

**CONSOLIDATED  
ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30 JUNE 2009**





**REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL  
LEGISLATURE AND COUNCIL ON THE GROUP FINANCIAL STATEMENTS AND  
PERFORMANCE INFORMATION OF ETHEKWINI MUNICIPALITY FOR THE YEAR  
ENDED 30 JUNE 2009**

**REPORT ON THE FINANCIAL STATEMENTS**

**Introduction**

1. I have audited the accompanying group financial statements of the eThekweni Municipality which comprise the consolidated and separate statement of financial position as at 30 June 2009, and the consolidated and separate statement of financial performance, the consolidated and separate statement of changes in net assets and the consolidated and separate cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 3 to 75.

**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 Standards of Generally Recognised Accounting Practice (Standards of GRAP) and in the manner required by the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) 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 Standard 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 eThekweni Municipality 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 these financial statements present fairly, in all material respects, the consolidated and separate financial position of the eThekweni Municipality as at 30 June 2009 and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended, in accordance with the Standards of GRAP and in the manner required by the MFMA.

### **Emphasis of matters**

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

#### **Material losses and impairment**

9. As disclosed in note 50 to the financial statements, water and electricity losses of R394, 2 million (129 086 351 kilolitres) and R122, 9 million (612 235 354 kilowatts) respectively, were incurred by the municipality during the year.
10. With reference to note 13 to the financial statements, the investment in Durban Marine Theme Park (Pty) Ltd has been impaired by an amount of R133,6 million.

#### **Irregular expenditure**

11. As disclosed in note 43 to the financial statements, irregular expenditure amounting R48,5 million was incurred, as supply chain management process had not been followed.

#### **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**

12. The municipality provided supplementary information in Annexures C and D to 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 pages 76 to 89 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**

13. 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**

14. 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:

No.	Matter	Y	N
<b>Clear trail of supporting documentation that is easily available and provided in a timely manner</b>			
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.	<input type="checkbox"/>	
<b>Quality of financial statements and related management information</b>			
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"/>	
<b>Timeliness of financial statements and management information</b>			
4.	The annual financial statements were submitted for auditing as per the legislated deadlines set out in section 126 of the MFMA.	<input type="checkbox"/>	
<b>Availability of key officials during audit</b>			
5.	Key officials were available throughout the audit process.	<input type="checkbox"/>	
<b>Development and compliance with risk management, effective internal control and governance practices</b>			
6.	Audit committee		
	<ul style="list-style-type: none"> <li>• The municipality had an audit committee in operation throughout the financial year.</li> </ul>	<input type="checkbox"/>	
	<ul style="list-style-type: none"> <li>• The audit committee operates in accordance with approved, written terms of reference.</li> </ul>	<input type="checkbox"/>	

No.	Matter	Y	N
	<ul style="list-style-type: none"> <li>The audit committee substantially fulfilled its responsibilities for the year, as set out in section 166(2) of the MFMA.</li> </ul>	<input type="checkbox"/>	
7.	Internal audit		
	<ul style="list-style-type: none"> <li>The eThekweni Municipality had an internal audit function in operation throughout the financial year.</li> </ul>	<input type="checkbox"/>	
	<ul style="list-style-type: none"> <li>The internal audit function operates in terms of an approved internal audit plan.</li> </ul>	<input type="checkbox"/>	
	<ul style="list-style-type: none"> <li>The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 165(2) of the MFMA.</li> </ul>	<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 62(1)(c)(i) of the MFMA.	<input type="checkbox"/>	
12.	Delegations of responsibility are in place, as set out in section 79 of the MFMA.	<input type="checkbox"/>	
<b>Follow-up of audit findings</b>			
13.	The prior year audit findings have been substantially addressed.	<input type="checkbox"/>	
14.	SCOPA/Oversight resolutions have been substantially implemented.	<input type="checkbox"/>	
<b>Issues relating to the reporting of performance information</b>			
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 eThekweni Municipality against its mandate, predetermined objectives, outputs, indicators and targets as set out in section 68 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"/>	

15. Although the municipality 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 being adequate. These shortcomings contributed to the correcting adjustments to amounts and disclosure that were identified in the financial statements submitted for audit. In addition, the information systems and controls over performance information need to be addressed to improve adherence to laws and regulations.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

### **Report on performance information**

16. I have reviewed the performance information as set out on the Organisational Performance Scorecard in Chapter 3.

### **The accounting officer's responsibility for the performance information**

17. In terms of section 121(3)(c) of the MFMA, the annual report of a municipality must include the annual performance report of the municipality, prepared by the municipality in terms of section 46 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

### **The Auditor-General's responsibility**

18. 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* and section 45 of the MSA.
19. 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.
20. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the findings reported below.

### **Findings on performance information**

#### **Non-compliance with regulatory requirements**

##### **Content of Integrated development plan**

21. Annual performance targets were not included in the integrated development plan, as required by sections 26(i) and 41(1)(b) of the MSA and regulation 12 of the Municipal Planning and Performance Management Regulations, 2001.
22. The amended city scorecard approved by the City Manager on 19 March 2009 did not include the targets for Plan 2: Economic development and job creation as required by section 41(b) of the MSA.

23. Not all the general key performance indicators were included in the integrated development plan, as required by section 43 of the MSA and regulation 10 of the Municipal Planning and Performance Management Regulations, 2001. The key performance indicators as per Plan 3: Quality living environment referred to the number of households with access to free basic water and households earning less than R1 100 per month with access to free basic electricity services and not the percentage of households with access to these free basic services.

### **Usefulness and reliability of reported performance information**

24. The following criteria were used to assess the usefulness and reliability of the information on the municipality's performance with respect to the objectives in its integrated development plan:
- Consistency: Has the municipality reported on its performance with regard to its objectives, indicators and targets in its approved integrated development plan?
  - Relevance: Is the performance information as reflected in the indicators and targets clearly linked to the predetermined objectives and mandate. Is this specific and measurable, and is the time period or deadline for delivery specified?
  - Reliability: Can the reported performance information be traced back to the source data or documentation and is the reported performance information accurate and complete in relation to the source data or documentation?

The following audit findings relate to the above criteria:

### **Reported performance information not reliable**

25. Sufficient appropriate audit evidence with regard to the reported performance information of the following key performance indicators could not be obtained, as the information system used for generating performance information was not appropriate to facilitate the preparation of accurate and completeness of the facts:
- It was not practical to establish the electricity backlog (KPI 5) as the baseline at 30 June 2008 could not be verified. In addition, it was not possible to verify the completeness of the number of households with access to free basic electricity as there is no data base of households earning less than R1 100 per month.
  - The baseline for the backlog in unsurfaced to asphalt (KPI 6) at 30 June 2008 could not be verified.
  - The relevant reports for the number of households with access to free basic water (KPI 7) could not be provided for audit.

## **OTHER REPORTS**

### **Performance audits**

26. A performance audit of the infrastructure delivery process was conducted and no material shortcomings were identified.

## APPRECIATION

27. The assistance rendered by the staff of the eThekweni Municipality during the audit is sincerely appreciated.

*Auditor-General*

Pietermaritzburg

21 December 2009



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*



ETHEKWINI MUNICIPALITY AND ITS MUNICIPAL ENTITIES  
ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009

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I am responsible for the preparation of these annual financial statements, which are set out on pages 3 to 89, in terms of Section 126(1) of the Municipal Finance Management Act, Act 56 of 2003 and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 29 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



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**Municipal Manager**

# eThekwini Municipality and its Municipal Entities

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 councillors:

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# eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

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### ABBREVIATIONS

GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
GAAP	Generally Accepted Accounting Practice
MFMA	Municipal Finance Management Act
HDF	Housing Development Fund
CRR	Capital Replacement Reserve
COID	Compensation for Occupational Injuries and Diseases
VAT	Value Added Taxation
PPE	Property Plant and Equipment
SALGA	South African Local Government Authority
GEPF	Government Employees Pension Fund
NJMP	Natal Joint Municipal Pension
DBSA	Development Bank of South Africa
IMFO	Institute of Municipal Finance Officers
MIG	Municipal Infrastructure Grant (previously CMIP)
MEs	Municipal Entities
SALA	South African Local Authority Pension Fund
INK	Inanda Ntuzuma KwaMashu
D' MOSS	Durban Metropolitan Open Space System
ABM	Area Based Management
DANIDA	Danish International Development Agency

# eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2009

Figures in Rand thousand	Note(s)	Group		Municipality	
		2009	2008	2009	2008
<b>NET ASSETS AND LIABILITIES</b>					
<b>NET ASSETS</b>					
Housing development fund	2	489,569	556,816	489,569	556,816
Accumulated Surplus		17,802,765	15,561,593	17,883,919	15,252,865
		<b>18,292,334</b>	<b>16,118,409</b>	<b>18,373,488</b>	<b>15,809,681</b>
<b>LIABILITIES</b>					
<b>Non-Current Liabilities</b>					
Long-term liabilities	3	5,870,955	5,130,291	5,779,547	5,044,619
Non-current provisions	4	213,463	141,448	213,463	141,448
Retirement benefit obligations	5	1,518,244	1,302,812	1,518,244	1,302,812
		<b>7,602,662</b>	<b>6,574,551</b>	<b>7,511,254</b>	<b>6,488,879</b>
<b>Current Liabilities</b>					
Deposits	6	684,201	590,370	664,415	573,762
Current provisions	4	36,352	23,973	32,234	19,645
Creditors	7	4,658,564	4,000,871	4,650,652	4,007,023
Unspent conditional grants and receipts	8	812,435	554,371	812,403	539,912
Bank overdraft	9	633,204	743,412	633,129	739,755
Current portion of long-term liabilities	3	292,337	282,510	290,772	278,164
		<b>7,117,093</b>	<b>6,195,507</b>	<b>7,083,605</b>	<b>6,158,261</b>
<b>Total Liabilities</b>		<b>14,719,755</b>	<b>12,770,058</b>	<b>14,594,859</b>	<b>12,647,140</b>
<b>Total Net Assets and Liabilities</b>		<b>33,012,089</b>	<b>28,888,467</b>	<b>32,968,347</b>	<b>28,456,821</b>
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	10	23,089,649	18,446,318	21,871,045	17,176,869
Intangible assets	11	340,070	313,474	339,143	313,168
Investment properties	12	414,389	220,545	318,346	140,317
Investments in municipal entities	13	-	-	707,389	344,997
Investments	14	288,321	292,563	288,321	292,563
Investment in joint venture	15	-	-	156,851	166,250
Long-term Receivables	17	282,232	268,632	1,009,675	1,017,927
Deferred Revenue		2,271	4,755	-	-
		<b>24,416,932</b>	<b>19,546,287</b>	<b>24,690,770</b>	<b>19,452,091</b>
<b>Current Assets</b>					
Inventories	18	224,414	153,423	220,548	147,870
Investments	14	2,403,793	4,104,753	2,403,793	4,104,753
Consumer debtors	19	2,193,658	1,829,338	2,192,971	1,825,726
Debtors	20	2,397,616	1,810,230	2,231,377	1,651,451
VAT	22	273,715	116,729	297,571	139,302
Current portion of Long-term Receivables	17	13,955	24,533	13,955	24,533
Call investment deposits	21	391,798	468,126	277,008	362,502
Bank balances and cash	9	696,208	835,048	640,354	748,593
		<b>8,595,157</b>	<b>9,342,180</b>	<b>8,277,577</b>	<b>9,004,730</b>
<b>Total Assets</b>		<b>33,012,089</b>	<b>28,888,467</b>	<b>32,968,347</b>	<b>28,456,821</b>



# eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand thousand	Note(s)	Group		Municipality	
		2009	2008	2009	2008
<b>Revenue</b>		<b><u>14,574,407</u></b>	<b><u>13,836,156</u></b>	<b><u>14,538,800</u></b>	<b><u>13,788,244</u></b>
Property rates	23	3,717,372	3,649,509	3,723,618	3,660,408
Property rates - penalties imposed and collection		195,067	168,391	195,067	168,391
Service charges	24	6,309,610	5,475,004	6,327,351	5,490,368
Rental of facilities and equipment		300,128	202,383	257,740	147,720
Fines		139,190	110,405	139,190	110,405
Licences and permits		25,008	23,785	25,008	23,785
Grants and subsidies	25	3,883,206	3,408,069	3,868,780	3,391,334
Public contributions and donations		4,826	798,610	2,046	795,833
<b>Other income</b>		<b><u>2,232,177</u></b>	<b><u>1,533,820</u></b>	<b><u>2,494,779</u></b>	<b><u>1,442,529</u></b>
Other income	26	1,468,390	776,457	1,281,916	553,818
Interest earned - external investments		570,153	460,377	539,200	444,770
Interest earned - outstanding debtors		150,226	121,552	150,226	121,552
Gains on disposal of property, plant and equipment		31,509	69,365	31,509	69,360
Reversal of Loss on Impairment of Loans		-	-	480,029	146,960
Fair value adjustments	27	11,899	106,069	11,899	106,069
<b>Total Revenue</b>		<b><u>16,806,584</u></b>	<b><u>15,369,976</u></b>	<b><u>17,033,579</u></b>	<b><u>15,230,773</u></b>
<b>Expenditure</b>					
Employee related costs	28	4,172,298	3,310,039	4,089,007	3,235,690
Remuneration of councillors	29	69,671	59,033	69,671	59,033
Bad debts		478,013	376,629	475,891	375,655
Depreciation - Property, Plant and Equipment	10	1,042,409	786,615	981,553	726,172
Amortisation of intangible assets	11	78,640	68,402	78,369	67,361
Repairs and maintenance		1,513,494	1,227,854	1,499,763	1,218,338
Finance costs	30	685,985	622,403	685,484	606,604
Bulk purchases	31	3,649,336	2,915,858	3,649,336	2,915,858
Contracted Services		752,553	667,231	741,991	665,897
Grants and subsidies paid	32	83,359	106,528	93,254	115,828
General expenses	33	2,073,527	1,230,305	1,943,950	1,091,252
Loss on Impairment of Loans		3,258	-	21,850	70,374
Loss on disposal of property, plant and equipment		3,572	3,338	2,956	3,338
Depreciation - Investment Properties	12	4,655	5,184	801	801
Loss on Impairment of Investment in Municipal Entity		-	-	133,608	-
Loss on write-off of Servitudes		9,497	-	9,497	-
Fair value adjustment	27	12,392	85,453	12,392	85,453
<b>Total Expenditure</b>		<b><u>14,632,659</u></b>	<b><u>11,464,872</u></b>	<b><u>14,489,373</u></b>	<b><u>11,237,654</u></b>
<b>Operating surplus</b>		<b><u>2,173,925</u></b>	<b><u>3,905,104</u></b>	<b><u>2,544,206</u></b>	<b><u>3,993,119</u></b>
Share of Income from Joint Venture		-	-	19,601	63,794
<b>Surplus for the year</b>		<b><u>2,173,925</u></b>	<b><u>3,905,104</u></b>	<b><u>2,563,807</u></b>	<b><u>4,056,913</u></b>

Refer to Appendix C for comparison with the approved budget

# eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## STATEMENT OF CHANGES IN NET ASSETS

	Housing development fund	Capital replacement reserve	Capitalisation reserve	Government grant reserve	Donations and public contributions reserve	Self-insurance reserve	COVID reserve	Total reserves	Accumulated Surplus	Net Assets
<b>Group</b>										
Opening balance as previously reported	634,610	246,777	26,002	741,417	1,021,605	503,479	34,811	2,574,091	7,292,222	10,500,923
Adjustments										
Change in accounting policy (refer note 39)			134,585	(1,085)	302,702			436,202	1,232,319	1,668,521
Transfer to Accumulated Surplus	(246,777)	(160,587)	(740,332)	(1,324,307)	(503,479)		(34,811)	(3,010,293)	3,010,293	-
<b>Balance at 01 July 2007 as restated</b>	<b>634,610</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>- 11,534,834</b>	<b>12,169,444</b>	<b>-</b>
Transfer to Housing Development Fund	(77,794)								77,794	-
Surplus for the year as previously reported									3,708,752	3,708,752
Prior year adjustment									(540)	(540)
Opening balance as previously reported	556,816	-	-	-	-	-	-	-	15,320,840	15,877,656
Change in accounting policy (refer note 39)									241,080	241,080
Prior year adjustments									(327)	(327)
<b>Balance at 01 July 2008 as restated</b>	<b>556,816</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>- 15,561,593</b>	<b>16,118,409</b>	<b>-</b>
Transfer to Housing Development Fund	(67,247)								67,247	-
Surplus for the year									2,173,925	2,173,925
<b>Balance at 30 June 2009</b>	<b>489,569</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>- 17,802,765</b>	<b>18,292,334</b>	<b>-</b>

Figures in Rand thousand



# eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## STATEMENT OF CHANGES IN NET ASSETS

	Housing development fund	Capital replacement reserve	Capitalisation reserve	Government grant reserve	Donations and public contributions reserve	Self-insurance reserve	COVID reserve	Total reserves	Accumulated Surplus	Net Assets
<b>Municipality</b>										
Opening balance as previously reported	634,610	246,777	26,002	741,417	1,021,605	503,479	34,811	2,574,091	6,875,545	10,084,246
Adjustments										
Change in accounting policy (refer note 39)			134,585	(1,085)	302,702			436,202	1,232,319	1,668,521
Transfer to Accumulated Surplus	(246,777)	(160,587)	(740,332)	(1,324,307)	(503,479)		(34,811)	(3,010,293)	3,010,293	-
<b>Balance at 01 July 2007 as restated</b>	<b>634,610</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,118,157</b>	<b>11,752,767</b>
Transfer to Housing Development Fund	(77,794)								77,794	-
Surplus for the year as previously reported									3,869,133	3,869,133
Opening balance as previously reported	556,816	-	-	-	-	-	-	-	15,065,084	15,621,900
Adjustments										
Change in accounting policy (refer note 39)									187,781	187,781
<b>Balance at 01 July 2008 as restated</b>	<b>556,816</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,252,865</b>	<b>15,809,681</b>
Transfer to Housing Development Fund	(67,247)								67,247	-
Surplus for the year									2,563,807	2,563,807
<b>Balance at 30 June 2009</b>	<b>489,569</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,883,919</b>	<b>18,373,488</b>

Figures in Rand thousand

# eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## Cash Flow Statement

Figures in Rand thousand	Note(s)	Group		Municipality	
		2009	2008	2009	2008
<b>Cash flows from operating activities</b>					
Cash receipts from ratepayers, government and other		14,994,097	14,480,310	14,465,040	13,936,813
Cash paid to suppliers and employees		(11,626,099)	(9,115,598)	(11,090,078)	(8,688,597)
Cash generated from operations	34	3,367,998	5,364,712	3,374,962	5,248,216
Interest income		720,379	581,929	689,426	566,322
Finance Costs		(685,985)	(629,698)	(685,484)	(606,604)
<b>Net cash from operating activities</b>		<b>3,402,392</b>	<b>5,316,943</b>	<b>3,378,904</b>	<b>5,207,934</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	10	(5,706,523)	(4,691,757)	(5,894,884)	(4,629,022)
Proceeds on disposal of property, plant and equipment, Investment properties and Intangible assets	10,11&12	46,536	85,669	56,093	85,303
Increase in investment properties	12	(205,812)	(6,010)	(345)	(111)
Purchase of other intangible assets	11	(105,236)	(92,454)	(100,634)	(91,582)
Increase in current investments		1,700,960	(704,753)	1,696,547	(735,199)
Increase in non current investments		(171)	(297,839)	4,242	(267,393)
Increase in Loans to Municipal Entities		-	-	(15,970)	138,122
Decrease in Joint Venture loan account		-	-	29,000	60,000
(Increase) / decrease in non-current receivables		12,403	(21,762)	12,403	(58,580)
Increase in investment in Municipal Entities		-	-	-	(334,995)
<b>Net cash from investing activities</b>		<b>(4,257,843)</b>	<b>(5,728,906)</b>	<b>(4,213,548)</b>	<b>(5,833,727)</b>
<b>Cash flows from financing activities</b>					
Loans repaid		(299,509)	(347,287)	(302,463)	(209,796)
New loans raised		1,050,000	950,000	1,050,000	950,000
Finance lease payments		-	(18,524)	-	(18,524)
<b>Net cash from financing activities</b>		<b>750,491</b>	<b>584,189</b>	<b>747,537</b>	<b>721,680</b>
<b>Total cash movement for the year</b>		<b>(104,960)</b>	<b>172,226</b>	<b>(87,107)</b>	<b>95,887</b>
Cash at the beginning of the year		559,762	387,536	371,340	275,453
<b>Total cash at end of the year</b>	9	<b>454,802</b>	<b>559,762</b>	<b>284,233</b>	<b>371,340</b>

# eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## ACCOUNTING POLICIES

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### 1. Basis of preparation

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP). The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

Entities are required to apply the Standards of GRAP where the Minister has determined the effective date. The Minister has determined the effective date for the following Standards of GRAP:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Investment in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-current Assets Held for Sale and Discontinued Operations
GRAP 101	Agriculture
GRAP 102	Intangible Assets

Accounting policies for material transactions, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

Directives issued and effective:

- Directive 1: Repeal of Existing Transitional Provisions in, and Consequential Amendments to, Standards of GRAP
- Directive 2: Transitional Provisions for the Adoption of Standards of GRAP by Public Entities, Municipal Entities and Constitutional Institutions.
- Directive 3: Transitional Provisions for the Adoption of Standards of GRAP by High Capacity Municipalities.
- Directive 4: Transitional Provisions for the Adoption of Standards of GRAP by Medium and Low Capacity Municipalities.
- Directive 5: Determining the GRAP reporting framework.

Approved guidelines of Standards of GRAP:

- Guide 1 Guideline on Accounting for Public Private Partnerships

Effective accrual based IPSAS's considering the provisions in paragraphs .15 to .19 of the Directive:

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

Effective IFRS's and IFRIC's that are applied considering the provisions in paragraphs .20 to .26 of the Directive:

- IFRS 3 (AC 140) Business Combinations
- IFRS 4 (AC 141) Insurance Contracts
- IFRS 6 (AC 143) Exploration for and Evaluation of Mineral Resources
- IFRS 7 (AC 144) Financial Instruments: Disclosures
- IAS 12 (AC 102) Income Taxes
- IAS 19 (AC 116) Employee Benefits
- IAS 32 (AC 125) Financial Instruments: Presentation



# eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## ACCOUNTING POLICIES

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IAS 36 (AC 128) Impairment of Assets  
IAS 39 (AC 133) Financial Instruments: Recognition and Measurement  
SIC - 21 (AC 421) Income Taxes - Recovery of Revalued Non-Depreciable Assets  
SIC - 25 (AC 425) Income Taxes - Changes in the Tax Status of an Entity or its Shareholders  
SIC - 29 (AC 429) Service Concession Arrangements - Disclosures  
IFRIC 2 (AC 435) Members' Shares in Co-operative Entities and Similar Instruments  
IFRIC 4 (AC 437) Determining whether an Arrangement contains a Lease  
IFRIC 9 (AC 442) Reassessment of Embedded Derivatives  
IFRIC 12 (AC 445) Service Concession Arrangements  
IFRIC 13 (AC 446) Customer Loyalty Programmes  
IFRIC 14 (AC 447) IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

A summary of the significant accounting policies are disclosed below.

These accounting policies are consistent with the previous year, unless otherwise stated.

### 1.1 Basis of consolidation

The consolidated annual financial statements incorporate the financial statements of the Municipality and Municipal Entities controlled by the Municipality, Joint Venture and the Transport Authority.

On acquisition, the assets and liabilities of a entity are measured at their fair values at the date of acquisition. The interests of outside shareholders are stated at the minority's proportion of the fair values of the assets and liabilities recognised.

The results of the entities acquired or disposed during the year are included in the consolidated Statement of Financial Performance from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the annual financial statements of municipal entities to bring the accounting policies used into line with those used by the Municipality and other entities included in the Group.

All significant transactions and balances between members of the Group are eliminated on consolidation.

### 1.2 Presentation of currency

These annual financial statements are presented in South African Rand, which is the functional currency of the Municipality and its entities.

# eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## ACCOUNTING POLICIES

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### 1.3 Going concern assumption

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

### 1.4 Standards, amendments to standards and interpretations issued but not yet effective

#### **GRAP 18: Segment Reporting – issued March 2005:**

Compliance with this standard would have had an effect on the presentation only. Financial information would have been reported by segments. The disclosure of this information will assist users of the financial statements to better understand the entity's past performance and to identify the resources allocated to support the major activities of the entity.

#### **GRAP 23: Revenue from Non-Exchange Transactions (Taxes and Transfers) – issued February 2008:**

Non-exchange transactions in which the entity receives services without directly giving approximately equal value in exchange, has not been accounted for as revenue. These transactions are minimal and are considered immaterial. Refer to paragraph 1.18.2 for compliance in current year.

#### **GRAP 24: Presentation of Budget Information in Financial Statements – issued November 2007:**

Compliance with this standard would have had an effect on the presentation only. The budget information is currently disclosed in the appendices.

#### **GRAP 103: Heritage Assets – issued July 2008:**

Compliance with this standard will not have an impact on the current financial information as the recognition and measurement requirements of the standard have already been adopted.

### 1.5 Housing Development Fund

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

### 1.6 Investment properties

#### **Initial Recognition**

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

#### **Derecognition**

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal. Gains or losses arising from the retirement or disposal of investment property shall be determined as the difference between the net disposal proceeds and the carrying amount of the asset and shall be recognised in surplus or deficit in the period of the

# eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## ACCOUNTING POLICIES

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### 1.6 Investment properties (continued)

retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up shall be recognised in surplus or deficit when the compensation becomes receivable.

