

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

37	CAPITAL COMMITMENTS	Economic Entity	Municipality	
		2009 R'000	2009 R'000	Restated 2008 R'000
	Approved and contracted for	340,537	340,537	441,649
	Infrastructure	340,537	340,537	244,683
	Community			194,600
	Other			2,366
	Approved but not yet contracted for	77,139	77,139	43,909
	Infrastructure	27,970	27,970	33,420
	Community	48,432	48,432	7,697
	Heritage			667
	Other	738	738	2,124
	Total	417,676	417,676	485,558
	This expenditure will be financed from:			
	Capital Replacement Reserve	140,693	140,693	210,529
	Grants and Subsidies	207,047	207,047	103,898
	External Finance Fund	4,700	4,700	138,733
	RSC Levies	65,235	65,235	32,398
	Total	417,676	417,676	485,558
38	UTILISATION OF LONG-TERM LIABILITES RECONCILIATION			
	Long-term liabilities (See Note 3)	442,395	442,395	498,834
	Used to Finance property, plant and equipment - at cost	-442,395	-442,395	-498,834
	Sub-total	0	0	0
	Cash set aside for the repayment of long-term liabilities (See Note 3)	58,209	58,209	56,438

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

39	FINANCIAL RISK MANAGEMENT	Economic Entity	Municipality	
		2009 R'000	2009 R'000	Restated 2008 R'000
	Interest rate risk			
	The Nelson Mandela Bay Municipality is not exposed to interest rate risk on its financial liabilities. All of the Municipality's interest-bearing external loan liabilities, as detailed in Appendix A are fixed interest loans. No interest rate swap agreements have been entered into. The Municipality invests its surplus funds in fixed interest rate deposits with banks for fixed terms not exceeding one year.			
	Liquidity risk			
	The Nelson Mandela Bay Municipality (NMBM) manages liquidity risk by effectively managing its working capital, capital expenditure, external borrowings and cash flows. It was accordingly not necessary to secure standby credit facilities with the NMBM's banker in order to cater for any unexpected temporary shortfall in operating funds.			
	The following table details the Municipality's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cashflows of financial liabilities taking into account the earliest date on which the Municipality could be required to pay. The table includes both estimated interest and principal cashflows.			
	Trade payables			
	1-3 months	917,891	916,045	897,403
	> 3 months	68,467	68,004	28,001
	Other payables			
	1-3 months	111,506	111,623	96,920
	> 3 months	112,392	112,269	106,388
	Credit risk			
	The Nelson Mandela Bay Municipality (NMBM) manages credit risk in its borrowing and investing activities by dealing with only A-rated financial institutions, and by spreading its exposure over a range of such institutions in accordance with its approved Cash Management and Investments Policy. Credit risk relating to consumer debtors is managed in accordance with NMBM's credit control and debt collection policy. The NMBM's credit exposure is spread over a large number and wide variety of consumers, and is not concentrated in any particular sector or geographical area. Adequate provision has been made for anticipated bad and doubtful debts. Additional information relating to the analysis of consumer debtors is given in Note 16 to the financial statements.			
	Fair value interest risk			
	The NMBM is exposed to fair value interest rate risk on its external loan liabilities, which are all fixed interest rates. The fair value of financial assets and liabilities are disclosed and compared with their carrying values.			
	Currency risk			
	The NMBM undertakes certain transactions denominated in foreign currencies, either directly through the import of goods and services, or indirectly through the award of contracts to local importers which are priced in foreign currency.			

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

		Municipality Restated 2008 R'000
40	RESTATED PRIOR YEAR COMPARATIVES	
	<u>Statement of Financial Performance</u>	
	40.1 Surplus for the year	
	Balance as per audited financial statements	142,306
	Net effect on surplus	994,191
	Interest earned on Outstanding Debtors (refer note 40.4)	(27)
	Government Grants and Subsidies (refer note 40.6)	504,105
	Rental of Facilities and Equipment (refer note 40.7)	21
	Other Income (refer note 40.8)	496,246
	Bad debts (refer note 40.9)	1,622
	Finance charges paid (refer note 40.12)	17,866
	Bulk Purchases (40.13)	(5,015)
	Grants and Subsidies Paid (refer note 40.14)	(502)
	General Expenses (refer note 40.15)	(20,125)
	Creditors (refer note 40.23)	1,748
	Other Debtors (refer note 40.28)	(1,748)
	Restated surplus for 2007/2008	1,136,497
	40.2 Property Rates	
	Balance as per audited financial statements	587,887
	Transfer to Service charges (refer note 40.3)	(218)
	Transfer from General Expenses (refer note 40.15)	(64)
	Restated Balance	587,605
	Community charges: Sanitation in the amount of R218 270 has been transferred to Service Charges	
	Rounding discount foregone in the amount of R63 522 has been incorrectly included in General Expenses	
	40.3 Service Charges	
	Balance as per audited financial statements	1,795,796
	Transfer from Property Rates (refer note 40.2)	218
	Restated Balance	1,796,014
	Community charges: Sanitation in the amount of R218 270 has been transferred from Property Rates.	

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

		Municipality Restated 2008 R'000
40	RESTATED PRIOR YEAR COMPARATIVES (Continued)	
	40.4 Interest earned on Outstanding debtors	
	Balance as per audited financial statements	89,639
	Transfer to Long Term Receivables (refer note 40.25)	(27)
	Restated Balance	<u><u>89,611</u></u>
	Interest earned - Outstanding Debtors in the amount of R27 233 in respect of long term receivables has been reversed due to redemption of the EP Rugby Union and Walmer Bowling Club loans. (refer note 40.1)	
	40.5 Fines	
	Balance as per audited financial statements	19,434
	Transfer from Other Income (refer note 40.8)	3,390
	Restated Balance	<u><u>22,823</u></u>
	Video filming fines in the amount of R3 389 799 has been transferred from Other Income.	
	40.6 Government Grants and Subsidies	
	Balance as per audited financial statements	760,337
	Transfer to Accumulated Surplus (refer note 40.1)	504,105
	Transfer from Other Income (refer note 40.8)	496,209
	Restated Balance	<u><u>1,760,651</u></u>
	Government grants and subsidies in the amount of R39 409 357 in respect of the 2007/08 financial year was transferred to the Accumulated Surplus as IAS 20 is no longer applicable.	
	During the year ended 30 June 2008 the Accounting Standard and policy for the classification of Government Grants changed from IAS20 to GRAP 23. Other income in the amount of R496 209 050 relating to Government Grants received and where the conditions relating to those Government Grant had been met, required recognition as revenue. (refer note 40.1)	
	40.7 Rental of Facilities and Equipment	
	Balance as per audited financial statements	12,953
	Transfer to Other Debtors (refer note 40.28)	21
	Restated Balance	<u><u>12,974</u></u>
	Rental of Facilities and Equipment in the amount of R21 480 required restatement in the 2007/08 financial year due to the smoothing of leases. (refer note 40.1)	

