



**THE MSUNDUZI MUNICIPALITY
THE GROUP
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

The Msunduzi Municipality

The Group Annual Financial Statements for the year ended 30 June 2009

General Information

Legal form of entity

Municipality

Executive Committee

Mayor - Z Hlatshwayo
Deputy Mayor - M. Dirks
Member - R Ashe
Member - K Chetty
Member - TI Dlamini
Member - WF Lambert
Member - F Mbatha
Member - GJN Meyer
Member - D Zondi
Member - TI Zungu

The Msunduzi Municipality

The Group Annual Financial Statements for the year ended 30 June 2009

General Information

Councillors

Speaker - A Shelembe

Whip - BS Ngubane

N Ahmed

N Atwaru

V Baijoo

P Bhengu

C Bradley

D Buthelezi

M Chetty

MJ Dladla

ME Dlamini

NV Duze

SC Gabela

JEP Green

MD Hlongwane

M Inderjith

PV Jaca

AH Kadir

VK Khambule

RT Khanyile

J Lawrence

ID Lushozi

SP Lyne

SI Madonda

VT Magubane

ZH Magubane

SJ Majola

ST Majola

M Maphumulo

RB Mazibuko

G McArthur

M Mchunu

MB Mkhize

SA Mkhize

CS Mkhize

PW Moon

ML Msimang

E Mzila

SN Naidoo

BA Ndlovu

LC Ngcobo

SME Ngcobo

DH Ngubane

I Ngubane

TD Ntombela

MV Ntshangase

S Ntuli

K Olivier

SV Radebe

The Msunduzi Municipality

The Group Annual Financial Statements for the year ended 30 June 2009

General Information

	DF Ryder
	SJ Seymour
	BP Shoji
	AS Sibisi
	R Singh
	RB Singh
	BC Sokhela
	MM Thebolla
	GH Zondi
	T Zondi
	B Zuma
	FB Zuma
	TR Zuma
	TRM Zungu
Accounting Officer	R.F. Haswell
Grading of local authority	Category - B
Chief Finance Officer (CFO)	K. Bridgmohan
Registered office	The City Hall 260 Church Street Pietermaritzburg 3200
Business address	The City Hall 260 Church Street Pietermaritzburg 3200
Postal address	City Hall Private Bag x321 3200
Controlling entity	Safe City Pietermaritzburg
Bankers	First National Bank
Auditors	The Auditor General
Telephone number:	(033) 392 2006
Facsimile:	(033) 392 2208
Website	www.msunduzi.gov.za

The Msunduzi Municipality

The Group Annual Financial Statements for the year ended 30 June 2009

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Abbreviations	
ASB	Accounting Standards Board
CBD	Central Business District
COID	Compensation for Occupational Injuries and Diseases
CPI	Consumer Price Index
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
DSB	Development Services Board
FNB	First National Bank
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
KZN	Kwazulu Natal
ME's	Municipal Entities
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
NATIS	National Traffic Information System
NCT	Natal Co-operative Timber Tree Farming (Pty) Ltd
NJMPF	Natal Joint Municipal Pension Fund
NPA	Natal Provincial Administration
PAYE	Pay As You Earn
RMB	Rand Merchant Bank
UIF	Unemployment Insurance Fund
VAT	Value Added Taxation

The Msunduzi Municipality

The Group Annual Financial Statements for the year ended 30 June 2009

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the consolidated annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the consolidated annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are responsible for reporting on the fair presentation of the consolidated annual financial statements.

The consolidated annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP).

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

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2009 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The decrease in working capital can be attributed to Council funding its capital expenditure from its own reserves and only raising the long term loan in the next financial year.

In light of the current economic conditions, the municipality has been challenged with many defaulting consumers and dire impact on the cashflow.

I certify that the salaries, allowances and benefits of Councillors, as disclosed in note 28 of these consolidated annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the remuneration of the Public Officer Bearer's Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

I am responsible for the preparation of the consolidated annual financial statements set out on pages 4 to 32, in terms of section 126(1) of the Municipal Finance Management Finance Act which have been prepared on the going concern basis, were approved by the my self on 30 Setember 2009 and were signed on behalf of the Municipality.

R.F.Haswell

The Msunduzi Municipality
The Group Annual Financial Statements as at 30 June 2009
Statement of Financial Position

Figures in Rand	Note(s)	Municipality		Group
		2009	2008	2009
ASSETS				
Current Assets				
Inventories	3	64,304,960	53,832,193	64,304,960
Current portion -other financial assets	12	1,860,000	1,860,000	1,860,000
Trade and other receivables from non exchange transactions	4	18,935,560	32,950,250	18,935,560
VAT	5	-	5,896,918	-
Trade and other receivables from exchange transactions	6	320,310,484	256,848,624	320,310,484
Current portion of long -term receivables		1,492,047	1,557,263	1,492,047
Cash and cash equivalents	7	112,867,232	263,845,426	113,666,687
		<u>519,770,283</u>	<u>616,790,674</u>	<u>520,569,738</u>
Non Current Assets				
Investment property	10	534,167,000	-	534,167,000
Property, plant and equipment	8	6,183,054,641	1,241,887,304	6,183,105,963
Intangible assets	9	3,254,398	1,080,382	3,254,398
Long -term receivables	11	4,686,392	5,349,498	4,686,392
Current portion -other financial assets	12	70,842	74,689	70,842
		<u>6,725,233,273</u>	<u>1,248,391,873</u>	<u>6,725,284,595</u>
Total Assets		<u>7,245,003,556</u>	<u>1,865,182,547</u>	<u>7,245,854,333</u>
LIABILITIES				
Current Liabilities				
Current portion of long -term liabilities	13	47,105,411	40,544,487	47,105,411
Trade and other payables	15	302,360,997	274,081,253	302,363,830
VAT	16	5,040,704	-	5,013,626
Consumer deposits	17	34,808,038	36,171,502	34,808,038
Deferred income / Unspent conditional grants and receipts	18	113,075,091	145,926,624	113,075,091
Short term -liability		50,000,000	-	50,000,000
Current provisions	19	625,167	861,265	625,167
		<u>553,015,408</u>	<u>497,585,131</u>	<u>552,991,163</u>
Non-current liabilities				
Long-term liabilities	13	371,716,196	336,768,253	371,716,196
Finance lease obligation	14	10,670,399	7,669,141	10,670,399
Retirement benefit obligation	20	98,089,800	50,000,000	98,089,800
Provisions	21	16,871,166	28,855,336	16,871,166
		<u>497,347,561</u>	<u>423,292,730</u>	<u>497,347,561</u>
Total Liabilities		<u>1,050,362,969</u>	<u>920,877,861</u>	<u>1,050,338,724</u>
NET ASSETS		<u>6,194,640,587</u>	<u>944,304,686</u>	<u>6,195,515,609</u>
NET ASSETS				
Housing development fund	22	52,002,719	54,756,079	52,002,719
Accumulated surplus		6,142,637,868	889,548,607	6,143,512,890
Total Net Assets		<u>6,194,640,587</u>	<u>944,304,686</u>	<u>6,195,515,609</u>

The Msunduzi Municipality
The Group Annual Financial Statements for the year ended 30 June 2009
Statement of Financial Performance

Figures in Rand	Note(s)	Municipality		Group
		2009	2008	2009
Property rates	26	378,556,015	345,067,836	378,556,015
Service charges	27	952,438,874	896,704,177	952,438,874
Property rates -penalties imposed and collection		20,581,029	23,565,464	20,581,029
Rental received		16,684,449	15,717,272	16,684,449
Fees from agency services		689,431	751,904	689,431
Public contributions, Donated and contributed property, plant and equipment		-	-	10,000
Fines		14,299,020	14,774,353	14,299,020
Licences and permits		53,988	43,655	53,988
Government grants	29	324,440,359	266,381,114	324,440,359
Other revenue	28	338,998,135	223,766,208	338,999,138
Interest received -investment	34	35,510,494	52,294,057	35,573,954
Total Revenue		2,082,251,794	1,839,066,040	2,082,326,257
Expenditure				
Employee related costs	31	(580,172,075)	(500,859,237)	(582,395,777)
Remuneration of councillors	32	(19,164,676)	(15,467,145)	(19,164,676)
Depreciation and amortisation	35	(96,625,686)	(96,408,758)	(96,651,653)
Impairment of inventory	36	-	(143,365)	-
Finance costs	37	(57,421,392)	(55,028,233)	(57,421,591)
Contributions to provisions	33	(10,000,000)	(10,000,000)	(10,000,000)
Collection costs		(1,401,737)	(1,092,870)	(1,401,737)
Repairs and maintenance		(77,379,164)	(60,481,535)	(77,933,252)
Bulk purchases	39	(636,770,849)	(515,449,656)	(636,770,849)
Grants and subsidies paid	38	(4,978,336)	(4,392,550)	(2,346,757)
General Expenses	30	(602,728,333)	(470,298,514)	(602,618,180)
Total Expenditure		(2,086,642,248)	(1,729,621,863)	(2,086,704,472)
Gains on disposal of assets	41	3,369,276	7,239,228	3,369,276
Financial liability amortised cost		5,434,385	-	5,434,385
Financial asset amortised cost		(385,314)	-	(385,314)
Surplus for the year		4,027,893	116,683,405	4,040,132

The Msunduzi Municipality
Annual Financial Statements for the year ended 30 June 2009

Statement of Changes in Net Assets

	Housing development fund R	Capital replacement reserve R	Insurance reserve R	Total reserves R	Accumulated surplus R	Total net assets R
Balance at 01 July 2007 as restated	54,020,358	31,749,397	22,503,153	108,272,908	798,129,894	906,402,802
Changes in net assets						
Changes in accounting policy	-	(31,749,397)	(22,503,153)	(54,252,550)	54,252,550	-
Correction of prior period errors	-	-	-	-	176,686	176,686
Net income (expenses) recognised directly in net assets	-	(31,749,397)	(22,503,153)	(54,252,550)	54,429,236	176,686
Surplus for the year	-	-	-	-	116,683,405	116,683,405
Total recognised income and expenses for the year	-	(31,749,397)	(22,503,153)	(54,252,550)	171,112,641	116,860,091
Contributions to self-insurance reserve	-	-	-	-	31,740,578	31,740,578
Insurance claims processed	-	-	-	-	(29,625,502)	(29,625,502)
CRR net transactions after amalgamation into surplus	-	-	-	-	(978,783)	(978,783)
Contributions introduced	-	-	-	-	(10,704,235)	(10,704,235)
Transfer to HDF	735,721	-	-	735,721	-	735,721
Other property plant and equipment - biological assets	-	-	-	-	81,727	81,727
Transfer to/from provisions	-	-	-	-	(67,500,000)	(67,500,000)
Transfer to/from creditors (leave pay)	-	-	-	-	(2,707,713)	(2,707,713)
Total changes	735,721	(31,749,397)	(22,503,153)	(53,516,829)	91,418,713	37,901,884
Balance at 01 July 2008	54,756,079	-	-	54,756,079	889,548,607	944,304,686
Changes in net assets						
Changes in accounting policies	-	-	-	-	(146,559)	(146,559)
Correction of prior period error	-	-	-	-	(2,671,526)	(2,671,526)
Net income (expenses) recognised directly in net assets	-	-	-	-	(2,818,085)	(2,818,085)
Surplus for the year	-	-	-	-	4,027,896	4,027,896
Total recognised income and expenses for the year	-	-	-	-	1,209,811	1,209,811
Transfer to HDF	-	-	-	-	6,116,773	6,116,773
Net difference of adjustments	-	-	-	-	(31,010,576)	(31,010,576)
Additional other property plant and equipment - biological assets	-	-	-	-	85,716	85,716
Transfer to / from provisions	-	-	-	-	(21,593,591)	(21,593,591)
Transfer to/from creditors (leave pay)	-	-	-	-	(2,520,716)	(2,520,716)
Transactions HDF	(2,753,360)	-	-	(2,753,360)	-	(2,753,360)
Net take on of infrastructure assets as at 30 June 2009	-	-	-	-	5,294,381,500	5,294,381,500
Insurance claim processed	-	-	-	-	6,420,344	6,420,344
Total changes	(2,753,360)	-	-	(2,753,360)	5,253,089,261	5,250,335,901
Balance at 30 June 2009	52,002,719	-	-	52,002,719	6,142,637,868	6,194,640,587
Note(s)	22	23	24			

The Msunduzi Municipality
The Group Annual Financial Statements for the year ended 30 June 2009

Statement of Changes in Net Assets

	Housing development fund	Capital replacement reserve	Insurance reserve	Total reserves	Accumulated surplus	Total net assets
Balance at 01 July 2007 as restated	54,020,358	31,749,397	22,503,153	108,272,908	798,931,282	907,204,190
Changes in accounting policy	-	(31,749,397)	(22,503,153)	(54,252,550)	54,252,550	-
Correction of prior period errors	-	-	-	-	176,686	176,686
Net income (expenses) recognised directly in net assets	-	(31,749,397)	(22,503,153)	(54,252,550)	54,429,236	176,686
Surplus for the year	-	-	-	-	117,106,620	117,106,620
Total recognised income and expenses for the year	-	(31,749,397)	(22,503,153)	(54,252,550)	171,535,856	117,283,306
Contributions to self-insurance reserve	-	-	-	-	31,740,578	31,740,578
Provisions written back	-	-	-	-	6,600	6,600
Forestry	-	-	-	-	(10,704,235)	(10,704,235)
CRR net transactions after amalgamation into surplus	-	-	-	-	(978,781)	(978,781)
Transfer to HDF	735,721	-	-	735,721	-	735,721
Insurance claims processed	-	-	-	-	(29,625,506)	(29,625,506)
Other property, plant and equipment - biological assets	-	-	-	-	81,727	81,727
Transfer to/from provisions	-	-	-	-	(67,500,000)	(67,500,000)
Transfer to/from creditors (leave pay)	-	-	-	-	(2,707,713)	(2,707,713)
Total changes	735,721	(31,749,397)	(22,503,153)	(53,516,829)	91,848,526	38,331,697
Balance at 01 July 2008	54,756,079	-	-	54,756,079	890,779,808	945,535,887
Changes in net assets	-	-	-	-	(146,559)	(146,559)
Changes in accounting policies	-	-	-	-	(2,671,526)	(2,671,526)
Correction of error - Msunduzi	-	-	-	-	253,769	253,769
Correction of error - Safe City	-	-	-	-	-	-
Net income (expenses) recognised directly in net assets	-	-	-	-	(2,564,316)	(2,564,316)
Surplus for the year	-	-	-	-	3,786,363	3,786,363
Total recognised income and expenses for the year	-	-	-	-	1,222,047	1,222,047
Transfer to HDF	-	-	-	-	6,116,773	6,116,773
Net difference of adjustments	-	-	-	-	(31,010,572)	(31,010,572)
Other property plant and equipment - biological assets	-	-	-	-	85,716	85,716
Transfer to / from Provisions	-	-	-	-	(21,593,591)	(21,593,591)
Transfer to/from creditors (Leave pay)	-	-	-	-	(2,520,716)	(2,520,716)
Transactions HDF	(2,753,360)	-	-	(2,753,360)	-	(2,753,360)
Net take on of infrastructure assets as at 30 June 2009	-	-	-	-	5,294,381,500	5,294,381,500
Insurance claim processed	-	-	-	-	6,420,344	6,420,344
Vat adjustment	-	-	-	-	(368,419)	(368,419)
Total changes	(2,753,360)	-	-	(2,753,360)	5,252,733,082	5,249,979,722
Balance at 30 June 2009	52,002,719	-	-	52,002,719	6,143,512,890	6,195,515,609
Note(s)	22	23	24			

The Msunduzi Municipality
The Group Annual Financial Statements for the year ended 30 June 2009
Cash Flow Statement

Figures in Rand	Note(s)	Municipality		Group
		2009	2008	2009
Cash flows from operating activities				
Cash receipts from customers		2,104,067,303	1,586,919,830	1,707,984,686
Cash paid to suppliers and employees		(2,008,877,528)	(1,407,520,260)	(1,608,778,947)
Cash generated from operations	40	95,189,775	179,399,570	99,205,739
Interest income		35,510,494	52,294,057	35,573,954
Finance costs		(57,421,392)	(55,028,233)	(57,421,591)
Other non-cash items		(23,172,093)	(10,704,235)	(21,593,591)
Insurance fund transactions				6,420,344
Net cash from operating activities		<u>50,106,784</u>	<u>165,961,159</u>	<u>62,184,855</u>
Cash flows from investing activities				
Purchase of property, plant and equipment	8	(298,093,138)	(196,495,704)	(298,093,138)
Sale of property, plant and equipment	8	3,369,276	7,239,228	3,369,726
Purchase of other intangible assets		-	-	(2,960,171)
Increase in investment	10	-	163,061	
Movement in non current receivables		728,321	6,739,888	
Movement on long term receivables		-	-	728,321
Movement on long term investments				(381,467)
Movement on long term receivables				65,216
Net cash from investing activities		<u>(293,995,541)</u>	<u>(182,353,527)</u>	<u>(297,271,513)</u>
Cash flows from financing activities				
Repayment of current portion of long -term liabilities		41,508,867	49,587,320	41,508,867
Movement in short term liability		50,000,000	-	50,000,000
Movement in current provisions		(236,098)	2,115,075	(9,289,867)
Movement in Consumer deposits		(1,363,464)	7,584,442	(1,363,464)
Finance lease payments		3,001,258	-	3,001,258
Net cash from financing activities		<u>92,910,563</u>	<u>59,286,837</u>	<u>83,856,794</u>
Total cash movement for the year		(150,978,194)	42,894,469	(151,230,314)
Cash at the beginning of the year	7	263,845,426	220,950,958	264,897,001
Net increase (decrease) in cash and cash equivalents		<u>112,867,232</u>	<u>263,845,427</u>	<u>113,666,687</u>

The Msunduzi Municipality
The Group Financial Statements for the year ended 30 June 2009
Accounting Policies

1. Presentation of Consolidated Financial Statements

The Consolidated financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) prescribed by the Minister of Finance in terms of General Notice 991 and 992 of 2005.

The standards are summarised as follows:

Standard of GRAP

GRAP 1 Presentation of financial statements

GRAP 2 Cash flow statements

GRAP 3 Accounting policies, changes in accounting estimates and errors

GRAP 4 The effects of changes in foreign exchange rates

GRAP 5 Borrowings GRAP 6 Consolidated financial statements and accounting for controlled entities

GRAP 7 Accounting for investments in associates

GRAP 8 Financial reporting of interests in joint ventures

GRAP 9 Revenue from exchange transactions

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 asset

GRAP 100 Non-current Assets Held for Sale and Discontinued Operations

GRAP 101 Agriculture GRAP

102 Intangible Assets

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

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.

These accounting policies are consistent with the previous period, except for the changes set out in note First-time adoption of International Financial Reporting Standards.

1.1 Presentation of Currency

These Consolidated financial statements are presented in South African Rand.

1.2 Going concern assumption

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

1.3 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 economic entity 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.

1.4 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when: it is probable that future economic benefits associated with the item will flow to the economic entity; and the cost of the item can be measured reliably.

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

The cost of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment.

The Msunduzi Municipality
The Group Financial Statements for the year ended 30 June 2009
Accounting Policies

Property, plant and equipment, is carried at cost less accumulated depreciation and impairment losses.

Depreciation for the year has been based on the old asset values and is calculated on a straight line method although an average use life has been estimated for each category of assets in accordance with the treatment of previous year, using the global historical cost in the accounting records.

The Consolidated depreciation rates are based on the following estimated useful lives.

Item	Average useful life
Infrastructure	
Roads and paving	5 -100 years
Pedestrian malls	30 years
Electricity	10 - 50 years
Water	10 -100 years
Sewerage	10 -100 years
Housing	30 years
Storm water	25 -120 years
Land	Infinite
Community Buildings	10 -50 years
Recreational facilities	10 -100 years
Security	5 years
Watercraft	15 years
Furniture and fixtures	7 -10 years
Other items of plant and equipment	2-5 years
Office equipment	3 -7 years
Other	
Other vehicles	5 years
Bins and containers	5 years
Landfill Sites	15 years
Specialised vehicles	10 years
Specialised property, plant and equipment	10 -15 years

The useful lives of each asset are reviewed at each financial period-end.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another 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 depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

The Economic entity has an obligation to rehabilitate its landfill sites in terms of its license stipulations. Provision is made for this obligation in accordance with the Economic entity's accounting policy on non-current provisions.

The Msunduzi Economic entity accounted for the investment properties in accordance with the GRAP implementation process map that was formulated in terms of Gazette 30013 dated 29 June 2007.

In terms of implementation of the said process map, the economic entity valued all its infrastructure assets and this value is treated as the deemed deemed cost. The review of use life lives, reviewing of the depreciation method and impairment was part of this process. As from the 2009/2010 financial year the economic entity can implement the requirements of GRAP 17 regarding the Consolidated review of use life lives and impairment against the newly established fixed asset register.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

Capital projects are treated as work in progress until the asset so created is ready for use.

1.5 Inventories

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Inventories are measured at the lower of cost and net realisable value.

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

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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.

1.6 Financial instruments

Classification

The economic entity classifies financial assets and financial liabilities into the following categories: Financial assets at fair value through surplus or deficit -held for trading Loans and receivables

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on a consolidated basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

Initial recognition and measurement

Financial instruments are recognised initially when the economic entity becomes a party to the contractual provisions of the instruments.

The economic entity classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available for sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through surplus or deficit are recognised in profit or loss.

Subsequent measurement

Financial instruments at fair value through surplus or deficit are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in surplus or deficit for the period.

Net gains or losses on the financial instruments at fair value through surplus or deficit dividends and interest.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the economic entity establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and

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option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Impairment of financial assets

At each end of the reporting period the economic entity assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the economic entity, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in surplus or deficit.

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

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method if material. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

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

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

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

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

Cash and cash equivalents are classified as loans and receivables

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the economic entity's accounting policy for borrowing costs.

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Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows: A gain or loss on a financial asset or financial liability classified as at fair value through surplus or deficit is recognised in surplus or deficit, For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.

Derecognition

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where: the rights to receive cash flows from the asset have expired; the economic entity retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or the economic entity has transferred its rights to receive cash flows from the asset and either -has transferred substantially all the risks and rewards of the asset, or -has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the economic entity has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the economic entity's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the economic entity could be required to repay. Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the economic entity's continuing involvement is the amount of the transferred asset that the economic entity may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the economic entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised surplus or deficit.

