

BLUE CRANE ROUTE MUNICIPALITY

FINANCIAL STATEMENTS

30 JUNE 2004

BLUE CRANE ROUTE MUNICIPALITY

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BLUE CRANE ROUTE MUNICIPALITY
GENERAL INFORMATION

MEMBERS OF BLUE CRANE ROUTE MUNICIPALITY

Councillor MC Mjadu	Mayor
Councillor ME Doro	Deputy Mayor
Councillor JF Froehlich	
Councillor KC Brown	
Councillor WH Brown	
Councillor NO Memese	
Councillor VA Ngcipe	
Councillor G Fillis	
Councillor TJ Hermanus	
Councillor ST Mjekula	

GRADING OF LOCAL AUTHORITY

Grade 6

AUDITORS

Auditor General

BANKERS

ABSA Bank Limited

REGISTERED OFFICE

67 Nojoli Street
Somerset East
5850

PO Box 21
Somerset East
5850

Telephone : (042) 243 1333
Fax: (042) 243 1548

CHIEF EXECUTIVE OFFICER / MUNICIPAL MANAGER

DO Claassen

FINANCIAL MANAGER

D Louw

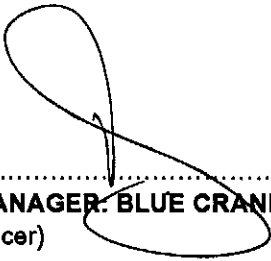
BLUE CRANE ROUTE MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements set out on pages 8 to 26 were approved by the

Municipal Manager on 20 October 2004 and presented to and approved by Council

on 20 October 2004.



.....
MUNICIPAL MANAGER: BLUE CRANE ROUTE MUNICIPALITY
(Accounting Officer)



.....
FINANCIAL MANAGER: BLUE CRANE ROUTE MUNICIPALITY

BLUE CRANE ROUTE MUNICIPALITY

FOREWORD

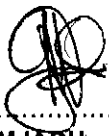
I have pleasure in presenting the Annual Financial Statements which are subject to audit, for the year ended 30 June 2004.

The major challenge to the Blue Crane Route Municipality is to meet the needs and requirements of those in the previously disadvantaged areas whilst at the same time ensuring that the infrastructure in the established areas is not neglected.

This I believe can only be achieved through hard work by Councillors and Officials, tolerance of our community and ensured payment of municipal services.

I am proud to report that we have managed to reverse the trend in negative operating results by showing a net surplus for the year. This has been achieved despite the difficult economic climate in the province and the country. It is our objective and we remain committed to achieve a level of service delivery which is satisfactory to all our citizens and at the same time to ensure financial viability.

I wish to express my appreciation to the Councillors, the Municipal Manager and his staff for their support, co-operation and hard work during the past year.



.....
M. C. MJADU
MAYOR: BLUE CRANE ROUTE MUNICIPALITY

BLUE CRANE ROUTE MUNICIPALITY
ACCOUNTING OFFICER'S REPORT

1. OPERATING RESULTS

Details of the operating results per department, classification and object of expenditure are included in appendices D and E. the overall operating results for the year ended 30 June 2004 are as follows:

	Actual 2004 R	Budget 2004 R	Variance Actual - Budget %	Actual 2003 R	Budget 2003 R	Variance Actual - Budget %
Income:						
Opening surplus/(deficit)	(12,467,351)			(11,296,583)		
Operating Income for the year	43,826,363	43,700,000	-0.29	36,465,358	36,144,352	0.89
	31,359,012	43,700,000		25,168,775	36,144,352	
Expenditure						
Operating expenditure for the year	(42,270,763)	(43,700,000)	3.27	(37,838,125)	(36,144,352)	4.13
Contributions to approved funds						
Sundry Transfers	3,283,680			-		
Closing surplus/(deficit)	(7,628,071)			(12,467,351)		
	-	-		-	-	

Reasons for significant variances
Variances considered insignificant

1.1 Rates and General Services

	Actual 2004 R	Budget 2004 R	Variance Actual - Budget %	Actual 2003 R	Budget 2003 R	Variance Actual - Budget %
Income	20,010,035	19,442,950	-2.92	15,279,511	14,994,192	1.90
Expenditure	(25,231,790)	(26,225,911)	3.79	(22,022,286)	(22,204,043)	0.82
Surplus/(deficit)	(5,221,755)	(6,782,961)		(6,742,775)	(7,209,851)	
Surplus/(deficit) as % of total income	12	16		18	20	

Reasons for significant variances
Variances considered insignificant

BLUE CRANE ROUTE MUNICIPALITY
ACCOUNTING OFFICER'S REPORT (Continued)

1.2 Housing Services

	Actual 2004 R	Budget 2004 R	Variance Actual - Budget %	Actual 2003 R	Budget 2003 R	Variance Actual - Budget %
Income	-	-	-	-	-	-
Expenditure	-	-	-	-	-	-
Surplus/(deficit)	-	-	-	-	-	-
Surplus/(deficit) as % of total income	-	-	-	-	-	-

