of these contractors has the equipment and capacity to carry out the work necessary to rehabilitate the overhead line.</p> <p>Work to be carried out and estimated cost:</p> <p>Replacement of damaged and</p>

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					<p>missing steelwork</p> <p>R135 000,00 Repairs to foundations</p> <p>R 40 000,00 Access road repairs</p> <p>R 75 000,00 All terrain high reach crane</p> <p>R 55 000,00 Contingency</p> <p>R 20 000,00</p> <p>Total (excluding VAT) R325 000,00</p> <p>RESOLVED:</p> <p>(a) That authority be granted to depart from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(i) thereof.</p> <p>(b) That the offer of Lamont's Electrical for the repair of the 132 kV overhead line tower on the Chatty/Redhouse/Swartkops 132 kV overhead line, in the amount of R370 500,00 inclusive of VAT be accepted.</p>
127.	Lease of Building for Motherwell Distribution Depot	R26 245,08 (inclusive of VAT) on a month-to-month basis		18 May 2009	The requirements of paragraph 18 of the Municipal Supply Chain Management Policy was departed from in terms of paragraph 36(1)(a)(v) thereof, and retrospective approval granted to lease the existing facility, from 1 April 2009 at a rate of R20,52/m ² - total R26 245,08 (inclusive of VAT) on a month-to-month basis for a maximum period of six months until a

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					new three-year lease agreement was concluded.
128.	Management Policy – Human Rights Celebration – 21 March 2009 – Jabavu Stadium – Assistance with Transport	R94 000,00 including VAT	Algoa Bus Company	20 March 2009	<p>(a) Approval was granted for the Nelson Mandela Bay Municipality to assist with the funding of transport costs to the value of R94 000,00 for the Human Rights Celebrations taking place on 21 March 2009 at the Jabavu Stadium in Uitenhage.</p> <p>(b) In view of the late notification to the Executive Director : Economic Development and Recreational Services to arrange transport for Human Rights Celebrations making it impossible for him to follow normal tender procedures and in view of the fact that Algoa Bus Company was the only supplier that could provide 50 buses at such short notice, authority was granted for the invitation for tenders to be dispensed with in terms of paragraph 36(1)(a)(v) of the Municipal Supply Chain Management Policy to engage the services of Algoa Bus Company at a cost of R94 000,00.</p> <p>(c) The action of the Executive Director : Economic Development and Recreational Services in using the services of Algoa Bus Company to convey members of the community to attend Human Rights Day Commemoration at Jabavu Stadium KwaNo-buhle at a cost of R94 000,00 including VAT, was condoned in terms of Section 36(1)(a)(v)</p>

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					of the Municipal Supply Chain Management Policy.
129.	Purchase of a Work Of Art by Wim Botha from Michael Stevenson Fine Art	R71 820,00	Michael Stevenson Fine Art cc	7 April 2009	Having regard to the Municipal Manager's resolution of 31 October 2008 regarding the approval of acquisition of works of art, and the fact that artistic pieces are unique and have individual merit and that it was accordingly not possible to acquire same by a competitive process as prescribed in the Supply Chain Management Policy, a departure from the Supply Chain Management Policy in terms of paragraph 36(1)(a)(iii) was hereby authorised, for the purchase of Five Authentic Discoveries by Wim Botha from Michael Stevenson Fine Art cc in the amount of R71 820,00.
130.	Purchase of Works Of Art by Anton Kannemeyer from the Photographers Gallery	R20 000	Anton Kannemeyer	7 April 2009	Having regard to the Municipal Manager's resolution of 31 October 2008 regarding the approval of acquisition of works of art, and the fact that artistic pieces are unique and have individual merit and that it was accordingly not possible to acquire same by a competitive process as prescribed in the Supply Chain Management Policy, a departure from the Supply Chain Management Policy in terms of paragraph 36(1)(a)(iii) was hereby authorised, for the purchase of the following artworks from The Photographer Gallery in the amount of R20 000.
131.	Extension of Services – Omega Risk Solutions to Provide Security Services in the Mandela Bay Development Agency's (MBDA) Mandate Area		Omega Risk Solutions	7 April 2009	Authority was granted to deviate from the provisions of the Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) to authorise Omega Risk Solutions to be appointed by the NMBM on a month-to-month basis until 30 June 2009 to enable the Executive Director : Safety and Security to complete the procurement process

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					and to allow the implementation of the security plan within the MBDA mandate area to continue and that the terms and conditions of the MBDA contract apply.
132.	Purchase of Works of Art by Maureen de Jager	R36 500,00	Maureen de Jager	7 April 2009	Having regard to the Municipal Manager's resolution of 31 October 2008 regarding the approval of acquisition of works of art, and the fact that artistic pieces are unique and have individual merit and that it was accordingly not possible to acquire same by a competitive process as prescribed in the Supply Chain Management policy, a departure from the supply Chain Management Policy in terms of paragraph 36(1)(a)(iii) was hereby authorised, for the purchase of works of art.
133.	Road to 2010 and Legacy Programme of Host City at the NMB MTN Splash Festival – 10 to 13 April 2009	R700 000,00	Magnetic Storm	9 April 2009	In order to promote the 2010 Directorate's Road to 2010 and Legacy Programme at the NMB MTN Splash Festival between 10 and 13 April 2009, authority was granted to deviate from the provisions of paragraph 17 of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to appoint Magnetic Storm, the appointed service provider for the Splash Festival, for exposure and branding opportunities at all of the events at the Splash Festival programme and the staging of a Beach Soccer Tournament in an amount not exceeding R700 000,00.
134.	Extension and Upgrading of Existing GPS (Global Positioning System)	R113 797,08, VAT inclusive	Geo Systems Africa	20 April 2009	Authority was granted to depart from the provisions of paragraph 18 of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof and Geo Systems Africa appointed for the extension and upgrading of the existing GPS used by the Housing

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					and Land Directorate, in the amount of R113 797,08, inclusive of VAT.
135.	Contract Enquiry 2997 - Increase E-Mail and Internet Bandwidth	R92 160,00 per month, inclusive of VAT, for the period ending 28 February 2011, with a once-off installation cost of R3 420,00, inclusive of VAT.	NET Connect	20 April 2009	As the increase in e-mail and Internet bandwidth required can only be provided by the current service provider, authority was granted to depart from the provisions of paragraph 19 of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof; and NET Connect appointed to provide the increase in Internet bandwidth to a minimum of 4Mbs in the amount of R92 160,00 per month, inclusive of VAT, for the period ending 28 February 2011, with a once-off installation cost of R3 420,00, inclusive of VAT.
136.	Big Screen Transmission of the Live Broadcast of the Presidential Inauguration 2009 from the Union Buildings	R42 000,00 R65 660,00	Loudhailing Buses	12 May 2009	<p>The Office of the Premier was mandated by Central Government (Office of the Presidency) to provide big screens in all municipalities across the province in order to broadcast the presidential inauguration from the Union Buildings live on 9 May 2009. In addition the Nelson Mandela Bay Municipality was requested to provide transport to the community and loudhailing of the event hosted at the NMMU Missionvale Campus. The request was made at very short notice, as explained in the report by the Executive Director : Corporate Services, and it was therefore</p> <p>RESOLVED:</p> <p>That due to the limited time as a result of the late receipt of the notice of the Premier's Office to assist with loudhailing and buses for members of the community to the live broadcast of the presidential inauguration on a big screen at the</p>

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					Nelson Mandela Metropolitan University Missionvale Campus in the amount of R42 000,00 and R65 660,00 respectively, authority be granted to deviate from the provisions of the Municipal Supply Chain Management Policy in terms of paragraph 36(1)(a)(v) thereof to obtain the services of various service providers as detailed in the report by the Executive Director : Corporate Services.
137.	Contract Enquiry 150 : Maintenance Contract for the South End Fire Station Passenger Lift	R16 416,00 inclusive of VAT, for the first year and increasing for the second and third years based on the Consumer Price Index	Otis (Pty) Limited	18 May 2009	<p>Having considered the reasons advanced by the Executive Director : Corporate Services, in particular the fact that Otis (Pty) Limited was the original designer and supplier of the lift, and further given the requirements of Regulation 6 of the OHS Act, it was</p> <p>RESOLVED:</p> <p>That, subject to confirmation that the price offered by Otis (Pty) Limited was fair, reasonable and competitive, authority be granted to depart from the provisions of paragraph 18 of the Municipal Supply Chain Management Policy in terms of Section 36(1)(a)(v) thereof and that –</p> <p>(i) Otis (Pty) Limited be retrospectively appointed from 1 April 2008 to carry out the monthly maintenance of the newly installed lift at the South End Fire Station at a cost of R1 368,00, inclusive of VAT, per month, until a new contract has been awarded;</p> <p>(ii) the offer of Otis (Pty) Limited for the maintenance and repair of the South End Fire Station</p>

NO.	CONTRACT DESCRIPTION/ CONTRACT NO.	CONTRACT VALUE	NAME OF SERVICE PROVIDER	APPROVAL DATE	REASON FOR DEVIATION
					lift, over a period of three years, under Contract Enquiry 150 in the amount of R16 416,00 inclusive of VAT, for the first year and increasing for the second and third years based on the Consumer Price Index, be accepted.

CENTENARY HALL PROMOTIONS
Trading as CENTENARY HALL
(ASSOCIATION INCORPORATED UNDER SECTION 21)
(COMPANY REG. NO. 1995/010736/08)

ANNUAL FINANCIAL STATEMENTS

AT

30 JUNE 2009

CENTENARY HALL PROMOTIONS
Trading as CENTENARY HALL
(ASSOCIATION INCORPORATED UNDER SECTION 21)

ANNUAL FINANCIAL STATEMENTS

AT 30 JUNE 2009

DIRECTORS	Mr J Saffier (Resignation pending) Mr J J Fritz (Resignation pending) Ms B Godolozzi (Deceased) Mr M E Kollito (Deceased) Mr M L Mangcotywa (Resignation pending) Mr B Ngoqo (Resignation pending) Mr T H Ngcolomba (Deceased) Adv J G Richards (Appointment pending) Mr D Christian (Resignation pending) Ms L Vermaak (Resignation pending) Mr P Van Rooy (Resignation pending) Mr K Jacoby (Appointment pending) Mr Z Siswana (Appointment pending) Adv J Malobola (Appointment pending) Mr R Nolutshungu (Appointment pending)
NATURE OF BUSINESS	The hiring out of the Centenary Hall for concerts, conferences, exhibitions and related events.
BANKERS	Standard Bank of South Africa Limited
AUDITORS	Auditor General
DOMICILE	Centenary Hall Promotions Nt'shekisa Street New Brighton PORT ELIZABETH
LEGAL FORM AND JURISDICTION	Centenary Hall Promotions is a company incorporated under section 21 of the Companies Act No.61 of 1973. The company's operations are based in Port Elizabeth.
REGISTERED OFFICE	5 Summerset Street Central PORT ELIZABETH SOUTH AFRICA 6001 P O Box 12512 CENTRAHIL SOUTH AFRICA 6006

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The Accounting Officer is responsible for the preparation of the Annual Financial Statements as are set out on pages 5 to 37, in terms S126(2) of the Municipal Finance Management Act. The Annual Financial Statements were approved by the Accounting Officer on 25 August 2009 and are signed as such by:

ACCOUNTING OFFICER

CENTENARY HALL PROMOTIONS
Trading as CENTENARY HALL
(ASSOCIATION INCORPORATED UNDER SECTION 21)

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2009

BUSINESS AND OPERATIONS

The company hires out the Centenary Hall for concerts, conferences, exhibitions and related events and provides catering for these events.

FINANCIAL RESULTS

The financial results for the year under review are clearly reflected in these financial statements. The company has a deficit of R 165 113 (2008 : R 55 337) for the year.

DIRECTORS

Particulars of the present directors are given on page 1.

GOING CONCERN

In December 2007 the parent Municipality made a decision to rationalise entities of the Municipality, and the Centenary Hall was identified as one of this entities. The process was finalised and Centenary Hall was absorbed into the Corporate Services Directorate as from the 01 March 2009. The new organisational structure has been approved by the Corporate Services Directorate and committees.

EVENTS SUBSEQUENT TO THE ACCOUNTING DATE

No material fact or circumstance has occurred between the accounting date and the date of this report.

CENTENARY HALL PROMOTIONS
Trading as CENTENARY HALL
(ASSOCIATION INCORPORATED UNDER SECTION 21)
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2009

	Note	2009 R	2008 R
NET ASSETS AND LIABILITIES			
Net assets		152 353	317 466
Accumulated surplus		152 353	317 466
Current liabilities		203 165	223 462
Trade and other payables	1	184 007	198 480
South African Revenue Services - VAT	2	19 158	24 982
Total Net Assets and Liabilities		355 518	540 928
ASSETS			
Non-current assets		67 670	116 720
Property, plant and equipment	3	67 670	116 720
Current assets		287 848	424 208
Trade and other receivables	4	231 175	63 295
Deposits	5	15 950	15 950
Cash and cash equivalents	7	40 723	344 963
Total Assets		355 518	540 928

CENTENARY HALL PROMOTIONS
Trading as CENTENARY HALL
(ASSOCIATION INCORPORATED UNDER SECTION 21)
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 R	2008 R
REVENUE			
Sales	6	-	155 582
Rental of facilities and equipment		539 223	800 497
Government grants	8	128 807	60 000
Other income	9	1 579	13 776
Total Revenue		669 609	1 029 855
EXPENDITURE			
Bar purchases		-	1 145
Catering purchases		-	110 501
Administration expenses	10	153 025	177 847
Selling and distribution expenses	11	2 232	11 864
Employee related costs	12	343 384	264 476
Doubtful debts		69 138	18 260
Depreciation		53 550	66 743
Repairs and maintenance	13	15 462	33 010
Bank charges		4 872	8 358
Interest paid	14	-	586
Contracted services	15	54 400	92 684
General expenses	16	138 659	299 718
Total Expenditure		834 722	1 085 192
DEFICIT BEFORE TAXATION		(165 113)	(55 337)
TAXATION	17	-	-
NET DEFICIT FOR THE YEAR		(165 113)	(55 337)

CENTENARY HALL PROMOTIONS
Trading as CENTENARY HALL
(ASSOCIATION INCORPORATED UNDER SECTION 21)
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2009

	Accumulated surplus / deficit R	Total R
2008		
Balance at 1 July 2007	372 803	372 803
Surplus/(deficit) for the year	(55 337)	(55 337)
Balance at 30 June 2008	317 466	317 466
2009		
Surplus/(deficit) for the year	(165 113)	(165 113)
Balance at 30 June 2009	152 353	152 353

CENTENARY HALL PROMOTIONS
Trading as CENTENARY HALL
(ASSOCIATION INCORPORATED UNDER SECTION 21)
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 R	2008 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		837 489	1 046 900
Cash paid to suppliers and employees		(1 137 229)	(979 858)
Cash utilised by operations	18	(299 740)	67 042
Interest paid		-	(586)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		(299 740)	66 456
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(4 500)	-
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(4 500)	-
NET DECREASE IN CASH AND CASH EQUIVALENTS		(304 240)	66 456
Cash and cash equivalents at the beginning of the year		344 963	278 507
Cash and cash equivalents at the end of the year	19	40 723	344 963

CENTENARY HALL PROMOTIONS
Trading as CENTENARY HALL
(ASSOCIATION INCORPORATED UNDER SECTION 21)
MANDATORY ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

1. BASIS OF PRESENTATION

1.1 Statement of Compliance

The annual financial statements have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (GAAP) except for IAS16 "Property, plant and equipment", including any interpretations of such Statements issued by the Accounting Practices Board, with the effective Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Practices Board replacing the equivalent GAAP Statement as follows:

Standard of GRAP	Replaced Statement of GAAP
GRAP 1: Presentation of financial statements	AC 101: Presentation of financial statements
GRAP 2: Cash flow statements	AC 118: Cash flow statements
GRAP 3: Accounting policies, changes in accounting estimates and errors	AC 103: Accounting policies, changes in accounting estimates and errors

Currently the recognition and measurement principles in the above GRAP and GAAP Statements do not differ or result in material differences in items presented and disclosed in the financial statements. The implementation of GRAP 1, 2 & 3 has resulted in the following changes in the presentation of the financial statements:

1.1.1 Terminology differences:

Standard of GRAP	Replaced statement of GAAP
Statement of financial performance	Income Statement
Statement of financial position	Balance Sheet
Statement of changes in net assets	Statement of changes in equity
Net assets	Equity
Surplus / deficit	Profit / loss
Accumulated surplus / deficit	Retained earnings
Contributions from owners	Share capital
Distributions to owners	Dividends

1.1.2 The cash flow statement is prepared in accordance with the direct method.

1.2 New Standards Adopted

The accounting policies adopted are consistent with those of the previous financial year except as listed below:

The company has adopted the following new and amended IFRS and IFRIC interpretations during the year. Adoption of these revised standards and interpretations did not have any effect on the financial performance or position of the company. They did however give rise to additional disclosures, including in some cases, revisions to accounting policies.