Impairment of financial assets

The economic entity assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

Assets are carried at amortised cost.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit. The economic entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

1.7 Revenue from exchange transactions

Revenue from the sale of goods is recognised when all the following conditions have been satisfied: the economic entity has transferred to the buyer the significant risks and rewards of ownership of the goods; the economic entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; the amount of revenue can be measured reliably; it is probable that the economic benefits associated with

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the transaction will flow to the economic entity; and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Royalties are recognised on the accrual basis in accordance with the substance of the relevant agreements.

Dividends are recognised, in surplus or deficit, when the economic entity's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. To include all revenue in the financial period estimates are made between the last meter reading and the financial year end to account for consumption that took place during the financial period. 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.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazette tariff. This includes the issuing of licenses 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 installment sales agreements or finance leases is recognised on a time proportion basis.

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 or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the economic entity has not met the condition, a liability is recognised.

1.8 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue from the issuing of fines is recognised when: it is probable that the economic benefits or service potential associated with the transaction will flow to the economic entity; and the amount of the revenue can be measured reliably.

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.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use. .

Contributed property, plant and equipment are recognised when such items of property, plant and equipment are brought into use.

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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.

1.9 Conditional Grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the economic entity 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.

1.10 Provisions and contingencies

Provisions are recognised when: the economic entity has a present 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.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

1.10 Provisions and contingencies (continued)

Provisions are reviewed at each Statement of Financial Position date and adjusted to reflect the current best estimate

The Economic entity makes provision for the rehabilitation of landfill sites and post retirement benefits medical aid contributions.

Provision for the rehabilitation of the Quarry site was created from contributions received from the rental agreement for this site.

Provision for airport development was created from contributions to passenger levies.

1.11 Unauthorised expenditure

Unauthorised expenditure means: overspending of a vote or a main division within a vote; expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.12 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 Economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.13 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.14 Translation of foreign currencies

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Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rand's; by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous Consolidated financial statements are recognised in surplus or deficit in the period in which they arise.

When a gain or loss on a non-monetary item is recognised directly in equity, any exchange component of that gain or loss is recognised directly in equity. When a gain or loss on a non-monetary item is recognised in surplus or deficit, any exchange component of that gain or loss is recognised in surplus or deficit.

Cash flows arising from transactions in a foreign currency are recorded in Rand's by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.15 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.16 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lesser is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.17 Value Added Taxation

The Msunduzi Economic entity accounts for Value Added Tax on the payment basis.

1.18 Significant judgments and sources of estimation uncertainty

In preparing the Consolidated financial statements, management is required to make estimates and assumptions that affect the amounts represented in the Consolidated financial statements and related disclosures. Use of available information and the application of judgment are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the Consolidated financial statements. Significant judgments include:

Trade receivables / Held to maturity investments and/or loans and receivables

The economic entity assesses its trade receivables for impairment at each statement of financial position date. In determining whether an impairment loss should be recorded in the statement of financial performance, the economic entity makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

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Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management has made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the economic entity is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair

1.18 Significant judgments and sources of estimation uncertainty (continued)

values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the economic entity for similar financial instruments.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The economic entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in note 21 -Provisions.

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 20.

Effective interest rate

The economic entity used the prime interest rate to discount future cash flows.

1.19 Intangible assets

An asset is identified as an intangible asset when it: is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the economic entity or from other rights and obligations.

An intangible asset is recognised when: it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and the cost of the asset can be measured reliably. Intangible assets are initially recognised at cost.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when: it is technically feasible to complete the asset so that it will be available for use or sale. there is an intention to complete and use or sell it. there is an ability to use or sell it. it will generate probable future economic benefits. there are available technical, financial and other resources to complete the development and to use or sell the asset. the expenditure attributable to the asset during its development can be measured reliably.

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

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

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when no future economic benefits or service potential are expected from its use or disposal.

1.20 Non-current assets held for sale (and) (disposal groups)

Computer software, internally generated Computer software, other	3 years 3 years
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Intangible assets are derecognised: on disposal; or

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

1.21 Impairment of assets

The economic entity assesses at each statement of financial position date whether there is any indication that an asset may be impaired. If any such indication exists, the economic entity estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the economic entity also:
tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment
Consolidated by comparing its carrying amount with its recoverable amount. This impairment test is performed during the Consolidated period and at the same time every period.
tests goodwill acquired in a business combination for impairment Consolidated.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:
first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

No assets were impaired during the financial year.

1.22 Employee benefits Short-term employee benefits The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such

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as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

Defined contribution plans

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

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the economic entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on a Consolidated basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to statement of financial position date where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognised when the economic entity is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In the statement of financial performance, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses, plus the present value of available refunds and reduction in future contributions to the plan.

The economic entity does not apply the "Corridor method" and recognise all actuarial gains or losses in the statement of financial performance as they occur.

1.23 Government grants

Government grants are recognised when there is reasonable assurance that: the economic entity will comply with the conditions attaching to them; and the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Grants related to income are presented as a credit in the income statement (separately).

Revenue received from conditional grants, donations and funding is recognised as revenue to the extent that the Msunduzi economic entity has complied with all 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.

1.24 Grants, transfers and donations

Grants and donations are recognised as revenue when: it is probable that the economic benefits or service potential associated with the transaction will flow to the economic entity; the amount of the revenue can be measured reliably; and to the extent that there has been compliance with any restrictions associated with the grant.

Donations are measured at the fair value of the consideration received or receivable when the amount of the revenue can be

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measured reliably.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

1.25 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.26 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings. Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when: expenditures for the asset have occurred; borrowing costs have been incurred, and activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.27 Use of Estimates

The preparation of Consolidated financial statements in conformity with Generally Recognised Accounting Practice requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the economic entity's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Consolidated financial statements are disclosed in the relevant sections of the Consolidated financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.28 Offsetting

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

1.29 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

1.30 Grants in aid

The Msunduzi Economic entity transfers money to individuals, institutions and organisations. When making these transfers, The Economic entity does not:

Receive any goods or services directly in return, as would be expected in a purchase or sale transaction

Expect to be repaid in future; or

Expect a financial return, as would be expected from an investment

These transfers are recognised in the financial statements as expenses in the period that the events giving rise to the transfer occurred.

1.31 Unutilised conditional grants

Unutilised conditional grants are reflected on the Statement of Financial Position as a Creditor -Unutilised Conditional Grants. They represent unspent government grants, subsidies and contributions from the public. The following conditions

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are set for the creation and utilisation of these creditors

The unspent portion of the grant is 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 Msunduzi Economic entity's interest it is recognised as interest earned in the Statement of Financial Performance.

Whenever an item of property, plant and equipment is purchased from a Creditor – Unutilised Conditional Grant, an amount equal to the purchase price is transferred from the Creditor -Unutilised Conditional Grant to the operating account on the Statement of Financial Performance as revenue.

Whenever an item of property, plant and equipment is purchased from a Creditor -Unutilised Conditional Grant, an amount equal to the purchase price is transferred from the accumulated surplus to the Deferred Income -Government Grants or the Accumulated Surplus account in the case of non government grants. The deferred income account is used to offset depreciation charged on the property, plant and equipment financed from unutilised government grant capital receipts and equals the remaining depreciable value (carrying value) of property, plant and equipment financed from unutilised government grant capital receipts.

Whenever a non-asset is purchased from a Creditor -Unutilised Conditional Grant an amount equal to the purchase price is transferred from the Creditor -Unutilised Conditional Grant to the operating account on the Statement of Financial Performance to offset the expenditure which was expensed through the operating account.

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Notes to the Annual Financial Statements

2009	2008
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2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

GRAP 6: Consolidated and Separate Financial Statements

GRAP 6 includes specific guidance on whether control exists and on power conditions to determine whether control exists in a public sector context – public sector entities need to consider impact of this guidance to determine whether an investment should be accounted for in accordance with GRAP 6.

GRAP 6 includes specific guidance and explanatory material on the accounting of special purpose entities adopted from SIC 12 – SA specific public sector amendment. Public sector entities need to consider impact of this guidance to determine whether an investment should be accounted for in accordance with GRAP 6.

The initial application of GRAP 6 will have no impact on the annual financial statements.

The following Directives also need to be considered:

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions, requires retrospective application of the Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard for separate annual financial statements. For consolidated annual financial statements the result of initially adopting the Standard shall be recognised in the economic entity as an adjustment to the opening balance of accumulated surplus or deficit and comparative information need not be restated for the economic entity.

The effective date of the standard is for years beginning on or after 01 July 2008.

The municipality has adopted the standard for the first time in the 2009 annual financial statements.

The impact of the standard is set out in note 43 Changes in Accounting Policy.

GRAP 9: Revenue from Exchange Transactions

The definition of revenue in terms of GRAP 9 incorporates the concept of service potential. Revenue is the gross inflow of economic benefits or service potential when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Entities may derive revenue from exchange or non-exchange transactions.

An exchange transaction is one in which the entity receives resources or has liabilities extinguished, and directly gives approximately equal value to the other party in exchange.

Non-exchange revenue transaction is a transaction where an entity receives value from another entity without directly giving approximately equal value in exchange.

An entity recognises revenue when it is probable that economic benefits or service potential will flow to the entity, and the entity can measure the benefits reliably.

GRAP 9 clarifies that this Standard only applies to revenue from exchange transactions.

Other than terminology difference, no effect on initial adoption of Standard on GRAP 9.

The following Directives also need to be considered:

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires retrospective application of this Standard.

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Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard.

The effective date of the standard is for years beginning on or after 01 July 2008.

The municipality has adopted the standard for the first time in the 2009 annual financial statements.

The impact of the standard is set out in note 43 Changes in Accounting Policy.

GRAP 12: Inventories

GRAP 12 includes the definition of current replacement costs as the cost the entity would incur to acquire the asset on the reporting date. GRAP 12 also includes the principal of service potential associated with the item that will flow to the entity as part of recognition criteria for inventories as well as the concept of goods purchased or produced for distribution at no charge or for a nominal consideration, which is specific to the public sector.

Initial measurement is required at cost (an exchange transaction) and where inventories are acquired at no cost or nominal consideration (non-exchange transaction), their cost shall be their fair value at acquisition date.

Subsequent measurement shall be at lower of cost and net realisable value except if inventories are held for:

distribution at no charge or for a nominal charge, or
consumption in the production process of goods to be distributed at no charge or for a nominal charge.

If the above applies then subsequent measurement shall be at the lower of cost or current replacement cost.

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires retrospective application of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard.

The effective date of the standard is for years beginning on or after 01 July 2008.

The municipality has adopted the standard for the first time in the 2009 annual financial statements.

The impact of the standard is set out in note 43 Changes in Accounting Policy.

GRAP 13: Leases

GRAP 13 incorporates additional guidance on the concept of substance and legal form of a transaction, to illustrate the difference between lease and other contracts and on operating lease incentives.

In certain circumstances, legislation may prohibit the entering into certain types of lease agreements. If the entity has contravened these legislative requirements, the entity is still required to apply the requirements of GRAP 13.

Other than the abovementioned requirements, there is no other impact on the initial adoption of GRAP13.

The following Directives also need to be considered:

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires retrospective application of the Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard. Where items have not been recognised as a result of transitional provisions under the Standard of GRAP on Property, Plant and Equipment, the recognition requirements of the Standard would not apply to such items until the transitional provision in that

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2. New standards and interpretations (continued)

Standard expires.

The effective date of the standard is for years beginning on or after 01 July 2008.

The municipality has adopted the standard for the first time in the 2009 annual financial statements.

The impact of the standard is set out in note 43 Changes in Accounting Policy.

GRAP 14: Events after the reporting date

An event, which could be favourable or unfavourable, that occurs between the reporting date and the date the annual financial statements are authorised for issue.

GRAP 14 requires the date of authorisation for issue is the date on which the annual financial statements have received approval from management to be issued to the executive authority or municipal council.

Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

An entity shall adjust the amounts recognised in its annual financial statements to reflect adjusting events after the reporting date.

An entity shall not adjust the amounts recognised in its annual financial statements to reflect non-adjusting events after the reporting date.

The effective date of the standard is for years beginning on or after 01 July 2008.

The municipality has adopted the standard for the first time in the 2009 annual financial statements.

The impact of the standard is set out in note 43 Changes in Accounting Policy.

GRAP 16: Investment Property

Investment property includes property 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 an entity's operations.

GRAP 16 states that the use of property to provide housing as a social service does not qualify as investment property even though rentals are earned.

At initial recognition, investment property is measured at cost including transaction costs. However, where an entity acquires investment property 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.

After initial recognition, entities can carry investment property at either the fair value (fair value model) or cost less accumulated depreciation and accumulated impairment (cost model).

An entity is required to disclose the fair value of investment property if the cost model is used. When an entity carries investment properties at fair value, the fair value needs to be determined at every reporting date. Gains or losses arising from changes in fair value are included in surplus or deficit for the period in which they arise.

The following Directives also need to be considered:

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires retrospective application of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective

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Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

application of the Standard.

The effective date of the standard is for years beginning on or after 01 July 2008.

The impact of the standard is set out in note 43 Changes in Accounting Policy.

GRAP 17: Property, Plant and Equipment

GRAP 17 does not require or prohibit the recognition of heritage assets but if an entity recognises heritage assets the entity needs to comply with GRAP 17 disclosure requirements.

Additional commentary has been included in to clarify the applicability of infrastructure assets to be recognised in terms of GRAP17.

Where an entity acquires an asset through a non-exchange transaction, i.e. for a nominal or no consideration, its cost is its fair value as at the date of acquisition.

The disclosure requirement for temporarily idle, fully depreciated property, plant and equipment and for property, plant and equipment that are retired from active use is required in GRAP 17 whereas IAS 16 only encourages this disclosure.

The following Directives also need to be considered:

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires retrospective application of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard. However, entities that applied the transitional provisions in the Standard of GAMAP on Property, Plant and Equipment may continue to take advantage of those transitional provisions until they expire.

The effective date of the standard is for years beginning on or after 01 July 2008.

The municipality has adopted the standard for the first time in the 2009 annual financial statements.

The impact of the standard is set out in note 43 Changes in Accounting Policy.

GRAP 19: Provisions, Contingent Liabilities and Contingent Assets

GRAP 19 exclude from its scope those provisions and contingent liabilities arising from social benefits for which it does not receive consideration that is approximately equal to the value of goods and services provided directly in return from the recipients of those benefits.

For the purpose of GRAP 19, social benefits refers to goods, services and other benefits provided in the pursuit of the social policy objective of a government. This Standard includes guidance on the accounting of these social benefits.

Outflow of resources embodying service potential also needs to be considered in when assessing if a present obligation that arises from past events exists or not.

The Standard includes accounting for obligations to make additional contributions to a fund. This is similar to the requirements of IFRIC5 (AC438).

It further includes the accounting for the changes in existing decommissioning, restoration and similar liabilities. This is similar to the requirements of IFRIC1 (AC434).

GRAP 19 give specific guidance regarding restructuring by way of transfers that will take place under a government directive and will not involve binding agreements. An obligation exists only when there is a binding transfer agreement.

Additional disclosure for each class of provision regarding reductions in the carrying amounts of provisions that result from payments or other outflows of economic benefits or service potential made during the reporting period and reductions in the carrying amounts of provisions resulting from remeasurement of the estimated future outflow of economic benefits or service potential, or from settlement of the provisions without cost to the entity.

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Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

If an external valuation is used to measure a provision the information relating to the valuation can usefully be disclosed.

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires retrospective application of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard. However, where items have not been recognised as a result of transitional provisions under the Standard on Property, Plant and Equipment, the recognition requirements of the Standard on Provisions, Contingent Liabilities and Contingent Assets would not apply to such items until the transitional provisions in that Standard expire.

The effective date of the standard is for years beginning on or after 01 July 2008.

The municipality has adopted the standard for the first time in the 2009 annual financial statements.

The impact of the standard is set out in note 43 Changes in Accounting Policy.

GRAP 100: Non-current Assets Held for Sale and Discontinued Operations

GRAP 100 includes in its scope the reference to non-cash generating assets. It further includes definitions relevant to the understanding of the Standard e.g. "Non-cash-generating assets" are assets other than cash-generating assets and "value in use of a non-cash-generating asset" is the present value of the asset's remaining service potential.

GRAP 100 excludes from the description of a discontinued operation reference to a subsidiary acquired exclusively with a view to resale.

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires prospective application of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires prospective application of the Standard. However, the Standard would not apply to those items that have not been recognised as a result of the transitional provisions under the Standard on Property, Plant and Equipment until the transitional provision in that Standard expires.

The effective date of the standard is for years beginning on or after 01 July 2008.

The municipality has adopted the standard for the first time in the 2009 annual financial statements.

The impact of the standard is set out in note 43 Changes in Accounting Policy.

GRAP 101: Agriculture

GRAP 101 excludes guidance on accounting for non-exchange revenue from government grants related to a biological asset as GRAP 23 on Revenue from Non-Exchange Transactions will provide such guidance.

Recognition requirement includes the concept of the probable flow of service potential.

Biological assets acquired at no or for a nominal value shall be measured on initial recognition and at each reporting date at its fair value less estimated point-of-sale costs.

Additional disclosure is required of biological assets for which the entity's use or capacity to sell is subject to restrictions imposed by regulations that have a significant impact on their total fair value less estimated point-of-sale costs.

In the reconciliation of changes in the carrying amount of biological assets between the beginning and the end of the current period it is also required to disclose increases or decreases due to transfers.

The following Directives also need to be considered:

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional

The Msunduzi Municipality

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Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

institutions requires retrospective application of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires any adjustments required to the previous carrying amounts of assets and net assets shall be recognised as an adjustment to the opening balance of accumulated surplus or deficit in the period that the Standard initially adopted. Comparative information is not required to be restated on initial adoption of this Standard.

The effective date of the standard is for years beginning on or after 01 July 2008.

The municipality has adopted the standard for the first time in the 2009 annual financial statements.

The impact of the standard is set out in note 43 Changes in Accounting Policy.

GRAP 102: Intangible Assets

GRAP 102 excludes guidance on accounting for intangible assets acquired as part of an entity combination and in-process research and development costs acquired in an entity combination.

Recognition requirement includes the concept of the probable flow of service potential.

GRAP 102 distinguishes between impairment loss of cash generating and non-cash-generating assets.

Intangible assets acquired at no or for a nominal cost shall be measured on acquisition date at its fair value.

In GRAP 102 the identifiable criterion in the definition of an intangible asset has been expanded to include contractual rights arising from binding arrangements, and to exclude rights granted by statute.

Additional guidance included in GRAP 102 to explain that distinction should be made between assets associated with the item of property, plant and equipment and the intangible asset.

Guidance on web site costs has been included in GRAP 102 from SIC Interpretation 32 Intangible Assets – Web Site Costs.

Guidance on intangible assets that may be acquired in exchange for non-monetary assets, where the exchange transaction lacks commercial substance has not been included in GRAP 102 as guidance to be included in GRAP 23.

GRAP 102 does not state "gains shall not be classified as revenue" as GRAP term "income" has a broader meaning than the term "revenue".

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires retrospective application of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard. Where entities have, on initial adoption of the Standard, accumulated and retained sufficient information about costs and the future economic benefits or service potential related to intangible assets that may have been expensed previously, those intangible assets should be recognised in accordance with the Standard.

The effective date of the standard is for years beginning on or after 01 July 2008.

The municipality has adopted the standard for the first time in the 2009 annual financial statements.

The impact of the standard is set out in note 43 Changes in Accounting Policy.

IGRAP 1: Interpretation of GRAP: Applying the Probability Test on Initial Recognition of Exchange Revenue

An entity assesses the probability of each transaction on an individual basis when it occurs. Entities shall not assess the probability on an overall level based on the payment history of recipients of the service in general when the probability of revenue is assessed at initial

The Msunduzi Municipality

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Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

recognition.

The full amount of revenue will be recognised at initial recognition. Assessing impairment is an event that takes place subsequently to initial recognition. Such impairment is an expense. Revenue is not reduced by this expense.

The effective date of the interpretation is for years beginning on or after 01 July 2008.

The municipality has adopted the interpretation for the first time in the 2009 annual financial statements.

The impact of the interpretation is set out in note 43 Changes in Accounting Policy.

IPSAS 21: Impairment of Non Cash-Generating Assets

The method of measurement of value in use of a non-cash-generating asset under this Standard is different to that applied to a cash generating asset.

Asset should be measured by reference to the present value of the remaining service potential of the asset.

Determining value in use (present value of remaining service potential) of a non-cash-generating asset, may be the depreciated replacement cost approach, restoration cost approach and service units approach.

This Standard does not require entities to apply an impairment test to property, plant and equipment carried at revalued amounts.

This Standard does not include a decrease in market value significantly greater than would be expected as a result of the passage of time or normal use as a minimum indication of impairment. This indication is included as an additional indication that impairment may exist.

The effective date of the standard is for years beginning on or after 01 July 2008.

The municipality has adopted the standard for the first time in the 2009 annual financial statements.

The impact of the standard is set out in note 43 Changes in Accounting Policy.

IPSAS 20: Related Party Disclosure

IPSAS 20 specifically excludes any consideration provided to key management personnel solely as a reimbursement for expenditure incurred by those individuals for the benefit of the reporting entity.

The effective date of the standard is for years beginning on or after 01 July 2008.

The municipality has adopted the standard for the first time in the 2009 annual financial statements.

The impact of the standard is set out in note 43 Changes in Accounting Policy.

2.2 Standards and interpretations not yet effective

The municipality has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2009 or later periods:

GRAP 18: Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the entity. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service

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2. New standards and interpretations (continued)

segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the entity's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions, states that no comparative segment information need to be presented on initial adoption of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have not been recognised as a result of transitional provisions under the Standard of GRAP on Property, Plant and Equipment, recognition requirements of this Standard would not apply to such items until the transitional provision in that Standard expires.

The effective date of the standard is for years beginning on or after 01 April 2011.

The municipality expects to adopt the standard for the first time in the 2012 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 23: Revenue from Non-exchange Transactions

Revenue from non-exchange transactions arises when an entity receives value from another entity without directly giving approximately equal value in exchange. An asset acquired through a non-exchange transaction shall initially be measured at its fair value as at the date of acquisition.

This revenue will be measured at the amount of increase in net assets recognised by the entity.

An inflow of resources from a non-exchange transaction recognised as an asset shall be recognised as revenue, except to the extent that a liability is recognised for the same inflow. As an entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it will reduce the carrying amount of the liability recognised as recognise an amount equal to that reduction.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April 2010.