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

40	RESTATED PRIOR YEAR COMPARATIVES (Continued)	Municipality Restated 2008 R'000
	40.8 Other Income	
	Balance as per audited financial statements	186,485
	Transfer from Creditors (refer note 40.23)	35
	Transfer from General expenses (refer note 40.15)	103
	Transfer from Accumulated Surplus (refer note 40.1)	496,209
	Transfer to Fines (refer note 40.5)	(3,390)
	Transfer from Consumer Debtors (refer note 40.19)	2
	Transfer to Government Grants and Subsidies (refer note 40.6)	(496,209)
	Restated Balance	<u>183,235</u>

Video filming fines in the amount of R3 389 799 has been transferred from Other Income to Fines.

Other income (Receipt for insurance claim) in the amount of R35 000 was incorrectly included in Creditors (refer note 40.1)

Other Income in the amount of R103 342 in respect of disconnection charges was incorrectly included in General Expenses.

During the year ended 30 June 2008 the Accounting Standard and policy for the classification of Government Grants changed from IAS20 to GRAP 23. Other income in the amount of R496 209 050 relating to Government Grants received and where the conditions relating to those Government Grant had been met, required recognition as revenue. (refer note 40.1)

Other Income in the amount of R1 768 was incorrectly included in Consumer Debtors and therefore required restatement in respect of the 2007/08 financial year. (refer note 40.1)

40.9 Bad Debts

Balance as per audited financial statements	60,821
Transfer from Other Debtors (refer note 40.28)	(1,622)
Restated Balance	<u>59,199</u>

RSC Levy Bad debts in the amount of R1 622 191 has been incorrectly written of against RSC Levy Debtors and therefore required restatement in respect of the 2007/08 financial year. (refer note 40.1)

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

		Municipality Restated 2008 R'000
40	RESTATED PRIOR YEAR COMPARATIVES (Continued)	
	40.10 Contracted Services	
	Balance as per audited financial statements	78,207
	Transfer from General Expenses (refer note 40.15)	62
	Transfer from Repairs and Maintenance (refer note 40.11)	238
	Restated Balance	<u><u>78,507</u></u>
	Contracted services (Weed spraying contracts) in the amount of R61 992 has been incorrectly included in General expenses and therefore required restatement in respect of the 2007/08 financial year.	
	Contracted services(Lawn mowing contracts) in the amount of R 238 071 has been incorrectly included in the Repairs and Maintenance and therefore required restatement in respect of the 2007/08 financial year.	
	40.11 Repairs and Maintenance	
	Balance as per audited financial statements	330,013
	Transfer from General Expenses (refer note 40.15)	325
	Transfer to General Expenses (refer note 40.15)	(31)
	Transfer to Contracted Services (refer note 40.10)	(238)
	Restated Balance	<u><u>330,069</u></u>
	Repairs and Maintenance on CCTV Cameras in the amount of R325 389 has been incorrectly included in General Expenses and therefore required restatement in respect of the 2007/08 financial year.	
	General Expenses (Sundries) in the amount of R29 189 has been incorrectly included in Repairs and Maintenance and therefore required restatement in respect of the 2007/08 financial year.	
	General Expenses (Lease premiums) in the amount of R2 308 has been incorrectly included in Repairs and Maintenance and therefore required restatement in respect of the 2007/08 financial year.	
	Contracted services(Lawn mowing services) in the amount of R 238 071 has been incorrectly included in the Repairs and Maintenance and therefore required restatement in respect of the 2007/08 financial year.	

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

		Municipality Restated 2008 R'000
40	RESTATED PRIOR YEAR COMPARATIVES (Continued)	
	40.12 Finance Charges Paid	
	Balance as per audited financial statements	65,071
	Transfer to Unspent Conditional Grants and Receipts (refer note 40.24)	5,403
	Transfer from Unspent Conditional Grants and Receipts (refer note 40.24)	(23,269)
	Restated Balance	<u><u>47,205</u></u>

Interest paid in the amount of R23 269 089 has been incorrectly included in Unspent Conditional Grants and Receipts and therefore required restatement in respect of the 2007/08 financial year. In accordance with MFMA Circular 48 Interest on Conditional Grants should be treated as unconditional revenue. (refer note 40.1)

Interest paid in the amount of R5 403 060 was not transferred to Unspent Government Grants for the 2007/08 financial year. (refer note 40.1)

40.13 Bulk Purchases

Balance as per audited financial statements	719,788
Transfer to Creditors (refer note 40.23)	4,217
Transfer from Inventory (refer note 40.27)	798
Restated Balance	<u><u>724,803</u></u>

Creditors (Gamtoos Irrigation Board) was understated in the amount of R398 096 in respect of Bulk Purchases:Water for the 2007/08 Financial Year. (refer note 40.1)

Creditors (DWAF) was understated in the amount of R3 648 766 in respect of Bulk Purchases:Water for the 2007/08 Financial Year. (refer note 40.1)

Creditors (Lower Sundays River Water User Association) was understated in the amount of R170 391 in respect of Bulk Purchases:Water for the 2007/08 Financial Year. (refer note 40.1)

The Inventory for Water - Finished Goods has been restated in the amount of R798 231. (refer note 40.1)

40.14 Grants and Subsidies Paid

Balance as per audited financial statements	56,254
Transfer to Long term Receivables (refer note 40.24)	502
Restated Balance	<u><u>56,756</u></u>

Grants-in-Aid in the amount of R502 353 has incorrectly not been transferred to Long term receivables during the 2007/08 financial year. (refer note 40.1)

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

40	RESTATED PRIOR YEAR COMPARATIVES (Continued)	Municipality Restated 2008 R'000
	40.15 General Expenses	
	Balance as per audited financial statements	559,924
	Transfer to Repairs and Maintenance (refer note 40.11)	(325)
	Transfer from Repairs and Maintenance (refer note 40.11)	31
	Transfer to Contracted Services (refer note 40.10)	(62)
	Transfer from Creditors (refer note 40.23)	(171)
	Transfer to Creditors (refer note 40.23)	1,153
	Transfer from Current Provisions (refer note 40.21)	(730)
	Transfer to Other Income (refer note 40.8)	103
	Transfer to Internal Charges Paid (refer note 40.16)	(136)
	Transfer from Internal Charges received (refer note 40.17)	136
	Transfer to Property Rates (refer note 40.2)	(64)
	Transfer from Consumer Debtors (refer note 40.29)	55
	Transfer to Other Debtors (refer note 40.28)	(1)
	Transfer from Intangible Assets (refer note 40.34)	19,819
	Restated Balance	<u>579,733</u>

Repairs and Maintenance for CCTV Cameras in the amount of R325 389 has been incorrectly included in General Expenses and therefore required restatement in respect of the 2007/08 financial year.