- IFRS 7 Financial Instruments: Disclosure
- IAS 1 Presentation of Financial Statements - Capital Disclosures
- IFRIC 8 (AC441), Scope of IFRS2 (effective 1 May 2006)
- IFRIC 9 (AC442), Re-assessment of Embedded Derivatives (effective 1 June 2006)
- IFRIC 10 (AC443), Interim Financial Reporting and Impairment (effective 1 November 2006)
- IFRIC 11, IFRS 2 - Company and Treasury Share Transactions

(Cont/...)

CENTENARY HALL PROMOTIONS
Trading as CENTENARY HALL
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1. BASIS OF PRESENTATION (Continued)

1.2 New Standards Adopted (Continued)

The principal effects of these changes are as follows:

IFRS 7 Financial Instruments: Disclosures

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the company's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results, comparative information has been revised where needed.

IAS 1 Presentation of Financial Statements

This amendment requires the company to make new disclosures to enable users of the financial statements to evaluate the company's objectives, policies and processes for managing capital.

IFRIC 8 Scope of IFRS 2

This interpretation requires IFRS 2 to be applied to any arrangements in which the entity cannot identify specifically some or all of the goods received, in particular where equity instruments are issued for consideration which appears to be less than fair value. As equity instruments are only issued to employees in accordance with the employee share scheme, the interpretation had no impact on the financial position or performance of the company. This statement has had no effect on the current year financial statements.

IFRIC 9 Reassessment of Embedded Derivatives

IFRIC 9 states that the date to assess the existence of an embedded derivative is the date that an entity first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. As the company has no embedded derivative requiring separation from the host contract, the interpretation had no impact on the financial position or performance of the company. This statement has had no effect on the current year financial statements.

IFRIC 10 Interim Financial Reporting and Impairment

The company adopted IFRIC Interpretation 10 as of 1 January 2007, which requires that an entity must not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost. As the company had no impairment losses previously reversed, the interpretation had no impact on the financial position or performance of the company. This statement has had no effect on the current year financial statements.

IFRIC 11 IFRS 2 - Company and Treasury Share Transactions

The company adopted IFRIC 11 which requires arrangements whereby an employee is granted rights to an entity's equity instruments to be accounted for as an equity-settled scheme, even if the entity buys the instruments from another party, or the shareholders provide the equity instruments needed. No such arrangement exists and hence this interpretation has had no impact on the company.

(Cont/...)

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1. BASIS OF PRESENTATION (Continued)

1.3 Future Changes to Policies

The following GRAP statements have been approved and will be effective from 1st July 2009

GRAP 4	The Effects of Changes in Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Investments in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities Assets
GRAP 100	Non – current Assets Held for Sales and Discontinued Operations
GRAP 101	Agriculture
GRAP 102	Intangible Assets

1.4 Basis of measurement

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention.

1.5 Use of Estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

1.6 Departures from the standards

IAS 16 "PROPERTY, PLANT AND EQUIPMENT"

The company does not determine residual values for each item of property, plant and equipment, does not determine estimated useful lives with reference to the period over which the assets are expected to be available for use and does not depreciate each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost, separately as required by IAS 16 "Property, plant and equipment".

(Cont/...)

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2. PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

3. GOING CONCERN ASSUMPTION

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

4. PROPERTY, PLANT AND EQUIPMENT

- 4.1** Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Subsequent expenditure relating to property, plant and equipment is capitalised when it is probable that future economic benefits from the use of the asset will be increased. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Inferior equipment is written off in full in the year it is acquired. Surpluses or deficits on the disposal of assets are credited or charged to income. The surplus or deficit is the difference between the net disposal proceeds and the carrying amount of the asset.

Items of property, plant and equipment are depreciated using the straight line basis at rates that will reduce the book values to estimated residual values over the anticipated useful lives of the assets concerned. The principal annual rates used for this purpose are:

Furniture and fittings (6 years)
Office equipment (3 years)
Motor vehicles (5 years)
Computer software (2 years)
Computer equipment (3 years)

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date.

4.2 Impairments of non-financial assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount.

(Cont/...)

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4. PROPERTY, PLANT AND EQUIPMENT (Continued)

4.2 Impairments of non-financial assets (Continued)

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

5. FINANCIAL INSTRUMENTS

5.1 Investments and other financial assets

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The company determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

Cash and cash equivalents

Cash and cash equivalents are measured at fair value.

Cash includes cash on hand and with banks. Cash equivalents are short term, liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. Bank overdraft is shown separately on the face of the balance sheet. For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

5.2 Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the company has the positive intention and ability to hold to maturity. After initial measurement held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

5.3 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

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5. FINANCIAL INSTRUMENTS (Continued)

5.4 Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial measurement, available-for-sale financial assets are measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised or determined to be impaired at which time the cumulative gain or loss previously recorded in equity is recognised in profit or loss.

5.5 Impairment of financial assets

The company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

5.6 Assets carried at amortised cost

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in profit or loss.

In relation to trade receivables, a provision for impairment is made when there is objective evidence that the company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

5.7 Financial liabilities

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs, and have not been designated as at fair value through profit or loss.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Trade and other payables

Liabilities for trade and other amounts payable, which are normally settled on 7-30 day terms, are initially measured at fair value of the consideration to be paid in the future for goods and services received.

After initial recognition, trade and other payables are subsequently measured at amortised cost using the effective interest method.

Bank overdraft

Bank overdraft are initially recognised and subsequently measured at fair value.

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5. FINANCIAL INSTRUMENTS (Continued)

5.8 Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Gains and losses on subsequent measurement

For financial assets and liabilities carried at amortised cost a gain or loss is recognised in profit or loss when the financial assets or financial liability is derecognised or impaired, and through the amortisation process.

6. REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and other taxes or duties. The following specific recognition criteria must be met before revenue is recognised:

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership are transferred to the buyer.

Revenue from the hiring out of facilities for functions is recognised once the function has taken place.

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6. REVENUE RECOGNITION (Continued)

Other income is recognised when the services have been rendered.

Interest is recognised on a time proportion basis which takes into account the effective yield on the asset over the period it is expected to be held.

7. GRANTS AND PUBLIC CONTRIBUTIONS

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

Revenue from grants and public contributions are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

8. RETIREMENT BENEFITS

The entity provides retirement benefits for its employees. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable.

The company contributes to the Old Mutual Orion Provident Fund, a defined contribution plan. This fund has been registered and governed under the Pension Fund Act, 1956 as amended.

9. TAXES

Value added tax

Revenues, expenses and assets are recognised net of the amount of value added tax except:

- where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of value added tax included.

- The company accounts for Value Added Tax on the cash basis.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date. The company has an assessed loss for the current and prior financial year-end.

10. OPERATING LEASES

Operating lease payments are charged to the income statement in line with the terms of the underlying lease agreement.

(Cont/...)

CENTENARY HALL PROMOTIONS
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11. BORROWING COSTS

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

12. 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. There was no unauthorised expenditure in the current financial year.

13. 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. There was no irregular expenditure in the current financial year.

14. 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. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance. There was no fruitless and wasteful expenditure in the current financial year.

15. COMPARATIVE INFORMATION

15.1 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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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	R	R
1. TRADE AND OTHER PAYABLES		
Accruals	11 834	4 497
Audit fee accrual	152 433	152 433
Nelson Mandela Bay Metropolitan Municipality	-	37 550
Payments received in advance	19 740	4 000
	184 007	198 480

Terms and conditions of the above financial liabilities:

Accruals are non-interest bearing and are normally settled on 30-day terms.

The payable to the related party bears no interest and has no fixed terms of repayment and is current in nature.

2. SOUTH AFRICAN REVENUE SERVICES - VAT

VAT payable	19 158	24 982
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VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS.

3. PROPERTY, PLANT AND EQUIPMENT

The reconciliation of carrying values is set out on the following page.

(Cont/...)

CENTENARY HALL PROMOTIONS
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)

3. PROPERTY, PLANT AND EQUIPMENT (Continued)

2009

	Furniture and fittings	Office equipment	Motor vehicles	Computer software	Computer equipment	Total
	R	R	R	R	R	R
Cost	265 799	109 052	158 969	1 691	22 665	558 176
Accumulated Depreciation	(262 963)	(107 274)	(98 031)	(1 691)	(20 547)	(490 506)
Net Book Value	2 836	1 778	60 938	-	2 118	67 670
Reconciled as follows:						
Balance at beginning of year	28 750	537	87 433	-	-	116 720
Additions	-	2 000	-	-	2 500	4 500
Depreciation	(25 914)	(759)	(26 495)	-	(382)	(53 550)
Balance at end of year	2 836	1 778	60 938	-	2 118	67 670

During the period, Centenary Hall Promotions acquired Property, plant and equipment with a cost of R4 500 in order to maintain the current operating capacity of the company.

The company does not have any restrictions on title and property, plant and equipment has not been pledge as security for liabilities.

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CENTENARY HALL PROMOTIONS
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)

3. PROPERTY, PLANT AND EQUIPMENT (Continued)

2008

	Furniture and fittings	Office equipment	Motor vehicles	Computer software	Computer equipment	Total
	R	R	R	R	R	R
Cost	265 799	107 052	158 969	1 691	20 165	553 676
Accumulated Depreciation	(237 049)	(106 515)	(71 536)	(1 691)	(20 165)	(436 956)
Net Book Value	28 750	537	87 433	-	-	116 720
Reconciled as follows:						
Balance at beginning of year	59 954	4 282	119 227	-	-	183 463
Depreciation	(31 204)	(3 745)	(31 794)	-	-	(66 743)
Balance at end of year	28 750	537	87 433	-	-	116 720

(Cont...)

CENTENARY HALL PROMOTIONS
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)

	2009	2008
	R	R
4. TRADE AND OTHER RECEIVABLES		
Trade receivables	127 288	112 525
Less: Provision for impairment of receivables	(118 368)	(49 230)
	8 920	63 295
Sundry debtors	1 810	-
Nelson Mandela Bay Metropolitan Municipality	220 445	-
	231 175	63 295

As at 30 June 2009, trade receivables at nominal value of R 118 368 (2008: R 49 230) for the company were impaired and fully provided for. Movements in the provision for impairment of receivables were as follows:

Reconciliation of provision for impairment of receivables

Balance at beginning of the year	(49 230)	(30 970)
Charge for the year	(69 138)	(18 260)
Balance at end of the year	(118 368)	(49 230)

As at 30 June 2009, the ageing analysis of trade receivables is as follows:

Neither past due nor impaired	-	22 518
Past due and not impaired		
90 – 120 day	8 920	19 957
>120 days	-	20 820
Total	8 920	63 295

Trade receivables are non-interest bearing and are generally on 30 days' terms.

The related party receivable bears no interest, has no fixed terms of repayment and is current in nature.

5. DEPOSITS

Electricity deposits	15 950	15 950
	15 950	15 950

(Cont/...)

CENTENARY HALL PROMOTIONS
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)

	2009 R	2008 R
6. SALES		
Catering	-	155 582
Total sales	-	155 582
7. CASH AND CASH EQUIVALENTS		
The entity has the following bank account:		
<u>Current Account (Primary Bank Account)</u>		
Standard Bank of South Africa Limited		
Account Number 080194443		
Cash book balance at beginning of year	344 963	277 498
Cash book balance at end of year	40 723	344 963
Bank statement balance at beginning of year	344 963	151 496
Bank statement balance at end of year	40 723	344 963
<u>Petty cash and cash floats</u>		
Cash book balances at beginning of year	-	1 009
Cash book balances at end of year	-	-
Total bank, Petty cash and cash float balances	40 723	344 963
8. GOVERNMENT GRANTS		
Total government grants	128 807	60 000

Grants are received from the Nelson Mandela Bay Metropolitan Municipality to cover operating deficits of the entity. The conditions of the grant have been met. No funds have been withheld.

The company has not benefited from any other form of government assistance.

CENTENARY HALL PROMOTIONS
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)

	2009 R	2008 R
9. OTHER INCOME		
Sundry income	1 579	13 776
	<hr/>	<hr/>
Total other income	1 579	13 776
	<hr/> <hr/>	<hr/> <hr/>
Sundry income was earned on other services provided such as drapping and venue decoration.		
10. ADMINISTRATION EXPENSES		
Accounting fees	10 530	12 150
Auditing fees	142 495	165 697
	<hr/>	<hr/>
Total administration expenses	153 025	177 847
	<hr/> <hr/>	<hr/> <hr/>
11. SELLING AND DISTRIBUTION EXPENSES		
Marketing	1 018	10 164
Subscriptions	1 214	1 700
	<hr/>	<hr/>
Total selling and distribution expenses	2 232	11 864
	<hr/> <hr/>	<hr/> <hr/>
12. EMPLOYEE RELATED COSTS		
Employee related costs - salaries and wages	255 982	203 975
Employee related costs - contributions to UIF, WCA, provident and medical aids	68 777	50 365
Bonuses (annual and incentive)	18 611	9 459
Other	14	677
	<hr/>	<hr/>
Total employee related costs	343 384	264 476
	<hr/> <hr/>	<hr/> <hr/>
There were no advances to employees.		
Remuneration of the Manager		
Annual remuneration	131 331	113 508
Bonuses (annual and incentive)	16 064	9 459
Contributions to UIF, medical aid and provident fund	44 251	37 764
	<hr/>	<hr/>
Total	191 646	160 731
	<hr/> <hr/>	<hr/> <hr/>

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CENTENARY HALL PROMOTIONS
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)

	2009 R	2008 R
13. REPAIRS AND MAINTENANCE		
Building - internal	1 127	22 581
Equipment	9 934	2 775
Vehicles	4 401	7 654
Total repairs and maintenance	15 462	33 010
14. INTEREST PAID		
Interest paid	-	586
Total interest paid	-	586
15. CONTRACTED SERVICES		
Cleaning	36 400	67 184
Security	18 000	25 500
Total contracted services	54 400	92 684
16. GENERAL EXPENSES		
Cash stolen	12 000	-
Cleaning materials	13 736	15 874
Computer consumables	-	3 801
Electricity and water	36 756	46 417
Equipment hire	8 470	63 333
Expendable equipment	-	375
Equipment consumables	-	86
Laundry	1 181	3 299
Motor vehicle	13 145	17 404
Postage, telephone and fax	47 958	49 310
Professional services	-	12 890
Refuse	2 148	3 473
Stationery	3 265	2 477
Venue decoration	-	80 979
Total general expenses	138 659	299 718

(Cont/...)