The municipality expects to adopt the standard for the first time in the 2011 annual financial statements.

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the annual financial statements.

GRAP 24: Presentation of Budget Information in the Financial Statements

Subject to the requirements of paragraph .19, an entity shall present a comparison of the budget amounts for which it is held publicly accountable and actual amounts either as a separate additional financial statement or as additional budget columns in the financial statements currently presented in accordance with Standards of GRAP. The comparison of budget and actual amounts shall present separately for each level of legislative oversight:

the approved and final budget amounts;

the actual amounts on a comparable basis; and

by way of note disclosure, an explanation of material differences between the budget for which the entity is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements, and a cross reference to those documents is made in the notes.

Where an entity prepares its budget and annual financial statements on a comparable basis, it

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Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

includes the comparison as an additional column in the primary annual financial statements. Where the budget and annual financial statements are not prepared on a comparable basis, a separate statement is prepared called the 'Statement of Comparison of Budget and Actual Amounts'. This statement compares the budget amounts with the amounts in the annual financial statements adjusted to be comparable to the budget.

A comparable basis means that the budget and annual financial statements:

- are prepared using the same basis of accounting i.e. either cash or accrual;
- include the same activities and entities;
- use the same classification system; and
- are prepared for the same period.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April 2010.

The municipality expects to adopt the standard for the first time in the 2011 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

2.3 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2009 or later periods but are not relevant to its operations:

GRAP 10: Financial Reporting in Hyperinflationary Economies

GRAP 10 includes additional guidance as adopted from Financial Reporting in Hyperinflationary Economies (IFRIC 7) on Applying the Restatement Approach.

The initial application of GRAP 4 will have no impact on the annual financial statements.

The effective date of the standard is for years beginning on or after 01 July 2008.

The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 11: Construction Contracts

The definition for "construction contract" was expanded by including a binding arrangement that do not take the form of a legal contract within the scope of the Standard.

Definition for "cost plus or cost based contract" has been expanded to include commercially-based contract.

The scope has been expanded to include cost based and non-commercial contracts.

Public entities need to review contracts to determine whether they fall within the scope of the Standard based on the above changes.

GRAP 11 incorporates the concept of service potential in the condition to determine whether the outcome of a construction contract can be estimated reliably. The requirement to recognise an expected deficit on a contract immediately when it becomes probable that contract costs will exceed total contract revenue applies only to contracts in which it is intended at the inception of the contract that contract costs are to be fully recovered from the parties to that contract (par.47).

Other than the above requirements, there is no other effect on initial adoption of GRAP 11.

The following Directives also need to be considered:

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Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Directive 2 - Transitional provisions for public entities, municipal entities and constitutional institutions requires retrospective application of this Standard.

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard.

The effective date of the standard is for years beginning on or after 01 July 2008.

The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 103: Heritage Assets

Grp 103 defines heritage assets as assets which have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Certain heritage assets are described as inalienable items thus assets which are retained indefinitely and cannot be disposed of without consent as required by law or otherwise.

A heritage asset should be recognised as an asset only if:

- it is probable that future economic benefits or service potential associated with the asset will to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The standard required judgment in applying the initial recognition criteria to the specific circumstances surrounding the entity and the assets.

Grp 103 states that a heritage asset should be measured at its cost unless it is acquired through a non-exchange transaction which should then be measured at its fair value as at the date of acquisition.

In terms of the standard, an entity has a choice between the cost and revaluation model as accounting policy for subsequent recognition and should apply the chosen policy to an entire class of heritage assets.

The cost model requires a class of heritage assets to be carried at its cost less any accumulated impairment losses.

The revaluation model required a class of heritage assets to be carried at its fair value at the date of the revaluation less any subsequent impairment losses. The standard also states that a restriction on the disposal of a heritage asset does not preclude the entity from determining the fair value.

Grp 103 prescribes that when determining the fair value of a heritage asset that has more than one purpose, the fair value should reflect both the asset's heritage value and the value obtained from its use in the production or supply of goods or services or for administrative purposes.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase should be credited directly to a revaluation surplus. However, the increase should be recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit. If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease should be recognised in surplus or deficit. However, the decrease should be debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

Grp 103 states that a heritage asset should not be depreciated but an entity should assess at each reporting date whether there is an indication that it may be impaired.

In terms of the standard, compensation from third parties for heritage assets that have been impaired, lost or given up, should be included in surplus or deficit when the compensation becomes receivable.

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Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

For a transfer from heritage assets carried at a revalued amount to property, plant and equipment, investment property, inventories or intangible assets, the asset's deemed cost for subsequent accounting should be its revalued amount at the date of transfer. The entity should treat any difference at that date between the carrying amount of the heritage asset and its fair value in the same way as a revaluation in accordance with this Standard. If an item of property, plant and equipment or an intangible asset carried at a revalued amount, or investment property carried at fair value is reclassified as a heritage asset carried at a revalued amount, the entity applies the applicable Standard of GRAP to that asset up to the date of change. The entity treats any difference at that date between the carrying amount of the asset and its fair value in accordance with the applicable Standard of GRAP relating to that asset. For a transfer from investment property carried at fair value, or inventories to heritage assets at a revalued amount, any difference between the fair value of the asset at that date and its previous carrying amount should be recognised in surplus or deficit.

The carrying amount of a heritage asset should be derecognised:
on disposal, or
when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset should be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

The effective date of the standard is for years beginning on or after 01 July 2008.

The municipality expects to adopt the standard for the first time in the 2008 annual financial statements.

The aggregate impact of the initial application of the statements and interpretations on the municipality's annual financial statements is expected to be as follows:

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Figures in rand	Municipality		Group
	2009	2008	2009
3. Inventories			
Forestry	37,475,123	30,827,856	37,475,123
Consumable stores	27,346,448	23,529,230	27,346,448
Workshop stores	674,292	674,456	674,292
Unused water	1,451,267	1,201,016	1,451,267
Fuel -diesel & petrol	471,002	712,807	471,002
	67,418,132	56,945,365	67,418,132
Impairment of inventories	(3,113,172)	(3,113,172)	(3,113,172)
	<u>64,304,960</u>	<u>53,832,193</u>	<u>64,304,960</u>
No impairment was done for inventories during the financial year.			
4. Trade and other receivables from non exchange transactions			
Other debtors -discounted interest	(385,314)	-	(385,314)
Other debtors	16,955,403	30,533,888	16,955,403
Land sale debtors	2,365,471	2,416,362	2,365,471
	18,935,560	32,950,250	18,935,560
	<u>18,935,560</u>	<u>32,950,250</u>	<u>18,935,560</u>
5. VAT			
VAT	-	5,896,918	-

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Figures in rand	Municipality		Group
	2009	2008	2009
6. Consumer debtors			
Gross balances			
Rates	137,934,216	163,896,355	137,934,216
Electricity	217,951,333	133,565,857	217,951,333
Water	77,166,555	84,341,816	77,166,555
Sewerage	11,774,192	15,606,946	11,774,192
Refuse	23,155,762	29,412,206	23,155,762
Housing rental	11,437,719	8,617,862	11,437,719
Financial instruments -discounted interest	22,891,141		22,891,141
	<u>502,310,918</u>	<u>435,441,042</u>	<u>502,310,918</u>
Less: Provision for doubtful debts			
Rates & General -sewerage,refuse	(36,769,018)	(45,932,004)	(36,769,018)
Electricity	(121,224,104)	(75,872,606)	(121,224,104)
Water	(24,007,312)	(56,787,808)	(24,007,312)
	<u>(182,000,434)</u>	<u>(178,592,418)</u>	<u>(182,000,434)</u>
Net balance			
Rates	101,165,198	117,964,351	101,165,198
Electricity	96,727,229	57,693,251	96,727,229
Water	53,159,243	27,554,008	53,159,243
Sewerage	11,774,192	15,606,946	11,774,192
Refuse	23,155,762	29,412,206	23,155,762
Housing rental	11,437,719	8,617,862	11,437,719
Financial instruments -discounted interest	22,891,141		22,891,141
	<u>320,310,484</u>	<u>256,848,624</u>	<u>320,310,484</u>
Rates			
Current (0 -30 days)	32,322,279	31,442,759	32,322,279
31 -60 days	4,600,076	6,834,830	4,600,076
61 -90 days	4,022,221	6,516,710	4,022,221
91 -120 days	3,467,448	4,388,852	3,467,448
121 -365 days	3,137,053	4,963,377	3,137,053
> 365 days	90,385,139	109,749,827	90,385,139
	<u>137,934,216</u>	<u>163,896,355</u>	<u>137,934,216</u>
Electricity, refuse, sewerage, water & housing rentals			
Current (0 -30 days)	116,141,788	101,582,467	116,141,788
31 -60 days	17,232,177	11,486,327	17,232,177
61 -90 days	14,520,339	8,600,647	14,520,339
91 -120 days	10,866,079	7,874,561	10,866,079
121 -365 days	10,893,474	7,583,886	10,893,474
> 365 days	171,831,704	134,407,463	171,831,704
	<u>341,485,561</u>	<u>271,535,351</u>	<u>341,485,561</u>

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Figures in rand	Municipality		Group
	2009	2008	2009
Summary of debtors by customer classification			
Consumers			
Current (0 -30 days)	63,315,544	66,633,154	63,315,544
31 -60 days	12,593,391	13,461,596	12,593,391
61 -90 days	11,310,589	10,537,887	11,310,589
91 -120 days	9,632,243	10,546,236	9,632,243
121 -365 days	9,325,122	10,720,769	9,325,122
> 365 days	163,370,417	124,227,523	163,370,417
	<u>269,547,306</u>	<u>236,127,165</u>	<u>269,547,306</u>
Less: Provision for doubtful debts	(154,700,369)	154,083,500	(154,700,369)
	<u>114,846,937</u>	<u>390,210,665</u>	<u>114,846,937</u>
Current (0 -30 days)	71,772,015	69,573,946	71,772,015
31 -60 days	4,138,520	4,445,679	4,138,520
61 -90 days	2,667,417	4,040,032	2,667,417
91 -120 days	2,060,958	2,445,386	2,060,958
121 -365 days	1,739,901	2,338,562	1,739,901
> 365 days	40,777,711	19,724,970	40,777,711
	<u>123,156,522</u>	<u>102,568,575</u>	<u>123,156,522</u>
Less: Provision for doubtful debts	(27,300,065)	(24,508,918)	(27,300,065)
	<u>95,856,457</u>	<u>78,059,657</u>	<u>95,856,457</u>
National and provincial government			
Current (0 -30 days)	10,153,493	6,323,565	10,153,493
31 -60 days	4,578,913	5,917,036	4,578,913
61 -90 days	4,157,454	4,986,558	4,157,454
91 -120 days	2,436,751	3,849,032	2,436,751
121 -365 days	2,686,489	2,961,524	2,686,489
> 365 days	62,704,221	72,698,253	62,704,221
	<u>86,717,321</u>	<u>96,735,968</u>	<u>86,717,321</u>
Reconciliation of bad debt provision			
Balance at beginning of the year	(178,592,418)	(207,017,944)	(178,592,418)
Contributions to provision	(10,000,000)	(70,000,000)	(10,000,000)
Bad debts written off against provision	6,591,984	98,425,526	6,591,984
	<u>(182,000,434)</u>	<u>(178,592,418)</u>	<u>(182,000,434)</u>

Credit quality of consumer debtors

Trade receivables comprise of a widespread customer base consisting of domestic, commercial and government consumers.

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Figures in rand	Municipality		Group
	2009	2008	2009
7. Cash and cash equivalents			
Cash and cash equivalents consist of:			
Cash on hand	45,590	40,680	46,746
Bank balances	19,246,950	3,383,985	19,258,293
Short-term deposits	93,574,692	260,420,761	93,761,648
Other cash and cash equivalents			600,000
	<u>112,867,232</u>	<u>263,845,426</u>	<u>113,666,687</u>

Cash and cash equivalents are classified as financial instruments under the loans and receivable category. Due to the short term nature of these investments no amortisation was performed.

Fair value is taken at face value.

	10,000,000	10,000,000
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The total amount of undrawn facilities available for future operating activities and commitments

Average rate of return For each year	7.25	11.72
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The municipality had the following bank accounts

Bank/Account number	Bank balances			Cash book balances		
	30 June 2009	30 June 2008	30 June 2007	30 June 2009	30 June 2008	30 June 2007
FNB - No: 5094187782 (Primary)	17,564,736	8,816,824	11,871,254	11,586,616	1,280,210	(16,650,128)
FNB - No: 62006041157 (Post office)	-	-	-	-	(700)	1,618,218
FNB - No: 5090058750 (Electronic transfers)	-	69,867	4,426	1,000	-	-
FNB - No: 5094187774 (Unpaid cheques)	(34,906)	(39,321)	(60,196)	(34,906)	(39,321)	-
FNB - No: 62058007264 (Slum clearance)	25,581,036	12,882,783	6,839,061	26,652,854	12,966,982	6,882,062
FNB - No: 62065528930 (Library extension)	5,671,854	6,241,291	85,101	5,688,294	6,282,327	85,935
FNB - No: 62052319756 (Restructuring grant)	-	4,642,437	7,162,613	-	4,642,437	7,162,613
FNB - No: 62045272143 (Traffic fines)	28,853	29,250	29,250	-	-	-
FNB - No: 50941840627 (Market)	2,119,320	1,387,910	1,866,045	-	-	-
FNB - No: 62069378539 (Oribi airport)	143,935	(325,444)	43,489	(529,356)	(548,330)	(266,959)
FNB - No: 50930082248 (Forestry)	123,752	314,972	186,113	123,752	314,972	439,105
ABSA - No: 9076022706 (Forestry)	1,109,330	1,221,371	1,018,285	1,109,330	1,221,371	1,018,285
Forestry service operations (Ledger account)	-	-	-	(18,945,289)	(18,945,289)	(18,945,289)
FNB - No: 50941849512 (Metro transport)	-	964,563	765,771	-	964,563	-
FNB - No: 50941847029 (Salaries main)	405,837	307,040	(26,611)	405,837	98,671	(265,022)
FNB - No: 62003432846 (Salaries PACs no.1)	-	-	4,333	-	-	-
FNB - No: 62003433414 (Salaries PACs no.2)	606,023	388,588	161,519	-	-	-
Total	<u>53,319,770</u>	<u>36,902,131</u>	<u>29,950,453</u>	<u>26,058,132</u>	<u>8,237,893</u>	<u>(18,921,180)</u>

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Figures in rand

8. Property, plant and equipment

	2009			2008		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Buildings	393,048,071	-	393,048,071	133,547,263	(25,233,600)	108,313,663
Furniture and fixtures	64,615	(24,854)	39,761	64,615	(11,931)	52,684
Office equipment	7,000	(5,852)	1,148	7,000	(4,452)	2,548
IT Equipment	38,799	(28,386)	10,413	31,600	(16,742)	14,858
Infrastructure	4,651,201,752	-	4,651,201,752	1,322,205,494	(662,188,448)	660,017,046
Community	527,434,647	-	527,434,647	185,098,720	(48,427,056)	136,671,664
Other property, plant and equipment	889,531,718	(278,849,930)	610,681,788	1,586,753,972	(1,250,471,711)	336,282,261
Other property, plant and equipment - biological assets	688,383	-	688,383	602,670	-	602,670
Total	6,462,014,985	(278,909,022)	6,183,105,963	3,228,311,334	(1,986,353,940)	1,241,957,394

Reconciliation of property, plant and equipment - 2009

	Opening Balance	Additions	Capital under construction	Change in accounting policy	Total
Buildings	108,313,663	-	(534,167,000)	818,901,408	393,048,071
Furniture and fixtures	52,684	-	-	(12,923)	39,761
Office equipment	2,548	-	-	(1,400)	1,148
IT Equipment	14,858	7,198	-	(11,644)	10,412
Infrastructure	660,017,046	-	-	3,991,184,706	4,651,201,752
Community	136,671,664	-	-	390,762,983	527,434,647
Other property, plant and equipment	336,282,261	-	-	274,399,527	610,681,788
Other property, plant and equipment - biological assets	602,670	85,713	-	-	688,383
	1,241,887,304	85,713	(534,167,000)	5,494,498,291	6,183,105,963

Reconciliation of property, plant and equipment - 2008

	Opening Balance	Additions	Disposals	Transfers	Change in accounting policy	Depreciation	Total
Buildings	108,390,363	835,281	(278,423)	2,436,766	-	(3,070,324)	108,313,663
Infrastructure	566,705,510	38,329,746	(30,978)	114,431,418	-	(59,418,650)	660,017,046
Community	129,280,345	8,731,365	-	5,172,866	-	(6,512,912)	136,671,664
Other property, plant and equipment	336,341,369	16,845,477	(229,621)	9,952,792	-	(26,627,756)	336,282,261
Other property, plant and equipment - biological assets	-	520,943	-	-	81,727	-	602,670
	1,140,717,587	65,262,812	(539,022)	131,993,842	81,727	(95,629,642)	1,241,887,304

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	2009	2008	2009

Refer Appendix B and B1 for the detailed property, plant and equipment schedules.

As disclosed in the previous year the municipality adheres to the requirements of the National Treasury Guidelines as per MFMA circular no.18 dated 23 June 2005 which states that it is paramount to prepare a process a map to obtain infrastructure assets information over a number of years. During the year the municipality implemented a process to identify record, value and manage the infrastructure assets.

This resulted in a reconstructed fixed asset register for infrastructure assets. The key issues in this regard are as follows:

Physical verification and valuation

* All the infrastructure assets have been physically verified during the year by specialists. During this process the asset location, condition and maintenance history was recorded and evaluated.

* The assets have been valued by an independent valuator and are effective on 30 June 2009.

* Due to the specialised nature of the assets, and market availability of information, the depreciated replacement cost method was used

* A 100% verification and condition assessment was done except for storm water and sewerage due to the nature of the assets and the fact that the assets are underground

* In the case of inaccessible assets various methods were employed to record and value the assets. These assets are reflected in the asset register as polygon assets". A polygon asset that " is referenced by a geographically referenced area and the actual position and detail of the asset estimated within this geographical area. As the assets are maintained or a process implemented to more accurately record these assets the polygon can be broken down into detail components. Retrospective application of the effects of implementation of GRAP 17

* The implementation of GRAP 17 is a change in accounting policy. In terms of GRAP 3 changes in accounting policy should be applied retrospectively unless it is impractical.

* Due to the historical lack of detail on infrastructure asset information and the requirements to record infrastructure assets into significant components, reconciliation between the old register and new register is not possible. For this reason the retrospective application of the infrastructure asset information is not impractical. The municipality elected to apply the implementation of GRAP 17 prospectively and that the valuation of the assets as the deemed cost of the assets as at 30 June 2009.

Disclosure of the asset information

*As the valuation is effective on 30 June 2009 and the fact that the change in accounting policy is applied prospectively, the asset information based on the old register is disclosed in the financial statements. In addition to this the reconciliation between the carrying value of the old assets with the deemed cost of the new register is disclosed.

Deemed cost adjustment

*The value of the assets as determined by the valuers will be treated as the deemed cost on 30 June 2009. The difference in value between the global amount reflected per categories in the accounting records and the global amounts of the categories in the new asset register will be treated as a deemed cost adjustment. This adjustment is made directly to the reserves.

*Future depreciation will be offset with the related amount of the deemed cost adjustment. The purpose of this process is to promote community equity by ensuring that future depreciation expenses incurred will be offset against the deemed cost adjustment.

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Figures in Rand

9. Intangible assets

	2009			2008		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software, other	3,077,712	-	3,077,712	11,085,183	(10,181,487)	903,696
Servitudes	176,686	-	176,686	176,686	-	176,686
Total	3,254,398		3,254,398	11,261,869	(10,181,487)	1,080,382

Reconciliation of intangible assets - 2009

	Opening Balance	Change in accounting policy	Total
Computer software, other	903,696	2,174,016	3,077,712
Servitudes	176,686	-	176,686
	1,080,382	2,174,016	3,254,398

Reconciliation of intangible assets - 2008

	Opening Balance	Additions	Amortisation	Total
Computer software, other	1,457,712	256,614	(810,630)	903,696
Servitudes	-	176,686	-	176,686
	1,457,712	433,300	(810,630)	1,080,382

10. Investment property

	2009			2008		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Investment property	534,167,000	-	534,167,000	-	-	-

Reconciliation of investment property - 2009

	Opening Balance	Transfers	Total
Investment property	-	534,167,000	534,167,000

Other disclosures

Included in the land and building are items that may meet the definition of investment properties because the municipality has not yet finalised the process to identify investment properties for reporting purposes. This process will be finalised during the 2009/2010 financial year. In addition this task will also identify unsold properties.

