

## NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1. Housing Development Fund	Economic Entity	Municipality	
	2009 R'000	2009 R'000	Restated 2008 R'000
Housing Infrastructure Development Fund	0	0	2,095
Housing Revolving Fund	107,918	107,918	71,329
Housing Reserves	574	574	1,895
<b>Total Housing Development Fund</b>	<b>108,492</b>	<b>108,492</b>	<b>75,319</b>

The Housing development fund is represented by investments.

*Movements in funds is reconciled as follows:*

**Housing Infrastructure Development Fund**

<b>Balance at the beginning of the year</b>	<b>2,095</b>	<b>2,095</b>	<b>1,503</b>
Contributions received	0	0	311
Interest received	0	0	280
Cash utilised to finance assets	0	0	0
Transfer to Housing Revolving Fund	(2,095)	(2,095)	0
<b>Balance at the end of the year</b>	<b>0</b>	<b>0</b>	<b>2,095</b>

The purpose of the Housing Infrastructure Development Fund is to provide funding for housing infrastructural developments. Contributions consist of cash received from the Provincial Housing Board.

**Housing Revolving Fund**

<b>Balance at the beginning of the year</b>	<b>71,329</b>	<b>71,329</b>	<b>70,612</b>
Contributions received	26,942	26,942	0
Interest received	12,017	12,017	10,585
Cash utilised to finance property, plant and equipment	(6,134)	(6,134)	(9,868)
Transfer from Housing Infrastructure Development Fund	2,095	2,095	
Transfer from Capital Discount Scheme	1,669	1,669	
<b>Balance at the end of the year</b>	<b>107,918</b>	<b>107,918</b>	<b>71,329</b>

The purpose of the Housing Revolving Fund is to provide bridging financing for Provincial Housing Board approved housing developments. Contributions consist of cash received from the Provincial Housing Board.

**HOUSING RESERVES**

Community Facilities	64	64	47
Replacement and Renewals	510	510	354
Capital Discount Scheme	0	0	1,494
<b>Balance at the end of the year</b>	<b>574</b>	<b>574</b>	<b>1,895</b>

**Community Facilities**

<b>Balance at the beginning of the year</b>	<b>47</b>	<b>47</b>	<b>23</b>
Contribution for the year	18	18	23
<b>Balance at the end of the year</b>	<b>64</b>	<b>64</b>	<b>47</b>

## NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1. Housing Development Fund (Continued)	Economic Entity		Municipality	
	2009 R'000	2009 R'000	2009 R'000	Restated 2008 R'000
<b><u>Replacement and Renewals</u></b>				
Balance at the beginning of the year	354		354	180
Contribution for the year	156		156	175
<b>Restated Balance at beginning of year</b>	<b>510</b>		<b>510</b>	<b>354</b>
<b><u>Capital Discount Scheme</u></b>				
Balance at the beginning of the year	1,494		1,494	1,344
Interest	175		175	150
Expenditure funded during the year	0		0	0
Transfer to Housing Revolving Fund	(1,669)		(1,669)	0
<b>Balance at the end of the year</b>	<b>0</b>		<b>0</b>	<b>1,494</b>

The housing reserves are required in terms of National Housing Fund regulations. The housing reserves can only be utilised to maintain housing stock.

## 2. COID Reserve

Balance at the beginning of the year	11,382		11,382	10,213
Interest	0		0	1,165
Premiums received	3,196		3,196	2,846
Expenditure funded during the year	(4,017)		(4,017)	(2,842)
<b>Balance at the end of the year</b>	<b>10,561</b>		<b>10,561</b>	<b>11,382</b>

The COID Reserve is required in terms of Section 84 of the COID Act (No. 130 of 1993) as the municipality has been exempted from making contributions to the Compensation Commissioner for Occupational Injuries and Diseases.

## 3. LONG-TERM LIABILITIES

Local Registered Stock Loans	16,000		16,000	24,000
Development Bank of Southern Africa	171,395		171,395	189,834
Amalgamated Banks of South Africa	255,000		255,000	285,000
External Loans	442,395		442,395	498,834
Brookes Bequest	9,285		9,285	8,311
Long-term portion of contract retention creditors	1,979			
<b>Total Long-term Liabilities</b>	<b>453,659</b>		<b>451,680</b>	<b>507,145</b>
<b>Less : Current portion transferred to current liabilities</b>	<b>58,671</b>		<b>58,209</b>	<b>56,438</b>
Local Registered Stock Loans	8,000		8,000	8,000
Development Bank of Southern Africa (DBSA)	20,209		20,209	18,438
Amalgamated Banks of South Africa (ABSA)	30,000		30,000	30,000
Short-term portion of contract retention creditors	462		0	0
	<b>394,988</b>		<b>393,472</b>	<b>450,706</b>

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

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**NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

**3. LONG-TERM LIABILITIES (Continued)**

The Financial liabilities are measured at amortised cost taking into account relevant interest rates

**LOCAL REGISTERED STOCK**

Bear interest at rates between 16.40% and 16.90% per annum and are redeemable within three months to two years.

**ABSA**

The loan was taken up during the 2007/08 financial year and is repayable over 10 years in 20 half-year instalments at a fixed interest rate of 11.85% per annum. The loan was used to finance various electricity reticulation projects.

**DBSA**

Various loans were consolidated into one single loan amounting to R238 297 599 with effect from 30 September 2005, repayable over 10 years in 20 half-yearly instalments including accrued interest. There are two choices of variable interest rate linked to the 6 month JIBAR or to the 3 month JIBAR and a fixed interest rate linked to Government Bond R157. From 1 October 2005 to 30 September 2006 the interest was calculated linked to the six month JIBAR, but on 1 October 2006 the interest rate was fixed, linked to the Government Bond R157 at 9.38%. Council has the right to amend the interest rate between variable or fixed.

**BROOKES BEQUEST**

Brookes bequest represents a long term creditor. The funds can only be utilised by the municipality when the two remaining Trustees approve the donation of funds to the municipality. The funds may be utilised for capital projects related to the development of Humewood.

**CONTRACT RETENTION CREDITORS**

Contract retention creditors are reflected as long term liabilities where the amount payable is due later than 12 months from the reporting date.

	Economic Entity		Municipality	
	2009 R'000		2009 R'000	Restated 2008 R'000
<b>4. NON-CURRENT PROVISIONS</b>				
Gratuity Provision	16,956		16,956	17,583
Post Retirement Benefits	722,136		722,136	694,671
Rehabilitation of Landfill sites	97,703		97,703	106,561
<b>Total Non-Current Provisions</b>	<b>836,795</b>		<b>836,795</b>	<b>818,816</b>

**Gratuity Provision**

This provision is in respect of the long-term liability relating to gratuities payable to employees that were not previously members of a pension fund.

<b>Balance at beginning of year</b>	17,583	17,583	16,254
Contributions to provision	0	0	201
Transfer of current portion current (to) / from current liabilities	(627)	(627)	1,129
<b>Balance at end of year</b>	<b>16,956</b>	<b>16,956</b>	<b>17,583</b>

## NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

4. NON-CURRENT PROVISIONS (Continued)	Economic Entity	Municipality	
	2009 R'000	2009 R'000	Restated 2008 R'000

**Post Retirement Benefits**

The past service liability in respect of post retirement benefits relates to ill-health retirements and medical aid contributions, and Ex-gratia pensions which have been actuarially assessed at R734 185 460 and R21 033 819 respectively. The current portions in the aforementioned amounts are R31 095 048 and R1 988 062 respectively.

<b>Balance at beginning of year</b>	694,671	694,671	746,025
Contributions to provision	30,945	30,945	13,481
Expenditure incurred	0	0	(28,052)
Transfer of current portion to current liabilities	(3,480)	(3,480)	(36,783)
<b>Balance at end of year</b>	<b>722,136</b>	<b>722,136</b>	<b>694,671</b>

**Rehabilitation of landfill sites**

In terms of the licencing conditions of the landfill refuse sites, Council will incur rehabilitation costs of R26 104 371 for the Arlington Tip site, R9 768 717 for the Koedoeskloof Tip site and R62 402 326 for the Ibhayi Tip site determined at net present value to restore the sites at the end of its useful lives estimated to be in 2057, 2052 and 2007 respectively. Squatters are currently occupying the Ibhayi Landfill site that is already closed as a tip site. It is envisaged that the squatters will be removed by the end of 2010 in order to restore the site. Provision has been made for the rehabilitation of the landfill sites 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%.

<b>Balance at beginning of year</b>	106,561	106,561	71,545
Contributions to provision	(8,858)	(8,858)	35,016
Expenditure incurred	0	0	0
<b>Balance at end of year</b>	<b>97,703</b>	<b>97,703</b>	<b>106,561</b>

## 5. CURRENT PROVISIONS

Gratuity Provision	2,120	2,120	1,135
Post Retirement Benefits	33,083	33,083	30,188
Performance bonus provision	3,073	2,864	1,317
Provision for litigation and claims	5,331	5,331	0
<b>Total Current Provisions</b>	<b>43,607</b>	<b>43,398</b>	<b>32,640</b>

**Refer restatement note 40.21****Gratuity Provision**

This provision is in respect of the short-term liability relating to gratuities payable to employees that were not previously members of a pension fund.