CENTENARY HALL PROMOTIONS
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)

	2009 R	2008 R
17. TAXATION		
17.1 Tax charge		
South African normal tax		
- Normal tax	-	-
	<u> -</u>	<u> -</u>
	<u> -</u>	<u> -</u>
17.2 Tax computation		
Deficit before taxation	(165 113)	(55 337)
Add:		
Doubtful debt allowance - 2008 / 2007	12 308	7 743
SARS interest paid	-	586
Revenue received in advance	19 740	-
Provision for doubtful debts	69 138	18 260
Less:		
Government grants	(128 807)	(60 000)
Doubtful debt allowance - 2009 / 2008	(29 592)	(12 308)
Estimated tax loss for the year	<u> (222 326)</u>	<u> (101 056)</u>
Assessed loss brought forward	<u> (1 506 258)</u>	<u> (1 405 202)</u>
Estimated assessed loss	<u> (1 728 584)</u>	<u> (1 506 258)</u>
18. CASH UTILISED BY OPERATIONS		
Deficit for the year	(165 113)	(55 337)
Adjustment for:-		
Depreciation	53 550	66 743
Interest paid	-	586
Operating deficit before working capital changes:	<u> (111 563)</u>	<u> 11 992</u>
(Increase) / decrease in Trade receivables	(167 880)	(17 045)
(Increase) / decrease in Deposits	-	2 568
(decrease) / increase in Trade payables	(20 297)	69 527
Cash utilised by operations	<u> (299 740)</u>	<u> 67 042</u>

(Cont/...)

CENTENARY HALL PROMOTIONS
Trading as CENTENARY HALL
(ASSOCIATION INCORPORATED UNDER SECTION 21)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)

	2009 R	2008 R
19. CASH AND CASH EQUIVALENTS		
Bank balances and cash comprise cash and short-term deposits held by the company's treasury function. The carrying amount of these assets approximates to their fair value.		
Bank balances and cash	40 723	344 963
Total cash and cash equivalents	40 723	344 963
20. EVENTS AFTER THE REPORTING DATE		
No material fact or circumstance has occurred between the accounting date and the date of this report.		
21. RETIREMENT BENEFIT INFORMATION		
The company contributes to the Old Mutual Orion Provident Fund, a defined contribution plan. This fund has been registered and governed under the Pension Fund Act, 1956 as amended.		
The contributions of R 18 040 (2008 : R 13 337) were expensed in the current year.		
22. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
22.1 <u>Audit fees</u>		
Opening balance	152 433	138 577
Current year audit fee	142 495	165 697
Amount paid - current year	(133 959)	(151 841)
Balance unpaid (included in Trade payables)	160 969	152 433
22.2 <u>VAT</u>		
VAT payable is shown in Note 2. All VAT returns have been submitted by the due date throughout the year.		

(Cont/...)

CENTENARY HALL PROMOTIONS
Trading as CENTENARY HALL
(ASSOCIATION INCORPORATED UNDER SECTION 21)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)

**22. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT
(CONTINUED)**

	2009	2008
	R	R
22.3 <u>PAYE and UIF</u>		
Opening balance	2 765	-
Current year payroll deductions	31 690	38 418
Amount paid - current year	(34 455)	(35 653)
Balance unpaid (included in Trade payables)	-	2 765

The PAYE and UIF deducted from employees in April 2009 were paid over to SARS by the parent municipality.

22.4 Pension and Medical Aid Deductions

Opening balance	3 046	-
Current year payroll deductions and Council Contributions	67 004	48 785
Amount paid - current year	(70 050)	(45 739)
Balance unpaid (included in Trade payables)	-	3 046

The Pension and medical aid contributions deducted from employees in April 2009 were paid over by the parent municipality.

22.5 Non- Compliance with the Municipal Finance Management Act

The company has not performed weekly reconciliation of revenue as required by S97 of the MFMA.

All accounts were not reconciled on a monthly basis as required by S98 of the MFMA.

The company does not have an internal audit unit and audit committee as required by S165 and S166 of the MFMA.

22.6 Unauthorised Expenditure

No such expenditure was incurred in the current year.

CENTENARY HALL PROMOTIONS
Trading as CENTENARY HALL
(ASSOCIATION INCORPORATED UNDER SECTION 21)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)

22. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

22.7 Irregular Expenditure

Cash amounting to R12 000 was stolen from the company's premises. As at the reporting date the company has not been able to find the offender nor disciplinary action has been taken. The police report is available on request.

22.8 Fruitless and Wasteful Expenditure

No such expenditure was incurred in the current year.

22.9 Capital Commitments

No capital expenditure has been authorised nor contracted for.

22.10 Contingent Liabilities and Assets

We are not aware of any pending or threatened litigations, proceedings, hearings or claims or negotiations which may result in significant loss or possible recovery to the company. Thus, the company does not have any contingent liabilities or contingent assets to disclose at year-end.

22.11 In-Kind Donations and Assistance

No in-kind donations or assistance was received in the current year.

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's principal financial liabilities, comprise bank overdraft and trade payables. The main purpose of these financial liabilities is to raise finance for the company's operations. The company has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations.

The main risks arising from the company's financial instruments are cash flow interest rate risk, liquidity risk and credit risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Interest rate management

The interest rate risk is limited due to the fact that the company is actually financed by the Nelson Mandela Bay Metropolitan Municipality by means of grants to cover operating deficits.

The company has an overdraft facility with Standard Bank of South Africa Limited. The interest rate on the overdraft facility is at the prime lending rate. The limit on the short term banking facilities is R 25 000. The Nelson Mandela Bay Metropolitan Municipality has provided security in respect of the overdraft facilities.

Deposits attract interest at a rate that varies according to the prime banking rate.

(Cont/...)

CENTENARY HALL PROMOTIONS
Trading as CENTENARY HALL
(ASSOCIATION INCORPORATED UNDER SECTION 21)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk management

The company trades only with recognised, creditworthy third parties. It is the company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The maximum exposure is the carrying amount as disclosed in Note 4 to the financial statements.

With respect to credit risk arising from the other financial assets of the company, which comprise cash and cash equivalents, the company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Liquidity risk

The company monitors its risk to a shortage of funds by considering the maturity of financial assets and projected cash flows from operations. The company's objective is to maintain a balance between continuity of funding and flexibility through use of bank overdrafts and funding received from its parent municipality.

Foreign exchange risks

The company does not operate internationally and is thus not exposed to foreign exchange risk arising from various currency exposures.

Fair value

The carrying amounts of the following financial assets and liabilities approximate their fair value: cash, trade receivables and payables and other receivables and payables.

Capital management

The primary objective of the company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

24. KEY MANAGEMENT PERSONNEL

The following is a person having authority and responsibility for planning, directing and controlling the activities of the entity.

Manager: Mpumelelo Julius Majola

His employee benefits are disclosed in note 12.

(Cont/...)

CENTENARY HALL PROMOTIONS
Trading as CENTENARY HALL
(ASSOCIATION INCORPORATED UNDER SECTION 21)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)

25. RELATED PARTIES

The entity's only related party is its parent municipality the Nelson Mandela Bay Metropolitan Municipality.

Types of related party transactions

Grants are received from the Nelson Mandela Bay Metropolitan Municipality to cover operating deficits of the entity.

The payroll administration is performed by the Nelson Mandela Bay Metropolitan Municipality, the entity reimburses its parent for all payroll costs paid on their behalf.

Material related party transactions and balances

	2009	2008
Transactions	R	R
Grant received	128 807	60 000
Payroll costs	299 802	264 476

Balances

Refer to Note 1 for details of related party balances payable.

Refer to Note 4 for details of related party balances receivable.

Security

The Nelson Mandela Bay Metropolitan Municipality has provided security in respect of the overdraft facilities.

APPENDIX A
CENTENARY HALL PROMOTIONS
Trading as CENTENARY HALL
(ASSOCIATION INCORPORATED UNDER SECTION 21)
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2009

Category	Cost:				Accumulated depreciation:				Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Depreciation	Disposals	Closing Balance	
Other assets	553 676	4 500	-	558 176	(436 956)	(53 550)	-	(490 506)	67 670
Furniture and fittings	265 799	-	-	265 799	(237 049)	(25 914)	-	(262 963)	2 836
Office equipment	107 052	2 000	-	109 052	(106 515)	(759)	-	(107 274)	1 778
Motor vehicles	158 969	-	-	158 969	(71 536)	(26 495)	-	(98 031)	60 938
Computer software	1 691	-	-	1 691	(1 691)	-	-	(1 691)	-
Computer equipment	20 165	2 500	-	22 665	(20 165)	(382)	-	(20 547)	2 118
Total	553 676	4 500	-	558 176	(436 956)	(53 550)	-	(490 506)	67 670

THIS APPENDIX IS NOT APPLICABLE TO THIS ENTITY

**APPENDIX B
CENTENARY HALL PROMOTIONS
Trading as CENTENARY HALL
(ASSOCIATION INCORPORATED UNDER SECTION 21)
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2009**

Department	Opening Balance	Additions	Under-Construction	Disposals	Closing Balance	Opening Balance	Depreciation	Disposals	Closing Balance	Carrying Value
Municipal Council					-				-	-
Administration					-				-	-
Technical Services					-				-	-
Regional Services					-				-	-
Total	-	-	-	-	-	-	-	-	-	-

THIS APPENDIX IS NOT APPLICABLE TO THIS ENTITY

**APPENDIX C
CENTENARY HALL PROMOTIONS
Trading as CENTENARY HALL
(ASSOCIATION INCORPORATED UNDER SECTION 21)
SEGMENTAL ANALYSIS OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009**

2009			Department	2009		
Revenue	Expenses	Surplus/ (Deficit)		Revenue	Expenses	Surplus/ (Deficit)
R	R	R		R	R	R
			Municipal Council			
			Administration			
			Technical Services			
			Regional Services			
-	-	-	Total	-	-	-

APPENDIX D(1)
CENTENARY HALL PROMOTIONS
Trading as CENTENARY HALL
(ASSOCIATION INCORPORATED UNDER SECTION 21)
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2009

	2009 Actual (R)	2009 Budget (R)	2009 Variance (R)	2009 Variance (%)	Explanation of significant variances greater than 10% versus budget
Revenue					
Gross profit - rental of facilities	539 223	733 883	(194 660)	-26.52%	Actual rental income was less than budgeted due to a decrease in rentals of space for events.
Government grants	128 807	50 950	77 857	152.81%	Centenary Hall received a Grant larger than originally budgeted.
Interest earned	-	31 633	(31 633)	-100.00%	The main source of interest revenue was from the Nelson Mandela Metropolitan Municipality. Centenary Hall does no longer have an investment on its parent municipality.
Sundry income	1 579	6 058	(4 479)	-73.94%	Actual sundry income generated from drapping and decoration was less than budgeted due to a decrease in the number of events hosted.
Expenditure					
Employee related costs	343 384	512 667	(169 283)	-33.02%	Actual expenditure was below budget due to managing with the current staff resources.
Repairs and maintenance	15 462	51 983	(36 521)	-70.26%	Actual expenditure was below the budgeted figures mainly due to the decrease in the maintenance of items in the venue.
General expenses	475 876	360 183	115 693	32.12%	Actual expenditure exceeded the budgeted figures mainly due to inflationary increases.

THIS APPENDIX IS NOT APPLICABLE TO THIS ENTITY

**APPENDIX D(2)
CENTENARY HALL PROMOTIONS
Trading as CENTENARY HALL
(ASSOCIATION INCORPORATED UNDER SECTION 21)**

ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2009

	2009 Actual	2009 Under Construction	2009 Total Additions	2009 Budget	2009 Variance	2009 Variance	Explanation of significant variances greater than 5% versus budget
	R	R	R	R	R	%	
Municipal Council			-		-		
Administration			-		-		
Technical Services			-		-		
Regional Services			-		-		
Total	-	-	-	-	-		

FEATHER MARKET PROMOTIONS
Trading as **FEATHER MARKET CENTRE**
(ASSOCIATION INCORPORATED UNDER SECTION 21)
(COMPANY REG. NO. 930/1267/08)

ANNUAL FINANCIAL STATEMENTS

AT

30 JUNE 2009

FEATHER MARKET PROMOTIONS
Trading as FEATHER MARKET CENTRE
(ASSOCIATION INCORPORATED UNDER SECTION 21)
ANNUAL FINANCIAL STATEMENTS

AT 30 JUNE 2009

DIRECTORS	Mr J Saffier (Resignation pending) Mr J J Fritz (Resignation pending) Ms B Godolozzi (Deceased) Mr M E Kollito (Deceased) Mr M L Mangcotywa (Resignation pending) Mr B Ngoqo (Resignation pending) Mr T H Ngcolomba (Deceased) Adv J G Richards (Appointment pending) Mr D Christian (Resignation pending) Ms L Vermaak (Resignation pending) Mr P Van Rooy (Resignation pending) Mr K Jacoby (Appointment pending) Mr Z Siswana (Appointment pending) Adv J Malobola (Appointment pending) Mr R Nolutshungu (Appointment pending)
NATURE OF BUSINESS	The hiring out of the Feather Market Centre for concerts, conferences, exhibitions and related events and catering for these events.
BANKERS	Standard Bank of South Africa Limited
AUDITORS	Auditor General
DOMICILE	Feather Market Centre Baakens Street Central PORT ELIZABETH
LEGAL FORM AND JURISDICTION	Feather Market Promotions is a company incorporated under section 21 of the Companies Act No.61 of 1973. The company's operations are based in Port Elizabeth.
REGISTERED OFFICE	5 Summerset Street Central PORT ELIZABETH SOUTH AFRICA 6001 P O Box 12512 CENTRAHIL SOUTH AFRICA 6006

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The Accounting Officer is responsible for the preparation of the Annual Financial Statements as are set out on pages 5 to 39, in terms S126(2) of the Municipal Finance Management Act. The Annual Financial Statements were approved by the Accounting Officer on 25 August 2009 and are signed as such by:

ACCOUNTING OFFICER

FEATHER MARKET PROMOTIONS
Trading as FEATHER MARKET CENTRE
(ASSOCIATION INCORPORATED UNDER SECTION 21)
(COMPANY REG. NO. 930/1267/08)

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2009

BUSINESS AND OPERATIONS

The company hires out the Feather Market Centre for concerts, conferences, exhibitions and related events and provides catering for these events.

FINANCIAL RESULTS

The financial results for the year under review are clearly reflected in these financial statements. The company has a deficit of R 682 478 (2008 : R 897 069) for the year.

DIRECTORS

Particulars of the present directors are given on page 1.

GOING CONCERN

In December 2007 the parent Municipality made a decision to rationalise entities of the Municipality, and the Feather Market Centre was identified as one of this entities. The process was finalised and Feather Market was absorbed into the Corporate Services Directorate as from the 01 March 2009. The new organisational structure has been approved by the Corporate Services Directorate and committees.

EVENTS SUBSEQUENT TO THE ACCOUNTING DATE

No material fact or circumstance has occurred between the accounting date and the date of this report.