General Expenses (Sundries) in the amount of R2 308 has been incorrectly included in Repairs and Maintenance and therefore required restatement in respect of the 2007/08 financial year.

General Expenses (Sundries) in the amount of R29 189 has been incorrectly included in Repairs and Maintenance and therefore required restatement in respect of the 2007/08 financial year.

Contracted services (Weed spraying contracts) in the amount of R61 992 has been incorrectly included in General expenses and therefore required restatement in respect of the 2007/08 financial year.

Creditors (Big Dutchman SA PTY LTD) in the amount of R171 412 was overstated and therefore General Expenses required restatement in respect of the 2007/08 financial year. (refer note 40.1)

Creditors DWAF was understated in the amount of R1 269 130 in respect of Research Levy for the 2007/08 Financial Year. (refer note 40.1)

The Leases Creditors accrual and General Expenses in the amount of R99 897 has been restated due to the smoothing of leases. (refer note 40.1)

Municipality
Restated 2008
R'000

40 RESTATED PRIOR YEAR COMPARATIVES (Continued)

40.15 General Expenses (Continued)

The Provision for contingent liabilities in the amount of R730 000 was incorrectly raised in the 2007/08 financial year as the quantum of the claim is still to be determined at a Court hearing. (refer note 40.1)

Other Income in the amount of R103 342 in respect of disconnection charges was incorrectly included in General Expenses

Internal charges paid in the amount of R135 585 in respect of work performed by Electricity and Energy Directorate relating to Disconnections was incorrectly included in General Expenses.

Internal charges received in the amount of R135 585 in respect of work performed by Electricity and Energy Directorate relating to Disconnections included in less amounts charged out was incorrectly included in General Expenses.

Rounding discount foregone in the amount of R63 522 has been incorrectly included in General Expenses.

General Expenses - External insurance premiums in the amount of R55 195 was incorrectly included in Consumer Debtors and therefore required restatement in respect of the 2007/08 financial year. (refer note 40.1)

General Expenses was overstated and Other Debtors was understated in the amount of R796 due to a lease prepayment. (refer note 40.1)

The amount of R19 818 530 relating to the General Valuation Roll has been expensed

40.16 Internal Charges Paid

Transfer from General Expenses (refer note 40.15)

136

136

Internal charges paid in the amount of R135 585 in respect of work performed by Electricity Directorate relating to Disconnections was incorrectly included in General Expenses

40.17 Internal Charges Received

Transfer from Less amounts charged out (refer note 40.15)

136

136

Internal charges received in the amount of R135 585 in respect of work performed by Electricity Directorate relating to Disconnections included in less amounts charged out was incorrectly included in General Expenses.

		Municipality
		Restated 2008
		R'000
40	RESTATED PRIOR YEAR COMPARATIVES (Continued)	
	<u>Statement of Financial Position</u>	
	40.18 Accumulated Surplus	
	Opening Balance as per audited financial statements	1,077,703
	Transfer to Capital Replacement Reserve (refer note 40.20)	(23,304)
	Transfer from Consumer Deposits (refer note 40.22)	5,878
	Transfer to Creditors (refer note 40.23)	(14,220)
	Transfer from Unspent Conditional Grants & Receipts (refer note 40.24)	28,857
	Transfer to Longterm receivables (refer note 40.26)	17,892
	Transfer to Other Debtors (refer note 40.28)	2,038
	Transfer from Investments(refer note 40.31)	-2
	Transfer to Consumer Debtors (refer note 40.29)	(3,848)
	Transfer from Property, plant and equipment (refer note 40.33)	(38,631)
	Restated Opening Balance	<u><u>1,052</u></u>
	40.19 Housing Development Fund	
	Opening Balance	78,390
	Transfer to Unspent Government Grant (refer note 40.24)	(3,071)
	Restated Closing Balance	<u><u>75,319</u></u>
	Unspent Government Grants in the amount of R3 070 865 was incorrectly included in the Housing Development Fund.	
	40.20 Capital Replacement Reserve	
	Opening Balance as per audited financial statements	786,403
	Transfer from Accumulated Surplus (refer note 40.18)	23,304
	Restated Opening Balance	<u><u>809,707</u></u>
	A contribution was made to the Capital Replacement Reserve from the Accumulated Surplus for an amount of R23 269 089 and therefore required restatement in respect of the opening balance of the 2007/08 financial year. (refer note 40.18)	
	A contribution was made to the Capital Replacement Reserve from the Accumulated Surplus for an amount of R35 000 in respect of an insurance claim relating to Works of Art and therefore required restatement in respect of the opening balance of the 2007/08 financial year. (refer note 40.18)	

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

Municipality

40 RESTATED PRIOR YEAR COMPARATIVES (Continued)	Restated 2008 R'000
40.21 Current Provisions	
Balance as per audited financial statements	33,370
Transfer to General Expenses (refer note 40.15)	(730)
Restated Balance	<u><u>32,640</u></u>

The Provision for contingent liabilities in the amount of R730 000 was incorrectly raised in the 2007/08 financial year)as the quantum of the claim is still to be determined at a Court hearing. (refer note 40.1)

40.22 Consumer Deposits	
Balance as per audited financial statements	94,494
Transfer to Accumulated Surplus (Refer Note 40.18)	(5,841)
Transfer to Accumulated Surplus for the year (Refer Note 40.18)	(37)
Transfer from Creditors (refer note 40.23)	114
Restated Balance	<u><u>88,730</u></u>

Consumer Deposits in the amount of R5 841 264 were overstated in the 2006/07 Financial year and transferred to the Accumulated Surplus. (refer note 40.18)

Consumer Deposits in the amount of R36 718 were overstated in the 2007/08 Financial year and transferred to the Accumulated Surplus. (refer note 40.1)