1.2 Trading Services

The following is a summary of the operating results of the local authority's Trading Services:

Electricity Service

	Actual 2004 R	Budget 2004 R	Variance Actual - Budget %	Actual 2003 R	Budget 2003 R	Variance Actual - Budget %
Income	19,295,545	19,302,520	0.04	17,456,935	16,432,810	6.23
Expenditure	(15,176,908)	(15,257,878)	-0.53	(13,423,643)	(12,055,897)	11.35
Surplus/(deficit)	4,118,637	4,044,642		4,033,292	4,376,913	
Surplus/(deficit) as % total income	9	9		11	12	

Reasons for significant variances
Variances considered insignificant

Water Service

	Actual 2004 R	Budget 2004 R	Variance Actual - Budget %	Actual 2003 R	Budget 2003 R	Variance Actual - Budget %
Income	4,520,783	4,954,530	8.75	3,728,911	4,717,350	20.95
Expenditure	(1,862,065)	(2,216,211)	15.98	(1,961,231)	(1,884,415)	4.08
Surplus/(deficit)	2,658,718	2,738,319		1,767,680	2,832,935	
Surplus/(deficit) as % total income	6	6		5	8	

Reasons for significant variances
The difference between actual and budgeted expenditure can be attributed to:
Salaries, wages & allowances - vacancies budgeted for were not filled
Bulk water purchases was also less than the budgeted amount.

BLUE CRANE ROUTE MUNICIPALITY
ACCOUNTING OFFICER'S REPORT (Continued)

2. CAPITAL EXPENDITURE AND FINANCING

The expenditure on fixed assets during the year amounted to R2,062,033 (R 3,947,069 in 2003)

A complete analysis of capital expenditure (budgeted and actual) per department, classification or service is included in appendix C. More details regarding external loans and internal advances used to finance fixed assets are shown in appendix B.

3. EXTERNAL LOANS, INVESTMENTS AND CASH

External loans outstanding on 30 June 2004 amounted to R 15,539,949 (15,646,211 in 2003) as set out in appendix B.

Long term investments at 30 June 2004 amounted to R1,288,614 (R1,288,614 in 2003)

Short term investments and cash on hand at 30 June 2004 amounted to R499,832 (R 4,089,935 in 2003).

More information regarding loans and investments are disclosed in the notes (4 and 7) and appendix B to the financial statements.

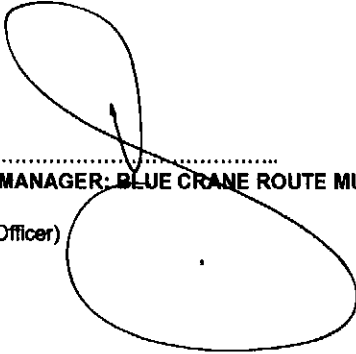
4. FUNDS AND RESERVES

More information regarding funds and reserves are disclosed in the notes (1-3) and appendix A to the financial statements.

BLUE CRANE ROUTE MUNICIPALITY
ACCOUNTING OFFICER'S REPORT (Continued)

5. EXPRESSION OF APPRECIATION

I am grateful to the Mayor, Councillors and to the municipal staff for their assistance and support during the year.



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MUNICIPAL MANAGER: BLUE CRANE ROUTE MUNICIPALITY

(Accounting Officer)

BLUE CRANE ROUTE MUNICIPALITY

ACCOUNTING POLICIES

1. Basis of preparation

- 1.1 These financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Treasurers and Accountants and its Code of Practice for Local Government Accounting (1997) and the Published Annual Financial Statements for Local Authorities (2nd edition - January 1996).
- 1.2 The financial statements are prepared on the historical cost basis, adjusted for fixed assets as more fully detailed in Accounting Policy note 3. The accounting policies are consistent with those applied in the previous year, except if otherwise indicated.
- 1.3 The financial statements are prepared on the accrual basis as stated:
 - * Income is accrued when measurable and available to finance operations. Certain direct income is accrued when received, such as traffic fines and certain licences.
 - * Expenditure is accrued in the year it is incurred.

2. Consolidation

The balance sheet includes Rates and General Services, Trading Services and the different funds and reserves. All inter-departmental charges are set off against each other with the exception of assessment rates, refuse removal, sewerage, electricity and water which are treated as income and expenditure in the respective departments.

3. Fixed assets

- 3.1 Fixed assets are stated at historical cost or at valuation (based on the market price at date of acquisition), where assets have been acquired by grant or donation, while they are in existence and fit for use, except in the case of bulk assets which are written off at the end of their estimated useful life as determined by the Treasurer.