#### Subsequent Measurement

Investment property is measured using the cost model. Under the cost model, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses. Transfers to or from investment property are made when and only when there is a change in use.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Item	Useful life
Property - land	indefinite
Property - buildings	30years



# eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## ACCOUNTING POLICIES

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### 1.7 Property, plant and equipment

#### Initial Recognition

Property, plant and equipment are stated at cost less accumulated depreciation. Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives.

Land is not depreciated as it is deemed to have an indefinite life.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

#### Subsequent Measurement

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

#### Depreciation and Impairment:

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. Depreciation is calculated from the first day of the month subsequent to the acquisition date. The annual depreciation rates are based on the following estimated asset lives:-

Details	Years
Infrastructure	
• Rivers and Coastal Engineering	30 years
• Roads and Motorways (2008: 15 years)	20 - 80 years
• Economic Development	20 years
• Traffic Equipment	20 years
• Stormwater Drainage (2008: 20 years)	20 - 80 years
• Airport Infrastructure	20 years
• Solid Waste (2008: 10 - 30 years)	3 - 30 years
• Water and Sanitation (2008: 5 - 30 years)	20 - 80 years
• Major Substations: Buildings	30 years
• Transformers and Related Equipment	20 years
• Mains	20 years
• Street Lighting	20 years
Community	
• Buildings	30 years
• Recreational Facilities	20 - 30 years
Other property, plant and equipment	
• Buildings	30 years
• Markets and Informal Markets	30 years
• Fire Engines	20 years
• Landfill Sites	15 years
• Car Parks	10 years
• Lifts	10 years
• Building Improvements	10 years
• Heavy and Mobile Plant	10 years
• Furniture and fittings	7 years
• Vehicles	5 years
• Bins and containers	5 years
• Plant – General	5 years
• Security Systems	5 years
• Office equipment	3-5 years
• Other items of Plant and Equipment	3-5 years

All assets are considered to have a nil residual value.

# eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## ACCOUNTING POLICIES

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### 1.7 Property, plant and equipment (continued)

Included under the category of "Other" are transport vehicles which are currently leased to a third party - see Accounting Policy 1.20 on Leases.

#### **Derecognition:**

Items of Property, Plant and Equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

The Municipality has an obligation to rehabilitate its landfill sites in terms of its licence stipulations. Provision is made for this obligation in accordance with the Municipality's accounting policy on non-current provisions – see Accounting Policy 1.16 on Provisions.

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognized as a change in accounting estimate in the Statement of Financial Performance.

The Municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

### 1.8 Intangible assets

#### **Initial Recognition.**

Intangible assets are initially recognised at cost and comprise of software and servitudes.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale.
- it is technically feasible to complete the intangible asset.
- the municipality has the resources to complete the project.
- it is probable that the municipality will receive future economic benefits or service potential.

Computer software is capitalised to computer equipment where it forms an integral part of computer equipment.

Servitudes are classified as intangible assets. Rights consist of servitudes. Rights are not amortised as they have an indefinite useful life.

#### **Subsequent Measurement**

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test. Expenditure on an intangible asset is recognised as an expense when it is incurred unless it forms part of the cost of an intangible asset that meets the recognition criteria. Residual value of intangible assets is estimated to be nil.

#### **Amortisation and Impairment**

Amortisation is charged so as to write off the cost of intangible assets over their estimated useful lives, using the straight line method as follows :-.

Computer Software 5 years.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance. The municipality tests intangible assets with finite useful lives for impairment where there is

# eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## ACCOUNTING POLICIES

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### 1.8 Intangible assets (continued)

An indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

#### Derecognition:

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

### 1.9 Impairment of assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

### 1.10 Financial instruments

#### Initial recognition

Financial instruments are initially recognised at fair value.

#### Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

#### Loans to (from) municipal entities

These include loans to municipal entities and recognised at cost.

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

#### Debtors

Debtors are recognised at fair value and subsequently measured at amortized 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.

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

#### Creditors

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

#### Cash and cash equivalents

These are initially and subsequently recorded at fair value.

For cash flow purposes cash and cash equivalents includes cash on hand, deposits held at call with banks, other



# eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## ACCOUNTING POLICIES

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### 1.10 Financial instruments (continued)

short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

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

#### **Borrowings and other financial liabilities**

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

Long term borrowings are non-derivative financial loans and the Municipality does not hold financial loans for trading purposes. Long term borrowings are utilised solely for funding capital projects and the book value is disclosed at amortised cost.

Other financial liabilities are carried at amortised cost.

#### **Loans and receivables**

Loans and receivables are measured initially and subsequently at fair value, gains and losses arising from changes in fair value are included in profit or loss for the period.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and with no intention of trading. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the Statement of Financial Position.

### 1.11 Investments

Investments are measured initially and subsequently at fair value, gains and losses arising from changes in fair value are included in profit or loss for the period.

The Municipality classifies its investments in the following categories: loans and receivables and held-to-maturity investments. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date. Investments held for less than 12 months are not fair-valued.

### 1.12 Investments in municipal entities

#### **Group annual financial statements**

The group annual financial statements include those of the municipality and its municipal entities. The results of the municipal entities are included from the effective date of acquisition.

On acquisition the group recognises the municipal entities's identifiable assets, liabilities and contingent liabilities at fair value, except for assets classified as held-for-sale, which are recognised at fair value less costs to sell.

#### **Municipal annual financial statements**

In the municipality's separate annual financial statements, investments in municipal entities are carried at cost less any accumulated impairment.

Investments in municipal entities under the ownership control of the Municipality are carried at cost. Separate consolidated financial statements are prepared to account for the Municipality's share of net assets and post acquisition results of these investments.

# eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## ACCOUNTING POLICIES

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### 1.13 Investment in joint venture

#### Group annual financial statements

An investment in a joint venture is accounted for using the proportionate consolidation method, except when the asset is classified as held-for-sale. Under the proportionate consolidation method the group's share of each of the assets, liabilities, income and expenses of the investment is combined line by line with similar items in the group annual financial statements. The use of proportionate consolidation is discontinued from the date on which it ceases to have joint control over a jointly controlled entity.

#### Municipal annual financial statements

An investment in a joint venture is carried at cost less any accumulated impairment.

The Municipality's share of profits or losses, resulting from operations of the joint venture, is recognised on the accrual basis and is capitalised to the cost of the investment.

### 1.14 Inventories

#### Initial Recognition

Inventories are initially recognized at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

#### Subsequent Measurement

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

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

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

### 1.15 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

In the prior periods borrowing costs were recognised as an expense in the period in the Statement of Financial Performance.

### 1.16 Provisions

Provisions are recognised when:

- the municipality has a present or constructive obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate.

Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

# eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## ACCOUNTING POLICIES

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### 1.17 Retirement Benefits

#### 1.17.1 Defined contribution plans

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities.

#### 1.17.2 Pension obligations

The municipality and its employees contribute to 8 different Pension Funds, of which 2 (Durban Pension Fund and the KZN Pension Fund) cater for more than 95% of staff.

The Durban Pension Fund is a defined benefit fund and is actuarially valued on an interim basis each year with a statutory valuation undertaken every three years.

The KZN Municipal Pension Fund is a defined contribution fund. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable.

Natal Joint Superannuation & Retirement Funds and Government Employee Pension Fund are defined benefit funds.

The Natal Joint Provident Fund, Multi Linked and South African Local Authority are defined contribution funds.

The schemes are funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations.

The Municipality has both defined benefit and defined contribution plans.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The Municipality has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The liability/asset recognized in the statement of financial position in respect of defined benefit pension plans is equal to the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Cumulative actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligations are spread to income over the employees' expected average remaining working lives. Past-service costs are recognised immediately in income.

# eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## ACCOUNTING POLICIES

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### 1.17 Retirement Benefits (continued)

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

Durban Marine Theme Park (Proprietary) Limited reimburses uShaka Management (Pty) Ltd for the cost of the Provident Fund maintained by it for staff who work at uShaka Marine World. All such staff are obliged to be members of the Provident Fund which is governed by the Pension Funds Act of 1956. Contributions are based on a percentage of the payroll and charged to the Statement of Financial Performance in the year to which they relate.

All staff of the I.C.C. Durban (Proprietary) Limited are members of the I.C.C. Pension Fund which is a defined contribution fund.

#### 1.17.3 Other post-employment benefit obligations

The municipality provides post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are charged or credited to income over the expected average remaining working lives of the relevant employees to the extent that they exceed the 10% corridor.

### 1.18 Revenue

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

#### Revenue from Exchange Transactions

Service charges relating to electricity and water are based on consumption. Meters are read on a quarterly basis and are recognised as revenue when invoiced.

Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest and rentals are recognised on a time proportion basis.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

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

Finance income from the sale of housing by way of instalment sales agreements or finance leases is recognised on a time proportion basis.

# eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## ACCOUNTING POLICIES

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### 1.18 Revenue (continued)

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

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

Durban Marine Theme Park (Proprietary) Limited recognises revenue from entrance parking fees and sales immediately upon receipt. All other revenue is recognised as it accrues.

#### Revenue from non-exchange transactions

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

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

Where declarations have not been submitted, estimated levies based on average data are accrued. Estimates are reviewed regularly to ensure that average data is appropriate.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received. There is uncertainty regarding recoverability of outstanding fines and summonses. Spot fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the Public Prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, at the fair value of the consideration received or receivable.

Contributed property, plant and equipment is recognised when ownership of the items of property, plant and equipment is transferred to the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

### 1.19 Grants, transfers and donations

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

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder, it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

Grants and receipts of a revenue nature: Income is transferred as revenue to the Statement of Financial Performance to the extent that the criteria, conditions or obligations have been met.

### 1.20 Leases

#### Operating leases - The Municipality as lessor

Assets leased to third parties under operating leases are included in investment properties and property, plant and equipment in the statement of financial position.

They are depreciated over their expected useful lives on a basis consistent with similar owned investment properties and property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised over the lease term.



# eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## ACCOUNTING POLICIES

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### 1.20 Leases (continued)

#### Operating leases – The Municipality as lessee

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of financial performance on a straight-line basis over the period of the lease.

### 1.21 Tax

#### Deferred income tax

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

Deferred income tax, with respect to Municipal entities, 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 financial statements. Currently enacted tax rates are used to determine deferred income tax.

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

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

### 1.22 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.

### 1.23 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.

### 1.24 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.

### 1.25 Translation of foreign currencies

#### Foreign currency transactions

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance.

# eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## ACCOUNTING POLICIES

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### 1.26 Comparatives Information

#### 1.26.1 Current year comparatives

Budgeted amounts have been included in an annexure to these financial statements for the current financial year only.

#### 1.26.2 Prior year comparatives

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

### 1.27 Long Service Awards

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

# eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## ACCOUNTING POLICIES

### Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2009	2008	2009	2008
<b>2. HOUSING DEVELOPMENT FUND</b>				
<b>Housing Development Fund</b>				
Accumulated Surplus	222,590	289,837	222,590	289,837
Loans extinguished by Government on 1 April 1998	266,979	266,979	266,979	266,979
<b>Total</b>	<b>489,569</b>	<b>556,816</b>	<b>489,569</b>	<b>556,816</b>
<b>The Housing Development Fund is represented by the following assets and liabilities:</b>				
Property, plant and equipment	10 46,960	41,605	46,960	41,605
Housing selling scheme loans	165,800	183,133	165,800	183,133
Housing rental Debtors	28,312	22,391	28,312	22,391
Housing other Debtors	3,591	2,711	3,591	2,711
Housing inventory	206	672	206	672
Investments	310,609	306,659	310,609	306,659
Investment properties	16,168	16,726	16,168	16,726
Bank and cash	4	33	4	33
<b>Sub-total</b>	<b>571,650</b>	<b>573,930</b>	<b>571,650</b>	<b>573,930</b>
Long-term liabilities	(489)	(590)	(489)	(590)
Bank overdraft	(1,707)	-	(1,707)	-
Creditors	(66,873)	(17,047)	(66,873)	(17,047)
Unspent conditional grants	(13,012)	523	(13,012)	523
<b>Total Housing Development Fund Assets and Liabilities</b>	<b>489,569</b>	<b>556,816</b>	<b>489,569</b>	<b>556,816</b>

# eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2009	2008	2009	2008
<b>3. LONG-TERM LIABILITIES</b>				
Annuity Loans	6,053,499	5,295,060	6,047,119	5,285,135
Non Annuity Loans	23,000	23,000	23,000	23,000
Debentures and Local Registered Stock Loans	86,793	94,741	200	14,648
<b>Sub-total</b>	<b>6,163,292</b>	<b>5,412,801</b>	<b>6,070,319</b>	<b>5,322,783</b>
<b>Current portion of long term liabilities</b>				
Annuity Loans	292,337	268,062	290,772	263,716
Debentures and Local Registered Stock Loans	-	14,448	-	14,448
<b>Sub-total</b>	<b>292,337</b>	<b>282,510</b>	<b>290,772</b>	<b>278,164</b>
<b>Non-current liabilities</b>				
Long term Portion	<b>5,870,955</b>	<b>5,130,291</b>	<b>5,779,547</b>	<b>5,044,619</b>

The fair value of all long term loans approximates their book values.

Refer to Note 52 for more detail on long-term liabilities.

R23.2m (2008:R19.2m) has been invested specifically in a ring-fenced account for the repayment of long-term liabilities. See note 35 for more detail.

DBSA Phase 2 and Phase 3 loans of R400million each are separately secured, each by a cession of an acceptable revenue stream of R20 million p.a. as security. The DBSA Phase 2 loan of R400million is a floating interest rate contract, and in order to mitigate the floating interest rate exposure, the Municipality entered into a fixed interest rate swap agreement with Standard Corporate & Merchant Bank.

DBSA Phase 5 of R300m is separately secured by a cession of an acceptable revenue stream of R15 million p.a. as security .

AFD Calyon of R58.7m is separately secured by a cession of carbon credit income in the event of default or non-payment. The income is estimated to be R17.7m to the year 2012.

Included in Annuity Loans:

Ushaka:Standard Bank loan was secured by assets with a book value of R0.7m in the prior year. See notes 11 and 13 for more detail. The loan was settled in full in June 2009.

Ushaka: In the prior year DBSA Phantom Ship loan was secured by assets with a book value of R 5.6m. See notes 11 and 13 for more detail. The loan was settled in full in June 2009.

**Long term loan commitments:** The Municipality had entered into a loan agreement with the Development Bank of Southern Africa in November 2007 to borrow R2.9 billion at a fixed interest rate of 8.3% unsecured over 20 years. The Municipality has made a drawdown of R1 050m(2008:R950m) from this facility in the financial year ending 30 June 2009. A further drawdown of R300m was made on the 1st of July 2009. It is anticipated that a final drawdown of R600 million will be made on the 30th of September 2009. The funds will be utilised solely for the financing of Capital Expenditure.

All other loans are unsecured.

# eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

### 4. PROVISIONS

#### Reconciliation of provisions - Group - 2009

	Opening Balance	Additions	Utilised during the year	Total
<b>Current</b>				
Long service awards	5,882	7,103	(779)	12,206
Performance bonus, leave pay and overtime	14,846	10,694	(5,964)	19,576
Clearance of Alien Vegetation	3,245	4,560	(3,235)	4,570
<b>Non-current</b>				
Environmental rehabilitation: Landfill sites	59,693	17,754	(651)	76,796
Clearance of Alien Vegetation	5,082	8,573	-	13,655
Long service awards	76,673	46,339	-	123,012
	<b>165,421</b>	<b>95,023</b>	<b>(10,629)</b>	<b>249,815</b>

#### Reconciliation of provisions - Group - 2008

	Opening Balance	Additions	Utilised during the year	Total
<b>Current</b>				
Clearance of Alien Vegetation	2,250	995	-	3,245
Performance bonus, leave pay and overtime	17,366	3,213	(5,733)	14,846
Long service awards	4,987	1,239	(344)	5,882
<b>Non-current</b>				
Environmental rehabilitation: Landfill sites	55,481	7,132	(2,920)	59,693
Clearance of Alien Vegetation	4,942	140	-	5,082
Long service awards	73,406	3,267	-	76,673
	<b>158,432</b>	<b>15,986</b>	<b>(8,997)</b>	<b>165,421</b>

#### Reconciliation of provisions - Municipality - 2009

	Opening Balance	Additions	Utilised during the year	Total
<b>Current</b>				
Clearance of Alien Vegetation	3,245	4,560	(3,235)	4,570
Performance bonus	10,518	10,251	(5,311)	15,458
Long service awards	5,882	7,103	(779)	12,206
<b>Non-current</b>				
Environmental rehabilitation: Landfill sites	59,693	17,754	(651)	76,796
Clearance of Alien Vegetation	5,082	8,573	-	13,655
Long service awards	76,673	46,339	-	123,012
	<b>161,093</b>	<b>94,580</b>	<b>(9,976)</b>	<b>245,697</b>



# eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

### 4. Provisions (continued)

#### Reconciliation of provisions - Municipality - 2008

	Opening Balance	Additions	Utilised during the year	Total
<b>Current</b>				
Clearance of Alien Vegetation	2,250	995	-	3,245
Performance bonus	12,385	2,874	(4,741)	10,518
Long service awards	4,987	1,239	(344)	5,882
<b>Non-current</b>				
Environmental rehabilitation: Landfill sites	55,481	7,132	(2,920)	59,693
Clearance of Alien Vegetation	4,942	140	-	5,082
Long service awards	73,406	3,267	-	76,673
	<b>153,451</b>	<b>15,647</b>	<b>(8,005)</b>	<b>161,093</b>
Non-current liabilities	213,463	141,448	213,463	141,448
Current liabilities	36,352	23,973	32,234	19,645
	<b>249,815</b>	<b>165,421</b>	<b>245,697</b>	<b>161,093</b>

#### Environmental rehabilitation: Landfill sites

Provision for reclamation of refuse landfill sites. In terms of the licencing of the landfill refuse site, council will incur rehabilitation estimated costs of R76.8 million (2008: R59.7 million) to restore the sites at the end of its useful lives.

The calculation is based on the total actual area of all the Landfill sites which are in use or unrehabilitated multiplied by the last known actual rehabilitation cost per hectare escalated to current cost.

#### Long service awards

Employees who achieve 15 years service will be granted 10 days paid leave (once off) together with a service certificate signed by the Head of Department.

Employees who achieve 25 years service will be granted 15 days paid leave (once off) together with an engraved gold watch to a maximum value of R2000 (value reviewable every five (5) years) and service certificate signed by Head of Department.

Employees who achieve 40 years service will be granted 20 days paid leave (once off) and a scroll duly signed by the Mayor in recognition of loyal service rendered to the Council.

The abovementioned leave is granted in addition to the annual leave entitlement and maximum accumulation granted in terms of the National Conditions of Service, and may be taken, converted to cash in full or partially or accumulated.

The abovementioned leave is only applicable to those employees who achieve the stated years of service after the effective date of these conditions.

The provision is an estimate of the long service award based on the monthly salaries rate at 30 June 2009 (2008: 30 June 2008). It has been assumed that the staff turnover rate will be insignificant based on historical data. A discount rate of 11 % (2008: 15.5%) was used based on internal rate of return.

#### Clearance of Alien Vegetation

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

Provision for invasive alien plant control / eradication is based on reliable data for growth rates, infestation rates and density. A detailed analysis, based on current costs of alien plant clearing, was undertaken. Input from numerous field staff was obtained with regard to the level of infestation of currently managed areas.

Data used for calculations:

Municipal owned land within the municipal area:	17 932 Ha
Municipal owned open space currently managed (prioritised):	2 186 Ha
Current approximate cost of clearing very high infestations of IAP's:	R3.380 / Ha

# eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

### 4. Provisions (continued) Performance Bonus

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

### 5. RETIREMENT BENEFIT OBLIGATIONS

#### 5.1. Defined benefit plan

##### Statement of Financial Position obligation for:

Post-employment medical benefits	1,589,173	1,394,452	1,589,173	1,394,452
Pension benefits	(70,929)	(91,640)	(70,929)	(91,640)
<b>Balance at end of year</b>	<b>1,518,244</b>	<b>1,302,812</b>	<b>1,518,244</b>	<b>1,302,812</b>

##### Statement of Financial Performance obligation for:

Post-employment medical benefits	194,721	82,579	194,721	82,579
Pension Benefits:	-	-	-	-
Defined Benefit Funds	122,371	126,467	122,371	126,467
Defined Contribution Funds	510,230	298,354	508,445	296,396
<b>Total, included in employee benefits expense</b>	<b>827,322</b>	<b>507,400</b>	<b>825,537</b>	<b>505,442</b>

#### 5.1.1. Post-Retirement Medical Aid Plan

The municipality operates on 6 accredited medical aid schemes, namely Global Health, Hosmed, Munimed, Bonitas, Samwumed and LA Health. Pensioners continue on the option they belonged to on the day of their retirement.

##### Movement in the defined benefit obligation is as follows:

Balance at beginning of the year	1,394,452	1,311,873	1,394,452	1,311,873
Current service cost	60,246	55,414	60,246	55,414
Interest cost	131,715	100,355	131,715	100,355
Actuarial (gains) losses	48,878	(29,795)	48,878	(29,795)
Benefit payments	(46,118)	(43,395)	(46,118)	(43,395)
<b>Balance at end of year</b>	<b>1,589,173</b>	<b>1,394,452</b>	<b>1,589,173</b>	<b>1,394,452</b>

##### Net expense recognised in the Statement of financial performance

Current service cost	60,246	55,414	60,246	55,414
Interest cost	131,715	100,355	131,715	100,355
Actuarial (gains) losses	48,878	(29,795)	48,878	(29,795)
Benefit payments	(46,118)	(43,395)	(46,118)	(43,395)
<b>Total, included in employee benefits expense</b>	<b>194,721</b>	<b>82,579</b>	<b>194,721</b>	<b>82,579</b>

# eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2009	2008	2009	2008

### 5. Retirement benefit obligations (continued)

#### Key assumptions used

The principal actuarial assumptions used were as follows:

Discount rates used	9.50 %	9.50 %	9.50 %	9.50 %
General increases to medical aid contributions	8.00 %	8.50 %	8.00 %	8.50 %
Salary Inflation	8.00 %	8.00 %	8.00 %	8.00 %
Expected retirement age	63	63	63	63
Proportion continuing membership at retirement	100.00 %	100.00 %	100.00 %	100.00 %
Proportion of retiring members who are married	90.00 %	90.00 %	90.00 %	90.00 %

Other assumptions:

Age of spouse	-	Husbands 5 years older than wives
Mortality of in-service members	-	In accordance with the SA 85-90 (Light) ultimate table (rated down 3 years for females)
Mortality of pensioners	-	In accordance with the PA(90) ultimate male and female tables

(No explicit assumption was made about additional mortality or health care costs due to AIDS).

#### Percentage of in-service members withdrawing before retirement:

Age 20	7.85 %	7.85 %	7.85 %	7.85 %
Age 25	5.67 %	5.67 %	5.67 %	5.67 %
Age 30	4.20 %	4.20 %	4.20 %	4.20 %
Age 35	3.31 %	3.31 %	3.31 %	3.31 %
Age 40	2.23 %	2.23 %	2.23 %	2.23 %
Age 45	1.21 %	1.21 %	1.21 %	1.21 %
Age 50	0.55 %	0.55 %	0.55 %	0.55 %
Age 55+	0.00 %	0.00 %	0.00 %	0.00 %

#### 5.1.2. Pension benefits

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

Present value of funded obligations	6,937,082	6,781,924	6,937,082	6,781,924
Present value of the defined benefit obligation-partially or wholly funded	(7,504,933)	(7,915,807)	(7,504,933)	(7,915,807)
Asset not recognised due to future surplus policy not yet established	496,922	1,042,243	496,922	1,042,243
<b>Liability (Surplus) in the Statement of Financial Position</b>	<b>(70,929)</b>	<b>(91,640)</b>	<b>(70,929)</b>	<b>(91,640)</b>

# eThekwi Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2009	2008	2009	2008
<b>5. Retirement benefit obligations (continued)</b>				
<b>Movement in the defined benefit obligation is as follows:</b>				
Balance at beginning of the year	(91,640)	30,080	(91,640)	30,080
Current service cost	122,371	126,467	122,371	126,467
Contributions by plan participants	29,979	33,708	29,979	33,708
Actuarial losses	2,033	860,282	2,033	860,282
Interest cost	618,505	452,421	618,505	452,421
Benefit payments	(472,662)	(493,601)	(472,662)	(493,601)
Obligation not recognised due to future surplus policy not yet established	(279,515)	(1,100,997)	(279,515)	(1,100,997)
<b>Balance at end of year</b>	<b>(70,929)</b>	<b>(91,640)</b>	<b>(70,929)</b>	<b>(91,640)</b>
<b>Movement in the fair value of plan assets is as follows:</b>				
Actuarial gains (losses)	(789,874)	(722,704)	(789,874)	(722,704)
Employer contributions	78,803	90,107	78,803	90,107
Employee contributions	29,979	33,708	29,979	33,708
Benefit payments	(472,662)	(493,601)	(472,662)	(493,601)
Expected return on assets	742,880	681,607	742,880	681,607
Asset not recognised due to future surplus policy not yet established	410,874	410,883	410,874	410,883
<b>Balance at end of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>The amounts recognised in the Statement of Financial Performance were as follows:</b>				
Current service cost - Defined Benefit Funds	122,371	126,467	122,371	126,467
Current service cost - Defined Contribution Funds	510,230	298,354	508,445	296,396
<b>Total included in employee benefits expense</b>	<b>632,601</b>	<b>424,821</b>	<b>630,816</b>	<b>422,863</b>

# eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2009	2008	2009	2008

### 5. Retirement benefit obligations (continued)

#### Key assumptions used

The principal actuarial assumptions used were as follows:

Discount rate	10.75 %	7.75 %	10.75 %	7.75 %
Expected return on plan assets	11.00 %	8.25 %	11.00 %	8.25 %
Future salary increases	8.00 %	4.75 %	8.00 %	4.75 %
Future pension increases	5.98 %	2.85 %	5.98 %	2.85 %

#### Examples of mortality rates used were as follows:

##### Active members (All):

Age 20	0.13 %	0.13 %	0.13 %	0.13 %
Age 25	0.18 %	0.18 %	0.18 %	0.18 %
Age 30	0.25 %	0.25 %	0.25 %	0.25 %
Age 35	0.37 %	0.37 %	0.37 %	0.37 %
Age 40	0.52 %	0.52 %	0.52 %	0.52 %
Age 45	0.72 %	0.72 %	0.72 %	0.72 %
Age 50	0.99 %	0.99 %	0.99 %	0.99 %
Age 55	1.37 %	1.37 %	1.37 %	1.37 %
Age 60	1.89 %	1.89 %	1.89 %	1.89 %

All Councillors and employees belong to 8 retirement funds. The KZN Municipal Pension Fund is a defined contribution fund and became operational from 2001-11-01.

The results for the year ended 2005-06-30 (per the Fund Valuator) revealed that the fund was in sound financial position.

The Durban Pension Fund is a defined benefit fund administered by the eThekwini Municipality. The Fund is subject to a triennial actuarial valuation. The last statutory valuation was performed in December 2007. This valuation indicated that the Fund was in a sound financial position.

The estimated liability of the Fund is R6.4 billion, which is adequately financed by assets of R7.6 billion. An amount of R78.6 million (2008: R90.1 million) was contributed by Council in respect of employee's retirement funding in respect of employees belonging to the Durban Pension Fund. These contributions have been expensed.

Certain members and Council contribute to the Natal Joint Superannuation, Retirement and Provident Funds (NJMP), SALA, Multi Linked and GEPP. Employees of eThekwini Municipality make up less than 1% of the total members of the NJMPF. eThekwini's liability in these funds could not be determined owing mainly to the assets not being allocated to each employer and one set of financials being compiled for each fund and not for each employer.

An interim valuation carried out on the NJMP Superannuation fund (defined benefit) at 31 March 2006 concluded that the surcharge of 6% be retained for the year to 30 June 2007 and thereafter at 4,5%.

The latest statutory valuation of the NJMP Retirement fund (defined benefit) as at 31 March 2007 reflected a fund deficit of R229.8 million in respect of members. The total contribution rate payable, including the total surcharge of 14% will eliminate the deficit by the year 2010.

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



# eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2009	2008	2009	2008
<b>6. DEPOSITS</b>				
I.C.C. : Clients Deposits	18,395	15,300	-	-
Electricity	481,805	414,441	481,805	414,441
Water	136,766	117,644	136,766	117,644
Interest	45,844	41,677	45,844	41,677
Ushaka:Rental Deposits	1,391	1,308	-	-
<b>Total Deposits</b>	<b>684,201</b>	<b>590,370</b>	<b>664,415</b>	<b>573,762</b>

Included in eThekweni Municipality's deposits is an accrual of interest at an effective interest rate of 3% per annum (2008: 3%) which is paid to consumers when deposits are refunded.

### 7. CREDITORS

Trade payables	1,916,907	1,827,458	1,889,559	1,814,448
Payments received in advance	1,566,826	1,359,394	1,566,826	1,359,394
Accrued staff 13th cheques	33	30	-	-
Retentions	57,866	45,567	57,866	45,567
Bank Deposits not yet receipted	212,819	115,251	212,819	115,251
Staff leave	195,764	183,626	195,764	183,626
Other payables	788,172	559,432	807,641	578,624
Deferred expenditure	13,855	16,182	13,855	16,182
Adjustment for fair value at amortised cost	(93,678)	(106,069)	(93,678)	(106,069)
<b>Total Creditors</b>	<b>4,658,564</b>	<b>4,000,871</b>	<b>4,650,652</b>	<b>4,007,023</b>

### 8. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

#### Conditional Grants from other spheres of Government:

Department of Provincial and Local Government	2,281	2,511	2,281	2,511
Department of Local Government and Traditional Affairs	12,167	-	12,167	-
Department of Transport and Public Transport Infrastructure	57,888	25,661	57,888	25,661
Department of Economic Activity and various Industries	2,778	3,832	2,778	3,832
Disaster Fund	-	67	-	67
Equitable Share	3,048	5,554	3,048	5,554
Neighbourhood Development Partnership Grant	25,216	20,070	25,216	20,070
2010 KZN Government Grant	365,244	178,469	365,244	178,469
A1 Grand Prix	644	2,230	644	2,230
Vuna Awards	3,056	3,239	3,056	3,239
Municipal Infrastructure Grant	191	445	191	445
Grant Accreditation	410	545	410	545
Metropolitan Transport Authority - Taxi Ranks	32	32	32	32
Department of Housing	636	50,893	636	50,893
Lamontville and R293 Trf Deeds / Administration	52,190	1,601	52,190	1,601

# eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2009	2008	2009	2008
<b>8. Unspent conditional grants and receipts (continued)</b>				
<b>Other Conditional Receipts</b>				
European Union	42,136	87,269	42,136	87,269
Donations and Public Contributions	214,605	135,187	214,605	135,187
DANIDA	1,973	384	1,973	384
D Moss Interest and Land Sales	8,436	9,041	8,436	9,041
Other Grants and Subsidies	19,504	27,341	19,472	12,882
<b>Total Conditional Grants and Receipts</b>	<b>812,435</b>	<b>554,371</b>	<b>812,403</b>	<b>539,912</b>

These amounts are invested in a ring-fenced investment until utilised. See note 25 for more detail. No grants or subsidies were withheld during the year.

## 9. CASH AND CASH EQUIVALENTS

Refer to note 51 for details on Bank accounts and balances.

Cash and cash equivalents consist of:

Cash on hand	8,089	9,489	7,303	8,922
Bank balances	688,119	825,559	633,051	739,671
Bank balances and cash	696,208	835,048	640,354	748,593
Bank overdraft	(633,204)	(743,412)	(633,129)	(739,755)
	63,004	91,636	7,225	8,838
Call Investment Deposits	391,798	468,126	277,008	362,502
<b>Cash and cash equivalents</b>	<b>454,802</b>	<b>559,762</b>	<b>284,233</b>	<b>371,340</b>

## 10. PROPERTY, PLANT AND EQUIPMENT

Group	2009			2008		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land and Buildings	4,059,453	(675,929)	3,383,524	3,931,707	(556,536)	3,375,171
Infrastructure	18,514,419	(3,840,044)	14,674,375	15,040,865	(3,328,293)	11,712,572
Community	3,651,814	(311,286)	3,340,528	2,472,098	(280,652)	2,191,446
Other	3,632,376	(1,994,666)	1,637,710	2,774,272	(1,655,631)	1,118,641
Heritage	6,552	-	6,552	6,883	-	6,883
Housing Development Fund	129,860	(82,900)	46,960	128,390	(86,785)	41,605
<b>Total</b>	<b>29,994,474</b>	<b>(6,904,825)</b>	<b>23,089,649</b>	<b>24,354,215</b>	<b>(5,907,897)</b>	<b>18,446,318</b>

  

Municipality	2009			2008		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land and Buildings	2,761,165	(521,057)	2,240,108	2,636,701	(442,287)	2,194,414
Infrastructure	18,514,419	(3,840,044)	14,674,375	15,040,865	(3,328,293)	11,712,572
Community	3,651,814	(311,286)	3,340,528	2,472,098	(280,652)	2,191,446
Other	3,439,959	(1,877,437)	1,562,522	2,587,217	(1,557,268)	1,029,949
Heritage	6,552	-	6,552	6,883	-	6,883
Housing Development Fund	129,860	(82,900)	46,960	128,390	(86,785)	41,605
<b>Total</b>	<b>28,503,769</b>	<b>(6,632,724)</b>	<b>21,871,045</b>	<b>22,872,154</b>	<b>(5,695,285)</b>	<b>17,176,869</b>

# eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## Notes to the Annual Financial Statements

Figures in Rand thousand

### 10. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - Group - 2009

	Opening Balance	Additions	Disposals	Transfers	Work-in-Progress	Depreciation	Total
Land and Buildings	3,375,171	438,240	1	(258,491)	(52,799)	(118,598)	3,383,524
Infrastructure	11,712,572	1,516,644	(445)	69,489	1,892,992	(516,877)	14,674,375
Community	2,191,446	93,454	(2)	(81)	1,086,362	(30,651)	3,340,528
Other	1,118,641	908,577	(17,955)	(8,230)	10,771	(374,094)	1,637,710
Heritage	6,883	-	-	(2)	(329)	-	6,552
Housing Development Fund	41,605	4,433	(2,382)	(2,700)	8,193	(2,189)	46,960
	<b>18,446,318</b>	<b>2,961,348</b>	<b>(20,783)</b>	<b>(200,015)</b>	<b>2,945,190</b>	<b>(1,042,409)</b>	<b>23,089,649</b>

#### Reconciliation of property, plant and equipment - Group - 2008

	Opening Balance	Additions	Disposals	Transfers	Work-in-progress	Depreciation	Total
Land and Buildings	2,427,591	986,327	(50)	15,176	32,481	(86,354)	3,375,171
Infrastructure	10,577,575	762,652	(584)	(499,957)	1,243,869	(370,983)	11,712,572
Community	514,610	58,076	-	470,126	1,174,920	(26,286)	2,191,446
Other	975,646	428,640	(3,067)	14,767	2,926	(300,271)	1,118,641
Heritage	6,553	53	-	-	277	-	6,883
Housing Development Fund	46,254	610	(3,352)	255	559	(2,721)	41,605
	<b>14,548,229</b>	<b>2,236,358</b>	<b>(7,053)</b>	<b>367</b>	<b>2,455,032</b>	<b>(786,615)</b>	<b>18,446,318</b>

# eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## Notes to the Annual Financial Statements

Figures in Rand thousand

### 10. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - Municipality - 2009

	Opening Balance	Additions	Disposals	Transfers	Work-in-progress	Depreciation	Total
Land and Buildings	2,194,414	435,181	-	(258,492)	(53,019)	(77,976)	2,240,108
Infrastructure	11,712,572	1,516,644	(445)	69,489	1,892,992	(516,877)	14,674,375
Community	2,191,446	93,454	(2)	(81)	1,086,362	(30,651)	3,340,528
Other	1,029,949	901,023	(17,321)	(8,229)	10,960	(353,860)	1,562,522
Heritage	6,883	-	-	(1)	(330)	-	6,552
Housing Development Fund	41,605	4,433	(2,382)	(2,700)	8,193	(2,189)	46,960
	<b>17,176,869</b>	<b>2,950,735</b>	<b>(20,150)</b>	<b>(200,014)</b>	<b>2,945,158</b>	<b>(981,553)</b>	<b>21,871,045</b>

#### Reconciliation of property, plant and equipment - Municipality - 2008

	Opening Balance	Additions	Disposals	Transfers	Work-in-progress	Depreciation	Total
Land and Buildings	1,251,181	932,627	(51)	14,991	41,399	(45,733)	2,194,414
Infrastructure	10,578,298	762,652	(584)	(499,957)	1,243,869	(371,706)	11,712,572
Community	514,436	58,981	-	470,126	1,174,920	(27,017)	2,191,446
Other	884,351	409,788	(3,067)	14,946	2,926	(278,995)	1,029,949
Heritage	6,553	53	-	-	277	-	6,883
Housing Development Fund	46,254	610	(3,352)	255	559	(2,721)	41,605
	<b>13,281,073</b>	<b>2,164,711</b>	<b>(7,054)</b>	<b>361</b>	<b>2,403,950</b>	<b>(726,172)</b>	<b>17,176,869</b>

Included in Property, Plant and Equipment above are items that are still in use and that have a historical cost of R1 530.2m but are fully depreciated. This amount is made up as follows:

Land and Buildings	R86.8million
Infrastructure	R332.2million
Community	R32.7million
Other	R1,078.5million

Refer to Note 53 and Appendix A for detailed analysis of fixed assets.

# eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## Notes to the Annual Financial Statements

Figures in Rand thousand

### 11. INTANGIBLE ASSETS

Group	2009			2008		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Servitudes	42,985	-	42,985	42,736	-	42,736
Computer software	551,748	(254,663)	297,085	438,973	(168,235)	270,738
<b>Total</b>	<b>594,733</b>	<b>(254,663)</b>	<b>340,070</b>	<b>481,709</b>	<b>(168,235)</b>	<b>313,474</b>

  

Municipality	2009			2008		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Servitudes	42,985	-	42,985	42,736	-	42,736
Computer software	546,399	(250,241)	296,158	434,086	(163,654)	270,432
<b>Total</b>	<b>589,384</b>	<b>(250,241)</b>	<b>339,143</b>	<b>476,822</b>	<b>(163,654)</b>	<b>313,168</b>

#### Reconciliation of intangible assets - Group - 2009

	Opening Balance	Additions	Transfers	Work-in-progress	Amortisation	Total
Servitudes	42,736	249	-	-	-	42,985
Computer software	270,738	93,484	3,710	7,793	(78,640)	297,085
	<b>313,474</b>	<b>93,733</b>	<b>3,710</b>	<b>7,793</b>	<b>(78,640)</b>	<b>340,070</b>

#### Reconciliation of intangible assets - Group - 2008

	Opening Balance	Additions	Disposals	Transfers	Amortisation	Total
Servitudes	43,728	808	(1,800)	-	-	42,736
Computer software	247,859	91,646	(3)	(362)	(68,402)	270,738
	<b>291,587</b>	<b>92,454</b>	<b>(1,803)</b>	<b>(362)</b>	<b>(68,402)</b>	<b>313,474</b>

#### Reconciliation of intangible assets - Municipality - 2009

	Opening Balance	Additions	Transfers	Work-in-progress	Amortisation	Total
Servitudes	42,736	249	-	-	-	42,985
Computer software	270,432	92,592	3,710	7,793	(78,369)	296,158
	<b>313,168</b>	<b>92,841</b>	<b>3,710</b>	<b>7,793</b>	<b>(78,369)</b>	<b>339,143</b>

#### Reconciliation of intangible assets - Municipality - 2008

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

Intangible assets disclosed relate to servitudes registered by the electricity department of the municipality. The balance of the servitudes are disclosed in Property, Plant and Equipment. It has been the municipality's policy to capitalise servitudes to projects which are currently disclosed as Infrastructure costs. Included in Intangible Assets above are items that are still in use and that have a historical cost of R53.1m but are fully amortised.

# eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## Notes to the Annual Financial Statements

Figures in Rand thousand

### 12. INVESTMENT PROPERTIES

Group	2009			2008		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Revenue Generating	146,157	(33,409)	112,748	131,161	(28,754)	102,407
Non-revenue Generating	301,641	-	301,641	118,138	-	118,138
<b>Total</b>	<b>447,798</b>	<b>(33,409)</b>	<b>414,389</b>	<b>249,299</b>	<b>(28,754)</b>	<b>220,545</b>

  

Municipality	2009			2008		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Revenue Generating	28,032	(11,327)	16,705	32,705	(10,526)	22,179
Non-revenue Generating	301,641	-	301,641	118,138	-	118,138
<b>Total</b>	<b>329,673</b>	<b>(11,327)</b>	<b>318,346</b>	<b>150,843</b>	<b>(10,526)</b>	<b>140,317</b>

#### Reconciliation of investment properties - Group - 2009

	Opening Balance	Additions	Disposals	Transfers	Depreciation	Total
Revenue Generating	102,407	19,669	(4,673)	-	(4,655)	112,748
Non-revenue Generating	118,138	345	(2,640)	185,798	-	301,641
	<b>220,545</b>	<b>20,014</b>	<b>(7,313)</b>	<b>185,798</b>	<b>(4,655)</b>	<b>414,389</b>

#### Reconciliation of investment properties - Group - 2008

	Opening Balance	Additions	Disposals	Depreciation	Total
Revenue Generating	101,692	5,899	-	(5,184)	102,407
Non-revenue Generating	128,451	111	(10,424)	-	118,138
	<b>230,143</b>	<b>6,010</b>	<b>(10,424)</b>	<b>(5,184)</b>	<b>220,545</b>

#### Reconciliation of investment properties - Municipality - 2009

	Opening Balance	Additions	Disposals	Transfers	Depreciation	Total
Revenue Generating	22,179	-	(4,673)	-	(801)	16,705
Non-revenue Generating	118,138	345	(2,640)	185,798	-	301,641
	<b>140,317</b>	<b>345</b>	<b>(7,313)</b>	<b>185,798</b>	<b>(801)</b>	<b>318,346</b>

#### Reconciliation of investment properties - Municipality - 2008

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



# eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## Notes to the Annual Financial Statements

Figures in Rand thousand

### 12. Investment properties (continued)

#### Municipality

The fair value of the above properties is R1.1 billion (2008: R1.8 billion). Investment properties have been valued in accordance with the new municipal valuation roll which became effective on 1 July 2007 and have been adjusted to take into account current market conditions.

#### Group

In addition to the note above included in investment properties are assets pledged by Durban Marine Theme Park (Proprietary) Limited against loans from Citibank limited and the Development Bank of South Africa limited (refer note 3).

Durban Marine Theme Park (Pty) Ltd: Investment property comprises the Village Walk retail shopping mall from which rental income is derived. The original cost of this property including land was approximately R69 million. The directors fair value thereof is R113 million based on a valuation method of net rental return capitalised at a fair market rate of return of 12%.

### 13. INVESTMENTS IN MUNICIPAL ENTITIES

Name of company	% holding 2009	% holding 2008	Carrying amount 2009	Carrying amount 2008
ICC Durban (Proprietary) Limited	100 %	100 %	1	1
Durban Marine Theme Park (Proprietary) Limited	99.8 %	99 %	840,996	344,996
			<hr/>	<hr/>
			840,997	344,997
Impairment of investment in municipal entity	- %	- %	(133,608)	-
			<hr/>	<hr/>
			707,389	344,997

Subsequent to year-end, at its meeting on 3rd December 2009, and taking cognizance of the International Convention Centre operating at a break-even level, excluding depreciation and finance charges, the Council confirmed its commitment (resolution number 13) 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".

At 23rd June 2009, 5 109 additional shares were acquired in Durban Marine Theme Park (Pty) Ltd. Refer to note 16 for further details. In the prior year 206 shares were issued in terms of the agreement regarding the Municipality's contribution for the Effingham Road Development Joint Venture surplus as per note 16.

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

# eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2009	2008	2009	2008
<b>13. Investments in municipal entities (continued)</b>				
<b>As at 30th June 2009</b>				
			<b>ICC Durban (Proprietary) Limited</b>	<b>Durban Marine Theme Park (Proprietary) Limited</b>
Issued Share Capital (R'000)	-	-	1	9,054
Percentage owned by Council (%)	-	-	100	99
Indebtedness of Municipal Entities (R'000)- Non Interest Bearing	-	-	226,590	1,759
Loss on Impairment of Loans	-	-	(226,590)	(1,759)
Electricity Income Received (R'000)	-	-	4,639	9,642
Water Income Received (R'000)	-	-	507	2,942
Rates Income Received (R'000)	-	-	5,343	-
<b>As at 30th June 2008</b>				
			<b>ICC Durban (Proprietary) Limited</b>	<b>Durban Marine Theme Park (Proprietary) Limited</b>
Issued Share Capital (R'000)	-	-	1	3,945
Percentage owned by Council (%)	-	-	100	99
Indebtedness of Municipal Entities (R'000)- Non Interest Bearing	-	-	226,590	481,789
Loss on Impairment of Loans	-	-	(226,590)	(481,789)
Electricity Income Received (R'000)	-	-	3,694	7,585
Water Income Received (R'000)	-	-	973	3,108
Rates Income Received (R'000)	-	-	10,899	-
Interest Received (R'000)	-	-	-	11,100

# eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2009	2008	2009	2008
<b>14. INVESTMENTS</b>				
<b>Listed Securities - Held to Maturity</b>				
RSA Government Stock-Held to maturity (October 2008)	-	4,753	-	4,753
Eskom Stock-Held to maturity (November 2009)	3,793	3,793	3,793	3,793
	<b>3,793</b>	<b>8,546</b>	<b>3,793</b>	<b>8,546</b>
<b>Financial Instruments - Held to Maturity</b>				
General Investments	20,679	17,459	20,679	17,459
Fixed and Negotiable Deposits	2,667,642	4,371,311	2,667,642	4,371,311
	<b>2,688,321</b>	<b>4,388,770</b>	<b>2,688,321</b>	<b>4,388,770</b>
<b>Total Cash Investments</b>	<b>2,692,114</b>	<b>4,397,316</b>	<b>2,692,114</b>	<b>4,397,316</b>
<b>Non-current assets</b>				
Listed Securities	-	3,793	-	3,793
Financial Instruments	288,321	288,770	288,321	288,770
	<b>288,321</b>	<b>292,563</b>	<b>288,321</b>	<b>292,563</b>
<b>Current assets</b>				
Listed Securities	3,793	4,753	3,793	4,753
Held to Maturity	2,400,000	4,100,000	2,400,000	4,100,000
	<b>2,403,793</b>	<b>4,104,753</b>	<b>2,403,793</b>	<b>4,104,753</b>
	<b>2,692,114</b>	<b>4,397,316</b>	<b>2,692,114</b>	<b>4,397,316</b>
The total amount of change in fair value, estimated using discounted cash flow analysis	34,858	30,445	34,858	30,445
<b>Market valuation of listed investments</b>				
RSA Government Stock	-	9,489	-	9,489
Eskom Stock	6,110	3,700	6,110	3,700
	<b>6,110</b>	<b>13,189</b>	<b>6,110</b>	<b>13,189</b>

# eThekweni Municipality and its Municipal Entities

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Figures in Rand thousand	Group		Municipality	
	2009	2008	2009	2008

### 15. INVESTMENT IN JOINT VENTURE

Name of company	Unlisted	% holding 2009	% holding 2008	Carrying amount 2009	Carrying amount 2008
Effingham Development		66.74 %	66.74 %	156,851	166,250

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

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

#### Summary of the municipality's interest in the joint venture

##### Assets

Township Property	47,185	27,516
Current assets - Debtors	160,283	148,220
Current assets - Bank Balances and Cash on hand	10,783	53,295

##### TOTAL ASSETS

**218,251**      **229,031**

##### Equity and Liabilities

Members Loan Accounts	156,851	166,250
Current liabilities - Creditors	61,400	62,781
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>218,251</b>	<b>229,031</b>

##### Reconciliation of Investment in Joint Venture

Balance at beginning of year	166,250	162,456
Share of Income for the year	19,601	63,794
Payment received	(29,000)	(60,000)

##### BALANCE AT END OF YEAR

**156,851**      **166,250**

# eThekweni Municipality and its Municipal Entities

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Figures in Rand thousand	Group		Municipality	
	2009	2008	2009	2008
<b>16. LOANS TO MUNICIPAL ENTITIES</b>				
Durban Marine Theme Park (Proprietary) Limited	-	-	1,759	481,789
ICC Durban (Proprietary) Limited	-	-	226,590	226,590
Subtotal	-	-	228,349	708,379
Impairment of loans to municipal entities	-	-	(228,349)	(708,379)
	-	-	-	-

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

During the year a further loan of R15.9m was granted to Durban Marine Theme Park (Pty) Ltd. On 23rd June 2009 R496m was converted into 5 109 ordinary shares in the municipal entity. This loan was previously impaired. The reversal of the loan impairment as at 30 June 2008 amounting to R480m has been recognised as revenue in the current year.

In the prior year the loan of R156.9m to Durban Marine Theme Park (Pty) Ltd. was converted into 1 600 ordinary shares in the municipal entity. This loan was previously impaired in full. The reversal of the loan impairment as at 30 June 2007 amounting to R147m has been recognised as revenue in the prior year.

## 17. RECEIVABLES

### Long-term receivables

Loan:DIDT	150,784	138,058	150,784	138,058
Fair Value Adjustment	(37,413)	(52,837)	(37,413)	(52,837)
Terms and conditions				
Housing Selling scheme loans	165,800	183,133	165,800	183,133
Loan: I.C.C. Durban (Pty) Limited	-	-	727,444	749,295
Sewerage connection loans	6	11	6	11
Land sales	7,982	17,055	7,982	17,055
Education Loans	6,413	4,712	6,413	4,712
Sporting bodies	2,515	2,838	2,515	2,838
Car Loans	26	83	26	83
Housing Bonds	73	112	73	112
	<b>296,186</b>	<b>293,165</b>	<b>1,023,630</b>	<b>1,042,460</b>

### Less: Current portion transferred to current receivables

Housing Selling scheme loans	5,343	5,972	5,343	5,972
Sewerage connection loans	6	11	6	11
Land sales	7,982	17,055	7,982	17,055
Terms and conditions				
Education Loans	68	849	68	849
Sporting bodies	500	531	500	531
Car Loans	26	83	26	83
Housing Bonds	30	32	30	32
	<b>13,955</b>	<b>24,533</b>	<b>13,955</b>	<b>24,533</b>

### Non-current assets

Long-term receivables	282,232	268,632	1,009,675	1,017,927
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### Current assets

Long-term receivables	13,955	24,533	13,955	24,533
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# eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2009	2008	2009	2008

### Car loans

Senior staff are entitled to car loans which attract interest at 8.5% (2008: 15%) per annum and which are repayable over a maximum period of 1 year. These loans are repayable in the year 2010.

### Sewerage connection loans

To encourage property owners to connect to the reticulation system, low interest rate loans are made to provide the necessary financial assistance. These loans attract interest at a rate of 11% - 14% (2008:15%) per annum and are repayable over a maximum period of 1 year.

### Sporting Bodies Loans

These loans attract interest of 11% - 14% (2008:15%) per annum and are repayable over 20 to 50 years.

### Housing selling scheme loans

Housing loans are granted to qualifying individuals in terms of the provincial administration housing programme. These loans attract interest in terms of the State Directives and Guidelines and are repayable over 20 years. These loans will be repaid by the year 2011.

### I.C.C. (Pty) Limited

This relates to the building transferred to the ICC. The loan has been impaired to the carrying value of the building.

## 18. INVENTORIES

Unsold Properties held for resale	15,479	15,015	15,479	15,015
Food and Beverage	2,006	2,476	-	-
Consumable stores	198,369	123,585	197,335	122,855
Maintenance materials	206	243	206	243
Water	7,528	9,757	7,528	9,757
Merchandise	826	2,347	-	-
	<b>224,414</b>	<b>153,423</b>	<b>220,548</b>	<b>147,870</b>

The cost of inventories recognised as an expense during the period in respect of water sales was R1 008.6m (2008: R954.6m).

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## Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2009	2008	2009	2008
<b>19. CONSUMER DEBTORS</b>				
<b>Gross Balances</b>				
Rates	2,125,553	1,779,294	2,125,553	1,779,294
Electricity	644,746	517,844	644,746	517,844
Water	1,037,556	977,137	1,040,110	978,257
Refuse	10,665	8,842	10,665	8,842
Regional services levies	24,738	41,160	24,738	41,160
Housing rental	89,781	79,178	89,781	79,178
Waste water	11,347	9,583	11,347	9,583
I.C.C. Debtors	3,241	4,732	-	-
<b>Total</b>	<b>3,947,627</b>	<b>3,417,770</b>	<b>3,946,940</b>	<b>3,414,158</b>
<b>Less Provision for bad debts</b>				
Rates	(923,057)	(788,172)	(923,057)	(788,172)
Electricity	(157,649)	(140,000)	(157,649)	(140,000)
Water	(587,056)	(562,313)	(587,056)	(562,313)
Regional services levies	(24,738)	(41,160)	(24,738)	(41,160)
Housing rental	(61,469)	(56,787)	(61,469)	(56,787)
<b>Total</b>	<b>(1,753,969)</b>	<b>(1,588,432)</b>	<b>(1,753,969)</b>	<b>(1,588,432)</b>
<b>Net Balance</b>				
Rates	1,202,496	991,122	1,202,496	991,122
Electricity	487,097	377,844	487,097	377,844
Water	450,500	414,824	453,054	415,944
Refuse	10,665	8,842	10,665	8,842
Housing rental	28,312	22,391	28,312	22,391
Waste water	11,347	9,583	11,347	9,583
I.C.C. Debtors	3,241	4,732	-	-
<b>Total</b>	<b>2,193,658</b>	<b>1,829,338</b>	<b>2,192,971</b>	<b>1,825,726</b>
<b>Rates</b>				
Current (0 -30 days)	475,097	143,696	475,097	143,696
31 - 60 days	60,485	44,573	60,485	44,573
61 - 90 days	54,278	29,840	54,278	29,840
91 - 120 days	44,460	26,675	44,460	26,675
121 - 365 days	892,668	793,220	892,668	793,220
> 365 days	598,565	741,290	598,565	741,290
<b>Total</b>	<b>2,125,553</b>	<b>1,779,294</b>	<b>2,125,553</b>	<b>1,779,294</b>
<b>Electricity, Water, Solid Waste and Waste Water</b>				
Current (0 -30 days)	561,024	477,252	563,578	478,372
31 - 60 days	89,097	150,916	89,097	150,916
61 - 90 days	30,938	37,292	30,938	37,292
91 - 120 days	55,272	25,926	55,272	25,926
> 120 days	967,983	822,020	967,983	822,020
<b>Total</b>	<b>1,704,314</b>	<b>1,513,406</b>	<b>1,706,868</b>	<b>1,514,526</b>



# eThekweni Municipality and its Municipal Entities

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## Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2009	2008	2009	2008
<b>Regional services levies</b>				
121 - 365 days	-	41,160	-	41,160
> 365 days	24,738	-	24,738	-
<b>Total</b>	<b>24,738</b>	<b>41,160</b>	<b>24,738</b>	<b>41,160</b>
<b>Housing rental</b>				
Current (0 -30 days)	2,384	2,814	2,384	2,814
31 - 90 days	2,202	2,149	2,202	2,149
91 - 120 days	23,466	17,428	23,466	17,428
> 120 days	61,729	56,787	61,729	56,787
<b>Total</b>	<b>89,781</b>	<b>79,178</b>	<b>89,781</b>	<b>79,178</b>
<b>I.C.C. Debtors</b>				
Current (0 -30 days)	1,466	3,179	-	-
31 - 60 days	901	529	-	-
61 - 90 days	299	799	-	-
91 - 120 days	575	225	-	-
<b>Total</b>	<b>3,241</b>	<b>4,732</b>	<b>-</b>	<b>-</b>
<b>20. DEBTORS</b>				
Other Debtors	1,210,453	896,104	1,049,577	752,006
Fair Value Adjustment	(1,283)	(2,170)	(1,283)	(2,170)
Provision for bad debts	(165,704)	(49,038)	(165,711)	(53,770)
Insurance debtor	96,564	72,140	96,564	72,140
Accruals	1,236,509	872,027	1,236,509	872,027
Prepayments made in advance	21,027	19,505	15,721	11,218
Recoverable fruitless and wasteful expenditure	50	1,662	-	-
	<b>2,397,616</b>	<b>1,810,230</b>	<b>2,231,377</b>	<b>1,651,451</b>
<b>21. CALL INVESTMENT DEPOSITS</b>				
30 Day deposits	391,798	468,126	277,008	362,502
<b>22. VAT</b>				
<b>VAT reconciliation</b>				
VAT receivable	297,819	140,842	297,571	139,302
VAT payable	(24,104)	(24,113)	-	-
<b>Net Vat</b>	<b>273,715</b>	<b>116,729</b>	<b>297,571</b>	<b>139,302</b>

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

# eThekweni Municipality and its Municipal Entities

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## Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2009	2008	2009	2008
<b>23. PROPERTY RATES</b>				
<b>Rates received</b>				
Residential	1,579,023	1,459,521	1,579,023	1,459,521
Commercial	-	2,007,919	-	2,018,818
State	-	182,069	-	182,069
Municipal	3,963	-	3,963	-
Vacant Land	448,159	-	448,159	-
Industrial	703,769	-	703,769	-
Business & Commercial	970,280	-	976,526	-
Public Service Infrastructure	12,178	-	12,178	-
<b>Total Assessment Rates</b>	<b>3,717,372</b>	<b>3,649,509</b>	<b>3,723,618</b>	<b>3,660,408</b>

### Valuations

Residential	238,178,148	59,695,714	238,178,148	59,695,714
Commercial	-	37,795,301	-	37,795,301
State	-	5,179,125	-	5,179,125
Municipal	-	1,860,234	-	1,860,234
Agricultural	2,242,718	-	2,242,718	-
Vacant Land	22,372,230	-	22,372,230	-
Industrial	31,525,804	-	31,525,804	-
Business & Commercial	67,288,348	-	67,288,348	-
Public Service Infrastructure	7,547,558	-	7,547,558	-
Unauthorised / Illegal Development	5,220	-	5,220	-
<b>Total Property Valuations</b>	<b>369,160,026</b>	<b>104,530,374</b>	<b>369,160,026</b>	<b>104,530,374</b>

The following are the rate randages that were applied to the valuations in respect of the various categories: Residential - R 0.009; Agriculture - R 0.0023; Vacant Land - R 0.0357; Industrial - R 0.023; Business and Commercial - R 0.0179; Public Service Infrastructure - R 0.0023. All residential property owners are exempt from paying rates on the first R120 000 of their property value. Pensioners, child-headed households, disability grantees and the medically boarded are exempt from paying rates on the first R400 000 of their property value (inclusive of the R120 000 referred to earlier). No rates are levied on the first R30 000 value of vacant land.

In the prior year a rate randage of R0,3168 was applied to commercial and industrial land valuations and a randage of R0,0264 was applied to commercial and industrial building valuations. A rebate of 45 % was granted to commercial and industrial. A rebate of 50 % was granted to vacant land properties.

### 24. SERVICE CHARGES

Sale of electricity	4,445,450	3,622,574	4,459,743	3,631,136
Sale of water	1,534,692	1,524,489	1,538,140	1,531,291
Solid waste	149,653	138,244	149,653	138,244
Sewerage and sanitation charges	65,490	65,177	65,490	65,177
Other service charges	114,325	124,520	114,325	124,520
<b>Total service charges</b>	<b>6,309,610</b>	<b>5,475,004</b>	<b>6,327,351</b>	<b>5,490,368</b>

# eThekweni Municipality and its Municipal Entities

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Figures in Rand thousand	Group		Municipality	
	2009	2008	2009	2008
<b>25. GRANTS AND SUBSIDIES</b>				
Equitable share	1,619,300	1,314,837	1,619,300	1,314,837
Municipal infrastructure grant	371,216	358,449	371,216	358,449
Restructuring grant	-	100,000	-	100,000
European Union	45,133	44,783	45,133	44,783
Provincial health subsidies	28,747	36,912	28,747	36,912
Department of Transport and Public Transport Infrastructure	171,473	99,129	171,473	99,129
Department of Economic Activities and various Industries	1,054	1,820	1,054	1,820
Vuna Awards	183	1,036	183	1,036
2010 KZN Provincial grant	987,434	1,135,590	987,434	1,135,590
Department of Minerals and Energy Affairs	4,200	-	4,200	-
Other grants	97,602	85,163	83,176	68,428
Public Contributions	106	2,646	106	2,646
Neighbourhood Development Partnership	45,456	23,827	45,456	23,827
Disaster Fund	32,384	69,011	32,384	69,011
Department of Housing	451,315	92,634	451,315	92,634
Lamontville and R293 transfer Deeds	32	20,662	32	20,662
Danida	7,991	1,948	7,991	1,948
Grant Accreditation	8,135	8,178	8,135	8,178
Department of Local Government and Traditional Affairs	33	-	33	-
Provincial grants: Library Books	4,504	1,257	4,504	1,257
Metropolitan Transport Authority - Taxi ranks	5,678	5,612	5,678	5,612
A1 Grand Prix	1,000	3,868	1,000	3,868
Department of Provincial and Local Government	230	707	230	707
<b>Total grants and subsidies</b>	<b>3,883,206</b>	<b>3,408,069</b>	<b>3,868,780</b>	<b>3,391,334</b>
<b>Equitable share</b>				
Balance unspent at beginning of year	5,554	4,671	5,554	4,671
Current-year receipts	1,653,244	1,315,720	1,653,244	1,315,720
Conditions met - transferred to revenue	(1,619,300)	(1,314,837)	(1,619,300)	(1,314,837)
<b>Conditions still to be met - transferred to liabilities</b>	<b>39,498</b>	<b>5,554</b>	<b>39,498</b>	<b>5,554</b>
<p>In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. Unspent portion will be used to provide infrastructure development and job creation in INK as an urban regeneration programme.</p>				
<b>Municipal infrastructure grant</b>				
Balance unspent at beginning of year	445	1,813	445	1,813
Current-year receipts	370,962	357,081	370,962	357,081
Conditions met - transferred to revenue	(371,216)	(358,449)	(371,216)	(358,449)
<b>Conditions still to be met - transferred to liabilities</b>	<b>191</b>	<b>445</b>	<b>191</b>	<b>445</b>

This grant was used to construct roads and sewerage infrastructure.

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## Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2009	2008	2009	2008
<b>D Moss Land Sales</b>				
Balance unspent at beginning of year	9,041	8,926	9,041	8,926
Prior year over accrual	(605)	-	(605)	-
Current-year receipts	-	115	-	115
<b>Conditions still to be met - transferred to liabilities</b>	<b>8,436</b>	<b>9,041</b>	<b>8,436</b>	<b>9,041</b>

The above relates to funding for the acquisition of D Moss land.

### Disaster Fund

Balance unspent at beginning of year	67	-	67	-
Current-year receipts	32,317	69,078	32,317	69,078
Conditions met - transferred to revenue	(32,384)	(69,011)	(32,384)	(69,011)
<b>Conditions still to be met - transferred to liabilities</b>	<b>-</b>	<b>67</b>	<b>-</b>	<b>67</b>

Funding received for the financing of storm damage.

### Department of Economic Activities and various Industries

Balance unspent at beginning of year	3,832	2,978	3,832	2,978
Current-year receipts	-	2,674	-	2,674
Conditions met - transferred to revenue	(1,054)	(1,820)	(1,054)	(1,820)
<b>Conditions still to be met - transferred to liabilities</b>	<b>2,778</b>	<b>3,832</b>	<b>2,778</b>	<b>3,832</b>

Funding was obtained from various sources and local industries for the implementation of the South Durban Basin Multi Point Plan. The expenditure is incurred over a multi year period based on the rollout of the projects per programme. Further funding will be expended based on the outcome of the Air Quality Management Plan which is currently underway.

### Department of Transport and Public Transport Infrastructure

Balance unspent at beginning of year	25,661	33,139	25,661	33,139
Current-year receipts	167,250	91,651	167,250	91,651
Conditions met - transferred to revenue	(171,473)	(99,129)	(171,473)	(99,129)
<b>Conditions still to be met - transferred to liabilities</b>	<b>21,438</b>	<b>25,661</b>	<b>21,438</b>	<b>25,661</b>

The funds received and utilised relate to funding for subsidy for traffic and pedestrian planning as well as the Remant Alton Bus Operating subsidy. Unutilised funds will be expended in the forthcoming year.

### Neighbourhood Development Partnership

Balance unspent at beginning of year	20,070	-	20,070	-
Current-year receipts	50,602	43,897	50,602	43,897
Conditions met - transferred to revenue	(45,456)	(23,827)	(45,456)	(23,827)
<b>Conditions still to be met - transferred to liabilities</b>	<b>25,216</b>	<b>20,070</b>	<b>25,216</b>	<b>20,070</b>

Focus of the grant is to stimulate and accelerate investment in poor underserved residential neighbourhoods.

# eThekweni Municipality and its Municipal Entities

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## Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2009	2008	2009	2008
<b>European Union</b>				
Balance unspent at beginning of year	87,269	43,782	87,269	43,782
Current-year receipts	-	88,270	-	88,270
Conditions met - transferred to revenue	(45,133)	(44,783)	(45,133)	(44,783)
<b>Conditions still to be met - transferred to liabilities</b>	<b>42,136</b>	<b>87,269</b>	<b>42,136</b>	<b>87,269</b>

The Municipality has an Area-based Management Programme that focuses on key areas of the Council and enhances service delivery and stimulates job and income generation to these basic areas. The European Union formed a partnership with the Council on condition that the funds provided are to be utilised only in these specific areas.

### Other grants

Balance unspent at beginning of year	12,882	4,501	12,882	4,501
Reversal of prior year (over) under provision	(161)	339	(161)	339
Current-year receipts	89,927	76,470	89,927	76,470
Conditions met - transferred to revenue	(97,602)	(85,163)	(83,176)	(68,428)
<b>Conditions still to be met - transferred to liabilities</b>	<b>5,046</b>	<b>(3,853)</b>	<b>19,472</b>	<b>12,882</b>

Other Grants and subsidies were utilised during the year to fund various Council projects. The prior year information has been restated to provide the users of the financial statements with more useful information. A major portion of the prior year other grants information has been reclassified as separate grants.

### Department of Housing

Balance unspent at beginning of year	50,893	-	50,893	-
Current-year receipts	401,058	143,527	401,058	143,527
Conditions met - transferred to revenue	(451,315)	(92,634)	(451,315)	(92,634)
<b>Conditions still to be met - transferred to liabilities</b>	<b>636</b>	<b>50,893</b>	<b>636</b>	<b>50,893</b>

Funding for the administration of Hostels in KwaZulu Natal.

### Lamontville and R293 transfer Deeds

Balance unspent at beginning of year	1,601	1,603	1,601	1,603
Current-year receipts	50,621	20,660	50,621	20,660
Conditions met - transferred to revenue	(32)	(20,662)	(32)	(20,662)
<b>Conditions still to be met - transferred to liabilities</b>	<b>52,190</b>	<b>1,601</b>	<b>52,190</b>	<b>1,601</b>

This grant was used to fund the maintenance of the Lamontville houses as well as the transfer of the R293 township houses to the beneficiaries.

# eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2009	2008	2009	2008
<b>Danida</b>				
Balance unspent at beginning of year	384	391	384	391
Current-year receipts	9,580	1,941	9,580	1,941
Conditions met - transferred to revenue	(7,991)	(1,948)	(7,991)	(1,948)
<b>Conditions still to be met - transferred to liabilities</b>	<b>1,973</b>	<b>384</b>	<b>1,973</b>	<b>384</b>

These funds are used to enhance existing capacity in Urban Environmental Management. This programme prioritizes poverty reduction and building institutional capacity for enhanced local level delivery of environmentally sustainable services.

### Grant Accreditation

Balance unspent at beginning of year	545	223	545	223
Current-year receipts	8,000	8,500	8,000	8,500
Conditions met - transferred to revenue	(8,135)	(8,178)	(8,135)	(8,178)
<b>Conditions still to be met - transferred to liabilities</b>	<b>410</b>	<b>545</b>	<b>410</b>	<b>545</b>

These funds are for the administrative support provided for RDP houses.

### Department of Local Government and Traditional Affairs

Current-year receipts	12,200	-	12,200	-
Conditions met - transferred to revenue	(33)	-	(33)	-
<b>Conditions still to be met - transferred to liabilities</b>	<b>12,167</b>	<b>-</b>	<b>12,167</b>	<b>-</b>

Funding provided for the implementation of projects identified through the KZN Corridor Development Programme and to unlock strategic economic development opportunities within the Northern Municipal Planning Region (NMPR) of the city.

### Public Contributions

Balance unspent at beginning of year	135,187	7,087	135,187	7,087
Current-year receipts	79,524	130,746	79,524	130,746
Conditions met - transferred to revenue	(106)	(2,646)	(106)	(2,646)
<b>Conditions still to be met - transferred to liabilities</b>	<b>214,605</b>	<b>135,187</b>	<b>214,605</b>	<b>135,187</b>

The grants were received from various organisations to finance various developments. Included in the above is funding received from Tsogo Sun for the Suncoast precinct upgrade and the Inner City Distribution System. The above also includes a grant to fund the Bayhead Bridge Development Project which was funded by Council in the current year. The above funding will be used in the 2009/10 financial year.

### 2010 KZN Provincial grant

Balance unspent at beginning of year	178,469	11,000	178,469	11,000
Current-year receipts	1,174,209	1,303,059	1,174,209	1,303,059
Conditions met - transferred to revenue	(987,434)	(1,135,590)	(987,434)	(1,135,590)
<b>Conditions still to be met - transferred to liabilities</b>	<b>365,244</b>	<b>178,469</b>	<b>365,244</b>	<b>178,469</b>

The grant was received for the building of the stadium and other constructions in preparation of 2010 bid . No funds were withheld.

# eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2009	2008	2009	2008
<b>Provincial grants: Library Books</b>				
Current-year receipts	4,504	1,257	4,504	1,257
Conditions met - transferred to revenue	(4,504)	(1,257)	(4,504)	(1,257)
<b>Conditions still to be met - transferred to liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

This grant was utilised to fund the acquisition of library materials.

### Metropolitan Transport Authority - Taxi ranks

Balance unspent at beginning of year	32	-	32	-
Current-year receipts	5,678	5,644	5,678	5,644
Conditions met - transferred to revenue	(5,678)	(5,612)	(5,678)	(5,612)
<b>Conditions still to be met - transferred to liabilities</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>32</b>

Funding from eThekwini Transport fund to contribute towards the upgrading of Taxi Ranks.

### A1 Grand Prix

Balance unspent at beginning of year	2,230	6,098	2,230	6,098
Prior year over accrual	(586)	-	(586)	-
Conditions met - transferred to revenue	(1,000)	(3,868)	(1,000)	(3,868)
<b>Conditions still to be met - transferred to liabilities</b>	<b>644</b>	<b>2,230</b>	<b>644</b>	<b>2,230</b>

Funding received for the A1 Grand Prix related roadwork.

### Department of Minerals and Energy Affairs

Current-year receipts	4,200	-	4,200	-
Conditions met - transferred to revenue	(4,200)	-	(4,200)	-
<b>Conditions still to be met - transferred to liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The grant was used to finance the gas-to-electricity capital project.

### Department of Provincial and Local Government

Balance unspent at beginning of year	2,511	3,218	2,511	3,218
Conditions met - transferred to revenue	(230)	(707)	(230)	(707)
<b>Conditions still to be met - transferred to liabilities</b>	<b>2,281</b>	<b>2,511</b>	<b>2,281</b>	<b>2,511</b>

Grant to be utilised for the Shembe Development Precinct (Rural ABM) and the acquisition of land for the Bridge City Project (INK).



# eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2009	2008	2009	2008
<b>Provincial health subsidies</b>				
Inventory received	2,725	10,384	2,725	10,384
Current-year receipts	26,022	26,528	26,022	26,528
Conditions met - transferred to revenue	(28,747)	(36,912)	(28,747)	(36,912)
<b>Conditions still to be met - transferred to liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The Municipality renders health services on behalf of the Provincial Government. This grant has been used exclusively to fund clinic services (included in the public health vote in Appendix F). The conditions of the grant have been met. There was no delay or withholding of the subsidy.

### Restructuring grant

Current-year receipts	-	100,000	-	100,000
Conditions met - transferred to revenue	-	(100,000)	-	(100,000)
<b>Conditions still to be met - transferred to liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

This grant was used for the implementation of the Municipal Property Rates Act No. 6 of 2004. No funds have been withheld.

### Vuna Awards

Balance unspent at beginning of year	3,239	1,875	3,239	1,875
Current-year receipts	-	2,400	-	2,400
Conditions met - transferred to revenue	(183)	(1,036)	(183)	(1,036)
<b>Conditions still to be met - transferred to liabilities</b>	<b>3,056</b>	<b>3,239</b>	<b>3,056</b>	<b>3,239</b>

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

# eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2009	2008	2009	2008
<b>26. OTHER INCOME</b>				
Housing :Development Income	979,625	328,664	979,625	328,664
Sundry Income	488,765	447,793	302,291	225,154
	<b>1,468,390</b>	<b>776,457</b>	<b>1,281,916</b>	<b>553,818</b>
<b>27. FAIR VALUE ADJUSTMENTS</b>				
Fair Value Adjustment - Creditors	(12,391)	106,069	(12,391)	106,069
Fair Value Adjustment - Debtors	887	(2,170)	887	(2,170)
Fair Value Adjustment - Long-term Receivables	15,424	(52,838)	15,424	(52,838)
Investments - Financial Instruments	(4,413)	(30,445)	(4,413)	(30,445)
	<b>(493)</b>	<b>20,616</b>	<b>(493)</b>	<b>20,616</b>
<b>28. EMPLOYEE RELATED COSTS</b>				
Employee related costs-Salaries and Wages	2,579,582	2,227,825	2,506,046	2,164,524
Bonus	550	450	-	-
Medical aid and Pension Benefits	5 827,322	507,400	825,537	505,442
UIF	25,220	23,092	20,156	18,459
Leave pay provision contribution	126,889	62,256	126,476	61,569
Travel, motor car, accommodation, subsistence and other allowances	105,931	92,015	105,931	91,742
Overtime payments	283,849	223,347	281,906	221,563
Long-service awards	32	5,921	32	5,921
13th Cheques	-	1,263	-	-
Housing benefits and allowances	35,339	31,700	35,339	31,700
Holiday Bonus	158,399	142,230	158,399	142,230
Other	30,174	17,909	30,174	17,909
Less: Employee costs capitalised to PPE	(989)	(25,369)	(989)	(25,369)
	<b>4,172,298</b>	<b>3,310,039</b>	<b>4,089,007</b>	<b>3,235,690</b>
There were no advances to employees. Loans to employees are set out in note 17.				
Included in the employee related costs are the following:				
<b>Remuneration of the Municipal Manager</b>				
Annual Remuneration	1,253	1,150	1,253	1,150
Car Allowance	102	102	102	102
Market Allowance	382	-	382	-
Contributions to UIF, Medical Aid and Pension Funds	1	1	1	1
<b>Total</b>	<b>1,738</b>	<b>1,253</b>	<b>1,738</b>	<b>1,253</b>
<b>Remuneration of the Chief Finance Officer</b>				
Annual Remuneration	875	808	875	808
Car Allowance	280	259	280	259
Market Allowance	242	-	242	-
Contributions to UIF, Medical Aid and Pension Funds	183	171	183	171
<b>Total</b>	<b>1,580</b>	<b>1,238</b>	<b>1,580</b>	<b>1,238</b>

# eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2009	2008	2009	2008
<b>Safety and Security</b>				
Annual Remuneration	1,154	-	1,154	-
Contributions to UIF, Medical and Pension Funds	1	-	1	-
<b>Total</b>	<b>1,155</b>	<b>-</b>	<b>1,155</b>	<b>-</b>

The above post was vacant for part of the year (Prior year : One Official for Health, Safety and Social Services).

### Health and Social Services

Annual Remuneration	953	-	953	-
Market Allowance	70	-	70	-
Contributions to UIF, Medical and Pension Funds	23	-	23	-
Car Allowance	180	-	180	-
<b>Total</b>	<b>1,226</b>	<b>-</b>	<b>1,226</b>	<b>-</b>

The above post was vacant for part of the year (Prior year : One Official for Health, Safety and Social Services).

### Governance

Annual Remuneration	875	808	875	808
Car Allowance	280	259	280	259
Market Allowance	121	-	121	-
Contributions to UIF, Medical Aid and Pension Funds	178	164	178	164
<b>Total</b>	<b>1,454</b>	<b>1,231</b>	<b>1,454</b>	<b>1,231</b>

### Corporate and Human Resources

Annual Remuneration	161	875	161	875
Car Allowance	28	165	28	165
Contributions to UIF, Medical Aid and Pension Funds	4	26	4	26
<b>Total</b>	<b>193</b>	<b>1,066</b>	<b>193</b>	<b>1,066</b>

The above post was vacant for 10 months of the year.

### Health, Safety and Social Services

Annual Remuneration	-	384	-	384
Car Allowance	-	60	-	60
Contributions to UIF, Medical Aid and Pension Funds	-	1	-	1
<b>Total</b>	<b>-</b>	<b>445</b>	<b>-</b>	<b>445</b>

In the current year this post was allocated to two officials i.e. Safety and Security and Health and Social Services. In the prior year the above post was vacant for part of the year.

# eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2009	2008	2009	2008
<b>Procurements and Infrastructure</b>				
Annual Remuneration	1,068	982	1,068	982
Car Allowance	60	60	60	60
Market Allowance	210	-	210	-
Contributions to UIF, Medical Aid and Pension Funds	28	25	28	25
<b>Total</b>	<b>1,366</b>	<b>1,067</b>	<b>1,366</b>	<b>1,067</b>
<b>Sustainable Development and City Enterprises</b>				
Annual Remuneration	950	-	950	-
Car Allowance	180	-	180	-
Contributions to UIF, Medical and Pension Funds	26	-	26	-
<b>Total</b>	<b>1,156</b>	<b>-</b>	<b>1,156</b>	<b>-</b>
<b>I.C.C.: Remuneration of the Chief Executive Officer</b>				
Annual Remuneration	1,114	1,178	-	-
Car Allowance	61	77	-	-
Performance Bonuses	107	-	-	-
Contributions to UIF, Medical and Pension Funds	102	116	-	-
<b>Total</b>	<b>1,384</b>	<b>1,371</b>	<b>-</b>	<b>-</b>
<b>I.C.C.: Remuneration of Executive Managers</b>				
Annual Remuneration	3,264	2,524	-	-
Car Allowance	196	196	-	-
Performance Bonuses	114	171	-	-
Contributions to UIF, Medical and Pension Funds	395	279	-	-
<b>Total</b>	<b>3,969</b>	<b>3,170</b>	<b>-</b>	<b>-</b>
<b>Durban Marine Theme Park</b>				
Chairman Fees	24	24	-	-
Directors Fees	139	10	-	-
Directors Expenses	-	18	-	-
<b>Total</b>	<b>163</b>	<b>52</b>	<b>-</b>	<b>-</b>

# eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2009	2008	2009	2008

### 29. REMUNERATION OF COUNCILLORS

Mayor	959	807	959	807
Deputy Mayor	885	745	885	745
Mayoral Committee Members	3,010	2,545	3,010	2,545
Speaker	916	503	916	503
Councillors	58,661	49,862	58,661	49,862
Councillors' pension contribution	5,240	4,571	5,240	4,571
<b>Total Councillors' Remuneration</b>	<b>69,671</b>	<b>59,033</b>	<b>69,671</b>	<b>59,033</b>

#### *In-kind Benefits:*

The Mayor, Deputy Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor and the Deputy Mayor each have the use of separate Council owned vehicles for official duties.

The Mayor has three full-time bodyguards . The Deputy Mayor and speaker have two full-time bodyguards.

### 30. FINANCE COSTS

Non-current borrowings	596,458	536,942	588,973	513,887
Consumer Deposits	4,167	6,914	4,167	6,914
Other interest paid	85,360	78,547	92,344	85,803
<b>Total Finance costs</b>	<b>685,985</b>	<b>622,403</b>	<b>685,484</b>	<b>606,604</b>

An amount of R311.2m relating to borrowing costs was capitalised to work-in-progress with 9.86% (2008: 10.21%) being the weighted average cost of funds borrowed generally by the municipality.

### 31. BULK PURCHASES

Electricity	2,640,807	1,961,355	2,640,807	1,961,355
Water	1,008,529	954,503	1,008,529	954,503
<b>Total Bulk Purchases</b>	<b>3,649,336</b>	<b>2,915,858</b>	<b>3,649,336</b>	<b>2,915,858</b>

### 32. GRANTS AND SUBSIDIES PAID

Grant paid :Durban Arts Association	2,646	2,497	2,646	2,497
Grant paid: Enhanced Extended Discount Benefit	18,401	13,230	18,401	13,230
Grant paid: Sporting Organisations	(9,094)	20,413	801	29,713
Grant paid: Playhouse Company	2,633	2,484	2,633	2,484
Grant paid: Natal Philharmonic Orchestra	6,328	5,600	6,328	5,600
Grant paid: Tourism Indaba	6,878	7,656	6,878	7,656
Grant paid: Trade Point Durban	893	1,300	893	1,300
Grant paid: Food Aid Program	38	5,226	38	5,226
Grant paid: Other	54,636	48,122	54,636	48,122
<b>Total Grants and Subsidies Paid</b>	<b>83,359</b>	<b>106,528</b>	<b>93,254</b>	<b>115,828</b>

### 33. GENERAL EXPENSES

General Expenses	1,093,902	901,641	964,325	762,588
Housing: Development Expenditure	979,625	328,664	979,625	328,664
	<b>2,073,527</b>	<b>1,230,305</b>	<b>1,943,950</b>	<b>1,091,252</b>

# eThekweni Municipality and its Municipal Entities

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## Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2009	2008	2009	2008
<b>34. CASH GENERATED FROM OPERATIONS</b>				
Surplus before taxation	2,173,925	3,905,104	2,563,807	4,056,913
<b>Adjustments for:</b>				
Depreciation - property, plant and equipment	1,042,409	786,615	981,553	726,172
Amortisation of intangibles	78,640	68,402	78,369	67,361
Depreciation of investment properties	4,655	5,184	801	801
Surplus on sale of assets	(31,509)	(69,365)	(31,509)	(69,360)
Deficit on sale of assets	3,572	3,338	2,879	3,338
Contribution to bad debt provision	478,013	376,629	772,536	375,655
Reversal of loss on Impairment	-	-	(480,029)	(146,960)
Share of income from joint venture	-	-	(19,601)	(63,794)
Loss on Impairment of Investment in Municipal Entity	-	-	133,608	-
Interest earned - other	(720,379)	(581,929)	(689,426)	(566,322)
Finance Costs	685,985	629,698	685,484	606,604
Fair value adjustments	493	(20,616)	493	(20,616)
Loss on impairment	3,258	-	21,850	70,374
Servitudes write-off	9,497	-	9,497	-
Increase (decrease) in deferred expense	13,855	16,182	(2,327)	16,182
Movements in retirement benefit assets and liabilities	215,432	(39,141)	215,432	(39,141)
Contributions to provisions - non current	72,015	7,619	72,015	7,619
Contributions to provisions - current	12,379	(630)	12,589	23
Increase (decrease) in deferred income	2,484	(1,384)	-	-
<b>Changes in working capital:</b>				
Inventories	(70,991)	(11,458)	(72,678)	(9,841)
Decrease/(increase) in other debtors	(589,757)	(287,655)	(807,859)	(449,321)
Decrease/(increase) in consumer debtors	(842,333)	(433,123)	(910,961)	(428,751)
Increase in Creditors	631,447	613,752	633,564	705,576
Increase in deposits	93,830	65,406	90,653	64,218
(Decrease)/Increase in VAT	(156,986)	(70,118)	(158,269)	(67,119)
Increase in Unspent conditional grants and receipts	258,064	398,944	272,491	408,605
	<b>3,367,998</b>	<b>5,361,454</b>	<b>3,374,962</b>	<b>5,248,216</b>
<b>35. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION</b>				
Long-term liabilities	6,163,292	5,412,801	6,070,319	5,322,783
Used to finance property, plant and equipment – at cost	(6,163,292)	(5,412,801)	(6,070,319)	(5,322,783)
	-	-	-	-
Cash set aside for the repayment of long-term liabilities	23,179	19,215	23,179	19,215

# eThekweni Municipality and its Municipal Entities

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## Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2009	2008	2009	2008
<b>36. COMMITMENTS</b>				
<b>36.1 Commitments in respect of capital expenditure</b>				
<b>Approved and contracted for</b>				
• Infrastructure	1,637,631	1,330,556	1,637,631	1,330,556
• Community	325,150	3,512	325,150	3,512
• Land and buildings	161,022	566	161,022	566
• Other assets	20,444	12,007	20,444	12,007
<b>Approved but not yet contracted for</b>				
• Infrastructure	97,988	466,924	97,988	466,924
• Community	1,500	14,600	1,500	14,600
• Other	-	3,269	-	3,269
Land and Buildings	3,000	-	3,000	-
<b>Total</b>	<b>2,246,735</b>	<b>1,831,434</b>	<b>2,246,735</b>	<b>1,831,434</b>
<b>Operating leases – as lessee (expenditure)</b>				
<b>Minimum lease payments due</b>				
- within one year	35,230	36,627	36,938	36,469
- in second to fifth year inclusive	147,042	228,693	122,831	228,693
- later than five years	23,751	87,084	43,965	87,084
	<b>206,023</b>	<b>352,404</b>	<b>203,734</b>	<b>352,246</b>

Durban Marine Theme Park (Pty) Ltd : The operating lease agreement expired on 31 May 2009.

### 36.2 Operating leases – as lessor (income)

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

- within one year	16,576	14,198	-	-
- in second to fifth year inclusive	41,869	36,686	-	-
	<b>58,445</b>	<b>50,884</b>	-	-

Durban Marine Theme Park Pty (Ltd) : The operating leases relate to rental contracts derived from Ushaka Village Walk. The lease agreements were entered into on various dates and will be operational for varying periods, the last expiring on 28 February 2017. 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 10%.



# eThekwini Municipality and its Municipal Entities

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## Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2009	2008	2009	2008

### 37. CONTINGENCIES

Contractual Disputes	-	730	-	730
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Various departments within the municipality have price disputes with certain contractors.

Self Insurance Reserve	18,643	14,878	18,643	14,878
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Various claims submitted to the Insurance department of the municipality are under dispute. The estimated liability of such claims is disclosed.

Property Rates	53,900	-	53,900	-
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During the implementation of the Municipal Property Rates Act (MPRA), ratepayers were given the opportunity to object to the property valuations used in the computation of their property rates charge. These objections were investigated and resolved. Ratepayers that were dissatisfied with the results of the response may lodge an appeal in terms of the MPRA. The appeals process will commence in the near future, once an appeals board has been established by Provincial Treasury to resolve appeals. The valuers from eValuations will be required to attend the appeals hearing in terms of Section 75(3) of the MPRA and their contract. If the ratepayers are successful in their appeal, the above rates revenue recognised for the year will have to be reversed.

Bank Guarantees	15,508	5,508	15,508	5,508
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These guarantee's are issued in favour of the following:

- The Member(s), Jeena's Warehouse Close Corporation: R3.6m (Standard Bank) dated 11 November 1998;
- S.A. Post Office: R0.008m (Standard Bank) dated 11 December 1998;
- S.A. Post Office: R1.9m (Standard Bank) dated 11 August 2004;
- Durban Marine Theme Park: R10m (First National Bank) dated 29 January 2009.

Legal Claims	1,229	-	1,229	-
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Various claims submitted to the legal department of the municipality are in the process of being resolved. The estimated liability of such claims, should the claimant be successful, is disclosed.

### 38. RELATED PARTIES

#### Relationships

Municipal Entities

Durban Marine Theme Park (Proprietary) Limited  
I.C.C. Durban (Proprietary) Limited

Refer to note 13

Joint Venture

Ethekwini Transport Authority  
Riverhorse Valley Joint Venture

Refer to note 15

Councillors / Official with significant influence

Durban Infrastructural Development Trust

Trustees:

- G.M. Borman - Councillor
- R.D. Macpherson - Councillor
- V.G. Reddy - Councillor
- J. Balwanth - Council Official
- M. Tembe - Independent 3rd party
- P. Ngcobo - Independent 3rd party
- K. Rangunandan - Independent 3rd party

Councillors / Officials with significant influence

Metro Club Trust Fund

Trustees:

- Z.R.T. Gumede - Councillor
- V.G. Reddy - Councillor
- B.N. Magwaza - Council Official
- S.O. Cele - Council Official

# eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2009	2008	2009	2008
<b>38. Related parties (continued)</b>				
<b>Related party balances</b>				
<b>Loan accounts - Owing by related parties</b>				
I.C.C. Durban (Proprietary) Limited			1,037,420	1,037,420
Durban Marine Theme Park (Proprietary) Limited			1,759	481,789
Loans fully impaired			(311,736)	(769,917)
Durban Infrastructural Development Trust			138,096	138,058
			<b>865,539</b>	<b>887,350</b>
<b>Amounts included in Trade Receivable regarding related parties</b>				
I.C.C. Durban (Proprietary) Limited			1,159	478
Durban Marine Theme Park (Proprietary) Limited			1,395	1,121
			<b>2,554</b>	<b>1,599</b>
<b>Amounts included in Trade Payable regarding related parties</b>				
I.C.C. Durban (Proprietary) Limited			1,448	1,208
Durban Marine Theme Park (Proprietary) Limited			1,555	459
Metro Club Trust Fund			912	1,503
EtheKwini Transport Authority			58,647	67,788
			<b>62,562</b>	<b>70,958</b>
<b>Related party transactions</b>				
<b>Sales to related parties</b>				
I.C.C. Durban (Proprietary) Limited:				
Electricity			4,639	3,710
Water			507	973
Operating Lease Rentals - Centrum Parking			203	-
Rates			6,246	8,054
Durban Marine Theme Park (Proprietary) Limited				
Electricity			9,642	7,586
Water			2,942	3,108
Interest			-	11,100
Riverhorse Valley Joint Venture				
Electricity and Water			12	42
Income from Joint Venture			19,601	63,794
			<b>43,792</b>	<b>98,367</b>
<b>Purchases from related parties</b>				
I.C.C. Durban (Proprietary) Limited				
General Expenses			7,956	5,262
Durban Marine Theme Park (Proprietary) Limited				
General Expenses			6,101	1,642
EtheKwini Transport Authority				
General Expenses			10,856	10,179

# eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## Notes to the Annual Financial Statements

Figures in Rand thousand

### 38. Related parties (continued)

<b>24,913</b>	<b>17,083</b>
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### 39. CHANGE IN ACCOUNTING POLICY

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the full compliance of GRAP Standards and the expiry of exemptions as per Government Gazette no. 30013, details of which are as follows:

#### Debtors, Creditors and Investments:

During the year the municipality changed its accounting policy for the subsequent measurement of financial instruments from the previous basis of historical cost to fair value. The change in accounting policy is in full compliance with IAS 39: Financial Instruments - Recognition and measurement.

#### Leases:

During the year the municipality changed its accounting policy for the measurement of lease costs from the previous basis of actual costs paid to the straight-line basis. The change in accounting policy is in full compliance with GRAP 13 - Leases.

#### Property, Plant and Equipment:

During the year the municipality changed its accounting policy for depreciating property, plant and equipment so as to comply more fully with GRAP 17 - Property, Plant and Equipment. The useful lives of assets were reviewed and resulted in changes to the useful lives of certain categories of assets.

The changes in accounting policies have been accounted for retrospectively. The comparative statements for the 2008 year have been restated to conform to the changed policies. The effects of the changes are detailed below:

#### Debtors

Balance previously reported	-	1,812,400	-	1,653,621
Fair value adjustment	-	(2,170)	-	(2,170)
	-	<b>1,810,230</b>	-	<b>1,651,451</b>

#### Creditors

Balance previously reported	-	4,090,758	-	4,096,910
Fair value adjustment	-	(106,069)	-	(106,069)
Deferred Expense - Leases	-	16,182	-	16,182
	-	<b>4,000,871</b>	-	<b>4,007,023</b>

#### Investments

Balance previously reported	-	323,008	-	323,008
Fair value adjustment	-	(30,445)	-	(30,445)
	-	<b>292,563</b>	-	<b>292,563</b>

#### Long-term Receivables

Balance previously reported	-	321,469	-	1,070,764
Fair value adjustment	-	(52,837)	-	(52,837)
	-	<b>268,632</b>	-	<b>1,017,927</b>

#### Property, Plant and Equipment

Balance previously reported	-	16,593,652	-	15,324,999
Accumulated Depreciation adjustment - prior to 2007/08	-	1,668,521	-	1,668,521
Depreciation adjustment - 2007/08	-	183,349	-	183,349
I.C.C. - Prior year adjustment	-	796	-	-

# eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2009	2008	2009	2008
<b>39. CHANGE IN ACCOUNTING POLICY (continued)</b>	-	<b>18,446,318</b>	-	<b>17,176,869</b>
<b>Accumulated Surplus</b>				
Balance previously reported	-	7,950,515	-	7,694,759
Accumulated Depreciation adjustment - prior to 2007/08	-	1,668,521	-	1,668,521
Depreciation adjustment - 2007/08	-	183,349	-	183,349
Fair value adjustment - Debtors	-	(2,170)	-	(2,170)
Fair value adjustment - Long-term Receivables	-	(52,837)	-	(52,837)
Fair value adjustment - Creditors	-	106,069	-	106,069
Fair value adjustment - Investments	-	(30,445)	-	(30,445)
Deferred Expense - Leases	-	(16,182)	-	(16,182)
Value of Reserves now disclosed as part of Accumulated Surplus	-	5,701,801	-	5,701,801
Ethekwini Transport Authority	-	53,299	-	-
I.C.C. - Prior year adjustment	-	(327)	-	-
	-	<b>15,561,593</b>	-	<b>15,252,865</b>

# eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2009	2008	2009	2008

### 40. POST REPORTING DATE EVENTS

#### Establishment of the Regional Electricity Distributors

A Cabinet decision was taken on the 25 October 2006 where approval was given to the proposal of creating six Regional Electricity Distributors which will be established as public entities under the auspices of the Electricity Distribution Industry (EDI) Holdings (Ltd). These entities will be accountable to the Ministry of Minerals and Energy. The latest information on the RED formation is that a Constitution Seventeenth Amendment Bill is being introduced in the National Assembly, proposing constitutional changes to expedite the formation of the REDS. Public opinion is being invited on these proposals (Government Gazette dd 2009/06/17). The establishment of the REDS and the consequent financial impact thereof currently hinges on the outcome of the abovementioned proposed amendments.

#### Durban Transport (Remant Alton)

Durban Transport (Remant Alton) gave notice to terminate the Durban Transport negotiated contract with effect from 30 June 2009. This notice was noted by the executive committee at its meeting held on 19th June 2009. In terms of the contract, as Remant Alton was unable to find an alternate operator to operate the service, the KwaZulu Natal Department of Transport intervened and appointed Transnat Africa as interim operator in the remaining period of the existing contract ending in September 2010. This appointment has been made on basically the same terms and conditions as the previous operator. The bus service started operating with effect from 3rd August 2009.

### 41. TRAFFIC FINES

Traffic fines issued but not yet recovered at year end.	897,427	904,289	897,427	904,289
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The recoverability of outstanding traffic fines is uncertain.

In the prior year an application was made to the Directorate of Public Prosecutions and in summary the following has been approved:

- (a) all outstanding fines prior to and including 31 December 2004 to be withdrawn;
- (b) all fines from 1 January 2005 to be reduced by 50%;
- (c) that the incentive referred to in item (a) and (b) to be applicable provided that all outstanding fines are settled in full;
- (d) this incentive will run for a period of three months, whereafter Metro Police Department will implement stringent measures to enforce collection of fines in respect of individuals who have failed to take advantage thereof.

This directive was effective from 4 June 2008 to 30 November 2008..

### 42. COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexure's E(1) and E(2).

# eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2009	2008	2009	2008

### 43. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

A material case reported during the 2008/09 year is included below:

Overpayment to contractor for supplies	1,402	-	1,402	-
Manipulation of Tender Process	-	1,784	-	1,784
Theft of Municipal Vehicle	-	950	-	950
Manipulation of Property Valuations resulting in reduction of Rates Income	-	306	-	306
Durban Marine Theme Park (Pty) Ltd. - Misappropriation of funds relating to ticketing and cash office systems	-	1,807	-	-
Non-compliance with Supply Chain Management policy	1,361	-	-	-
I.C.C. Durban (Pty) Ltd. - Misappropriation of funds relating to Accounts Payable	-	1,662	-	-

Investigations are still in progress regarding 15 other incidents, the details of which are summarised as follows:

- 13 cases relating to non-compliance with Supply Chain Management policy totalling R45.5million.
- 2 cases relating to contractual overpayments totalling R1.6million.

#### Irregular expenditure

##### Reconciliation of irregular expenditure

Opening balance	8,996	5,793	5,527	5,793
Irregular expenditure current year	2,763	6,509	1,402	3,040
Condoned or written off by Council	-	(3,000)	-	(3,000)
Rates Income Recovered	-	(306)	-	(306)
Durban Marine Theme Park (Pty) Ltd. - Recovery from Insurers	(810)	-	-	-
Write-off	(997)	-	-	-
I.C.C. Durban (Pty) Ltd. - Recovery from Insurers	(1,612)	-	-	-
<b>Irregular expenditure awaiting condonement</b>	<b>8,340</b>	<b>8,996</b>	<b>6,929</b>	<b>5,527</b>

### 44. ADDITIONAL DISCLOSURE IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

#### Contributions to organized local government

Council subscriptions	5,779	6,000	5,779	6,000
Amount paid - current year	(5,779)	(6,000)	(5,779)	(6,000)
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### Audit fees

Current year audit fee	3,166	1,554	1,972	855
Previous years audit fee	9,854	8,314	9,854	8,314
Amount paid - current year	(3,166)	(1,554)	(1,972)	(855)

# eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## Notes to the Annual Financial Statements

Figures in Rand thousand	Group		Municipality	
	2009	2008	2009	2008
Amount paid - previous years	(9,854)	(8,314)	(9,854)	(8,314)
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VAT</b>				
VAT received(paid) for the year	570,714	309,718	570,714	309,718
<b>PAYE and UIF</b>				
Opening balance	278	226	-	-
Current year payroll deductions	489,458	411,092	480,586	403,093
Amount paid - current year	(489,166)	(410,814)	(480,586)	(403,093)
Amount paid - previous years	(278)	(226)	-	-
<b>Balance unpaid (included in creditors)</b>	<b>292</b>	<b>278</b>	<b>-</b>	<b>-</b>
<b>Pension and Medical Aid Deductions</b>				
Opening balance	435	259	-	-
Current year payroll deductions and Council Contributions	851,735	716,405	841,280	707,463
Amount paid - current year	(851,256)	(715,970)	(841,280)	(707,463)
Amount paid - previous years	(435)	(259)	-	-
<b>Balance unpaid (included in creditors)</b>	<b>479</b>	<b>435</b>	<b>-</b>	<b>-</b>

### Councillors arrears

The following Councillors had arrear accounts outstanding for more than 90 days at any point of the respective financial years:

<b>30 June 2009</b>	<b><u>Amount Outstanding Rands</u></b>	<b><u>Amount Outstanding Rands</u></b>
Councillor Naidoo P.	1,691	1,691
Councillor Ndlovu	9,154	9,154
Councillor Zwane P.S.	450	450
Councillor Mngwengwe B.V.	4,842	-
Councillor Shabalala A.N.	2,522	-
Councillor Mpungose N.E.	1,891	-
	<b>20,550</b>	<b>20,550</b>

<b>30 June 2008</b>	<b><u>Amount Outstanding Rands</u></b>	<b><u>Amount Outstanding Rands</u></b>
Councillor Madlala P.N.	854	854
Councillor Mabuza F.T.	76	76
Councillor Mbambo V.J.	4,764	4,764
Councillor Ntanzu P.N.	8,006	8,006
Councillor Pillay P.	1,074	1,074
Councillor Mngwengwe B.V.	5,053	5,053
Councillor Gumede	98	98
	<b>19,925</b>	<b>19,925</b>

# **eThekweni Municipality and its Municipal Entities**

Annual Financial Statements for the year ended 30 June 2009

## **NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

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Figures in Rand thousand

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### **45. COMPARATIVE FIGURES**

Certain comparative figures have been restated (refer note 39 for details).

### **46. TAXATION**

No provision has been made for the taxation of municipal entities as they have an assessed loss of R415 614 402 (2008: R382 484 831), which is available for set-off against future taxable income. No deferred tax asset has been raised.

### **47. LEASES (INCOME) - LESSOR**

Rental income recognised from operating leases have not been accounted for on the straight-line basis over the lease terms for the following reasons:

Approximately 50% of lease income is short term ie. the lease is terminable at 1 to 3 months notice;  
Approximately 45% of long term lease income is based on turnover ie. subjective and not fixed.

Lease income is recognised as it accrues. The straight-lining of lease income is considered not to provide a fair reflection of income from leases.

### **48. DISCLOSURE IN TERMS OF SUPPLY CHAIN MANAGEMENT POLICY**

During the year there were contract awards of more than R2 000 to various people who are spouse's, children or parents of people in the service of the municipality amounting to R98.67 million.

Contract awards in terms of Section 36 (Deviation from, and ratification of minor breaches of, procurement processes) of the Supply Chain Management Policy amounted to R680.7 million.

### **49. FINANCIAL INSTRUMENTS**



# eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

### 49. FINANCIAL INSTRUMENTS (continued)

Exposure to interest rate, credit risk and liquidity risks arise in the normal course of the municipality's operations.

#### **Financial Risk Management:**

The Municipality has exposure to the following risks from its use of Financial Instruments:

- Liquidity risk
- Interest rate risk
- Credit risk

This note presents information about the Municipality's exposure to each of the above risks and the Municipality's objectives, policies and processes for measuring and managing risks.

Further quantitative disclosures are included throughout these financial statements.

The Accounting Officer has overall responsibility for the establishment and oversight of the Municipality's risk management framework. The Municipality's risk management policies are established to identify and analyse the risks faced by the Municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes to market conditions and the Municipality's activities.

The Municipality, through its training and management standards and procedures, aims to develop a disciplined and constructive environment in which all employees understand their roles and obligations.

#### **Categories of Financial Instruments - Group:**

	2009	2008
	R	R
<b>Financial Assets:</b>		
Investments and Receivables		
Investments	2,692,114	4,397,316
Cash and cash equivalents	454,802	559,762
Long-term receivables	283,499	293,165
Consumer Debtors	2,193,658	1,829,338
Debtors	2,397,616	1,810,230
<b>Financial Liabilities:</b>		
Liabilities and Creditors		
Long-term liabilities	6,163,292	5,412,801
Creditors	4,658,565	4,000,871

#### **Fair values versus carrying amounts:**

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet are as follows:

2009	2009	2008	2008
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# eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

### 49. FINANCIAL INSTRUMENTS (continued)

	Carrying amount R	Fair value R	Carrying amount R	Fair value R
Investments	2,726,972	2,692,114	4,427,850	4,397,403
Long-term Receivables	318,357	283,499	346,002	293,165
Consumer Debtors	2,193,658	2,193,658	1,829,338	1,829,338
Debtors	2,398,899	2,297,616	1,812,400	1,810,230
Long-term Liabilities	6,163,292	6,163,292	5,412,801	5,412,801
Creditors	4,752,243	4,658,565	4,106,940	4,000,871

#### Categories of Financial Instruments - Municipality:

	2009 R	2008 R
<b>Financial Assets:</b>		
Investments and Receivables		
Investments	2,692,114	4,397,316
Cash and cash equivalents	284,233	371,340
Long-term receivables	1,023,630	1,042,460
Consumer Debtors	2,192,971	1,825,726
Debtors	2,231,377	1,651,451
<b>Financial Liabilities:</b>		
Liabilities and Creditors		
Long-term liabilities	6,070,319	5,322,783
Creditors	4,650,652	4,007,023

#### Fair values versus carrying amounts:

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet are as follows:

	2009 Carrying amount R	2009 Fair value R	2008 Carrying amount R	2008 Fair value R
Investments	2,726,972	2,692,114	4,427,850	4,397,403
Long-term Receivables	1,061,043	1,023,630	1,095,297	1,042,460
Consumer Debtors	2,192,971	2,192,971	1,825,726	1,825,726

# eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

### 49. FINANCIAL INSTRUMENTS (continued)

Debtors	2,232,660	2,231,377	1,653,621	1,651,451
Long-term Liabilities	6,070,319	6,070,319	5,322,783	5,322,783
Creditors	4,744,330	4,650,652	4,113,092	4,007,023

#### **Basis for determining fair value:**

The following summarises the significant methods and assumptions used in estimating the fair values of the Financial Instruments reflected in the tables above:

#### ***Debtors and Creditors:***

The fair value of Debtors and Creditors is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

#### ***Investments:***

The fair value of investments is estimated as the present value of future cash flows, discounted at the internal rate of return at the reporting date (2009 - 12.09%; 2008 - 10.54%).

#### **Liquidity risk**

Liquidity risk is the risk that the municipality will encounter in raising funds to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored. The following are the contractual maturities of financial liabilities:

<b>GROUP:</b>	Carrying amount	Contractual cash flows	12 months or less	More than 12 months
	R	R	R	R
<b>30 June 2009</b>				
Long-term Liabilities	6,163,292	6,163,292	292,337	5,870,955
Creditors	4,752,243	4,752,243	4,752,243	
<b>30 June 2008</b>				
Long-term Liabilities	5,412,801	5,412,801	282,510	5,130,291
Creditors	4,106,940	4,106,940	4,106,940	
<b>MUNICIPALITY:</b>	Carrying amount	Contractual cash flows	12 months or less	More than 12 months
	R	R	R	R
<b>30 June 2009</b>				
Long-term Liabilities	6,070,319	6,070,319	290,772	5,779,547
Creditors	4,744,330	4,744,330	4,744,330	
<b>30 June 2008</b>				
Long-term Liabilities	5,322,783	5,322,783	278,164	5,044,619

# eThekwini Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

### 49. FINANCIAL INSTRUMENTS (continued)

Creditors	4,113,092	4,113,092	4,113,092
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#### Interest rate risk

The municipality's policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on surplus (deficit). All long-term debt is at fixed rates.

The municipality's income and operating cash are substantially independent of changes in market rates. The municipality has no significant interest bearing assets.

#### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. Trade receivables comprise a widespread customer base. The Municipality has no control over the approval of new customers who acquire properties in the designated metro area and consequently incur rates, water and electricity debts. The municipality limits this risk exposure in the following ways, in addition to its normal credit control and debt management procedures:

- through the application of section 118(3) of the Municipal Systems Act (MSA), which permits the municipality to refuse connection of services whilst any amount remains outstanding from a previous debtor on the same property.
- a new owner is advised, prior to the issue of a revenue clearance certificate, that any debt remaining from the previous owner will be transferred to the new owner, if the previous owner does not settle the outstanding amount.
- through the consolidation of rates and service accounts, thereby disconnecting services for the non-payment of any of the individual debts, in terms of section 102 of the MSA.

Long term Receivables and Other Debtors are individually evaluated annually at balance sheet date for impairment or discounting.

The maximum credit and interest risk exposure in respect of the relevant financial instrument is as follows:

Financial instrument	Group - 2009	Group - 2008	Municipality - 2009	Municipality - 2008
Consumer Debtors	2,193,658	1,829,338	2,192,971	1,825,726
Other Debtors	2,397,616	1,810,230	2,231,377	1,651,451
Cash and Cash Equivalents	454,802	559,762	284,233	371,340

The ageing of trade receivables at the reporting date was as follows:

#### Consumer Debtors:

Gross				
0 - 30 days	1,039,971	626,941	1,041,059	624,882
31 - 120 days	361,973	377,511	360,198	375,958
More than 120 days	2,545,683	2,413,318	2,545,683	2,413,318
Less: Provision for Bad Debts	<u>(1,753,969)</u>	<u>(1,588,432)</u>	<u>(1,753,969)</u>	<u>(1,588,432)</u>
Net Consumer Debtors	<u>2,193,658</u>	<u>1,829,338</u>	<u>2,192,971</u>	<u>1,825,726</u>

#### Movement in the provision for Bad

##### Debts:

Balance at beginning of year	1,588,432	1,677,794	1,588,432	1,677,794
Contribution	496,962	44,963	496,962	44,963
Bad debts written off	<u>(287,675)</u>	<u>(134,325)</u>	<u>(287,675)</u>	<u>(134,325)</u>
Balance at year end	<u>1,797,719</u>	<u>1,588,432</u>	<u>1,797,719</u>	<u>1,588,432</u>

### 50. MATERIAL LOSSES

#### Water:

Significant water losses of 129,086,351 kl (2007/08: 116,784,341 kl) occurred during the year under review, which resulted in material revenue losses to the municipality. The estimated water losses amounting to R394.2m (2007/08: R349.6m) were due mainly to deterioration in the water reticulation system and water theft. The acceptable norm in developing countries is a water loss of 15%. The loss above the norm amounts to R149.3m (2007/08: R109.4m).

# eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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Figures in Rand thousand

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### 50. MATERIAL LOSSES (continued)

Since the 2007 financial year the municipality has embarked on an AC-Mains replacement programme to replace ageing infrastructure, to reduce water loss. This programme is due to be finalised during the 2011 financial year.

#### **Electricity:**

Significant electricity losses of 612,235,354 kWh (2007/08: 640,472,409 kWh) occurred during the year under review which resulted in material revenue losses to the municipality. These estimated electricity losses amounted to R122.9m (2007/08: R94.6m). The norm for electricity losses is 3% which is as a result of transmission losses. The loss incurred by the municipality is 5.3% (2007/08: 5.5%) and is therefore due to a combination of transmission losses and losses due to illegal connections.

# eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

### 51. BANK BALANCES

Account number - Bank - Account Description	Cash Book Balance 30 June 2009	Bank Statement balance 30 June 2009	Cash Book Balance 30 June 2008	Bank Statement balance 30 June 2008
62085728106 - FNB - Main Expenditure	52,424	(302,016)	38,319	(230,652)
62085728263 - FNB - Main Expenditure EFT	4	(822,694)	-	(560,285)
62085720722 - FNB - Direct Deposits Account	7,433	256,146	9,513	233,030
62085725855 - FNB - Electronic Deposits Account	14,086	266,237	32,822	216,417
62085729948 - FNB - Cashiers Deposit Account	(6,002)	281,712	(7,806)	175,927
62085730119 - FNB - Government Deposit Account	54,512	316,145	8,420	73,761
62085723990 - FNB - Water and Sanitation Services Deposit Account	-	-	-	-
62085721952 - FNB - Electricity Income Account	1,086	4,853	284	10,609
62085721481 - FNB - Electricity Prepaid Vendor Deposits	5,624	40,222	4,932	30,700
62085729071 - FNB - SARS E-Filing Account	56,553	16,592	-	144,317
62085725996 - FNB - Dishonoured Cheques Account	(520)	(2,192)	(418)	(2,204)
050073117 - Standard Bank - Main Expenditure Bank	336	336	102	102
62116972599 - FNB - Housing Operating Account	-	-	-	-
62085721275 - FNB - Mayors Relief Account	-	-	-	(42)
62085721332 - FNB - Direct Debit Collections Account	-	46,035	-	46,638
62085721762 - FNB - Transwitch Account	80	99,761	(8)	80,172
62085722546 - FNB - Agents Deposit Account	8,156	59,124	8,662	48,592
62085722877 - FNB - Metro Police Deposit Account	-	3,611	-	4,283
62085729790 - FNB - Metro Police Transwitch Deposit Account	-	1,016	(41)	1,291
62085723495 - FNB - Parks, Recreation and Culture Deposit Acc.	181	1,354	129	1,536
62085723776 - FNB - City Engineers Account	77	3,064	413	24,326
62085724992 - FNB - Business Levies Income Deposit Account	206	308	-	255
62085725152 - FNB - Business Levies Direct Deposit Account	-	-	-	537
62085725384 - FNB - Business Levies Unpaid Cheques Account	-	-	-	-
62085729534 - FNB - Virginia Airport Account	1	421	-	339
62116972755 - FNB - Department of Housing Account	-	17,275	-	5,501
62085728908 - FNB - Sundry PAYE Account	563	563	408	407
62085729245 - FNB - Cash Payments Account	167	(1,089)	156	(428)
62088851764 - FNB - Refunds Expenditure Account	5,774	927	4,547	1,627
62085724542 - FNB - Water and Sanitation Services Expenditure Acc.	1,829	(2,291)	543	(3,102)
62085724732 - FNB - Water and Sanitation Services EFT Account	-	(399,315)	-	(554,676)
62085722348 - FNB - Electricity Expenditure Account	(626,607)	(5,744)	(14,882)	(14,883)
62085722463 - FNB - Electricity EFT Account	-	(609,109)	(476,406)	(476,406)
62085738750 - FNB - Salaries Account	-	(183,679)	(10)	(135,167)
62085727661 - FNB - Durban Fresh Produce Market Account	10,488	10,401	9,360	9,298
62151500496 - FNB - CIFAL Durban Account	1,192	1,192	1,185	1,275

# eThekweni Municipality and its Municipal Entities

Annual Financial Statements for the year ended 30 June 2009

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand thousand

62085727143 - FNB - Short term 2 Account	-	-	-	-
62085727116 - FNB - General Bank Account	162,942	902,005	(240,182)	(474,922)
62085729378 - FNB - Bank Charges Account	-	(1,168)	-	(446)
62085726449 - FNB - Consolidated Investment Fund Bank Account	-	-	511,364	851,364
62085726879 - FNB - Consolidated Investment Fund EFT Account	-	-	-	-
62121186705 - FNB - 2010 Soccer Grant Account	249,337	76,927	108,510	536,861
<b>Totals: ETHEKWINI MUNICIPALITY</b>				
Bank balances	633,051	2,406,227	739,671	2,499,165
Bank overdraft	(633,129)	(2,329,297)	(739,755)	(2,453,123)
<b>Durban Marine Theme Park (Proprietary) Limited:</b>				
0500337036 - Citibank - Primary Bank Account	-	-	25,052	24,513
0500337125 - Citibank - Schools Bank Account	-	-	9	9
62205707732 - FNB Durban - Current Account	37,434	37,434	-	-
62205752282 - FNB Durban - Retail Bank Account	129	129	-	-
62205757068 - FNB Durban - Schools Bank Account	5	5	-	-
62205737309 - FNB Durban - Overdraft Bank Account	1	1	-	-
<b>I.C.C. Durban (Proprietary) Limited:</b>				
50226959 - Standard Bank	3,761	3,154	(3,657)	649
332845 - Standard Bank	1,007	1,007	2,703	2,757
50881201632 - FNB	(75)	481	4,776	6,240
50018949 - Standard Bank	1,642	1,636	53	101
62205575387 - FNB	306	306	-	-
<b>Effingham Development Joint Venture:</b>				
Bank Balances	10,783	-	53,295	-
<b>Totals: MUNICIPAL ENTITIES</b>				
Bank balances	55,068	44,153	85,888	34,269
Bank overdraft	(75)	-	(3,657)	-
<b>Totals: GROUP</b>				
Bank balances	688,119	2,450,380	825,559	2,533,434
Bank overdraft	(633,204)	(2,329,297)	(743,412)	(2,453,123)

52: ETHEKWINI MUNICIPALITY -SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDED 30 JUNE 2009

Description	Loan Number	Interest Rate	Date Repayable	Balance at 30/06/08	Received during the year	Redeemed / (Interest Capitalised) during this period	Balance at 30/06/09	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
		%		R'000	R'000	R'000	R'000	R'000	R'000
<b>ETHEKWINI MUNICIPALITY:</b>									
<b>LONG TERM LOANS</b>									
Stock Loan	N8	15.25	30/06/2009	1,000	0	1,000	0	0	0
Stock Loan	V1	14.1	31/10/2008	11,448	0	11,448	0	0	0
Stock Loan	A772	16.1	30/06/2009	2,000	0	2,000	0	0	0
Stock Loan	K34	14.6	30/06/2013	200	0	0	200	0	0
<b>Total Stock Loans</b>				<b>14,648</b>	<b>0</b>	<b>14,448</b>	<b>200</b>	<b>0</b>	<b>0</b>
FRB PN	1/58	Variable	30/06/2016	248,197	0	34,387	213,810		
INCA INDWA	1/66	9.52	30/06/2020	447,036	0	21,240	425,796	405,945	0
Nedbank Ltd	1/67	8.47	31/03/2021	843,061	0	37,604	805,457	712,823	0
DBSA Ph 1	P1	13.5	30/09/2017	547,166	0	30,771	516,395	0	0
DBSA Ph 2	P2	Variable	31/03/2016	285,839	0	33,785	252,054	0	0
DBSA Ph 3	P3	12.9	30/09/2017	366,878	0	19,638	347,240	0	0
DBSA Ph 4	P4	10.4	30/06/2019	486,007	0	25,319	460,688	0	0
DBSA Ph 5	P5	8.9	30/06/2020	278,963	0	12,897	266,066	1,160,902	0
DBSA Ph 6	P5	8.75	30/06/2022	772,773	0	29,859	742,914	491,471	0
DBSA Ph 7	P7	8.3	02/01/2028	950,000	1,050,000	42,041	1,957,959	1,770,069	0
DWAF	DW	8.9	31/03/2013	475	0	475	0	0	0
AFD Calyon	1/68	9.52	31/12/2018	58,740	0	0	58,740	0	0
<b>Total Annuity Loans</b>				<b>5,285,135</b>	<b>1,050,000</b>	<b>288,016</b>	<b>6,047,119</b>	<b>4,541,210</b>	<b>0</b>
ABSA	1/64	Variable	31/10/2010	23,000	0	0	23,000	0	0
<b>Total Non Annuity Loans</b>				<b>23,000</b>	<b>0</b>	<b>0</b>	<b>23,000</b>	<b>0</b>	<b>0</b>
<b>TOTAL EXTERNAL LOANS</b>				<b>5,322,783</b>	<b>1,050,000</b>	<b>302,464</b>	<b>6,070,319</b>	<b>4,541,210</b>	<b>0</b>



52 (cont.): GROUP - SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDED 30 JUNE 2009

Description	Loan Number	Interest Rate	Date Repayable	Balance at 30/06/08	Received during the year	Redeemed / (Interest Capitalised) during this period	Balance at 30/06/09	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
		%		R'000	R'000	R'000	R'000	R'000	R'000
<b>DURBAN MARINE THEME PARK:</b>									
<b>LONG TERM LOANS</b>									
Debenture Stock		13		80,093	0	6500	86,593	0	0
<b>Total Stock Loans</b>				<b>80,093</b>	<b>0</b>	<b>6500</b>	<b>86,593</b>	<b>0</b>	<b>0</b>
Standard Bank		9.52		1,198	0	-1198	0	0	0
DBSA - Phantom ship		10.9		1,810	0	-1810	0	0	0
DBSA - Village Walk		8.5		6,200	0	-620	5,580	0	0
<b>Total Annuity Loans</b>				<b>9,208</b>	<b>0</b>	<b>-3628</b>	<b>5,580</b>	<b>0</b>	<b>0</b>
Premium Finance Solutions		Variable		717	0	83	800	0	0
<b>Total Non Annuity Loans</b>				<b>717</b>	<b>0</b>	<b>83</b>	<b>800</b>	<b>0</b>	<b>0</b>
<b>TOTAL EXTERNAL LOANS (DURBAN MARINE THEME PARK)</b>				<b>90,018</b>	<b>0</b>	<b>2955</b>	<b>92,973</b>	<b>0</b>	<b>0</b>
<b>TOTAL EXTERNAL LOANS: ETHEKWINI MUNICIPALITY</b>				<b>5,322,783</b>	<b>1,050,000</b>	<b>302464</b>	<b>6,070,319</b>	<b>4,541,210</b>	<b>0</b>
(refer Appendix A (1))									
<b>GROUP TOTAL:</b>				<b>5,412,801</b>	<b>1,050,000</b>	<b>305419</b>	<b>6,163,292</b>	<b>4,541,210</b>	<b>0</b>

53: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2009

	Cost / Revaluation								Accumulated Depreciations						Carrying Value
	Opening Balance Cost	Opening Balance Capital Under Construction	Additions	Under Construction	Disposals	Transfers	Adjustments Cost	Closing Balance	Opening Balance	Prior Year Adjustments	Additions	Disposals	Transfers	Closing Balance	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>Land and Buildings</b>															
Land	491,154	0	6,832	181	-1,135	-185,798	0	311,234	0	0	0	0	0	0	311,234
Buildings	2,134,965	135,481	432,749	-45,007	-6,526	-75,395	0	2,576,267	526,456	0	79,933	-5,279	-1	601,109	1,975,158
	<b>2,626,119</b>	<b>135,481</b>	<b>439,581</b>	<b>-44,826</b>	<b>-7,661</b>	<b>-261,193</b>	<b>0</b>	<b>2,887,501</b>	<b>526,456</b>	<b>0</b>	<b>79,933</b>	<b>-5,279</b>	<b>-1</b>	<b>601,109</b>	<b>2,286,392</b>
<b>Infrastructure</b>															
Roads	3,821,150	389,333	162,296	669,265	0	-21	0	5,042,023	1,757,414	-961,653	127,868	0	-12	923,617	4,118,406
Traffic Equipment & Ranks	408,783	0	30,635	92,544	0	396	0	532,358	108,781	0	19,998	0	0	128,779	403,579
Stormwater Drainage	617,751	243,916	106,026	80,028	0	0	0	1,047,721	250,397	-163,088	10,053	0	0	97,362	950,359
Servitudes	15,976	0	0	0	0	-9,496	0	6,480	8,445	0	0	0	-4,059	4,386	2,094
Sewerage Pumps	90,572	4,658	1,331	5,857	0	0	0	102,418	42,556	-13,283	580	0	0	29,853	72,565
Sewerage Mains & Reticulation	915,466	590,135	382,981	-48,939	0	0	0	1,839,643	305,347	-322,215	34,589	0	0	17,721	1,821,922
Purification Works	400,911	88,857	0	29,444	0	0	0	519,212	212,550	0	19	0	0	212,569	306,643
Refuse Sites & Transfer Station	244,829	46,256	68,920	-7,929	0	73,787	0	425,863	128,207	7,295	54,008	0	0	189,510	236,353
Water Mains & Reticulation	1,301,722	863,587	367,488	921,612	0	0	0	3,454,409	526,601	-322,513	34,041	0	0	238,129	3,216,280
Water Reservoirs	213,541	11,594	470	8,761	0	0	0	234,366	93,472	-75,784	3,928	0	0	21,616	212,750
General Infrastructure	857,831	41,647	19,195	48,663	0	-395	0	966,941	279,799	-629	20,613	0	0	299,783	667,158
Mains	1,707,563	78,324	121,775	75,607	-1,127	2,843	0	1,984,985	611,331	0	63,209	-825	1,695	675,410	1,309,575
Major Substations	1,110,180	133,439	210,261	1,978	-1,741	0	0	1,454,117	389,167	0	107,263	-1,622	0	494,808	959,309
Public Lighting	177,720	6,308	6,206	-136	-101	0	0	189,997	72,981	0	8,415	-78	0	81,318	108,679
Connections & Switches	628,397	30,419	39,060	16,237	-226	0	0	713,887	393,115	0	32,293	-225	0	425,183	288,704
	<b>12,512,392</b>	<b>2,528,473</b>	<b>1,516,644</b>	<b>1,892,992</b>	<b>-3,195</b>	<b>67,114</b>	<b>0</b>	<b>18,514,420</b>	<b>5,180,163</b>	<b>-1,851,870</b>	<b>516,877</b>	<b>-2,750</b>	<b>-2,376</b>	<b>3,840,044</b>	<b>14,674,376</b>
<b>Community Assets</b>															
Recreation	507,135	1,651,066	59,736	1,087,099	-5	-38	0	3,304,993	203,561	0	19,898	-3	-14	223,442	3,081,551
Clinics & Depots	57,613	20,225	25,639	-2,572	0	0	0	100,905	12,165	0	3,432	0	0	15,597	85,308
Cemeteries & Crematoria	62,313	5,778	231	-3,918	0	0	0	64,404	15,648	0	2,017	0	0	17,665	46,739
Community Halls	72,882	1,429	6,213	708	0	-57	0	81,175	20,696	0	2,450	0	0	23,146	58,029
Fire Stations	18,059	8,752	320	741	0	0	0	27,872	5,093	0	719	0	0	5,812	22,060
Libraries	51,676	2,525	42	3,848	0	0	0	58,091	22,602	0	1,711	0	0	24,313	33,778
Museums	925	0	339	0	0	0	0	1,264	439	0	31	0	0	470	794
Police Stations	11,720	0	934	456	0	0	0	13,110	448	0	393	0	0	841	12,269
	<b>782,323</b>	<b>1,689,775</b>	<b>93,454</b>	<b>1,086,362</b>	<b>-5</b>	<b>-95</b>	<b>0</b>	<b>3,651,814</b>	<b>280,652</b>	<b>0</b>	<b>30,651</b>	<b>-3</b>	<b>-14</b>	<b>311,286</b>	<b>3,340,528</b>
<b>Heritage Assets</b>															
Exhibits	6,553	330	0	-330	0	-1	0	6,552	0	0	0	0	0	0	6,552
	<b>6,553</b>	<b>330</b>	<b>0</b>	<b>-330</b>	<b>0</b>	<b>-1</b>	<b>0</b>	<b>6,552</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,552</b>
<b>Other Assets - OTH</b>															
Airconditioning	7,211	0	822	0	0	0	0	8,033	5,104	0	520	0	0	5,624	2,409
Security Systems	82,969	0	16,221	0	-2	0	0	99,188	36,961	0	13,200	-2	0	50,159	49,029
Computer Equipment	518,220	399	43,315	-459	-2,674	-14,717	0	544,084	294,614	0	67,852	-2,325	-5,860	354,281	189,803
Car Parks & Fencing	18,452	145	5,568	-145	0	0	0	24,020	7,550	0	3,949	0	0	11,499	12,521
Plant & Equipment	620,576	3,024	180,969	11,339	-2,576	578	0	813,910	438,872	0	65,695	-1,450	-50	503,067	310,843
Furniture & Fittings	51,928	0	8,275	0	-223	0	0	59,980	33,805	0	4,303	-127	0	37,981	21,999
Markets	36,651	908	8,131	225	0	0	0	45,915	5,275	0	1,215	0	0	6,490	39,425
Vehicles	1,188,924	0	620,271	0	-39,627	0	0	1,769,568	726,165	0	194,055	-23,877	0	896,343	873,225
Fire Engines	59,894	1,407	17,484	0	0	0	0	78,785	11,538	0	3,303	0	0	14,841	63,944
<b>Leased Assets</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	<b>2,584,825</b>	<b>5,883</b>	<b>901,056</b>	<b>10,960</b>	<b>-45,102</b>	<b>-14,139</b>	<b>0</b>	<b>3,443,483</b>	<b>1,559,884</b>	<b>0</b>	<b>354,092</b>	<b>-27,781</b>	<b>-5,910</b>	<b>1,880,285</b>	<b>1,563,198</b>
<b>Total</b>	<b>18,512,212</b>	<b>4,359,942</b>	<b>2,950,735</b>	<b>2,945,158</b>	<b>-55,963</b>	<b>-208,314</b>	<b>0</b>	<b>28,503,769</b>	<b>7,547,155</b>	<b>-1,851,870</b>	<b>981,553</b>	<b>-35,813</b>	<b>-8,301</b>	<b>6,632,724</b>	<b>21,871,045</b>

## 53 (cont.): GROUP - ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2009

	Cost / Revaluation							Accumulated Depreciations						Carrying Value
	Opening Balance Cost	Opening Balance Capital Under Construction	Additions	Under Construction	Disposals	Transfers	Closing Balance	Opening Balance	Prior Year Adjustments	Additions	Disposals	Transfers	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R
<b>Land and Buildings</b>														
Land	491,154	0	6,832	181	-1,134	-185,797	311,236	0	0	0	0	0	0	311,236
Buildings	3,429,971	135,481	435,808	-44,787	-6,525	-75,395	3,874,553	640,705	0	120,555	-5,278	-1	755,981	3,118,572
	<b>3,921,125</b>	<b>135,481</b>	<b>442,640</b>	<b>-44,606</b>	<b>-7,659</b>	<b>-261,192</b>	<b>4,185,789</b>	<b>640,705</b>	<b>0</b>	<b>120,555</b>	<b>-5,278</b>	<b>-1</b>	<b>755,981</b>	<b>3,429,808</b>
<b>Infrastructure</b>														
Roads	3,821,150	389,333	162,296	669,265	0	-21	5,042,023	1,757,414	-961,653	127,868	0	-12	923,617	4,118,406
Traffic Equipment & Ranks	408,783	0	30,635	92,544	0	396	532,358	108,781	0	19,998	0	0	128,779	403,579
Stormwater Drainage	617,751	243,916	106,026	80,028	0	0	1,047,721	250,397	-163,088	10,053	0	0	97,362	950,359
Servitudes	15,976	0	0	0	0	-9,496	6,480	8,445	0	0	0	-4,059	4,386	2,094
Sewerage Pumps	90,572	4,658	1,331	5,857	0	0	102,418	42,556	-13,283	580	0	0	29,853	72,565
Sewerage Mains & Reticulation	915,466	590,135	382,981	-48,939	0	0	1,839,643	305,347	-322,215	34,589	0	0	17,721	1,821,922
Purification Works	400,911	88,857	0	29,444	0	0	519,212	212,550	19	0	0	0	212,569	306,643
Refuse Sites & Transfer Station	244,829	46,256	68,920	-7,929	0	73,786	425,862	128,207	7,295	54,008	0	0	189,510	236,352
Water Mains & Reticulation	1,301,722	863,587	367,488	921,612	0	0	3,454,409	526,601	-322,513	34,041	0	0	238,129	3,216,280
Water Reservoirs	213,541	11,594	470	8,761	0	0	234,366	93,472	-75,784	3,928	0	0	21,616	212,750
General Infrastructure	857,831	41,647	19,195	48,663	0	-395	966,941	279,799	-629	20,613	0	0	299,783	667,158
Mains	1,707,563	78,324	121,775	75,607	-1,127	2,843	1,984,985	611,331	0	63,209	-825	1,695	675,410	1,309,575
Major Substations	1,110,180	133,439	210,261	1,978	-1,741	0	1,454,117	389,167	0	107,263	-1,622	0	494,808	959,309
Public Lighting	177,720	6,308	6,206	-136	-101	0	189,997	72,981	0	8,415	-78	0	81,318	108,679
Connections & Switches	628,397	30,419	39,060	16,237	-226	0	713,887	393,115	0	32,293	-225	0	425,183	288,704
	<b>12,512,392</b>	<b>2,528,473</b>	<b>1,516,644</b>	<b>1,892,992</b>	<b>-3,195</b>	<b>67,113</b>	<b>18,514,419</b>	<b>5,180,163</b>	<b>-1,851,870</b>	<b>516,877</b>	<b>-2,750</b>	<b>-2,376</b>	<b>3,840,044</b>	<b>14,674,375</b>
<b>Community Assets</b>														
Recreation	507,135	1,651,066	59,736	1,087,099	-5	-35	3,304,996	203,561	0	19,898	-3	-14	223,442	3,081,554
Clinics & Depots	57,613	20,225	25,639	-2,572	0	0	100,905	12,165	0	3,432	0	0	15,597	85,308
Cemeteries & Crematoria	62,313	5,778	231	-3,918	0	0	64,404	15,648	0	2,017	0	0	17,665	46,739
Community Halls	72,882	1,429	6,213	708	0	-60	81,172	20,696	0	2,450	0	0	23,146	58,026
Fire Stations	18,059	8,752	320	741	0	0	27,872	5,093	0	719	0	0	5,812	22,060
Libraries	51,676	2,525	42	3,848	0	0	58,091	22,602	0	1,711	0	0	24,313	33,778
Museums	925	0	339	0	0	0	1,264	439	0	31	0	0	470	794
Police Stations	11,720	0	934	456	0	0	13,110	448	0	393	0	0	841	12,269
	<b>782,323</b>	<b>1,689,775</b>	<b>93,454</b>	<b>1,086,362</b>	<b>-5</b>	<b>-95</b>	<b>3,651,814</b>	<b>280,652</b>	<b>0</b>	<b>30,651</b>	<b>-3</b>	<b>-14</b>	<b>311,286</b>	<b>3,340,528</b>
<b>Heritage Assets</b>														
Exhibits	6,553	330	0	-329	0	-2	6,552	0	0	0	0	0	0	6,552
	<b>6,553</b>	<b>330</b>	<b>0</b>	<b>-329</b>	<b>0</b>	<b>-2</b>	<b>6,552</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,552</b>
<b>Other Assets - OTH</b>														
Airconditioning	7,211	0	822	0	0	0	8,033	5,104	0	520	0	0	5,624	2,409
Security Systems	82,969	0	16,221	0	-2	0	99,188	36,961	0	13,200	-2	0	50,159	49,029
Computer Equipment	520,986	399	44,376	-459	-2,674	-14,717	547,911	297,031	0	68,195	-2,325	-5,860	357,041	190,870
Car Parks & Fencing	18,452	145	5,568	-145	0	0	24,020	7,550	0	3,949	0	0	11,499	12,521
Plant & Equipment	720,483	3,213	182,987	11,150	-3,002	577	915,408	481,517	0	77,060	-1,682	-50	556,845	358,563
Furniture & Fittings	134,353	0	13,140	0	-2,185	0	145,308	85,689	0	13,101	-1,650	0	97,140	48,168
Markets	36,651	908	8,131	225	0	0	45,915	5,275	0	1,215	0	0	6,490	39,425
Vehicles	1,190,692	0	620,272	0	-39,632	0	1,771,332	727,582	0	194,174	-23,881	0	897,875	873,457
Fire Engines	59,894	1,407	17,484	0	0	0	78,785	11,538	0	3,303	0	0	14,841	63,944
	<b>2,771,691</b>	<b>6,072</b>	<b>909,001</b>	<b>10,771</b>	<b>-47,495</b>	<b>-14,140</b>	<b>3,635,900</b>	<b>1,658,247</b>	<b>0</b>	<b>374,717</b>	<b>-29,540</b>	<b>-5,910</b>	<b>1,997,514</b>	<b>1,638,386</b>
<b>Total</b>	<b>19,994,084</b>	<b>4,360,131</b>	<b>2,961,739</b>	<b>2,945,190</b>	<b>-58,354</b>	<b>-208,316</b>	<b>29,994,474</b>	<b>7,759,767</b>	<b>-1,851,870</b>	<b>1,042,800</b>	<b>-37,571</b>	<b>-8,301</b>	<b>6,904,825</b>	<b>23,089,649</b>

**APPENDIX A: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT FOR THE YEAR ENDED 30 JUNE 2009**

	Cost							Accumulated Depreciation					Carrying Value
	Opening Balance Cost	Opening Balance Capital Under Construction	Additions	Under Construction	Disposals	Transfers	Closing Balance	Opening Balance	Prior Year Adjustments	Additions	Disposals	Closing Balance	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Miscellaneous	63	0	0	0	0	0	63	63	0	0	0	63	0
Legal Services	2,272	6,631	6,977	-6,631	-34	-154	9,061	1,087	0	299	-28	1,209	7,852
Real Estates	246,456	0	291	0	-61	-185,893	60,793	38,418	0	2,050	-57	40,327	20,466
Health	175,645	20,211	38,765	-2,568	-135	-51	231,867	78,713	0	9,583	-135	88,110	143,757
Skills Development	1,425	0	123	0	-10	-43	1,495	1,176	0	168	-10	1,291	204
Metropolitan Police	157,984	0	4,737	456	-204	-263	162,710	94,827	0	9,885	-204	104,245	58,465
Retail Market	42,499	0	33	1,046	0	888	44,466	18,859	0	2,348	0	21,489	22,977
Housing	984,081	84,330	355,524	-65,515	-294	-1,090	1,357,036	61,863	0	39,490	-162	101,101	1,255,935
Municipal Information & Policy	4,687	0	1,862	1,818	0	-19	8,348	2,412	0	524	0	2,917	5,431
Ombudsperson & Head : Investigation	688	0	23	0	0	-16	695	419	0	94	0	497	198
Office Of International & Governance	416	0	23	0	0	0	439	124	0	78	0	202	237
Community Participation	3,088	0	262	0	0	0	3,350	1,543	0	604	0	2,147	1,203
Office Of Geographic Information	1,320	0	216	0	0	-33	1,503	1,196	0	52	0	1,215	288
City Manager's Office	124	0	0	0	0	0	124	99	0	12	0	111	13
Strategic Projects	7,164	1,591,732	350	1,099,344	-21	0	2,698,569	112	0	888	0	1,000	2,697,569
Office Of The D C M : Sust. Development	13	0	77	0	0	0	90	0	0	7	0	7	83
Office of the D C M :Sust.Procurement	0	0	100	0	0	0	100	0	0	4	0	4	96
Office Of The D C M : Health, Safety	140	0	258	0	0	0	398	58	0	45	0	103	295
Office Of The D C M : Corp & HR	0	0	28	0	0	0	28	0	0	1	0	1	27
Office Of The D C M : Governance	12	0	0	0	0	0	12	7	0	2	0	9	3
Office Of The D C M : Treasury	1,322	0	154	0	-15	-1	1,460	648	0	142	-9	780	680
Development Planning & Management	103,672	414	1,495	3,122	-67	-89	108,547	52,020	0	1,522	-55	53,398	55,149
Economic Development & Facilitation	246,198	53,768	66,381	35,966	-87	-125	402,101	47,539	0	13,213	-86	60,541	341,560
City Enterprises	7,687	0	177	0	-265	-4	7,595	6,772	0	296	-158	6,906	689
Business Support	58,339	396	2,147	764	-1,211	-62	60,373	19,751	0	3,046	-99	22,636	37,737
Procurement	14,035	0	2,614	0	-82	-4	16,563	7,774	0	2,375	-80	10,065	6,498
Engineering	4,557,992	578,847	225,334	591,013	-506	3,065	5,955,745	2,007,863	-1,124,740	141,821	-469	1,024,839	4,930,906
Emergency Services	174,461	10,159	19,637	2,619	-2	-142	206,732	78,589	0	14,076	-2	92,521	114,211
Parks, Recreation, Cemeteries &	1,104,298	68,482	75,478	-9,686	-639	-770	1,237,163	489,873	0	47,770	-437	536,460	700,703
Governance	96,831	1,252	1,923	14,382	-104	-402	113,882	64,318	0	4,045	-89	67,872	46,010
Communications	962	0	324	0	-38	0	1,248	613	0	137	-37	713	535
Regional Centres	20,293	3,103	3,957	-3,103	-75	0	24,175	3,156	0	1,671	-54	4,773	19,402
Human Resources	83,221	3,024	2,836	-3,024	-116	-227	85,714	57,029	0	3,458	-98	60,162	25,552
Management Services & Org Development	539	0	33	0	-31	-3	538	422	0	31	-30	420	118
Finance	107,575	0	7,310	0	-510	-667	113,708	72,865	0	8,908	-476	80,635	33,073
City Fleet	549,627	1,500	105,324	0	-9,485	264	647,230	292,007	0	83,191	-8,911	366,340	280,890
Durban Transport	0	0	397,565	0	-13,422	0	384,143	0	0	27,732	-44	27,688	356,455
Office Of Audit & Performance Management	1,673	0	46	0	-125	-127	1,467	1,141	0	161	-125	1,065	402
Information Technology	342,637	326	75,811	0	-130	-5,401	413,243	161,240	0	48,095	-91	205,867	207,376
Ethekwini Transport Authority	435,848	36,254	35,498	266,087	0	-231	773,456	127,346	0	23,228	0	150,343	623,113
Occupational Health & Safety	0	2,715	0	179	0	-86	2,808	2,131	0	225	-85	2,271	537
ABMS	217,179	16,954	69,553	-6,580	-7	0	297,099	20,385	0	13,433	-2	33,816	263,283
Water	2,162,121	894,101	459,108	952,021	-10,177	-3,329	4,453,845	950,001	-404,393	89,828	-9,971	624,315	3,829,530
Sanitation	1,730,308	684,510	384,357	-13,365	-324	-6,431	2,779,055	693,768	-330,032	43,579	-307	404,056	2,374,999
Solid Waste	533,099	46,256	130,474	-31,483	-5,067	0	673,279	333,532	7,295	80,525	-4,741	416,611	256,668
Airport	1,507	0	79	0	0	0	1,586	395	0	40	0	435	1,151
Housing	127,831	559	4,433	8,193	-7,661	-3,495	129,860	86,785	0	2,282	-5,279	82,993	46,867
Market Service	88,213	8,642	12,930	-7,050	-68	-848	101,819	33,931	0	2,998	-68	36,620	65,199
Gas	73,786	0	0	23,646	0	0	97,432	0	0	2,648	0	2,648	94,784
Electricity Service	4,040,166	248,491	455,929	93,686	-4,904	-2,612	4,830,756	1,634,285	0	254,943	-3,414	1,888,887	2,941,869
<b>Total</b>	<b>18,512,212</b>	<b>4,359,942</b>	<b>2,950,735</b>	<b>2,945,158</b>	<b>-55,963</b>	<b>-208,315</b>	<b>28,503,769</b>	<b>7,547,155</b>	<b>-1,851,870</b>	<b>981,553</b>	<b>-35,813</b>	<b>6,632,724</b>	<b>21,871,045</b>

**APPENDIX A: GROUP-SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT FOR THE YEAR ENDED 30 JUNE 2009**

	Cost							Accumulated Depreciation						Carrying Value
	Opening Balance Cost	Opening Balance Capital Under Construction	Additions	Under Construction	Disposals	Transfers	Closing Balance	Opening Balance	Prior Year Adjustments	Additions	Disposals	Transfers	Closing Balance	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Miscellaneous	63	0	0	0	0	0	63	63	0	0	0	0	63	0
Legal Services	2,272	6,631	6,977	-6,631	-34	-154	9,061	1,087	0	299	-28	-149	1,209	7,852
Real Estates	246,456	0	291	0	-61	-185,893	60,793	38,418	0	2,050	-57	-84	40,327	20,466
Health	175,645	20,211	38,765	-2,568	-135	-51	231,867	78,713	0	9,583	-135	-51	88,110	143,757
Skills Development	1,425	0	123	0	-10	-43	1,495	1,176	0	168	-10	-43	1,291	204
Metropolitan Police	157,984	0	4,737	456	-204	-263	162,710	94,827	0	9,885	-204	-263	104,245	58,465
Retail Market	42,499	0	33	1,046	0	888	44,466	18,859	0	2,348	0	282	21,489	22,977
Housing	984,081	84,330	355,524	-65,515	-294	-1,090	1,357,036	61,863	0	39,490	-162	-90	101,101	1,255,935
Municipal Information & Policy	4,687	0	1,862	1,818	0	-19	8,348	2,412	0	524	0	-19	2,917	5,431
Ombudsperson & Head : Investigation	688	0	23	0	0	-16	695	419	0	94	0	-16	497	198
Office Of International & Governance	416	0	23	0	0	0	439	124	0	78	0	0	202	237
Community Participation	3,088	0	262	0	0	0	3,350	1,543	0	604	0	0	2,147	1,203
Office Of Geographic Information	1,320	0	216	0	0	-33	1,503	1,196	0	52	0	-33	1,215	288
City Manager's Office	124	0	0	0	0	0	124	99	0	12	0	0	111	13
Strategic Projects	7,164	1,591,732	350	1,099,344	-21	0	2,698,569	112	0	888	0	0	1,000	2,697,569
Office Of The D C M : Sust. Development	13	0	77	0	0	0	90	0	0	7	0	0	7	83
Office of the D C M :Sust.Procurement	0	0	100	0	0	0	100	0	0	4	0	0	4	96
Office Of The D C M : Health, Safety	140	0	258	0	0	0	398	58	0	45	0	0	103	295
Office Of The D C M : Corp & HR	0	0	28	0	0	0	28	0	0	1	0	0	1	27
Office Of The D C M : Governance	12	0	0	0	0	0	12	7	0	2	0	0	9	3
Office Of The D C M : Treasury	1,322	0	154	0	-15	-1	1,460	648	0	142	-9	-1	780	680
Development Planning & Management	103,672	414	1,495	3,122	-67	-89	108,547	52,020	0	1,522	-55	-89	53,398	55,149
Economic Development & Facilitation	246,198	53,768	66,381	35,966	-87	-125	402,101	47,539	0	13,213	-86	-125	60,541	341,560
City Enterprises	7,687	0	177	0	-265	-4	7,595	6,772	0	296	-158	-4	6,906	689
Business Support	58,339	396	2,147	764	-1,211	-62	60,373	19,751	0	3,046	-99	-62	22,636	37,737
Procurement	14,035	0	2,614	0	-82	-4	16,563	7,774	0	2,375	-80	-4	10,065	6,498
Engineering	4,557,992	578,847	225,334	591,013	-506	3,065	5,955,745	2,007,863	-1,124,740	141,821	-469	364	1,024,839	4,930,906
Emergency Services	174,461	10,159	19,637	2,619	-2	-142	206,732	78,589	0	14,076	-2	-142	92,521	114,211
Parks, Recreation, Cemeteries & Governance	1,104,298	68,482	75,478	-9,686	-639	-770	1,237,163	489,873	0	47,770	-437	-746	536,460	700,703
Communications	96,831	1,252	1,923	14,382	-104	-402	113,882	64,318	0	4,045	-89	-402	67,872	46,010
Regional Centres	962	0	324	0	-38	0	1,248	613	0	137	-37	0	713	535
Human Resources	20,293	3,103	3,957	-3,103	-75	0	24,175	3,156	0	1,671	-54	0	4,773	19,402
Management Services & Org Development	83,221	3,024	2,836	-3,024	-116	-227	85,714	57,029	0	3,458	-98	-227	60,162	25,552
Finance	539	0	33	0	-31	-3	538	422	0	31	-30	-3	420	118
City Fleet	107,575	0	7,310	1	-508	-669	113,709	72,865	0	8,908	-475	-662	80,636	33,073
Durban Transport	549,627	1,500	105,324	0	-9,485	-264	647,230	292,007	0	83,191	-8,911	53	366,340	280,890
Office Of Audit & Performance Management	0	0	397,565	0	-13,422	0	384,143	0	0	27,732	-44	0	27,688	356,455
Information Technology	1,673	0	46	0	-125	-127	1,467	1,141	0	161	-125	-112	1,065	402
Ethekwini Transport Authority	342,637	326	75,811	0	-130	-5,401	413,243	161,240	0	48,095	-91	-3,377	205,867	207,376
Occupational Health & Safety	435,848	36,254	35,498	266,087	0	-231	773,456	127,346	0	23,228	0	-231	150,343	623,113
ABMS	2,715	0	179	0	-86	0	2,808	2,131	0	225	-85	0	2,271	537
Water	217,179	16,954	69,553	-6,580	-7	0	297,099	20,385	0	13,433	-2	0	33,816	263,283
Sanitation	2,162,121	894,101	459,108	952,021	-10,177	-3,329	4,453,845	950,001	-404,393	89,828	-9,971	-1,150	624,315	3,829,530
Solid Waste	1,730,308	684,510	384,357	-13,365	-324	-6,431	2,779,055	693,768	-330,032	43,579	-307	-2,952	404,056	2,374,999
Airport	533,099	46,256	130,474	-31,483	-5,067	0	673,279	333,532	7,295	80,525	-4,741	0	416,611	256,668
Housing	1,507	0	79	0	0	0	1,586	395	0	40	0	0	435	1,151
Market Service	127,831	559	4,433	8,193	-7,661	-3,495	129,860	86,785	0	2,282	-5,279	-795	82,993	46,867
Gas	88,213	8,642	12,930	-7,050	-68	-848	101,819	33,931	0	2,998	-68	-241	36,620	65,199
Electricity Service	73,786	0	0	23,646	0	0	97,432	0	0	2,648	0	0	2,648	94,784
Durban Marine Theme Park	4,040,166	248,491	455,929	93,686	-4,904	-2,612	4,830,756	1,634,285	0	254,943	-3,414	3,073	1,888,887	2,941,869
International Convenion Centre	635,130	189	7,245	31	-2,393	0	640,202	135,316	0	28,823	-1,759	0	162,380	477,822
	846,742	0	3,759	0	0	1	850,502	77,296	0	32,424	0	0	109,720	740,782
<b>Total</b>	<b>19,994,084</b>	<b>4,360,131</b>	<b>2,961,739</b>	<b>2,945,190</b>	<b>-58,354</b>	<b>-208,316</b>	<b>29,994,474</b>	<b>7,759,767</b>	<b>-1,851,870</b>	<b>1,042,800</b>	<b>-37,571</b>	<b>-8,301</b>	<b>6,904,825</b>	<b>23,089,649</b>

**APPENDIX B : SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009**

<b>2008 Actual Income</b>	<b>2008 Actual Expenditure</b>	<b>2008 Surplus/ (Deficit)</b>		<b>2009 Actual Income</b>	<b>2009 Actual Expenditure</b>	<b>2009 Surplus/ (Deficit)</b>
<b>R'000</b>	<b>R'000</b>	<b>R'000</b>		<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
28,285	177,311	(149,026)	Executive & Council	54,380	200,146	(145,766)
6,155,916	1,835,985	4,319,931	Finance & Admin	6,712,793	2,444,134	4,268,659
1,312,016	410,263	901,753	Planning & Development	960,478	417,283	543,195
43,008	257,558	(214,550)	Health	29,998	241,195	(211,197)
97,029	441,440	(344,411)	Community & Social Services	44,831	422,576	(377,745)
1,477,664	809,532	668,132	Housing	1,706,039	1,644,893	61,146
146,896	638,740	(491,844)	Public Safety	182,172	740,758	(558,586)
45,894	591,200	(545,306)	Sport & Recreation	34,233	620,309	(586,076)
530	10,806	(10,276)	Environmental Protection	16,828	92,791	(75,963)
727,228	1,197,084	(469,856)	Waste Management	731,932	1,473,032	(741,100)
345,722	977,485	(631,763)	Road Transport	671,887	1,323,101	(651,214)
2,255,975	2,039,254	216,721	Water	2,349,222	2,247,023	102,199
4,000,797	3,232,877	767,920	Electricity	4,986,252	4,176,532	809,720
62,608	86,914	(24,306)	Other	194,103	87,169	106,934
<b>16,699,568</b>	<b>12,706,449</b>	<b>3,993,119</b>	<b>Sub Total</b>	<b>18,675,148</b>	<b>16,130,942</b>	<b>2,544,206</b>
63,794			Share of Income from Joint Venture	19,601		
(1,468,795)	(1,468,795)	0	Less Inter-Dep charges	(1,641,569)	(1,641,569)	0
<b>15,294,567</b>	<b>11,237,654</b>	<b>4,056,913</b>	<b>Total</b>	<b>17,053,180</b>	<b>14,489,373</b>	<b>2,563,807</b>

**APPENDIX B : GROUP-SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009**

<b>2008 Actual Income</b>	<b>2008 Actual Expenditure</b>	<b>2008 Surplus/ (Deficit)</b>		<b>2009 Actual Income</b>	<b>2009 Actual Expenditure</b>	<b>2009 Surplus/ (Deficit)</b>
<b><u>R'000</u></b>	<b><u>R'000</u></b>	<b><u>R'000</u></b>		<b><u>R'000</u></b>	<b><u>R'000</u></b>	<b><u>R'000</u></b>
28,285	177,311	(149,026)	Executive & Council	54,380	200,146	(145,766)
6,036,227	1,835,985	4,200,242	Finance & Admin	6,388,224	2,444,134	3,944,090
1,312,016	410,263	901,753	Planning & Development	960,478	417,283	543,195
43,008	257,558	(214,550)	Health	29,998	241,195	(211,197)
97,029	441,440	(344,411)	Community & Social Services	44,831	422,576	(377,745)
1,477,664	809,532	668,132	Housing	1,706,039	1,644,893	61,146
146,896	638,740	(491,844)	Public Safety	182,172	740,758	(558,586)
45,894	591,200	(545,306)	Sport & Recreation	34,233	620,309	(586,076)
530	10,806	(10,276)	Environmental Protection	16,828	92,791	(75,963)
727,228	1,197,084	(469,856)	Waste Management	731,932	1,473,032	(741,100)
345,722	977,485	(631,763)	Road Transport	671,887	1,323,101	(651,214)
2,255,975	2,039,254	216,721	Water	2,349,222	2,247,023	102,199
4,000,797	3,232,877	767,920	Electricity	4,986,252	4,176,532	809,720
62,608	86,914	(24,306)	Other	194,103	87,169	106,934
138,734	164,814	(26,080)	International Convention Centre	138,734	164,815	(26,081)
117,290	180,260	(62,970)	Durban Marine Theme Park	117,078	161,593	(44,515)
155,312	43,487	111,825	Effingham/Link Road Joint Venture	21,144	1,543	19,601
34,492	25,593	8,899	ETA	32,169	26,886	5,283
<b>17,025,707</b>	<b>13,120,603</b>	<b>3,905,104</b>	<b>Sub Total</b>	<b>18,659,704</b>	<b>16,485,779</b>	<b>2,173,925</b>
(1,655,731)	(1,655,731)	0	Less Inter-Dep charges	(1,853,120)	(1,853,120)	0
<b>15,369,976</b>	<b>11,464,872</b>	<b>3,905,104</b>	<b>Total</b>	<b>16,806,584</b>	<b>14,632,659</b>	<b>2,173,925</b>

**APPENDIX C: ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2009**

	2009 Actual	2009 Budget	2009 Variance	2009 Variance	Explanation of Significant Variances greater than 10% versus Budget
	R'000	R'000	R'000	%	
<b>REVENUE</b>					
Property rates	3,723,618	4,082,578	(358,960)	(9)	
Property rates - penalties imposed and collection charges	195,067	163,200	31,867	20	For reasons refer to annexure C(1): 1
Service Charges	6,327,351	6,923,826	(596,475)	(9)	
Regional Services Levies	0	0	0	0	
Rental of facilities and equipment	257,740	154,479	103,261	67	For reasons refer to annexure C(1): 2
Interest earned - external investments	539,200	360,236	178,964	50	For reasons refer to annexure C(1): 3
Interest earned - outstanding debtors	150,226	132,392	17,834	13	For reasons refer to annexure C(1): 4
Fines	139,190	142,609	(3,419)	(2)	
Licences and permits	25,008	24,885	123	0	
Government grants and subsidies	3,868,780	4,644,788	(776,008)	(17)	For reasons refer to annexure C(1): 5
Public contributions and donations	2,046	5,000	(2,954)	0	
Other income	1,281,916	1,158,832	123,084	11	
Fair Value Adjustment	11,899	0	11,899	0	
Gains on disposal of property, plant and equipment	31,509	21,000	10,509	0	
Reversal of Loss : Loan Impairment	480,029	0	480,029	0	
<b>TOTAL REVENUE</b>	<b>17,033,579</b>	<b>17,813,823</b>	<b>(780,246)</b>		
<b>EXPENDITURE</b>					
Executive & Council	200,146	214,586	(14,440)	(7)	
Finance & admin	2,444,134	1,925,267	518,867	27	For reasons refer to annexure C(1): 6
Planning & Development	417,283	512,609	(95,326)	(19)	For reasons refer to annexure C(1): 7
Health	241,195	249,329	(8,134)	(3)	
Community & Social Services	422,576	468,938	(46,362)	(10)	For reasons refer to annexure C(1): 8
Housing	1,644,893	1,596,795	48,098	3	
Public Safety	740,758	750,233	(9,475)	(1)	
Sport & Recreation	620,309	662,914	(42,605)	(6)	
Environmental Protection	92,791	89,583	3,208	4	
Waste Management	1,473,032	1,475,083	(2,051)	(0)	
Road Transport	1,323,101	1,409,888	(86,787)	(6)	
Water	2,247,023	2,501,091	(254,068)	(10)	
Electricity	4,176,532	4,641,042	(464,510)	(10)	
Other	87,169	98,800	(11,631)	(12)	For reasons refer to annexure C(1): 9
Inter-departmental charges	(1,641,569)	(1,532,584)	(108,985)	7	
<b>TOTAL EXPENDITURE</b>	<b>14,489,373</b>	<b>15,063,572</b>	<b>(574,201)</b>		
Share of Income from Joint Venture	19,601	0	0		
<b>SURPLUS FOR THE YEAR</b>	<b>2,563,807</b>	<b>2,750,251</b>	<b>(186,444)</b>		



**APPENDIX C: GROUP=ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2009**

	2009 Actual	2009 Budget	2009 Variance	2009 Variance	Explanation of Significant Variances greater than 10% versus Budget
	R'000	R'000	R'000	%	
<b>REVENUE</b>					
Property rates	3,717,372	4,082,578	(365,206)	(9)	
Property rates - penalties imposed and collection charges	195,067	163,200	31,867	20	For reasons refer to annexure C(1): 1
Service Charges	6,309,610	6,923,826	(614,216)	(9)	
Regional Services Levies	0	0	0	0	
Rental of facilities and equipment	300,128	154,479	145,649	94	For reasons refer to annexure C(1): 2
Interest earned - external investments	570,153	360,236	209,917	58	For reasons refer to annexure C(1): 3
Interest earned - outstanding debtors	150,226	132,392	17,834	13	For reasons refer to annexure C(1): 4
Fines	139,190	142,609	(3,419)	(2)	
Licences and permits	25,008	24,885	123	0	
Government grants and subsidies	3,883,206	4,644,788	(761,582)	(16)	For reasons refer to annexure C(1): 5
Public contributions and donations	4,826	5,000	(174)	0	
Other income	1,468,390	1,283,488	184,902	14	
Fair Value Adjustment	11,899	0	11,899	0	
Gains on disposal of property, plant and equipment	31,509	21,000	10,509	0	
<b>TOTAL REVENUE</b>	<b>16,806,584</b>	<b>17,938,479</b>	<b>(1,131,897)</b>		
<b>EXPENDITURE</b>					
Executive & Council	200,146	214,586	(14,440)	(7)	
Finance & admin	2,233,653	1,925,267	308,386	16	For reasons refer to annexure C(1): 6
Planning & Development	417,283	512,609	(95,326)	(19)	For reasons refer to annexure C(1): 7
Health	241,195	249,329	(8,134)	(3)	
Community & Social Services	422,576	468,938	(46,362)	(10)	For reasons refer to annexure C(1): 8
Housing	1,644,893	1,596,795	48,098	3	
Public Safety	740,758	750,233	(9,475)	(1)	
Sport & Recreation	620,309	662,914	(42,605)	(6)	
Environmental Protection	92,791	89,583	3,208	4	
Waste Management	1,473,032	1,475,083	(2,051)	(0)	
Road Transport	1,323,101	1,409,888	(86,787)	(6)	
Water	2,247,023	2,501,091	(254,068)	(10)	
Electricity	4,176,532	4,641,042	(464,510)	(10)	
Other	87,169	98,800	(11,631)	(12)	For reasons refer to annexure C(1): 9
International Convention Centre	164,890	151,810	13,080	9	
Durban Marine Theme Park	160,448	161,717	(1,269)	(1)	
Effingham/Link Road	1,543				
ETA	26,886				
Inter-departmental charges	(1,641,569)	(1,532,584)	(108,985)	7	
<b>TOTAL EXPENDITURE</b>	<b>14,632,659</b>	<b>15,377,099</b>	<b>(772,871)</b>		
Share of Income from Joint Venture	0	0	0		
<b>SURPLUS FOR THE YEAR</b>	<b>2,173,925</b>	<b>2,561,380</b>	<b>(387,455)</b>		

## **APPENDIX C(1) : ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2009**

1. Property Rates - Penalties Imposed and collection charges - Increase

The increase is due to a reduction in the collection rate due to the economic downturn.

2. Rental of Facilities and Equipment - Increase

The increase in income from the rental of facilities and equipment is mainly attributable to the lease income from the leasing of busses as well as an increase in the number of facilities generating rental income

3. Interest Earned - External Investments - Increase

The Increase is due mainly to the increase in interest rates.

4. Interest Earned - Outstanding Debtors - Increase

The increase is due to the increase in outstanding accounts as a result of the economic downturn.

5. Government grants and subsidies - Decrease

- a. Decrease in Health MOU Subsidy & Primary Health Grant (R 201m) due to delays in approval hence a higher provision in the budget.
- b. Decrease in EU Funding (R 10m)

6. Other Income - Increase

The increase is mainly due to Capital Insurance Claims of R 25m and the KZN Government Casino levy (6.8m)

7. Finance & Administration

The increase is due mainly to the increase in employee related costs due to annual contributions to the retirement benefit obligations.

8. Planning & Development

- a. Decreases in the employee related costs due to non filling of vacancies
- b. Decrease in general expenses due to stringent control of costs
- c. Decreased building plans submissions especially for larger developments due to economic downturn.

9. Community & Social Services

- a. Decrease is due to fewer requests for the use of social facilities
- b. Decrease in the employee related costs due to non filling of vacant posts.

10. Other

The savings is due to the decrease in the use of contracted services in Tourism department.

APPENDIX D: ETHEKWINI MUNICIPALITY-ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2009

Output Unit	2009 Actual	Under Construction	Total Additions	Revised Budget	Variance	Variance %	Explanation of Significant Variances greater than 5% versus Budget
	R'000	R'000	R'000	R'000	R'000	%	
<b>Procurement and Infrastructure</b>	<b>2,069,708</b>	<b>1,814,712</b>	<b>3,884,420</b>	<b>3,711,953</b>	<b>172,467</b>		
Housing	360,043	-57,322	302,721	299,968	2,753	1	Increase is due to the acceleration of the Housing Delivery Programme.
Engineering	232,015	590,620	822,635	808,626	14,009	2	The increase is due capital expenditure incurred as a result of storm damage .
EtheKwini Transport Authority	35,498	266,088	301,586	301,586	0	0	
Sanitation	384,412	-13,638	370,774	370,667	107	0	
Solid Waste	130,474	-7,929	122,545	122,545	0	0	
Procurement	0	0	0	0	0	0	
Water	459,098	943,207	1,402,305	1,242,213	160,092	13	The increase is due to the acceleration of the water pipes replacement program.
Electricity Service	468,168	93,686	561,854	566,348	-4,494	-1	
<b>Health and Safety</b>	<b>139,506</b>	<b>-9,179</b>	<b>130,327</b>	<b>128,453</b>	<b>1,874</b>		
Parks, Recreation, Cemeteries & Culture	75,644	-9,686	65,958	64,459	1,499	2	
Health	39,200	-2,568	36,632	35,732	900	3	Increase is due to the acceleration in the rollout of the Ablution Block Programme.
<b>Safety Social and Security</b>							
Emergency Services	24,662	3,075	27,737	28,262	-525	-2	

APPENDIX D: ETHEKWINI MUNICIPALITY-ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2009

Output Unit	2009 Actual	Under Construction	Total Additions	Revised Budget	Variance	Variance %	Explanation of Significant Variances greater than 5% versus Budget
	R'000	R'000	R'000	R'000	R'000	%	
<b>Sustainable and City Enterprises</b>	<b>153,006</b>	<b>27,268</b>	<b>180,274</b>	<b>189,491</b>	<b>-9,217</b>		
Development Planning & Management	1,492	3,122	4,614	4,614	0	0	
Economic Development & Facilitation	66,389	35,966	102,355	102,627	-272	-0	Underexpenditure is mainly attributable to unforeseen project delays.
Area Based Management	69,635	-6,580	63,055	70,423	-7,368	-10	Under-expenditure is mainly attributable to delays in the award of tenders and default of contractors in respect of certain projects.
City Enterprises	13,270	-6,004	7,266	8,639	-1,373	-16	Delay in the sales hall development project due to safety concerns. Project stopped by the Department of Labour during the year.
Business Support	2,220	764	2,984	3,188	-204	-6	Project is complete, residual savings on the project.
<b>Treasury</b>	<b>582,460</b>	<b>0</b>	<b>582,460</b>	<b>586,297</b>	<b>-3,837</b>		
Finance	78,397	0	78,397	78,397	0	0	
Real Estates	1,100	0	1,100	4,937	-3,837	-78	The underspending is due to delays in Land Purchase negotiations, transfers and registrations.
Durban Transport	397,639	0	397,639	397,639	0	100	
City Fleet	105,324	0	105,324	105,324	0	0	
<b>Governance</b>	<b>6,492</b>	<b>11,279</b>	<b>17,771</b>	<b>18,821</b>	<b>-1,050</b>		
Governance	6,492	11,279	17,771	18,821	-1,050	-6	The underspending is due to difficulties experienced in obtaining the materials to restore the City Hall.
<b>Corporate Human Resources</b>	<b>4,260</b>	<b>4,769</b>	<b>9,029</b>	<b>8,827</b>	<b>202</b>		
Human Resources	4,260	4,769	9,029	8,827	202	2	
<b>City Manager's Office</b>	<b>88,952</b>	<b>1,094,531</b>	<b>1,183,483</b>	<b>1,183,929</b>	<b>-446</b>		
City Manager's Office	9,113	-4,813	4,300	4,300	0	0	
Strategic Projects	350	1,099,344	1,099,694	1,099,694	0	0	
Information Technology	79,489	0	79,489	79,935	-446	-1	
<b>Total</b>	<b>3,044,384</b>	<b>2,943,380</b>	<b>5,987,764</b>	<b>5,827,771</b>	<b>159,993</b>	<b>3</b>	

APPENDIX D: GROUP-ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2009

Output Unit	2009 Actual	Under Construction	Total Additions	Revised Budget	Variance	Variance %	Explanation of Significant Variances greater than 5% versus Budget
	R'000	R'000	R'000	R'000	R'000	%	
<b>Procurement and Infrastructure</b>	<b>2,069,708</b>	<b>1,814,712</b>	<b>3,884,420</b>	<b>3,711,953</b>	<b>172,467</b>		
Housing	360,043	-57,322	302,721	299,968	2,753	1	Increase is due to the acceleration of the Housing Delivery Programme.
Engineering	232,015	590,620	822,635	808,626	14,009	2	The increase is due capital expenditure incurred as a result of storm damage .
Ethekwini Transport Authority	35,498	266,088	301,586	301,586	0	0	
Sanitation	384,412	-13,638	370,774	370,667	107	0	
Solid Waste	130,474	-7,929	122,545	122,545	0	0	
Procurement	0	0	0	0	0	0	
Water	459,098	943,207	1,402,305	1,242,213	160,092	13	The increase is due to the acceleration of the water pipes replacement program.
Electricity Service	468,168	93,686	561,854	566,348	-4,494	-1	
<b>Health and Safetey</b>	<b>139,506</b>	<b>-9,179</b>	<b>130,327</b>	<b>128,453</b>	<b>1,874</b>		
Parks, Recreation, Cemeteries & Culture	75,644	-9,686	65,958	64,459	1,499	2	
Health	39,200	-2,568	36,632	35,732	900	3	Increase is due to the acceleration in the rollout of the Ablution Block Programme.
<b>Safety Social and Security</b>							
Emergency Services	24,662	3,075	27,737	28,262	-525	-2	

APPENDIX D: GROUP-ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2009

Output Unit	2009 Actual	Under Construction	Total Additions	Revised Budget	Variance	Variance %	Explanation of Significant Variances greater than 5% versus Budget
	R'000	R'000	R'000	R'000	R'000	%	
<b>Sustainable and City Enterprises</b>	<b>153,006</b>	<b>27,268</b>	<b>180,274</b>	<b>189,491</b>	<b>-9,217</b>		
Development Planning & Management	1,492	3,122	4,614	4,614	0	0	
Economic Development & Facilitation	66,389	35,966	102,355	102,627	-272	-0	Underexpenditure is mainly attributable to unforeseen project delays.
Area Based Management	69,635	-6,580	63,055	70,423	-7,368	-10	Under-expenditure is mainly attributable to delays in the award of tenders and default of contractors in respect of certain projects.
City Enterprises	13,270	-6,004	7,266	8,639	-1,373	-16	Delay in the sales hall development project due to safety concerns. Project stopped by the Department of Labour during the year.
Business Support	2,220	764	2,984	3,188	-204	-6	Project is complete, residual savings on the project.
<b>Treasury</b>	<b>582,460</b>	<b>0</b>	<b>582,460</b>	<b>586,297</b>	<b>-3,837</b>		
Finance	78,397	0	78,397	78,397	0	0	
Real Estates	1,100	0	1,100	4,937	-3,837	-78	The underspending is due to delays in Land Purchase negotiations, transfers and registrations.
Durban Transport	397,639	0	397,639	397,639	0	100	
City Fleet	105,324	0	105,324	105,324	0	0	
<b>Governance</b>	<b>6,492</b>	<b>11,279</b>	<b>17,771</b>	<b>18,821</b>	<b>-1,050</b>		
Governance	6,492	11,279	17,771	18,821	-1,050	-6	The underspending is due to difficulties experienced in obtaining the materials to restore the City Hall.
<b>Corporate Human Resources</b>	<b>4,260</b>	<b>4,769</b>	<b>9,029</b>	<b>8,827</b>	<b>202</b>		
Human Resources	4,260	4,769	9,029	8,827	202	2	
<b>City Manager's Office</b>	<b>88,952</b>	<b>1,094,531</b>	<b>1,183,483</b>	<b>1,183,929</b>	<b>-446</b>		
City Manager's Office	9,113	-4,813	4,300	4,300	0	0	
Strategic Projects	350	1,099,344	1,099,694	1,099,694	0	0	
Information Technology	79,489	0	79,489	79,935	-446	-1	
<b>Durban Marine Theme Park</b>	<b>7,525</b>		<b>7,525</b>	<b>4,511</b>	<b>3,014</b>	<b>67</b>	<b>Due to re-budgeting only essential assets were purchased and the available capex funds were used to fund the income statement shortfall.</b>
<b>International Convention Centre</b>	<b>4,401</b>		<b>4,401</b>	<b>4,495</b>	<b>-94</b>	<b>-2</b>	
<b>Total</b>	<b>3,056,310</b>	<b>2,943,380</b>	<b>5,999,690</b>	<b>5,836,777</b>	<b>162,913</b>	<b>3</b>	

APPENDIX E : GRANTS AND SUBSIDIES RECEIVED - 30 JUNE 2009

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 MFMA.56 OF 2003

NAME OF GRANTS	NAME OF ORGAN OF STATE OR MUNICIPAL ENTITY	QUARTELY RECEIPTS				QUARTELY EXPENDITURE				GRANTS AND SUBSIDIES DELAYED/ WITHHELD	REASON FOR DELAY /WITHHOLDING OF FUNDS				DID YOUR MUNICIPALITY COMPLY WITH THE GRANT CONDITIONS IN TERMS OF GRANT	REASON FOR NON COMPLIANCE
		Sept R'000	Dec R'000	Mar R'000	Jun R'000	Sept R'000	Dec	Mar R'000	Jun R'000		Sept R'000	Dec R'000	Mar R'000	Jun R'000		
Financial Management Grant	National Treasury	750	0	0	0	0	0	750	0	0	0	0	0	N/A	Yes	N/A
Municipal Infrastructure Grant	National Treasury	106,183	116,374	128,057	20,348	106,183	116,374	128,057	20,602	0	0	191	0	N/A	Yes	N/A
Equitable Share/Subsidy	National Treasury	0	310,752	233,064	388,440		310,752	233,064	388,440	0	0	0	0	N/A	Yes	N/A
Equitable Share - INK	National Treasury	8,507	5,104	6,806	0	8,507.00	5,104	6,806	2,506	0	1,016	0	2,032	N/A	Yes	N/A
Equitable Share - BSL	National Treasury	218,322	163,742	272,903	0	218,322	162,742	272,903	0	0	0	0	0	N/A	Yes	N/A
Vuna Awards	National Treasury	0	0	0	0	15	29	37	102	0	0	3,055	0.00	N/A	Yes	N/A
DEAT	Provincial Government	0	0	0	0	0	97	882	75	2,778	0	0	0	N/A	Yes	N/A
NDPG	National Treasury	18,800	0	21,803	10,000	5,194	391	15,706	24,165	0	0	0	0	N/A	Yes	N/A
PTIF	KZN Dept of Transport	90,000	34,000	43,250	0	34,000	75,000	26,023		57,888	0	0	0	N/A	Yes	N/A
Grant - Accreditation	Provincial Government	920	4,530	2,550	0	825	4,530	2,550	230	384	0	0	26	N/A	Yes	N/A
Govt Subs - Primary Health	KZN of Health - State	0	0	2,725	36,406	22,816.00	2,348	859	2,724	0	0	0	0	N/A	Yes	N/A
Disaster Fund	National Treasury	10,773	0	21,545	0	67	10,773	21,545	0	0	0	0	0	N/A	Yes	N/A
Books	Provincial Government	4,504	0	0	0	0	4,504		0	0	0	0	0	N/A	Yes	N/A
Capital Grants - Dwaf	DWAF	488	2,461	0	0	0	830	2,461	0	0	0	581	0	N/A	Yes	N/A
2010 Fifa World Cup	National Treasury	514,775	0	150,000	0	0	205,140	257,619	0	100,026	142,476	25,000	112,984	N/A	Yes	N/A
2010 KZN Provincial Grant	Provincial Government	122,000	220,500	166,932	0	122,000	220,500	166,932	0	0	0	0	0	N/A	Yes	N/A
Department of Minerals and Energy Affairs	National Treasury	0	0	0	4,200	0	0	0	4,200	0	0	0	0	N/A	Yes	N/A
DIT	Provincial Government	699	0	0	0	699	0	0	0	0	0	0	0	N/A	Yes	N/A
Department of Arts and Culture	Provincial Government	0	0	0		0	0	0	0	0	0	0	0	N/A	Yes	N/A
Office of the Premier	Provincial Government	0	0	126	0.00	0	0	126	0	600	0	0	0	N/A	Yes	N/A
Department of Provincial and Local Grant	Provincial Government	0	0	0	0	0	0	0	230	0	0	2,031	0	N/A	Yes	N/A
Department of Local Government and Traditional Affairs	Provincial Government	0	12,200	0	0	0		33	0	0	12,167	0	0	N/A	Yes	N/A
Metropolitan Transport Authority	Provincial Government	0	0	796	4,882	0	0	796	4,882	32	0	0	0	N/A	Yes	N/A
A1 Grand Prix	Provincial Government	0	0	0	0	0	0	1,000	0	0	644	0	0	N/A	Yes	N/A
Intergrated National Electrification Program	National Treasury	30,920	12,584	6,112	24,544	6,504	12,322	19,386	35,948	0	0	0	0	N/A	Yes	N/A
<b>Grand Total</b>		<b>1,127,641.00</b>	<b>882,247</b>	<b>1,056,669</b>	<b>488,820</b>	<b>525,132</b>	<b>1,131,436</b>	<b>1,157,535</b>	<b>484,104</b>	<b>161,708</b>	<b>156,303</b>	<b>30,858</b>	<b>118,097</b>			

**APPENDIX F: ACCUMULATED SURPLUS AS AT 30 JUNE 2009 - MUNICIPALITY**

	<u>Capital Replacement Reserve</u> R'000	<u>Capitalisation Reserve</u> R'000	<u>Government Grant Reserve</u> R'000	<u>Donations and Public Contributions Reserve</u> R'000	<u>Self-Insurance Reserve</u> R'000	<u>C.O.I.D. Reserve</u> R'000	<u>Non-Reserves portion of Accumulated Surplus</u> R'000	<u>ACCUMULATED SURPLUS</u> R'000
Balance at 01 July 2007 (Restated - refer Statement of Changes in Net Assets)	246,777	160,587	740,332	1,324,307	503,479	34,811	8,107,864	11,118,157
Transfer to Capital Replacement Reserve	1,300,073						-1,300,073	
Contribution to Insurance Reserve					120,525	11,823	-132,348	
Transfer to Housing Development Fund							77,794	77,794
Restated Surplus for the year							4,056,914	4,056,914
PPE purchases	-908,964						908,964	
Capital Grants used to purchase PPE			1,997,809				-1,997,809	
Donated / contributed PPE				816,588			-816,588	
Insurance claims processed					-37,913	-10,327	48,240	
Offsetting of Depreciation		-2,802	-77,535	-81,564			161,901	
Balance at 01 July 2008	637,886	157,785	2,660,606	2,059,331	586,091	36,307	9,114,859	15,252,865
Transfer to Capital Replacement Reserve	2,757,994						-2,757,994	
Contribution to Insurance Reserve					134,242	43,885	-178,127	
Transfer to Housing Development Fund							67,247	67,247
Surplus for the year							2,563,807	2,563,807
PPE purchases	-2,572,889						2,572,889	
Capital Grants used to purchase PPE			2,274,984				-2,274,984	
Donated / contributed PPE				34,793			-34,793	
Insurance claims processed					-91,502	-36,307	127,809	
Offsetting of Depreciation		-5,405	-133,763	-75,460			214,628	
Balance at 30 June 2009	822,991	152,380	4,801,827	2,018,664	628,831	43,885	9,415,341	17,883,919



**APPENDIX F: ACCUMULATED SURPLUS AS AT 30 JUNE 2009 - GROUP**

	<u>Capital Replacement Reserve</u> R'000	<u>Capitalisation Reserve</u> R'000	<u>Government Grant Reserve</u> R'000	<u>Donations and Public Contributions Reserve</u> R'000	<u>Self-Insurance Reserve</u> R'000	<u>C.O.I.D. Reserve</u> R'000	<u>Non-Reserves portion of Accumulated Surplus</u> R'000	<u>ACCUMULATED SURPLUS</u> R'000
Balance at 01 July 2007 (Restated - refer Statement of Changes in Net Assets)	246,777	160,587	740,332	1,324,307	503,479	34,811	8,524,541	11,534,834
Transfer to Capital Replacement Reserve	1,300,073						-1,300,073	
Contribution to Insurance Reserve					120,525	11,823	-132,348	
Transfer to Housing Development Fund							77,794	77,794
Restated Surplus for the year							3,948,965	3,948,965
PPE purchases	-908,964						908,964	
Capital Grants used to purchase PPE			1,997,809				-1,997,809	
Donated / contributed PPE				816,588			-816,588	
Insurance claims processed					-37,913	-10,327	48,240	
Offsetting of Depreciation		-2,802	-77,535	-81,564			161,901	
Balance at 01 July 2008	637,886	157,785	2,660,606	2,059,331	586,091	36,307	9,423,587	15,561,593
Transfer to Capital Replacement Reserve	2,757,994						-2,757,994	
Contribution to Insurance Reserve					134,242	43,885	-178,127	
Transfer to Housing Development Fund							67,247	67,247
Surplus for the year							2,173,925	2,173,925
PPE purchases	-2,572,889						2,572,889	
Capital Grants used to purchase PPE			2,274,984				-2,274,984	
Donated / contributed PPE				34,793			-34,793	
Insurance claims processed					-91,502	-36,307	127,809	
Offsetting of Depreciation		-5,405	-133,763	-75,460			214,628	
Balance at 30 June 2009	822,991	152,380	4,801,827	2,018,664	628,831	43,885	9,334,187	17,802,765