Consumer Deposits in the amount of R113 780 were incorrectly included in Creditors and was therefore reclassified as Consumer Deposits

40.23 Creditors	
Balance as per audited financial statements	1,046,409
Transfer from Bulk Purchases (refer note 40.13)	4,198
Transfer to General expenses (refer note 40.15)	(171)
Transfer from General expenses (refer note 40.15)	1,153
Transfer from accumulated surplus (refer note 40.18)	12,150
Transfer to Other Income (refer note 40.8)	(35)
Transfer to Consumer Deposits (refer note 40.22)	(114)
Transfer to Suspense Creditor	(1,748)
Transfer to Vat suspense	66,869
Restated Balance	<u><u>1,129</u></u>

Creditors (Gamtoos Irrigation Board) was understated in the amount of R398 096 in respect of Bulk Purchases:Water for the 2007/08 Financial Year. (refer note 40.1)

Creditors (DWAF) was understated in the amount of R3 648 766 in respect of Bulk Purchases:Water for the 2007/08 Financial Year. (refer note 40.1)

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

Municipality

40	RESTATED PRIOR YEAR COMPARATIVES (Continued)	Restated 2008 R'000
	40.23 Creditors (Continued)	
	Creditors (Lower Sundays River Water User Association) was understated in the amount of R170 391 in respect of Bulk Purchases:Water for the 2007/08 Financial Year. (refer note 40.1)	
	Bulk Purchases in the amount of R19 536 was incorrectly included in Creditors and therefore required restatement in the opening balance of the 2007/08 financial year. (refer note 40.18)	
	Creditors (Big Dutchman SA PTY LTD) in the amount of R171 412 was overstated and therefore General Expenses required restatement in respect of the 2007/08 financial year. (refer note 40.1)	
	Creditors DWAF was understated in the amount of R1 269 130 in respect of Research Levy for the 2007/08 Financial Year. (refer note 40.1)	
	The Leases Creditors accrual and General Expenses in the amount of R115 737 has been restated due to the smoothing of leases. (refer note 40.1)	
	The Leases Creditors accrual and General Expenses in the amount of R677 428 has been restated to the opening balance of the 2007/08 financial year due to the smoothing of leases. (refer note 40.18)	
	Other income (Receipt for insurance claim) in the amount of R35 000 was incorrectly included in Creditors. (refer note 40.1)	
	Consumer Deposits in the amount of R113 780 were incorrectly included in Creditors and was therefore reclassified as Consumer Deposits	
	Cacadu District Municipality Debtor in the amount of R1 747 592 was incorrectly included in NMBM Other Debtors. A Cacadu District Municipality Creditor in the amount of R1 747 592 was also incorrectly included in NMBM Creditors. (refer note 40.1)	
	Input VAT in the amount of R66 869 167 has been transferred to VAT Suspense.	
	Creditors relating to UITESCO in the amount of R11 472 962 was understated in respect of the 2007/08 Financial Year.	
	40.24 Unspent Conditional Grants & Receipts	
	Opening Balance as per audited financial statements	637,978
	Transfer to Finance Charges (refer note 40.12)	(52,765)
	Transfer from Finance Charges (refer note 40.12)	6,042
	Transfer from Housing Development Fund (refer note 40.19)	3,071
	Restated Opening Balance	<u>594,326</u>

Interest paid in the amount of R23 269 089 has been incorrectly included in Unspent Conditional Grants and Receipts and therefore required restatement in the 2007/08 financial year. In accordance with MFMA Circular 48 Interest on Conditional Grants should be treated as unconditional revenue. (refer note 40.1)

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

Municipality
Restated 2008
R'000

40 RESTATED PRIOR YEAR COMPARATIVES (Continued)
40.24 Unspent Conditional Grants & Receipts (Continued)

Interest paid in the amount of R29 495 873 has been incorrectly included in Unspent Conditional Grants and Receipts and therefore required restatement to the opening balance of 2007/08 financial year. In accordance with MFMA Circular 48 Interest on Conditional Grants should be treated as unconditional revenue. (refer note 40.18)

Interest Paid in the amount of R639 055 was not transferred to Unspent Government Grants for the 2006/07 financial year. (refer note 40.18)

Interest Paid in the amount of R5 403 060 was not transferred to Unspent Government Grants for the 2007/08 financial year. (refer note 40.1)

Unspent Government Grants in the amount of R3 070 865 was incorrectly included in the Housing Development Fund.

40.25 Longterm Receivables - Long term portion

Balance as per audited financial statements	98,807
Transfer from Other Income (refer note 40.18)	(27)
Transfer from Grants and Subsidies Paid (refer note 40.14)	(502)
Transfer from Interest earned - Outstanding Debtors (refer note 40.4 and note 40.18)	(14)
Transfer from Longterm Receivables - Short term portion (refer note 40.29)	213
Transfer to Accumulated Surplus	<u>17,906</u>
Restated Balance	<u><u>116</u></u>

Long term receivables in the amount of R26 941 in respect of the Walmer Bowling Club loan has been incorrectly included as this loan was redeemed during the 2003/04 financial year and has therefore been adjusted against other income to the opening balances of the 2007/08 financial year. (refer note 40.18)

Grants-in-Aid in the amount of R502 353 has incorrectly not been transferred to the Long term receivables during the 2007/08 financial year. (refer note 40.1)

Interest earned - Outstanding Debtors in the amount of R27 233 in respect of long term receivables has been reversed due to redemption of the EP Rugby Union and Walmer Bowling Club loans. (refer note 40.1)

Interest earned - Outstanding Debtors in the amount of R13 733 in respect of long term receivables has not been raised and required restatement to the opening balance of the 2007/08 financial year. (refer note 40.18)

Reversal of the incorrect short-term portion allocation of the Long Term Receivable to the long term portion in the amount of R212 555 due to loans redeemed.

Long term receivables in the amount of R17 905 515 in respect of UITESCO has been understated in respect of the 2007/08 financial year.