3.2 Depreciation

The balance shown against the heading "Loans Redeemed and other Capital Receipts" in the notes to the financial statements is tantamount to a provision for depreciation, however certain structural differences do exist. By way of this "provision" assets are written down over their estimated useful life. Apart from advances from the various council funds, assets may also be acquired through:

- * Appropriations from operating income, where the full cost of the asset forms an immediate and direct charge against the operating income, and therefore it is unnecessary to make any further provision for depreciation.

BLUE CRANE ROUTE MUNICIPALITY

ACCOUNTING POLICIES (continued)

* Grant or donation, where the amount representing the value of such grant or donation is immediately credited to the "Loans Redeemed and other Capital Receipts" account.

3.3 All net proceeds from the sale of fixed property are credited to the Revolving Fund.

3.4 Fixed assets are financed from different sources, including external loans, operating income, endowments and internal advances. These loans and advances are repaid within the estimated lives of the assets acquired from such loans or advances. Interest is charged to the service concerned at the ruling interest rate applicable at the time that the advance is made.

4. Inventory

Inventory is valued at the lower of cost or net realisable value.

5. Funds and reserves

5.1 Revolving fund

The fund requires a minimum contribution of 7.5 % of the product of the assessment rates that were levied for the immediately preceding financial year. It is not required from Council to contribute an amount that is 20% more than the amount required to be contributed in the immediately preceding financial year.

Net proceeds from the sale of fixed property are invested in the Revolving Fund. Funds accumulated in the Revolving Fund are utilised for the purpose of providing advances to borrowing services and to finance the acquisition or upgrading of land or fixed property.

5.2 Other funds and reserves

Other funds and reserves, which are disclosed in the notes (1 - 3) and appendix A to the financial statements, are built up either by appropriations made on an annual basis from the operating account to the relevant funds and reserves or from contributions received from the public and the State with the objective of providing community facilities and funds to finance bad debts.

6. Provisions

Provisions are created for liabilities or contingencies that are known at the date of the balance sheet but for which the amounts involved cannot be determined with substantial accuracy.

7. Retirement benefits

The Council and its employees contribute to various pension, provident and retirement funds. The larger funds include the SAMWU National Provident Fund, the Cape Joint Retirement Fund and the SALA Pension Fund.

BLUE CRANE ROUTE MUNICIPALITY

ACCOUNTING POLICIES (continued)

The retirement benefits are calculated in accordance with the rules of the respective funds. Current contributions by the Council are charged against operating income at the rate of a fixed percentage of the basic salary paid to employees.

Full actuarial valuations are performed at least every three years.

8. Surpluses and deficits

Any surpluses and deficits arising from the operation of the Electricity and Water Services are transferred to Rates and General Services.

9. Treatment of administration and other overhead expenses

The costs of internal support services are transferred to the different services in accordance with the IMTA's Report on Accounting for Support Services (June 1990).

10. Leased assets

Fixed assets held under finance leases are capitalised. Such assets are effectively amortised over the term of the lease agreement.

Lease finance charges are allocated to accounting periods over the duration of the leases, by the effective interest rate method, which reflects the extent and cost of lease finance utilised in each accounting period.

All other leases are treated as operating leases and the relevant rentals are charged to the operating account in a systematic manner related to the period of use of the assets concerned.

11. Investments

Investments are disclosed at the lower of cost or market value if a permanent decline in value has occurred and are invested on such conditions as the Minister may approve.

12. Deferred charges

The balance outstanding of the costs incurred in raising loans on the capital market are recovered from operating income over the periods of the various loans involved.

13. Income recognition

13.1 Electricity and water billings

All meters are read and billed monthly. Income is recognised when meters are read and the monthly levies debited to the respective consumer account. Where meters cannot be read during a particular month, they are provisionally billed with the necessary adjustments made in the month they are indeed read. With regard to prepayment electricity purchases, income is recognised at the date of purchase.

BLUE CRANE ROUTE MUNICIPALITY
ACCOUNTING POLICIES (continued)

13.2 Assessment rates

The local authority applies a uniform system of rating. In terms of this system the assessment rates are levied on the land value of property and improvements, at the same rate. Rebates of 20% and 30% are granted on state-owned properties and to owners of land in Clevedon respectively. Income is recognised when such levies are raised and debited to the respective ratepayer account.

13.3 Other income

Income from services such as refuse removal and sewerage, recovered by way of debtors, is recognised when such levies are raised and debited against the respective consumer account. Income from other sources is recognised when paid.

14. Provision for bad debts

14.1 Trade Debtors

A provision for bad debts has been provided for at year end for all trade balances where recoverability is in doubt.

**BLUE CRANE ROUTE MUNICIPALITY
BALANCE SHEET AT 30 JUNE 2004**

	Note	2004 R	2003 R
CAPITAL EMPLOYED			
FUNDS AND RESERVES		6,184,073	9,067,423
Statutory funds	1	6,172,073	9,055,423
Reserves	2	12,000	12,000
ACCUMULATED DEFICIT		(7,628,071) (1,443,998)	(12,467,351) (3,399,928)
TRUST FUNDS	3	2,161,914	6,431,503
LONG TERM LIABILITIES	4	15,539,950	15,539,950
CONSUMER DEPOSITS: SERVICES	5	505,251	426,273
		16,763,117	18,997,798
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	6	11,739,158	11,845,420
INVESTMENTS	7	1,288,614	1,288,614
LONG-TERM DEBTORS	8	130,234	263,177
		13,158,006	13,397,211
NET CURRENT LIABILITIES		3,605,111	5,600,587
CURRENT ASSETS		14,696,321	17,206,458
Accounts receivable	9	13,550,241	12,452,976
Cash on hand		100,563	3,098,860
Inventory	10	575,619	618,763
Short-term investments	7	399,269	990,085
Short-term portion of long-term debtors		70,629	45,784
CURRENT LIABILITIES		11,091,210	11,605,871
Accounts payable	11	4,381,809	6,426,066
Bank overdraft		3,587,197	2,648,456
Provisions	12	3,122,204	2,525,088
Short-term portion of long-term liabilities	4	-	106,261
		16,763,117	18,997,798

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CERTIFIED AS CORRECT
(Municipal Manager: Blue Crane Route Municipality)

**BLUE CRANE ROUTE MUNICIPALITY
INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2004**

	2003 Actual Income	2003 Actual expenditure	2003 surplus/ (deficit)	2004 Actual income	2004 Actual expenditure	2004 surplus/ (deficit)	2004 Budgeted surplus/ (deficit)
	R	R	R	R	R	R	R
RATES AND GENERAL SERVICES	15,279,511	22,022,286	(6,742,775)	20,010,035	25,231,790	(5,221,755)	(6,782,967)
Community services	10,384,319	14,730,755	(4,346,436)	13,895,364	19,346,421	(5,451,057)	(5,265,404)
Subsidised services	38,624	1,616,624	(1,578,000)	45,217	1,740,033	(1,694,816)	(2,953,299)
Economic services	4,856,568	3,882,121	974,447	6,069,454	4,145,336	1,924,118	1,148,901
HOUSING SERVICES	-	228,966	(228,966)	-	-	-	-
TRADING SERVICES	21,185,846	15,384,874	5,800,973	23,816,328	17,038,973	6,777,355	6,782,961
TOTAL	<u>36,465,358</u>	<u>37,636,125</u>	<u>(1,170,768)</u>	<u>43,826,363</u>	<u>42,270,763</u>	<u>1,555,600</u>	
Appropriations for the year:							
Prior year adjustments							
NET SURPLUS/(DEFICIT) FOR THE YEAR			<u>(1,170,768)</u>			3,283,680	
Accumulated (deficit) beginning of the year			(11,296,583)			4,839,280	
ACCUMULATED DEFICIT END OF THE YEAR			<u>(12,467,351)</u>			<u>(12,467,351)</u>	

BLUE CRANE ROUTE MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2004

	NOTES	2004 R	2003 R
CASH RETAINED FROM OPERATING ACTIVITIES		(2,459,550)	5,856,754
Cash utilised in operations	18	(14,939,697)	(3,415,966)
Investment income		46,398	12,271
Increase in working capital	19	(2,314,186)	(2,046,314)
		(17,207,485)	(5,450,009)
Less: External interest paid	16	(2,841,629)	(2,788,809)
Cash utilised in operations		(19,849,114)	(8,238,847)
Net proceeds on disposal of fixed assets		44,123	
Cash contributions from the public and the State		17,345,441	14,095,001
CASH UTILISED IN INVESTING ACTIVITIES			
Investment in fixed assets	6	(2,062,033)	(3,947,069)
NETT CASH FLOW		<u>(4,521,583)</u>	<u>1,609,665</u>
CASH EFFECTS OF FINANCING ACTIVITIES			
(Decrease) in long-term liabilities	20	(106,261)	(200,369)
(Increase)/ decrease in cash on hand	21	4,627,844	(1,708,816)
Decrease in external cash investments		-	
NETT CASH UTILISED		<u>4,521,583</u>	<u>(1,909,665)</u>

BLUE CRANE ROUTE MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

	2004	2003
	R	R
1. STATUTORY FUNDS		
Revolving Fund	5,740,102	5,497,487
Housing Development Fund	431,971	290,544
Loan Redemption Fund	-	3,287,382
	<u>6,172,073</u>	<u>9,055,423</u>
 (Refer to Appendix A for more detail)		
2. RESERVES		
Game Reserve	12,000	12,000
	<u>12,000</u>	<u>12,000</u>
3. TRUST FUNDS		
Dr WH Craib Fund	20,769	11,985
Blue Crane Development Forum Fund	-	941
Integrated Development Plan Fund	4,472	66,513
Skills Development Fund	29,563	29,563
Transitional Grant Fund	-	49,197
Zoning Map Fund	43,398	40,645
Pearston Small Farmers Association Fund	4,043	4,043
Construction of Sewer Reticulation Fund	-	8,218
313 Houses Fund	(283,232)	1,148,210
176 Houses Fund	-	3,168
1004 Houses Fund	-	45,521
8th Avenue Furrow Fund	-	346,879
Pearston Hall Refurbishment Fund	-	47,376
300 Houses Fund	620,070	2,116,808
Management Support Programme Fund	152,109	611,759
Additional Drug Allocation	636,935	636,935
Led Zama Trust	63,158	24,272
Water Treatment Plant	734,289	1,169,704
Electricity - Area Lighting	-	6,766
Environmental Impact Study Fund	63,000	63,000
Spatial Development Framework	73,340	-
	<u>2,161,914</u>	<u>6,431,503</u>
 <u>Explanatory notes (Only those funds where it is considered necessary to elaborate on above)</u>		
Housing Funds - Local government funding to provide low cost housing for the community		
- The current year's over expenditure on the 313 houses fund is only temporary and reverse's in the following financial year.		
(Refer to Appendix A for more detail)		

BLUE CRANE ROUTE MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004 (Continued)

	2004 R	2003 R
4. LONG-TERM LIABILITIES		
Annuity loans	15,539,950	15,646,211
	<u>15,539,950</u>	<u>15,646,211</u>
Less: Short-term portion transferred to current liabilities	-	(106,261)
	<u>15,539,950</u>	<u>15,539,950</u>
 (Refer to Appendix B for more detail)		
ANNUITY LOANS		
Carry interest at rates varying between 14,25% and 17,00% per annum and will be fully redeemed in 2016.		
 The annuity loan of R15,532,314 is secured by a Promissory Note (Certificate Number TR1652). The investment has a guaranteed amount of R12,000,000 on the assumption that it is held to maturity. The investment matures in 2014.		
5. CONSUMER DEPOSITS:SERVICES		
Electricity and Water	505,251	426,273
	<u>505,251</u>	<u>426,273</u>
6. FIXED ASSETS		
Fixed assets at the beginning of the year	89,597,078	85,650,009
Capital expenditure during the year	2,062,033	3,947,069
Less: Assets written off, transferred or disposed during the year	-	-
Total fixed assets	<u>91,659,111</u>	<u>89,597,078</u>
Less: Loans redeemed and other capital receipts	<u>(79,919,953)</u>	<u>(77,751,658)</u>
	<u>11,739,158</u>	<u>11,845,420</u>
7. INVESTMENTS		
Unlisted		
Long-term deposits	1,288,614	1,288,614
Management's valuation of long-term deposits	<u>1,683,248</u>	<u>1,683,248</u>
 Short-term deposits	<u>399,269</u>	<u>990,085</u>
Management's valuation of unlisted investments	<u>399,269</u>	<u>990,085</u>
 Profit/(loss) on investment transactions	<u>-</u>	<u>-</u>
 No investments have been written off during the year. Long-term deposits have been pledged as security for funding facilities of the council. The investment has a guaranteed amount of R12,000,000 on the assumption that it is held to maturity. The investment matures in 2014.		

BLUE CRANE ROUTE MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004 (Continued)

	2004 R	2003 R
8. LONG-TERM DEBTORS		
Other debtors	200,863	308,961
Less: Short-term portion transferred to current assets	<u>(70,629)</u>	<u>(45,784)</u>
	<u>130,234</u>	<u>263,177</u>
9. ACCOUNTS RECEIVABLE		
Trade Debtors	29,496,693	28,688,481
Less: Provision for bad debts	<u>(16,345,858)</u>	<u>(16,345,858)</u>
	13,150,835	12,342,623
Other Debtors	399,406	110,353
	<u>13,550,241</u>	<u>12,452,976</u>
10. INVENTORY		
Inventory represents consumable stores, raw materials, work-in progress and finished goods. Where necessary specific provision is made for obsolete inventory.		
	<u>575,619</u>	<u>618,763</u>
11. ACCOUNTS PAYABLE		
Trade Creditors	4,381,809	6,252,115
Other Creditors		173,950
	<u>4,381,809</u>	<u>6,426,066</u>
12. PROVISIONS		
Audit fees	1,314,804	1,002,757
Leave pay	1,807,400	1,522,331
	<u>3,122,204</u>	<u>2,525,088</u>
13. ASSESSMENT RATES		
Site valuations as at 1 July: Residential, commercial, state and municipal	270,100,020	231,658,150
Actual income	<u>2,834,557</u>	<u>2,646,423</u>
The last general valuation came into effect on 1 July 2001.		
14. COUNCILLOR'S REMUNERATION		
Mayor's allowance	180,181	166,000
Deputy Mayor's allowance	40,431	37,592
Councillor's allowances	320,988	300,732
	<u>541,600</u>	<u>504,324</u>
15. AUDITOR'S REMUNERATION		
Audit fees - current year provision	442,622	361,443
	<u>442,622</u>	<u>361,443</u>

BLUE CRANE ROUTE MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004 (Continued)

	2004 R	2003 R
16. FINANCE TRANSACTIONS		
Total external interest earned or paid:		
- Interest earned	<u>33,862</u>	<u>-</u>
- Interest paid	<u>2,641,629</u>	<u>2,788,809</u>
Capital charges debited to operating account:		
- Interest paid on external loans	2,641,629	2,788,809
- Interest paid on internal loans		-
- Redemption of external loans	106,262	200,869
- Redemption of internal loans		-
	<u>2,747,891</u>	<u>2,989,678</u>
17. APPROPRIATIONS		
Appropriation account		
Accumulated (deficit) / at the beginning of the year	(12,467,351)	(11,296,583)
Operating surplus/ (deficit) for the year	1,555,600	(1,170,768)
Appropriations for the year:		
- Prior year adjustments	3,283,680	-
	<u>(7,628,071)</u>	<u>(12,467,351)</u>
Note: Prior year adjustments consist mainly of the write off of the loan redemption account amounting to R3,267,381.		
17. APPROPRIATIONS (continued)		
Operating account		
Capital expenditure	399,255	70,501
Contributions to:		
- Revolving Fund	198,482	206,058
- Loan Redemption Fund	-	1,057,478
	<u>597,737</u>	<u>1,334,037</u>

BLUE CRANE ROUTE MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004 (Continued)

	2004 R	2003 R
18. CASH UTILISED IN OPERATIONS		
(Deficit) / Surplus for the year	1,555,600	(1,170,768)
Adjustments in respect of:		
- Previous years' operating transactions	16,299	-
Appropriations charged against Income:	597,737	1,334,037
- Fixed assets	399,255	70,501
- Revolving Fund	198,482	206,058
- Loan Redemption Fund	-	1,057,478
Investment income (operating account)	(33,862)	-
Capital charges debited to operating account	2,747,891	2,989,678
Grants and subsidies received from the State	(9,112,983)	(5,099,671)
Non-operating expenditure debited to funds and reserves	(10,710,379)	(1,469,272)
	<u>(14,939,697)</u>	<u>(3,415,995)</u>
19. DECREASE/(INCREASE) IN WORKING CAPITAL		
(Increase) / decrease in accounts receivable, long-term debtors	(989,167)	(2,432,822)
Increase in accounts payable, consumer deposits	(1,965,279)	1,503
(Increase) in inventory	43,144	(64,271)
Increase in provisions	597,116	449,276
	<u>(2,314,186)</u>	<u>(2,046,314)</u>
20. (DECREASE)/ INCREASE IN LONG-TERM LIABILITIES		
Loans raised	-	-
Loans repaid	(106,261)	(200,869)
	<u>(106,261)</u>	<u>(200,869)</u>
21. DECREASE / (INCREASE) IN CASH ON HAND		
Cash balance at the beginning of the year	1,540,479	(168,337)
Less: Cash balance at the end of the year	(3,087,365)	1,540,479
	<u>4,627,844</u>	<u>(1,708,816)</u>
22. DECREASE / (INCREASE) IN EXTERNAL CASH INVESTMENTS		
Cash balance at the beginning of the year	1,288,614	1,288,614
Less: Cash balance at the end of the year	(1,288,614)	(1,288,614)
	<u>-</u>	<u>-</u>
23. RETIREMENT BENEFITS		
Somerset East Transitional Local Council and its employees contribute to various pension, provident and retirement funds.		
The larger funds include the SAMWU National Provident Fund and the Cape Joint Retirement Fund.		

BLUE CRANE ROUTE MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004 (Continued)

The SAMWU National Provident Fund was fully funded as at the last actuarial valuation on 30 June 2001, which was conducted by Eric Potgieter of Fifth Quadrant Actuaries and Consultants (Pty) Ltd.

The Cape Joint Retirement Fund was fully funded as at the last actuarial valuation on 1 July 2001, which was conducted by David Klug of Momentum Life Limited.

24. CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS

None

25. CAPITAL COMMITMENTS

None

BLUE CRANE ROUTE MUNICIPALITY
STATUTORY FUNDS, RESERVES AND TRUST FUNDS

	Balance at 30 June 2005 R	Contributions during year R	Interest on Investments R	Other Income R	Written off R	Operating expenditure during year R	Capital expenditure during year R	Balance at 30 June 2004 R
STATUTORY FUNDS								
Revolving Fund	5,497,497	198,482		44,123				5,740,102
Housing Development Fund	290,544	141,427			(3,267,352)			431,971
Loan Redemption Fund	3,267,282							
	<u>9,055,323</u>	<u>339,909</u>	<u>-</u>	<u>44,123</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,172,073</u>
RESERVES								
Game Reserve	12,000							12,000
	<u>12,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,000</u>
TRUST FUNDS								
Dr.WH Craib Fund	11,985		9,784		941	1,000		20,769
Blue Crane Development Forum Fund	841	61,000				123,041		4,472
Integrated Development Plan Fund	65,513							29,563
Skills Development Fund	29,163							
Transitional Grant Fund	49,197						49,197	
Zoning Map Fund	40,945		2,753					43,398
Construction of Sewer Retreatment Fund	8,218						8,218	
Pearst Small Farmers Association	4,943							4,043
313 Houses Fund	1,345,276	3,461,631			3,168	4,893,073		(283,232)
176 Houses Fund	3,168				2,945	42,576		
1004 Houses Fund	45,521	92,895			47,378		439,774	
8th Avenue Furrow Fund	345,879							
Pearston Hill Refurbishment Fund	17,276							
300 Houses Fund	2,116,809	3,416,486				4,913,224		620,070
MSP Fund	611,759	125,000				584,650		152,109
Additional Drug Allocation	636,515							636,935
Led Zama Fund	27,272	250,000				211,114		63,158
Water Treatment Plant	1,169,704	150,000				272		734,289
Area Lighting Projects	6,798				6,766			
Environmental Impact Study Fund	63,000	95,000				21,660		63,000
Spatial Development Framework								73,340
	<u>8,431,803</u>	<u>7,652,012</u>	<u>12,537</u>	<u>-</u>	<u>61,196</u>	<u>10,790,610</u>	<u>1,082,332</u>	<u>2,161,914</u>

APPENDIX A

**BLUE CRANE ROUTE MUNICIPALITY
ANALYSIS OF FIXED ASSETS**

	2004 Budget	2003 Expenditure	Expenditure during year	Redeemed, transferred or written off during year	Balance at 30-Jun-04
	R	R	R	R	R
RATES AND GENERAL SERVICES	10,889,458	10,889,458	412,454	-	50,350,482
Community Services	7,439,436	7,439,436	362,340	-	40,433,108
Community Services at Old Paarson TLC					
IDP	14,909	14,909			2,340,834
Cemeteries	57,018	57,018			143,551
D/N Ngqoba Library	521,809	521,809			2,000
Basarabek and nature reserve	6,423	6,423			84,553
Clinics	1,921,000	1,921,000			816,163
Commonage and pound	1,152,000	1,152,000			882,561
Council's general expenses	3,613,230	3,613,230			116,574
Estates and Properties	189,442	189,442			786,173
Public works	88,132	88,132			5,447,427
Town Clerk, Secretary and Treasurer	250	250			27,958,507
Township administration	15,423	15,423			1,309,458
Traffic	1,014,568	1,014,568			84,058
Stores					412,509
Workshop					28,567
Subsidised services					227,173
Subsidised services at Old Paarson TLC					2,787,082
Cemeteries	88,859	88,859			63,782
Fire brigade	110,500	110,500			19,280
Libraries	805,209	805,209			42,482
Parks and recreation					430,868
Economic services	2,444,454	2,444,454			2,240,878
Economic Services at Old Paarson TLC					7,120,291
Refuse removal services	578,227	578,227			441,774
Sanitation and vacuum tank services	1,344,000	1,344,000			1,088,033
Sewerage services					2,656,703
HOUSING SERVICES	11,015,783	11,015,783	-	-	6,654,070
Township administration					2,043,048
Housing administration					4,571,022
TRADING SERVICES	23,285,979	23,285,979	1,649,579	-	34,854,559
Abattoir					255,899
Electricity supply	16,251,825	16,251,825	470,485		20,775,892
Water supply	5,014,154	5,014,154	1,178,094		13,622,868
TOTAL FIXED ASSETS	45,180,220	45,180,220	2,062,033	-	91,659,110
LESS: LOANS REDEEMED AND OTHER CAPITAL RECEIPTS			2,062,033	106,292	79,919,853
Loans redeemed and advances repaid					35,785,488
Contributions from operating income					1,943,812
Grants and subsidies					41,631,581
Ex Funds					200,561
Public contributions					115,400
NET FIXED ASSETS				106,292	11,739,158

APPENDIX C

BLUE CRANE ROUTE MUNICIPALITY

ANALYSIS OF OPERATING INCOME AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2004

	2004 Actual R	2004 Budget R
INCOME		
Grants and Subsidies	9,112,983	6,891,450
Operating income	34,713,380	36,808,550
Assessment rates	2,834,557	3,035,650
Sale of electricity	19,295,545	18,764,720
Sale of water	4,520,783	4,842,780
Other service charges	8,062,495	10,165,400
Total income	43,826,363	43,700,000
EXPENDITURE		
Salaries, wages and allowances	19,597,799	22,896,558
General expenditure & bulk purchases	16,111,953	15,238,448
Repairs and maintenance	3,577,965	3,408,171
Capital charges	2,747,891	3,959,982
Contributions to fixed assets	399,255	927,408
Contributions to funds	719,773	455,310
Gross expenditure	43,154,637	46,885,877
Less: Amounts charged out	883,874	3,185,877
Nett expenditure	42,270,763	43,700,000

APPENDIX D

BLUE CRANE ROUTE MUNICIPALITY

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2004

	2003 Actual Income	2003 Actual expenditure	2003 Surplus/ (deficit)	2004 Actual Income	2004 Actual expenditure	2004 Surplus/ (deficit)
	R	R	R	R	R	R
	15,279,511	22,022,286	(6,742,775)	20,010,035	25,231,790	(5,221,755)
RATES AND GENERAL SERVICES						
Community services						
Assessment rates	2,845,423	16,523,541	(13,678,118)	2,834,557	18,346,421	(15,511,864)
Baselock and nature reserve	91,966	535,530	(443,564)	125,539	521,243	(395,704)
Clinics	1,811,028	2,063,566	(252,538)	2,732,578	2,550,745	181,834
Commonage and pound	43,443	241,200	(197,757)	88,158	315,726	(227,568)
Corporate Services	1,965,394	1,965,394	(1,965,394)	500,132	2,243,821	(1,743,689)
Council's general expenses	600,000	1,652,523	(1,052,523)	-	1,711,518	(1,711,518)
Financial Services	3,431,342	3,714,473	(283,131)	4,085,974	4,486,482	(400,508)
Housing administration	165,581	370,846	(205,265)	113,599	456,548	(342,949)
Properties and leasing	660,167	488,682	171,485	3,519,853	597,000	(484,061)
Public works	1,033,356	3,211,237	(2,177,881)	408,974	1,610,986	(1,202,012)
Municipal manager	584,067	541,803	42,264	633,185	529,295	103,890
Traffic	212,610	176,220	36,390	159,954	252,996	(94,282)
Stores	38,624	501,061	(462,437)	274,908	968,980	(694,072)
Subsidised services	26,384	1,616,624	(1,590,240)	46,217	1,740,033	(1,693,816)
Cemeteries	4,080	75,702	(71,622)	29,100	90,909	(61,809)
Fire brigade	9,151	83,457	(74,306)	2,583	83,650	(81,067)
Libraries	4,855,568	784,824	4,070,744	13,554	914,001	(900,447)
Parks and recreation	2,433,206	671,841	1,761,365	6,069,454	971,473	(5,097,981)
Economic services	2,423,350	3,982,121	(1,558,771)	3,236,569	4,145,336	(908,767)
Refuse removal services	1,811,028	1,888,228	(77,200)	2,081,970	2,081,970	1,156,569
Sewerage and sanitation services	2,423,350	1,953,893	469,457	2,850,885	2,083,998	766,887
HOUSING SERVICES						
Selling and letting schemes		228,966	(228,966)			
TRADING SERVICES						
Electricity supply	21,185,846	15,384,874	5,800,972	23,816,328	17,839,973	6,777,355
Water supply	17,456,835	13,423,643	4,033,192	19,285,545	15,176,508	4,118,037
TOTAL	35,265,358	37,636,125	(2,370,767)	43,825,363	42,279,763	1,545,600
Appropriations for the year:						
Adjustments i.r.o. previous years						
NET SURPLUS/(DEFICIT) FOR THE YEAR	(1,170,768)		(1,170,768)			3,283,660
Accumulated (deficit) beginning of the year	(11,298,965)		(11,298,965)			4,839,260
ACCUMULATED DEFICIT END OF THE YEAR	(12,469,733)		(12,469,733)			(7,628,071)

APPENDIX E

APPENDIX F

STATISTICAL INFORMATION

A) General Statistics

(i)	Population	34,357
(ii)	Valuation of taxable property	231,304,375
(iii)	Valuation of non taxable property	38,795,645
(iv)	Date of valuation	2001
(v)	Valuation of residential property	150,021,619
(vi)	Valuation of commercial property	3,223,210
(vii)	Number of residential properties	7,128
(viii)	Number of commercial properties	10
(ix)	Assessment rates: Cents in the rand	0.09305
(x)	Assessment rates: Cents in the rand	1.3294
(xi)	Number of employees	250

B) Electricity Statistics

(i)	Units bought/generated	54,778,263
(ii)	Units sold	51,906,802
(iii)	Units lost in distribution	2,871,461
(iv)	Units lost in distribution (%)	5.24%

C) Water Statistics

(i)	Units bought/generated	1,247,512
(ii)	Units sold	1,208,230
(iii)	Units lost in distribution	39,282
(iv)	Units lost in distribution (%)	3.15%