FEATHER MARKET PROMOTIONS
Trading as FEATHER MARKET CENTRE
(ASSOCIATION INCORPORATED UNDER SECTION 21)
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2009

	Note	2009 R	2008 R
NET ASSETS AND LIABILITIES			
Net assets		7 870 524	8 553 002
Accumulated surplus		7 870 524	8 553 002
Current liabilities		804 333	790 971
Trade and other payables	1	673 901	684 729
South African Revenue Services - VAT	2	94 657	60 538
Provision for bonuses	3	35 775	45 704
Total Net Assets and Liabilities		8 674 857	9 343 973
ASSETS			
Non-current assets		7 001 882	7 667 817
Property, plant and equipment	4	7 001 882	7 667 817
Current assets		1 672 975	1 676 156
Inventory	5	103 181	110 227
Trade and other receivables	6	1 280 824	327 924
Deposits	7	6 200	6 200
Cash and cash equivalents	9	282 770	1 231 805
Total Assets		8 674 857	9 343 973

FEATHER MARKET PROMOTIONS
Trading as FEATHER MARKET CENTRE
(ASSOCIATION INCORPORATED UNDER SECTION 21)
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 R	2008 R
REVENUE			
Sales (Bar and catering)	8	4 268 254	3 569 486
Rental of facilities and equipment		943 030	1 101 277
Interest received		80 750	129 825
Government grants	10	1 188 225	1 099 130
Other income	11	820 142	422 546
Profit on disposal of fixed asset		107 858	-
Total Revenue		7 408 259	6 322 264
EXPENDITURE			
Cost of sales	12	2 741 231	2 288 949
Administration expenses	13	191 218	114 225
Selling and distribution expenses	14	425 156	218 024
Employee related costs	15	2 116 544	2 049 964
Bad debts		(416)	8 682
Depreciation		699 642	847 145
Repairs and maintenance	16	359 480	263 835
Bank charges		19 333	22 984
Interest paid	17	3	30 101
Levies		-	6 792
Contracted services	18	279 273	277 960
General expenses	19	1 259 273	1 090 672
Total Expenditure		8 090 737	7 219 333
DEFICIT BEFORE TAXATION		(682 478)	(897 069)
TAXATION	20	-	-
NET DEFICIT FOR THE YEAR		(682 478)	(897 069)

FEATHER MARKET PROMOTIONS
Trading as FEATHER MARKET CENTRE
(ASSOCIATION INCORPORATED UNDER SECTION 21)
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2009

	Accumulated surplus / deficit R	Total R
2008		
Balance at 1 July 2007	9 450 071	9 450 071
Deficit for the year	(897 069)	(897 069)
Balance at 30 June 2008	8 553 002	8 553 002
2009		
Deficit for the year	(682 478)	(682 478)
Balance at 30 June 2009	7 870 524	7 870 524

FEATHER MARKET PROMOTIONS
Trading as FEATHER MARKET CENTRE
(ASSOCIATION INCORPORATED UNDER SECTION 21)
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 R	2008 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		8 361 159	6 430 741
Cash paid to suppliers and employees		(9 465 092)	(6 311 812)
Cash utilised by operations	21	(1 103 933)	118 929
Interest received		80 750	129 825
Interest paid		(3)	(30 101)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		<u>(1 023 186)</u>	<u>218 653</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(60 450)	(62 944)
Proceeds on disposal of property, plant and equipment		134 601	-
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		<u>74 151</u>	<u>(62 944)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(949 035)	155 709
Cash and cash equivalents at the beginning of the year		<u>1 231 805</u>	<u>1 076 096</u>
Cash and cash equivalents at the end of the year	22	<u><u>282 770</u></u>	<u><u>1 231 805</u></u>

FEATHER MARKET PROMOTIONS
Trading as FEATHER MARKET CENTRE
(ASSOCIATION INCORPORATED UNDER SECTION 21)
MANDATORY ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

1. BASIS OF PRESENTATION

1.1 Statement of Compliance

The annual financial statements have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (GAAP) except for IAS16 "Property, plant and equipment", including any interpretations of such Statements issued by the Accounting Practices Board, with the effective Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Practices Board replacing the equivalent GAAP Statement as follows:

Standard of GRAP	Replaced Statement of GAAP
GRAP 1: Presentation of financial statements	AC 101: Presentation of financial statements
GRAP 2: Cash flow statements	AC 118: Cash flow statements
GRAP 3: Accounting policies, changes in accounting estimates and errors	AC 103: Accounting policies, changes in accounting estimates and errors

Currently the recognition and measurement principles in the above GRAP and GAAP Statements do not differ or result in material differences in items presented and disclosed in the financial statements. The implementation of GRAP 1, 2 & 3 has resulted in the following changes in the presentation of the financial statements:

1.1.1 Terminology differences:

Standard of GRAP	Replaced statement of GAAP
Statement of financial performance	Income Statement
Statement of financial position	Balance Sheet
Statement of changes in net assets	Statement of changes in equity
Net assets	Equity
Surplus / deficit	Profit / loss
Accumulated surplus / deficit	Retained earnings
Contributions from owners	Share capital
Distributions to owners	Dividends

1.1.2 The cash flow statement is prepared in accordance with the direct method.

1.2 New Standards Adopted

The accounting policies adopted are consistent with those of the previous financial year except as listed below:

The company has adopted the following new and amended IFRS and IFRIC interpretations during the year. Adoption of these revised standards and interpretations did not have any effect on the financial performance or position of the company. They did however give rise to additional disclosures, including in some cases, revisions to accounting policies.

- IFRS 7 Financial Instruments: Disclosure
- IAS 1 Presentation of Financial Statements - Capital Disclosures
- IFRIC 8 (AC441), Scope of IFRS2 (effective 1 May 2006)
- IFRIC 9 (AC442), Re-assessment of Embedded Derivatives (effective 1 June 2006)
- IFRIC 10 (AC443), Interim Financial Reporting and Impairment (effective 1 November 2006)
- IFRIC 11, IFRS 2 - Company and Treasury Share Transactions

(Cont/...)

FEATHER MARKET PROMOTIONS
Trading as FEATHER MARKET CENTRE
(ASSOCIATION INCORPORATED UNDER SECTION 21)
MANDATORY ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

1. BASIS OF PRESENTATION (Continued)

1.2 New Standards Adopted (Continued)

The principal effects of these changes are as follows:

IFRS 7 Financial Instruments: Disclosures

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the company's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results, comparative information has been revised where needed.

IAS 1 Presentation of Financial Statements

This amendment requires the company to make new disclosures to enable users of the financial statements to evaluate the company's objectives, policies and processes for managing capital.

IFRIC 8 Scope of IFRS 2

This interpretation requires IFRS 2 to be applied to any arrangements in which the entity cannot identify specifically some or all of the goods received, in particular where equity instruments are issued for consideration which appears to be less than fair value. As equity instruments are only issued to employees in accordance with the employee share scheme, the interpretation had no impact on the financial position or performance of the company. This statement has had no effect on the current year financial statements.

IFRIC 9 Reassessment of Embedded Derivatives

IFRIC 9 states that the date to assess the existence of an embedded derivative is the date that an entity first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. As the company has no embedded derivative requiring separation from the host contract, the interpretation had no impact on the financial position or performance of the company. This statement has had no effect on the current year financial statements.

IFRIC 10 Interim Financial Reporting and Impairment

The company adopted IFRIC Interpretation 10 as of 1 January 2007, which requires that an entity must not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost. As the company had no impairment losses previously reversed, the interpretation had no impact on the financial position or performance of the company. This statement has had no effect on the current year financial statements.

IFRIC 11 IFRS 2 - Company and Treasury Share Transactions

The company adopted IFRIC 11 which requires arrangements whereby an employee is granted rights to an entity's equity instruments to be accounted for as an equity-settled scheme, even if the entity buys the instruments from another party, or the shareholders provide the equity instruments needed. No such arrangement exists and hence this interpretation has had no impact on the company.

(Cont/...)

FEATHER MARKET PROMOTIONS
Trading as FEATHER MARKET CENTRE
(ASSOCIATION INCORPORATED UNDER SECTION 21)
MANDATORY ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

1. BASIS OF PRESENTATION (Continued)

1.3 Future Changes to Policies

The following GRAP statements have been approved and will be effective from 1st July 2009

GRAP 4	The Effects of Changes in Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Investments in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities Assets
GRAP 100	Non – current Assets Held for Sales and Discontinued Operations
GRAP 101	Agriculture
GRAP 102	Intangible Assets

1.4 Basis of measurement

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention.

1.5 Use of Estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

Note 3 – provisions

The Annual bonus provisions are based on employment contract stipulations as well as previous annual bonus payment trends.

(Cont/...)

FEATHER MARKET PROMOTIONS
Trading as FEATHER MARKET CENTRE
(ASSOCIATION INCORPORATED UNDER SECTION 21)
MANDATORY ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
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1. BASIS OF PRESENTATION (Continued)

1.6 Departures from the standards

IAS 16 "PROPERTY, PLANT AND EQUIPMENT"

The company does not determine residual values for each item of property, plant and equipment, does not determine estimated useful lives with reference to the period over which the assets are expected to be available for use and does not depreciate each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost, separately as required by IAS 16 "Property, plant and equipment".

2. PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

3. GOING CONCERN ASSUMPTION

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

4. PROPERTY, PLANT AND EQUIPMENT

4.1 Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Subsequent expenditure relating to property, plant and equipment is capitalised when it is probable that future economic benefits from the use of the asset will be increased. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Inferior equipment is written off in full in the year it is acquired. Surpluses or deficits on the disposal of assets are credited or charged to income. The surplus or deficit is the difference between the net disposal proceeds and the carrying amount of the asset.

Items of property, plant and equipment are depreciated using the straight line basis at rates that will reduce the book values to estimated residual values over the anticipated useful lives of the assets concerned. The principal annual rates used for this purpose are:

- Furniture and fittings (6 years)
- Office equipment (3 years)
- Motor vehicles (5 years)
- Computer software (2 years)
- Computer equipment (3 years)
- Audio visual equipment (3 years)
- Leasehold improvements (25 years)

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date.

(Cont/...)

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4. PROPERTY, PLANT AND EQUIPMENT (Continued)

4.2 Impairments of non-financial assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

5. INVENTORY

Inventory which comprises merchandise purchased for resale is valued at the lower of cost and net realisable value on a specific identification basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale.

Inventory cost includes the costs of purchase of inventories comprising the purchase price, levies, pressing and storage. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Other costs are included in the cost of inventories only to the extent that they are incurred in bringing the inventories to their present location and condition.

6. FINANCIAL INSTRUMENTS

6.1 Investments and other financial assets

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The company determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

Cash and cash equivalents

Cash and cash equivalents are measured at fair value.

Cash includes cash on hand and with banks. Cash equivalents are short term, liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. Bank overdraft is shown separately on the face of the balance sheet. For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(Cont/...)

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6. FINANCIAL INSTRUMENTS (Continued)

6.2 Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the company has the positive intention and ability to hold to maturity. After initial measurement held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

6.3 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

6.4 Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial measurement, available-for-sale financial assets are measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised or determined to be impaired at which time the cumulative gain or loss previously recorded in equity is recognised in profit or loss.

6.5 Impairment of financial assets

The company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

6.6 Assets carried at amortised cost

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in profit or loss.

In relation to trade receivables, a provision for impairment is made when there is objective evidence that the company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

(Cont/...)

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6. FINANCIAL INSTRUMENTS (Continued)

6.7 Financial liabilities

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs, and have not been designated as at fair value through profit or loss.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Trade and other payables

Liabilities for trade and other amounts payable, which are normally settled on 7-30 day terms, are initially measured at fair value of the consideration to be paid in the future for goods and services received.

After initial recognition, trade and other payables are subsequently measured at amortised cost using the effective interest method.

Bank overdraft

Bank overdraft are initially recognised and subsequently measured at fair value.

6.8 Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Gains and losses on subsequent measurement

For financial assets and liabilities carried at amortised cost a gain or loss is recognised in profit or loss when the financial assets or financial liability is derecognised or impaired, and through the amortisation process.

(Cont/...)

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7. PROVISIONS

Provisions are recognised where the company and the group has a present legal or constructive obligation as a result of a past event, a reliable estimate of the obligation can be made and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

An annual bonus provision is made based on employment contract stipulations as well as previous annual bonus payment trends.

8. REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and other taxes or duties. The following specific recognition criteria must be met before revenue is recognised:

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership are transferred to the buyer.

Revenue from the hiring out of facilities for functions is recognised once the function has taken place.

Interest is recognised on a time proportion basis which takes into account the effective yield on the asset over the period it is expected to be held.

9. GRANTS AND PUBLIC CONTRIBUTIONS

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

Revenue from grants and public contributions are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

10. RETIREMENT BENEFITS

The company provides retirement benefits for its employees. The contributions to fund obligations for the payment of retirement benefits are recognised in the profit or loss for the period.

11. TAXES

11.1 Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at year end date.

11.2 Value added tax

Revenues, expenses and assets are recognised net of the amount of value added tax except:

- where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of value added tax included.

(Cont/...)

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11. TAXES (Continued)

11.2 Value added tax (Continued)

- The company accounts for value added tax on the cash basis.
- The net amount of value added tax recoverable from, or payable to, the taxation authority is shown separately on the face of the statement of financial position.

12. OPERATING LEASES

Leases where the lessor retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Operating lease rentals are recognised on a straight-line basis over the lease term or any other basis which is representative of the time pattern of the lessees benefit.

13. BORROWING COSTS

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

14. 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. There was no unauthorised expenditure in the current financial year.

15. 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.

16. 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. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance. There was no fruitless and wasteful expenditure in the current financial year.

17. COMPARATIVE INFORMATION

17.1 Current year comparatives:

Budgeted amounts have been included in Appendix D(1) - D(2).

17.2 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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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	R	R
1. TRADE AND OTHER PAYABLES		
Trade payables	352 372	313 497
Payments received in advance	262 138	117 671
Staff leave	52 354	67 197
Audit fee Accrual	-	65 000
Nelson Mandela Bay Metropolitan Municipality	-	114 505
Other payables	7 037	6 859
	673 901	684 729

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled on 30 day terms.

The payable to related parties bear no interest and have no fixed terms of repayment and is current in nature.

2. SOUTH AFRICAN REVENUE SERVICES - VAT

Vat input	(112 374)	(59 710)
Vat output	207 031	120 248
VAT payable	94 657	60 538

VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to South African Revenue Services.

3. PROVISION FOR BONUSES

Balance at beginning of the year	45 704	-
Contribution to provision	35 775	45 704
Annual Bonus Paid	(45 704)	-
Balance at the end of the year	35 775	45 704

An annual bonus is due and payable to employees on their birth dates. The above provision is calculated on a time proportion basis.

(Cont/...)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

4. PROPERTY, PLANT AND EQUIPMENT

2009

	Leasehold improvements	Furniture and fittings	Office equipment	Motor vehicles	Computer software	Computer equipment	Audio visual equipment	Total
	R	R	R	R	R	R	R	R
<i>Cost</i>	18 749 757	365 478	278 288	-	10 928	87 659	3 151	19 495 261
<i>Accumulated Depreciation</i>	(11 854 498)	(279 906)	(269 965)	-	(10 928)	(74 931)	(3 151)	(12 493 379)
Net Book Value	6 895 259	85 572	8 323	-	-	12 728	-	7 001 882
Reconciled as follows:								
Balance at beginning of year	7 505 481	68 295	13 795	61 713	-	18 533	-	7 667 817
Additions	14 600	40 931	4 919	-	-	-	-	60 450
Disposals	-	-	-	(26 743)	-	-	-	(26 743)
Depreciation	(624 822)	(23 654)	(10 391)	(34 970)	-	(5 805)	-	(699 642)
Balance at end of year	6 895 259	85 572	8 323	-	-	12 728	-	7 001 882

During the period, Feather Market Promotions acquired Property, plant and equipment with a cost of R60 450 in order to maintain the current operating capacity of the company.

The company does not have any restrictions on title and property, plant and equipment has not been pledge as security for liabilities.

(Cont...)