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

		Municipality Restated 2008 R'000
40	RESTATED PRIOR YEAR COMPARATIVES (Continued)	
	40.26 Longterm Receivables - Short term portion	
	Balance as per audited financial statements	1,456
	Transfer to Longterm Receivables - Long term portion (refer note 40.18)	(213)
	Restated Balance	<u><u>1,244</u></u>
	Reversal of the incorrect short-term portion allocation of the Long Term Receivable to the long term portion in the amount of R212 555 due to loans redeemed.	
	40.27 Inventory	
	Balance as per audited financial statements	89,980
	Transfer to Bulk Purchases (refer note 40.13)	(798)
	Restated Balance	<u><u>89,190</u></u>
	The Inventory for Water - Finished Goods has been restated in the amount of R798 231. (refer note 40.1)	
	40.28 Other Debtors	
	Balance as per audited financial statements	147,532
	Transfer from Accumulated Surplus (refer note 40.18)	2,038
	Transfer from Bad Debts (refer note 40.9)	1,622
	Transfer to Suspense Debtor	(1,748)
	Transfer from General Expenses (refer note 40.15)	1
	Transfer to Rental of Facilities and Equipment (refer note 40.7)	21
	Restated Balance	<u><u>149,466,996</u></u>
	Other Debtors in the amount of R1 799 367 has been understated due to RSC Levies not being raised and therefore required restatement in respect of the opening balances of the 2007/08 financial year.	
	Leases Debtors accrual and Rental of Facilities and Equipment in the amount of R239 126.58 required restatement in the opening balances of the 2007/08 financial year due to the smoothing of leases.	
	RSC Levy Doubtful debts in the amount of R1 622 191 was incorrectly written off during the 2007/08 financial year. (refer note 40.1)	
	Cacadu District Municipality Debtor in the amount of R1 747 592 was incorrectly included in NMBM Other Debtors. A Cacadu District Municipality Creditor in the amount of R1 747 592 was also incorrectly included in NMBM Creditors. (refer note 40.1)	
	General Expenses was overstated and Other Debtors was understated in the amount of R796 due to a lease prepayment. (refer note 40.1)	
	Rental of Facilities and Equipment in the amount of R21 480 required restatement in the 2007/08 financial year due to the smoothing of leases. (refer note 40.1)	

		Municipality
		Restated 2008
		R'000
40	RESTATED PRIOR YEAR COMPARATIVES (Continued)	
	40.29 Consumer Debtors	
	Balance as per audited financial statements	623,528
	Transfer to General Expenses (refer note 40.15 and note 40.18)	(121)
	Transfer to Other Income (refer note 40.8)	2
	Transfer from Accumulated Surplus (refer note 40.18)	(3,782)
	Out Vat Transferred to Vat Suspense (refer note 40.30)	119,616
	Restated Balance	739,242
	General Expenses - External insurance premiums in the amount of R55 195 was incorrectly included in Consumer Debtors and therefore required restatement in respect of the 2007/08 financial year. (refer note 40.1)	
	Other income in the amount of R66 028 was incorrectly included in Consumer Debtors and therefore required restatement to the opening balance of the 2007/08 financial statements. (refer note 40.18)	
	Other Income in the amount of R1 768 was incorrectly included in Consumer Debtors and therefore required restatement in respect of the 2007/08 financial year. (refer note 40.1)	
	General Expenses - Various in the amount of R3 776 190 was incorrectly included in Consumer Debtors and therefore required restatement to the opening balances of the 2007/08 financial year. (refer note 40.18)	
	General Expenses - Various in the amount of R6 233 was incorrectly included in Consumer Debtors and therefore required restatement to the opening balances of the 2007/08 financial year. (refer note 40.18)	
	Output VAT in the amount of R119 616 037 has been transferred to VAT suspense.	
	40.30 VAT Suspense	
	Balance as per audited financial statements	
	Transfer from Consumer Debtors (refer note 40.32)	119,616
	Transfer from Creditors (refer note 40.26)	(66,869)
		52,747
	Output VAT in the amount of R119 616 037 has been transferred to VAT suspense.	
	Input VAT in the amount of R66 869 167 has been transferred to VAT Suspense.	

		Municipality
		Restated 2008
		R'000
40	RESTATED PRIOR YEAR COMPARATIVES (Continued)	
	40.31 Investments	
	Balance as per audited financial statements	20,043
	Transfer to Accumulated Surplus - (refer note 40.18)	20
		<u>20,063</u>
		<u><u>20,063</u></u>
	Investments in the amount R20 000 have been understated relating to UITESCO as the Municipality have a 33% share in Uitesco in respect of the 2007/08 Financial Year.	
	40.32 Investment Property	
	Balance as per audited financial statements	0
	Transfer from Property, Plant and Equipment (refer note 40.33)	1,020,175
	Restated Balance	<u>1,020,175</u>
		<u><u>1,020,175</u></u>
	Investment Property in the amount of R1 020 175 329 was previously included in PPE	
	40.33 Property, Plant and Equipment	
	Balance as per audited financial statements	6,773,741
	Transfer to Investment Property (refer note 40.32)	(1,020,175)
	Transfer to Accumulated Surplus (refer note 40.18)	(38,631)
	Transfer to Accumulated Surplus	424,695
	Restated Balance	<u>6,139,630</u>
		<u><u>6,139,630</u></u>
	Investment Property in the amount of R1 020 175 329 was previously included in PPE	
	The carrying value of R38 631 298 (Cost - R48 455 036 - Accumulated depreciation - R9 823 738) is attributable to furniture and fittings already included in the BAUD system (moveable asset register) in the 2007/2008 financial year. In accordance with GRAP 17, PPE was divided into its components. This exercise revealed that certain infrastructural and other assets, included components representing furniture and fittings. As this furniture and fittings were already included in the BAUD system and the General Ledger, the furniture and fittings associated with the infrastructure and other assets had to be adjusted in the 2007/2008 financial year as it was already accounted for.	
	The amount of R424 695 342 relates to land valued in 2007/2008	
	40.34 Intangible Assets	266,059
	Balance as per audited financial statements	(19,819)
	Transfer to General expenses (refer note 40.15)	
	Restated Balance	<u>246,241</u>
		<u><u>246,241</u></u>
	The amount of R19 818 530 relating to the General Valuation Roll has been expensed	

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

		Municipality Restated 2008 R'000
41	Change in Accounting Policy	
	41.1 Government Grant Reserve	
	Opening Balance as per audited financial statements	0
	Transfer from Deferred Income (refer note 41.2 and 41.3) - included in closing balance	1,207,062
	Restated Opening Balance	<u>1,207,062</u>
	Capital grants used to purchase PPE	1,039,724
	Offsetting of depreciation	-31,589
	Asset disposals	(9,949)
	Restated Closing Balance	<u><u>2,205,248</u></u>

During the year ended 30 June 2008 the Accounting Standard and policy for the classification of Government Grants changed from IAS20 to GRAP 23. This change in accounting policy has been accounted for retrospectively. This Balance in the amount of R2 205 246 682 has accordingly been transferred from the Deferred Income - Current and Non-Current portions.