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Figures in rand	Municipality		Group
	2009	2008	2009
11. Long -term receivables			
Housing	4,283,354	6,458,894	4,283,354
Loans to education facilities & sporting bodies	403,038	440,012	403,038
Staff loan	-	7,854	-
	<u>4,686,392</u>	<u>6,906,760</u>	<u>4,686,392</u>
Current portion of housing debtors 2009: R 1 492 047 and 2008: R 1 566 596.			
12. Current portion -other financial assets			
Fixed deposits -long to medium term investment	1,930,842	1,934,689	1,930,842
Non-current assets			
At fair value through profit or loss -designated	70,842	74,689	70,842
Current assets			
At fair value through profit or loss	1,860,000	1,860,000	1,860,000
	<u>1,930,842</u>	<u>1,934,689</u>	<u>1,930,842</u>
Fair values are determined annually at statement of financial position date.			
13. Current portion of long -term liabilities			
External loan liability	41,868,718	34,365,986	41,868,718
Finance lease liability	5,236,693	6,178,501	5,236,693
	<u>47,105,411</u>	<u>40,544,487</u>	<u>47,105,411</u>
Long term liabilities net of current portion of long term liabilities			
Finance lease and external loan liability	371,716,196	336,768,253	371,716,196
	<u>418,821,607</u>	<u>377,312,740</u>	<u>418,821,607</u>
Long -term liabilities			
At amortised cost	371,716,196	336,768,253	371,716,196
Current liabilities			
Current portion of long term liabilities	47,105,411	40,544,487	47,105,411
	<u>418,821,607</u>	<u>377,312,740</u>	<u>418,821,607</u>

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Figures in rand	Municipality		Group
	2009	2008	2009
14. Finance lease obligation			
Minimum lease payments due			
-within one year	6,797,447	9,795,273	6,797,447
-in second to fifth year inclusive	12,186,424	19,001,823	12,186,424
-later than five years	1,066,959	1,049,009	1,066,959
	<u>20,050,830</u>	<u>29,846,105</u>	<u>20,050,830</u>
less: future finance charges	2,560,800	4,991,341	2,560,800
Present value of minimum lease payments	<u>22,611,630</u>	<u>34,837,446</u>	<u>22,611,630</u>
Present value of minimum lease payments due			
-within one year	6,432,791	9,137,486	6,432,791
-in second to fifth year inclusive	10,132,975	13,663,756	10,132,975
-later than five years	924,264	2,053,522	924,264
	<u>17,490,030</u>	<u>24,854,764</u>	<u>17,490,030</u>
Non-current liabilities	10,670,399	7,669,141	10,670,399
Finance lease obligation	-	-	-
	<u>10,670,399</u>	<u>7,669,141</u>	<u>10,670,399</u>
The average lease term was 5 years and the average effective borrowing rate was 11% (2008: 10%).			
15 Trade and other payables			
Trade payables	16,586,696	14,985,564	16,589,529
Other payables	107,880,741	82,978,946	107,880,741
Other deposits	2,790,750	1,799,234	2,790,750
Accrued leave pay	38,502,728	37,371,633	38,502,728
Operating lease payables	130,810	-	130,810
Retentions	13,867,375	9,312,268	13,867,375
Other payables accrued	128,036,282	127,633,608	128,036,282
Other payables -discounted interest	(5,434,385)	-	(5,434,385)
	<u>302,360,997</u>	<u>274,081,253</u>	<u>302,363,830</u>
16 Taxes and transfers payable			
Tax refunds payables	5,040,704	-	5,013,626
17 Consumer deposits			
Electricity	27,523,586	28,556,429	27,523,586
Water	4,748,861	4,964,399	4,748,861
Refuse	877,941	917,788	877,941
Sewer	1,657,650	1,732,886	1,657,650
	<u>34,808,038</u>	<u>36,171,502</u>	<u>34,808,038</u>
Included in deposits is an accrual of interest at an effective interest of 4% per annum			
Balance on the interest reserve as at 30 June 2009 is R7 652 419 and 30 June 2008 R6 833 615			
Guarantees in lieu of electricity and water deposit	8,654,786	5,018,391	8,654,786

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Figures in rand	Municipality		Group
	2009	2008	2009
18. Deferred income / Unspent conditional grants and receipts			
Non-current liabilities	-	-	-
Current liabilities	113,075,091	145,926,624	113,075,091
	<u>113,075,091</u>	<u>145,926,624</u>	<u>113,075,091</u>
The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the entity has directly benefited; and			
Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.			
See note for reconciliation of grants from National/Provincial Government.			
These amounts are invested in a ring-fenced investment until utilised.			
National grants	57,830,336	102,407,450	57,830,336
Provincial grants & subsidies	13,545,137	7,673,439	13,545,137
Other conditional grant receipts	41,699,618	35,845,735	41,699,618
	<u>113,075,091</u>	<u>145,926,624</u>	<u>113,075,091</u>
19. Current provisions			
Performance bonus	625,167	861,265	625,167
The movement in the current provision is reconciled as follows			
Opening Balance	861,265	1,430,837	861,265
Contributions	625,167	861,765	625,167
Expenditure incurred	(861,265)	(1,431,337)	(861,265)
	<u>625,167</u>	<u>861,265</u>	<u>625,167</u>
20. Retirement benefits			
Defined benefit plan			
In terms of IAS 19 the obligation of the Msunduzi Municipality does not carry further than current employment. The cost recognised in the financial period is a contribution payable in exchange for services rendered,			
At time of preparation of the financial statements, no actuarial valuations were received from the pensions.			
The employees of the Council as well as the Council as employer, contribute to municipal pension, retirement and various provident funds as listed below:			
Natal Joint Pension Fund	79,298,249	72,289,032	79,298,249
Natal Joint Provident Fund	17,769,429	11,779,259	17,769,429
Government Employees Pension Fund	4,089,269	4,136,348	4,089,269
Associated Institution Pension Fund	174,089	166,076	174,089
South Africa Local Authorities Pension Fund	531,706	440,101	531,706
Councillors Pension Fund	2,928,337	2,669,415	2,928,337
Pietermaritzburg Provident Fund	605,381	642,143	605,381
	<u>105,396,460</u>	<u>92,122,374</u>	<u>105,396,460</u>
Post retirement medical aid contributions.			
Previously no actuarial valuation was done in terms of IAS 19 and the valuation as at 30 June 2009			

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20. Retirement benefits (continued)			
2009 is the first of its kind although contributions were made to a provision for retirement benefits on an ad hoc basis in prior years. Deloitte & Touche Actuarial and Insurance Solutions undertook the evaluation in accordance with the requirements of Professional Guidance Note (PNN) 301 of the Actuarial Society of South Africa.			
Valuation method used. The post retirement medical aid liability is valued on a generally accepted actuarial valuation method calculating the liability on a member -by -member basis. The Projected Unit Credit Method as prescribed by IAS 19 has been applied. This method is based on the approximation that the post -retirement benefit is notionally built up over the employees' working life. There is no actuarial gain/loss as this is the first post-employment medical aid contribution performed.			
The amount of the liability shown in the statement of financial position is the present value of the obligation less the fair value of any planned assets held in respect of the post-retirement medical scheme. There are no planned assets in the valuation.			
Carrying value			
Present value of the defined benefit obligation-wholly unfunded	(98,089,800)	(50,000,000)	(98,089,800)
Movements for the year			
Opening balance	(50,000,000)	(45,000,000)	(50,000,000)
Other	(48,089,800)	(5,000,000)	(48,089,800)
	<u>(98,089,800)</u>	<u>(50,000,000)</u>	<u>(98,089,800)</u>
Reconciliation of Obligation to disclosed liability			
Actuarial liability	290,448,544	-	290,448,544
Amount disclosed at 30 June 2008	(50,000,000)	-	(50,000,000)
Straight line contribution on remainder of liability	(48,089,800)	-	(48,089,800)
Amount to be contributed in the next four years	<u>192,358,744</u>	<u>-</u>	<u>192,358,744</u>
Net expense recognised in the statement of financial performance			
Key assumptions used			
Assumptions used on last valuation on 30 June 2009.			
Discount rates used from	7.60%	-%	7.60%
to	8.39%	-%	8.39%
Medical inflation-lower than discount rate	1.00%	-%	1.00%
Medical inflation higher than CPI	2.50%	-%	2.50%
Salary inflation-higher than CPI	2.00%	-%	2.00%
Other assumptions: Post retirement mortality PA (90). Retirement age 65 years.			
Sensitivity analysis			
Sensitivity analysis			
The impact of a 1% change in the medical aid inflation rate is reflected in the table underneath.			
Sensitivity to medical inflation			
Base	290,448,544	-	290,448,544
-1%	248,825,292	-	248,825,292
1%	343,541,221	-	343,541,221

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21. Provisions

Reconciliation of provisions - 2009

	Opening Balance	Changes in accounting estimate	Change in discount factor	Total
Landfill rehabilitation provision	27,500,000	(8,800,000)	(1,828,834)	16,871,166

Reconciliation of provisions - 2008

	Opening Balance	Additions	Total
Landfill rehabilitation provision	25,000,000	2,500,000	27,500,000
Quarry rehabilitation fund	410,279	-	410,279
Airport development fund	945,057	-	945,057
Other provisions Safe City	253,769	-	253,769
	<u>26,609,105</u>	<u>2,500,000</u>	<u>29,109,105</u>

The Msunduzi Municipality may be liable in the future for penalties or clean -up costs for unlawful environmental damage e.g. illegal dumping and clearing of alien vegetation.

According to the National Environmental Management Act, 1998 (Act No. 107 of 1998) the municipality was encouraged to recognise a provision in this regard.

The Msunduzi Municipality would in future raise this provision as it is in agreement this is an outflow of resources embodying benefits or service potential in settlement for future actions.

The landfill site provision represents management's best estimate of the municipality's rehabilitation liability based on an valuation provided by an external consultant on the remaining useful life of the landfill site. The provision's change in estimate amounts to R 8 800 000.

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	2009	2008	2009
22. Housing development fund			
Unappropriated surplus	17,745,827	20,499,187	17,745,827
Loans extinguished by government on 1 April 1998	34,256,892	34,256,892	34,256,892
	<u>52,002,719</u>	<u>54,756,079</u>	<u>52,002,719</u>
The housing development fund is represented by the following assets & liabilities			
Property plant and equipment	179,968	194,830	179,968
Housing selling scheme loans	4,807,240	5,490,733	4,807,240
Housing rental trade receivables	11,437,719	6,690,731	11,437,719
Loans extinguished by Government on 1 April 1998	34,256,892	34,256,892	34,256,892
Bank and cash	1,323,181	8,131,597	1,323,181
Less: trade payables	(2,281)	(8,703)	(2,281)
	<u>52,002,719</u>	<u>54,756,080</u>	<u>52,002,719</u>
23. Capital replacement reserve			
paragraph 144 of GRAP 1 has been repealed as from the date on which GRAP 1 was adopted by the municipality.			
The Capital replacement reserve was written back to surplus from the earliest comparative date possible 30 June 2009.			
Capital Replacement Reserve	44,790,542	41,035,599	44,790,542
Written back to surplus	(44,790,542)	(41,035,599)	(44,790,542)
	<u>-</u>	<u>-</u>	<u>-</u>
24. Self -insurance reserve			
As per the directives issued by the ASB no self insurance reserve can be allowed in Net Assets.			
The insurance fund were written back to accumulated surplus where it will be ringfenced and applied for insurance transactions.			
Self insurance reserve	31,038,573	24,618,229	31,038,573
Written back to accumulated surplus	(31,038,573)	(24,618,229)	(31,038,573)
	<u>-</u>	<u>-</u>	<u>-</u>
25. Revenue			
Rendering of services	1,351,575,918	1,265,337,477	1,351,575,918
Rental Income	16,684,449	15,717,272	16,684,449
Income from agency services	689,431	751,904	689,431
Fines	14,299,020	14,774,353	14,299,020
Licences and permits	53,988	43,655	53,988
Government grants	324,440,359	266,381,114	324,440,359
Public contributions, Donated and contributed property, plant and equipment			10,000
	<u>1,707,743,165</u>	<u>1,563,005,775</u>	<u>1,707,753,165</u>

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	2009	2008	2009
26. Property Rates			
Rates received			
Residential	252,213,191	139,887,177	252,213,191
Commercial	176,134,262	148,583,820	176,134,262
State	58,610,152	40,806,449	58,610,152
Vacant land	22,183,384	16,755,893	22,183,384
Less: Adjustments processed	(130,584,974)	(965,503)	(130,584,974)
	<u>378,556,015</u>	<u>345,067,836</u>	<u>378,556,015</u>
Valuations			
Residential	8,336,993,700	8,631,921,600	8,336,993,700
Commercial	6,201,992,100	5,248,625,200	6,201,992,100
State	2,256,104,100	2,096,870,000	2,256,104,100
Vacant land	301,028,600	283,068,400	301,028,600
	<u>17,096,118,500</u>	<u>16,260,485,200</u>	<u>17,096,118,500</u>

Valuations on land and buildings are performed every 4 years. The first market valuation will come into effect on 1 July 2009.

Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Interest is charged at 18% per annum on rates outstanding after due date.

The new market valuation will be implemented on 01 July 2009.

27. Service charges

Sale of electricity	627,506,504	588,763,396	627,506,504
Sale of water	213,920,408	192,860,811	213,920,408
Solid waste	42,579,578	46,703,450	42,579,578
Sewerage and sanitation charges	68,432,384	68,376,520	68,432,384
	<u>952,438,874</u>	<u>896,704,177</u>	<u>952,438,874</u>

The above figure is net of revenue foregone.

28. Other revenue

Airport	1,746,821	1,851,896	1,746,821
Forestry	10,459,592	10,278,274	10,459,592
Market	14,845,259	14,220,662	14,845,259
Burials and cremations	1,188,207	1,561,538	1,188,207
Buildings	1,730,706	2,407,621	1,730,706
Re-connections	7,088,028	7,053,174	7,088,028
Training levy recoveries	2,025,279	1,577,104	2,025,279
Discount received	686,490	618,884	686,490
Sundry income	14,345,744	16,090,634	14,346,747
Other revenue -foregone	251,024,522	166,217,728	251,024,522
Other revenue -MIG (PMU) operating costs	1,689,010	1,589,502	1,689,010
Other revenue -insurance recoveries	149,931	145,975	149,931
Other revenue	91,307	153,216	91,307
Reversal of provisions	9,036,098	-	9,036,098
Interest received	22,891,141	-	22,891,141
	<u>338,998,135</u>	<u>223,766,208</u>	<u>338,999,138</u>

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Figures in rand	Municipality		Group
	2009	2008	2009
29. Government grants and subsidies			
Government grants			
Conditional grants -revenue	43,193,058	17,455,164	43,193,058
Grants & subsidies -capital	85,802,876	97,770,614	85,802,876
Equitable share	187,098,867	142,974,380	187,098,867
Provincial subsidies			
KZN -NPA subsidies	8,147,972	8,180,956	8,147,972
Grants -other	197,586		197,586
	<u>324,440,359</u>	<u>266,381,114</u>	<u>324,440,359</u>

Equitable Share

In terms of the constitution, this grant is used to subsidise the provision of basic and administrative services to the indigent community members and to subsidise income.

Conditional Grants and subsidies are receipted to the Conditional Grant Creditor accounts and all non-capital expenditure is expensed through the Statement of Financial Performance.

Reimbursements for conditions satisfied, including capital expenditure, are journalised against the Conditional Grant Creditor accounts.

Conditions on the funding were complied with and no funds were withheld.

30. General expenses

Airport	5,698,469	4,092,215	5,698,469
Contracted services	15,297,625	11,049,414	15,297,625
Distribution -wages	43,743,960	36,895,898	43,743,960
External services	25,162,484	28,469,603	25,162,484
Extraordinary	10,785,537	10,084,367	10,785,537
Foregone income -discounts to bulk consumers	93,507,513	102,814,767	93,507,513
Foregone income -other rebates	130,743,958	107,395,092	130,743,958
Foregone income -poor relief / indigents	38,773,547	12,615,398	38,773,547
Forestry	8,346,885	8,496,447	8,346,885
Government grant expenditure	43,438,093	15,673,485	43,555,268
Insurance	19,177,693	16,127,377	19,177,693
Leave / sick pay -downtime	15,857,967	13,313,416	15,857,967
Mayoral projects	19,234,479	6,031,042	19,234,479
Other	113,181,931	79,252,722	113,198,122
Pensions payable	10,154,602	9,368,754	10,154,602
Telephone and fax	9,623,590	8,618,517	9,623,590
VAT provision			(253,769)
Auditors remuneration			10,250
	<u>602,728,333</u>	<u>470,298,514</u>	<u>602,618,180</u>

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	2009	2008	2009
31. Employee related costs			
Salaries & wages	382,212,823	336,213,000	384,436,525
Contributions for UIF, pensions & medical aid	94,546,734	82,149,647	94,546,734
Travel, motor car, accommodation, subsistence & other allowances	18,913,725	16,125,590	18,913,725
Overtime payments	65,937,561	49,964,735	65,937,561
Long service awards	12,505,426	11,099,994	12,505,426
Housing benefits and allowances	6,055,806	5,306,271	6,055,806
	<u>580,172,075</u>	<u>500,859,237</u>	<u>582,395,777</u>
Remuneration of municipal manager			
Annual Remuneration	854,648	506,555	854,648
Car Allowance	65,067	40,408	65,067
Contributions to UIF, Medical and Pension Funds	215,369	143,527	215,369
	<u>1,135,084</u>	<u>690,490</u>	<u>1,135,084</u>
Remuneration of chief finance officer			
Annual Remuneration	603,740	536,820	603,740
Car Allowance	94,941	96,000	94,941
Contributions to UIF, Medical and Pension Funds	72,783	106,448	72,783
	<u>771,464</u>	<u>739,268</u>	<u>771,464</u>
Remuneration of executive manager -internal audit			
Annual Remuneration	412,999	-	412,999
Car Allowance	132,953	-	132,953
Performance Bonuses	33,957	-	33,957
Contributions to UIF, Medical and Pension Funds	116,416	-	116,416
Acting allowance -July 2007 to April 2008	-	215,766	-
	<u>696,325</u>	<u>215,766</u>	<u>696,325</u>
Remuneration of deputy municipal manager community services			
Annual Remuneration	584,279	539,862	584,279
Car Allowance	200,903	158,894	200,903
Performance Bonuses	-	52,538	-
Contributions to UIF, Medical and Pension Funds	1,497	1,473	1,497
	<u>786,679</u>	<u>752,767</u>	<u>786,679</u>
Remuneration of deputy municipal manager corporate services			
Annual Remuneration	725,182	638,756	725,182
Car Allowance	60,000	60,000	60,000
Performance Bonuses	-	52,538	-
Contributions to UIF, Medical and Pension Funds	1,497	1,473	1,497
	<u>786,679</u>	<u>752,767</u>	<u>786,679</u>

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	Municipality		Group
Figures in rand	2009	2008	2009

31. Employee related costs (continued)

Remuneration of strategic executive manager of corporate strategic planning			
Annual Remuneration	-	585,203	-
Car Allowance	-	113,553	-
Performance Bonuses	-	52,538	-
Contributions to UIF, Medical and Pension Funds	-	1,473	-
	-	752,767	-
Remuneration of deputy municipal infrastructure services			
Annual Remuneration	737,182	650,756	737,182
Car Allowance	48,000	48,000	48,000
Performance Bonuses	-	52,538	-
Contributions to UIF, Medical and Pension Funds	1,497	1,473	1,497
	786,679	752,767	786,679
Remuneration of deputy municipal manager development services			
Car Allowance	-	18,927	-
Performance Bonuses	-	52,538	-
Contributions to UIF, Medical and Pension Funds	-	49,611	-
Acting allowance	397,247	173,345	397,247
	397,247	294,421	397,247

32. Remuneration of councillors

Mayor	646,835	569,426	646,835
Deputy mayor	520,664	454,667	520,664
Councillors	9,612,629	9,109,913	9,612,629
Speaker	520,664	454,667	520,664
Executive committee members	4,402,098	3,410,000	4,402,098
Councillors' pension and medical contribution	3,461,786	1,392,760	3,461,786
Other	-	75,712	-
	19,164,676	15,467,145	19,164,676

In-kind benefits 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 and Deputy Mayor have security and an official driver at a cost to Council.

33. Debt impairment

Contributions to doubtful debt provision	10,000,000	10,000,000	10,000,000
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	2009	2008	2009
34. Investment revenue			
Interest revenue			
Interest received -external investments	17,073,381	29,320,951	17,073,381
Interest received -sundry debtors	1,395,660	664,168	1,395,660
Interest received -service debtors	17,041,453	22,308,938	17,041,453
Interest received -Safe City			63,460
	<u>35,510,494</u>	<u>52,294,057</u>	<u>35,573,954</u>
35. Depreciation and amortisation			
Property, plant and equipment	<u>96,625,686</u>	<u>96,408,758</u>	<u>96,651,653</u>
36. Impairment of assets			
Impairments			
Inventories	-	143,365	-
37. Finance costs			
Annuity & finance loans	53,271,199	45,957,235	53,271,199
Other interest paid	4,150,193	9,070,998	4,150,193
Other interest paid - Safe City			199
	<u>57,421,392</u>	<u>55,028,233</u>	<u>57,421,591</u>
Capitalisation rates used during the period were 10.84% on specific borrowings for capital projects and 10.84% being the weighted average cost of funds borrowed generally by the municipality.			
38. Grants and subsidies paid			
Other subsidies			
Community bodies	994,079	780,323	994,079
Mayors grants	16,770	9,700	16,770
Arts and culture	1,335,908	602,527	1,335,908
Safe city project	<u>2,631,579</u>	<u>3,000,000</u>	
	<u>4,978,336</u>	<u>4,392,550</u>	<u>2,346,757</u>
39. Bulk purchases			
Electricity	420,119,222	321,275,361	420,119,222
Water	<u>216,651,627</u>	<u>194,174,295</u>	<u>216,651,627</u>
	<u>636,770,849</u>	<u>515,449,656</u>	<u>636,770,849</u>
40. Cash generated from operations			
Surplus before taxation	25,843,401	116,683,405	4,040,132
Adjustments for:			
Depreciation and amortisation	96,625,686	96,408,758	96,651,653
Surplus on sale of assets	(57,112,023)	(7,239,228)	(3,369,276)
Contributions			10,000,000
Interest received	(35,510,494)	(52,294,057)	(35,573,954)
Finance costs	57,421,392	55,028,233	57,421,591
Fair value adjustments	385,314	-	385,314
Impairment deficit	-	143,365	-
Movements in retirement benefit assets and liabilities	48,089,800	-	48,089,800
Movements in provisions	(9,508,871)	(1,430,837)	(9,559,257)
Other non-cash items	3,847	-	0
Housing development fund			(2,753,360)
Financial instruments discounting			(24,959,141)
Changes in working capital:			
Inventories	(10,472,767)	(3,974,191)	(11,324,914)
Trade and other receivables from non exchange transactions	13,629,376	(3,197,689)	251,754,903
Consumer debtors	(40,570,719)	(91,249,598)	(304,077,871)
Trade and other payables	28,279,744	28,419,575	43,878,171
VAT	10,937,622	(8,877,378)	11,453,481
Deferred income / Unspent conditional grants and receipts	<u>(32,851,533)</u>	<u>50,979,212</u>	<u>(32,851,533)</u>
	<u>95,189,775</u>	<u>179,399,570</u>	<u>99,205,739</u>