FEATHER MARKET PROMOTIONS
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (Continued)

4. PROPERTY, PLANT AND EQUIPMENT (Continued)

2008

	Leasehold improvements	Furniture and fittings	Office equipment	Motor vehicles	Computer software	Computer equipment	Audio visual equipment	Total
	R	R	R	R	R	R	R	R
<i>Cost</i>	18 735 157	324 547	273 369	246 850	10 928	87 659	3 151	19 681 661
<i>Accumulated Depreciation</i>	(11 229 676)	(256 252)	(259 574)	(185 137)	(10 928)	(69 126)	(3 151)	(12 013 844)
Net book value	7 505 481	68 295	13 795	61 713	-	18 533	-	7 667 817
Reconciled as follows:								
Balance at beginning of year	8 235 046	75 521	30 369	111 082	-	-	-	8 452 018
Additions	19140	17 631	5 276	-	-	20 897	-	62 944
Depreciation	(748 705)	(24 857)	(21 850)	(49 369)	-	(2 364)	-	(847 145)
Balance at end of year	7 505 481	68 295	13 795	61 713	-	18 533	-	7 667 817

(Cont...)

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	2009	2008
	R	R
5. INVENTORY		
Bar inventories	87 863	87 880
Catering inventories	15 318	22 347
	<u>103 181</u>	<u>110 227</u>
6. TRADE AND OTHER RECEIVABLES		
Trade receivables	569 660	329 925
Less: Provision for impairment of receivables	(1 729)	(2 001)
	<u>567 931</u>	<u>327 924</u>
Nelson Mandela Bay Metropolitan Municipality	712 893	-
	<u>1 280 824</u>	<u>327 924</u>

As at 30 June 2009, trade receivables at nominal value of R 1 729 (2008: R 2 001) were impaired and fully provided for. Movements in the provision for impairment of receivables were as follows:

Reconciliation of provision for impairment of receivables

Balance at beginning of the year	(2 001)	(2 515)
Charge for the year	416	(8 682)
Utilised	(144)	9 196
	<u>(1 729)</u>	<u>(2 001)</u>

As at 30 June 2009, the ageing analysis of trade receivables is as follows:

Past due and not impaired		
< 30 days	453 926	325 826
30 – 60 days	114 005	2 098
	<u>567 931</u>	<u>327 924</u>
Total	<u>567 931</u>	<u>327 924</u>

Trade receivables are non-interest bearing and are generally on 30 days' terms.

The related party receivable bears no interest, has no fixed terms of repayment and is current in nature.

7. DEPOSITS

Electricity deposits	6 200	6 200
	<u>6 200</u>	<u>6 200</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
8. SALES		
Bar	697 059	672 250
Catering	3 571 195	2 897 236
Total sales	<u>4 268 254</u>	<u>3 569 486</u>
9. CASH AND CASH EQUIVALENTS		
The entity has the following bank accounts:		
<u>Current Account (Primary Bank Account)</u>		
Standard Bank of South Africa Limited Account Number 080140114		
Cash book balance at beginning of year	<u>86 755</u>	<u>(28 556)</u>
Cash book balance at end of year	<u>264 907</u>	<u>86 755</u>
Bank statement balance at beginning of year:	<u>85 759</u>	<u>83 649</u>
Bank statement balance at end of year	<u>264 907</u>	<u>85 759</u>
<u>Money Market Account</u>		
Standard Bank of South Africa Limited Account Number 084993359		
Cash book balance at beginning of year	<u>388 939</u>	<u>345 872</u>
Cash book balance at end of year	<u>-</u>	<u>388 939</u>
Bank statement balance at beginning of year:	<u>388 939</u>	<u>345 872</u>
Bank statement balance at end of year	<u>-</u>	<u>388 939</u>

(Cont/...)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
9. CASH AND CASH EQUIVALENTS (Continued)		
<u>Call Account</u>		
Standard Bank of South Africa Limited		
Account Number 088429725003		
Cash book balance at beginning of year	750 000	750 000
Cash book balance at end of year	-	750 000
Bank statement balance at beginning of year:	750 000	750 000
Bank statement balance at end of year	-	750 000
<u>Petty cash and cash floats</u>		
Cash book balances at beginning of year	6 111	8 780
Cash book balances at end of year	17 863	6 111
Total bank and cash on hand balances	282 770	1 231 805
10. GOVERNMENT GRANTS		
Total government grants	1 188 225	1 099 130
	1 188 225	1 099 130
<p>Grants are received from the Nelson Mandela Metropolitan Municipality to cover operating deficits of the entity. The conditions of the grant have been met. No funds have been withheld.</p> <p>The company has not benefited from any other form of government assistance.</p>		
11. OTHER INCOME		
Sundry income	820 142	422 546
Total other income	820 142	422 546
<p>Sundry income received includes sundry parking and venue decoration income.</p>		

(Cont/...)

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	2009 R	2008 R
12. COST OF SALES		
Opening inventory	110 227	108 496
Purchases	2 734 185	2 290 680
	<u>2 844 412</u>	<u>2 399 176</u>
Closing inventory	(103 181)	(110 227)
Total cost of sales	<u><u>2 741 231</u></u>	<u><u>2 288 949</u></u>
13. ADMINISTRATION EXPENSES		
Accounting fees	28 000	49 060
Auditing fees	163 218	65 165
Total administration expenses	<u><u>191 218</u></u>	<u><u>114 225</u></u>
14. SELLING AND DISTRIBUTION EXPENSES		
Commission on bookings	286 051	27 621
Conferences and visits	4 286	42 890
Marketing	116 470	125 744
Subscriptions	18 349	21 769
Total selling and distribution expenses	<u><u>425 156</u></u>	<u><u>218 024</u></u>
15. EMPLOYEE RELATED COSTS		
Employee related costs - salaries and wages	1 433 060	1 383 284
Employee related costs - contributions to UIF, WCA, pensions and medical aids	211 766	234 405
Housing benefits and allowances	120 795	75 376
Overtime payments	206 867	229 720
Bonuses (annual and incentive)	143 766	126 840
Other	290	339
Total employee related costs	<u><u>2 116 544</u></u>	<u><u>2 049 964</u></u>
There were no advances to employees.		
Remuneration of the Chief Executive Officer		
Annual remuneration	302 872	360 448
Bonuses (annual and incentive)	41 694	52 388
Contributions to UIF, medical aid and Provident Fund	51 344	46 360
Total	<u><u>395 910</u></u>	<u><u>459 196</u></u>

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	2009	2008
	R	R
16. REPAIRS AND MAINTENANCE		
Building - internal	160 697	104 309
Equipment	168 126	120 282
Maintenance agreements	9 750	9 895
Organ maintenance	16 390	13 224
Vehicles	4 517	16 125
Total repairs and maintenance	<u>359 480</u>	<u>263 835</u>
17. INTEREST PAID		
Interest paid	<u>3</u>	<u>30 101</u>
Total interest paid	<u>3</u>	<u>30 101</u>
18. CONTRACTED SERVICES		
Cleaning	121 673	156 472
Security	157 600	121 488
Total contracted services	<u>279 273</u>	<u>277 960</u>
19. GENERAL EXPENSES		
Cash Stolen	6 862	-
Cleaning materials	6 141	18 963
Computer consumables	8 681	19 922
Electricity and water	285 557	287 495
Equipment hire	281 883	135 336
Expendable equipment	24 943	23 989
Equipment consumables	33 328	23 625
Laundry	35 587	43 076
Licences	839	839
Locomotion casual	9 733	10 921
Motor vehicle	22 611	25 635
Parking rental	4 826	21 582
Postage, telephone and fax	139 930	127 243
Refuse	14 045	43 487
Sewerage	6 956	18 268
Staff meals	25 563	14 863
Stationery	110 059	43 546
Training and development of staff	3 700	20 398
Transport of staff	49 625	48 975
Travel and subsistence	60 092	40 739
Uniforms	16 658	22 172
Venue decoration	111 654	99 598
Total general expenses	<u>1 259 273</u>	<u>1 090 672</u>

(Cont/...)

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	2009 R	2008 R
20. TAXATION		
20.1 Tax charge		
South African normal tax		
- Normal tax	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
20.2 Tax computation		
Deficit before taxation	(682 478)	(897 069)
Add:		
Depreciation - leasehold improvements	624 822	748 705
Provision for bonuses - 2009 / 2008	35 775	45 704
SARS interest paid	-	29 602
Doubtful debt allowance - 2008 / 2007	500	629
Revenue received in advance - 2009 / 2008	262 138	117 671
Less:		
Government grants	(1 188 225)	(1 099 130)
Doubtful debt allowance - 2009 / 2008	(432)	(500)
Revenue received in advance - 2008 / 2007	(117 671)	(30 742)
Estimated tax loss for the year	<u>(1 065 571)</u>	<u>(1 085 130)</u>
Assessed loss brought forward	<u>(7 212 870)</u>	<u>(6 127 740)</u>
Estimated assessed loss	<u>(8 278 441)</u>	<u>(7 212 870)</u>

FEATHER MARKET PROMOTIONS
Trading as FEATHER MARKET CENTRE
(ASSOCIATION INCORPORATED UNDER SECTION 21)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
21. CASH UTILISED BY OPERATIONS		
Net deficit for the year	(682 478)	(897 069)
Adjustment for:-		
Depreciation	699 642	847 145
Interest received	(80 750)	(129 825)
Interest paid	3	30 101
Profit on disposal of fixed asset	(107 858)	-
Operating deficit before working capital changes:	(171 441)	(149 648)
Decrease / (Increase) in inventory	7 046	(1 731)
(Increase)/decrease in debtors	(952 900)	(108 477)
(Increase)/decrease in other debtors	-	300
Increase/(decrease) in creditors	13 362	378 485
Cash utilised by operations	(1 103 933)	118 929

22. CASH AND CASH EQUIVALENTS

Bank balances and cash comprise cash and short-term deposits held by the company's treasury function. The carrying amount of these assets approximates to their fair value.

Bank balances	264 907	1 225 694
Cash on hand	17 863	6 111
Total cash and cash equivalents	282 770	1 231 805

23. EVENTS AFTER THE REPORTING DATE

No material fact or circumstance has occurred between the accounting date and the date of this report.

24. RETIREMENT BENEFIT INFORMATION

The company contributes to the Old Mutual Orion Provident Fund, a defined contribution plan. This fund has been registered and governed under the Pension Fund Act, 1956 as amended.

The policy of the company is to provide retirement benefits for all its employees.

The contributions of R 82 375 (2008 : R 96 453) were expensed in the current year.

FEATHER MARKET PROMOTIONS
Trading as FEATHER MARKET CENTRE
(ASSOCIATION INCORPORATED UNDER SECTION 21)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

25. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

	2009	2008
	R	R
25.1 Audit fees		
Opening balance	65 000	-
Current year audit fee	163 218	65 165
Amount paid - current year	<u>(103 178)</u>	<u>(165)</u>
Balance unpaid (included in Trade and Other Payables)	<u>125 040</u>	<u>65 000</u>

25.2 VAT

VAT inputs receivables and VAT outputs payables are shown in note 2. All VAT returns have been submitted by the due date throughout the year.

25.3 PAYE and UIF

Opening balance	1 208	-
Current year payroll deductions	245 241	122 360
Amount paid - current year	<u>(246 449)</u>	<u>(121 152)</u>
Amount paid - previous years		
Balance unpaid (included in Trade and Other Payables)	<u>-</u>	<u>1 208</u>

25.4 Pension and Medical Aid Deductions

Opening balance	11 115	-
Current year payroll deductions and Council Contributions	200 951	218 813
Amount paid - current year	<u>(212 066)</u>	<u>(207 698)</u>
Amount paid - previous years		
Balance unpaid (included in Trade and Other Payables)	<u>-</u>	<u>11 115</u>

25.5 Unauthorised expenditure

No such expenditure was incurred in the current year.

25.6 Irregular expenditure

Petty cash amounting to R6 862 was stolen from the company's premises. As at the reporting date the company has not been able to find the offender nor disciplinary action has been taken. The police report is available on request.

FEATHER MARKET PROMOTIONS
Trading as FEATHER MARKET CENTRE
(ASSOCIATION INCORPORATED UNDER SECTION 21)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

25. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

25.7 Fruitless and wasteful expenditure

No such expenditure was incurred in the current year.

25.8 Capital commitments

No capital expenditure has been authorised nor contracted for.

25.9 Contingent liabilities and assets

We are not aware of any pending or threatened litigations, proceedings, hearings or claims or negotiations which may result in significant loss or possible recovery to the entity.

25.10 In-kind donations and assistance

No in-kind donations or assistance was received in the current year.

25.11 Non- Compliance with the Municipal Finance Management Act

The company has not performed weekly reconciliation of revenue as required by S97 of the MFMA.

All accounts were not reconciled on a monthly basis as required by S98 of the MFMA.

The company does not have an internal audit unit and audit committee as required by S165 and S166 of the MFMA.

26. KEY MANAGEMENT PERSONNEL

The following is a person having authority and responsibility for planning, directing and controlling the activities of the entity.

Chief Executive Officer: Keith Murcott

His employee benefits are disclosed in note 15.

(Cont/...)

FEATHER MARKET PROMOTIONS
Trading as FEATHER MARKET CENTRE
(ASSOCIATION INCORPORATED UNDER SECTION 21)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's principal financial liabilities, comprise bank overdraft and trade payables. The main purpose of these financial liabilities is to raise finance for the company's operations. The company has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations.

The main risks arising from the company's financial instruments are cash flow interest rate risk, liquidity risk and credit risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Interest rate management

The interest rate risk is limited due to the fact that the company is actually financed by the Nelson Mandela Bay Metropolitan Municipality by means of grants to cover operating deficits.

The company has an overdraft facility with Standard Bank of South Africa Limited. The interest rate on the overdraft facility is at the prime lending rate. The limit on the short term banking facilities is R 100 000. The Nelson Mandela Bay Metropolitan Municipality has provided security in respect of the overdraft facilities.

Deposits attract interest at a rate that varies according to the prime banking rate. The company manages this interest rate risk by ensuring that all surplus funds are invested in fixed rate instruments and by maintaining the minimum possible balance in the current account.

Credit risk management

The company trades only with recognised, creditworthy third parties. It is the company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant. The maximum exposure is the carrying amount as disclosed in Note No.6 to the financial statements. There are no significant concentrations of credit risk in the company.

With respect to credit risk arising from the other financial assets of the company, which comprise cash and cash equivalents, the company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Liquidity risk

The company monitors its risk to a shortage of funds by considering the maturity of financial assets and projected cash flows from operations. The company's objective is to maintain a balance between continuity of funding and flexibility through use of bank overdrafts and funding received from its parent municipality.

(Cont/...)

FEATHER MARKET PROMOTIONS
Trading as FEATHER MARKET CENTRE
(ASSOCIATION INCORPORATED UNDER SECTION 21)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign exchange risks

The company does not operate internationally and is thus not exposed to foreign exchange risk arising from various currency exposures.

Fair value

The carrying amounts of the following financial assets and liabilities approximate their fair value: cash, trade receivables and payables and other receivables and payables.

Capital management

The primary objective of the company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

28. RELATED PARTIES

The entity's only related party is its parent municipality the Nelson Mandela Bay Metropolitan Municipality.

Types of related party transactions

Grants are received from the Nelson Mandela Bay Metropolitan Municipality to cover operating deficits of the entity.

The payroll administration is performed by the Nelson Mandela Bay Metropolitan Municipality, the entity reimburses its parent for all payroll costs paid on their behalf.

Material related party transactions and balances

	2009	2008
Transactions	R	R
Grant received	1 188 225	1 099 130
Payroll costs	1 650 251	1 680 298

Balances

Refer to Note 1 for details of related party balances payable.