<b>Balance at beginning of year</b>	1,135	1,135	2,524
Contributions to provision	3,225	3,225	2,264
Transfer (to) / from non-current provision	627	627	(1,129)
Expenditure incurred	(2,867)	(2,867)	(2,524)
<b>Balance at end of year</b>	<b>2,120</b>	<b>2,120</b>	<b>1,135</b>

## NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

5. CURRENT PROVISIONS (Continued)	Economic Entity		Municipality	
	2009 R'000	2009 R'000	2009 R'000	Restated 2008 R'000
<b>Post Retirement Benefits</b>				
The provision is in respect of the short-term liabilities attributable to ill-health retirements and medical aid contributions and ex-gratia pensions.				
<b>Balance at beginning of year</b>	30,188	30,188	30,188	0
Contributions to provision	29,454	29,454	29,454	0
Expenditure incurred	(32,354)	(32,354)	(32,354)	(6,595)
Transferred from Non-current provision	5,795	5,795	5,795	36,783
<b>Balance at end of year</b>	<b>33,083</b>	<b>33,083</b>	<b>33,083</b>	<b>30,188</b>
<b>Performance bonus provision</b>				
This provision is in respect of the short-term liability relating to performance bonuses payable to Section 57 employees, based on a maximum of 14% of their all-inclusive remuneration package paid as per regulation 32.(1) of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006.				
<b>Balance at beginning of year</b>	1,561	1,317	1,317	0
Contributions to provision	1,789	1,546	1,546	1,317
Expenditure incurred	(277)	0	0	0
<b>Balance at end of year</b>	<b>3,073</b>	<b>2,864</b>	<b>2,864</b>	<b>1,317</b>
<b>Provision for Litigation and claims</b>				
The provision is in respect of probable claims against the Municipality, pending the outcome of court decisions - See note 45.				
Contributions to provision	5,331	5,331	5,331	0
<b>Balance at end of year</b>	<b>5,331</b>	<b>5,331</b>	<b>5,331</b>	<b>0</b>
<b>6 DERIVATIVE FINANCIAL INSTRUMENTS</b>				
NMBM has not entered into any derivative financial instruments.				
<b>7 CONSUMER DEPOSITS</b>				
Electricity and Water	75,677	75,677	75,677	87,442
Interest Paid	1,437	1,437	1,437	1,288
	<b>77,114</b>	<b>77,114</b>	<b>77,114</b>	<b>88,730</b>
<b>Refer restatement note 40.22</b>				
Guarantees held in lieu of Electricity and Water Deposits	3,710	3,710	3,710	3,614

## NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

8 CREDITORS	Economic Entity	Municipality	
	2009 R'000	2009 R'000	Restated 2008 R'000
Trade creditors	917,891	916,045	897,403
Payments Received in Advance	52,276	52,276	44,606
Staff leave	112,392	112,269	106,388
Other creditors	58,950	58,133	51,752
Retentions	68,467	68,004	28,001
Operating leases	280	280	562
Entities	0	933	0
<b>Total Creditors</b>	<b>1,210,259</b>	<b>1,207,942</b>	<b>1,128,712</b>

**Financial liabilities held for trading**

Trading creditors are non-interest bearing and normally settled on 30-days terms, except for retention amount of R 68 467, which could be settled within the next 12 months.

It was not considered necessary to discount the Staff leave pay accrual to its present value as the potential obligation is of a short-term nature. In accordance with the collective agreement on conditions of service, municipal employees are required to take their annual leave over a period of twelve months.

Refer restatement note 40.23

## 9 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

**9.1 Conditional Grants from other spheres of Government**

Equitable Share (See Note 24.3)	0	0	0
Financial Management Grant (See Note 24.5)	1,194	1,194	1,375
Library Services - Carnegie Corporation Grant (See Note 24.6)	791	791	708
SMME - Development (See note 24.7)	193	193	193
Project Consolidate (See Note 24.8)	84	84	1,516
Disaster Management Grant (See Note 24.9 a)	0	0	2,192
Disaster Management Grant (See Note 24.9 b)	42	42	6,913
Municipal Infrastructure Grant (See Note 24.10)	86,689	86,689	134,417
Ploughing Fields (See Note 24.12)	27	27	24
Project Generation (DEAET) (See Note 24.13)	7,028	7,028	6,290
Amphitheatre (UDDI) (See Note 24.14)	42	42	37
National Treasury - Accreditation of Municipalities (See Note 24.15)	4,198	4,198	6,762
2010 Soccer World Cup Stadium (See Note 24.17)	49,307	49,307	60,559
Walmer Youth Development Project (See Note 24.18)	54	54	54
Youth Advisory Centre (See Note 24.19)	0	0	126
PTIF - 2010 Soccer World Cup (See Note 24.22)	318,168	318,168	154,098
DME Subsidy on Connection (See Note 24.23)	5,977	5,977	3,990
EU Sector Policy Support Policy (See Note 24.24)	38,176	38,176	48,102
Other Grants (See Note 24.25)	176,631	134,154	166,970
<b>Total Unspent Conditional Grants and Receipts</b>	<b>688,599</b>	<b>646,123</b>	<b>594,326</b>

Refer Restatement Note 40.24

## NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

## 10 Property, Plant and Equipment (PPE)

	R'000	R'000	R'000
	Cost	Accumulated Depreciation	Carrying Value
<b>Economic Entity</b>			
<b>As at 30 June 2009</b>			
Land & Buildings	2,452,337	144,683	2,307,654
Infrastructure Assets	6,096,357	1,900,232	4,196,125
Community Assets	429,094	83,722	345,372
Heritage Assets	66,340	0	66,340
Other Assets	596,133	250,959	345,174
	<b>9,640,261</b>	<b>2,379,595</b>	<b>7,260,666</b>
<b>Municipality</b>			
<b>As at 30 June 2009</b>			
Land & Buildings	2,452,337	144,683	2,307,654
Infrastructure Assets	6,096,357	1,900,232	4,196,125
Community Assets	429,094	83,722	345,372
Heritage Assets	66,340	0	66,340
Other Assets	595,054	250,531	344,523
	<b>9,639,182</b>	<b>2,379,167</b>	<b>7,260,015</b>

Refer Appendix B and Note 48 for reconciliation.

	Cost	Accumulated Depreciation	Carrying Value
<b>Municipality</b>			
<b>As at 30 June 2008</b>			
Land & Buildings	2,117,878	47,035	2,070,843
Infrastructure Assets	4,861,305	1,563,394	3,297,911
Community Assets	526,159	157,075	369,084
Heritage Assets	64,176	0	64,176
Other Assets	558,049	220,434	337,616
	<b>8,127,567</b>	<b>1,987,937</b>	<b>6,139,630</b>

Refer Restatement Note 40.33

## 11 INTANGIBLE ASSETS

	Cost	Accumulated Amortisation	Carrying Value
<b>Economic Entity</b>			
<b>As at 30 June 2009</b>			
Computer Software	330,407	5,468	324,940
Website Development	70	28	42
	<b>330,477</b>	<b>5,496</b>	<b>324,982</b>

	Cost	Accumulated Amortisation	Carrying Value
<b>Municipality</b>			
<b>As at 30 June 2009</b>			
Computer Software	330,369	5,437	324,932
Website Development	70	28	42
	<b>330,439</b>	<b>5,465</b>	<b>324,974</b>

Refer Appendix B and Note 49 for reconciliation.

## NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

11 INTANGIBLE ASSETS (Continued)	R'000	R'000	R'000
	Cost	Accumulated Amortisation	Carrying Value
<b>Municipality</b>			
<b>As at 30 June 2008</b>			
Computer Software	262,814	16,630	246,185
Website Development	70	14	56
	<u>262,884</u>	<u>16,644</u>	<u>246,241</u>
Refer restatement note 40.34			

## 12 INVESTMENT PROPERTY

Economic Entity	Cost	Depreciation	Carrying Value
<b>As at 30 June 2009</b>			
Land & Buildings	1,865,722	0	1,865,722
	<u>1,865,722</u>	<u>0</u>	<u>1,865,722</u>

Refer Appendix B and Note 50 for reconciliation.

Municipality	Cost	Depreciation	Carrying Value
<b>As at 30 June 2009</b>			
Land & Buildings	1,865,722	0	1,865,722
	<u>1,865,722</u>	<u>0</u>	<u>1,865,722</u>

Municipality	Cost	Depreciation	Carrying Value
<b>As at 30 June 2008</b>			
Land & Buildings	1,020,175	0	1,020,175
	<u>1,020,175</u>	<u>0</u>	<u>1,020,175</u>

Refer restatement note 40.32

Description of Investment Property:	R'000
Logistics Park	59,390
2010 FIFA Soccer Stadium	2,493,905
Kings Beach	36,430
Springs Resort	6,190
Telkom Park	24,130
Mc Arthur Bath	26,440
The Willows Resort	159,470
Beachview Resort	40,200
Van Stadens Resort	22,740
<b>Market Value of Investment Property</b>	<u>2,868,895</u>

**Additional Disclosure:**

The Municipality applies the Cost Model



## NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

## 12 INVESTMENT PROPERTY (Continued)

The Fair Value was determined by independent valuers as follows:

The depreciated replacement cost method of valuation was applied in determining the valuation of the property. This method of valuation is usually applied to properties that do not often change hands in the open market. The depreciated replacement cost method of valuation is calculated by determining the replacement cost of the improvements, as at the date of the valuation, less a depreciation factor which comprises physical deterioration, functional obsolescence and location deterioration. The value of land is determined by means of comparable sales of similar properties in the area. The two values are added together to arrive at the valuation of the property.

	Economic Entity		Municipality	
	2009	2008	2009	Restated 2008
<b>Rental revenue included in surplus for following Investment Property:</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Beachview resort	240		240	200
Van Stadens Resort	240		240	0
Direct Operating expenses that generated rental revenue	0		0	0
Direct Operating expenses that did not generate rental revenue - 2010 FIFA Soccer Stadium	20,222		20,222	2,996
<b>13. 13.1 INVESTMENTS</b>				
<b>Financial instruments</b>				
Fixed Deposits	13,601		13,601	19,296
Sanlam Shares	707		707	747
<b>Total</b>	<b>14,308</b>		<b>14,308</b>	<b>20,043</b>
<b>Average rate of return on investments</b>	<b>11.15%</b>		<b>11.15%</b>	<b>10.63%</b>

The Municipal Structures Act, Act 117 of 1998, requires local authorities to invest funds, which are not immediately required, with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investment at a penalty rate of interest to meet commitments.