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	2009	2008	2009
41. Gains or losses on sale of assets			
Property, plant and equipment	1,137,979	-	1,137,979
Land sales	2,231,297	7,239,228	2,231,297
	<u>3,369,276</u>	<u>7,239,228</u>	<u>3,369,276</u>
42. Additional disclosure in terms of the municipal finance management act			
Contributions to SALGA			
Council subscriptions	2,633,574	1,394,494	2,633,574
Amount paid -current year	<u>(2,633,574)</u>	<u>(1,394,494)</u>	<u>(2,633,574)</u>
	-	-	-
Audit fees			
Opening balance	61,950	18,342	61,950
Over provision written back	(48,916)	43,608	(48,916)
Audit fee invoiced	(2,437,834)	(1,432,227)	(2,437,834)
Amount -previous years	<u>2,437,834</u>	<u>1,432,227</u>	<u>2,437,834</u>
	<u>13,034</u>	<u>61,950</u>	<u>13,034</u>
PAYE & UIF			
Opening balance	(32,915)	(32,915)	(32,915)
Current year payroll deductions	74,241,463	61,810,390	74,241,463
Amount paid -current year	<u>(74,241,463)</u>	<u>(61,810,390)</u>	<u>(74,241,463)</u>
	<u>(32,915)</u>	<u>(32,915)</u>	<u>(32,915)</u>
Note:			
The difference represents PAYE & UIF deducted from the employees salaries, however payroll will have to be adjusted in July 2009.			
Pension & medical aid deductions			
Current year payroll deductions & Council contributions	149,735,475	133,286,007	149,735,475
Amount paid -current year	<u>(149,735,475)</u>	<u>(133,286,007)</u>	<u>(149,735,475)</u>
	-	-	-
Councillor's Arrear Consumer Accounts.			
Note: There are no reportable items.			
43. Changes in accounting policy			
The annual financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the adoption of the following new or revised standards.			
In terms of the exemption granted in Gazette 30013 dated 29 June 2007, Council has complied with the following GRAP Standards			
The following adjustments were made to amounts previously reported in the annual financial statements of the municipality arising from the implementation of new accounting .policies and changes to existing policies			
Changes in accounting policy effecting the statement of financial position			
Debit / credit to accumulated surplus/(deficit) GRAP 17 -Property, plant and equipment In terms of the exemption granted in Gazette 30013 dated 29 June 2007, Council has first time implemented the standard.No retrospective application of the standard has been applied as it was impractical to apply.			
Net unidentified infrastructure assets written out of asset register	1,366,119,478	-	1,366,119,478
Net identified infrastructure assets taken on in asset register.	<u>(6,126,333,978)</u>	-	<u>(6,126,333,978)</u>
	<u>(4,760,214,500)</u>	-	<u>(4,760,214,500)</u>
GRAP 16 -Investment property			
In terms of the exemption granted in Gazette 30013 dated 29 June 2007, Council has first time implemented the standard.No retrospective application of the standard has been applied as it was impractical to apply.			
Investment property -taken on as previously not recorded, included in category land and buildings	(534,167,000)	-	(534,167,000)
	<u>(534,167,000)</u>	-	<u>(534,167,000)</u>
GRAP 102 -Intangible assets			
In terms of the exemption granted in Gazette 30013 dated 29 June 2007, Council has first time implemented the standard.No retrospective application of the standard has been applied as it was impractical to apply.			
Recognition and measurement of servitutdes not recorded previously.	176,686	-	176,686
	<u>176,686</u>	-	<u>176,686</u>
In terms of directive 2, and no GRAP standard to comply with			
Transfer of capital replacement reserve	(12,635,717)	-	(12,635,717)
Transfer of government grant reserve	(563,802,907)	(451,850,971)	(563,802,907)
Transfer of insurance reserve	<u>(31,038,573)</u>	-	<u>(31,038,573)</u>
	<u>(607,477,197)</u>	<u>(451,850,971)</u>	<u>(607,477,197)</u>
Changes in the accounting policy effecting the statement of financial performance			
GRAP 13 -Leases			
In terms of the exemption granted in Gazette 30013 dated 29 June 2007, Council has first time implemented the standard.Retrospective application of the standard has been applied			
Recognition of operating lease payments on a straight line basis.	(146,559)	-	(146,559)
	<u>(5,901,828,570)</u>	<u>(451,850,971)</u>	<u>(5,901,828,570)</u>

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	Municipality		Group
Figures in rand	2009	2008	2009

44. Prepaid Electricity

Commissions -are calculated on sales from prepaid electricity sales made by vendors on behalf of the Council. The commissions are included in the general expenses category of the statement of financial performance.

In the 2006/2007 financial year two vendors had defaulted in depositing amounts received from prepaid sales.

As a result no commission was paid to them.

The defaulting vendors are Sweet waters and Phayiphini who had ceased trading in January 2007 and October 2006 respectively.

The amounts of R55 723 and R75 896 respectively are deemed to be irrecoverable for the 2005/2006 financial year.

Also the amounts of R13 980 and R15 671 being the movements for the 2006/2007 year are deemed irrecoverable

The matter is being handled by the legal division.

45. Commitments

Authorised capital expenditure

Already contracted for but not provided for

Property, plant and equipment	68,699,890	43,693,410	68,699,890
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This committed expenditure relates to other : specify-infrastructure assets and will be financed by available bank facilities.

Operating leases - as lessee (expense)

Minimum lease payments due

-within one year	1,430,205	1,454,179	1,430,205
-in second to fifth year inclusive	-	1,430,205	-
	<u>1,430,205</u>	<u>2,884,384</u>	<u>1,430,205</u>

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of three years and rentals are linked to an increase for an average of three years. Operating lease payments represents payments for two contracts namely H. Collins (Compen Building) and Giltime Park CC. No contingent rent is payable.

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	2009	2008	2009
46. Contingencies			
Liabilities			
High court matters			
Blue Thunder trading CC t/a Kanyisa Energy Management and services	258,230	-	258,230
BA Clark	379,976	-	379,976
S. Mthimkhulu	236,371	-	236,371
Stand 2436 Pietermaritzburg (PTY) Ltd	1,462,084	-	1,462,084
South African Local Authorities Pension Fund	250,848	-	250,848
PJ Terwolbeek	1,121,620	1,121,620	1,121,620
I Ogilvie	166,161	166,161	166,161
DV Ngcobo	2,079,000	2,079,000	2,079,000
F Osman	198,840	198,840	198,840
Zeedim Investments	519,963	519,963	519,963
Jewitt	10,000,000	10,000,000	10,000,000
T Gonasillan	115,500	-	115,500
IN Nzaba	735,000	-	735,000
Telkom	45,980	-	45,980
TE Zulu	8,709	-	8,709
FBI Khan	63,280	-	63,280
RYKhan	1,267	-	1,267
VN Mkhumbuzi	100,000	-	100,000
	<u>17,742,829</u>	<u>14,085,584</u>	<u>17,742,829</u>
Assets			
High court matter			
DL Petersen	-	-	-

47. Related parties

The NCT tree farming (Pty) Ltd manages timber plantations established on Council owned land on behalf of the Council by a management agreement. NCT is entitled to a 5% management fee based on net profit.

Safe City has been formed as a partnership with the business community to combat crime in the city. Council allocates a grant in aid to the entity.

NCT -5% of management fee	556,010	93,780	556,010
Safe City -grant	3,000,000	3,000,000	3,000,000
	<u>3,556,010</u>	<u>3,093,780</u>	<u>3,556,010</u>

48. Prior period errors

During the year ended 30 June 2009, the following transactions were erroneously expensed in the statement of financial position and statement of financial performance.

The comparative amounts have been re-stated as follows:.

Statement of financial position

Clearing of cheques re-issued as amounts are now recovered	-	(8,791)
Clearing of control votes	-	(2,287,507)
Clearing of general ledger balances with credit amounts	-	(6,354,069)
Clearing of general ledger balances with debit amounts	-	236,913
Closing entries for the market	-	(985,906)
Clearing of retention due to prescription period being applied	-	(137,939)
Inventory adjustment between physical and theoretical inventory	-	852,147
Clearing of restructuring grant interest earned in prior periods	-	(4,803,950)
Stale cheques re-issued for deposit refunds	-	3,365
Adjustment of finance lease liability at implicit rate	-	(146,299)
Net effect on statement of financial position		<u>(13,632,036)</u>

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Figures in rand	Municipality		Group
	2009	2008	2009
48. Prior period errors (continued)			
Statement of financial performance			
Clearing of prior period unidentified revenue	-	(117,536)	
Input VAT not claimed on expenses adjusted retrospectively	-	(367,500)	
SARS VAT refunds received in respect of previous assessments	-	(102,444)	
Payments to SARS due to VAT assessments raised in prior periods	-	435,305	
Re-imburement of prior period expenditure from Msunduzi Housing Operating Account (MHOA)	-	(2,396,011)	
Reversal of prior period accruals raised for KZNPA subsidies	-	18,483,235	
Under accrual of expenditure raised in 2008/09 financial year being adjusted retrospectively	-	316,517	
Over accrual of expenditure raised in 2008/09 financial year being adjusted retrospectively	-	(240,601)	
Net effect on statement of financial performance	-	16,010,965	
Net effect on accumulated surplus	-	2,378,929	
49. Events after the reporting date			
None to report on.			
50. Irregular expenditure			
Deviation from normal procurement process	450,033	-	450,033
Procurement irregularities	2,320,044	-	2,320,044
Non adherence to supply chain management policy	1,204,697	-	1,204,697
Abuse of emergency/urgent procurement provisions	103,053	-	103,053
	<u>4,077,827</u>	<u>-</u>	<u>4,077,827</u>
51. Fruitless and wasteful expenditure			
None to report on.			
52. Municipal entity			
The Safe City project PMB was declared a municipal entity in terms of the MFMA and was incorporated as a section 21 company and was initiated in partnership with the business sector to create a safer CBD. Refer to annexure J for the annual financial statement of Safe City.			
53. Electricity & water losses			
Electricity	60,052,372	53,400,839	60,052,372
Water	32,422,512	60,961,439	32,422,512
	<u>92,474,884</u>	<u>114,362,278</u>	<u>92,474,884</u>
54. Traffic fines outstanding			
As per NATIS -traffic department			
Notice of intention to prosecute -341's	293,590	311,640	293,590
Notice before summons	16,250	3,300	16,250
Section 54 notices -summons	2,746,530	504,100	2,746,530
Unfinalised fines	9,229,940	426,200	9,229,940
Warrant of arrests	87,150	5,826,270	87,150
	<u>12,373,460</u>	<u>7,071,510</u>	<u>12,373,460</u>

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Figures in rand	Municipality		Group
	2009	2008	2009
55. Comparative figures			
Certain comparative figures have been reclassified.			
The effects of the reclassification are as follows:			
Statement of financial position			
Provisions	5,409,125	5,896,918	5,409,125
Airport Development Fund was included in the Capital Replacement Reserve (CRR) in 2007/08	-	41,035,599	-
In 2008/09 year it was transferred from the CRR to the provisions	-	77,910,279	-
Less : Stated benefits provision as actuarial valuation was performed	-	(50,000,000)	-
Add : Airport Development Fund	-	945,057	-
Total of provisions	-	28,855,336	-
Value Added Taxation	5,409,125	5,896,918	5,409,125
In the 2007/08 year a control vote tax recovered was not included in the VAT figure on the statement of financial position	-	-	-
Main VAT control account	(15,723,666)	(5,452,189)	(15,723,666)
Add : Control vote tax recovered	10,314,541	11,349,107	10,314,541
Cash and cash equivalents	112,867,232	260,420,761	112,867,232
In the 2008/09 year cash and cash equivalents consist of	-	-	-
Bank	19,246,950	3,383,985	19,246,950
Cash	45,590	40,680	45,590
Investments	93,574,692	260,420,761	93,574,692
In 2007/08 year this was disclosed separately on the face of the statement of financial position	-	-	-
Trade and other receivables from exchange transactions	-	256,848,624	-
Trade and other receivables from exchange transactions as per the statement of financial position as at 2008/09	-	-	-
Less : housing prepayments incorrectly mapped to trade and other receivables now mapped to trade and other payables	-	(9,335)	-
Trade and other receivables from exchange transactions as per the statement of financial position as at 2007/08	-	256,839,289	-
Trade and other payables and unspent conditional grants	-	-	-
In the 2007/08 year trade and other payables decreased and unspent conditional grants and receipts increased by	-	-	-
Edendale land legal grant	-	(384,622)	-
Edendale private land acquisition grant	-	(20,956,596)	-
Statement of financial performance			
Service charges	-	-	-
Services charges in 2007/08 year was disclosed on the face of the statement of financial performance nett of foregone income	-	673,878,919	-
Add : Foregone income	-	222,825,257	-
Gross service charges appearing on the face of 2008/09 statement of financial performance	-	896,704,177	-
Other income	-	-	-
Other income as per 2008/09 statement of financial performance	307,070,897	223,766,207	307,070,897
Less : The gain on sale of assets is disclosed seperately as an another note	(3,369,276)	(7,239,228)	(3,369,276)
Other income as per 2007/08 statement of financial performance	-	231,005,434	-
Other expenses	-	-	-
Expenses in 2007/08 year was disclosed on the face of the statement of financial performance nett of foregone income	-	247,473,257	-
Add : foregone income	-	222,825,257	-
Expenses appearing on the face of 2008/09 statement of financial performance	-	470,298,514	-

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	2009	2008	2009
56. Accumulated surplus/deficit -internal reserves			
Implementation of GRAP -Ring fencing of reserves			
Accumulated surplus	5,528,675,475	824,663,148	5,528,675,475
Self insurance reserve	25,726,622	-	25,726,622
COID	5,311,952	-	5,311,952
Government grant reserve	563,802,908	-	563,802,908
Capital replacement reserve	12,635,718	-	12,635,718
	<u>6,136,152,675</u>	<u>824,663,148</u>	<u>6,136,152,675</u>

57. Unauthorised expenditure

None to report on.

THE MSUNDUZI MUNICIPALITY

**APPENDIX A
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2009**

EXTERNAL LOANS	ACCOUNT NO	Loan Number	Redeemable	Balance at 30/06/08	Correction of error	Received during the period	Redeemed written off during the period	Balance at 30/06/09
LONG-TERM LOANS				R		R	R	R
DBSA - 15.5%	PMB8108710930	11158	30/09/2018	11,413,450		0	485,201	10,928,249
DBSA - 15.5%	PMB8108710930	11159	31/03/2019	14,076,835		0	545,168	13,531,667
DBSA - 15.5%	PMB8108710930	11160	31/03/2019	11,997,059		0	464,623	11,532,436
DBSA - 16.5%	PMB8108710930	13446	31/03/2020	22,130,535		0	668,697	21,461,838
DBSA - 16.5%	PMB8108710930	13447	31/03/2020	9,433,380		0	285,039	9,148,341
DBSA - 16.5%	PMB8108710930	13448	31/03/2020	13,967,379		0	422,039	13,545,340
DBSA - 14.27%	PMB8108710930	14039/101	31/12/2014	44,295,325		0	4,621,287	39,674,038
DBSA - 14.27%	PMB8108710930	14039/102	31/12/2015	1,228,840		0	103,065	1,125,775
DBSA - 14.27%	PMB8108710930	102091	2020/02/11	5,070,613		0	214,330	4,856,283
DBSA - 14.27%	PMB8108710930	102416	28/06/2021	47,213,968		0	2,051,803	45,162,165
DBSA - 10.75%	PMB7878719598	11649	30/6/2013	28,363		0	4,552	23,810
DBSA - 9.31%	PMB8108710930	101922	30/09/2020	23,309,539		0	1,064,351	22,245,188
DBSA - 8.7%	PMB8108710930	102797	30/09/2022	88,282,169		0	3,222,884	85,059,285
DBSA - 10.79%	PMB8108710930	103059/1	2023/09/30	0		64,000,000	929,221	63,070,779
DBSA - 6.75%	PMB8108710930	103059/2	2023/09/30	0		16,000,000	320,968	15,679,032
DBSA Total				292,447,456	0	80,000,000	15,403,228	357,044,227
RMB/INCA - 16.35%	PMB8108710929	Piet-00-0001	2010/12/31	32,166,081		0	13,033,449	19,132,632
RMB/INCA - 13.39%	PMB8108710929	Msun-00-0001	2010/12/31	19,344,336		0	5,422,555	13,921,781
INCA - 11.65%	PMB8108710929	Msun-00-0001	2013/12/31	20,591,973		0	2,857,644	17,734,329
RMB/INCA Total				72,102,390	0	0	21,313,648	50,788,742
INCA - 11.75%	PMB8108710997	PMB107XA-S	2007/11/01	0		0	0	0
INCA - 14.50%	PMB810870996	PMB107XB-S	2007/11/01	0		0	0	0
RMB/HULETTS - 8.71%	PMB8108710931	Sub-station	2013/06/30	6,584,393		0	832,449	5,751,944
RMB/HULETTS Total				6,584,393		0	832,449	5,751,944
Metro Transport Fund - 5.5%	PMB8108710906			0		0	0	0
Eastwood Library				0		0	0	0
DSB	PMB7878719599	Plessislaer	2008	0		0	0	0
DSB	PMB7878719598	Plessislaer	2008	0		0	0	0
DSB		Ashburton	2008	0		0	0	0
Temporary borrowings-FNB	PMB8108710001			0		50,000,000	0	50,000,000
Other loans total				0		50,000,000		50,000,000
Total Long-term Loans				371,134,239	0	130,000,000	37,549,325	463,584,914
LEASE LIABILITY								
Standard Bank - 9.4488%	PMB 810 871 0947	Stannic 6	31/03/2009	769,481	11,442	0	758,039	0
Standard Bank - 8.9819%	PMB 810 8710949	Stannic 7	2009/07/10	458,602	8,059	0	383,264	67,278
Standard Bank - 8.9471%	PMB 810 8710950	Stannic 8	2009/05/31	460,042	-13,473	0	261,506	212,009
Standard Bank - 8.9073%	PMB 810 871 0951	Stannic 9	2009/08/31	167,614	-4,283	0	90,288	81,608
Standard Bank - 9.1192%	PMB 810 871 0952	Stannic 10	2010/02/28	45,215	-1,152	0	24,332	22,035
Standard Bank - 9.1182%	PMB 810 871 0953	Stannic 11	2010/03/31	45,219	-3,078	0	24,148	24,148
Standard Bank - 8.5791%	PMB 810 871 0954	Stannic 12	2010/03/31	503,733	-8,299	0	256,674	255,359
Standard Bank - 8.3560%	PMB 810 871 0955	Stannic 13	2010/03/23	244,334	-4,036	0	124,636	123,735
Standard Bank - 8.3376%	PMB 810 871 0956	Stannic 14	2010/04/30	106,558	-1,614	0	54,287	53,885
Standard Bank - 8.3878%	PMB 810 871 0957	Stannic 15	2010/04/30	155,393	-2,584	0	79,253	78,704
Standard Bank - 8.3104%	PMB 810 871 0958	Stannic 16	2010/04/21	322,757	7,756	0	158,106	156,895
Standard Bank - 8.4305%	PMB 810 871 0959	Stannic 17	2010/04/30	805,751	-9,438	0	373,517	441,672
Standard Bank - 8.4150%	PMB 810 871 0960	Stannic 18	2010/05/31	147,574	-1,454	0	62,778	86,250
Standard Bank - 8.4403%	PMB 810 871 0961	Stannic 19	2010/06/30	119,277	-1,175	0	50,732	69,720
Standard Bank - 8.3305%	PMB 810 871 0962	Stannic 20	2010/08/31	691,981	-6,825	0	294,533	404,273
Standard Bank - 8.3299%	PMB 810 871 0963	Stannic 21	2010/08/31	1,320,112	-10,696	0	539,254	791,554
Standard Bank - 8.3750%	PMB 810 871 0964	Stannic 22	2010/08/31	537,611	-2,092	0	176,095	363,608
Standard Bank Total				6,901,254	-42,923	0	3,711,443	3,232,734

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SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2009

