



ICC DURBAN (PTY) LTD.

ANNUAL REPORT 2009

ABBREVIATIONS

GRAP Generally Recognised Accounting Practice

GAAP Generally Accepted Accounting Practices

MFMA Municipal Finance Management Act

VAT Value Added Taxation

PPE Property Plant and Equipment

GEPF Government Employees Pension Fund

DBSA Development Bank of South Africa

MEs Municipal Entities



ICC DURBAN

INTERNATIONAL CONVENTION CENTRE
INKOSI ALBERT LUTHULI ICC COMPLEX
DURBAN SOUTH AFRICA

www.icc.co.za

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**The International Convention Centre Durban
is the operating and management company for
the Inkosi Albert Luthuli ICC Durban Complex.**

The convention complex integrates the Arena, ICC Durban Exhibition Centre and the Hilton Hotel. The entire complex can be turned into a completely secure island site for large events. The complex is widely acknowledged as one of the most advanced conference facilities in the world. The ICC Durban is, without doubt, world-class in every respect. It is renowned for its high standards of service, cutting-edge technology and top-level catering. The architecturally appealing purpose-built centre offers supreme flexibility and versatility, ensuring its ability to deliver in terms of meeting any need, big or small. The centre is strategically located near Durban's central business district, just minutes from hotels and beaches and 15 minutes from the Durban International airport. Durban's excellent infrastructure, warm climate and a wide variety of cultural experiences and entertainment facilities add to its appeal with international tourists.

The Inkosi Albert Luthuli ICC Durban Complex has three leading brands namely:

- ★ ***The International Convention Centre Durban;***
- ★ ***The ICC Durban Arena; and***
- ★ ***The ICC Durban Exhibition Centre***

The International Convention Centre Durban

The centre's three interlinked convention halls may be seamlessly configured to provide for a range of needs, or be opened to provide a cavernous 7 000 square metre column free floor space with seating for 5 000 people. A unique feature of the centre is its retractable raked-seating system in Hall One. With the raked seating lifted into the ceiling, the flat floor configuration provides for an area divisible into two separate venues of 925 square metres each. The raked-floor configuration provides for an auditorium seating of 1 800 people and may also be divided into two halls accommodating 840 people in each. Hall two employs operable dividing halls, which may be moved to create a single venue seating up to 5 000 people. Hall two is serviced by two satellite kitchens and has three different room configurations. Further venues include up to 40 meeting rooms, varying from 43 to 396 square metres, three hospitality suites and press rooms.

The ICC Durban Arena

The ICC Durban Arena provides a cultural hub in the heart of the city, a uniquely practical venue designed for concerts, sporting events and many other activities. This is a multi-purpose platform that beats exacting international standards. The Arena provides the perfect platform for any event, with operable walls and retractable seating creating the flexibility for a variety of configurations and the accommodation of between 2 500 and 10 000 people. The space, with a 12 metre height capacity, may be divided into eight smaller halls or a full size oval arena.

The Arena's unique design allows for the effective staging of both local and international concerts, indoor sporting events and even ice shows, figure skating and ice hockey. The Arena's floor area, loading bays and entrances are all on one level, providing simple, cost-effective event set-up, while the venue's technical specifications are regarded as being on par with the best in the world. The Arena features four media booths, a 40-seater VIP booth, medical facilities, dressing and change rooms and an operations centre.

The ICC Durban Exhibition Centre

The ICC Durban Exhibition Centre has a reputation as a world-class, multi-purpose exhibition, function and conference centre. The 3 600 square metre exhibition area is column-free and may be utilised as a single venue or divided into three separate areas. In addition to an organiser's office and a VIP suite, Hall two provides a gallery comprising four booths for media or private use. Adjacent smaller venues, consisting of Coast of Dreams, Mystrals, and Hall six are perfect for meetings, break-away sessions, cocktail functions and the like.

CHAIRMAN'S REVIEW



We look back with satisfaction on an eventful and successful year. The ICC Durban exceeded growth expectations and contributed significantly to the development of Durban in terms of economic impact, transformation and job creation. Our employees have good reason to be proud of last year's achievements which included:

- Exceeding the annual budgeted turnover.
- Attaining Gold certification of the Heritage Programme as part of the ICC Durban's greening programme.
- Winning the Financial and Business Service category for the FNB KZN Top Business Award for 2009.
- Winning of the 2009 "Africa's Leading Conference Centre" by World Travel Awards.

Another significant achievement for this period was the fact that the ICC Durban's operations for the year were not funded from the eThekweni Municipality's operating subsidy of about R20 million. This constitutes a key element of our long-term business strategy: to become self-funding and reduce the financial burden to our shareholder. In realising this for the 2009 year: a major milestone in our path to self-sustainability has been reached.

In the 2009 financial year, the ICC Durban generated a total of 1.4 million delegate and visitor days in Durban. This resulted in the ICC Durban contributing R2.37 billion to national GDP

and R399.0 million to KwaZulu-Natal GGP. From an employment perspective, 3 147 people were employed directly in the province as a result of the ICC Durban while a further 4 289 were employed indirectly throughout the country. Other macroeconomic benefits are the generation of R214.7 million in tax revenue and the creation of R1.2 billion in indirect household income. In each of the macroeconomic contributions mentioned above, the contribution of delegate expenditure accounts for between 64% and 78% of the impact, while induced tourism contributes about 17%. The ICC Durban was a net generator of R368.1 million in foreign exchange earnings for the country.

This could only be achieved because of the high level of professionalism and diligence by the Executive Management and staff of ICC Durban.

On behalf of the Board of Directors, I would like to express my pride in the ICC Durban team and my gratitude to you, our shareholders for your trust and support. I trust you are pleased with how the company is performing. We will continue to do everything in our power to live up to the expectations placed on us for the next fiscal.

Sincerely


Mato Madlala

Chairperson, ICC Durban (Pty) Ltd



The financial year under review has been quite challenging for most businesses in our sector due to the economic slowdown and eventual economic recession into which most countries were plunged. Our primary source markets for core international meetings business were also affected by the global slowdown. However, the ICC Durban's performance for the 2009 financial year was well above budget, with positive results for most financial performance indicators. With a 47% better than budget performance and 23% year on year growth in economic impact, the ICC Durban continued to justify the investment made by the city in building the Centre. In addition, the ICC Durban enjoyed a 36% year on year increase in revenues while maintaining costs sufficiently to render our operations self-liquidating.

The increase in business no doubt put pressure on the operations. Consequently, initiatives had to be put in place to ensure that the service and experience delivered was consistent with the ICC Durban brand and image. Some projects handled during the fiscal proved quite challenging, but the team rose to the occasion and overall successful project management and event coordination was ensured, leading to most clients returning a positive rating for service and project management. In light of the current economic slowdown, costs and pricing came more and more into the spotlight and management focus was fixed on ensuring that efficiencies were achieved. Overall, some of the service challenges experienced during the first half of the year were brought under control and significant improvements made in food and beverage costs as well as overall customer satisfaction ratings.

The prospects for the future are positive with our forward

calendar for the next three years having been improved over the past fiscal. As part of our ongoing quest to ensure that the ICC Durban serves the purposes that it was built for and that our performance in this regard is accurately recorded and reported, a comprehensive economic impact study was commissioned, leading to a final report which validates the Centre's value to the city and justifies the investment made in the Centre. According to the recently released report, the Centre remains an economic catalyst for economic development and job creation, as well as a critical marketing agent of Durban for business tourism purposes and, through induced tourism, repeat leisure visits to the city.

As a management we remain proud to be part of such a critical component of the economic development of the city and region and look forward to another rewarding year.

Sincerely

Miller M Matola

Chief Executive Officer, ICC Durban (Pty) Ltd

BOARD OF DIRECTORS



Ms Mato Madlala
Chairperson, ICC Durban (Pty) Ltd



Ms Bulelwa Paledi



Mr Themba Ngcobo



Mr John Van Rooyen



Mr Ashok Sewnarain



Mr Mvuseni Ngubane



Ms Linda Pampallis

EXECUTIVE MANAGEMENT



Mr Miller M Matola
CEO



Mrs Sal Govender
Marketing and Sales



Mr John Moatshe
Executive Chef



Mr Jeremy Hurter
Financial Director



Mr Troy Reynolds
Operations Director



Ms Zanele Mroxiso
Human Resources

FINANCIAL PERFORMANCE SUMMARY



Budgeted sales targets for the year were exceeded. This was largely due to the government and corporate market segments. A significant improvement was made in terms of the business mix, with the international conference market accounting for 22% of total revenues. Business levels increased significantly with gross turnover at R127 million, which constitutes a 47% improvement in budgeted performance.

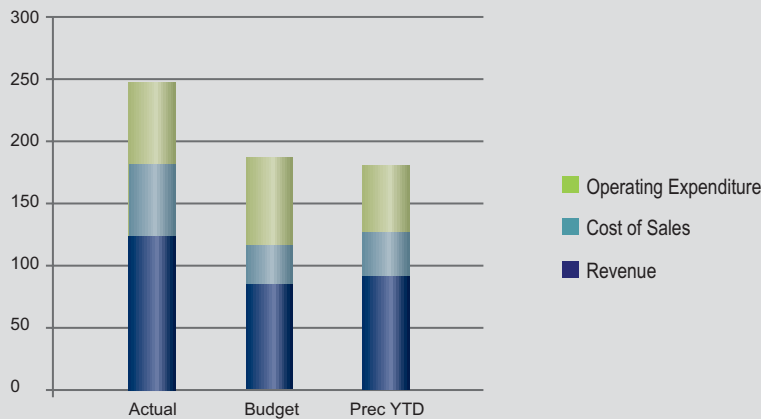
Financial Performance:

	Actual	Budget	Prior	Variance Budget	Variance Prior
Revenue (incl other income)	126,854,473	86,102,647	92,976,346	47%	36%
Cost of Sales	57,388,310	30,760,778	33,657,648	87%	71%
Gross Profit	69,466,163	55,341,869	59,318,698	26%	17%
GP %	55%	64%	64%		
Operating Expenditure	68,751,271	71,778,615	55,721,919	-4%	23%
Operating Profit/(loss)	714,892	-16,436,746	3,596,779		
Operating Profit %	1%	-19%	4%		

* Operating expenditure excludes municipal rates and depreciation.

Revenue ended 47% higher than budget and 36% higher than the prior year. Due to the high volume of third-party services and goods sold to customers, margins ended lower than budgeted at 54% (Budget 64% and prior year 64%). Operating expenditure ended 4% lower than budgeted due to savings made primarily in staff costs. The above resulted in an operating profit percentage of 1% which was 21% higher than budgeted but 3% lower than the previous year. Note that the previous year's operating profit was higher due to write backs.

FINANCIAL PERFORMANCE SUMMARY



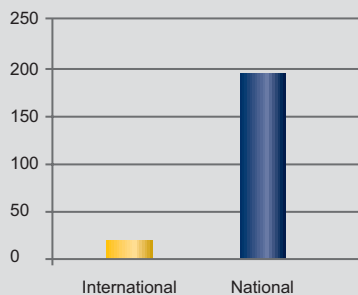
Events Hosted

During the period under review the ICC Durban hosted a total of 689 events of which 15 were international meetings. There were 43 association events, 243 corporate events and 135 government events. A total of 53 510 delegates attended the international and national conferences hosted by the ICC Durban. This represents an 18% decrease in number of events hosted from the previous fiscal. However, the events were more qualitatively represented and hence generated higher revenues and an average increase in the duration of the events. The average revenue per event has increased by 10%.

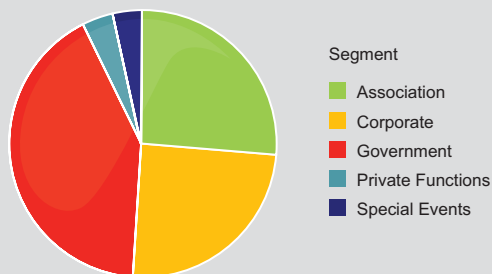
The ICC Durban hosted several international events that attracted delegates from across the globe. The International Council of Nurses and the 4th Southern African Aids Conference attracted delegates in excess of 5 000 respectively. The International Congress on Entomology, International Society of Paediatric and Adolescent Diabetes and Commonwealth Council for Education were some of the other major conferences hosted during the fiscal. The African Union Summit saw ministers and heads of state from across the continent of Africa converge at the ICC Durban for the Air Navigation and Transport. In addition, several international artists including Maroon 5, Counting Crows, Smokie and Katie Melua performed at the Arena to sold out concerts.

In terms of revenue, the government market segment was the biggest contributor, followed by the association market segment.

Core Events Hosted Geographic Segment as at June 2009



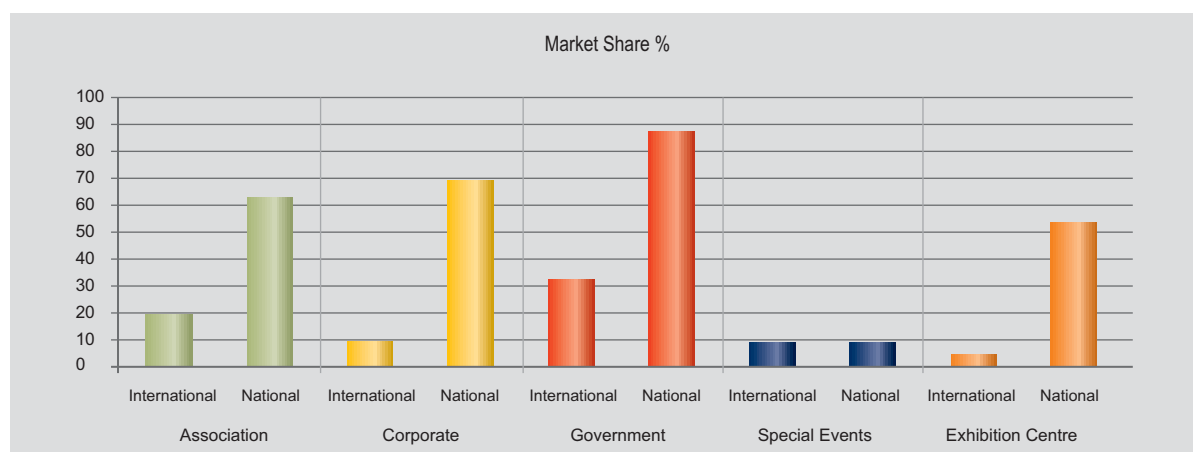
Revue Split By Market Segment as at June 2009



FINANCIAL PERFORMANCE SUMMARY

Market Share

Since the ICC Durban's core business is international conferences, greater emphasis was placed on increasing market share. With the exception of the international association market share, all other figures are relative against our main competitor.



Macroeconomic Contribution During The 2009 Financial Year

The number of events hosted were lower than the previous fiscal, but were qualitatively better as reflected in the economic impact.

This resulted in the ICC Durban contributing R2.37 billion to the national Gross Domestic Product (GDP) and R399 million to the Gross Geographic Product (GGP) of KwaZulu-Natal. The effect of induced tourism (which is the result of international tourists from previous conventions returning as visitors to the country) made a significant contribution to the economy.

Macroeconomic Contribution For The 2009 Financial Year

Rand million 2009 Prices	GDP	KZN GGP	Direct KZN Jobs	Indirect SA Jobs	Indirect Taxes	Indirect H-hold Income	Net Forex Earnings	Delegate & Visitor Days
ICC Capital Expenditure	7.1	1.2	11	12	0.8	3.9		
ICC Operational Expenditure	22.8	4.5	12	39	2.7	11.5		
Host / Organiser Expenditure	33.4	6.9	22	60	3.6	18.1		
Exhibitor Expenditure	347.9	55.2	136	541	33.3	174.8		
Delegate Expenditure	1,553.2	270.3	2,440	2,928	136.7	787.9		
Induced Tourism	406.7	60.9	525	709	37.6	204.7		
Total Contribution	2,371.1	399.0	3,147	4,289	214.7	1,200.8	368.1	1,435,698

From an employment perspective, 3 147 people were employed directly in the province as a result of the ICC Durban's activities while a further 4 289 were employed indirectly throughout the country. These numbers total 2 621 and 3 580 respectively if the effect of induced tourism is excluded.

Other macroeconomic benefits are the generation of R214.7 million in tax revenue and the creation of R1.2 billion in indirect household income.

In each of the macroeconomic contributions mentioned above, the contribution of delegate expenditure accounted for between 64% and 78% of the impact, while induced tourism contributed approximately 17%. The delegate expenditure includes expenditure on accommodation while in the province, meals at restaurants, travel expenses, tours and souvenirs. The ICC Durban was a net generator

FINANCIAL PERFORMANCE SUMMARY

of R 368.1 million in foreign exchange earnings for the country. This takes into account foreign exchange brought into the country by international delegates and returning visitors, as well as the purchase of imports. Thus, it can be seen that the ICC Durban has made a significant contribution to the South African, and particularly the KwaZulu-Natal, economy both in terms of increased economic output and job creation.

Delegate, Visitor And Tourist Days

The ICC Durban contributes in part to the provincial and national economies by attracting local and foreign delegates and visitors to Durban. During the year under review, the ICC Durban generated a total of 1.4 million delegate, visitor and tourist days.

Total number Of Delegates, Visitor And Tourist Days			
	Known		
Financial Year	2007	2008	2009
Congress Delegate Days			
KwaZulu-Natal	38,149	7,551	17,008
Rest of South Africa	56,957	24,356	20,121
International	12,480	14,335	39,511
Total Delegate Days	107,586	46,242	76,640
Exhibitions And Other Events Visitor Days			
KwaZulu-Natal	329,737	339,950	390,434
Rest of South Africa	388,339	400,367	475,168
International	403,286	415,777	493,456
Total Visitor Days	1,121,362	1,156,094	1,359,058
Total Delegate And Visitor Days			
KwaZulu-Natal	367,886	347,501	407,441
Rest of South Africa	445,296	424,723	495,289
International	415,766	430,112	532,967
Total	1,228,948	1,202,336	1,435,698
International Tourist Days	217,501	164,225	232,872
Total International Visitor Days	633,266	594,337	765,840

Some delegates and visitors are expected to return to Durban as tourists at a later stage and some are likely to become repeat visitors. This phenomenon, called induced tourism, is a function of the success of the centre in attracting international delegates in prior years.

Total Delegate And Visitor Days

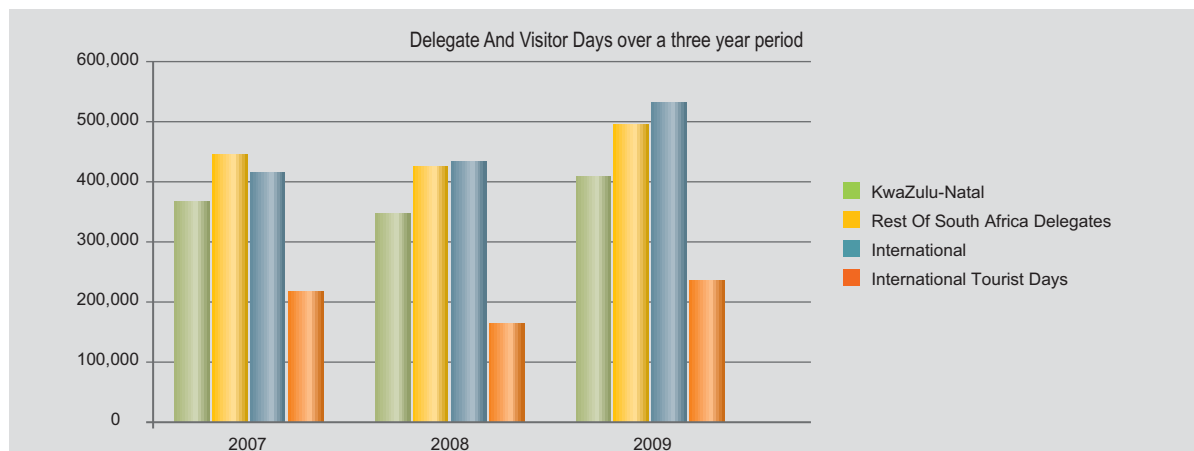
This is the sum of the congress and exhibition delegate days and other event visitor days. Significant increases were registered in total delegate and visitor days, with each at 76,640 and 1.3 million respectively.

Total delegate and visitor days for the year amounted to 1 435 698 days. This is a significant increase on the 1 228 948 of 2007 and the 1 202 336 of 2008. International delegate and visitor days accounted for between 34% and 37% of the total delegate and visitor days over the three years.

Another benefit of the conferences attracted to Durban by the ICC Durban is that delegates spend time and money in the city and province, thereby adding to the value captured by sectors such as tourism.

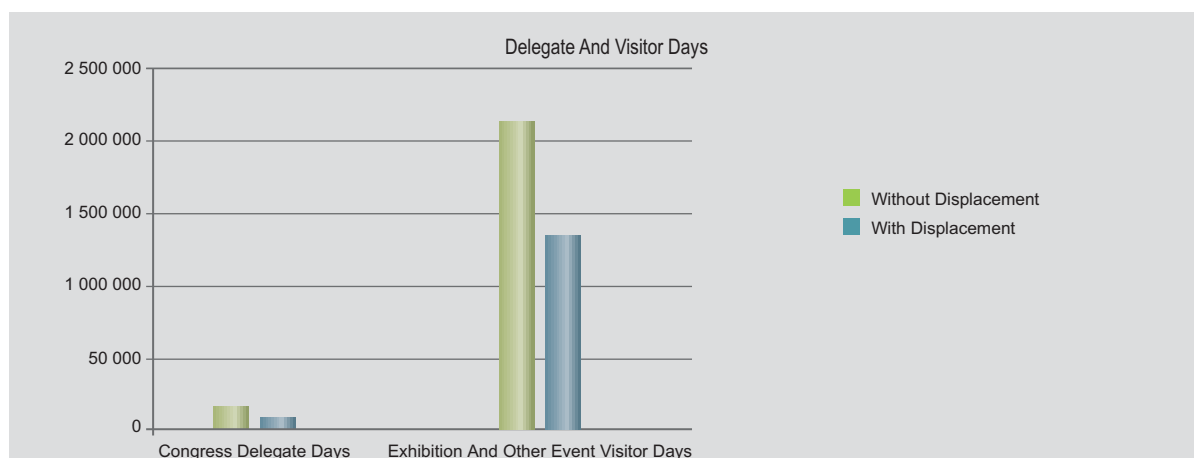
The number of days that delegates and visitors spend in Durban includes time outside the congress or exhibition and includes those people in the party accompanying delegates but not necessarily attending the congress or exhibition.

Delegate And Visitor Days Over A Three Year Period



Displacements:

Displacement refers to where an event that could have been hosted at any other convention centre or venue is hosted at the ICC Durban. The graph below illustrates the magnitude of this displacement effect, where the number of congress delegate days and exhibition and other event visitor days with and without displacement effects are shown. It also illustrates the relative magnitude of the congress delegate days and other event visitor days compared to one another.



The most important economic contribution made by ICC Durban is from the hosting of exhibitions. In 2009, there were 150 005 congress days and 2 142 610 exhibitions days before displacement effects are taken into account.

Congress Visitor Days

Congress visitor days are the number of days that delegates and their party attending congresses spend in Durban. On average this is about one and a half days more than the actual duration of the congress.

- ⊙ A total of 76 640 congress delegate days were generated by the ICC Durban during 2009. This is an increase on the 46 242 congress delegate days of 2008, but down on the 107 586 of 2007.
- ⊙ Of the congress delegate days in 2009, more than half (39 511) were by international delegates. KwaZulu-Natal delegate days amounted to 17 008 and the rest of South Africa delegate days were 20 121. This proportion is different from previous years when delegate days from the rest of South Africa delegates formed the majority. This is due to the different types of congresses that were hosted in those years.

Exhibition And Other Event Delegate Days

This refers to the number of days that visitors to exhibitions and other events spend in Durban.

- ⊙ A total of 1 359 058 exhibition and other event visitor days were generated by the ICC Durban during 2009. This number is an increase on both the 1 121 362 of 2007 and the 1 156 094 of 2008. It is mainly due to an increase in the number of exhibitions in 2009.
- ⊙ In 2009, international visitor days accounted for 493 456 days out of the total, KwaZulu-Natal visitor days accounted for 390 434 days and rest of South Africa visitor days for 475 168. This proportion of visitors remains similar for 2007 and 2008.

International Tourists And Induced Tourism

- ⊙ It is estimated that this year international tourists spent over 230 000 days in South Africa as a result of induced tourism generated by the ICC Durban. This number is probably understated because it excludes the effect of repeat tourism.
- ⊙ The number of international tourist days (which is a combination of international congress days, international exhibition and other event visitor days and induced tourism days) in 2009 is an increase on the 633 266 days of 2007 and the 594 337 of 2008.

As more and more visitors will return to South Africa on a regular basis, it is therefore anticipated that induced tourism will have growing impact on total international visitors and spending.

OUR HIGHLIGHTS FOR THE PERIOD UNDER REVIEW

Despite challenges and the adverse economic climate which characterized the period, the 2009 financial year was for the ICC Durban yet another success story. We were able to record many achievements as an organisation, chief among which were the following:

- ⊙ Economic impact exceeded the R2.4 billion mark
- ⊙ 2008 annual turnover figure and budgeted annual turnover were exceeded
- ⊙ We obtained gold certification for the heritage environmental programme
- ⊙ We were once again awarded the World Travel Awards award for the "Leading Convention Centre in Africa"
- ⊙ We won the Financial and Business Services category for the FNB KZN Top Business Awards for 2009
- ⊙ We maintained our 5 Star Grading in the Arena and Convention Centre
- ⊙ Ranked within the Top 20 Convention Centres by AIPC
- ⊙ We funded our first SACCI bursary student, Fanele Buthelezi, who after completing her theory will join us for in-service training from the 1st July 2009
- ⊙ We established a partnership with the International Hotel School (HIS) and initiated an experiential learning programme with 10 Learners being attached to the ICC Durban

Once again, the team rose to the occasion and continued to deliver many successful events for our clients; new and repeat.

OPERATIONAL REVIEW



MARKETING AND SALES

The Marketing & Sales efforts for the fiscal were focused on revenue growth, increase in new and repeat business, as well as improvements in marketing approaches and vehicles utilised. Key targets for the period under review were achieved and the department performed well with respect to most of its performance indicators for the financial year under review. Sales revenue increased to R127 million against budgeted revenues of R86 million.

Business Confirmed

While the meetings industry continued to be highly competitive, with most international association conferences being diverted to other destinations and venues, the ICC Durban still managed to secure and confirm a total of 57 conferences. Of these, 23 were international conferences and 35 national conferences.

Although the number of meetings secured were below the targeted 45, this was more than adequately compensated for by the increase in international conferences secured. Given that international conferences are the ICC Durban's primary reason for existence, the results balance out positively as revenue, albeit smaller than what the ICC Durban would have liked, was still generated.

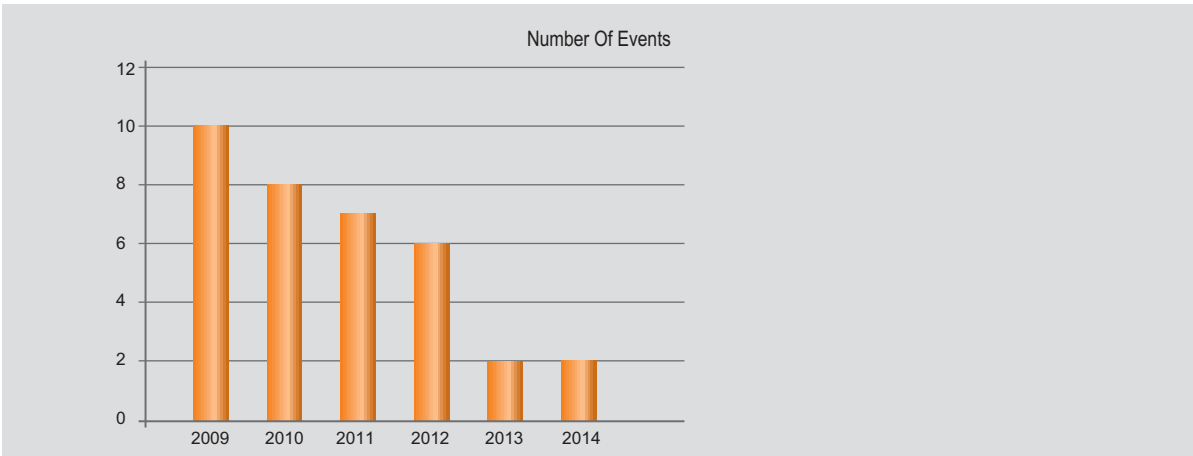
Bids Submitted And Won

The Marketing & Sales Department was involved with the preparation and submission of 29 bids for international conferences. Of these, the following 11 bids were successful and the events secured for Durban:

- 1. World Botanic Gardens Congress – 2009
- 2. Europe Africa Business Summit – 2010
- 3. GOPIO African Chapter – 2010
- 4. Water Institute of South Africa – 2010
- 5. International Olympic Congress – 2011 (joint bid with the city)
- 6. International Scientometrics and Informetrics Conference – 2011
- 7. International Federation of Professors of French – 2012
- 8. Public Services International – 2012
- 9. Cost Engineering – 2012
- 10. World Congress for Psychotherapy – 2014
- 11. World Architects Congress – 2014

Forward Calendar

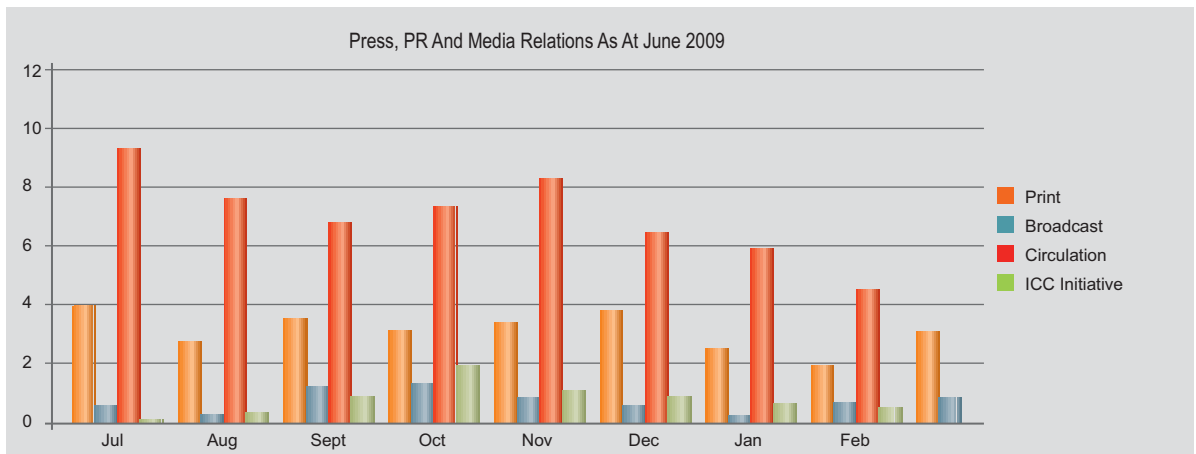
In the period under review the Marketing & Sales Department embarked on an aggressive international acquisition strategy and sourced business from not only the international association market but from international corporates and government as well. To date there are 35 confirmed international events on the forward calendar.



OPERATIONAL REVIEW

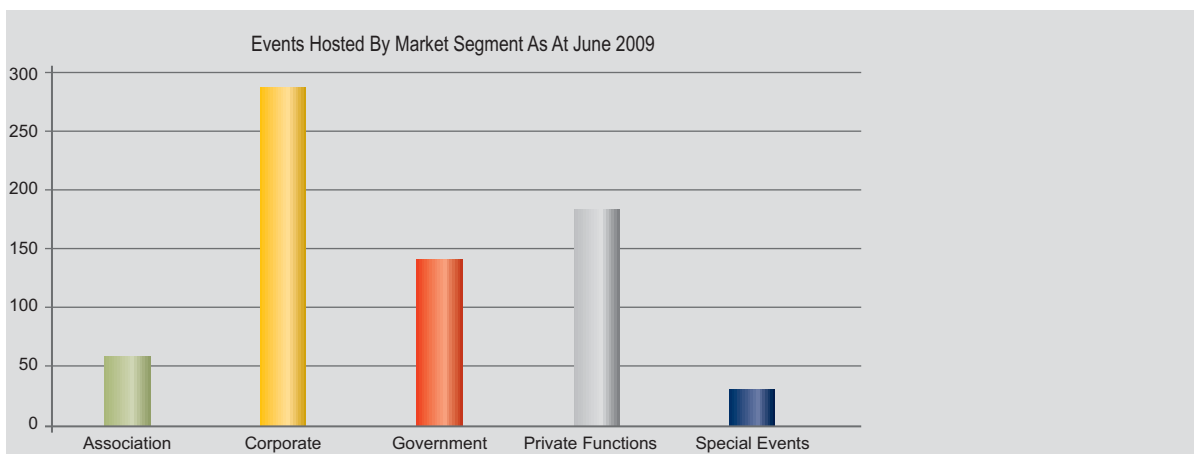
PR And Media Relations

The media exposure value generated by the ICC Durban during the period under review was R9.6 million. Management is cognisant of the need to improve favourable publicity for the centre and to inform stakeholders about its economic impact to the economy of the city and region. International media during the period was largely derived from industry publications such as Conference & Meetings World, and CIM (Conference & Incentive Management).



OPERATIONS

The Operations Department performed better than budget for the period under review in terms of cost containment through improved operational efficiencies and "doing more with less".



Cost Containment

The Operations Department performed better than budgeted for the fiscal under review in terms of major expenditure items such as event labour and related operational expenditure.

Revenue Collections

Focus was placed on amounts due older than 60 and 120 days and a significant impact was made on these balances in order to reduce the overall outstanding customer debt. The average debtor's days outstanding has been reduced to 14 days. Going forward the target for outstanding payments to be settled is seven days from receipt of invoice.

Training And Development

To enhance the customer experience a number of training and development initiatives were introduced. A Customer Service Workshop was undertaken by Executive and Middle Management. This resulted in the formulation of a departmental action plan was rolled out within the Operations Department.

Customer Service Excellence

Positive Client feedback for the period under review was 97%, against 3% negative feedback received. Both Client and Guest Feedback were incorporated into the feedback mechanism. In line with the performance improvement plan, on-the-job training was conducted to enhance the service experience offered. Service standards improvement remains a key focus of this department and will be explored further to improve our ratings.

Accolades

International Association of Congress Centres (AIPC)

The ICC Durban was nominated and ranked amongst the Top 20 of the World's Best Congress Centre's by AIPC during the annual conference in Coruna.

World Travel Awards

The World Travel Award Ceremony took place in Durban during the annual Indaba in May 2009. The ICC Durban was awarded the title of "Africa's Leading Conference Centre", the eighth time that the centre has won this prestigious award.

Five-Star Grading

The ICC Durban retained its five-star grading after the International Convention Centre and Arena were both graded by the Tourism Grading Council of South Africa.

CULINARY

The Culinary Department once again retained the Hazard Analysis Critical Control Point accreditation for the next three years. This will assist the department in gearing up for the International Standards of Food Safety (ISO 22000). The department received positive feedback on the culinary offering. New themed and tailor-made menus were introduced, helping to maintain food costs at the requisite levels.

Food safety continues to be a key focus of the department and the department achieved an 86% score in the Food Control Services audit. To further enhance the food safety and health environment, the new fiscal will see the installation of a Waste Management Disposal System, which will eliminate potential food contamination.

HUMAN RESOURCES

Skills shortage remains a challenge for the hospitality industry. As part of its contribution to skills development in the industry and creating a pool of resources from which it can source prospective employees, the ICC Durban formed partnerships with Southern African Association for the Conference Industry (SAACI) and the International Hotel School. Ten trainees (seven – management and three – chefs) were placed in Culinary and Operations (Food and Beverage) departments. Their training included cash-handling, stocktaking, reconciliations, operation of POS machines and working with the Cook - Chill system.

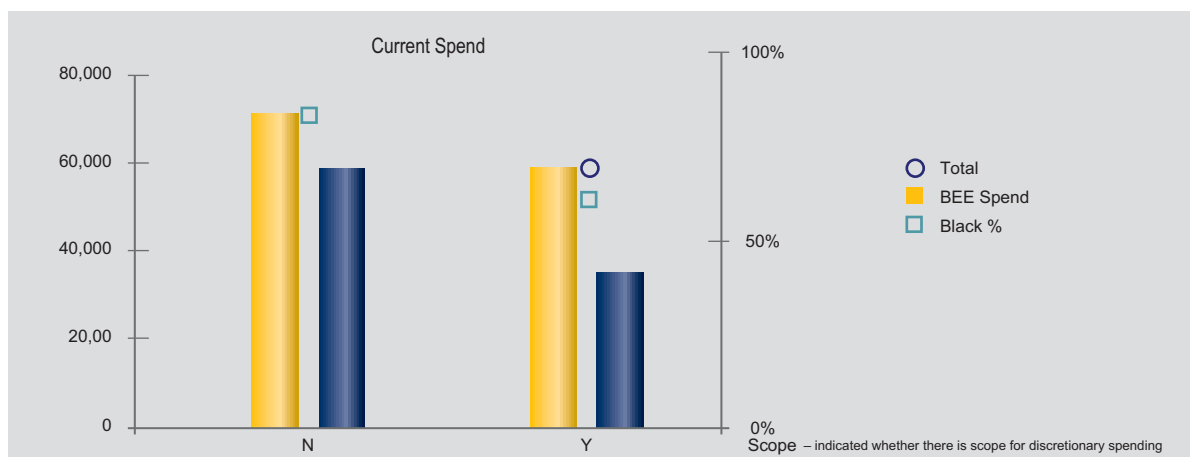
Due to the resource demand within the industry our staff turnover was 15%. The total number of training days achieved was 93. We implemented a Performance Management System and all employees have PMC. At the end of 08/09 fiscal reviews were conducted and 52% of employees achieved a score of 3+. We also tracked absenteeism and the rate is 1% against a target of 5%.

FINANCE AND ADMINISTRATION

Supply Chain Management and BEE

Significant progress was made in obtaining a more accurate analysis of the ICC Durban's suppliers. This has allowed the procurement department to track the BEE and SMME spend more accurately. Progress has been made with meat suppliers with the addition of a new SMME supplier from the preferential procurement group. A supplier day was held to educate suppliers on the requirements for food standards at the ICC Durban. There are plans under way in the new financial year to further expand the supplier database for new BEE compliant suppliers.

The Finance Department, in conjunction with procurement, has captured the supplier ownership information into Events Business Management System. This has allowed a more flexible analysis of the BEE spend of the company. The current analysis of the ICC Durban expenditure is showing a 59% BEE discretionary spend percentage, just under 60% which is the target.



Finance Department Achievements And Progress

The finance department is proud to have completed its first full operating year on the Events Business Management Systems (EBMS) ERP system implemented in August 2007. The draft annual financial statements were available within two weeks of the year-end, a significant achievement

Furthermore, the implementation of the Qlikview Business Intelligence tool has drastically improved the delivery of financial and other information to all departments that users can interrogate themselves.

Extensive work was done on the outstanding debtors' balances, resulting in a significant reduction in the outstanding amounts. This was due to very close communication with the operational departments involved.

Asset Management

The finance department embarked on a project to verify all fixed assets on site. This process has been used to update the fixed asset register with the latest information on location and existence. Further work on this process is ongoing.

Risk Management

Management completed a risk review during the period under review. This resulted in an updated risk register and this process will now be carried out on a quarterly basis in alignment with business plan objectives.

FACILITIES SERVICES

Security

There was a challenge with security, with quite a number of security incidents being experienced. A more comprehensive Service Level Agreement (SLA) that adequately protects ICC Durban will be implemented in the new fiscal and enforced for the new contract.

Cleaning

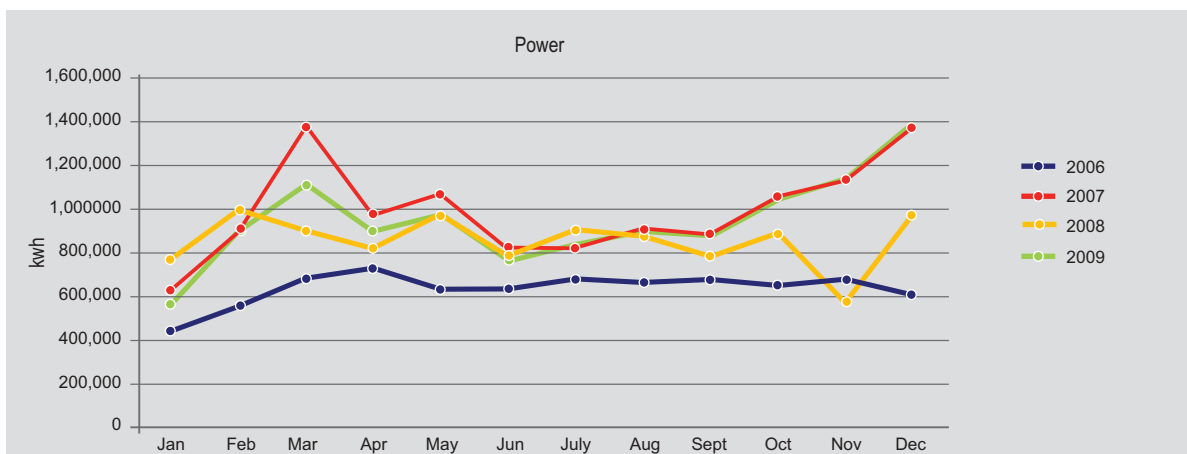
A new venue cleaning service provider was engaged after the tender process. Performance challenges were experienced with the service provider. A number of interventions were made and the delivery has improved. However, this contract still needs to be closely managed.

Power Saving

The following measures were implemented to save power usage.

1. Implementing an energy management solution (Ice Making System) in the Arena using the air-conditioning chillers. During the off-peak electricity tariff times the chillers are used to make ice, which is used to cool the building during peak hours. Hence a saving in the electricity bill was realised.
2. Switching off the lights in halls and rooms that are not in use.
3. Switching off the air-conditioning system in halls and rooms that are not in use.
4. Automatically switching off escalators when not in use.

The ICC Durban is conscious and committed to the conservation of energy resources.



OPERATIONAL REVIEW

OUR KEY PERFORMANCE INDICATORS								
National Key Performance Area / Shareholder / Owner KPA	Strategic Focus Area	ICC Durban Performance Indicators			Annual Target 2008/2009	Actual	Achieved	
1	Economic Development	BUSINESS EXPANSION AND GROWTH	1. Macro Economic Impact					
			1.1 Economic Impact (Increased Receipts)	825000	R2.37bn	Yes		
			1.3 Jobs Sustained	6,600	7,436	Yes		
			1.4 Forward Calendar / Bookings	5711,60012	58	Yes		
			a International Meetings	4571	23	Yes		
b National Meetings	20		35	No				
2	Financial Viability And Sustainability		2. Financial Sustainability					
			2.1 Revenue Growth R million	97	125.5	Yes		
			2.2 Operating Profit Margin	0%	2.32%	Yes		
			2.3 Operating Subsidy (Reduction)	0	0	Yes		
			2.4 International meetings Hosted	19	15	No		
			a. Association	12	11	No		
			b. Corporate Market	1	1	No		
			c. Government	4	2	No		
			d. Exhibitions	1	1	Yes		
			2.5 National Meetings Hosted					
			a. Association	44	43	No		
			b. Corporate Market	203	243	Yes		
			c. Government	92	135	Yes		
			d. Special Events	18	29	Yes		
			e. Exhibitions	38	41	Yes		
f. Other	157		182	Yes				
3	Service Delivery		3. Customer Focus					
			3.1 Enhance Service Standards					
			a. Satisfaction Rating	95%	97%	Yes		
		3.2 Enhance Quality						
		a. World World Travel Awards (Africa's Leading Conference Centre)	Yes	Yes	Yes			
		b. Maintain AIPC Finalist Status	Yes	Yes	Yes			
		3.3 Enhance Food Safety Standards						
		a. ISO Implementation In Place	Yes	Yes	Yes			
		b. Obtain HACCP Compliance Certificate	Yes	Yes	Yes			
		c. FCS Audit Compliance Percentage	95	86	No			
3.4 Human Capital Development								
a. Training Days	88	93	Yes					
b. Engage Trainees	10	25	Yes					
4	Good Governance And Public Participation	4. Sound Corporate Governance						
		4.1 Review Risk Register	Yes	Yes	Yes			
		4.2 Achieve Unqualified Audit Report – For Prior Year (2008)	Yes	Yes	Yes			
		4.3 Effective Media Coverage And Internal Communication						
		a. Increase ICC Durban Coverage	14,4	9.6	No			
		b. Hold Team Talks	12	9	No			
		c. Written Internal Communication	48	40	No			
		d. Quarterly Newsletter	4	2	No			
		e. CEO Updates	4	3	No			
		4.4 Corporate Policies & Procedures						
a. Review One Policy Per Week	52	3	No					
5	Transformation And Public Participation	5. Transformation And Change Management						
		5.1. Continuous Improvement In Business Processes – Innovations Required	6	2	No			
		5.2. BEE Compliance In Accordance With The ICCD BEE Strategy						
		a. Discretionary Spend %	65%	60%	No			
		b. Contractual Spend	60%	83%	Yes			
		5.3. EE Compliance						
		African (A)	69	66	No			
		Indian (I)	13	18	Yes			
		White (W)	15	13	No			
		Coloured (C)	3	2	No			
		5.4. Greening Programmes In Place	Yes	Yes	Yes			
		5.5. People Personal Development And Quality Of Life Improvement						
		a. Percentage Of Staff Performing At 3 Or Upwards	70%	52%	No			
b. Absenteeism Percentage	5%	1%	Yes					
c. Staff Turnover Percentage	5%	15%	No					
NOTES								
1.1	ECONOMIC IMPACT/NATIONAL GDP AND JOBS SUSTAINED: Is calculated by taking the following variables and inputting them into an economic input/output model. Variables include; ICC Capital Expenditure, ICC Operational Expenditure, Host / Organisers Expenditure, Exhibitor Expenditure, Delegate Expenditure, Induced Tourism. ECONOMIC IMPACT FIGURES HAVE BEEN ADJUSTED IN LINE WITH THE 2008/9 REPORT BY UCT							
1.4	FORWARD BOOKINGS: Events secured for the future financial years / trading period							
2	FINANCIAL STABILITY: EBITDA Margins %							
2.4	EVENTS HOSTED: Actual number of events by market segment hosted by the ICC during a financial year. Future projections are based on forward calendar plus marketing effort and conversion rates.							

KEY ISSUES AND CHALLENGES

Communication and public relations will require a more focused approach and attention as the company's visibility and media exposure was less than it was the year before. An appropriate plan will be implemented in the new financial year and improvements made to the communication effort, particularly with regard to the ICC Durban as a Brand and a Corporate entity.

Security challenges were among some of the issues faced by management during the course of the year, with various security lapses on the part of our security service provider. Going forward, management has committed to ensuring more robust and stringent management of the Service Level Agreement with all our service providers.

The challenges experienced with regard to some of the service providers largely derive from the fact that management was marginally involved in the determination of appropriate service providers, deferring to the assistance provided by the eThekweni Municipality's Procurement Monitoring Unit.

While management has put in place sound controls and systems, there are still a few individuals within the ICC Durban staff who have been susceptible to ethics failures. Cases in point are the fraud risks experienced with respect to the point of sale cards and the undeclared conflict of interest case related to the laundry tender. Management has put further checks and measures to ensure that we do not have a recurrence of such incidents.

OUTLOOK FOR THE FUTURE

The outlook for the future remains somewhat positive if one considers that the number of events secured for the 2010 and 2011 financial years stands at 26 and 14 international conferences respectively. However, it is expected that the global economic situation will affect the meetings industry although not as hard as it has the leisure tourism market. In addition, competition will continue to be intense and aggressive and in the face of all this, convention centres will have to be more aggressive and innovative in their marketing efforts. It is hoped that the Convention Bureau concept proposed by the ICC Durban will come into effect and will contribute in some way to the securing of international conferences. Africa's market share of the meetings industry is not expected to grow any higher than the current 1% and so our share could be expected to plateau at the current 15%. However, management has set themselves stretch targets in this respect and will aim to achieve an 18% market share of international conferences.

Internally the company will have to continue its focus on achieving more efficiencies and cost containment without eroding our ability to market effectively in the international market space. Investments in training and skills development will be sustained during this period of economic challenges. In addition, management will continue looking at ways to achieve optimal efficiencies and service delivery without growing the size of the payroll disproportionately.

CONCLUSION

Overall performance against business plan for the 2008/09 financial year has exceeded expectations, with revenue and expenditure figures reflecting a strong better-than-budgeted performance. It is management's view that the company has delivered good results given the economic recession and the increased competition we have had to face. We will strive to ensure that our forward calendar remains strong for at least the next three years.



EMPLOYEES

The success of International Convention Centre (ICC) Durban lies in its ability to attract, develop and retain globally competitive people.

Employment Equity Report

With a turnover of 15%, slightly above the norm, the ICC Durban has maintained its equity target as detailed below. The ICC Durban employs 92 permanent and four fixed-term employees.

2007 / 2008				
Race	Male	Female	No.	Total%
African	27	23	50	63
Coloured	0	3	3	4
Indian	1	11	12	15
White	4	10	14	18
PwD (disability)	0	0	0	0

2008 / 2009				
Race	Male	Female	No.	Total%
African	29	25	54	66
Coloured	0	2	2	2
Indian	2	13	15	19
White	2	9	11	13
PwD (disability)	0	0	0	0

Employee Wellbeing

The company introduced an employee wellness programme via Careways Group to help employees achieve a balance between work and life in general. This programme sought to take away stress emanating from employees' personal lives, allowing them to be more productive at work. The programme has yielded positive outcomes.

While the industry in general experienced a 7% utilisation in 2007/8, the ICC Durban's utilisation during that period stood at 13% and 18% in 2008/9.

The company held a Wellness Day in 2009 which saw 190 employees, both permanent and temporary staff, being tested for a range of medical conditions, including hypertension, vision, cholesterol, diabetes and weight-related illnesses. Positive feedback was received from staff on this initiative.

Employee Training And Development

The ICC Durban recognises the strategic importance of employee training and development. Comprehensive reviews are held throughout the company to help our employees develop and reach their full potential. Employees at all levels benefit from a wide range of both internal and external programmes, courses and initiatives. Training and development is individually focused to help employees realise their potential. Learnership programmes continue within various departments. Training also takes place when an employee's job description changes.

Internal career opportunities are displayed on the internal intranet and notice board. Employees are able to apply for posts appropriate to their skills and qualifications. Talent and skills shortages are identified as a key risk within the organisation. Structured succession plans are in place, with a particular emphasis on senior employees and critical positions with the organisation. These plans are reviewed annually.

Performance Management

Structured performance management processes are in place to ensure that employees focus on their relevant activities and that their performance is reviewed quarterly in a formal manner using the balanced scorecard methodology. Good performance is acknowledged and recognised by senior management and employees share in a performance bonus system.

Remuneration Philosophy

Remuneration plays a critical role in attracting, motivating and retaining high-performing and talented individuals to achieve the ICC Durban's objectives. Rewards are set at responsible and competitive levels in relation to local and relevant markets. The centre believes in establishing a level of guaranteed remuneration that is competitive and rewards individuals for exceptional performance. The ICC Durban's total reward philosophy is aligned with the strategic direction and specific value drivers of the business as well as with the interests of shareholders.

Communication

Transparency and openness are essential. Regular, structured employee meetings are encouraged within our operation between employees and management. Most employee communications are conducted through personal contact, supported by newsletters, committees, briefings and employee participation forums (Team Talk).

Another communication initiative is through formal induction programmes. These facilitated sessions share company initiatives and strategies with new employees.

Our quarterly electronic newsletter is sent to all employees and stakeholders. The ICC Durban's Intranet site provides employees with online access to information. An email contact to the CEO "Tips for Miller" was introduced during quarter four. This is an anonymous email system where employees can "air their views" to the CEO.

The new fiscal year will see the introduction of an Employee Opinion Survey, which will be undertaken annually to determine employee satisfaction and whether management actions have had the desired impact. The Employee Opinion Survey will focus on:

- ⊙ Perceptions of ICC Durban's senior management.
- ⊙ Department management.
- ⊙ Customer focus.
- ⊙ Employee interaction/engagement.
- ⊙ Corporate responsibility.

The ICC Durban has many communication systems in place to ensure that meaningful, transparent information reaches all employees timeously. This is essential in creating an inspiring workplace climate as well as ensuring employee commitment and development.

HEALTH AND SAFETY

The health and safety of our employees is critically important. The management of occupational health and safety (OH&S) is an integral part of employee value creation. The implementation and rollout of OH&S compliance strategies is the direct responsibility of all department heads.

Our OH&S management systems include:

- ⊙ the identification, elimination or control of work-related hazards or risks;
- ⊙ instruction or training of line managers to take responsibility for health and safety, and engage employees through workplace forums and health and safety committees;
- ⊙ setting targets for continuous improvement; and
- ⊙ complying with the relevant national laws and regulations.

We have established formal joint health and safety committees comprising management and worker representatives. In line with the Occupational Health and Safety Act, these cover all staff. The current OH&S management system is structured to ensure that legal compliance is achieved in all our operations. Audits of the OH&S management systems and the set key performance indicators are conducted annually.

During the reporting period, no material fines, deviations or instances of non-compliance with regulations were recorded. To ensure that OH&S issues are comprehensive, training and communication are considered integral to the OH&S management system.

Safety

During the reporting period, a few minor injuries were recorded and investigated. These were classified as sprains and minor lacerations. An intense, on-the-job, safety campaign will be launched to sensitize employees about this type of injuries.

As part of our safety management strategy, we ensure that all accidents and incidents are recorded, investigated and measures initiated to prevent reoccurrences. We continue to enforce stringent safety rules within all operations.

The health of our workforce is an important component of sustainability. There are stringent occupational health requirement expectations within our operations. These include the wearing of suitable personal protection equipment (PPE) and vigilance to dangerous situations in the workplace.

With large events, recommendations as per the proposed "Safety at Sports" and Recreational Events Standards are adhered to. The necessary interface with local officials at the SAPS and Fire and Rescue are maintained. A Venue Operations Centre (VOC) is headed by an external event safety specialist and staffed with representatives of relevant local authorities.

CUSTOMERS

Philosophy

We realise that success can only be achieved by understanding the needs of our clients.

This is achieved by:

- ⊙ Continuous improvement of our products.
- ⊙ Addressing our customer needs accurately and timeously.
- ⊙ A professional team of employees, dedicated to customer service.
- ⊙ Investment in modern technology and in our employees.

Due to services lapses in service delivery, a service improvement plan was designed during 2008, this plan enables the ICC Durban for the first time to implement guidelines that affect both operations and marketing, resulting in improved execution of service commitment to its customers.

The Xcalibre pen innovation has been successfully implemented. Compliments and complaints can now be logged and routed to a central database. The data received gives feedback on service delivery and customer experience. This data also gives management a report on staff who have gone “the extra mile” in ensuring customer satisfaction. This initiative creates a platform where individual excellent performance is celebrated and rewarded for going the extra mile in delivering customer service.

Going forward, the ICC Durban will continue to drive towards further entrenching a customer-focused culture by providing leading edge knowledge (Blue Print) on customer experience in the market, hence enabling the ICC Durban to excel at customer service. A customer experience component will also be included in our induction programme.

The profile of delegates attending events at the ICC Durban has changed considerably over the years. The past year saw an estimated 431 443 people frequent a Concert, Conference, Exhibition or Special Event at the centre. Although international events still continue to attract a higher delegate count, there has been a marked increase in both the government and corporate delegates.

National events attracted delegates in excess of 377 783 thousand in 2009. Many of the events hosted at the ICC Durban attract even delegates and business tourists from other African countries.

With the meetings and exhibition industry becoming a part of a globalised world, our exhibitions now attract companies from beyond our borders. Through the inception of the arena, the ICC Durban has penetrated into a concert market, thus engaging with a market segment that did not usually frequent the venue.

Our operations have been streamlined to continue to attract delegates across all market segments but more importantly delegates from all international spheres that have chosen to do business at the ICC Durban.

Community

The ICC Durban is implementing Broad-based Black Economic Empowerment (BBBEE) in line with government’s requirements. It is doing so because it is in the best interests of our country and of the company and its employees, customers, suppliers and the communities in which we operate. The centre subscribes to the principle of equal opportunity and embraces diversity. The only way we can ensure a sustainable future is by enabling as many South Africans as possible to have a real stake in the economy.

The company, therefore, places emphasis on meeting each of the objectives of BBBEE – direct empowerment through ownership; management at senior level; human resource development and employment equity; and indirect empowerment through preferential procurement, enterprise development and corporate social investment, in line with the company’s objectives.

On another level, the ICC Durban's corporate social responsibility supports skills development through on-going introductory training, particularly for casual staff. This training enables them to move into permanent employment in the industry. Many ICC Durban trainees have found employment in the conference and tourism industry locally, nationally and internationally. In addition, the centre has committed to the Southern African Association for the Conference Industry a three-year bursary to fund students from historically disadvantaged backgrounds who wish to pursue careers in the hospitality industry.

We funded our first SACCI bursary student, Fanele Buthelezi, who after completing her theory joined us for in-service training.

We established a partnership with the International Hotel School (IHS) and initiated an experiential learning programme with 10 learners being attached to the ICC Durban.

We offered in service training for one graduate student for a year.

The ICC Durban also supports a local empowerment initiative Youthwise Community Centre by procuring hand-made crafts for use in international trade shows as well as international bids.

Good relations are key and to this end the centre always endeavours to keep community informed of its activities.

ENVIRONMENT

Overview

The centre is committed to sound environmental management and appropriate monitoring and minimization of impacts. Practical initiatives to reduce energy consumption are being considered in most departments. These not only positively influence carbon emissions but are also commercially sensible due to rising energy costs. All departments are aware of the need to monitor and improve their energy efficiency where possible.

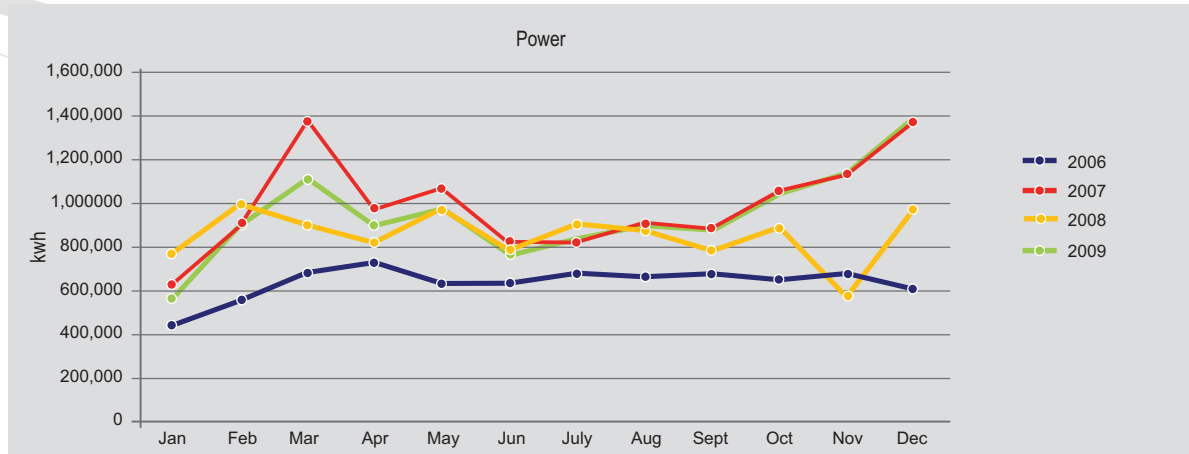
An ICC Durban environmental policy is in place and various processes are being implemented to reduce the negative consequences of its activities and to ensure that all operations are conducted in an environmentally responsible manner.

The implementation of ISO 22000 will take place during 2009 and we will strive to achieve the standards as laid out. The culinary department will also install a food waste disposal system which eliminates food waste going to landfill sites.

The following measures were implemented to save power usage.

1. An energy management solution (Ice Making System) was implemented in the arena using the air-conditioning chillers. During the off-peak electricity tariff times, the chillers are used to make ice, this ice is used to cool the building during peak hours, resulting in a massive saving in the electricity bill.
2. Switching off the lights in halls and rooms that are not in use.
3. Switching off the air-conditioning system in halls and rooms that are not in use.
4. Automatic switch off of escalators when not in use.

Over the past year, the ICC Durban has been able to positively influence electricity. The graph below demonstrates the reduction in electricity utilisation due these power-saving initiatives.



The connected load for the ICC Durban is in the region of 4 000 kwh and the current demand has not exceeded this figure.

Air Quality

In the air conditioning air handlers all return air is filtered to remove up to 99% of dust and precinct carbon particles.

All food preparation is done with electrical power as no liquid petroleum gas (LPG) is permitted to be stored on the site.

A comprehensive internal air quality survey is planned to ensure a healthy internal environment including an abluion hygiene test as well as for Legionnaires disease on air conditioning condenser water and portability testing on the domestic water.

Water

The ICC Durban's operations obtain most of their water from municipal and local government water supply systems. For all of our operations, water is sourced from municipal systems and is disposed of in municipal sewerage systems. The quality of effluent is dictated and controlled by municipal by-laws and standards. As no water is released into the natural system, no water sources, related ecosystems or habitats are affected by discharges of water or runoff from our operations.

Three large diameter domestic water feeds serve the ICC Durban, ARENA and Exhibition Centre. This serves the fire system, sprinklers and is for potable consumption as well as air conditioning evaporative cooling.

Waste Management

All waste produced is disposed of responsibly through re-use, recycling, incineration or to landfills.

Waste handling and removal is outsourced to certified waste contractors or accredited suppliers who dispose of the waste at licensed disposal sites. Hazardous waste is disposed of at permitted hazardous waste sites, and certificates of safe disposal are issued to the ICC Durban.

All oil- and fat-contaminated wet waste is discharged through a fat trap unit, of which the residue is treated regularly and disposed of as to be converted into bio-fuel. All used vegetable oil is disposed of and certified similarly.

Solid waste is sorted into glass, paper, metal and other at the point of disposal and is removed off site by a service provider. Storm water is channelled into the coastal storm water drainage system. Additional skips are provided for exhibition waste (event specific, woods, papers, and so on) and is disposed of as such.

The ICC Durban will continue to improve on systems developed and introduced during the year particularly the measurement of our carbon footprint, energy consumption, the reduction of water consumption and increasing water recycling capabilities. Materials consumed and waste will also be monitored closely.

Suppliers

The ICC Durban requires suppliers to adhere to all relevant environmental legislation. However, for most of our operations, there are no standard programmes in place across departments to measure supplier performance in this regard. Agreements, structured meetings, reporting requirements and reviews as well as ongoing informal communication ensure constant contact with our main suppliers. Should specific matters arise, these are taken up with suppliers on a case-by-case basis. We encourage suppliers and contractors to provide environmentally sound goods and services. Providers of employee benefits such as medical aid and retirement funds are also included in structured meetings.

CORPORATE GOVERNANCE

Board Of Directors

The ICC Durban board is tasked with providing strategic direction and oversight on governance, risk management and statutory reporting. While all directors have equal responsibility for managing the company's affairs, it is the role of the chief executive and the executive management team to run the business within the parameters laid down by the board and to produce clear, accurate and timely reports to enable the board to make informed decisions. The global nature of the ICC Durban allows the company to utilise both local and international expertise to ensure continued market leadership.

Board Charter

A board-approved charter is in place to govern the activities and roles of the board of directors. The charter is reviewed annually by the board and any amendments deemed fit are effected.

Risk Management

The ICC Durban has developed a risk management framework and policy. A risk register was also determined. It will be reviewed annually. In addition, a fraud prevention plan and policy enables management and all staff to report and react to fraud-related matters.

Code Of Ethics

The staff of the ICC Durban are bound by a Code of Ethics to which they agree and commit on appointment.

Going Concern

The financial director has engaged with the members of the board and the shareholder around the issue of going concern. What has been proposed is that the loan account owing to the shareholder be repaid by issuing an equity instrument to the shareholder. This will mean that the ICC Durban would then be solvent. All the legal and taxation implications of this proposal are currently being investigated.



ICC DURBAN (PTY) LTD
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

ICC Durban (Pty) Ltd

Annual Financial Statements for the year ended 30 June 2009

Directors' Responsibilities and Approval

I am responsible for the preparation of these annual financial statements, which are set out on pages 38 to 57, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The auditors are responsible to report on the fair presentation of the financial statements. The financial statements have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (GAAP) including any interpretations of such Statements issued by the Accounting Practices Board, with the prescribed Standards of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board replacing the equivalent GAAP Statement.

The directors are also responsible for the company's systems of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis, since the directors have every reason to believe that the company has adequate resources in place to continue in operation for the foreseeable future.



Chief Executive Officer

Durban

30 November 2009

ICC Durban (Pty) Ltd

Annual Financial Statements for the year ended 30 June 2009

General Information

DIRECTORS

D Madlala
B Paledi
T Ngcobo
J van Rooyen
A Sewnarain
N Ngubane
L Pampallis

REGISTERED OFFICE

45 Ordnance Road
Durban
4001

POSTAL ADDRESS

PO Box 155
Durban
4001

BANKERS

Standard Bank

AUDITORS

Auditor-General

COMPANY REGISTRATION NUMBER

1992/005887/01

ICC Durban (Pty) Ltd

Annual Financial Statements for the year ended 30 June 2009

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The reports and statements set out below comprise the annual financial statements presented to the shareholder:

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Report of the Auditor-General	34 - 37
Directors' Report	38 - 39
Statement of Financial Position	40
Statement of Financial Performance	41
Statement of Changes in Net Assets	42
Cash Flow Statement	43
Accounting Policies	44 - 49
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The following supplementary information does not form part of the annual financial statements and is unaudited:	
Supplementary information	58 - 60
APPENDIX E(1): Actual versus Budget (Revenue and Expenditure)	61

ICC Durban (Pty) Ltd

Annual Financial Statements for the year ended 30 June 2009

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ABBREVIATIONS

GRAP	Generally Recognised Accounting Practice
GAAP	Generally Accepted Accounting Practices
MFMA	Municipal Finance Management Act
VAT	Value Added Taxation
PPE	Property Plant and Equipment
MEs	Municipal Entities

REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE AND ETHEKWINI COUNCIL ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE ICC DURBAN (PTY) LTD FOR THE YEAR ENDED 30 JUNE 2009

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the ICC Durban (Pty) Ltd which comprise the statement of financial position as at 30 June 2009, and the statement of financial performance, the statement of changes in net assets and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 38 to 57 of Chapter 10 of Annexure B.

The accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting determined by the National Treasury, as set out in accounting policy note 1.1 to the financial statements and in the manner required by the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and the Companies Act of South Africa, 2008 (Act No. 71 of 2008) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and section 126(3) of the MFMA, my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing read with General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. Paragraph 11 et seq. of the Statement of Generally Recognised Accounting Practice, GRAP 1 Presentation of Financial Statements requires that financial reporting by entities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. As the budget reporting standard is not effective for this financial year, I have determined that my audit of any disclosures made by the ICC Durban (Pty) Ltd in this respect will be limited to reporting on non-compliance with this disclosure requirement.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

8. In my opinion the financial statements present fairly, in all material respects, the financial position of the ICC Durban (Pty) Ltd as at 30 June 2009 and its financial performance and its cash flows for the year then ended, in accordance with the basis of accounting determined by the National Treasury, as set out in accounting policy note 1.1 to the financial statements and in the manner required by the MFMA and the Companies Act of South Africa.

Emphasis of matter

Without qualifying my audit opinion, I draw attention to the following matters:

Basis of accounting

9. The municipal entity's policy is to prepare financial statements on the basis of accounting determined by the National

Treasury, as set out in note 1 to the financial statements.

Going concern

10. Attention is drawn to paragraph 3 of the directors' report, which indicate that the ICC Durban (Pty) Ltd had accumulated losses of R205,4 million at 30 June 2009. As disclosed in note 3.1 to the financial statements the eThekweni Municipality's Council has passed a resolution confirming its commitment to ensuring the future financial viability and more specifically to meet any funding shortfalls that may compromise the entity's ability to continue trading as a going concern.

Other matters

Without qualifying my opinion, I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

Unaudited supplementary schedules

11. The municipal entity provided supplementary information in the financial statements on whether resources were obtained and used in accordance with the legally adopted budget, in accordance with GRAP 1 Presentation of Financial Statements. The supplementary budget information and other supplementary information set out on Annexure B pages 58 to 59 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

Governance framework

12. The governance principles that impact the auditor's opinion on the financial statements are related to the responsibilities and practices exercised by the accounting officer and executive management and are reflected in the key governance responsibilities addressed below:

Key governance responsibilities

13. The MFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:

	Matter	Yes	No
Clear trail of supporting documentation that is easily available and provided in a timely manner			
1	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.	<input type="checkbox"/>	
Quality of financial statements and related management information			
2.	The financial statements were not subject to any material amendments resulting from the audit.		<input type="checkbox"/>
3.	The annual report was submitted for consideration prior to the tabling of the auditor's report.	<input type="checkbox"/>	
Timeliness of financial statements and management information			
4.	The annual financial statements were submitted for auditing as per the legislated deadlines as set out in section 126 of the MFMA.	<input type="checkbox"/>	
Availability of key officials during audit			
5.	Key officials were available throughout the audit process.	<input type="checkbox"/>	
Development and compliance with risk management, effective internal control and governance practices			
6.	Audit committee		
	• The municipal entity had an audit committee in operation throughout the financial year.	<input type="checkbox"/>	
	• The audit committee operates in accordance with approved, written terms of reference.	<input type="checkbox"/>	
	• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 166(2) of the MFMA.	<input type="checkbox"/>	
7.	Internal audit		

	• The municipal entity had an internal audit function in operation throughout the financial year.	<input type="checkbox"/>	
	• The internal audit function operates in terms of an approved internal audit plan.	<input type="checkbox"/>	
	• The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 165(2) of the MFMA.	<input type="checkbox"/>	
8.	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.	<input type="checkbox"/>	
9.	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.	<input type="checkbox"/>	
10.	The information systems were appropriate to facilitate the preparation of the financial statements.	<input type="checkbox"/>	
11.	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in section 95(c)(i) of the MFMA.	<input type="checkbox"/>	
12.	Delegations of responsibility are in place, as set out in section 106 of the MFMA.	<input type="checkbox"/>	
Follow-up of audit findings			
13.	The prior year audit findings have been substantially addressed.		<input type="checkbox"/>
14.	SCOPA/Oversight resolutions have been substantially implemented.	<input type="checkbox"/>	
Issues relating to the reporting of performance information			
15.	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.	<input type="checkbox"/>	
16.	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.	<input type="checkbox"/>	
17.	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the ICC Durban (Pty) Ltd against its mandate, predetermined objectives, outputs, indicators and targets as prescribed in section 87 of the MFMA.	<input type="checkbox"/>	
18.	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.	<input type="checkbox"/>	

14. Although the municipal entity has an efficient and effective governance framework over financial reporting, shortcomings were noted in the effectiveness of internal controls relating to pertinent information not being available, ongoing monitoring and supervision as well as control activities not always adequate. These shortcomings contributed to the correcting adjustments to amounts and disclosure that were identified in the financial statements submitted for audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on performance information

15. I have reviewed the performance information as set out on pages Annexure B pages 3 to 29.

The accounting officer's responsibility for the performance information

16. In terms of section 121(4)(d) of the MFMA the annual report of a municipal entity must include an assessment by the entity's accounting officer of the entity's performance against any measurable performance objectives, set in terms of the service delivery agreement or other agreement between the entity and its parent municipality.

The Auditor-General's responsibility

17. I conducted my engagement in accordance with section 13 of the PAA read with General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008.

18. In terms of the foregoing my engagement included performing procedures of a review nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

19. I believe that the evidence I have obtained is sufficient and appropriate to report that no significant findings have been identified as a result of my review.

APPRECIATION

20. The assistance rendered by the staff of the ICC Durban (Pty) Ltd during the audit is sincerely appreciated.

Auditor-General

Pietermaritzburg

30 November 2009



A U D I T O R - G E N E R A L

ICC Durban (Pty) Ltd

Annual Financial Statements for the year ended 30 June 2009

Directors' Report

1. INCORPORATION

The company was incorporated on 09 October 1992 and obtained its certificate to commence business on the same day.

2. REVIEW OF ACTIVITIES

Main business and operations

The company is defined as a municipal entity and is 100% controlled by the eThekweni Municipality. In terms of an agreement, the company has agreed to manage the International Convention Centre and Durban Exhibition Centre related amenities and ancillary buildings for the eThekweni Municipality.

During the year there were no major changes in the activities of the business.

The operating results and state of affairs of the company are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

The loss for the period was R 26,080,813 (2008: loss R 21,153,921),

3. GOING CONCERN

We draw attention to the fact that at 30 June 2009, the company had accumulated loss of R 205,374,092 and that the company's total liabilities exceed its assets by R 205,374,091.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

4. POST STATEMENT OF FINANCIAL POSITION EVENTS

The directors are not aware of any matter or circumstance arising since the end of the financial year to date of this report, not otherwise dealt with in the financial statements, which significantly affect the financial position of the company or the results of its operations that would require adjustments to or disclosure in the annual financial statements.

5. DIRECTORS' INTEREST IN CONTRACTS

The directors of the company did not have any interest in contracts entered by the company.

6. CONTRIBUTION FROM OWNERS

There were no changes in the authorised or issued share capital of the company during the year under review.

According to the company's register at 30 June 2006 eThekweni Municipality held 100% of the ordinary share capital of the company.

7. DIRECTORS

The directors of the company during the year and to the date of this report are as follows:

Name	Nationality
D Madlala	South African
B Paledi	South African
T Ngcobo	South African
J van Rooyen	South African
A Sewnarain	South African
N Ngubane	South African

ICC Durban (Pty) Ltd

Annual Financial Statements for the year ended 30 June 2009

Directors' Report

L Pampallis South African

8. SECRETARY

The secretary of the company is Jeremy Hurter of:

Business address
45 Ordnance Road
Durban
4001

Postal address
21 Kildare Road
Glenwood
4001

9. CORPORATE GOVERNANCE

9.1. Executive meetings

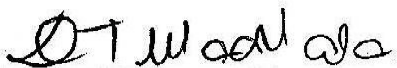
The Board has met on 5 separate occasions during the financial year. The Board schedules to meet at least 4 times per annum.

Non-executive directors have access to all members of management of the company.

Name	Board Meeting	Finance Committee Meetings	Human Resources Committee meeting
Total number of meetings held	5	5	6
D Madlala	3	1	4
B Paledi	3	1	3
T Ngcobo	4	5	-
J van Rooyen	-	-	1
A Sewnarain	4	5	5
N Ngubane	4	-	-
L Pampallis	2	-	6

10. PARENT

The company's parent is the eThekweni Municipality



CHAIRMAN - 29 November 2009

ICC Durban (Pty) Ltd

Annual Financial Statements for the year ended 30 June 2009

Statement of Financial Position as at 30 June 2009

Figures in Rand	Note(s)	2009	2008
NET ASSETS AND LIABILITIES			
NET ASSETS			
Contribution from owner	2	1	1
Accumulated Surplus (Deficit)		(205,374,092)	(179,293,279)
		(205,374,091)	(179,293,278)
LIABILITIES			
Non-Current Liabilities			
Loans from shareholders	3	1,037,420,678	1,037,420,678
Current Liabilities			
Trade and other payables	4	37,415,316	30,908,259
Total Liabilities		1,074,835,994	1,068,328,937
Total Net Assets and Liabilities		869,461,903	889,035,659
ASSETS			
Non-Current Assets			
Property, plant and equipment	6	740,780,065	769,446,240
Intangible assets	7	630,067	124,002
		741,410,132	769,570,242
Current Assets			
Inventories	8	923,689	1,364,634
Trade and other receivables	9	5,593,192	8,563,286
Cash and cash equivalents	5	121,534,890	109,537,497
		128,051,771	119,465,417
Total Assets		869,461,903	889,035,659

ICC Durban (Pty) Ltd

Annual Financial Statements for the year ended 30 June 2009

Statement of Financial Performance

Figures in Rand	Note(s)	2009	2008
Revenue	10	126,098,741	90,608,457
Cost of sales		(39,089,655)	(18,736,767)
Gross surplus		87,009,086	71,871,690
Other income	11	755,732	2,987,446
Operating expenses		(125,720,305)	(107,592,006)
Operating deficit	12	(37,955,487)	(32,732,870)
Finance income		11,878,634	11,617,701
Finance Cost	14	(3,960)	(38,752)
Deficit for the year		(26,080,813)	(21,153,921)

ICC Durban (Pty) Ltd

Annual Financial Statements for the year ended 30 June 2009

Statement of Changes in Net Assets

	Note(s)	Contribution from owners	Accumulated Surplus (Deficit)	Net Assets
Figures in Rand				
Balance at 01 July 2007	1	(158,139,358)		(158,139,357)
Changes in net assets				
Deficit for the year			(21,153,921)	(21,153,921)
Total changes		-	(21,153,921)	(21,153,921)
Opening balance as previously reported	1	(178,965,790)		(178,965,789)
Adjustments				
Prior year adjustments			(327,489)	(327,489)
Balance at 01 July 2008 as restated	1	(179,293,279)		(179,293,278)
Changes in net assets				
Deficit for the year			(26,080,813)	(26,080,813)
Total changes		-	(26,080,813)	(26,080,813)
Balance at 30 June 2009	1	(205,374,092)		(205,374,091)

ICC Durban (Pty) Ltd

Annual Financial Statements for the year ended 30 June 2009

Cash Flow Statement

Figures in Rand	Note(s)	2009	2008
CASH GENERATED FROM/(UTILISED) IN OPERATIONS			
Cash generated from (used in) operations	16	4,523,376	(6,629,629)
Finance Income		11,878,634	11,617,701
Finance Cost		(3,960)	(38,752)
Net cash from operating activities		16,398,050	4,949,320
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(3,758,405)	(50,969,334)
Purchase of other intangible assets	7	(642,252)	(51,512)
Net cash from investing activities		(4,400,657)	(51,020,846)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of shareholders loan		-	58,474,838
Net cash from financing activities		-	58,474,838
Net increase/(decrease) in cash and cash equivalents		11,997,393	12,403,312
Cash at the beginning of the year		109,537,497	97,134,185
Total cash at end of the year	5	121,534,890	109,537,497

ICC Durban (Pty) Ltd

Annual Financial Statements for the year ended 30 June 2009

Accounting Policies

1. Basis of Presentation

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

Standard of GRAP	Replaced Statement of SA GAAP
GRAP1: Presentation of financial statements	AC 101: Presentation of financial statements
GRAP2: Cash flow statements	AC 118: Cash flow statements
GRAP3: Accounting policies, changes in accounting estimates and errors	AC 103: Accounting policies, changes in accounting estimates and errors

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

1. Terminology differences:

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

2. The cash flow statement can only be prepared in accordance with the direct method.

3. Specific information such as:

(a) receivables from non-exchange transactions, including taxes and transfers;

(b) taxes and transfers payable;

(c) trade and other payables from non-exchange transactions;

must be presented separately on the statement of financial position.

4. The amount and nature of any restrictions on cash balances is required to be disclosed.

The annual financial statements are based upon appropriate policies consistently applied and supported by reasonable and prudent judgments and estimates.

A summary of the significant accounting policies are disclosed below.

These accounting policies are consistent with the previous year.

1.1 Presentation of currency

These annual financial statements are presented in South African Rand.

1.2 Going concern assumption

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

1.3 Offsetting

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

ICC Durban (Pty) Ltd

Annual Financial Statements for the year ended 30 June 2009

Accounting Policies

1.4 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The cost of each asset category include costs incurred initially to acquire an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Cost model

Where impaired land and buildings are revalued, the increase in value of land and buildings are recognised as revenue to the extent that it reverses the impairment loss previously recognised as an expense

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up. Historical cost includes expenditure that is directly attributable to the acquisition of the items

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost of the assets to their residual values over their estimated lives as follows:-

Details	Years
Buildings	30 years
Plant and machinery	4 years
Furniture and fixtures	5 years
Motor vehicles	5 years
Office equipment	5 years
IT equipment	3 years
Operational equipment	2 years

The residual value and the useful life of each asset are reviewed at each financial period-end if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.5 Intangible assets

Cost Model

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	3 years

1.6 Financial Instruments

Initial recognition

The company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available-for-sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial

Financial assets at fair value through profit or loss

ICC Durban (Pty) Ltd

Annual Financial Statements for the year ended 30 June 2009

Accounting Policies

1.6 Financial Instruments (continued)

This category has two sub-categories: 'financial assets held for trading', and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management. Derivatives are also categorised as 'held for trading' unless they are designated as hedges. Assets in this category are classified as current.

Loans to (from) group companies are classified as loans and receivables.

Loans to shareholders, directors, managers and employees

These financial assets are initially at fair value plus direct transaction costs.

Subsequently these loans are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

On loans receivable an impairment loss is recognised in profit or loss when there is objective evidence that it is impaired. The impairment is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within annual financial statements. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against company in the income statement.

Trade and other receivables are classified as loans and receivables.

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

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

Trade payables

Trade payables are carried at the fair value of the consideration to be paid in future for goods or services that have been received or supplied and invoiced or formally agreed with the supplier.

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the balance sheet date.

Cash and cash equivalents

ICC Durban (Pty) Ltd

Annual Financial Statements for the year ended 30 June 2009

Accounting Policies

1.6 Financial Instruments (continued)

Cash and cash equivalents are carried in the balance sheet at cost. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

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

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Available for sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the company's management has the positive intention and ability to hold to maturity. If the company were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available for sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the balance sheet date, which are classified as current assets.

1.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. (Costs of inventories include the transfer from equity of any gains/losses on qualifying cash flow hedges relating to purchases of raw materials.).

The cost of inventories is assigned using the weighted average cost method.

1.8 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. (Restructuring provisions comprise lease termination penalties and employee termination payments). Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

1.9 Employee Benefits

1.9.1 Defined contribution plans

ICC Durban (Pty) Ltd

Annual Financial Statements for the year ended 30 June 2009

Accounting Policies

1.9 Employee Benefits (continued)

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

1.9.2 Pension obligations

The scheme is generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The company has defined contribution plans. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

For defined contribution plans, the company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

1.10 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the company's activities. Revenue is shown net of value-added tax, estimated returns, rebates and discounts. Revenue is recognized as follows:

- **Sales of Goods**
Sales of goods are recognized when the company has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured. It is the company's policy to sell its products to the end customer with a right of return. Accumulated experience is used to estimate and provide for such returns at the time of sale. Royalties are recognised on the accrual basis in accordance with the substance of the relevant agreements.
- **Sales of services**
Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.
- **Interest income**
Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.
- **Rental income**
Rentals received under operating leases (net of any incentives given) are recognised in the income statement on a straight-line basis over the period of the lease.

1.11 Leases

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases (net of incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

1.12 Deferred tax

Deferred income tax

ICC Durban (Pty) Ltd

Annual Financial Statements for the year ended 30 June 2009

Accounting Policies

1.12 Deferred tax (continued)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss; Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Taxation

Current taxes are recognised as income or an expense and included in profit or loss for the period.

Current taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

1.13 Unauthorised Expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance. Where unauthorised expenditure is not approved, it is recovered from the responsible person and the amount received is accounted for as revenue in the Statement of Financial Performance.

1.14 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the relevant authority it is treated as a current asset until it is recovered or written off as irrecoverable in the Statement of Financial Performance.

1.15 Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. If the expenditure is not condoned by the relevant authority it is accounted for as a current asset in the Statement of Financial Position until such time as the expenditure is recovered from the responsible person or written off as irrecoverable in the Statement of Financial Performance.

1.16 Translation of foreign currencies

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

ICC Durban (Pty) Ltd

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

Figures in Rand	2009	2008
2. CONTRIBUTION FROM OWNER		
Authorised		
1000 Ordinary shares of R1 each	1,000	1,000
Issued		
Ordinary	1	1
3. LOANS TO/FROM SHAREHOLDERS		
eThekwini Municipality - Unsecured	(1,037,420,678)	(1,037,420,678)

Credit quality of loans to shareholders

The credit quality of loans to shareholders that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

3.1. ETHEKWINI MUNICIPALITY - GOING CONCERN

A resolution by the eThekwini Council was passed on 3 December 2009 (Item 13 of the fourth report of the executive committee) confirming the following:

Extract from council minutes: "That taking cognisance of the International Convention Centre operating at a break-even level, excluding depreciation and finance charges, the Council confirms its commitment to ensuring the future financial viability of the International Convention Centre and the Durban Marine Theme Park and more specifically to meet any funding shortfalls that may compromise their ability to continue trading as a "going concern."

3.2. ETHEKWINI MUNICIPALITY - UNSECURED

Unsecured loans movement for the year

In respect of operating expenditure	(226,589,660)	(226,589,660)
In respect of Fixed Asset Recognition	(810,831,018)	(810,831,018)
Balance at end of year	(1,037,420,678)	(1,037,420,678)

The loan in respect of operating expenditure is interest free and is not repayable within 12 months. The eThekwini Municipality has agreed to provide finance to the company in the form of annual loans which are to enable the company to fulfil its obligations. Repayment has been deferred until such time as the assets of the company, fairly valued, exceed its liabilities.

ICC Durban (Pty) Ltd

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

Figures in Rand		2009	2008
4. TRADE AND OTHER PAYABLES			
Trade payables	4.1	13,938,157	11,066,949
Accrued leave pay		1,632,971	1,827,715
Accrued staff 13th cheques		795,360	853,153
Other accrued expenses		1,494,299	259,814
Consumer deposits		18,395,077	15,299,657
Related party creditor	17	1,159,452	1,600,971
Total Creditors		37,415,316	30,908,259

VAT is payable on the invoice basis.

4.1. Trade payables

Gross trade payables	13,938,157	11,066,949
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5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash on hand	104,590	39,878
Bank balances	5,633,377	1,117,194
Short term deposits	115,796,923	108,380,425
	121,534,890	109,537,497

The effective interest rate on short-term deposits was 9.7% (2008: 10.6%); these deposits have an average maturity of 30 days.

Bank Balances - Account number - Bank - Account Description

50226959-Standard Bank -Current Account	3,760,470	(3,657,167)
50881201632-First National Bank-Current Account	(74,829)	4,713,395
50018949-Standard Bank-Current Account	1,641,837	60,966
62205575387-First National Bank-Current Account	305,899	-
	5,633,377	1,117,194

Short term deposits

62161667608-FNB 1 Day-Call Account	22,318,863	19,374,791
332845-Standard Bank 1 Day-Call Account	1,007,421	2,757,421
169966- 500-Investec-32 Day Call Account	21,225,106	19,154,530
9148806852-ABSA-32 Day Call Account	43,945,533	39,793,683
03/7881023341/007-Nedbank-Call Account	27,000,000	27,000,000
33309-Standard Bank-Notice Account	300,000	300,000
	115,796,923	108,380,425

6. PROPERTY, PLANT AND EQUIPMENT

	2009			2008		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Buildings	813,232,137	(85,788,291)	727,443,846	812,901,297	(58,691,582)	754,209,715
Plant and machinery	17,658,975	(11,446,183)	6,212,792	16,089,815	(8,505,852)	7,583,963
Furniture and fixtures	11,087,274	(5,695,761)	5,391,513	10,714,961	(4,436,620)	6,278,341
Motor vehicles	524,233	(458,417)	65,816	524,233	(419,957)	104,276
IT equipment	3,826,638	(2,760,848)	1,065,790	2,766,221	(2,417,738)	348,483

ICC Durban (Pty) Ltd

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

Figures in Rand			2009			2008
6. PROPERTY, PLANT AND EQUIPMENT (continued)						
Operational equipment	4,171,531	(3,571,223)	600,308	3,745,855	(2,824,393)	921,462
Total	850,500,788	(109,720,723)	740,780,065	846,742,382	(77,296,142)	769,446,240

Reconciliation of property, plant and equipment - 2009

	Opening Balance	Additions	Depreciation	Total
Buildings	754,209,715	330,840	(27,096,709)	727,443,846
Plant and machinery	7,583,963	1,569,159	(2,940,330)	6,212,792
Furniture and fixtures	6,278,341	372,313	(1,259,141)	5,391,513
Motor vehicles	104,276	-	(38,460)	65,816
IT equipment	348,483	1,060,417	(343,110)	1,065,790
Operational equipment	921,462	425,676	(746,830)	600,308
	769,446,240	3,758,405	(32,424,580)	740,780,065

Reconciliation of property, plant and equipment - 2008

	Opening Balance	Additions	Depreciation	Total
Buildings	741,122,619	38,887,554	(25,800,458)	754,209,715
Plant and machinery	3,421,350	5,513,470	(1,350,857)	7,583,963
Furniture and fixtures	1,541,143	5,104,302	(367,104)	6,278,341
Motor vehicles	145,943	-	(41,667)	104,276
IT equipment	287,876	194,465	(133,858)	348,483
Operational equipment	233,166	1,269,543	(581,247)	921,462
	746,752,097	50,969,334	(28,275,191)	769,446,240

ICC Durban (Pty) Ltd

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

Figures in Rand 2009 2008

7. INTANGIBLE ASSETS

	2009			2008		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	2,651,452	(2,021,385)	630,067	2,009,200	(1,885,198)	124,002

Reconciliation of intangible assets - 2009

	Opening Balance	Additions	Amortisation	Total
Computer software	124,002	642,252	(136,187)	630,067

Reconciliation of intangible assets - 2008

	Opening Balance	Additions	Amortisation	Total
Computer software	978,073	51,512	(905,583)	124,002

8. INVENTORIES

Food, Beverage and consumables	923,689	1,364,634
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9. TRADE AND OTHER RECEIVABLES

Trade debtors	9.1	3,241,392	3,880,118
Other deposits		592,746	254,569
VAT		247,581	1,540,043
Operating lease receivables		7,176	13,548
Prepaid expenses		6,500	5,000
Recoverable fruitless and wasteful expenditure		50,075	1,662,265
Related party debtors	17	1,447,722	1,207,743
		5,593,192	8,563,286

9.1. Trade debtors

Gross trade receivables	6,499,166	3,880,118
Less: Provision for impairment of trade receivables	(3,257,774)	-
	3,241,392	3,880,118

Trade and other receivables impaired

As of 30 June 2009, trade and other receivables of R 3,257,774 (2008: R Nil-) were impaired and provided for.

The amount of the provision was R (3,257,774) as of 30 June 2009 (2008: R Nil-).

ICC Durban (Pty) Ltd

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

Figures in Rand	2009	2008
10. REVENUE		
Sale of goods	68,904,350	31,538,120
Rendering of services	20,105,707	19,354,753
Rental facilities and equipment	37,088,684	39,715,584
	126,098,741	90,608,457
11. OTHER INCOME		
Rental income	755,732	670,389
Recovery of unauthorised, irregular, fruitless and wasteful expenditure	-	1,662,265
Prior year expenditure provision reversal	-	654,792
	755,732	2,987,446
<p>The operating leases relate to rental contracts derived from the ICC Durban (Pty) Ltd.</p> <p>The lease agreements were entered into on various dates and will be operational for varying periods. For the purposes of calculating the lease commitments, options to renew the leases on expiry have been ignored. The rental escalation percentage varies from lease to lease, the average being about 12%.</p> <p>Not later than one year R394,097 (2008: R 310,751). Later than one year and not later than five years R 1,162,289 (2008: R 1,046,153)</p>		
12. OPERATING DEFICIT		
<p>The following items have been charged in arriving at the operating deficit for the year:</p>		
Operating lease charges		
Premises		
• Contractual amounts	406,128	-
Equipment		
• Contractual amounts	206,072	106,046
	612,200	106,046
Impairment on trade and other receivables	3,257,774	-
Amortisation on intangible assets	136,187	905,583
Depreciation on property, plant and equipment	32,424,579	28,275,191
Employee costs	41,508,104	36,679,473
Research and development	-	3,266
Auditors remuneration	655,221	376,488
Consulting and professional fees	4,539,554	4,235,710
Insurance	347,064	284,053
Legal expenses	102,305	68,652
Repairs and maintenance	6,318,234	4,367,094
Security (Guarding of municipal property)	3,464,024	2,930,725
13. EMPLOYEE COSTS		
Basic	36,679,838	32,231,499
Bonus	550,270	278,586
Medical aid - company contributions	733,267	655,226
UIF	117,396	103,726
Leave pay provision charge	134,878	330,170
Pension costs	1,549,281	1,302,351
Travel, motor car, accommodation, subsistence and other allowances	256,821	272,779
Overtime payments	122,477	242,098
13th Cheques	1,363,876	1,263,038

ICC Durban (Pty) Ltd

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

Figures in Rand	2009	2008
	41,508,104	36,679,473
Average number of employees employed during the year		
- permanent	83	77
Included in the employee related costs are the following:		
Remuneration of the Chief Executive Officer		
Annual Remuneration	1,113,692	1,177,610
Car Allowance	60,632	76,956
Performance Bonuses	107,142	-
Contributions to UIF, Medical and Pension Funds	-	116,652
Total	1,281,466	1,371,218
Remuneration of Non Executive Directors - For Meeting Attendance		
Mrs Madlala (Chairperson)	36,000	12,000
Ms Paledi	8,250	3,750
Mrs Pampallis	8,250	3,000
Mr Ngcobo	9,000	3,000
Mr Van Rooyen	1,500	750
Mr Sewnarain	15,000	3,750
Mr Ngubane	3,750	1,500
Total	81,750	27,750
Remuneration of executive managers		
Annual Remuneration	3,264,153	2,524,287
Car Allowance	196,189	195,823
Performance Bonuses	113,807	171,253
Contributions to UIF, Medical and Pension Funds	-	278,867
Total	3,574,149	3,170,230
14. FINANCE COST		
Other interest paid	3,960	38,752
15. TAXATION		
No provision has been made for 2009 tax as the company has no taxable income. The estimated tax loss available for set off against future taxable income is R 118,279,709 (2008: R 118,324,841). No deferred tax asset has been raised since there is no expectation of utilization of the assessed loss		
16. CASH GENERATED FROM (USED IN) OPERATIONS		
Deficit before taxation	(26,080,813)	(21,153,921)
Adjustments for:		
Depreciation and amortisation	32,560,766	29,180,774
Interest received	(11,878,634)	(11,617,701)
Interest Paid	3,961	38,752
Impairment deficit	3,257,774	-
Changes in working capital:		
Increase/(Decrease) Inventories	440,945	(475,071)
Increase/(Decrease) Trade and other receivables	(287,680)	(3,343,070)
Increase/(Decrease) Trade and other payables	6,507,057	740,608
	4,523,376	(6,629,629)

ICC Durban (Pty) Ltd

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

Figures in Rand	2009	2008
17. RELATED PARTIES		
Relationships Parent	eThekweni Municipality	
Related party balances		
Loan accounts - Owing to related parties eThekweni Municipality	1,037,420,678	1,037,420,678
Amounts included in Trade receivable regarding related parties eThekweni Municipality	1,447,722	1,207,743
Amounts included in Trade Payable regarding related parties eThekweni Municipality	1,159,452	478,120
Related party transactions		
Sales to related parties eThekweni Municipality - Conferencing and Events	7,956,496	5,262,000
Purchases from related parties eThekweni Municipality - Municipal rates and taxes eThekweni Municipality - Electricity eThekweni Municipality - Water Operating Lease Rentals (Centrum Parking)	6,245,800 4,638,760 506,620 203,064	8,054,458 3,709,506 972,624 -
	11,594,244	12,736,588

18. DIRECTORS' EMOLUMENTS

Executive

Non-executive

2009

For services as directors

For Services as
Directors
81,750

2008

For services as directors

For Services as
Directors
27,750

19. FINANCIAL RISK MANAGEMENT

Financial risk factors:

Liquidity risk

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due.

Interest rate risk

As the company has no significant interest-bearing assets, except for cash and cash equivalents, the company's income and operating cash flows are substantially independent of changes in market interest rates.

Credit risk

ICC Durban (Pty) Ltd

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

Figures in Rand	2009	2008
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19. FINANCIAL RISK MANAGEMENT (continued)

Potential concentrations of credit risk consist principally of accounts receivable. The company has policies in place to ensure sales of services are made to customers with an appropriate credit history (credit is only advanced to government customers). At the year-end the company did not consider there to be any significant concentration of credit risk which had not been adequately provided for. Cash transactions are limited to high credit quality financial institutions.

Foreign exchange risk

The company is not exposed to foreign exchange risk as no foreign currency transactions are entered into.

20. PRIOR YEAR ERROR

During the current financial year it was detected that operational equipment transferred from the parent company during the prior financial year had not been recognised in the financial statements of that year. This resulted in the prior year depreciation being understated by R327,498, prior fixed asset addition costs were understated by R1,122,851 and related party creditors were understated by R1,122,851. These adjustments have been made to these financial statements.

21. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

Opening Balance	1,662,264	-
Recovered	(1,612,264)	-
Incurred in 2008 Financial Year	-	1,662,264
Balance Unrecovered	50,000	1,662,264

The above amount reflects the insurance excess on the claim for the prior year loss. This will be written off by once authorised by the board of directors.

ICC Durban (Pty) Ltd

Annual Financial Statements for the year ended 30 June 2009

Supplementary information (Unaudited)

Figures in Rand

2009

2008

ICC Durban (Pty) Ltd

Annual Financial Statements for the year ended 30 June 2009

Supplementary information

Figures in Rand	Note(s)	2009	2008
1. DETAILED INCOME STATEMENT			
Revenue			
Rental facilities and equipment		37,088,684	39,715,584
Sale of goods		68,904,350	31,538,120
Rendering of services		20,105,707	19,354,753
	10	126,098,741	90,608,457
Gross surplus		87,009,086	71,871,690
Other income			
Rental income		755,732	670,389
Other income		-	2,317,057
Finance income		11,878,634	11,617,701
		12,634,366	14,605,147
Operating expenses			
Advertising		(4,010,375)	(2,832,401)
Amortisation		(136,187)	(905,583)
Assessment rates & municipal charges		(6,245,800)	(8,054,458)
Auditors remuneration		(655,221)	(376,488)
Bank charges		(220,859)	(178,157)
Cleaning		(5,764,159)	(4,876,548)
Commission paid		(703,027)	439,073
Consulting and professional fees		(4,539,554)	(4,235,710)
Depreciation, amortisation and impairments		(32,424,579)	(28,275,191)
Employee costs	13	(41,508,104)	(36,679,473)
Entertainment		(7,068)	(38,561)
Flowers		(40,686)	(61,386)
Fuel and oil		(63,934)	(82,170)
Garden		(274,332)	(203,035)
Horticulture		(68,266)	-
Impairment of accounts receivable		(3,257,774)	-
IT expenses		(702,457)	(599,597)
Insurance		(347,064)	(284,053)
Lease rentals on operating lease		(612,200)	(106,046)
Legal expenses		(102,305)	(68,652)
Magazines, books and periodicals		(18,210)	(39,832)
Marketing		(918,125)	(1,514,859)
Motor vehicle expenses		(60,838)	(42,513)
Other expenses		(2,525)	(33,876)
Pest control		(395,471)	(428,224)
Placement fees		(873,818)	(786,863)
Postage and courier		(28,611)	(22,285)
Printing and stationery		(304,458)	(355,496)
Refuse		-	(14,155)
Repairs and maintenance		(6,318,234)	(4,367,094)
Research and development costs		-	(3,266)
Security (Guarding of municipal property)		(3,464,024)	(2,930,725)
Staff welfare		(1,289,707)	(985,312)
Subscriptions and membership fees		(194,213)	(212,960)
Telecommunication costs (Telephone, faxes and cell phones)		(801,520)	(418,553)
Tourism development		(1,680,337)	(962,102)
Training		(1,070,898)	(843,857)

ICC Durban (Pty) Ltd

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Supplementary information

Figures in Rand	Note(s)	2009	2008
Transport and freight		(826,169)	(741,810)
Travel - local		(82,530)	(139,469)
Uniforms		(561,286)	(323,957)
Utilities		(5,145,380)	(5,006,362)
		(125,720,305)	(107,592,006)
Operating deficit	12	(26,076,853)	(21,115,169)
Interest Paid	14	(3,960)	(38,752)
Deficit for the year		(26,080,813)	(21,153,921)

GOVERNMENT TEMPLATE: ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2009 This does not form part of the annual financial statements and is unaudited

	Current year 2009 Act. Adj. Bal.	Current year 2009 Bud. Amt	Variance		Explanation of Significant Variances greater than 10% versus Budget
	Rand	Rand	Rand	Var %	
Revenue					
Rental facilities and equipment	37,088,684	31,753,571	5,335,113	16.8	Increase in volume of conferences
Trading and general (Filtered)	68,904,350	35,782,333	33,122,017	92.6	Increase in volume of conferences
Trading and general (Filtered)	20,105,707	17,636,202	2,469,505	14.0	Increase in business volumes
	126,098,741	85,172,106	40,926,635	48.1	
Other income					
Other income	755,732	930,541	(174,809)	(18.8)	Office space generated normal revenue rather than being rented out
Interest received - investment	11,878,634	8,803,392	3,075,242	34.9	Improved interest rates for the first half of the year
	12,634,366	9,733,933	2,900,433	29.8	
Cost of sales	(39,292,719)	(20,377,058)	(18,915,661)	(92.8)	
Gross Profit	99,440,388	74,528,981	24,911,407	33.4	Increase in volume of conferences
Expenses					
Employee related costs	(41,508,104)	(42,750,291)	1,242,187	(2.9)	
Depreciation	(32,424,579)	(35,433,840)	3,009,261	(8.5)	Difference in purchase plan for fixed assets
Amortisation	(136,187)	-	(136,187)	100.0	
Repairs and maintenance	(6,318,234)	(4,657,631)	(1,660,603)	35.7	Major equipment brought up to standard
Finance costs	(3,960)	-	(3,960)	100.0	Interest on credit card
General expenses	(41,872,363)	(48,591,487)	6,719,124	(13.8)	Increases in costs due to higher business volumes
Impairments	(3,257,774)	-	(3,257,774)	100.0	Provision Raised Current Year
	(125,521,201)	(131,433,249)	5,912,048	(4.5)	
Operating profit	(26,080,813)	(56,904,268)	30,823,455	54.17	
Other revenue and costs					
Net surplus/ (deficit) for the year	(26,080,813)	(56,904,268)	30,823,455	54.17	