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

41.2 Deferred Income - Non-current Portion

Opening Balance as per audited financial statements	2,112,453
Transfer to Government Grant Reserve (refer note 40.22)	(2,112,453)
Restated Closing Balance	<u><u>0</u></u>

During the year ended 30 June 2008 the Accounting Standard and policy for the classification of Government Grants changed from IAS20 to GRAP 23. This Balance in the amount of R2 112 452 634 has accordingly been transferred to the Government Grant Reserve.

41.3 Deferred Income - Current Portion

Opening Balance as per audited financial statements	92,794
Transfer to Government Grant Reserve (refer note 40.22)	(92,794)
Restated Closing Balance	<u><u>0</u></u>

During the year ended 30 June 2008 the Accounting Standard and policy for the classification of Government Grants, to IAS20 changed to GRAP 23. This Balance in the amount of R92 794 047 has accordingly been transferred to the Government Grant Reserve.

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

Municipality
Restated 2008
R'000

41 Change in Accounting Policy (Continued)**41.4 Straightlining of leases**

The Municipality has changed its accounting policy with respect to the treatment of Operating leases relating to the smoothing of the lease expense over the period of the lease term. In order to comply with the Standard of GRAP on Leases, the municipality accrued the amount representing the difference between the amount actually paid and the smoothed amount. This change in accounting policy has been accounted for retrospectively.

Amounts are included under creditors - See note 40.26 and Accumulated Surplus relating to prior periods.

The Leases Creditors accrual and General Expenses in the amount of R115 737 has been restated due to the smoothing of leases. (refer note 40.1)

The Leases Creditors accrual and General Expenses in the amount of R677 428 has been restated to the opening balance of the 2007/08 financial year due to the smoothing of leases. (refer note 40.18)

42 CHANGE IN ACCOUNTING ESTIMATE

With the effect from the 2008/09 financial year, the Municipality has divided its assets into significant components, so as to apply fully a components approach for depreciation. Condition assessments were carried out on these components and based on these assessments, the useful lives of the assets were changed. Accordingly management adopted the view that this change in useful lives provided reliable and more relevant information as it dealt more accurately with the components of property, plant and equipment. The change in estimate has been applied prospectively with effect from the 2008/09 financial year due to new information gathered from the condition assessments carried out.

It is considered impracticable to disclose the amount of the effect of the change in useful lives as the accounting system was set-up to calculate the value of the depreciation taking into account the remaining useful life as if the asset always had the amended useful life. Accordingly the total depreciation/ amortisation expense of R385 559 includes depreciation on the current useful lives and the change in useful lives of the assets.

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

43 OPERATING LEASE COMMITMENTS	Economic Entity	Municipality	
	2009 R'000	2009 R'000	Restated 2008 R'000
NMBMM as Lessee			
Future minimum lease payments under non-cancellable operating leases:			
Buildings	526	526	5,640
Payable within one year	558	452	5,115
Payable within two to five years	82	73	513
Payable after 5 years	1	1	12
Photocopier, fax machines and other equipment	623	623	712
Payable within one year	517	499	521
Payable within two to five years	135	124	191
Payable after 5 years	0	0	0
Motor vehicles	187	187	1,085
Payable within one year	187	187	899
Payable within two to five years			187
Payable after 5 years	0	0	0
	1,336	1,336	7,438
NMBMM as Lessor			
At statement of financial performance date, NMBMM has contracted with tenants for the following minimum lease payments:			
Land	16,320	16,320	16,670
Receivable within one year	480	480	350
Receivable within two to five years	1,920	1,920	1,920
Receivable after 5 years	13,920	13,920	14,400
Buildings	868	868	1,982
Receivable within one year	247	247	780
Receivable within two to five years	621	621	1,146
Receivable after 5 years	0	0	56
	17,188	17,188	18,652

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

44	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED	Economic Entity	Municipality	
		2009 R'000	2009 R'000	Restated 2008 R'000
	Opening Balance	4,244	4,240	3,656
	Irregular Expenditure current year	1,566	1,544	603
	Approved by Council			0
	Transfer to receivables for recovery			(19)
	Closing Balance	5,809	5,784	4,240
	Incident/ Disciplinary steps / Criminal Proceedings			
	44.1 Relocation of families to sites			
	Irregular payment for the relocation of families to sites. No actions taken as investigations are still in progress.	1,366	1,366	1,366
	44.2 Supply chain management policy not followed			
	Supply chain management policy not followed in procurement of services. The Official concerned received a final written warning. The Expenditure was deemed unauthorised but not fruitless and wasteful.	40	40	40
	44.3 Ekard sales			
	Ekard sales totalling R500 000 have not been disclosed in the operating budget for 2006/2007 as the income was either collected and not banked, or was not received at all. The case was reported to the SA Police for further investigation (refer CAS 547/01/2007). The services of the employee in question was terminated.	500	500	500
	44.4 Unauthorised requisitioning of stock			
	Printer cartridges (held as stock items in municipal stores) to the value of approximately R1.938 million have been withdrawn on the basis of fraudulently completed requisitions. This amount was charged to the operating budget resulting in overexpenditure on the vote. The official was summarily suspended awaiting a disciplinary hearing. The case was reported to the SA Police for further investigation (refer CAS 190/05/2007).	1,939	1,939	1,939
	44.5 Regional Services Council (RSC) Levies - Fraud			
	RSC Levy payments made by levy payers were not banked. The services of the employee was terminated. The case was reported to the SA Police for further investigation (refer CAS 812/10/2006).	0	0	19

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

44	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (Continued)	Economic Entity	Municipality	
		2009 R'000	2009 R'000	Restated 2008 R'000
	44.6 Theft of Municipal goods through irregular amendments to requisitions			
	Municipal officials altered requisitions after submission to the Stores and Purchasing Section. The case was reported to the SA Police for further investigation (refer CAS 12/10/2008).	59	59	59
	44.7 Allegations of exorbitant payment for emptying of digester tanks in Colchester			
	Allegations that emptying of digester tanks for the low cost housing development section in Colchester were emptied at an unrealistic cost to the municipality. It was alleged that the tender process was not followed and that the contractor charged for work not performed.	336	336	336
	44.8 Irregular expenditure incurred regarding the provision of catering services at the funeral of the late P. Ngingi			
	Municipal Official authorised catering services which was incurred in vain, relevant to council business. Disciplinary action was instituted against the official concerned and he was ordered to repay the amount in question.	44	44	
	44.9 Alleged irregularities in creditors and Supply Chain Management			
	Payments were made for services not rendered and goods received advices signed by officials beyond their scope of authority. One official was dismissed, the sanction against 2 others being awaiting and disciplinary steps against two more in progress. Criminal case was reported to Commercial Crime Unit.	1,500	1,500	
	44.10 Cash stolen (Centenary Hall Promotions)			
	Cash was stolen from the premises. As at the reporting date the offender could not be determined and therefore no disciplinary action could be taken. The case was reported to the SA Police for further investigation (refer CAS 721/09/2008).	12		
	44.11 Cash stolen (Feather Market Promotions)			
	Cash was stolen from the premises. As at the reporting date the offender could not be determined and therefore no disciplinary action could be taken. The case was reported to the SA Police for further investigation (refer CAS 550/03/2009).	7		
	44.12 VAT Penalty			
	Penalty on late payment of VAT	2		

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

45	CONTINGENT LIABILITIES	Economic Entity	Municipality	
		2009 R'000	2009 R'000	Restated 2008 R'000
	<u>Possible Contingent liabilities:</u>			
	Guarantees by Council in respect of general and commercial bank housing loans to staff amounted to	536	536	585
(a)	Linton Projects The claim arises out of a dispute surrounding the sale of Council owned land.	386	386	386
(b)	Swartkops Seesout The claim arises out of an alleged Sewer spillage into the salt pans	7,158	7,158	7,158
(c)	Elsig Electrical Engineering The claim arises out of a dispute between an Electrical contractor and the Municipality over the alleged amendments to a contract. The claim has been settled.	0	-	762
(d)	Amadisi Construction The claim arises out of a dispute between a housing contractor and the Municipality over the termination of a housing contract due to the continuous failure of the claimant to comply with his obligations under the contract to timeously completing the work	10,342	10,342	10,342
(e)	Scribante Plant Hire (EC)(PTY) Limited t/a Scribante Concrete The claim arises out of a dispute surrounding payment of monies due and payable by the Municipality to Vukuzenzele (Pty) Limited, Maqadi Yona Construction and Equibuild Construction for alleged services rendered. The claim has been settled.	0	-	700
(f)	S E Van Zyl The claim arises out of damage to the Claimant's vehicle allegedly caused by swerving to avoid a Municipal Traffic officer overtaking an overloaded truck.	651	651	651
(g)	H E Davids The claim arises out of the Municipality allegedly failing to inform Sanlam timeously of the Claimant's prospective or potential medical boarding resulting in the alleged repudiation of his claim against Sanlam for permanent and total disability benefits.	242	242	242
(h)	FJP van der Merwe The claim arises out of the Municipality allegedly failing to inform Sanlam timeously of the Claimant's prospective or potential medical boarding resulting in the alleged repudiation of his claim against Sanlam for permanent and total disability benefits.	0	-	335

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

	Economic Entity	Municipality	
	2009 R'000	2009 R'000	Restated 2008 R'000
45 CONTINGENT LIABILITIES - (continued)			
(i) D Pook The claim arises out of injuries sustained in an alleged fall on a pavement. The quantum still needs to be established for this case.	499	499	730
(j) K R Hataha The claim arises out of injuries sustained in an alleged fall into an open manhole. The claim has now been settled.	-	-	1,210
(k) E Hills The claim arises out of injuries sustained in an alleged fall into an open manhole.	380	380	380
(l) B W Morgan The claim arises out of injuries sustained in an alleged fall into an open manhole.	62	62	25
(m) Telkom Claim arising from property allegedly damaged by the municipality's employees	-	-	16
(n) M. Smith The claim arises from the Municipality allegedly burying (plaintiffs' father) after it was exhumed for DNA testing.	400	400	400
(o) PE African Bricks The claim arises as the Municipality was ordered to pay PE African Bricks any monies due to Prestige Home Builders, who had been contracted by the Municipality to build houses.	-	-	737
(p) The Minister of Safety & Security The claim arises as a result of municipal vehicle being involved in an accident with the plaintiff's vehicle. The claim has been settled.	-	-	9
(q) T. Terblanche This claim arises as a result of municipal overhead cables allegedly not properly maintained.	-	-	12
(r) J. Ruiters The claim arises as a result of municipal vehicle being involved in an accident with the plaintiff's vehicle.	45	45	45
(s) M November This claim arises as a result of the Parent suing the Municipality in her capacity of natural guardian of her minor child who allegedly sustained injuries whilst playing in a public recreational park. The claim has been settled.	-	-	1,683

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

45	CONTINGENT LIABILITIES - (continued)	Economic Entity	Municipality	
		2009 R'000	2009 R'000	Restated 2008 R'000
(t)	E Barnard The claim arises from an alledged fall into an indentation formed on a pavement.	100	100	100
(u)	C Swarts The claim arises from an alledged fall into a hole.	52	52	52
(v)	C Du Plessis The claim arises as a result of a motor cycle fall alledgely caused by the motor cycle skiding on the loose gravel on the road surface.	100	100	100
(w)	Tommy Lamont The claim is against various defendants for past and future hospital expenses, loss of income and general damages for shock, pain and suffering and loss of the amenities of life. The defendants have applied to join the Municipality as a third party.	4,586	4,586	4,586
(x)	Uitenhage Housing Inv This is a matter in which the Municipalty is investigating the validity of approximately 300 housing transactions in the Uitenhage area.	-	-	600
(y)	Mlungisi Nelson Kulati The claim arises as a result of a municipal vehicle being involved in an accident with the plaintiff's vehicle.	10	10	10
(z)	A Humphreys The claim arises out of injuries sustained by the claimant's minor child arising from the fact that the child allegedly came into contact with an exposed live electrical conductor.	10	10	0
(aa)	N Cenga The claim arises as a result of a municipal vehicle being involved in an accident with the plaintiff's vehicle.	342	342	0
(bb)	The Minister Of Correctional Services The claim arises as a result of a municipal vehicle being involved in an accident with the plaintiff's vehicle.	17	17	0
(cc)	Imperial car rental The claim arises as a result of a municipal vehicle being involved in an accident with the plaintiff's vehicle.	83	83	0

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

45	CONTINGENT LIABILITIES - (continued)	Economic Entity	Municipality	
		2009 R'000	2009 R'000	Restated 2008 R'000
(dd)	Sala Pension Fund i.r.o. G.P. Mnyaka This is a claim for monies paid by SALA to the deceased's dependants. It is alleged that the Municipality failed to advise the underwriter timeously of the employee's death and as a result, the underwriter repudiated the dependant's claim.	54	54	0
(ee)	Sala Pension Fund i.r.o. S.E. Makhanda This is a claim for monies paid by SALA to the deceased dependants. It is alleged that the Municipality failed to advise the underwriter timeously of the employee's death and as a result, the underwriter repudiated the dependant's claim.	289	289	0
(ff)	Heck The claim arises as a result of a dispute regarding the job description and salary entitlement upon the retirement of the employee.	1,200	1,200	0
(gg)	Hendricks The claim arises as a result of injuries sustained by a minor child due to an alleged collapse of a jungle-gym on a municipal playground.	3,542	3,542	0
(hh)	TP Construction Claim by contractor for payment for services rendered in respect of construction of sewer.	7,393	7,393	0
(ii)	MC Kobese The claim arises out of injuries sustained in alleged fall into an open fire hydrant.	70	70	0
(jj)	Blue Horizon Bay This represents an opinion furnished on possible claims arising out of flood damages to property and expropriation of land.	4,000	4,000	0
(kk)	Mayberry The claim arises as a result of non-compliance with contract specifications relating to the construction of roads.	992	992	0
(ll)	Thina Bona The claim arises as a result of overpayment made to Thina Bona by NMBM.	1,771	1,771	0
(mm)	SALA The claim arises as a result of the SALA Pension Fund instituting legal action against the NMBM for increased contributions.	17,071	17,071	0

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

		Economic Entity		
		2009 R'000	2009 R'000	Restated 2008 R'000
45	CONTINGENT LIABILITIES - (continued)			
(nn)	Dumisa Design and Advertising The claim arises as a result of damages suffered by Dumisa Design and Advertising due to an alleged breach of contract by the Municipality..	57	57	0
(oo)	Grundlingh The claim arises as a result of alleged non-compliance with the conditions of subdivision pertaining to roads.	448	448	0
(pp)	Algoa Bus The claim arises as result of a municipal vehicle being involved in an accident with the plaintiff's vehicle.	20	20	0
(qq)	Nothalaza The claim arises as a result of Mr Nothalaza, an NMBM employee, who lost control of a NMBM truck he was driving hitting 2 pedestrians, an electric pole and damaging immovable property situated in Uitenhage.	198	198	0
(rr)	Zondani The claim arises as a result of a NMBM vehicle stolen at Mr W Zondani's(an employee of NMBM) residence	38	38	0
(jjj)	X Hudson The claim arises as a result of an alledged loss of income due lost clientele as a result of offensive odours that escaped form the sewer pipes and manholes that were exposed during the upgrade of Govan Mbeki Avenue.	156		
		71,336	71,179	31,855
<u>Probable contingent laibilities - Provided for under Current Provisions - see Note 5</u>				
(ss)	A du Plessis The claim arises from injuries sustained in an alledged fall into a hole in the road.	60	60	100
(tt)	E. Lottering The claim arises out of injuries sustained by the Claimant's minor son arising from the fact that he allegedly came into contact with an exposed live electrical conductor.	100	100	50

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

Economic Entity

	2009 R'000	2009 R'000	Restated 2008 R'000
45 CONTINGENT LIABILITIES - (continued)			
<u>Probable contingent liabilities - Provided for under Current Provisions - see Note 5</u>			
(uu) X.C. Zimemo The claim arises out of injuries sustained by the Claimant's minor son arising from the fact that he allegedly came into contact with an exposed live electrical conductor.	1,616	1,616	1,616
(vv) J & C Sampson This is a claim against the Municipality and Police for alleged failure to display any prominent warnings signs on the flooded road the Plaintiff was travelling. It is alleged that as a result of the Municipality failure, the Plaintiff who was four (4) months pregnant at the time was trapped in the flood waters and as a result lost her unborn baby.	1,000	1,000	0
(ww) N. Grundling This claim arises from an alleged assault and defamation by a municipal employee.	30	30	0
(xx) V. Matroos The claim arises as a result of the Plaintiff suing the municipality for an alleged unlawful arrest.	62	62	0
(yy) RL Judd The claim arises out of injuries sustained in alleged fall over a raised and cracked portion of a sidewalk.	10	10	0
(zz) Hasty-Tasty Frozen Foods The claim arises as a result of a municipal vehicle being involved in an accident with the plaintiff's vehicle.	20	20	0
(aaa) B Mdyogolo The claim arises as a result of a municipal vehicle being involved in an accident with the plaintiff's vehicle.	100	100	0
(bbb) VE Manyane The claim arises as a result of a municipal vehicle being involved in an accident with the plaintiff's vehicle.	20	20	0
(ccc) AMF The claim arises as a result of an alleged breach of contract.	2,000	2,000	0
(ddd) Winston Malgas The claim arises as a result of the Plaintiff suing the municipality for an alleged unlawful arrest.	63	63	0
(eee) Telkom The claim arises as a result of damage allegedly caused to Telkom's underground cables.	16	16	0

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY

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

Economic Entity

45	CONTINGENT LIABILITIES - (continued)	2009 R'000	2009 R'000	Restated 2008 R'000
	<u>Probable contingent liabilities - Provided for under Current Provisions - see Note 5</u>			
(fff)	MJ Strydom The claim arises out of injuries sustained in an alleged fall into an open manhole.	75	75	0
(ggg)	TA Vikiva The claim arises as a result of injuries sustained by a minor child due to playing on a merry-go-round belonging to the NMBM.	60	60	0
(hhh)	HS Prinsloo The claim arises as a result of a municipal vehicle being involved in an accident with the plaintiff's vehicle.	32	32	0
(iii)	Z.L. Bouwer The claim arises out of injuries sustained in alleged fall into an open fire hydrant.	67	67	0
		5,331	5,331	1,766

46 SUBSEQUENT EVENTS

Investigation into allegations made against the Municipal Manager:

On 23 July 2009, the Council resolved to establish an investigating team to investigate certain allegations against the Municipal Manager relating to the administration of service delivery and other related matters. The allegations include the following:

- irregular conduct;
- unauthorised expenditure;
- fruitless and wasteful expenditure;
- non-disclosure of business interests; and
- poor work performance; and
- land sales.

The Council also resolved that the Municipal Manager take special leave with full pay up to 10 September 2009 or such further date to be agreed upon.

Furthermore the investigation into the allegations against the Municipal Manager has not yet been concluded.