Refer to Note 6 for details of related party balances receivable.

Security

The Nelson Mandela Bay Metropolitan Municipality has provided security in respect of the overdraft facilities.

(Cont/...)

FEATHER MARKET PROMOTIONS
Trading as FEATHER MARKET CENTRE
(ASSOCIATION INCORPORATED UNDER SECTION 21)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

29. COMMITMENTS UNDER OPERATING LEASES

The company has entered into commercial leases on items of office equipment where it is not in the best interest of the company to purchase these assets. These leases have an average life of between 2 and 5 years with renewal.

Future minimum lease payments under non-cancellable operating leases are as follows:

	2009	2008
	R	R
Within the next year	-	22 422
	<u> </u>	<u> </u>
Two to five years	-	89 688
	<u> </u>	<u> </u>

The current year expense relating to operating leases is included in note 19. These leases have no scalation for the entire period of the contract. All operating leases are to be taken over by the parent municipality.

APPENDIX A
FEATHER MARKET PROMOTIONS
Trading as FEATHER MARKET CENTRE
(ASSOCIATION INCORPORATED UNDER SECTION 21)
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2009

Category	Cost:				Accumulated depreciation:				Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Depreciation	Disposals	Closing Balance	
Other assets	19 681 661	60 450	(246 850)	19 495 261	(12 013 844)	(699 642)	220 107	(12 493 379)	7 001 882
Furniture and fittings	324 547	40 931	-	365 478	(256 252)	(23 654)	-	(279 906)	85 572
Office equipment	273 369	4 919	-	278 288	(259 574)	(10 391)	-	(269 965)	8 323
Motor vehicles	246 850	-	(246 850)	-	(185 137)	(34 970)	220 107	-	-
Computer software	10 928	-	-	10 928	(10 928)	-	-	(10 928)	-
Computer equipment	87 659	-	-	87 659	(69 126)	(5 805)	-	(74 931)	12 728
Audio visual equipment	3 151	-	-	3 151	(3 151)	-	-	(3 151)	-
Leasehold improvements	18 735 157	14 600	-	18 749 757	(11 229 676)	(624 822)	-	(11 854 498)	6 895 259
Total	19 681 661	60 450	(246 850)	19 495 261	(12 013 844)	(699 642)	220 107	(12 493 379)	7 001 882

THIS APPENDIX IS NOT APPLICABLE TO THIS ENTITY

**APPENDIX B
FEATHER MARKET PROMOTIONS
Trading as FEATHER MARKET CENTRE
(ASSOCIATION INCORPORATED UNDER SECTION 21)
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2009**

Department	Opening Balance	Additions	Under-Construction	Disposals	Closing Balance	Opening Balance	Depreciation	Disposals	Closing Balance	Carrying Value
Municipal Council					-				-	-
Administration					-				-	-
Technical Services					-				-	-
Regional Services					-				-	-
Total	-	-	-	-	-	-	-	-	-	-

THIS APPENDIX IS NOT APPLICABLE TO THIS ENTITY

**APPENDIX C
FEATHER MARKET PROMOTIONS
Trading as FEATHER MARKET CENTRE
(ASSOCIATION INCORPORATED UNDER SECTION 21)
SEGMENTAL ANALYSIS OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009**

2009			Department	2009		
Revenue	Expenses	Surplus/ (Deficit)		Revenue	Expenses	Surplus/ (Deficit)
R	R	R		R	R	R
			Municipal Council			
			Administration			
			Technical Services			
			Regional Services			
-	-	-	Total	-	-	-

APPENDIX D(1)
FEATHER MARKET PROMOTIONS
Trading as **FEATHER MARKET CENTRE**
(ASSOCIATION INCORPORATED UNDER SECTION 21)
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2009

	2009 Actual (R)	2009 Budget (R)	2009 Variance (R)	2009 Variance (%)	Explanation of significant variances greater than 10% versus budget
Revenue					
Gross profit - bar and catering	1 527 023	1 133 333	393 690	34.74%	The variance in bar and catering gross profit was due to an increase in prices as well as events such as exhibitions & concerts.
Gross profit - rental of facilities	943 030	819 125	123 905	15.13%	The variance from rental was due to an increase in rental of space for events such as exhibitions & concerts.
Government grants	1 188 225	-	1 188 225	100.00%	Feather Market received an operating grant from the Nelson Mandela Bay Municipality not originally budgeted for.
Interest earned	80 750	50 000	30 750	61.50%	The variance is mainly due to greater bank balances generating more interest received than budgeted.
Sundry income	820 142	233 652	586 490	251.01%	The variance is mainly due to increase in venue decoration and sundry parking.
Profit on disposal of fixed asset	107 858	-	107 858	100.00%	Feather Market made a profit on sale of a Motor Vehicle, this income was not included in the annual budget.
Expenditure					
Employee related costs	2 116 544	1 691 801	424 743	25.11%	Actual expenditure exceeded the budgeted figures mainly due to back pay paid to employees during February 09.
Repairs and maintenance	359 480	179 583	179 897	100.17%	Actual expenditure exceeded the budgeted figures mainly due to building and equipment repairs.
General expenses	2 873 482	1 527 825	1 345 657	88.08%	Actual expenditure exceeded the budgeted figures mainly due to inflationary increases and increases in expenditure associated with the increase in revenue, namely selling and distribution expense.
Net deficit	(682 478)	(1 163 099)			

THIS APPENDIX IS NOT APPLICABLE TO THIS ENTITY

**APPENDIX D(2)
FEATHER MARKET PROMOTIONS
Trading as FEATHER MARKET CENTRE
(ASSOCIATION INCORPORATED UNDER SECTION 21)**

ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2009

	2009 Actual	2009 Under Construction	2009 Total Additions	2009 Budget	2009 Variance	2009 Variance	Explanation of significant variances greater than 5% versus budget
	R	R	R	R	R	%	<i>(Explanations to be recorded)</i>
Municipal Council							
Administration							
Technical Services							
Regional Services							
Total							

MANDELA BAY DEVELOPMENT AGENCY INCORPORATED ASSOCIATION NOT FOR GAIN

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

(Registration Number: 2003/017900/08)

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**MANDELA BAY DEVELOPMENT AGENCY INCORPORATED ASSOCIATION NOT FOR GAIN
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009
DIRECTORS' REPORT**

The directors have pleasure in submitting their report for the Agency, which forms part of the audited financial statements of the Incorporated Association not for gain for the year ended 30 June 2009.

Establishment

The Nelson Mandela Bay Municipality (NMBM), with the assistance of the Industrial Development Corporation (IDC) established the Mandela Bay Development Agency (MBDA) to project manage urban regeneration of the inner metro precinct with a view to promoting economic and tourism development. The geographical area for which the MBDA is responsible for includes *inter alia*, the Central Business District (CBD), Central Hill, the existing harbour, Lower Baakens River Valley and surrounding areas.

In December 2007 the NMBM council resolved that the MBDA's mandate be extended to include the renewal and revitalisation of business nodes within the entire Nelson Mandela Bay area with a focus on emerging areas such as Uitenhage.

General review

The Agency has received conditional grants during the year under review from the NMBM and IDC for urban regeneration projects, operational expenses and property, plant and equipment in terms of the budget submitted to them.

Legislation

The Agency complied with all the relevant sections of the Companies Act, 61 of 1973 and the Municipal Finance Management Act, 56 of 2003.

Financial results

The financial results are set out in the attached annual financial statements.

Key activities

Existing Projects

During the year under review the Agency completed the Govan Mbeki Avenue Environmental Upgrade (Phase 1), and Parliament Street Environmental Upgrade projects.

New Projects

During the year under review, construction on the Govan Mbeki Avenue Environmental Upgrade (Phase 2) continued and this project entailed the semi-pedestrianisation of the precinct, as well as paving walkways, planting trees and installing street furniture and steel structures. Design planning for the Strand Street Environmental Upgrade and Donkin Reserve Project also commenced during this year, with construction planned to commence in 2009/10.

Future Projects

The construction for the Environmental Upgrade of Strand Street and Donkin Reserve projects are planned to commence in the new financial period.

Directors and Secretary

The non-executive directors of the company are:

Sakumzi Justice Macozoma (Chairperson)
Phillip Hugo Gutsche (Deputy Chairperson)
Mninawe Pepi Silinga
Daniel Alexander Jordaan
Lulama Monica Prince
Wilhela Magda Gie
Hannah Sadiki
Alfred Da Costa
Renganayagee Kisten

The company secretary is Ashwin Badra Daya whose business and postal addresses are:

Postal Address:

Mandela Bay Development Agency
P.O. Box 74
Port Elizabeth
6000

Business Address:

7th Floor
Kwantu Towers
Vuyisile Mini Square (Market Square)
Govan Mbeki Avenue
Port Elizabeth
6001

MANDELA BAY DEVELOPMENT AGENCY INCORPORATED ASSOCIATION NOT FOR GAIN

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2009

	Notes	2009 R	2008 R
NET ASSETS AND LIABILITIES			
NET ASSETS			
Grants & Public Contributions Reserves		658 941	606 435
		<u>658 941</u>	<u>606 435</u>
LIABILITIES			
Non Current Liabilities			
Construction Contract Retention Creditors	2	1 516 554	896 759
Current Liabilities			
Trade and Other Payables	3	86 637 580	80 114 068
Provisions	4	8 265 676	8 113 927
Unspent Conditional Grants	5	209 497	198 176
Short term portion of Construction Contract Retention Creditors	5	77 699 501	71 328 829
	2	462 906	473 136
		<u>88 813 075</u>	<u>81 617 262</u>
TOTAL NET ASSETS AND LIABILITIES			
ASSETS			
Non-current Assets			
Property, Plant & Equipment	6	658 941	606 435
		<u>658 941</u>	<u>606 435</u>
Current Assets			
Construction (Work in Progress)	7	88 154 134	81 010 827
Trade and Other Receivables	8	35 596 312	42 954 557
Deposits	9	6 510 012	14 101 941
Cash and Cash Equivalents	10	6 605	5 605
		46 041 205	23 948 724
		<u>88 813 075</u>	<u>81 617 262</u>
TOTAL ASSETS			

MANDELA BAY DEVELOPMENT AGENCY INCORPORATED ASSOCIATION NOT FOR GAIN**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009**

		ACTUAL	ACTUAL
	NOTES	2009	2008
		R	R
REVENUE	11	15 992 200	14 625 449
IDC Grants		1 063 982	1 436 019
NMBM Conditional Grants & Receipts		11 726 233	11 004 462
Interest Received - external investments		3 201 985	2 184 968
OTHER INCOME			
Other Income	12	323 770	108 428
TOTAL REVENUE		16 315 970	14 733 877
EXPENDITURE		16 263 464	14 785 931
Advertising & Media		171 579	318 998
Audit Fees		239 368	105 200
Bank Charges		6 839	3 097
Cleaning, Safety & Security		12 817	6 164
Computer Expenses		32 336	19 896
Consumables		3 115	1 600
Course Fees, Education & Training		44 544	29 038
Depreciation		137 791	113 625
Donations & Social Responsibility		16 500	24 145
Electricity, Water & Rates		51 002	67 452
Employee Related Costs	13	4 579 131	3 764 705
Entertainment		80 269	79 073
Equipment Lease & Rentals		14 205	14 625
Insurance		45 416	42 802
Interest & Penalties	14	2 425	576
IT Support Costs		84 456	76 848
Legal Fees		271 943	210 885
Loss on disposal of non current asset		-	1 494
Meeting Expenses		91 963	44 563
Office Decor & Fittings		11 611	12 403
Postage & Courier		7 801	5 971
Printing & Stationery		50 095	22 033
Professional & Consultant Fees		525 656	198 912
Public Relations & Marketing		722 836	710 227
Recruitment Costs		6 892	6 733
Refreshments		11 532	8 651
Rentals		381 062	385 670
Repairs & Maintenance		9 764	6 259
Small Assets		31 632	3 647
Subscriptions		40 031	21 403
Sundry Expenses		4 226	7 107
Telephone & Fax		124 131	101 176
Travel & Accommodation		373 758	314 099
Strategic Spatial Implementation Framework		2 260 550	1 436 019
Cleansing Plan Project		2 465 445	1 541 290
Security Plan Project		3 194 218	5 054 569
Narrow Gauge Feasibility Study		-	24 976
CBD Facilities		156 525	-
NET SURPLUS/(DEFICIT) FOR THE YEAR		52 506	(52 054)

MANDELA BAY DEVELOPMENT AGENCY INCORPORATED ASSOCIATION NOT FOR GAIN

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2009

	R	R	R
	Grants & Public Contributions Reserve	Accumulated Surplus	Total Net Assets
Balance at 1 July 2007	658 489	-	658 489
Net Deficit for the year	-	(52 054)	(52 054)
Add back depreciation	(113 625)	113 625	-
Grants used to purchase PPE	73 217	(73 217)	-
Asset disposal	(11 646)	11 646	-
Balance at 1 July 2008	606 435	-	606 435
Net Surplus for the year	-	52 506	52 506
Add back depreciation	(137 791)	137 791	-
Grants used to purchase PPE	190 297	(190 297)	-
Balance at 30 June 2009	658 941	-	658 941

MANDELA BAY DEVELOPMENT AGENCY INCORPORATED ASSOCIATION NOT FOR GAIN

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 R	2008 R
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>			
Cash receipts from government and others		79 824 474	36 442 352
Cash paid to suppliers and employees		(60 741 256)	(34 291 047)
<i>Cash generated from operations</i>	15	<u>19 083 218</u>	<u>2 151 305</u>
Interest received		3 201 985	2 184 968
Interest paid		(2 425)	(576)
NET CASH UTILISED FROM OPERATING ACTIVITIES		<u><u>22 282 778</u></u>	<u><u>4 335 697</u></u>
<u>CASH FROM INVESTING ACTIVITIES</u>			
Purchase of property, plant and equipment		(190 297)	(73 217)
Proceeds on disposal of property, plant and equipment		-	10 152
NET CASH UTILISED FROM INVESTING ACTIVITIES		<u><u>(190 297)</u></u>	<u><u>(63 065)</u></u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	16	<u><u>22 092 481</u></u>	<u><u>4 272 632</u></u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		23 948 724	19 676 092
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		<u><u>46 041 205</u></u>	<u><u>23 948 724</u></u>

1.1 REPORTING ENTITY

Mandela Bay Development Agency (MBDA) is a municipal entity (registered section 21 company) with the Nelson Mandela Bay Municipality (NMBM) as its parent municipality. The MBDA’s registered address is The City Hall, Port Elizabeth. The MBDA is situated in the Nelson Mandela Bay Municipality of the Eastern Cape Province. The Agency has been established by the NMBM with the assistance of the Industrial Development Corporation (IDC) to project manage urban regeneration of the inner metro precinct with a view to promoting economic and tourism development.

1.2 BASIS FOR PRESENTATION

1.2.1 Statement of Compliance

The annual financial statements have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (GAAP) including any interpretations of such Statements issued by the Accounting Practices Board, with the effective Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Practices Board replacing the equivalent GAAP Statement as follows:

Standard of GRAP
GRAP 1: Presentation of financial statements
GRAP 2: Cash flow statements
GRAP 3: Accounting policies, changes in accounting estimates and errors
GRAP 4 The Effects of Changes in Exchange Rates
GRAP 5 Borrowing Costs
GRAP 6 Consolidated and Separate Financial Statements
GRAP 7 Investments in Associates
GRAP 8 Investments in Joint Ventures
GRAP 9 Revenue from Exchange Transactions
GRAP 10 Financial Reporting in Hyperinflationary Economies
GRAP 11 Construction Contracts
GRAP 12 Inventories
GRAP 13 Leases
GRAP 14 Events After the Reporting Date
GRAP 16 Investment Property
GRAP 17 Property, Plant and Equipment
GRAP 19 Provisions, Contingent Liabilities Assets
GRAP 100 Non – current Assets Held for Sales and Discontinued Operations
GRAP 101 Agriculture

Currently the recognition and measurement principles in the above GRAP and GAAP Statements do not differ or result in material differences in items presented and disclosed in the financial statements.