No Investments were written off during the year.

The municipality is the holder of 40 919 shares in Sanlam Ltd at no value, of which the market value at 30 June 2009 was R707 080 (2008: R 746 552). The shares were awarded to the municipality as the beneficiary of an insurance endowment policy, which matured during October 1998.

## 13.2 INVESTMENT IN ASSOCIATE

Investment in UITESCO	795	20	20
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The Municipality holds a 33% share in UITESCO.

## NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

14 LONG-TERM RECEIVABLES	Economic Entity	Municipality	
	2009 R'000	2009 R'000	Restated 2008 R'000
Sporting and Other Bodies	39	39	50
Car Loans	14	14	721
Other Debtors	35	35	35
Loan - UITESCO	17,906	17,906	17,906
<b>Consumer Debtors</b>	<b>75,978</b>	<b>75,978</b>	<b>97,670</b>
Rate and General	33,927	33,927	43,561
Electricity	6,017	6,017	6,586
Water	18,026	18,026	24,000
Refuse	6,074	6,074	8,485
Sewerage	11,921	11,921	15,037
Insurance	12	12	1
<b>Long-term receivables (Net of current portion)</b>	<b>93,972</b>	<b>93,972</b>	<b>116,382</b>
<b>CURRENT RECEIVABLES</b>			
Sporting and Other Bodies	11	11	18
Car Loans	637	637	1,226
<b>Current Portion of Long-term receivables</b>	<b>647</b>	<b>647</b>	<b>1,244</b>
<b>Total Current and Non-current Receivables</b>	<b>94,619</b>	<b>94,619</b>	<b>117,626</b>

Refer Restatement Notes 40.25 and 40.26

#### CAR LOANS

##### Financial Assets - Loans

Senior Staff were entitled to car loans prior to the introduction of the MFMA. These loans attract interest at 8% per annum and are repayable over a maximum period of 6 years with the final repayments being made in the year 2010. The South African Revenue Service official rate has been taken into account and the difference between the interest rates has been treated as a fringe benefit for the relevant employees and they are taxed accordingly.

#### LONG-TERM RECEIVABLES - CONSUMER DEBTORS

##### Financial Assets - Receivables:

Consumer Debtors have a fixed repayment term per individual consumer and interest is calculated on monthly basis at prime plus 1%.

##### Loan- UITESCO

This loan was granted to UITESCO by the erstwhile Uitenhage Town Council in order to fund infrastructure for the provision of electricity for the consumers. This loan bears no interest and is repayable upon dissolution of UITESCO.

#### CONSUMER DEBTORS

The current portion is disclosed in note 16 - Consumer Debtors.

## Economic Entity

## Municipality

15 INVENTORY	2009	2009	Restated
	R'000	R'000	2008 R'000
	135,039	135,039	93,899
Raw Materials	184	184	195
Finished Goods	116,200	116,200	78,534
Water Finished Goods - at cost	3,882	3,882	3,627
Consumable Goods	14,773	14,773	11,543
Less: Provision for Obsolete Inventory	(3,811)	(3,811)	(4,717)
	<b>131,228</b>	<b>131,228</b>	<b>89,182</b>

Refer Restatement Note 40.27

## 16 CONSUMER DEBTORS

Economic Entity  
As at 30 June 2009R'000  
Gross BalancesR'000  
Provision for  
Doubtful DebtsR'000  
Net Balance

Service Debtors	1,357,625	-493,887	863,738
Rates and General	492,643	(241,377)	251,266
Electricity	333,643	(62,149)	271,494
Water	270,277	(95,285)	174,992
Refuse	102,190	(41,355)	60,835
Sewerage	158,872	(53,721)	105,151
House Rentals	10,307	(6,583)	3,724
<b>Total</b>	<b>1,367,932</b>	<b>-500,470</b>	<b>867,462</b>

Municipality  
As at 30 June 2009R'000  
Gross BalancesR'000  
Provision for  
Doubtful DebtsR'000  
Net Balance

Service Debtors	1,357,625	-493,887	863,738
Rates and General	492,643	(241,377)	251,266
Electricity	333,643	(62,149)	271,494
Water	270,277	(95,285)	174,992
Refuse	102,190	(41,355)	60,835
Sewerage	158,872	(53,721)	105,151
House Rentals	10,307	(6,583)	3,724
<b>Total</b>	<b>1,367,932</b>	<b>-500,470</b>	<b>867,462</b>

## Consumer debtors are made up as follows:

Consumer debtors - Non-exchange Transactions	140,839
Consumer debtors - Exchange Transactions	726,623
	<b>867,462</b>

## Doubtful Debts Provision

The doubtful debts provision is based on the ageing of debtors and excludes all government debts. Council's policy is to provide for all debtors' balances (excluding government debt) which have been outstanding for more than 90 days.

## NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

16 CONSUMER DEBTORS (Continued)	Economic Entity	Municipality	
	2009 R'000	2009 R'000	Restated 2008 R'000
<b>Municipality</b>			
<b>As at 30 June 2008</b>	<b>Gross Balances</b>	<b>Provision for Doubtful Debts</b>	<b>Net Balance</b>
Service Debtors	1,294,850	-559,082	735,768
Rates and General	495,561	(231,626)	263,935
Electricity	209,956	(59,037)	150,919
Water	327,365	(153,785)	173,580
Refuse	99,073	(43,528)	55,544
Sewerage	162,896	(71,106)	91,790
House Rentals	8,973	(5,499)	3,474
<b>Total</b>	<b>1,303,823</b>	<b>-564,581</b>	<b>739,242</b>

Refer Restatement Note 40.29

**Consumer debtors are made up as follows:**

Consumer debtors - Non-exchange Transactions	127,996
Consumer debtors - Exchange Transactions	611,246
	<b>739,242</b>

**Rates and General: Ageing**

Current (0-30 days)	208,751	208,751	247,515
31 - 60 Days	17,034	17,034	12,847
32 - 60 Days	4,554	4,554	3,573
33 - 60 Days	262,304	262,304	231,626
34 - 60 Days	492,643	492,643	495,561

**Electricity: Ageing**

Current (0-30 days)	249,970	249,970	136,653
31 - 60 Days	16,073	16,073	12,721
61 - 90 Days	1,943	1,943	1,545
Over 90 Days	65,658	65,658	59,037
<b>Total</b>	<b>333,643</b>	<b>333,643</b>	<b>209,956</b>

**Water: Ageing**

Current (0-30 days)	142,394	142,394	151,660
31 - 60 Days	17,309	17,309	16,172
61 - 90 Days	9,559	9,559	5,747
Over 90 Days	101,016	101,016	153,785
<b>Total</b>	<b>270,277</b>	<b>270,277</b>	<b>327,365</b>

## NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

16 CONSUMER DEBTORS (Continued)	Economic Entity	Municipality	
	2009 R'000	2009 R'000	Restated 2008 R'000
<b><u>Refuse: Ageing</u></b>			
Current (0-30 days)	55,279	55,279	51,316
31 - 60 Days	3,571	3,571	3,099
61 - 90 Days	1,279	1,279	1,129
Over 90 Days	42,060	42,060	43,528
<b>Total</b>	<b>102,190</b>	<b>102,190</b>	<b>99,073</b>
<b><u>Sanitation: Ageing</u></b>			
Current (0-30 days)	86,537	86,537	87,562
31 - 60 Days	9,629	9,629	3,099
61 - 90 Days	4,211	4,211	1,129
Over 90 Days	58,495	58,495	71,106
<b>Total</b>	<b>158,872</b>	<b>158,872</b>	<b>162,896</b>
<b><u>Housing Rentals: Ageing</u></b>			
Current (0-30 days)	3,332	3,332	3,127
31 - 60 Days	281	281	235
61 - 90 Days	111	111	112
Over 90 Days	6,583	6,583	5,499
<b>Total</b>	<b>10,307</b>	<b>10,307</b>	<b>8,973</b>
<b><u>Summary of Debtors by Customer Classification</u></b>			
<b>Economic Entity</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>30 June 2009</b>	<b><u>Residential</u></b>	<b><u>Industrial /</u></b>	<b><u>National and Provincial</u></b>
	<b><u>Consumers</u></b>	<b><u>Commercial</u></b>	<b><u>Government</u></b>
Current (0-30 days)	567,394	167,620	11,249
31 - 60 Days	33,585	1,428	28,882
61 - 90 Days	12,467	4,784	4,407
Over 90 Days	335,410	165,060	35,645
<b>classification</b>	<b>948,856</b>	<b>338,893</b>	<b>80,183</b>
Gross Consumer Debtors			1,367,932
Less: Provision for Doubtful Debts			(500,470)
<b>Net Consumer Debtors for the year ended 30 June 2009</b>			<b>867,462</b>
<b>Municipality</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>30 June 2009</b>	<b><u>Residential</u></b>	<b><u>Industrial /</u></b>	<b><u>National and Provincial</u></b>
	<b><u>Consumers</u></b>	<b><u>Commercial</u></b>	<b><u>Government</u></b>
Current (0-30 days)	567,394	167,620	11,249
31 - 60 Days	33,585	1,428	28,882
61 - 90 Days	12,467	4,784	4,407
Over 90 Days	335,410	165,060	35,645
<b>classification</b>	<b>948,856</b>	<b>338,893</b>	<b>80,183</b>
Gross Consumer Debtors			1,367,932
Less: Provision for Doubtful Debts			(500,470)
<b>Net Consumer Debtors for the year ended 30 June 2009</b>			<b>867,462</b>

## NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

## 16 CONSUMER DEBTORS (Continued)

Municipality 30 June 2008	R'000 <u>Residential</u> <u>Consumers</u>	R'000 <u>Industrial /</u> <u>Commercial</u>	R'000 <u>National and Provincial</u> <u>Government</u>
Current (0-30 days)	509,569	146,141	5,103
31 - 60 Days	29,271	20,774	1,668
61 - 90 Days	12,130	1,546	804
Over 90 Days	421,440	143,141	12,235
<b>classification</b>	<b><u>972,411</u></b>	<b><u>311,602</u></b>	<b><u>19,810</u></b>
Gross Consumer Debtors			1,303,823
Less: Provision for Doubtful Debts			(564,581)
<b>Net Consumer Debtors for the year ended 30 June 2008</b>			<b><u>739,242</u></b>

## Reconciliation of the doubtful debts provision

	Economic Entity		Municipality	
	2009 R'000		2009 R'000	Restated 2008 R'000
Balance at beginning of year	564,581		564,581	601,502
Contributions to provision	177,988		177,988	47,983
	<u>742,570</u>		<u>742,570</u>	649,485
Bad debts written off against provision	(242,100)		(242,100)	(84,904)
<b>Balance at end of year</b>	<b><u>500,470</u></b>		<b><u>500,470</u></b>	<b><u>564,581</u></b>

## Financial Assets have been classified as loans and receivables

The consumer debtors are billed interest at prime plus 1% on overdue accounts and are therefore considered to be fairly valued.

## Trade and Other receivables past due date but not provided for as doubtful debts

Trade and other receivables which are less than 3 months past due date are not considered to be provided for as doubtful debts. At 30 June 2009, R121 198 393, (2008: R78 428 906) were past due date but not provided for.

The ageing of amounts past due date but not provided for is as follows:

1 month past due date	63,896	63,896	51,714
2 months past due date	21,657	21,657	14,480
3 months past due date	35,645	35,645	12,235

## debts

As of 30 June 2009, trade and other receivables of R522 057 688, (2008:R564 581 182 ) were impaired and provided for.

The ageing of these receivables is as follows:

3 months and longer	<u>522,058</u>	<u>522,058</u>	<u>564,581</u>
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## NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

17 OTHER DEBTORS	Economic Entity	Municipality	Restated
	2009 R'000	2009 R'000	2008 R'000
Government Grants and Subsidies	84,839	84,839	56,968
Interest on External Investments	13,705	13,705	61,051
Operating lease accruals	262	262	282
External Debtors	76,090	76,090	31,166
	<b>174,896</b>	<b>174,896</b>	<b>149,467</b>
Less: Provision for doubtful debts	(1,000)	(1,000)	0
<b>Balance at end of year</b>	<b>173,896</b>	<b>173,896</b>	<b>149,467</b>

Refer Restatement Note 40.28

## 18. VAT

VAT refund	<b>57,224</b>	<b>57,112</b>	<b>27,028</b>
Vat Suspense	<b>120,850</b>	<b>120,850</b>	<b>52,747</b>

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

Refer Restatement Note 40.30

## 19 SHORT-TERM INVESTMENT DEPOSITS

monthly basis at the average annual interest rate of	90,000	90,000	410,500
FNB Bank Investment Account - interest receivable on monthly basis at the average annual interest rate of 10.78% during the current audit period.	98,000	98,000	356,000
Investec Bank Investment Account - interest receivable on monthly basis at the average annual interest rate of 9.78% during the current audit period.	199,551	199,551	105,000
Nedbank Investment Account - interest receivable on monthly basis at the average annual interest rate of 11.05% during the current audit period.	145,000	145,000	453,000
Standard Bank Investment Account - interest receivable on monthly basis at the average annual interest rate of 11.55% during the current audit period.	252,326	252,326	515,063
	<b>784,877</b>	<b>784,877</b>	<b>1,839,563</b>

All deposits are invested in call accounts with all of the above banks as per the above-mentioned interest rate options.

Short-term Investment Deposits amounting to R58 209 (2008: R56 438) are ring-fenced and attributable to repaying long-term loans.

## NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

20	BANK BALANCES AND CASH	Economic Entity	Municipality	
		2009 R'000	2009 R'000	Restated 2008 R'000
<b>Consolidated bank balances and cash</b>				
	Cash Book balance at beginning of the year	93,039	67,514	215,432
	Cash Book balance at end of the year	141,424	95,383	67,514
	Bank Balance at beginning of the year	93,054	67,535	129,415
	Bank Balance at end of the year	130,445	84,098	67,535
as follows:				
	Bank balances and cash	141,424	95,383	67,514

The Nelson Mandela Bay Metropolitan Municipality operates various current accounts with Standard Bank of South Africa, **with no overdraft facility**. The details are as follows:

**BANK:** Standard Bank of South Africa  
**ACCOUNT NUMBER:** 08 002 125 5  
**BRANCH:** Port Elizabeth  
**BRANCH CODE:** 05 00 17

	Cash Book balance at beginning of the year	67,514	67,514	215,432
	Cash Book balance at end of the year	95,383	95,383	67,514
	Bank Balance at beginning of the year	67,535	67,535	129,415
	Bank Balance at end of the year	84,098	84,098	67,535
as follows:				
	Bank balances and cash	95,383	95,383	67,514

**Centenary Hall Promotions**

The entity has the following bank account:

**Current Account (Primary Bank Account)**

Standard Bank of South Africa Limited  
Account Number 080194443

	Cash book balance at beginning of year	345
	Cash book balance at end of year	0
	Bank statement balance at beginning of year	345
	Bank statement balance at end of year	41



20

	Economic Entity	Municipality	Restated
	2009	2009	2008
	R'000	R'000	R'000
<b>BANK BALANCES AND CASH (Continued)</b>			
<b><u>Petty cash and cash floats</u></b>			
Cash book balances at beginning of year	0		
Cash book balances at end of year	0		
<b>Total bank, Petty cash and cash float balances</b>	<b>0</b>		
<b>Feather Market Promotions</b>			
The entity has the following bank accounts:			
<b><u>Current Account (Primary Bank Account)</u></b>			
Standard Bank of South Africa Limited			
Account Number 080140114			
Cash book balance at beginning of year	87		
Cash book balance at end of year	0		
Bank statement balance at beginning of year:	86		
Bank statement balance at end of year	265		
<b>Feather Market Promotions</b>			
<b><u>Money Market Account</u></b>			
Standard Bank of South Africa Limited			
Account Number 084993359			
Cash book balance at beginning of year	389		
Cash book balance at end of year	0		
Bank statement balance at beginning of year:	389		
Bank statement balance at end of year	0		
<b><u>Call Account</u></b>			
Standard Bank of South Africa Limited			
Account Number 088429725003			
Cash book balance at beginning of year	750		
Cash book balance at end of year	0		
Bank statement balance at beginning of year:	750		
Bank statement balance at end of year	0		

20

	Economic Entity	Municipality	Restated
	2009	2009	2008
	R'000	R'000	R'000
<b>BANK BALANCES AND CASH (Continued)</b>			
<b><u>Petty cash and cash floats</u></b>			
Cash book balances at beginning of year	6		
Cash book balances at end of year	0		
<b>Total bank and cash on hand balances</b>	<b>283</b>		
<b>Mandela Bay Development Agency</b>			
<b><u>Current Account (Primary Account)</u></b>			
Standard Bank of SA Limited, Rink Street, Port Elizabeth Account Number - 080308503			
Cashbook balance at beginning of year	71		
Cashbook balance at end of the year	491		
Bank statement balance at beginning of the year	71		
Bank statement balance at end of the year	491		
<b>Savings Account</b>			
Standard Bank of SA Limited, Rink Street, Port Elizabeth Account Number - 38368193000			
Cashbook balance	0		
Bank statement balance	0		
<b>Short Term Investments</b>			
Standard Bank of SA Limited, Rink Street, Port Elizabeth Account Number - 08846132			
<b>Mandela Bay Development Agency</b>			
<b><u>Call Account Deposits</u></b>			
Cashbook balance at beginning of year	23,877		
Cashbook balance at end of the year	45,550		
Bank statement balance at beginning of the year	23,877		
Bank statement balance at end of the year	45,550		
Cash and cash equivalents	46,041		
Current Account (Primary Account)	491		
Savings Account	0		
Call Account Deposits	45,550		

21	PROPERTY RATES	Economic Entity	Municipality	Restated
		2009 R'000	2009 R'000	2008 R'000
	<b><i>Actual</i></b>			
	Residential	344,262	344,262	270,374
	Commercial	196,882	196,882	276,273
	State	48,887	48,887	40,608
	Other	69,746	69,746	350
		<b>659,777</b>	<b>659,777</b>	<b>587,605</b>

Other includes farms, smalholdings, municipal public service infrastructure and vacant properties.

Refer Restatement note 40.2

	R'000	R'000	R'000
<b><i>Valuations</i></b>			
Residential	75,879,292	75,879,292	4,676,379
Commercial	19,843,220	19,843,220	2,700,424
State	5,053,948	5,053,948	495,453
Other	10,817,659	10,817,659	44,628
	<b>111,594,119</b>	<b>111,594,119</b>	<b>7,916,884</b>

The significant increase in the valuations of property, between 2007/8 and 2008/09, is as a result of the general valuation which was carried out and implemented on 1 July 2008. This was in terms of the Local Government: Municipal Property Rates Act No. 6 of 2004. Prior thereto the valuation rolls of the four areas i.e. Port Elizabeth, Uitenhage, Despatch and Ex-WDC, which now comprise the Nelson Mandela Bay Municipality, used different valuation methods and had different valuation dates.