<u>EXTERNAL LOANS</u>	<u>ACCOUNT NO</u>	<u>Loan Number</u>	<u>Redeemable</u>	<u>Balance at 30/06/08</u>	<u>Correction of error</u>	<u>Received during the period</u>	<u>Redeemed written off during the period</u>	<u>Balance at 30/06/09</u>
Nedbank - 10.000%	PMB 810 871 0965	Nedbank 1	31/12/2011	119,719	1,970	0	29,567	88,182
Nedbank - 10.000%	PMB 810 871 0966	Nedbank 2	31/12/2012	119,719	1,970	0	29,567	88,182
Nedbank - 10.000%	PMB 810 871 0967	Nedbank 3	31/12/2013	119,719	1,970	0	29,567	88,182
Nedbank - 10.000%	PMB 810 871 0968	Nedbank 4	31/12/2014	119,719	1,970	0	29,567	88,182
Nedbank - 10.000%	PMB 810 871 0969	Nedbank 5	31/12/2015	119,719	1,970	0	29,567	88,182
Nedbank - 10.000%	PMB 810 871 0970	Nedbank 6	31/12/2016	119,719	1,970	0	29,567	88,182
Nedbank - 10.000%	PMB 810 871 0971	Nedbank 7	31/12/2017	119,719	1,970	0	29,567	88,182
Nedbank - 10.000%	PMB 810 871 0972	Nedbank 8	31/12/2018	124,016	2,041	0	30,628	91,346
Nedbank - 10.000%	PMB 810 871 0973	Nedbank 9	31/12/2019	124,151	2,043	0	30,662	91,446
Nedbank - 10.000%	PMB 810 871 0974	Nedbank 10	31/12/2014	438,397	6,850	0	49,641	381,942
Nedbank - 10.000%	PMB 810 871 0975	Nedbank 11	24/12/2014	438,433	6,850	0	49,641	381,942
Nedbank - 10.500%	PMB 810 871 0976	Nedbank 12	31/12/2017	1,880,340	25,158	0	130,866	1,724,315
Nedbank - 10.413%	PMB 810 871 0977	Nedbank 13	2012/06/30	138,105	1,752	0	28,984	107,370
Nedbank - 10.413%	PMB 810 871 0978	Nedbank 14	2012/06/30	138,105	1,752	0	28,984	107,370
Nedbank - 10.413%	PMB 810 871 0979	Nedbank 15	2012/06/30	138,105	1,752	0	28,984	107,370
Nedbank - 10.413%	PMB 810 871 0980	Nedbank 16	2012/06/30	138,105	1,752	0	28,984	107,370
Nedbank - 10.413%	PMB 810 871 0981	Nedbank 17	2012/06/30	138,105	1,752	0	28,984	107,370
Nedbank - 10.413%	PMB 810 871 0982	Nedbank 18	2012/06/30	138,105	1,752	0	28,984	107,370
Nedbank - 10.413%	PMB 810 871 0983	Nedbank 19	2012/06/30	138,105	1,752	0	28,984	107,370
Nedbank - 10.413%	PMB 810 871 0984	Nedbank 20	2012/06/30	138,105	1,752	0	28,984	107,370
Nedbank - 10.413%	PMB 810 871 0985	Nedbank 21	2012/06/30	138,105	1,752	0	28,984	107,370
Nedbank - 10.413%	PMB 810 871 0986	Nedbank 22	2012/06/30	138,105	1,752	0	28,984	107,370
Nedbank - 13.369%	PMB 810 871 0138	Nedbank 23	2013/10/01	0	0	231,480	22,726	208,754
Nedbank - 13.369%	PMB 810 871 0139	Nedbank 24	2013/10/01	0	0	231,480	22,726	208,754
Nedbank - 13.369%	PMB 810 871 0137	Nedbank 26	2013/10/01	0	0	231,480	22,726	208,754
Nedbank - 13.369%	PMB 810 871 0104	Nedbank 27	2013/10/01	0	0	210,282	20,645	189,637
Nedbank - 13.369%	PMB 810 871 0102	Nedbank 28	2013/10/01	0	0	210,282	20,645	189,637
Nedbank - 13.369%	PMB 810 871 0103	Nedbank 29	2013/10/01	0	0	210,282	20,645	189,637
Nedbank - 13.369%	PMB 810 871 0105	Nedbank 30	2013/10/01	0	0	315,724	30,997	284,727
Nedbank - 13.369%	PMB 810 871 0109	Nedbank 31	2013/10/01	0	0	152,703	14,992	137,711
Nedbank - 13.369%	PMB 810 871 0107	Nedbank 32	2013/10/01	0	0	152,703	14,992	137,711
Nedbank - 13.369%	PMB 810 871 0110	Nedbank 33	2013/10/01	0	0	152,703	14,992	137,711
Nedbank - 13.369%	PMB 810 871 0108	Nedbank 34	2013/10/01	0	0	154,876	15,205	139,671
Nedbank - 13.369%	PMB 810 871 0106	Nedbank 35	2013/10/01	0	0	312,435	30,674	281,762
Nedbank - 13.369%	PMB 810 871 0128	Nedbank 36	2013/10/01	0	0	122,768	12,053	110,715
Nedbank - 13.369%	PMB 810 871 0100	Nedbank 37	2013/10/01	0	0	69,768	6,850	62,918
Nedbank - 13.369%	PMB 810 871 0999	Nedbank 38	2013/10/01	0	0	69,768	6,850	62,918
Nedbank - 13.369%	PMB 810 871 0998	Nedbank 39	2013/10/01	0	0	69,768	6,850	62,918
Nedbank - 13.369%	PMB 810 871 0997	Nedbank 40	2013/10/01	0	0	69,768	6,850	62,918
Nedbank - 13.369%	PMB 810 871 0996	Nedbank 41	2013/10/01	0	0	69,768	6,850	62,918
Nedbank - 13.369%	PMB 810 871 0995	Nedbank 42	2013/10/01	0	0	69,768	6,850	62,918
Nedbank - 13.369%	PMB 810 871 0994	Nedbank 43	2013/10/01	0	0	69,768	6,850	62,918
Nedbank - 13.369%	PMB 810 871 0131	Nedbank 44	2013/10/01	0	0	122,768	12,053	110,715
Nedbank - 13.369%	PMB 810 871 0993	Nedbank 45	2013/10/01	0	0	69,768	6,850	62,918
Nedbank - 13.369%	PMB 810 871 0129	Nedbank 46	2013/10/01	0	0	122,768	12,053	110,715

THE MSUNDUZI MUNICIPALITY

APPENDIX A

SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2009

EXTERNAL LOANS	ACCOUNT NO	Loan Number	Reedeemable	Balance at 30/06/08	Correction of error	Received during the period	Redeemed written off during the period	Balance at 30/06/09
Nedbank - 13.369%	PMB 810 871 0101	Nedbank 47	2013/10/01	0		69,768	6,850	62,918
Nedbank - 13.369%	PMB 810 871 0130	Nedbank 48	2013/10/01	0		122,768	12,053	110,715
Nedbank - 13.369%	PMB 810 871 0991	Nedbank 49	2013/10/01	0		69,768	6,850	62,918
Nedbank - 13.556%	PMB 810 871 0136	Nedbank 50	2013/10/01	0		104,605	10,224	94,382
Nedbank - 13.369%	PMB 810 871 0990	Nedbank 51	2013/10/01	0		69,768	6,850	62,918
Nedbank - 13.369%	PMB 810 871 0988	Nedbank 52	2013/10/01	0		69,768	6,850	62,918
Nedbank - 13.369%	PMB 810 871 0989	Nedbank 53	2013/10/01	0		69,768	6,850	62,918
Nedbank - 13.369%	PMB 810 871 0992	Nedbank 54	2013/10/01	0		69,768	6,850	62,918
Nedbank - 13.369%	PMB 810 871 0987	Nedbank 55	2013/10/01	0		69,768	6,850	62,918
Nedbank - 13.556%	PMB 810 871 0133	Nedbank 56	2013/10/01	0		104,605	10,224	94,382
Nedbank - 13.556%	PMB 810 871 0134	Nedbank 57	2013/10/01	0		104,605	10,224	94,382
Nedbank - 13.556%	PMB 810 871 0135	Nedbank 58	2013/10/01	0		104,605	10,224	94,382
Nedbank - 13.556%	PMB 810 871 0132	Nedbank 59	2013/10/01	0		104,605	10,224	94,382
Nedbank - 13.369%	PMB 810 871 0121	Nedbank 60	2013/10/01	0		138,256	13,573	124,682
Nedbank - 13.369%	PMB 810 871 0119	Nedbank 62	2013/10/01	0		138,256	13,573	124,682
Nedbank - 13.369%	PMB 810 871 0123	Nedbank 63	2013/10/01	0		138,256	13,573	124,682
Nedbank - 13.369%	PMB 810 871 0122	Nedbank 64	2013/10/01	0		138,256	13,573	124,682
Nedbank - 13.369%	PMB 810 871 0113	Nedbank 65	2013/10/01	0		138,256	13,573	124,682
Nedbank - 13.369%	PMB 810 871 0115	Nedbank 66	2013/10/01	0		138,256	13,573	124,682
Nedbank - 13.369%	PMB 810 871 0120	Nedbank 67	2013/10/01	0		138,256	13,573	124,682
Nedbank - 13.369%	PMB 810 871 0125	Nedbank 68	2013/10/01	0		138,256	13,573	124,682
Nedbank - 13.369%	PMB 810 871 0114	Nedbank 69	2013/10/01	0		138,256	13,573	124,682
Nedbank - 13.369%	PMB 810 871 0112	Nedbank 70	2013/10/01	0		138,256	13,573	124,682
Nedbank - 13.369%	PMB 810 871 0124	Nedbank 71	2013/10/01	0		138,256	13,573	124,682
Nedbank - 13.369%	PMB 810 871 0117	Nedbank 72	2013/10/01	0		138,256	13,573	124,682
Nedbank - 13.369%	PMB 810 871 0127	Nedbank 73	2013/10/01	0		138,256	13,573	124,682
Nedbank - 13.369%	PMB 810 871 0126	Nedbank 74	2013/10/01	0		138,256	13,573	124,682
Nedbank - 13.369%	PMB 810 871 0116	Nedbank 75	2013/10/01	0		138,256	13,573	124,682
Nedbank - 13.369%	PMB 810 871 0118	Nedbank 76	2013/10/01	0		138,256	13,573	124,682
Nedbank - 13.369%	PMB 810 871 0111	Nedbank 77	2013/10/01	0		138,256	13,573	124,682
Nedbank - 13.376%	PMB 810 871 0140	Nedbank 78	2013/10/01	0		275,498	23,530	251,968
Nedbank - 13.376%	PMB 810 871 0141	Nedbank 79	2013/10/01	0		277,115	23,668	253,447
Nedbank - 13.376%	PMB 810 871 0142	Nedbank 80	2013/10/01	0		270,453	23,099	247,354
Nedbank - 13.376%	PMB 810 871 0143	Nedbank 81	2013/10/01	0		277,359	23,689	253,670
Nedbank Total				5,224,424	74,249	8,077,825	1,567,018	11,661,015
Absa -14.9393%	PMB 810 871 0942	Absa 2	2009/05/31	1,681,582	-181,770	0	1,863,353	0
Absa -10.6723%	PMB 810 871 0948	Absa 3	2009/04/01	40,384	4,145	0	36,239	0
ABSA Total				1,721,966	-177,626	0	1,899,592	0
Airport security system	PMB 810 871 0002	Khomani	31/03/2012	0	0	1,091,474	78,131	1,013,343
Other Finance lease total				0	0	1,091,474	78,131	1,013,343
Total lease liability				13,847,644	-146,299	9,169,299	7,256,184	15,907,092
TOTAL EXTERNAL LOANS				384,981,883	-146,299	139,169,299	44,805,509	479,492,006

THE MSUNDUZI MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2009

	Cost					Accumulated Depreciation					
	Opening Balance	Under Construction Previous Year	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Carrying Value
LAND AND BUILDINGS											
Land	35,715,856		124,403		(1,661)	35,838,598					35,838,598
Buildings	97,831,408		259,689	100,642	-	98,191,739	25,233,600	3,175,569		28,409,169	69,782,570
Total Land and Buildings	133,547,264	-	384,092	100,642	(1,661)	134,030,338	25,233,600	3,175,569	-	28,409,169	105,621,169
Electricity											
Sub Stations	61,287,947		1,360,691	18,331,013		80,979,651	18,427,022	1,718,217		20,145,239	60,834,412
Electrical Mains	66,855,427				(227,200)	66,628,227	25,790,782	3,378,608	(11,360)	29,158,030	37,470,197
Electrical Meters	44,498,414					44,498,414	16,325,648	2,012,845		18,338,493	26,159,921
Electrical Supply & Reticulation	156,432,245	(4,559,216)		1,147,360		153,020,389	72,297,725	4,943,186		77,240,911	75,779,478
Load control equipment	59,950					59,950	6,003	2,997		9,000	50,950
Switchgear Equipment	25,827,423		665,878	2,020,263		28,513,564	7,066,133	1,202,472		8,268,605	20,244,959
Transformer Kiosks	31,665,991		88,182	3,883,279		35,637,451	11,344,973	1,043,126		12,388,099	23,249,352
	386,627,397	(4,559,216)	2,114,751	25,381,915	(227,200)	409,337,647	151,258,286	14,301,452	(11,360)	165,548,378	243,789,269
Roads											
Motorways	155,732					155,732	34,518	15,573		50,091	105,641
Bridges, Subways and Culverts	7,365,778			184,212		7,549,990	2,783,185	245,395		3,028,580	4,521,411
Over head bridges	191,415	(3,943)				187,472	13,036	6,249		19,285	168,187
Bus Terminals	5,251,041		194,230			5,445,271	2,958,175	156,129		3,114,304	2,330,967
Car Parks	124,286					124,286	41,491	4,377		45,868	78,418
Other Roads	427,218,971	(22,803,051)	18,717,424	90,002,233		513,135,578	263,760,880	20,057,576		283,818,456	229,317,122
Stormwater Drains	67,295,799	(7,067,399)	7,448,403	473,418		68,150,221	25,971,362	2,160,327		28,131,689	40,018,532
Street Lighting	28,606,046			960,472		29,566,518	11,181,291	937,132		12,118,423	17,448,095
Traffic Islands	26,192					26,192	9,764	2,595		12,359	13,833
Traffic Lights	1,638,481			1,281,658		2,920,139	490,156	70,522		560,678	2,359,460
Road Banners	278,138					278,138	18,753	13,907		32,660	245,478
	538,151,879	(29,874,393)	26,360,057	92,901,993	-	627,539,536	307,262,611	23,669,782	-	330,932,393	296,607,143
Sewerage											
Outfall Sewers	2,931,600					2,931,600	567,398	146,580		713,978	2,217,622
Purification Works	35,893					35,893	-	-		35,893	-
Sewerage Pumps	170,734		161,064			331,798	37,195	12,265		49,460	282,338
Sewers	161,732,897	(28,584,997)		65,936,389		199,084,289	46,550,328	4,293,839		50,844,167	148,240,122
	164,871,124	(28,584,997)	161,064	65,936,389	-	202,383,580	47,190,814	4,452,684	-	51,643,498	150,740,082
Water											
Mains	18,297,880	(934,794)	2,450	4,618,522		21,984,059	2,357,343	818,586		3,175,929	18,808,129
Meters	25,810,176		1,452,684			27,262,860	11,569,044	1,727,163		13,296,207	13,966,653
Reservoirs	2,437,119	(1,004,862)		3,859,896		5,292,153	81,930	21,370		103,300	5,188,854
Reticulation	156,758,980		25,502	5,275,803		162,060,285	77,483,020	6,693,241	(800)	84,175,462	77,884,824
Treatment Works						-	-	-		-	-
	203,304,155	(1,939,656)	1,480,637	13,754,222	-	216,599,358	91,491,337	9,260,360	(800)	100,750,898	115,848,460
Footways											
Footways	14,668,685		409,124			15,077,809	9,301,984	562,677		9,864,661	5,213,148
Kerbing	42,099,624					42,099,624	33,462,046	1,968,885		35,430,931	6,668,693
	56,768,309	-	409,124	-	-	57,177,433	42,764,030	2,531,562	-	45,295,592	11,881,841
Airport											
Aprons	346,854					346,854	92,875	17,343		110,218	236,636
Runways	9,584,017			2,035,415		11,619,432	3,487,245	473,555		3,960,800	7,658,632
Taxiways	179,500					179,500	36,674	8,975		45,649	133,851
Radio Beacons	198,551					198,551	72,960	9,928		82,888	115,663
	10,308,922	-	-	2,035,415	-	12,344,337	3,689,754	509,801	-	4,199,555	8,144,783
Security											
Access Control Systems	88,020					88,020	51,937	7,337		59,274	28,746
Fencing	2,828,377		2,152,864			4,981,241	2,072,670	392,192		2,464,862	2,516,379
Security Systems	24,215,576					24,215,576	16,407,010	3,365,030		19,772,040	4,443,536
	27,131,973	-	2,152,864	-	-	29,284,837	18,531,617	3,764,559	-	22,296,176	6,988,661
Total Infrastructure Assets	1,387,163,759	(64,958,262)	32,678,497	200,009,934	(227,200)	1,554,666,728	662,188,448	58,490,200	(12,160)	720,666,489	834,000,239

THE MSUNDUZI MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2009

	Cost					Accumulated Depreciation					
	Opening Balance	Under Construction Previous Year	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Carrying Value
COMMUNITY ASSETS											
Buildings											
Cemeteries	2,453,031		1,870,394			4,323,425	385,708	86,204		471,912	3,851,513
Civic Theatres	1,315,928					1,315,928	603,461	43,864		647,325	668,603
Clinics and Hospitals	9,053,259		169,606			9,222,865	2,456,918	302,240		2,759,158	6,463,707
Community Centres	59,533,009			3,165,380		62,698,389	9,162,670	1,977,692		11,140,362	51,558,027
Fire Stations	2,615,761			380,000		2,995,761	900,433	78,723		979,156	2,016,605
Games Reserves and Rest Camps	521,835					521,835	148,685	17,394		166,079	355,756
Indoor Sports Facilities	445,980					445,980	187,157	14,866		202,023	243,957
Library	33,109,298	(3,630,479)	6,634,981			36,113,800	3,251,213	859,790		4,111,003	32,002,798
Museums and Art Galleries	4,966,044					4,966,044	2,408,032	164,510		2,572,542	2,393,502
Parks	3,261,460					3,261,460	360,522	106,838		467,360	2,794,100
Public Conveniences	3,018,837					3,018,837	788,372	100,293		888,665	2,130,172
Recreation Centres	1,039,451					1,039,451	140,186	34,648		174,834	864,617
Stadiums	11,142,814					11,142,814	1,928,896	367,094		2,295,990	8,846,824
	132,476,707	(3,630,479)	8,674,982	3,545,380	-	141,066,589	22,722,253	4,154,156	-	26,876,409	114,190,180
Recreational Facilities											
Floodlighting	2,285,497					2,285,497	1,013,338	112,398		1,125,736	1,159,761
Outdoor Sports Facilities	47,465,470					47,465,470	21,554,984	2,333,518		23,888,502	23,576,968
Swimming Pools	6,311,972					6,311,972	3,020,614	253,854		3,274,468	3,037,504
Tennis Courts	189,550		2,389,527			2,579,077	115,867	19,298		135,165	2,443,912
	56,252,489	-	2,389,527	-	-	58,642,016	25,704,803	2,719,068	-	28,423,871	30,218,145
Total Community Assets	188,729,196	(3,630,479)	11,064,509	3,545,380	-	199,708,605	48,427,056	6,873,224	-	55,300,280	144,408,325
OTHER ASSETS											
Other Properties											
Caravan Parks	139,014					139,014	130,594	3,328		133,922	5,092
Abattoirs	158,279					158,279	142,907	5,276		148,183	10,096
Hostels Workers	632,152					632,152	92,255	21,003		113,258	518,894
Housing Schemes	200,498,995				(16,105)	200,482,890	15,239,155	6,558,978	(41)	21,798,091	178,684,799
Markets	23,232,855		163,103			23,395,958	7,954,140	707,653		8,661,793	14,734,166
Nurseries	564,012					564,012	117,439	18,800		136,239	427,773
Kilns	1,162,850					1,162,850	331,108	38,762		369,870	792,980
Tip Sites	46,803,982		28,700,000			75,503,982	31,682,614	2,655,834		34,338,448	41,165,534
Training facilities	343,507					343,507	7,709	8,160		15,869	327,638
Old Age Homes	663,494					663,494	225,635	22,116		247,751	415,743
Transport Facilities	41,089,253	(360,871)		26,734		40,755,116	2,851,340	1,055,571		3,906,911	36,848,205
Workshops and Depots	4,981,201		281,151			5,262,352	1,356,704	166,671		1,523,375	3,738,977
	320,269,594	(360,871)	29,144,254	26,734	(16,105)	349,063,606	60,131,600	11,262,150	(41)	71,393,709	277,669,897
Plant and Equipment											
Graders	7,032,305				(914,039)	6,118,266	2,896,401	553,125		3,449,526	2,668,739
Compressors	138,950					138,950	138,950	-		138,950	-
Cremators	1,767,178					1,767,178	228,059	117,812		345,871	1,421,307
Farm Equipment	103,323		1,000,000			1,103,323	45,722	20,322		66,044	1,037,279
General	14,108,594		3,253,403		(8,121)	17,353,876	10,941,139	1,212,757	(68,179)	12,085,718	5,268,159
Lawnmowers	2,432,625				(152,665)	2,279,960	2,430,609	923		2,431,532	(151,572)
Laboratory Equipment	1,488,420					1,488,420	349,031	279,203		628,234	860,186
Radio Equipment	1,618,858		22,932			1,641,790	1,437,639	71,108		1,508,747	133,042
Telecommunication Equipment	5,592,291		126,627			5,718,918	2,632,572	1,065,735		3,698,307	2,020,610
Tractors	6,307,757		329,760		(243,615)	6,393,902	3,801,766	346,559		4,148,325	2,245,578
	40,590,301	-	4,732,721	-	(1,318,440)	44,004,582	24,901,888	3,667,545	(68,179)	28,501,254	15,503,328
Other Assets carried forward	360,859,895	(360,871)	33,876,975	26,734	(1,334,545)	393,068,188	85,033,488	14,929,695	(68,220)	99,894,963	293,173,225

THE MSUNDUZI MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2009

	Cost					Accumulated Depreciation					
	Opening Balance	Under Construction Previous Year	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Carrying Value
Other Assets brought forward	360,859,895	(360,871)	33,876,975	26,734	(1,334,545)	393,068,188	85,033,488	-	-	99,894,963	293,173,225
Office Equipment											
Air Conditioners	11,310,144		151,028		(2,165)	11,459,006	8,141,748	1,000,740		9,142,488	2,316,518
Computer Hardware	28,929,972		4,903,569			33,833,541	22,888,007	3,360,405		26,248,412	7,585,129
Computer Software	4,449,399		43,040			4,492,439	2,828,718			1,172,716	491,005
Office Machines	5,203,372		548,745		(1,650,619)	4,101,498	4,668,180	398,781		5,066,961	(965,463)
	49,892,887	-	5,646,381	-	(1,652,785)	53,886,484	38,526,653	5,932,643	-	44,459,296	9,427,188
Furniture and Fittings											
Cabinets and Cupboards	7,985,105		798,614		(3,880)	8,779,840	7,452,238	81,079		7,533,317	1,246,523
Chairs	9,807,343		100,000		(52,234)	9,855,109	9,743,231	21,196	(70)	9,764,357	90,751
Furniture and Fittings Other	7,797,811		133,756		(450,457)	7,481,110	6,957,393	264,714	(50,636)	7,171,471	309,639
Tables and Desks	8,431,254		54,465		(18,455)	8,467,264	8,347,027	14,561		8,361,588	105,676
	34,021,513	-	1,086,835	-	(525,027)	34,583,322	32,499,889	381,550	(50,706)	32,830,733	1,752,589
Containers											
Household Refuse Bins	256,014					256,014	179,452	31,564		211,016	44,998
Bulk Containers	1,291,141					1,291,141	353,613	129,115		482,728	808,413
	1,547,155	-	-	-	-	1,547,155	533,065	160,679	-	693,744	853,411
Fire & Ambulance (Medical)											
Fire Equipment	7,757,512		171,100			7,928,612	6,426,962	113,169			
Medical Equipment - Clinics	1,322,496				(42,571)	1,279,925	973,115	82,085	(5,668)	1,049,532	230,394
	9,080,008	-	171,100	-	(42,571)	9,208,537	7,400,077	195,254	(5,668)	7,589,663	1,618,874
Motor Vehicles											
Fire Engines	9,696,041		3,018,562	2,016,500		14,731,103	3,770,928	319,087		4,090,015	10,641,088
Buses	451,139				(451,139)	0	451,139	-		451,139	(451,139)
Motor Vehicles	20,440,360		1,398,513		(884,922)	20,953,951	12,834,097	2,531,834	(20,062)	15,345,868	5,608,083
Motor Cycles	696,111		22,600			718,711	696,112	-		696,112	22,599
Trailers	1,147,281				(86,410)	1,060,871	1,147,281	1,533		1,148,814	(87,943)
Trucks and Bakkies	90,828,521				(5,780,842)	85,047,679	83,172,473	2,624,963		85,797,436	(749,757)
	123,259,453	-	4,439,675	2,016,500	(7,203,313)	122,512,314	102,072,029	5,477,417	(20,062)	107,529,383	14,982,931
Capital leases											
Motor Vehicles	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
General											
Railway Lines	3,509,480					3,509,480	2,042,069	165,672		2,207,741	1,301,739
Aircraft	367,564					367,564	100,127	24,504		124,631	242,933
Watercraft	131,177					131,177	131,177	-		131,177	-
Rivers	1,462,550					1,462,550	967,775			967,775	494,775
Rivers	1,628,317					1,628,317	158,590	81,415		240,005	1,388,312
Land-Housing	1,295,395					1,295,395	1,061,040			1,061,040	234,355
Artworks	1,792,853					1,792,853	-			-	1,792,853
	10,187,336	-	-	-	-	10,187,336	4,460,778	271,592	-	4,732,370	5,454,966
Total Other Assets	588,848,247	(360,871)	45,220,967	2,043,234	(10,758,240)	624,993,336	270,525,980	27,348,829	(144,657)	297,730,151	327,263,185
TOTAL	2,298,288,466	(68,949,610)	89,348,064	205,699,190	(10,987,101)	2,513,399,007	1,006,375,085	95,887,822	(156,817)	1,102,106,091	1,411,280,785
Intangible Assets	11,085,183		2,960,171			14,045,354	10,181,487	786,155		10,967,642	3,077,712
Agricultural/Biological Assets	602,670		85,713			688,383					688,383
Grand Total Assets	2,309,976,318	(68,949,611)	92,393,948	205,699,190	(10,987,101)	2,528,132,745	1,016,556,573	96,673,976	(156,817)	1,113,073,734	1,415,046,880
Less previous years disposal's								(48,290)			
General Ledger balance as at June 09								96,625,686			

THE MSUNDUZI MUNICIPALITY
APPENDIX B.1 ASSET REGISTER RECONSTRUCTED AS AT 30 June 2009
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2009

	Carrying Value	Under Construction	Adjustments	Carrying Value (PPE)		Deemed cost adjustment	Deemed Cost
LAND AND BUILDINGS					LAND AND BUILDINGS		
Land	35,838,598	-		35,838,598	Land	144,624,028	180,462,626
Buildings	69,782,570	100,642		69,681,928	Buildings	142,802,874	212,484,802
					Investment Property		534,167,000
Total Land and Buildings	105,621,169	100,642	-	105,520,527	Total Land and Buildings	821,593,902	927,114,428
Electricity					Electricity		
Sub Stations	60,834,412	18,331,013		42,503,399	High voltage overhead lines		44,917,232
Electrical Mains	37,470,197	-		37,470,197	High voltage substations		326,910,630
Electrical Meters	26,159,921	-		26,159,921	High voltage underground cables		13,145,573
Electrical Supply & Reticulation	75,779,478	1,147,360		74,632,118	Medium voltage ground mounted transformers		696,469
Load control equipment	50,950	-		50,950	Medium voltage mini substations		99,619,081
Switchgear Equipment	20,244,959	2,020,263		18,224,697	Medium voltage overhead lines		20,833,903
Transformer Kiosks	23,249,352	3,883,279		19,366,073	Medium voltage substations		110,438,140
					Medium voltage underground cables		659,601,857
					Medium voltage pole mounted transformer		12,426,819
					Medium voltage ring main unit		7,955,718
	243,789,269	25,381,915	-	218,407,354		1,078,138,067	1,296,545,422
Roads					Roads		
Motorways	105,641	-		105,641	Overhead Gantry		125,000
Bridges, Subways and Culverts	4,521,411	184,212		4,337,198	Concrete roads		24,646,497
Over head bridges	168,187	-		168,187	Flexible roads		1,209,618,240
Bus Terminals	2,330,967	-		2,330,967	Unpaved roads		102,636,989
Car Parks	78,418	-		78,418	Other roads		339,141
Roads carried forward	7,204,623	184,212	-	7,020,410		1,330,345,456	1,337,365,867
Roads brought forward	7,204,623	184,212	-	7,020,410	Structures	1,330,345,456	1,337,365,867
Other Roads	229,317,122	90,002,233		139,314,889	Structures		226,297,767
Stormwater Drains	40,018,532	473,418	(39,545,114)	(0)	Signalised intersections		32,728,667
Street Lighting	17,448,095	960,472		16,487,623	Low voltage street lighting		27,663,950
Traffic Islands	13,833	-		13,833			
Traffic Lights	2,359,460	1,281,658		1,077,803			
Road Banners	245,478	-		245,478			
Kerbing			6,668,693	6,668,693			
	296,607,143	92,901,993	(32,876,421)	170,828,729		1,453,227,521	1,624,056,250
Sewerage					Sewerage		
Outfall Sewers	2,217,622	-		2,217,622	Pump stations		6,855,769
Purification Works	-	-		-	Sewage treatment works		1,937,582
Sewerage Pumps	282,338	-		282,338	Bulk sewer		56,886,285
Sewers	148,240,122	65,936,389		82,303,733	Sewer reticulation		313,250,017
	150,740,082	65,936,389	-	84,803,693		294,125,960	378,929,653
Water					Water		
Mains	18,808,129	4,618,522		14,189,607	Water supply - Bulk water pipelines		417,802,201
Meters	13,966,652	-		13,966,652	Water supply - pressure reduce valves		2,928,100
Reservoirs	5,188,854	3,859,896		1,328,957	Pump stations		8,306,093
Reticulation	77,884,824	5,275,803		72,609,021	Reservoirs		107,718,163
Treatment Works		-		-	Water reticulation		279,783,128
					Water meters		138,564
	115,848,459	13,754,222	-	102,094,238		714,582,012	816,676,250

**THE MSUNDUZI MUNICIPALITY
APPENDIX B.1 ASSET REGISTER RECONSTRUCTED AS AT 30 June 2009
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2009**

	Carrying Value	Under Construction	Adjustments	Carrying Value (PPE)		Deemed cost adjustment	Deemed Cost
Footways							
Footways	5,213,148	-		5,213,148			
Kerbing	6,668,693	-	(6,668,693)	-			
	11,881,841	-	(6,668,693)	5,213,148		(5,213,148)	
Airport					Airport		
Aprons	236,636	-		236,636	Runways		43,061,760
Runways	7,658,632	2,035,415		5,623,217	Airport buildings		12,299,874
Taxiways	133,852	-		133,852	Radio Beacons		115,663
Radio Beacons	115,663	-		115,663			
	8,144,784	2,035,415	-	6,109,368		49,367,929	55,477,297
Security					Security		
Access Control Systems	28,746	-		28,746	Access Control Systems		28,746
Fencing	2,516,379	-		2,516,379	Fencing		
Security Systems	4,443,536	-		4,443,536	Security Systems		4,443,536
	6,988,661	-	-	6,988,661		(2,516,379)	4,472,282
Storm water					Storm water		
Stormwater Drains	-		39,545,114	39,545,114	Major Culverts		37,500,670
					Minor culverts		508,478
					Kerb inlets		71,025,869
					Manholes		46,275,372
					Open channels		11,638,132
					Reticulation		298,877,465
					Head and wingwalls		4,540,536
	-		39,545,114	39,545,114		430,821,408	470,366,521
Solid waste disposal					Solid waste disposal		
					Garden refuse		1,574,781
					Landfill site		2,387,756
					Sorting stations		715,540
						4,678,077	4,678,077
Total Infrastructure Assets	834,000,239	200,009,934	-	633,990,305		4,017,211,448	4,651,201,752
COMMUNITY ASSETS					COMMUNITY ASSETS		
Buildings					Buildings		
Cemeteries	3,851,513	-		3,851,513	Beer Halls		4,260,766
Civic Theatres	668,603	-		668,603	Cemetery		285,086
Clinics and Hospitals	6,463,707	-		6,463,707	Civic Theatres		31,684,341
Community Centres	51,558,027	3,165,380		48,392,647	Clinics		20,063,079
Fire Stations	2,016,605	380,000		1,636,605	Community Centres		100,294,228
Games Reserves and Rest Camps	355,756	-		355,756	Fire Station		17,029,112
Indoor Sports Facilities	243,957	-		243,957	Libraries		61,224,081
Library	32,002,798	-		32,002,798	Museum and Art Galleries		15,853,094
Museums and Art Galleries	2,393,502	-		2,393,502	Parks		4,128,325
Parks	2,794,100	-		2,794,100	Public Conveniences		55,496,543
Public Conveniences	2,130,172	-		2,130,172	Stadium		38,063,402
Recreation Centres	864,617	-		864,617			
Stadiums	8,846,824	-		8,846,824			
	114,190,180	3,545,380	-	110,644,800		237,737,255	348,382,055

THE MSUNDUZI MUNICIPALITY
APPENDIX B.1 ASSET REGISTER RECONSTRUCTED AS AT 30 June 2009
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2009

	Carrying Value	Under Construction	Adjustments	Carrying Value (PPE)		Deemed cost adjustment	Deemed Cost
Recreational Facilities					Recreation facilities		
Floodlighting	1,159,761	-		1,159,761	Swimming Pools		11,484,077
Outdoor Sports Facilities	23,576,968	-		23,576,968	Sports Facilities		6,418,168
Swimming Pools	3,037,504	-		3,037,504	Squash courts		4,703,094
Tennis Courts	2,443,911	-		2,443,911	Parks		152,901,872
	30218144.12			30218144.12		145,289,067	175,507,211
Total Community Assets	144,408,324	3,545,380	-	140,862,945		383,026,322	523,889,266
OTHER ASSETS					OTHER ASSETS		
Other Properties					Other assets		
Caravan Parks	5,092	-		5,092	Creche		11,424,202
Abattoirs	10,096	-		10,096	Crematorium		4,979,564
Hostels Workers	518,894	-		518,894	Housing Scheme		97,370,820
Housing Schemes	178,684,799	-		178,684,799	Hostels		302,660
Markets	14,734,166	-		14,734,166	Landfill site		1,117,121
Nurseries	427,773	-		427,773	Markets		182,708,088
Kilns	792,980	-		792,980	Nursery		7,464,970
Tip Sites	41,165,534	-		41,165,534	Old Age Home		564,630
Training facilities	327,638	-		327,638	Training Centre		6,728,315
Old Age Homes	415,743	-		415,743	Transport Facility		15,278,142
Transport Facilities	36,848,205	26,734		36,821,472	Substation		887,529
Workshops and Depots	3,738,976	-		3,738,976	Sewerage Works and Dump sites		511,525
					Workshops and Depots		22,263,936
					Agriculture/Biological assets		688,383
	277,669,896	26,734		277,643,163		84,097,056	352,289,886
	Carrying Value	Under Construction	Adjustments	Carrying Value (PPE)		Deemed cost adjustment	Deemed Cost
Plant and Equipment					Plant and Equipment		
Graders	2,668,739			2,668,739	Graders		2,668,739
Compressors	-			-	Compressors		0
Cremators	1,421,307			1,421,307	Cremators		1,421,307
Farm Equipment	1,037,279			1,037,279	Farm Equipment		1,037,279
General	5,268,159			5,268,159	General		5,268,159
Lawnmowers	(151,572)			(151,572)	Lawnmowers		-151,572
Laboratory Equipment	860,186			860,186	Laboratory Equipment		860,186
Radio Equipment	133,042			133,042	Radio Equipment		133,042
Telecommunication Equipment	2,020,610			2,020,610	Telecommunication Equipment		2,020,610
Tractors	2,245,578			2,245,578	Tractors		2,245,578
	15,503,328			15,503,328			15,503,328
Office Equipment					Office Equipment		
Air Conditioners	2,316,518			2,316,518	Air Conditioners		2,316,518
Computer Hardware	7,585,129			7,585,129	Computer Hardware		7,585,129
Computer Software	491,005			491,005	Computer Software		491,005
Office Machines	(965,463)			(965,463)	Office Machines		(965,463)
	9,427,188			9,427,188			9,427,188
Furniture and Fittings					Furniture and Fittings		
Cabinets and Cupboards	1,246,523			1,246,523	Cabinets and Cupboards		1,246,523
Chairs	90,751			90,751	Chairs		90,751
Furniture and Fittings Other	297,511			309,639	Furniture and Fittings Other		309,639
Tables and Desks	105,676			105,676	Tables and Desks		105,676
	1,740,461			1,752,589			1,752,589

THE MSUNDUZI MUNICIPALITY
APPENDIX B.1 ASSET REGISTER RECONSTRUCTED AS AT 30 June 2009
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2009

	Carrying Value	Under Construction	Adjustments	Carrying Value (PPE)		Deemed cost adjustment	Deemed Cost
Containers					Containers		0
Household Refuse Bins	44,998			44,998	Household Refuse Bins		44,998
Bulk Containers	808,413			808,413	Bulk Containers		808,413
	853,411			853,411			853,411
Fire & Ambulance (Medical)					Fire & Ambulance (Medical)		0
Fire Equipment					Fire Equipment		0
Medical Equipment - Clinics	230,394			230,394	Medical Equipment - Clinics		230,394
	1,618,874			1,618,874			1,618,874
Motor Vehicles					Motor Vehicles		0
Fire Engines	10,641,088	2,016,500		8,624,588	Fire Engines		8,624,588
Buses	(451,139)			(451,139)	Buses		-451,139
Motor Vehicles	5,608,083			5,608,083	Motor Vehicles		5,608,083
Motor Cycles	22,599			22,599	Motor Cycles		22,599
Trailers	(87,943)			(87,943)	Trailers		-87,943
Trucks and Bakkies	(749,757)			(749,757)	Trucks and Bakkies		-749,757
	14,982,931	2,016,500		12,966,430			12,966,430
Capital leases					Capital leases		0
Motor Vehicles	-			-	Motor Vehicles		0
	-			-			0
General					General		
Railway Lines	1,301,739			1,301,739	Railway Lines		1,301,739
Aircraft	242,933			242,933	Aircraft		242,933
General assets carried forward	1,544,671			1,544,671			1,544,671
General assets brought forward	1,544,671			1,544,671			1,544,671
Watercraft	-			-	Watercraft		0
Rivers	494,775			494,775	Rivers		494,775
Rivers	1,388,311			1,388,311	Rivers		1,388,311
Land-Housing	234,353			234,353	Land-Housing		234,353
Artworks	1,792,853			1,792,853	Artworks		1,792,853
	5,454,963			5,454,963			5,454,963
Total Other Assets	327,251,053	30,743,233	-	315,769,614	Total Other Assets	84,097,056	399,866,670
TOTAL	1,411,280,785	205,699,190	-	1,196,131,261	TOTAL	5,305,940,856	6,502,072,117
Intangible assets	3,077,712			3,077,712	Intangible assets		3,077,712
Agriculture/Biological assets	688,383			688,383	Servitudes		176,686
	1,415,046,880	205,699,190		1,209,347,690		5,305,940,856	6,505,326,515

Less : Disposal 2008/2009

(10,870,973)

Less : Biological assets

(688,383)

Net take on of infrastructure assets as at 30 June 2009

5,294,381,500

THE MSUNDUZI MUNICIPALITY

APPENDIX C

ANALYSIS OF PROPERTY , PLANT AND EQUIPMENT AS AT 30 JUNE 2009

Fixed Assets	Historical Cost						Accumulated Depreciation				Carrying Value
	Opening Balance	Under Construction Previous Year	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Executive and Council	8,846,539					8,846,539	4,517,430			4,517,430	4,329,109
Finance and Administration	331,183,005		3,344,263		-1,661	334,525,607	169,898,863	3,961,724		173,860,587	160,652,889
Planning and Development	73,746,631					73,746,631	24,928,928			24,928,928	48,817,703
Health	18,205,144		169,606			18,374,750	8,438,709	302,240	-5,668	8,735,281	9,639,469
Community and Social Services	40,752,631	-3,630,479	8,505,376	3,545,380		49,172,908	10,400,052			10,400,052	38,772,856
Housing	185,371,843				-16,105	185,355,738	15,960,008	3,773,193		19,733,201	165,622,537
Public Safety	57,033,782		2,169,964	2,016,500	-42,571	61,177,675	35,654,948	3,843,282		39,498,230	21,679,445
Sport and Recreation	115,498,052		2,389,527			117,887,579	47,137,810	2,719,068		49,856,878	68,030,701
Road Transport	567,440,440	-29,874,393	26,769,181	92,901,994		657,237,222	321,774,776	26,201,344		347,976,120	309,261,102
Environmental Protection	738,845					738,845	91,500	26,201,344		26,292,844	-25,553,999
Water	207,641,424	-1,939,655	1,480,637	13,754,222		220,936,628	95,935,122	9,260,360	-800	105,194,682	115,741,946
Waste Water Management	237,086,790	-28,584,996	161,064	65,936,389		274,599,247	72,943,248	4,452,687		77,395,935	197,203,312
Electricity	425,678,207	-4,559,216	2,114,751	25,381,915	-227,200	448,388,457	175,277,941	14,301,452	-11,360	189,568,033	258,820,424
Other	40,752,985	-360,871	16,589,579	30,862,791	-10,699,564	77,144,920	15,264,238	740,617	-138,989	15,865,866	61,279,054
TOTALS	2,309,976,318	-68,949,611	63,693,948	234,399,191	-10,987,101	2,528,132,745	998,223,573	95,757,311	-156,817	1,093,824,067	1,434,296,547

THE MSUNDUZI MUNICIPALITY

APPENDIX C 1

RECONSTRUCTED ANALYSIS OF PROPERTY , PLANT AND EQUIPMENT AS AT 30 JUNE 2009

Fixed Assets	Historical Cost						Accumulated Depreciation				Carrying Value	Adjustment for Asset register reconstruction		
	Description	Opening Balance	Under Construction Previous Year	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals		Closing Balance	Deemed cost Adjustment	New Carry value
Executive and Council	8,846,539					8,846,539	4,517,430				4,517,430	4,329,109	-	4,329,109
Finance and Administration	331,183,005		3,344,263			334,525,607	169,898,863	3,961,724			173,860,587	160,652,889	770,926,690	931,579,579
Planning and Development	73,746,631					73,746,631	24,928,928				24,928,928	48,817,703	-	48,817,703
Health	18,205,144		169,606			18,374,750	8,438,709	302,240	(5,668)		8,735,281	9,639,469	14,668,534	24,308,003
Community and Social Services	40,752,631	(3,630,479)	8,505,376	3,545,380		49,172,908	10,400,052				10,400,052	38,772,856	173,553,320	212,326,176
Housing	185,371,843				(16,105)	185,355,738	15,960,008	3,773,193			19,733,201	165,622,537	38,335,502	203,958,039
Public Safety	57,033,782		2,169,964	2,016,500	(42,571)	61,177,675	35,654,948	3,843,282			39,498,230	21,679,445	12,450,338	34,129,783
Sport and Recreation	115,498,052		2,389,527			117,887,579	47,137,810	2,719,068			49,856,878	68,030,701	194,584,663	262,615,364
Road Transport	567,440,440	(29,874,393)	26,769,181	92,901,994		657,237,222	321,774,776	26,201,344			347,976,120	309,261,102	1,427,141,794	1,736,402,896
Environmental Protection	738,845					738,845	91,500	26,201,344			26,292,844	(25,553,999)	-	(25,553,999)
Water	207,641,424	(1,939,655)	1,480,637	13,754,222		220,936,628	95,935,122	9,260,360	(800)		105,194,682	115,741,946	707,928,127	823,670,072
Waste Water Management	237,086,790	(28,584,996)	161,064	65,936,389		274,599,247	72,943,248	4,452,687			77,395,935	197,203,312	740,898,769	938,102,081
Electricity	425,678,207	(4,559,216)	2,114,751	25,381,915	(227,200)	448,388,457	175,277,941	14,301,452	(11,360)		189,568,033	258,820,424	1,148,226,783	1,407,047,207
Other	40,752,985	(360,871)	16,589,579	30,862,791	(10,699,564)	77,144,920	15,264,238	740,617	(138,989)		15,865,866	61,279,054	76,537,952	137,817,006
TOTALS	2,309,976,318	(68,949,611)	63,693,948	234,399,191	(10,987,101)	2,528,132,745	998,223,573	95,757,311	(156,817)	1,093,824,067	1,434,296,547	5,305,252,473	6,739,549,020	

APPENDIX - D

The Msunduzi Municipality: Segmental Statement of Financial Performance for the year ended 30 June 2009

<u>2008</u>			<u>2009</u>			
<u>Actual Income</u>	<u>Actual Expenditure</u>	<u>Surplus/(Deficit)</u>	<u>Actual Income</u>	<u>Actual Expenditure</u>	<u>Surplus/(Deficit)</u>	
12,363	37,831,089	-37,818,726	Executive & Council	498,575	71,894,906	-71,396,331
489,893,266	143,305,935	346,587,331	Budget & Treasury Office	707,616,066	273,873,011	433,743,055
4,458,182	71,621,750	-67,163,568	Corporate Services	4,458,563	80,943,578	-76,485,015
25,506,900	61,113,533	-35,606,633	Planning & Development	14,964,395	60,181,338	-45,216,944
8,260,788	34,730,497	-26,469,709	Health	8,186,503	39,159,997	-30,973,494
4,952,425	35,721,249	-30,768,824	Community & Social Services	12,139,780	41,753,179	-29,613,398
14,879,298	29,143,545	-14,264,247	Housing	38,712,712	53,209,000	-14,496,288
16,393,012	82,086,901	-65,693,889	Public Safety	20,837,476	110,350,124	-89,512,648
906,043	44,649,585	-43,743,542	Sport and Recreation	1,001,383	54,391,961	-53,390,579
994	41,740,417	-41,739,423	Environmental Protection	5,454	60,754,635	-60,749,182
169,438,443	123,359,272	46,079,171	Waste Management	176,224,642	176,452,596	-227,954
83,210	29,438,219	-29,355,009	Waste Water Management	4,464	33,467,476	-33,463,012
48,682,423	125,003,368	-76,320,945	Road Transport	46,749,102	157,795,952	-111,046,850
256,074,497	207,091,958	48,982,539	Water	301,779,365	230,456,909	71,322,456
555,919,175	449,945,991	105,973,184	Electricity	745,394,999	662,243,682	83,151,317
2,693,252	5,408,079	-2,714,827	Other/Air Transport	2,700,058	7,459,879	-4,759,822
10,278,274	8,860,522	1,417,752	Other/Forestry	10,459,592	8,854,197	1,605,395
14,645,733	11,268,814	3,376,919	Other/Markets	15,339,356	11,983,079	3,356,278
401,731	2,173,573	-1,771,842	Other/Licensing & Regulation	364,095	2,755,502	-2,391,407
1,623,480,009	1,544,494,297	78,985,712	Sub - Total	2,107,436,579	2,137,981,003	-30,544,423
0	-37,697,691	-37,697,691	Less: Inter-Dept Charges	0	-51,887,001	-51,887,001
1,623,480,009	1,506,796,606	116,683,403	Total	2,107,436,579	2,086,094,002	21,342,577

Appendix - E

The Msunduzi Municipality: Actual versus Budget (Revenue and Expenditure) for the year ended 30 JUNE 2009

Description	Actual 2009 R	Budget 2009 R	Variance 2009 R	Variance 2009 %	Explanation of Significant variances greater than 10% versus Budget
Revenue					
Property Rates	378,556,015	376,363,065	2,192,950	0.58	
Property Rates - Penalties and Collection Charges	20,581,029	20,941,823	-360,794	-1.72	
Service Charges	952,438,874	958,443,110	-6,004,236	-0.63	
Sale of Electricity	627,506,504	633,863,290	-6,356,786	-1.00	
Sale of Water	213,920,408	210,554,291	3,366,117	1.60	
Sewerage	68,432,384	67,783,101	649,283	0.96	
Refuse	42,579,578	46,242,428	-3,662,850	-7.92	
Rentals Received	16,684,449	16,998,879	-314,430	-1.85	
Interest earned - External Investments	17,073,381	10,019,004	7,054,377	70.41	
Interest earned - Outstanding debtors	18,437,113	19,811,497	-1,374,384	-6.94	
Fines	14,299,020	13,343,517	955,503	7.16	
Income for Agency Services	689,431	642,332	47,099	7.33	
Governments Grants & Subsidies	324,440,359	245,272,506	79,167,853	32.28	
Public Contributions & Donations	0	0	0	0.00	
Other Income	364,236,908	445,906,891	-81,669,983	-18.32	
Total Revenue	2,107,436,579	2,107,742,624	-306,045		
Expenditure					
Executive & Council	71,894,906	68,560,441	-3,334,465	-4.86	
Budget & Treasury Office	273,873,011	259,807,722	-14,065,289	-5.41	
Corporate Services	80,943,578	78,838,252	-2,105,326	-2.67	
Planning & Development	60,181,338	66,398,437	6,217,099	9.36	
Health	39,159,997	36,832,453	-2,327,544	-6.32	
Community & Social Services	41,753,179	37,344,893	-4,408,286	-11.80	
Housing	53,209,000	52,426,751	-782,249	-1.49	
Public Safety	110,350,124	97,811,854	-12,538,270	-12.82	
Sport and Recreation	54,391,961	50,975,156	-3,416,805	-6.70	
Environmental Protection	60,754,635	49,553,738	-11,200,897	-22.60	
Waste Management	176,452,596	152,734,439	-23,718,157	-15.53	
Waste Water Management	33,467,476	32,999,399	-468,077	-1.42	
Road Transport	157,795,952	159,037,171	1,241,219	0.78	
Water	230,456,909	219,573,989	-10,882,920	-4.96	
Electricity	662,243,682	757,227,294	94,983,612	12.54	
Other/Air Transport	7,459,879	7,101,976	-357,903	-5.04	
Other/Forestry	8,854,197	9,386,147	531,950	5.67	
Other/Markets	11,983,079	12,522,071	538,992	4.30	
Other/Licensing & Regulation	2,755,502	2,202,735	-552,767	-25.09	
Less: Inter-Dept Charges	-51,887,001	-54,197,153	-2,310,152	4.26	
Total Expenditure	2,086,094,002	2,097,137,765	11,043,763		
Operating Surplus/(Deficit)	21,342,577	10,604,859	10,737,718		

THE MSUNDUZI MUNICIPALITY

APPENDIX F

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

Description	2008 Actual R	2008 Under Construction R	2008 Total Additions R	2008 Budget R	2008 Variance R	2008 Variance %	Explanation of Significant Variances greater than 5% versus Budget
Executive and Council	0			1,606,139	1,606,139	100.00%	
Finance and Administration	3,344,263		3,344,263	23,818,458	20,474,195	85.96%	
Planning and Development	0			25,208,045	25,208,045	100.00%	
Public Safety	4,186,464	2,016,500	2,169,964	5,207,253	1,020,789	19.60%	
Community and Social Services	12,050,756	3,545,380	8,505,376	13,565,158	1,514,402	11.16%	
Health	169,606		169,606	0	-169,606	0.00%	
Sport and Recreation	2,389,527		2,389,527	4,312,606	1,923,079	44.59%	
Road Transport	119,671,175	92,901,994	26,769,181	133,999,576	14,328,401	10.69%	
Environment Protection	0	0	0	0	0	0.00%	
Water	15,234,859	13,754,222	1,480,637	16,313,215	1,078,356	6.61%	
Waste Water Management	66,097,453	65,936,389	161,064	67,919,443	1,821,990	2.68%	
Electricity	27,496,666	25,381,915	2,114,751	30,772,021	3,275,355	10.64%	
Housing	0			8,456,265	8,456,265	100.00%	
Other	47,452,370	30,862,791	16,589,579	3,309,000	-44,143,370	-1334.04%	
	0						
TOTALS	298,093,139	234,399,191	63,693,948	334,487,179	36,394,040	10.88%	

THE MSUNDUZI MUNICIPALITY

APPENDIX G

DETAILS OF CONDITIONAL GRANTS AND RECEIPTS AS AT 30 JUNE 2009

Account No:	Account Description	Unspent Balance @ 1 July 2008	Transfers	Current Year Receipts	Unspent balance @ 30 June 2009	Grant Type	Source Code
PMB0108960001	GRANT COMMUNITY DEVELOPMENT WORKERS	(103,608)	95,789	-	(7,818)	COMM	UNSPENT CG - NATIONAL GOVERNMENT
PMB0108960002	NATIONAL GRANT - MSIG		400,000	(400,000)	-	MSIG	UNSPENT CG - NATIONAL GOVERNMENT
PMB0118960002	GRANT DPLG AMENDMENT IDP	(50,000)	-	-	(50,000)	IDP	UNSPENT CG - NATIONAL GOVERNMENT
PMB0358980801	GRANT - FMG	(1,292,274)	1,768,127	(500,000)	(24,147)	FMG	UNSPENT CG - NATIONAL GOVERNMENT
PMB0358980803	GRANT - UNSPENT CONDITIONAL GRANT - RSG	(4,508,206)	4,508,206	-	-	RSG	UNSPENT CG - NATIONAL GOVERNMENT
PMB0358980804	RSG - INVESTMENT ACCOUNT - INTEREST REC.	-	303,597	(303,597)	-	RSG	UNSPENT CG - NATIONAL GOVERNMENT
PMB0608850363	DEBTOR - MIG	-	20,804	(20,804)	-	MIG	UNSPENT CG - NATIONAL GOVERNMENT
PMB0608960012	UNSPENT CONDITIONAL GRANT - MIG	(20,948,988)	76,116,178	(57,085,000)	(1,917,810)	MIG	UNSPENT CG - NATIONAL GOVERNMENT
PMB5118960018	UNSPENT CONDITIONAL GRANT - EDN CORRIDOR	(1,497)	1,497	-	-	EDN	UNSPENT CG - NATIONAL GOVERNMENT
PMB5308960001	SETA DISCRETIONARY GRANT	(14,831)	14,876	(45)	-	SETA	UNSPENT CG - NATIONAL GOVERNMENT
PMB5308960003	UNSPENT COND.GRANT - HRD/LGSETA	(66,000)	66,000	-	-	SETA	UNSPENT CG - NATIONAL GOVERNMENT
PMB548980001	DEVELOPMENT CAPACITY BUILDING PROJECT	(78,076)	78,076	-	-	CAPAC	UNSPENT CG - NATIONAL GOVERNMENT
PMB5608960001	STORM DAMAGE - DOH FUNDING	(915,846)	-	-	(915,846)	STORM	UNSPENT CG - NATIONAL GOVERNMENT
PMB5608960010	UNSPENT CONDITIONAL GRANT - PHB	(69,219,675)	30,506,950	(15,243,091)	(53,955,816)	PHB	UNSPENT CG - NATIONAL GOVERNMENT
PMB7138960015	UNSPENT CONDITIONAL GRANT - DEPT OF MINERALS	(4,303,186)	3,835,050	-	(468,136)	NER	UNSPENT CG - NATIONAL GOVERNMENT
PMB7878960001	EDN S - UPGRADE WATER SUPPLY	(905,263)	414,500	-	(490,763)	DWAF	UNSPENT CG - NATIONAL GOVERNMENT
		(102,407,450)	118,129,651	(73,552,537)	(57,830,336)		
PMB0138960002	PG:COMMUNITY COMMUNICATION INITIATIVE	(50,000)	-	-	(50,000)	COMM	UNSPENT CG - PROVINCIAL GOVERNMENT
PMB0608960013	UNSPENT CONDITIONAL GRANT - PROVINCE	(294,620)	169,267	(234,813)	(360,166)	PROV	UNSPENT CG - PROVINCIAL GOVERNMENT
PMB1008960002	PG - TECHNICAL SUPPORT	(494,290)	494,290	-	-	PROV	UNSPENT CG - PROVINCIAL GOVERNMENT
PMB1318960001	PROVINCE - TRANSPORT GRANT	(2,453,634)	1,037,249	(8,130,100)	(9,546,486)	TRANS	UNSPENT CG - PROVINCIAL GOVERNMENT
PMB2858960004	PROV - URBAN RENEWAL PROJECT	(3,119,349)	889,793	(454,232)	(2,683,789)	GEDI	UNSPENT CG - PROVINCIAL GOVERNMENT
PMB3458970006	FOOD AID PROGRAMME	(70,104)	-	-	(70,104)	FOOD	UNSPENT CG - PROVINCIAL GOVERNMENT
PMB3478970001	ENVIRONMENTAL HEALTH	(1,823)	1,823	-	-	HEALTH	UNSPENT CG - PROVINCIAL GOVERNMENT
PMB3578970025	WORLD AIDS DAY	32,954	-	(32,954)	-	AIDS	UNSPENT CG - PROVINCIAL GOVERNMENT
PMB4008960002	ENVIRO MGT FRAMEWORK - DPLGTA GRANT	(175,439)	175,439	-	-	ENVIRO	UNSPENT CG - PROVINCIAL GOVERNMENT
PMB5138960001	UNSPENT GRANT : LIBRARY SERVICES	(65,000)	53,557	-	(11,443)	LIBR	UNSPENT CG - PROVINCIAL GOVERNMENT
PMB5278980001	I.D.P. FUND FROM DEPT. OF LG&H	(679,259)	-	-	(679,259)	IDP	UNSPENT CG - PROVINCIAL GOVERNMENT
PMB7018960001	PG - INTERGRATION WITH REDS	(143,952)	143,952	-	-	ELECT	UNSPENT CG - PROVINCIAL GOVERNMENT
PMB7878980801	GRANT - WATER SERVICE DELIVERY PLANNING	(158,923)	15,033	-	(143,890)	WATER	UNSPENT CG - PROVINCIAL GOVERNMENT
		(7,673,439)	2,980,401	(8,852,099)	(13,545,137)		

THE MSUNDUZI MUNICIPALITY

APPENDIX G

DETAILS OF CONDITIONAL GRANTS AND RECEIPTS AS AT 30 JUNE 2009

Account No:	Account Description	Unspent Balance @ 1 July 2008	Transfers	Current Year Receipts	Unspent balance @ 30 June 2009	Grant Type	Source Code
PMB0608960014	UNSPENT CONDITIONAL GRANTS : LIBRARY EXTERNAL	(8,988,487)	10,052,861	(6,740,273)	(5,675,900)	LIBR	UNSPENT CG - OTHER
PMB1258960001	UNSPENT GRANT - DEVELOPER CONTRIBUTION	-	-	(1,004,035)	(1,004,035)	DEVELOPERS	UNSPENT CG - OTHER
PMB2028960002	RETENTION - MIG - VULINDELELA VIP CONSTR.	(32,811)	-	-	(32,811)	MIG	UNSPENT CG - OTHER
PMB2858960001	GEDI - GIJIMA FUNDS	(28,608)	8,278	(4,430)	(24,761)	GEDI	UNSPENT CG - OTHER
PMB2858960002	E/DALE LAND LEGAL	(384,622)	67,654	(24,684)	(341,651)	HOUSING	UNSPENT CG - OTHER
PMB2858960003	E/DALE PVT LAND LEGAL	(20,956,596)	3,674,449	(1,341,227)	(18,623,373)	HOUSING	UNSPENT CG - OTHER
PMB2938960001	DBSA - STORM REHAB. FUND	(42,333)	42,333	-	-	STORM	UNSPENT CG - OTHER
PMB3588970003	USAID AIDS EDUCATOR TRAINING	(23,941)	23,941	-	-	USAID	UNSPENT CG - OTHER
PMB5118960002	UDM - LOCAL TOURISM DEVELOPMENT	-	-	(10,400,000)	(10,400,000)	UDM	UNSPENT CG - OTHER
PMB5118960003	GRANT - WARD 3 5 6	(40,123)	-	-	(40,123)	WARD	UNSPENT CG - OTHER
PMB8328760903	TRUST - CEMETERY TRUST ACCOUNT	(14,308)	-	(1,148)	(15,456)	TRUST	UNSPENT CG - OTHER
PMB8348760907	TRUST - JOHN HARDY TRUST ACCOUNT	(217)	217	-	-	TRUST	UNSPENT CG - OTHER
PMB8358760909	TRUST - PATRIOTIC LEAGUE TRUST ACCOUNT	(45,527)	-	(1,563)	(47,090)	TRUST	UNSPENT CG - OTHER
PMB8368760911	TRUST - PEARSE TRUST ACCOUNT	(1,418,685)	28,017,345	(28,053,073)	(1,454,413)	TRUST	UNSPENT CG - OTHER
PMB8378760913	TRUST - WELCH TRUST ACCOUNT	(359,759)	-	(11,994)	(371,754)	TRUST	UNSPENT CG - OTHER
PMB8388760916	TRUST - MARIA KINSMAN TRUST ACCOUNT	(591,488)	-	-	(591,488)	TRUST	UNSPENT CG - OTHER
PMB8388760920	TRUST - MARIA KINSMAN TRUST - NET INCOME	(37,768)	-	(17,864)	(55,632)	TRUST	UNSPENT CG - OTHER
PMB8398760908	TRUST - MAYORESS NECESSITY FUND	(76,202)	-	(3,211)	(79,413)	TRUST	UNSPENT CG - OTHER
PMB8398760924	TRUST - MAYORESS CHARITY BALL - CLEARING ACCOUNT	(925)	925	-	-	TRUST	UNSPENT CG - OTHER
PMB8408760915	TRUST - CEMETERY TRUST ACCOUNT (M/RISE)	(2,293,364)	-	-	(2,293,364)	TRUST	UNSPENT CG - OTHER
PMB8408760922	TRUST - CEMETERY TRUST ACCOUNT (M/RISE) - INTEREST	(284,079)	-	(136,213)	(420,292)	TRUST	UNSPENT CG - OTHER
PMB8418760906	TRUST - FLEMING TRUST ACCOUNT	(73,443)	-	(2,169)	(75,612)	TRUST	UNSPENT CG - OTHER
PMB8428010001	TRUST - CONT IMBALI FLOOD VICTIMS - PMB FLOOD VICTIMS	(60,858)	-	-	(60,858)	TRUST	UNSPENT CG - OTHER
PMB8428760842	TRUST - PMB FLOOD DISASTER	(30,989)	-	-	(30,989)	TRUST	UNSPENT CG - OTHER
PMB8438760925	TRUST - REFUGEES TRUST ACCOUNT	(60,604)	-	-	(60,604)	TRUST	UNSPENT CG - OTHER
		(35,845,735)	41,888,004	(47,741,886)	(41,699,618)		
		(145,926,625)	162,998,056	(130,146,523)	(113,075,091)		

THE MSUNDUZI MUNICIPALITY

APPENDIX H

CONDITIONAL GRANTS AND RECEIPTS AS AT 30 JUNE 2009

	UNSPENT BALANCE 1-Jul-2008	CURRENT YEARS RECEIPTS	INTEREST ALLOCATED	TRANSFER TO REVENUE OPERATING EXPENDITURE	TRANSFER TO REVENUE CAPITAL EXPENDITURE	TRANSFERS	UNSPENT BALANCE 30-Jun-2009
NATIONAL GOVERNMENT	-	-	-	-	-	-	-
Various as per Appendix G1	(102,407,450)	(73,552,537)	-	-	-	118,129,651	89,274,738
PROVINCIAL GOVERNMENT	-	-	-	-	-	-	-
Various as per Appendix G1	(7,673,439)	(8,852,099)	-	-	-	2,980,401	4,159,061
	(110,080,889)	(82,404,636)	-	-	-	121,110,052	93,433,800
OTHER GRANTS	-	-	-	-	-	-	-
Various as per Appendix G1	(35,845,735)	(47,741,886)	-	-	-	41,888,004	53,784,155
	(145,926,625)	(130,146,523)	-	-	-	162,998,056	(113,075,091)

THE MSUNDUZI MUNICIPALITY
APPENDIX I
DISCLOSURE OF GRANTS AND RECEIPTS AT 30 JUNE 2009

	EXECUTIVE & COUNCIL	BUDGET & TREASURY OFFICE	DEVELOPMENT SERVICES	CORPORATE SERVICES	COMMUNITY SERVICES	HEALTH	WASTE MANAGEMENT	WATER	ROAD TRANSPORT	HOUSING	AIRPORT	SPORTS & RECREATION	ELECTRICITY	PUBLIC SAFETY	TOTAL
TRANSFER TO REVENUE - CAPITAL EXPENDITURE															
NATIONAL GOVERNMENT															
MIG	-	-	-	-	-	-	24,462,230	8,087,034	-	-	-	-	147,653	-	75,353,592
	-	-	-	-	-	-	-	8,087,034	-	-	-	-	-	-	75,353,592
PROVINCIAL GOVERNMENT															
Department of Transport	-	-	-	-	-	-	-	-	805,340	-	-	-	-	-	805,340
Department of Traditional and Local Govt	-	-	-	-	499,913	-	-	-	-	-	-	-	-	-	499,913
	-	-	-	-	499,913	-	-	-	805,340	-	-	-	-	-	1,305,253
TOTAL NATIONAL/PROVINCIAL GOVERNMENT GRANT	-	-	-	-	499,913	-	-	-	5,967,035	45,582,014	-	-	-	-	76,658,845
DONATIONS AND PUBLIC CONTRIBUTIONS															
Other	-	-	-	-	287,680	-	-	-	-	-	-	-	-	-	287,680
Msunduzi Library - Carnegie Corporation of New York	-	-	-	-	8,856,350	-	-	-	-	-	-	-	-	-	8,856,350
TOTAL DONATIONS AND PUBLIC CONTRIBUTIONS	-	-	-	-	9,144,030	-	-	-	-	-	-	-	-	-	9,144,030
TOTAL CONDITIONAL GRANTS & RECEIPTS	-	-	-	-	9,643,943	-	-	5,967,035	45,582,014	-	-	-	-	-	85,802,875

	EXECUTIVE & COUNCIL	BUDGET & TREASURY OFFICE	DEVELOPMENT SERVICES	CORPORATE SERVICES	COMMUNITY SERVICES	HEALTH	WASTE MANAGEMENT	WATER	ROAD TRANSPORT	HOUSING	AIRPORT	SPORTS & RECREATION	ELECTRICITY	PUBLIC SAFETY	TOTAL
TRANSFER TO REVENUE - OPERATING EXPENDITURE															
NATIONAL GOVERNMENT															
Financial Management Grant	-	1,768,127	-	-	-	-	-	-	-	-	-	-	-	-	1,768,127
MIG	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Development Admin Capacity Building	-	-	78,076	-	-	-	-	-	-	-	-	-	-	-	78,076
MSIG/Community Development Workers	495,789	-	-	-	-	-	-	-	-	-	-	-	-	-	495,789
Local Government Housing	-	-	-	-	-	-	-	-	-	34,022,392	-	-	-	-	34,022,392
	495,789	1,768,127	78,076	-	-	-	-	-	-	34,022,392	-	-	-	-	36,364,384
PROVINCIAL GOVERNMENT															
Facelifting Capital City	-	-	-	-	-	-	76,051	-	-	-	-	-	-	-	76,051
Technical Support	-	-	249,291	-	-	-	-	-	-	-	-	-	-	-	249,291
Land Use Management	-	-	104,797	-	-	-	-	-	-	-	-	-	-	-	104,797
Intergration with REDS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	143,952
Health subsidies	-	-	-	-	-	8,085,000	-	-	-	-	-	62,972	143,952	-	8,147,972
Department of Transport	-	-	-	-	-	-	-	-	231,808	-	-	-	-	-	231,808
Environmental Management Framework	-	-	-	-	-	-	-	-	-	-	-	175,439	-	-	175,439
Water service delivery	-	-	-	-	-	-	-	15,033	-	-	-	-	-	-	15,033
DWAF Funded projects	-	-	-	-	-	-	-	99,798	-	-	-	-	-	-	99,798
	-	-	354,088	-	-	8,085,000	-	114,831	231,808	-	-	238,411	143,952	-	9,244,141
	495,789	1,768,127	432,164	-	-	8,085,000	-	114,831	231,808	34,022,392	-	238,411	143,952	-	45,608,525
TOTAL NATIONAL/PROVINCIAL GOVERNMENT GRANT															
DONATIONS AND PUBLIC CONTRIBUTIONS															
Greater Edendale Land Initiative and Land Legal	-	-	-	-	4,231,118	-	-	-	-	-	-	-	-	-	4,231,118
Msunduzi Library - Carnegie Corporation of New York	-	-	-	-	1,435,174	-	-	-	-	-	-	-	-	-	1,435,174
Other	-	-	-	-	-	23,880	197,586	-	-	-	-	-	-	-	221,466
Airport - Storm Damage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IMEP	-	-	-	-	5,666,292	23,880	197,586	-	-	-	-	-	-	42,333	5,930,091
TOTAL DONATIONS AND PUBLIC CONTRIBUTIONS															
TOTAL CONDITIONAL GRANTS & RECEIPTS	495,789	1,768,127	432,164	-	5,666,292	8,108,880	197,586	114,831	231,808	34,022,392	-	238,411	143,952	42,333	51,538,616