GRAPs 6, 7 and 8 have been complied with, to the extent that the requirements in these standards relate to the Agency's separate financial statements.

The Minister has determined that the effective date for the above standards of GRAP shall be

- December 2005 for GRAP 1, 2 and 3
- May 2008 for all the other GRAP statements

Directives issued and effective

Reference	Topic
Directive 1	Repeal of Existing Transitional Provisions in, and Consequential Amendments to, Standards of GRAP.
Directive 2	Transitional Provisions for the adoption of Standards of GRAP by Public Entities and Constitutional institutions
Directive 3	Transitional Provisions for the adoption of Standards of GRAP by High Capacity Municipalities
Directive 4	Transitional Provisions for the adoption of Standards of GRAP by Medium and Low Municipalities
Directive 5	Determining the GRAP Reporting Framework

Effective accrual based IPSASs considering the provisions in paragraph .15 to .19 of Directive 5

Reference	Topic
IPSAS 20	Related Party Disclosures
IPSAS 21	Impairment of Non Cash-Generating Assets

Effective IFRSs and IFRICs that are applied considering the provisions in paragraph.20 to .26 of Directive 5

Reference	Topic
IFRS 3 (AC 140)	Business Combinations
IFRS 4 (AC 141)	Insurance contracts
IFRS 6 (AC 143)	Exploration for and Evaluation of Mineral Resources
IAS 7 (AC 144)	Financial Instruments: Disclosures
IAS 12 (AC 102)	Income Tax
IAS 19 (AC 116)	Employee Benefits
IAS 32 (AC 125)	Financial Instruments: Presentation
IAS 36 (AC 128)	Impairment of Assets
IAS 39 (AC 133)	Financial Instruments: Recognition and Measurement
SIC - 21 (AC 421)	Income Taxes - Recovery of Revalued Non-Depreciable Assets
SIC - 25 (AC 425)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
SIC - 29 (AC 429)	Service Concession Arrangements - Disclosures
IFRIC 2 (AC 435)	Members' shares in Co-operative Entities and Similar Instruments
IFRIC 4 (AC 437)	Determining whether an Arrangement contains a Lease
IFRIC 9 (AC 422)	Reassessment of Embedded Derivatives
IFRIC 12 (AC 445)	Service Concession Arrangements
IFRIC 13 (AC 446)	Customer Loyalty Programmes
IFRIC 14 (AC 447)	IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

1.2.1.2 The cash flow statement is prepared in accordance with the direct method

1.2.1.3 Specific information is presented separately on the statement of financial position such as:

- a) Receivables from non-exchange transactions including transfers
- b) Trade and Other Payables from non-exchange transactions

1.2.1.4 The amount and nature of any restrictions on cash balances, where applicable, is disclosed

Adoption of these revised standards and interpretations did not have any effect on the financial performance or position of the Agency. They did however give rise to additional disclosures, including in some cases, revisions to accounting policies.

1.2.2 Basis of measurement

The financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention and/or fair value.

1.2.3 Use of Estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:
Note 4 – provisions

Performance bonus provisions are based on employment contract stipulations as well as previous performance bonus payment trend.

The estimated useful lives of all property, plant and equipment were revised as part of the annual assessment process.

1.3 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

1.4 GOING CONCERN ASSUMPTION

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

1.5 PROPERTY, PLANT AND EQUIPMENT

- 1.5.1 Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Items of property, plant and equipment are depreciated using the straight line basis at rates that will reduce the book values to estimated residual values over the anticipated useful lives of the assets concerned. The principal annual rates used for this purpose are:

Assets	Useful life in Years
- Computer Equipment	4 - 8
- Computer Software	2
- Office Equipment	5 - 10
- Furniture and Fittings	10
- Motor Vehicles	4 - 5
- Leasehold Assets	3

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Small assets are written off in full in the year they are acquired. Surpluses or deficits on the disposal of assets are credited or charged to income. The surplus or deficit is the difference between the net disposal proceeds and the carrying amount of the asset.

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

1.5.2 Impairment of non-financial assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

1.6 CONSTRUCTION (Work in Progress)

The Agency received grant funding from its parent municipality to undertake certain infrastructure development projects (refer to notes 1.11 & 1.12). It accounts for costs incurred on construction contracts (work in progress) to the extent of the percentage of the completion of the contract which construction is certified as being complete by the consulting engineer.

1.7 CONSTRUCTION CONTRACT RETENTION CREDITORS

Construction contract retention creditors are reflected as short term creditors where the amount is due within 12 months from the reporting date, and as long term creditors where the amount payable is due later than 12 months from reporting date (also see notes 1.11 and 1.12).

1.8 FINANCIAL INSTRUMENTS

1.8.1 Investments and other financial assets

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Agency determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

1.8.2 Cash and Cash Equivalents

Cash and cash equivalents are measured at fair value.

Cash in the balance sheet comprises cash at bank and on hand and short-term deposits with an original maturity of three months or less. For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

1.8.3 Impairment of Financial Assets

The company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

1.8.4 Assets carried at amortised cost

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in profit or loss.

In relation to trade receivables, a provision for impairment is made when there is objective evidence that the Agency will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

1.8.5 Available-for-sale financial investments

If an available-for-sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognised in profit or loss. Reversals of impairment losses on debt instruments are reversed through profit or loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

1.8.6 Derecognition of financial assets and liabilities

1.8.6.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

The rights to receive cash flows from the asset have expired;

the Agency retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or

the Agency has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

1.8.6.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

1.9 CASH AND CASH EQUIVALENTS

Cash includes cash on hand and with banks. Cash equivalents are short-term, liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purpose of the Cash Flow Statement, cash and cash equivalents comprise of cash on hand and deposits held on call accounts with banks.

1.10 PROVISIONS

A provision is recognised when the Agency has a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation

The amount recognised as a provision shall be the estimate of the expenditure required to settle the present obligation at the balance sheet date.

1.10.1 Performance Bonus

Where performance appraisals have not yet been performed at year-end, a performance bonus provision is made based on the employment contract stipulations as well as previous performance bonus payment trends.

1.11 REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and other taxes or duties. The following specific recognition criteria must be met before revenue is recognised:

1.11.1 Grants and Public Contributions

Revenue from grants and 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 grants and public contributions have been received but the Agency has not met the condition, a liability is recognised.

1.11.2 Interest

Interest is recognized on a time proportion basis which takes into account the effective yield on the asset over the period it is expected to yield

1.12 CONDITIONAL GRANTS

Revenue received from conditional grants and public contributions are recognised as revenue to the extent that the Agency 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. There are no further restrictions attached to these grants and public contributions.

1.13 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

1.13.1 Interest Rate Risk

The Agency has no interest rate risk in terms of liabilities. But interest rate change may have an effect on cash reserves

1.13.2 Credit risk management

The Agency has no exposure to credit risk management, as it has no interest bearing borrowings.

1.13.3 Liquidity risk

The Agency has no present liquidity risk due to large cash reserves.

1.13.4 Foreign currency risk

The agency is not exposed to foreign currency risk as all trading is done locally.

1.13.5 Capital management

The primary objective of the Agency's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

1.14 VALUE ADDED TAX

The Agency accounts for Value Added Tax on the invoice basis.

1.15 RESERVES

Grants and Public Contributions Reserve

When items of property, plant and equipment are financed from grants and public contributions, a transfer is made from the accumulated surplus/(deficit) to the Grants and Public Contributions Reserve equal to the grants 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 Grants 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 Grants and Public Contributions is disposed, the balance in the Grants and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/(deficit).

1.16 UNSPENT CONDITIONAL GRANTS

Unutilised grants are reflected on the Statement of Financial Position as a Current Liability – Unspent Conditional Grants. They represent unspent conditional grants and public sector contributions. The cash received is invested until it is utilised.

1.17 COMPARATIVE INFORMATION

1.17.1 *Current year comparatives :*

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

1.17.2 *Prior year comparatives :*

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

1.18 TAXATION

The Agency has applied and received a tax exemption certificate from South African Revenue Services.

1.19 LEASES

Operating lease payments are charged to the income statement in line with the terms of the underlying lease agreement.

1.20 RETIREMENT BENEFITS

The policy of the company is to provide retirement benefits for all its employees. The company has a defined contribution plan. Current contributions to the retirement benefit plan operated for employees are charged against the income in the period to which they relate.

MANDELA BAY DEVELOPMENT AGENCY INCORPORATED ASSOCIATION NOT FOR GAIN

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (continued)

	2009 R	2008 R
2 CONSTRUCTION CONTRACT RETENTION CREDITORS		
Rand Civils - GMA 1	194 150	718 456
Rand Civils - GMA 2	1 516 554	386 257
Rand Civils - Parliament Street	268 756	201 548
Trenchless Technologies	-	63 634
	<u>1 979 460</u>	<u>1 369 895</u>
Less: Short term portion transferred to Current Liabilities	<u>(462 906)</u>	<u>(473 136)</u>
	<u>1 516 554</u>	<u>896 759</u>

3 TRADE AND OTHER PAYABLES

Trade Creditors	6 370 484	6 051 361
PAYE	68 885	59 839
UIF	2 964	2 440
Audit fees	80 000	31 000
Staff leave	122 317	52 756
Legal fees	10 446	27 000
13th Cheque	41 186	67 862
VAT	-	876 142
Sundry Creditors	1 569 394	945 527
	<u>8 265 676</u>	<u>8 113 927</u>

4 PROVISIONS

Performance bonuses

Balance at beginning of year	198 176	168 645
Contributions to Provisions	209 497	198 176
Adjustment for underprovision	(11 537)	-
Expenditure incurred	<u>(186 639)</u>	<u>(168 645)</u>
Balance at end of year	<u>209 497</u>	<u>198 176</u>

Narrow Gauge Contract

Balance at beginning of year	-	150 007
Contributions to Provisions	-	-
Expenditure incurred	<u>-</u>	<u>(150 007)</u>
Balance at end of year	<u>-</u>	<u>-</u>
	<u>209 497</u>	<u>198 176</u>

NOTE:

The Narrow Gauge contract provision is based on estimated percentage of work completed at financial year end and formed the basis of the provision calculation.

5 DEFERRED INCOME

	77 699 501	71 328 829
IDC	-	1 063 981
Opening Balance	1 063 981	-
Amount Received	-	2 500 000
Recognised as Income	<u>(1 063 981)</u>	<u>(1 436 019)</u>
NMBM	77 699 501	70 264 848
Opening Balance	70 264 848	38 310 431
Grants for the year	71 908 775	42 958 884
CAPITAL ASSETS TRANSFERRED TO NMBM	(52 747 888)	-
Less: Amount Recognised as income during the year	<u>(11 726 234)</u>	<u>(11 004 467)</u>
Interest Received	3 201 985	2 184 968
Expenditure on PPE	(190 297)	(73 216)
Depreciation	137 791	113 625
Sundry Income	323 770	108 428
Operating expenses	<u>(15 199 483)</u>	<u>(13 338 272)</u>

(Refer to Note 1.11.1)

MANDELA BAY DEVELOPMENT AGENCY INCORPORATED ASSOCIATION NOT FOR GAIN
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (continued)

6 PROPERTY, PLANT AND EQUIPMENT

	2009								Carrying Value
	Cost				Accumulated Depreciation				
	Opening Balance	Additions	Disposal	Closing Balance	Opening Balance	Depreciation	Disposal	Closing Balance	
Computer Equipment	423 767	22 793	-	446 560	170 636	63 139	-	233 775	212 785
Computer Software	38 504	-	-	38 504	26 427	3 899	-	30 326	8 178
Office Equipment	47 491	8 391	-	55 882	13 396	6 882	-	20 278	35 604
Furniture & Fittings	384 276	39 113	-	423 389	96 697	34 416	-	131 113	292 276
Motor Vehicles	16 053	120 000	-	136 053	7 402	19 811	-	27 213	108 840
Leasehold Assets	17 192	-	-	17 192	6 290	9 644	-	15 934	1 258
	927 283	190 297	-	1 117 580	320 848	137 791	-	458 639	658 941

	2008								Carrying Value
	Cost				Accumulated Depreciation				
	Opening Balance	Additions	Disposal	Closing Balance	Opening Balance	Depreciation	Disposal	Closing Balance	
Computer Equipment	392 297	43 810	(12 340)	423 767	107 732	63 598	(694)	170 636	253 131
Computer Software	40 524	-	(2 020)	38 504	24 547	3 900	(2 020)	26 427	12 077
Office Equipment	41 747	5 744	-	47 491	7 536	5 860	-	13 396	34 095
Furniture & Fittings	360 613	23 663	-	384 276	64 869	31 828	-	96 697	287 579
Motor Vehicles	16 053	-	-	16 053	3 995	3 407	-	7 402	8 651
Leasehold Assets	17 192	-	-	17 192	1 258	5 032	-	6 290	10 902
	868 426	73 217	(14 360)	927 283	209 937	113 625	(2 714)	320 848	606 435

NOTE

No item of Property, Plant and Equipment has been pledged as security for liabilities.

7 CONSTRUCTION (Work in Progress)

	2009	2008
	R	R
Infrastructure - GMA 1 Upgrade		
Balance at beginning of year	28 922 541	14 491 378
Additions	2 985 508	14 431 163
Balance at end of year	<u>31 908 049</u>	<u>28 922 541</u>
Infrastructure - GMA 2 Upgrade		
Balance at beginning of year	7 224 117	-
Additions	23 343 188	7 224 117
Balance at end of year	<u>30 567 305</u>	<u>7 224 117</u>
Infrastructure - GMA 1 Sewer Rehabilitation		
Balance at beginning of year	2 790 544	2 755 606
Additions	-	34 938
Closing Balance	<u>2 790 544</u>	<u>2 790 544</u>
Infrastructure - Parliament Street Upgrade		
Balance at beginning of year	4 017 355	-
Additions	14 031 940	4 017 355
Balance at end of year	<u>18 049 295</u>	<u>4 017 355</u>
Design - Donkin Reserve Project		
Balance at beginning of year	-	-
Additions	1 920 741	-
Balance at end of year	<u>1 920 741</u>	<u>-</u>
Design - Strand Street Project		
Balance at beginning of year	-	-
Additions	3 108 266	-
Balance at end of year	<u>3 108 266</u>	<u>-</u>
Total Project Cost before Transfer	<u>88 344 200</u>	<u>42 954 557</u>
Less: Completed and Transferred Assets	52 747 888	-
Infrastructure - GMA 1 Upgrade	31 908 049	-
Infrastructure - Sewer Rehabilitation	2 790 544	-
Infrastructure - Parliament Street Upgrade	18 049 295	-
Total Project Cost After Transfer	<u>35 596 312</u>	<u>42 954 557</u>

MANDELA BAY DEVELOPMENT AGENCY INCORPORATED ASSOCIATION NOT FOR GAIN

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (continued)

	2009 R	2008 R
8 TRADE AND OTHER RECEIVABLES		
Trade Debtors	6 248 463	14 040 055
Sundry Debtors	153 698	61 886
VAT	107 851	-
	<u>6 510 012</u>	<u>14 101 941</u>

9 DEPOSITS

Telkom	2 100	2 100
Portnet Rental	2 000	2 000
Africorp Parking Bay and Remote Controls	1 400	1 400
Salaries' Savings Account	105	105
F M Adekunle Stores	1 000	-
	<u>6 605</u>	<u>5 605</u>

10 CASH AND CASH EQUIVALENTS

The Agency has the following bank accounts

Current Account (Primary Account)

Standard Bank of SA Limited, Rink Street, Port Elizabeth
Account Number - 080308503

Cashbook balance at beginning of year	71 266	100 469
Cashbook balance at end of the year	<u>491 274</u>	<u>71 266</u>
Bank statement balance at beginning of the year	71 266	100 469
Bank statement balance at end of the year	<u>491 274</u>	<u>71 266</u>

Savings Account

Standard Bank of SA Limited, Rink Street, Port Elizabeth
Account Number - 38368193000

Cashbook balance	191	126
Bank statement balance	<u>191</u>	<u>126</u>

Short Term Investments

Standard Bank of SA Limited, Rink Street, Port Elizabeth
Account Number - 08846132

Call Account Deposits

Cashbook balance at beginning of year	23 877 332	19 575 522
Cashbook balance at end of the year	<u>45 549 740</u>	<u>23 877 332</u>
Bank statement balance at beginning of the year	23 877 332	19 575 522
Bank statement balance at end of the year	<u>45 549 740</u>	<u>23 877 332</u>

Which are disclosed in the Statement of Financial Position as follows:-

Cash and cash equivalents	46 041 205	23 948 724
Current Account (Primary Account)	491 274	71 266
Savings Account	191	126
Call Account Deposits	45 549 740	23 877 332

NOTE:

All amounts of Cash and Cash Equivalents are available for use by the Agency.

11 REVENUE

IDC Grant	1 063 982	1 436 019
NMBM Conditional Grants & Receipts	11 726 233	11 004 462
Interest Received - external investments	3 201 985	2 184 968
	<u>15 992 200</u>	<u>14 625 449</u>

	2009 R	2008 R
12 OTHER INCOME		
Request for Proposal Deposits	115 181	96 596
Sundry income	208 589	11 832
	<u>323 770</u>	<u>108 428</u>
13 EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and Wages	3 492 500	2 912 584
Employee related costs - Social Contributions	769 114	546 945
Car allowances	108 000	107 000
Performance bonus provision	209 517	198 176
Total Employee Related Costs	<u>4 579 131</u>	<u>3 764 705</u>
Remuneration of the Chief Executive Officer		
Annual Remuneration including social contributions	954 190	854 733
Car allowance	60 000	60 000
Performance bonus provision	107 160	119 598
Total	<u>1 121 350</u>	<u>1 034 331</u>
Remuneration of Chief Financial Officer		
Annual Remuneration including social contributions	547 100	480 668
Car allowance	24 000	24 000
Performance bonus provision	59 584	65 912
Total	<u>630 684</u>	<u>570 580</u>
Remuneration of Planning and Development Manager		
Annual Remuneration including social contributions	420 125	222 575
Car allowance	24 000	23 000
Performance bonus provision	26 887	12 666
Total	<u>471 012</u>	<u>258 241</u>
Remuneration Operations Manager		
Annual Remuneration including social contributions	301 749	-
Car allowance	-	-
Performance bonus provision	15 886	-
Total	<u>317 635</u>	<u>-</u>
14 INTEREST AND PENALTIES		
Interest on overdraft	-	576
Penalty Paid on late payment of VAT	2 425	-
	<u>2 425</u>	<u>576</u>
15 CASH (UTILISED IN)/GENERATED FROM OPERATIONS		
Net surplus/(deficit) for the year	52 506	(52 054)
Depreciation	137 791	113 625
Investment Income	(3 201 985)	(2 184 968)
Interest Paid	2 425	576
Loss on sale of Property Plant and Equipment	-	1 494
Operating loss before working capital changes:	<u>(3 009 263)</u>	<u>(2 121 327)</u>
(Decrease)/Increase in Trade and other Payables	151 749	5 544 156
Increase in provisions	11 321	(120 476)
Increase in deferred income	6 370 672	33 018 398
Increase in construction contract retention creditors	609 565	673 997
Increase in construction (work in progress)	7 358 245	(25 707 573)
(Increase)/decrease in Trade and other Receivables	7 591 929	(9 135 870)
Increase in deposits paid	(1 000)	-
Cash generated from operations	<u>19 083 218</u>	<u>2 151 305</u>

	2009 R	2008 R
16 MOVEMENT IN CASH AND CASH EQUIVALENTS		
Balance at the end of the year	46 041 205	23 948 724
Balance at the beginning of the year	23 948 724	19 676 092
<i>Net increase in cash and cash equivalents</i>	<u>22 092 481</u>	<u>4 272 632</u>

17 ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT

17.1 Audit fees

Opening balance	31 000	23 000
Current year audit fee	80 000	105 200
Amount paid - current year	(169 173)	(74 200)
Amount paid - previous year	(21 194)	(23 000)
Adjustment of provision	159 367	-
Balance unpaid	<u>80 000</u>	<u>31 000</u>

17.2 PAYE and UIF

Opening balance	62 279	58 473
Current year payroll deductions	926 545	798 340
Amount paid - current year	(854 696)	(736 061)
Amount paid - previous year	(62 279)	(58 473)
Balance unpaid	<u>71 849</u>	<u>62 279</u>

17.3 Performance Bonuses

Opening balance	198 176	168 645
Amount paid	(186 639)	(168 645)
Provisions for the year	209 497	198 176
Adjustment of provision	(11 537)	-
Balance unpaid	<u>221 034</u>	<u>198 176</u>

17.4 VALUE ADDED TAX

As at 30 JUNE 2009 all VAT returns have been submitted timeously to the South African Revenue Services.

18 RELATED PARTIES

18.1 Relations

Parent Municipality	Nelson Mandela Bay Municipality
Funder	Industrial Development Corporation

18.2 Related party balances

Amounts included in Trade and Other Receivables (Trade and Other Payables) regarding related parties

Nelson Mandela Bay Municipality	6 214 632	14 040 055
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These balances have no fixed terms and conditions.

18.3 KEY MANAGEMENT PERSONNEL

The following are persons having authority and responsibility for planning, directing and controlling the activities of the municipal entity, directly or indirectly including any director of MBDA:

Chief Executive Officer: Pierre Voges
 Chief Financial Officer: Ashwin Badra Daya
 Planning and Development Manager: Dorelle Giuliana Esilda Sapere
 Operations Manager: Mcebisi Ncalu

Their short term employee benefits are disclosed in note 13.

	2009 R	2008 R
19 CONTINGENT LIABILITY		
<p>The Agency is being sued by Ms Xoliswa Hudson for the loss of income to the value of R156 481. She alleges that her business in Govan Mbeki Avenue lost clientele as a result of offensive odours that escaped from the sewer pipes and manholes that were exposed during the upgrade of the street. Based on the evidence at hand the Agency is confident that it can defend the claim and has instructed it's attorneys to notify the defendant of its intention to defend.</p>		
20 CONTINGENT ASSETS		
<p>We are not aware of the existence of any contingent assets at the financial year end.</p>		
21 IN-KIND DONATIONS		
<p>No in-kind donations and/or assistance was received during the financial year that would require adjustments to the annual financial statements.</p>		
22 POST BALANCE SHEET EVENTS		
<p>We are not aware of the occurrence of any events post balance sheet date that would require adjustments to the annual financial statements</p>		
23 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE		
Balance at beginning of year	3 743	47
Fruitless and wasteful expenditure	2 425	3 696
Balance at end of year	6 168	3 743
23.1 Interest and Penalties	-	576
Interest paid on bank account		
23.2 Unauthorised use of Cellphone	-	3 120
Theft of cellphone by an employee, resulting in disciplinary action and subsequent dismissal.		
23.3 VAT Penalty	2 425	-
Penalty on late payment of VAT		

24 OPERATING LEASES

The following are the total minimum future lease payments

	0 - 1 year	1 - 5 years	more than 5 years
Office accommodation rental	74 318	-	-
Warehouse rental	5 505	-	-
Office plants rental	17 040	11 360	-
Public toilets rental	26 450	9 040	-

NOTE:

The Agency is the lessee.

25 RESTATEMENT OF ERRORS

During 2008, the entity discovered that revenue recognised in the Statement of Financial Performance which is transferred from Deferred Income was incorrect due to the following:

Interest received during 2007 and prior periods were incorrectly omitted in calculating the revenue to be transferred from Deferred Income in 2007 and prior periods and were only included during 2008.

The operating lease for the office premises which has a fixed escalation of 10% per year has not been straight-lined as required by IAS 17.

MANDELA BAY DEVELOPMENT AGENCY INCORPORATED ASSOCIATION NOT FOR GAIN

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009 (continued)

	2009 R	2008 R
Statement of Financial Performance (Extract)		
<i>Prior to restatement</i>		
Revenue		
Conditional Grants & Receipts	-	9 764 580
Total Revenue	<u>-</u>	<u>13 493 995</u>
Rentals expenditure	-	432 281
Total Expenditure	<u>-</u>	<u>14 832 542</u>
Net (Deficit)/Surplus for the year	<u>-</u>	<u>(1 338 547)</u>
<i>After restatement</i>		
Revenue		
Conditional Grants & Receipts	-	11 004 462
Total Revenue	<u>-</u>	<u>14 733 877</u>
Rentals expenditure	-	385 670
Total Expenditure	<u>-</u>	<u>14 785 931</u>
Net (Deficit)/Surplus for the year	<u>-</u>	<u>(52 054)</u>
Statement of Changes in Net Assets (Extract)		
<i>Prior to restatement</i>		
Accumulated surplus at beginning of year	-	1 286 492
Net (Deficit)/Surplus for the year	-	(1 338 547)
Accumulated Surplus at year end	<u>-</u>	<u>-</u>
<i>After restatement</i>		
Accumulated Surplus at beginning of year	-	-
Correction of error	-	-
Restated balance at 1 July 2007	-	-
Net (Deficit)/Surplus for the year	-	(52 054)
Accumulated Surplus at year end	<u>-</u>	<u>-</u>
Statement of Financial Position (Extract)		
<i>Prior to restatements</i>		
Trade & other payables	-	8 041 272
Deferred income	-	71 401 484
<i>After restatement</i>		
Trade & other payables	-	8 113 925
Deferred income	-	71 328 829

APPENDIX A

MANDELA BAY DEVELOPMENT AGENCY INCORPORATED ASSOCIATION NOT FOR GAIN

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2009

2009
R

	Cost			Accumulated Depreciation				Carrying Value	
	Opening Balance	Additions	Disposal	Closing Balance	Opening Balance	Depreciation	Disposal		Closing Balance
Computer Equipment	423 767	22 793	-	446 560	170 636	63 139	-	233 775	212 785
Computer Software	38 504	-	-	38 504	26 427	3 899	-	30 326	8 178
Office Equipment	47 491	8 391	-	55 882	13 396	6 882	-	20 278	35 604
Furniture & Fittings	384 276	39 113	-	423 389	96 697	34 416	-	131 113	292 276
Motor Vehicles	16 053	120 000	-	136 053	7 402	19 811	-	27 213	108 840
Leasehold Assets	17 192	-	-	17 192	6 290	9 644	-	15 934	1 258
	927 283	190 297	-	1 117 580	320 848	137 791	-	458 639	658 941

2008
R

	Cost			Accumulated Depreciation				Carrying Value	
	Opening Balance	Additions	Disposal	Closing Balance	Opening Balance	Depreciation	Disposal		Closing Balance
Computer Equipment	392 297	43 810	(12 340)	423 767	107 732	63 598	(694)	170 636	253 131
Computer Software	40 524	-	(2 020)	38 504	24 547	3 900	(2 020)	26 427	12 077
Office Equipment	41 747	5 744	-	47 491	7 536	5 860	-	13 396	34 095
Furniture & Fittings	360 613	23 663	-	384 276	64 869	31 828	-	96 697	287 579
Motor Vehicles	16 053	-	-	16 053	3 995	3 407	-	7 402	8 651
Leasehold Assets	17 192	-	-	17 192	1 258	5 032	-	6 290	10 902
	868 426	73 217	(14 360)	927 283	209 937	113 625	(2 714)	320 848	606 435

APPENDIX B

MANDELA BAY DEVELOPMENT AGENCY INCORPORATED ASSOCIATION NOT FOR GAIN

ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2009

	<u>2009</u> <u>ACTUAL</u> <u>R</u>	<u>2009</u> <u>BUDGET</u> <u>R</u>	<u>2009</u> <u>VARIANCE</u> <u>R</u>	<u>2009</u> <u>VARIANCE</u> <u>%</u>
REVENUE	16 315 970	22 480 061	(6 164 091)	(27.42)
EXPENDITURE				
Advertising & Media	171 579	480 000	308 421	64.25
Audit Fees	239 368	265 000	25 632	9.67
Bank Charges	6 839	10 800	3 961	36.68
Cleaning & Safety	12 817	21 507	8 690	40.41
Computer Expenses	32 336	52 500	20 164	38.41
Consumables	3 115	4 240	1 125	26.53
Course Fees Education & Training	44 544	59 400	14 856	25.01
Depreciation	137 791	159 464	21 673	13.59
Donations & Social Responsibility	16 500	27 000	10 500	38.89
Electricity, Water & Rates	51 002	91 403	40 401	44.20
Employee Related Costs	4 579 131	5 028 812	449 681	8.94
Entertainment	80 269	116 370	36 101	31.02
Equipment Lease & Rentals	14 205	24 000	9 795	40.81
Insurance	45 416	50 000	4 584	9.17
Interest & Penalties	2 425	-	(2 425)	-
IT Support Costs	84 456	122 866	38 410	31.26
Legal Fees	271 943	302 513	30 570	10.11
Meeting and Conference	91 963	99 600	7 637	7.67
Office Decor & Fittings	11 611	21 600	9 989	46.25
Postage & Courier	7 801	16 551	8 750	52.87
Printing & Stationery	50 095	80 000	29 905	37.38
Professional & Consultant Fees	525 656	600 000	74 344	12.39
Public Relations & Marketing	722 836	1 023 000	300 164	29.34
Recruitment Costs	6 892	21 600	14 708	68.09
Refreshments	11 532	12 340	808	6.55
Rentals	381 062	551 788	170 726	30.94
Repairs & Maintenance	9 764	20 000	10 236	51.18
Small Assets	31 632	61 000	29 368	48.14
Subscriptions	40 031	62 400	22 369	35.85
Sundry Expenses	4 226	8 165	3 939	48.24
Telephone & Fax	124 131	126 829	2 698	2.13
Travel & Accommodation	373 758	380 000	6 242	1.64
SSIF Studies	2 260 550	5 428 777	3 168 227	58.36
Cleansing Plan Project - PE	1 641 052	2 080 000	438 948	21.10
Cleansing Plan Project - Uitenhage	824 393	1 100 000	275 607	25.06
Security Plan Project	3 194 218	3 630 000	435 782	12.01
CBD Facilities	156 525	500 000	343 475	68.70
Total Expenditure	16 263 464	22 639 525	6 376 061	28.16
NET SURPLUS/(DEFECIT) FOR THE YEAR	52 506	(159 464)	211 970	

APPENDIX C

MANDELA BAY DEVELOPMENT AGENCY INCORPORATED ASSOCIATION NOT FOR GAIN

ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT & EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2009

	2009 Actual Cost R	2009 Budget Cost R	Variance R	Variance %
Computer Equipment	22 793	81 000	58 207	71.86
Computer Software	-	27 000	27 000	100.00
Office Equipment	8 391	27 000	18 609	68.92
Furniture & Fittings	39 113	81 000	41 887	51.71
Motor Vehicles	120 000	120 000	-	-
Totals	190 297	336 000	145 703	43.36