## 22 SERVICE CHARGES

Sale of Electricity	1,501,949	1,502,322	1,196,832
Sale of Water	344,730	344,730	306,475
Refuse Removal	96,250	96,266	89,393
Sewerage and Sanitation charges	226,500	226,507	203,315
	<b>2,169,429</b>	<b>2,169,825</b>	<b>1,796,014</b>

Refer Restatement note 40.3

## 23 FOREIGN EXCHANGE TRANSACTIONS

Loss on foreign exchange transactions	<b>13,248,072</b>	<b>13,248,072</b>	<b>0</b>
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The loss on foreign exchange relates to expenditure associated with the 2010 FIFA Soccer Stadium.

The loss on foreign exchange is attributable to the fluctuation in foreign exchange rates when comparing the spot rate as per the contract with the ruling foreign exchange rate on the date of settlement of the payments.

24	GOVERNMENT GRANTS AND SUBSIDIES	Economic Entity	Municipality	Restated
		2009 R'000	2009 R'000	2008 R'000
	PHB Subsidies	155,608	155,608	46,939
	Health Subsidies	71,353	71,353	62,701
	Equitable Share Allocation	382,444	382,444	274,820
	Transportation Subsidies	0	0	5,664
	Finance Management Grant	932	932	759
	Library Services - Carnegie Corporation Grant	0	0	27
	SMME - Development	0	0	0
	Project Consolidate	1,431	1,431	3,288
	Disaster Management Grant	8,282	8,282	3,650
	Municipal Infrastructure Grant	2,483	2,483	5,956
	Restructuring Grant	0	0	2,668
	Ploughing Fields	0	0	0
	Project Generation (DEAET) (See Note 24.13)	0	0	0
	Amphitheatre - Uitenhage - UDDI (See Note 24.14)	0	0	0
	National Treasury - Accreditation of Municipalities	4,318	4,318	0
	RSC Levies Replacement	317,051	317,051	281,823
	2010 Soccer World Cup Stadium	24,894	24,894	852
	Walmer Youth Development Project	0	0	35
	Youth Advisory Centre	127	127	870
	HIV / AIDS Columbia University Project	2,585	2,585	2,577
	Provincial Government Grants	17,719	17,719	15,566
	PTIF SoccerWorld Cup	0	0	0
	DME Subsidy on Connections	0	0	0
	EU Sector Policy Support Project	13,027	13,027	3,077
	Other	15,084	13,882	9,656
	Government Grant Revenue (See Note 24.26)	970,072	970,072	1,039,724
		<b>1,987,408</b>	<b>1,986,206</b>	<b>1,760,651</b>

Refer Restatement note 40.6

#### 24.1 PHB Subsidies

This Grant is received from Provincial Government and is used for the construction of low cost housing.

<b>Balance at beginning of year</b>	<b>0</b>	<b>0</b>	<b>0</b>
Current year receipts	155,608	155,608	46,939
Funding of Capital Projects	0	0	0
Conditions met - transferred to revenue	(155,608)	(155,608)	(46,939)
<b>Conditions still to be met - transferred to liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### 24.2 Health Subsidies

This grant is received from the Provincial Government and used in the Health function.

<b>Balance at beginning of year</b>	<b>0</b>	<b>0</b>	<b>0</b>
Current year receipts	71,353	71,353	62,701
Funding of Capital Projects	0	0	0
Conditions met - transferred to revenue	(71,353)	(71,353)	(62,701)
<b>Conditions still to be met - transferred to liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>

## NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

24	GOVERNMENT GRANTS AND SUBSIDIES (Continued)	Economic Entity		Municipality	
		2009		2009	
		R'000		R'000	
					Restated 2008
					R'000
<b>24.3 Equitable Share</b>					
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.					
	<b>Balance unspent at beginning of year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	Current year receipts	382,444	382,444		274,820
	Funding of Capital Projects	0	0		0
	Conditions met - transferred to revenue	(382,444)	(382,444)		(274,820)
	<b>Conditions still to be met - transferred to liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>24.4 Transportation Subsidies</b>					
This Subsidy is used in subsidising the provision of roads in the metropolitan area.					
	<b>Balance unspent at beginning of year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	Current year receipts	0	0		5,664
	Funding of Capital Projects	0	0		0
	Conditions met - transferred to revenue	0	0		(5,664)
	<b>Conditions still to be met - transferred to liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>24.5 Finance Management Grant</b>					
This grant is used in the financial reform project under the guidance of National Treasury.					
	<b>Balance unspent at beginning of year</b>	<b>1,375</b>	<b>1,375</b>	<b>1,375</b>	<b>1,460</b>
	Current year receipts	750	750		674
	Funding of Capital Projects	0	0		0
	Conditions met - transferred to revenue	(932)	(932)		(759)
	<b>Conditions still to be met - transferred to liabilities</b>	<b>1,194</b>	<b>1,194</b>	<b>1,194</b>	<b>1,375</b>
<b>24.6 Library Services - Carnegie Corporation Grant</b>					
This Grant is used in the provision of books and services in the municipality's libraries.					
	<b>Balance unspent at beginning of year</b>	<b>708</b>	<b>708</b>	<b>708</b>	<b>661</b>
	Current year receipts	83	83		74
	Funding of Capital Projects	0	0		0
	Conditions met - transferred to revenue	0	0		(27)
	<b>Conditions still to be met - transferred to liabilities</b>	<b>791</b>	<b>791</b>	<b>791</b>	<b>708</b>

## NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

24	GOVERNMENT GRANTS AND SUBSIDIES (Continued)	Economic Entity		Municipality	
		2009		2009	
		R'000		R'000	

Restated  
2008  
R'000

**24.7 SMME - Development**

This Subsidy is used for the development of Small businesses in the Metropolitan Area.

<b>Balance unspent at beginning of year</b>	<b>193</b>	<b>193</b>	<b>157</b>
Current year receipts	0	0	35
Funding of Capital Projects	0	0	0
Conditions met - transferred to revenue	0	0	0
<b>Conditions still to be met - transferred to liabilities</b>	<b>193</b>	<b>193</b>	<b>193</b>

**24.8 Project Consolidate**

This Grant was received from the Department of Provincial and Local Government as an initiative to improve municipal systems relating to the collection of debt.

<b>Balance unspent at beginning of year</b>	<b>1,516</b>	<b>1,516</b>	<b>4,804</b>
Current year receipts	0	0	0
Funding of Capital Projects	0	0	0
Conditions met - transferred to revenue	(1,431)	(1,431)	(3,288)
<b>Conditions still to be met - transferred to liabilities</b>	<b>84</b>	<b>84</b>	<b>1,516</b>
<b>Refer Restatement note 40.6</b>			

**24.9 Disaster Management Grant**

a) This grant is being used for the establishment of a Disaster Management Centre and related infrastructure.

<b>Balance unspent at beginning of year</b>	<b>2,192</b>	<b>2,192</b>	<b>1,789</b>
Current year receipts	0	0	1,500
Funding of Capital Projects	0	0	0
Conditions met - transferred to revenue	(2,192)	(2,192)	(1,096)
<b>Conditions still to be met - transferred to liabilities</b>	<b>0</b>	<b>0</b>	<b>2,192</b>

b) This Grant is used to provide aid to those in need when disasters arise in the metropolitan area.

<b>Balance unspent at beginning of year</b>	<b>6,913</b>	<b>6,913</b>	<b>13,043</b>
Current year receipts	0	0	0
Conditions met - transferred to revenue	(6,090)	(6,090)	(2,554)
Funding of Capital Projects	(781)	(781)	(3,576)
<b>Conditions still to be met - transferred to liabilities</b>	<b>42</b>	<b>42</b>	<b>6,913</b>
<b>Refer Restatement note 40.6</b>			

## NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

24 GOVERNMENT GRANTS AND SUBSIDIES (Continued)	Economic Entity		Municipality	
	2009	2009	2009	Restated 2008
	R'000	R'000	R'000	R'000
<b>24.10 Municipal Infrastructure Grant</b>				
This Grant is used for the provision of Infrastructure in the metropolitan area.				
<b>Balance unspent at beginning of year</b>	<b>134,417</b>	<b>134,417</b>	<b>134,417</b>	<b>83,116</b>
Current year receipts	133,392	133,392	133,392	152,750
Funding of Capital Projects	(178,639)	(178,639)	(178,639)	(95,493)
Conditions met - transferred to revenue	(2,483)	(2,483)	(2,483)	(5,956)
<b>Conditions still to be met - transferred to liabilities</b>	<b>86,689</b>	<b>86,689</b>	<b>86,689</b>	<b>134,417</b>
<b>Refer Restatement note 40.6</b>				
<b>24.11 Restructuring Grant</b>				
This Grant is used for restructuring of the municipality				
<b>Balance unspent at beginning of year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Previous year Debtor brought forward	0	0	0	(21,245)
Current year receipts	0	0	0	99,637
Funding of Capital Projects	0	0	0	(75,725)
Conditions met - transferred to revenue	0	0	0	(2,668)
<b>Conditions still to be met - transferred to liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>24.12 Ploughing Fields</b>				
This Grant is used to promote Economic development.				
<b>Balance unspent at beginning of year</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>21</b>
Current year receipts	3	3	3	3
Funding of Capital Projects	0	0	0	0
Conditions met - transferred to revenue	0	0	0	0
<b>Conditions still to be met - transferred to liabilities</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>24</b>
<b>24.13 Project Generation(DEAET)</b>				
This Grant is used to promote Economic development.				
<b>Balance unspent at beginning of year</b>	<b>6,290</b>	<b>6,290</b>	<b>6,290</b>	<b>5,658</b>
Current year receipts	738	738	738	632
Funding of Capital Projects	0	0	0	0
Conditions met - transferred to revenue	0	0	0	0
<b>Conditions still to be met - transferred to liabilities</b>	<b>7,028</b>	<b>7,028</b>	<b>7,028</b>	<b>6,290</b>

## NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

24	GOVERNMENT GRANTS AND SUBSIDIES	Economic Entity		Municipality	
		2009 R'000	2009 R'000	Restated 2008 R'000	
<b>24.14 Amphitheatre - Uitenhage - UDDI</b>					
This Grant is used to promote Economic development in the Uitenhage and Despatch Development Initiative.					
	<b>Balance unspent at beginning of year</b>	<b>37</b>	<b>37</b>	<b>34</b>	
	Current year receipts	4	4	4	
	Funding of Capital Projects	0	0	0	
	Conditions met - transferred to revenue	0	0	0	
	<b>Conditions still to be met - transferred to liabilities</b>	<b>42</b>	<b>42</b>	<b>37</b>	
<b>24.15 National Treasury - Accreditation of Municipalities</b>					
This Grant is used for capacity building of employees in the municipality's Housing and Land Directorate.					
	<b>Balance unspent at beginning of year</b>	<b>6,762</b>	<b>6,762</b>	<b>6,762</b>	
	Current year receipts	1,754	1,754	0	
	Funding of Capital Projects	0	0	0	
	Conditions met - transferred to revenue	(4,318)	(4,318)	0	
	<b>Conditions still to be met - transferred to liabilities</b>	<b>4,198</b>	<b>4,198</b>	<b>6,762</b>	
<b>24.16 RSC Levies Replacement Grant</b>					
This Grant is to compensate for loss of revenue due to the abolishment of RSC Levies					
	<b>Balance unspent at beginning of year</b>	<b>0</b>	<b>0</b>	<b>0</b>	
	Current year receipts	317,051	317,051	281,823	
	Funding of Capital Projects	0	0	0	
	Conditions met - transferred to revenue	(317,051)	(317,051)	(281,823)	
	<b>Conditions still to be met - transferred to liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>24.17 2010 Soccer World Cup Stadium</b>					
This Grant is used to fund the building of the 2010 Soccer World Cup Stadium.					
	<b>Balance unspent at beginning of year</b>	<b>60,559</b>	<b>60,559</b>	<b>7,655</b>	
	Current year receipts	507,926	507,926	840,955	
	Funding of Capital Projects	(494,283)	(494,283)	(787,200)	
	Conditions met - transferred to revenue	(24,894)	(24,894)	(852)	
	<b>Conditions still to be met - transferred to liabilities</b>	<b>49,307</b>	<b>49,307</b>	<b>60,559</b>	



## NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

24 GOVERNMENT GRANTS AND SUBSIDIES (Continued)	Economic Entity		Municipality	
	2009	2009	2009	Restated 2008
	R'000	R'000	R'000	R'000
<b>24.18 Walmer Youth Development Project</b>				
This Grant is used for Youth Development.				
<b>Balance unspent at beginning of year</b>	<b>54</b>	<b>54</b>	<b>54</b>	<b>89</b>
Current year receipts	0	0	0	0
Funding of Capital Projects	0	0	0	0
Conditions met - transferred to revenue	0	0	0	(35)
<b>Conditions still to be met - transferred to liabilities</b>	<b>54</b>	<b>54</b>	<b>54</b>	<b>54</b>
<b>24.19 Youth Advisory Centre</b>				
This Grant is used for Youth Development.				
<b>Balance unspent at beginning of year</b>	<b>127</b>	<b>127</b>	<b>127</b>	<b>246</b>
Current year receipts	0	0	0	750
Funding of Capital Projects	0	0	0	0
Conditions met - transferred to revenue	(127)	(127)	(127)	(870)
<b>Conditions still to be met - transferred to liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>127</b>
<b>24.20 HIV/AIDS Columbia University Project</b>				
This Grant is used for HIV / AIDS projects.				
<b>Balance unspent at beginning of year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>305</b>
Current year receipts	2,585	2,585	2,585	2,272
Conditions met - transferred to revenue	(2,585)	(2,585)	(2,585)	(2,577)
<b>Conditions still to be met - transferred to liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>24.21 Provincial Government Grants</b>				
This grant is received from the Provincial Government and used to subsidise Libraries & the Environmental Services Function.				
<b>Balance at beginning of year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Current year receipts	17,719	17,719	17,719	15,566
Funding of Capital Projects	0	0	0	0
Conditions met - transferred to revenue	(17,719)	(17,719)	(17,719)	(15,566)
<b>Conditions still to be met - transferred to liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>24.22 PTIF SoccerWorld Cup</b>				
This Grant is received from National Treasury for upgrading of infrastructure to support the 2010 World Cup Stadium.				
<b>Balance unspent at beginning of year</b>	<b>154,098</b>	<b>154,098</b>	<b>154,098</b>	<b>88,327</b>
Current year receipts	343,013	343,013	343,013	132,000
Funding of Capital Expenditure	(178,944)	(178,944)	(178,944)	(66,229)
<b>Conditions still to be met - transferred to liabilities</b>	<b>318,168</b>	<b>318,168</b>	<b>318,168</b>	<b>154,098</b>

## NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

24 GOVERNMENT GRANTS AND SUBSIDIES (Continued)	Economic Entity		Municipality	
	2009	2009	2009	Restated 2008
	R'000	R'000	R'000	R'000
<b>24.23 DME Subsidy on Electricity Connections</b>				
This Grant is used to fund electricity connections and upon application also the upgrade of the Electricity infrastructure in order to install these electricity connections.				
<b>Balance unspent at beginning of year</b>	<b>3,990</b>	<b>3,990</b>	<b>3,990</b>	<b>13,000</b>
Current year receipts	30,790	30,790	30,790	15,667
Funding of Capital Projects	0	0	0	0
Funding of Capital Projects	(28,803)	(28,803)	(28,803)	(24,677)
<b>Conditions still to be met - transferred to liabilities</b>	<b>5,977</b>	<b>5,977</b>	<b>5,977</b>	<b>3,990</b>
<b>24.24 EU Sector Policy Support Project</b>				
This Grant is received from the European Union to fund various authorised developmental projects.				
<b>Balance unspent at beginning of year</b>	<b>48,102</b>	<b>48,102</b>	<b>48,102</b>	<b>17,342</b>
Current year receipts	9,688	9,688	9,688	35,114
Funding of Capital Projects	(6,587)	(6,587)	(6,587)	(1,277)
Conditions met - transferred to revenue	(13,027)	(13,027)	(13,027)	(3,077)
<b>Conditions still to be met - transferred to liabilities</b>	<b>38,176</b>	<b>38,176</b>	<b>38,176</b>	<b>48,102</b>
<b>24.25 Other Grants</b>				
These are grants received by the municipality for various purposes.				
<b>Balance unspent at beginning of year</b>	<b>168,640</b>	<b>166,970</b>	<b>166,970</b>	<b>197,308</b>
Current year receipts	95,095	53,277	53,277	88,774
National & Provincial Government Capex Funding	(72,020)	(72,211)	(72,211)	(109,456)
Conditions met - transferred to revenue	(15,084)	(13,882)	(13,882)	(9,656)
<b>Conditions still to be met - transferred to liabilities</b>	<b>176,631</b>	<b>134,154</b>	<b>134,154</b>	<b>166,970</b>
<b>24.26 Government Grant Revenue</b>				
Funding of Capital Projects	970,072	970,072	970,072	1,039,724
Conditions met - transferred to revenue	-970,072	-970,072	-970,072	-1,039,724
<b>Conditions still to be met - transferred to liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Previously when the conditions of the grant was met, the amount was transferred to Deferred Income. The change in accounting policy from IAS 20 to GRAP 23 resulted in the amount being recognised as revenue in the Statement of Financial Performance when the conditions of the grant was met.

## NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	Economic Entity		Municipality	
	2009		2009	Restated 2008
25 OTHER INCOME	R'000		R'000	R'000
Sale of Land	6,254		6,254	11,855
Fees and Charges	129,512		129,512	101,017
Grave Income	4,756		4,756	4,624
Public Contributions and Donations Revenue	18,787		18,787	40,482
Other Income	33,893		28,604	25,257
	<b>193,202</b>		<b>187,913</b>	<b>183,235</b>
<b>Refer restatement note 40.8</b>				
26 EMPLOYEE RELATED COSTS				
Employee related costs - Salaries and Wages	847,323		842,920	758,408
and medical aids	263,010		262,165	353,694
allowances	63,239		63,131	54,700
Housing benefits and allowances	14,024		13,971	11,906
Overtime payouts	65,959		65,958	55,434
Performance bonus	13,878		13,669	12,842
Long-service Awards	19,057		19,057	17,423
	<b>1,286,491</b>		<b>1,280,871</b>	<b>1,264,407</b>
<b>Remuneration of the Municipal Manager</b>				
Annual Remuneration	941		941	862
Performance Bonuses	0		0	0
Car allowance	96		96	96
UIF, Medical and Pension Funds	0		0	0
<b>Total</b>	<b>1,037</b>		<b>1,037</b>	<b>958</b>
<b>Remuneration of the Chief Financial Officer</b>				
Annual Remuneration	621		621	389
Performance Bonuses	0		0	0
Car allowance	160		160	112
UIF, Medical and Pension Funds	74		74	0
<b>Total</b>	<b>855</b>		<b>855</b>	<b>501</b>
<b>Remuneration of the Chief Operating Officer</b>				
Annual Remuneration	620		620	541
Performance Bonuses	0		0	0
Car allowance	144		144	125
UIF, Medical and Pension Funds	134		134	54
<b>Total</b>	<b>898</b>		<b>898</b>	<b>719</b>
<b>Remuneration of the Chief of Staff</b>				
Annual Remuneration	792		792	726
Performance Bonuses	0		0	0
Car allowance	0		0	0
UIF, Medical and Pension Funds	77		77	38
<b>Total</b>	<b>869</b>		<b>869</b>	<b>764</b>

## NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

26 EMPLOYEE RELATED COSTS (Continued)	Economic Entity	Municipality	
	2009	2009	Restated 2008
	R'000	R'000	R'000
<b>Remuneration of Individual Executive Directors</b>			
<b>Corporate Services</b>			
Annual Remuneration	748	748	681
Performance Bonus	0	0	0
Car Allowance	120	120	120
UIF, Medical and Pension Funds	0	0	0
	<b>868</b>	<b>868</b>	<b>801</b>
<b>Economic Development and Recreational Services</b>			
Annual Remuneration	620	620	475
Performance Bonus	0	0	0
Car Allowance	113	113	80
UIF, Medical and Pension Funds	136	136	56
	<b>868</b>	<b>868</b>	<b>611</b>
<b>Public Health</b>			
Annual Remuneration	636	636	279
Performance Bonus	0	0	0
Car Allowance	96	96	49
UIF, Medical and Pension Funds	136	136	9
	<b>868</b>	<b>868</b>	<b>337</b>
<b>Housing and Land</b>			
Annual Remuneration	834	834	533
Performance Bonus	0	0	0
Car Allowance	120	120	80
UIF, Medical and Pension Funds	42	42	0
	<b>996</b>	<b>996</b>	<b>613</b>
<b>Electricity and Energy</b>			
Annual Remuneration	232	232	626
Performance Bonus	0	0	0
Car Allowance	51	51	154
UIF, Medical and Pension Funds	6	6	0
	<b>290</b>	<b>290</b>	<b>780</b>
<b>Infrastructure and Engineering</b>			
Annual Remuneration	745	745	705
Performance Bonus	0	0	0
Car Allowance	123	123	96
UIF, Medical and Pension Funds	0	0	0
	<b>868</b>	<b>868</b>	<b>801</b>
<b>Strategic Programmes Unit</b>			
Annual Remuneration	670	670	675
Performance Bonus	0	0	0
Car Allowance	120	120	120
UIF, Medical and Pension Funds	78	78	0
	<b>868</b>	<b>868</b>	<b>795</b>

## NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

26	EMPLOYEE RELATED COSTS (Continued)	Economic Entity	Municipality	
		2009	2009	Restated 2008
		R'000	R'000	R'000
	<b>Safety and Security</b>			
	Annual Remuneration	695	695	574
	Performance Bonus	0	0	0
	Car Allowance	144	144	132
	UIF, Medical and Pension Funds	0	0	0
		<u>839</u>	<u>839</u>	<u>706</u>
	<b>2010 FIFA World Cup South Africa</b>			
	Annual Remuneration	720	720	650
	Performance Bonus	0	0	0
	Car Allowance	120	120	120
	UIF, Medical and Pension Funds	82	82	41
		<u>922</u>	<u>922</u>	<u>811</u>

The Electricity and Energy Executive Director position has been vacant since 1 November 2008.

**Centenary Hall Promotions****Manager**

Annual Remuneration	0
Performance Bonus	0
Car Allowance	0
UIF, Medical and Pension Funds	0
	<u>0</u>

**Feather Market Promotions****Manager**

Annual Remuneration	205
Performance Bonus	42
Car Allowance	0
UIF, Medical and Pension Funds	36
	<u>283</u>

**Mandela Bay Development Agency****Chief Executive Officer**

Annual Remuneration including social contributions	954
Performance Bonus	107
Car Allowance	60
	<u>1,121</u>

**Chief Financial Officer**

Annual Remuneration including social contributions	547
Performance Bonus	60
Car Allowance	24
	<u>631</u>

## NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	Economic Entity		Municipality	
	2009		2009	Restated 2008
26 EMPLOYEE RELATED COSTS (Continued)	R'000		R'000	R'000
<b>Planning and Development Manager</b>				
Annual Remuneration including social contributions	420			
Performance Bonus	27			
Car Allowance	24			
	<u>471</u>			
<b>Operations Manager</b>				
Annual Remuneration including social contributions	302			
Performance Bonus	16			
Car Allowance	0			
	<u>318</u>			
<b>27 REMUNERATION OF COUNCILLORS</b>				
Mayor's Remuneration	858	858	773	
Deputy Mayor's Remuneration	687	687	619	
Speaker's Remuneration	687	687	619	
Councillors' Remuneration	37,763	37,763	34,655	
Telephone Allowances	1,261	1,261	1,160	
	<u>41,255</u>	<u>41,255</u>	<u>37,825</u>	
<b><i>In-kind Benefits</i></b>				
The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.				
The Executive Mayor has the use of a Council owned vehicle for official duties driven by a chauffeur employed by the Council.				
In accordance with the Councillors' remuneration package; the structure has changed to an all-inclusive package, with the exception of a Telephone Allowance.				
<b>28 BAD DEBTS</b>				
Bad debts consists of the following:				
Bad debts expense	242,168	242,100	96,120	
Contribution to doubtful debts	(66,551)	(66,551)	(36,921)	
	<u>175,618</u>	<u>175,549</u>	<u>59,199</u>	
<b>29 FINANCE CHARGES</b>				
Interest on External Loans	53,914	53,914	29,814	
Interest on Government Grants and Creditors	30,498	30,498	17,391	
Other	2	0	0	
	<u>84,414</u>	<u>84,412</u>	<u>47,205</u>	
Refer to Restatement Note 40.12				

	Economic Entity		Municipality	
	2009 R'000		2009 R'000	Restated 2008 R'000
<b>30 BULK PURCHASES</b>				
Electricity	902,557		902,557	686,657
Water	39,275		39,275	38,146
	<u>941,832</u>		<u>941,832</u>	<u>724,803</u>
<b>Refer to restatement note 40.13</b>				
<b>31 GRANTS AND SUBSIDIES PAID</b>				
Grants in aids	6,673		6,657	6,109
Grants to Entities	2,223		14,937	32,805
Grants to Other Organisations	14,684		14,684	17,842
	<u>23,580</u>		<u>36,277</u>	<u>56,756</u>
<b>32 CASH GENERATED FROM OPERATIONS</b>				
Net Surplus for the year	1,016,764		1,019,617	1,136,497
<b>Adjustment for:</b>				
Investment income	(268,203)		(264,920)	(273,393)
Contribution to bad debts provision	(64,111)		(64,111)	(36,921)
Contribution to Obsolete inventory	(906)		(906)	469
Gain on disposal of PPE	(114)		(6)	(482)
Actuarial Gain	(2,981)		(2,981)	0
Loss on disposal of PPE	7,538		7,538	44,882
Loss/ (Gain) in Sanlam shares	39		39	78
Revenue from other income	(8,163)		(8,163)	-
Carrying value of General Valuation Roll	-19,819		-19,819	19,819
Depreciation - Property, plant and equipment	404,911		404,024	267,726
Depreciation - Investment Property	(6,928)		(6,928)	
Amortisation	(12,425)		(12,428)	15,569
Interest Paid	84,414		84,412	47,205
Contribution to provisions - non-current	22,086		22,086	48,698
Contribution to provisions - current	39,567		39,555	3,581
Loss on Foreign Exchange	13,248		13,248	0
Impairment Loss	21,588		21,588	0
Share of loss in Associate	1,526		-	0
<b>Operating Surplus before working capital changes</b>	<u>1,228,034</u>		<u>1,231,846</u>	<u>1,273,726</u>
(Increase)/Decrease in Inventory	(41,134)		(41,141)	(8,218)
Decrease/ (Increase) in debtors	(64,109)		(64,109)	(71,972)
Decrease/ (Increase) in other debtors	(12,506)		(25,429)	64,008
(Increase) in VAT	(30,084)		(30,084)	(15,083)
Increase/ (Decrease) in Unspent conditional grants and receipts	65,293		51,797	202,901
Increase in Creditors	73,362		79,230	167,606
<b>Cash generated from operations</b>	<u>1,218,856</u>		<u>1,202,110</u>	<u>1,612,969</u>

33	CASH AND CASH EQUIVALENTS	Economic Entity	Municipality	
		2009 R'000	2009 R'000	Restated 2008 R'000
	Short-term Investment Deposits	784,877	784,877	1,839,563
	Bank balances and cash	141,424	95,383	67,514
	<b>Total Cash and Cash Equivalents</b>	<b>926,301</b>	<b>880,260</b>	<b>1,907,077</b>
<b>34</b>	<b>(DECREASE) IN LONG-TERM LIABILITIES</b>			
	Construction Contract Retentions raised	610	0	0
	Loans raised	0	0	300,000
	Loans repaid	(56,438)	(56,438)	(33,764)
	<b>Total</b>	<b>(55,829)</b>	<b>(56,438)</b>	<b>266,236</b>
<b>35</b>	<b>DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>			
	<b>35.1 Contributions to organised local government</b>			
	Opening balance	0	0	0
	Council subscriptions	6,329	6,329	11,676
	Amount paid - current year	(6,329)	(6,329)	(11,676)
	<b>Balance unpaid (included in creditors)</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>35.2 Audit Fees</b>			
	<b>Opening balance</b>	<b>248</b>	<b>0</b>	<b>0</b>
	Current year audit fee	5,919	5,534	4,551
	Amount paid - current year	-5,940	-5,534	-4,551
	Amount paid - previous year	-21	0	0
	Adjustment of provision	159	0	0
	<b>Balance unpaid (included in creditors)</b>	<b>207</b>	<b>0</b>	<b>0</b>
	<b>35.3 VAT</b>			
	VAT inputs and VAT output are shown in note 18. All VAT returns have been submitted by the due date throughout the year.			
	<b>35.4 PAYE and UIF</b>			
	<b>Opening balance</b>	<b>11,226</b>	<b>11,159</b>	<b>10,846</b>
	Current year payroll deductions	154,375	153,331	132,736
	Amount paid - current year	(141,905)	(140,928)	(121,577)
	Amount paid - previous year	(11,222)	(11,159)	(10,846)
	<b>Balance unpaid (included in creditors)</b>	<b>12,474</b>	<b>12,402</b>	<b>11,159</b>
	<b>35.5 Pension, Provident and Medical Aid Deductions</b>			
	<b>Opening balance</b>	<b>41</b>	<b>0</b>	<b>0</b>
	Contributions	286,017	285,339	257,815
	Amount paid - current year	(286,058)	(285,339)	(257,815)
	<b>Balance unpaid (included in creditors)</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>35.6 Skills Development Levy</b>			
	<b>Opening balance</b>	<b>643</b>	<b>643</b>	<b>609</b>
	Current year payroll deductions	8,677	8,677	7,671
	Amount paid - current year	(7,934)	(7,934)	(7,027)
	Amount paid - previous year	(643)	(643)	(609)
	<b>Balance unpaid (included in creditors)</b>	<b>742</b>	<b>742</b>	<b>643</b>

NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009



35	DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT	Economic Entity	Municipality	
		2009	2009	Restated 2008
		R'000	R'000	R'000
<b>OTHER ADDITIONAL DISCLOSURES:</b>				
<b>35.7 Impairment</b>				
Debtors in the amount R21 587 626 have been impaired as it relates to debtors of the erstwhile Uitenhage and Despatch Municipalities that have been outstanding for more than 5 years.				
No Property, plant and equipment have been impaired as it had been restored to its originally assessed standard of performance				
<b>35.8 Litigation costs</b>				
Litigation costs in the amount of R 2 250 010 have been included in general expenses				
<b>35.9 Loss on disposal of Property, plant and equipment</b>				
Loss on disposal of property, plant and equipment		<u>7538</u>	<u>7,538</u>	<u>44,882</u>

The amount of R6 085 238 relates to selling and letting schemes of which ownership has been transferred.

The amount of R1 298 168 relates to furniture and fittings disposed of and R155 016 relates to a disposal of a building.

**36 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**

**36.1 Councillors' arrear consumer accounts**

Economic entity and Municipality	R'000	R'000	R'000
Councillors had arrear accounts outstanding for more than 90 days as at:	<u>Total</u>	<u>Outstanding less than 90 days</u>	<u>Outstanding more than 90 days</u>
<b>30 June 2009</b>			
Councillor H M August	0.3	0.3	0.0
Councillor X S Banga	0.7	0.7	0.0
Councillor M A Booyesen	0.1	0.1	0.0
Councillor D Buti	0.2	0.2	0.0
Councillor P Hermaans	0.3	0.3	0.0
Councillor E Johnson	0.4	0.4	0.0
Councillor MM Kwenaitse	0.9	0.9	0.0
Councillor P B Lonake	0.9	0.9	0.0
Councillor SD Madlavu	0.2	0.2	0.0
Councillor N S Magopeni	0.1	0.1	0.0
Councillor M P Makapela	0.4	0.4	0.0
Councillor Z G Makazi	0.9	0.9	0.0
Councillor A M Mali	1.4	1.4	0.0
Councillor M M Manentsa	0.0	0.0	0.0

## 36 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

Economic entity and Municipality Councillors had arrear accounts outstanding for more than 90 days as at:	R'000	R'000	R'000
	<u>Total</u>	<u>Outstanding less than 90 days</u>	<u>Outstanding more than 90 days</u>
<b>30 June 2009</b>			
Councillor VR Maqentuka	1.6	0.1	1.5
Councillor A Meyer	0.6	0.6	0.0
Councillor X E Mgudlandlu	0.4	0.4	0.0
Councillor M Mini	0.2	0.2	0.0
Councillor L P Mlonzi	0.4	0.4	0.0
Councillor V E Mzaza	0.5	0.5	0.0
Councillor TH Ngcolomba	0.0	0.0	0.0
Councillor Z J Qupe	0.4	0.4	0.0
Councillor MC Roberts	0.0	0.0	0.0
Councillor Z J Seale	0.2	0.2	0.0
Councillor J J F Seymore	0.6	0.6	0.0
Councillor BB Sibengile	0.0	0.0	0.0
Councillor N N Sihlwayi	0.3	0.3	0.0
Councillor N E Skweyiya	0.6	0.6	0.0
Councillor NM Sonjuca	0.1	0.1	0.0
Councillor E Trent	0.8	0.8	0.0
Councillor M Von Buchenroder	0.8	0.8	0.0
Councillor TG Vusani	0.6	0.5	0.0
Councillor ZG Wayile	0.4	0.4	0.0
Councillor BC Williams	0.5	0.5	0.0
	<u>15.7</u>	<u>14.1</u>	<u>1.6</u>

Economic entity and Municipality Councillors had arrear accounts outstanding for more than 90 days as at:	<u>Total</u>	<u>Outstanding less than 90 days</u>	<u>Outstanding more than 90 days</u>
	<b>30 June 2008</b>		
Councillor I Adams	0.2	0.2	0.0
Councillor H M August	0.2	0.2	0.0
Councillor X S Banga	0.1	0.1	0.0
Councillor M A Booyesen	0.1	0.1	0.0
Councillor D Buti	0.1	0.1	0.0
Councillor F Desi	0.1	0.1	0.0
Councillor P Hermaans	0.1	0.1	0.0
Councillor T M Jacobs	0.3	0.3	0.0
Councillor E Johnson	0.2	0.2	0.0
Councillor P B Lonake	0.2	0.2	0.0
Councillor N S Magopeni	0.2	0.2	0.0
Councillor M P Makapela	0.1	0.1	0.0
Councillor Z G Makazi	0.2	0.2	0.0
Councillor A M Mali	0.2	0.2	0.0
Councillor M M Manentsa	0.0	0.0	0.0

## NOTES TO THE ECONOMIC ENTITY'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

## 36 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (Continues)

Economic entity and Municipality Councillors had arrear accounts outstanding for more than 90 days as at:	R'000	R'000	R'000
	<u>Total</u>	<u>Outstanding less than 90 days</u>	<u>Outstanding more than 90 days</u>
<b>30 June 2008</b>			
Councillor F A Mbane	0.5	0.5	0.0
Councillor A Meyer	0.2	0.2	0.0
Councillor X E Mgudlandlu	0.2	0.2	0.0
Councillor E T Mgwana	0.4	0.4	0.0
Councillor L Mlomo	0.2	0.2	0.0
Councillor L P Mlonzi	0.2	0.2	0.0
Councillor S E Mnyaka	0.2	0.2	0.0
Councillor M C Mtanga	0.2	0.2	0.0
Councillor V E Mzaza	0.2	0.2	0.0
Councillor M Nzotoyi	0.7	0.7	0.0
Councillor Z J Qupe	0.2	0.2	0.0
Councillor Z J Seale	0.1	0.1	0.0
Councillor J J F Seymore	0.9	0.9	0.0
Councillor N N Sihlwayi	0.1	0.1	0.0
Councillor N E Skweyiya	0.4	0.4	0.0
Councillor M B Tokota	0.2	0.2	0.0
	<u>7.3</u>	<u>7.3</u>	<u>0.0</u>

Councillors' consumer accounts outstanding for more than 30 days at a particular month-end are deducted from the Councillors' remuneration for the following month.

### 36.2 List of Entities and related transactions

#### Solely-controlled entities

Economic Entity  
2,009  
R'000

Municipality  
2,009  
R'000

Restated 2008  
R'000

All entities are solely controlled by the municipality and have received the following grants:

1. Nelson Mandela Bay Development Agency	82,322	82,322	38,169
2. Centenary Hall Promotions	11	11	253
3. Feathermarket Hall Promotions	116	116	1,575
<b>Total</b>	<u>82,448</u>	<u>82,448</u>	<u>39,997</u>

In accordance with a Council decision; Centenary Hall Promotions and Feather Market Hall Promotions were absorbed into the Municipality with effect from 1 May 2009.

#### Investment in Associate

Investment in UITESCO	<u>795</u>	<u>20</u>	<u>20</u>
Share of loss in Associate	<u>1,526</u>	<u>0</u>	<u>0</u>
Total Assets	30,472	0	0
Total Liabilities	28,087	0	0
Total Revenue	119,985	0	0
Total Expenses	124,563	0	0
Net Loss for the year	-4,578		

The Municipality holds a 33% share in UITESCO.

## 36 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (Continues)

## Economic entity and Municipality

	Economic Entity	Municipality	
	2,009 R'000	2,009 R'000	Restated 2008 R'000
<b>Section 57 Employees (See note 26)</b>			
<b>Other Organisations</b>			
The Organisations have received the following grants:			
1. Uitenhage Despatch Development Initiative	8,620	8,620	10,714
2. Nelson Mandela Bay Tourism	14,354	14,354	17,122
3. Nelson Mandela Metropolitan Art Museum	0	0	4,103
<b>Grants to Other Organisations</b>	<b>22,973</b>	<b>22,973</b>	<b>31,940</b>

The organisations have made the following payments:

1. Uitenhage Despatch Development Initiative	0	0	3,330
	<b>0</b>	<b>0</b>	<b>3,330</b>

## 36.3 Related party disclosures

A councillor of the Municipality held a position in an entity, where he may have significant influence over the financial or operating policies of this entity as follows:

Councillor	Position held in entity	Entity	Nature
AL Scholtz	Member of Close Corporation	Chimurenga Masai Trading	General Trading

The above councillor has resigned as a member of the Close Corporation on 6 November 2009

## 36.4 Supply Chain Management Policy

The Municipal Manager has the power to authorise deviations from the normal Procurement Process. The deviations for the 2008/09 financial year are detailed as follows: