

FINANCIAL STATEMENTS

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GENERAL INFORMATION

MEMBERS OF THE MAYORAL COMMITTEE AS AT 30 JUNE 2004

Executive Mayor	S. Maclean	Executive Mayor – Chairperson
Deputy Executive Mayor	D.A. Halley	Deputy Executive Mayor
Alderman	J.H. Badenhorst	Finance
Councillor	L. Bobo	Economic Development and Tourism
Councillor	S.R. Dikimolo	Engineering Services and Infrastructure
Councillor	S. Gomba	Special Programmes
Councillor	D. Matika	Corporate Services
Councillor	F.W. Mbovane	Social Services
Councillor	L. Mosana	IDP, Budget Policy and Performance Management
Councillor	L. Simon	Sustainable Development and Integrated Environmental Management
Councillor	S. Tyilo	Development Planning

AUDITORS: The Auditor-General

BANKERS: First National Bank of South Africa Limited

REGISTERED OFFICE: MUNIFIN Building P.O. Box 522
Caxton Street EAST LONDON
EAST LONDON 5200

TELEPHONE: (043) 705 9111

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CITY MANAGER

M.B. TSIKA:

B.JURIS, LLB

CHIEF FINANCIAL OFFICER

B.W. SHEPHERD:

B Com (Acc), MBA, F.I.M.F.O. (SA), A.I.A.C.
Registered Municipal Accountant (Fellow)

REPORT OF THE CHIEF FINANCIAL OFFICER

FOR THE YEAR ENDED 30 JUNE 2004

I have pleasure in presenting my annual report together with the Financial Statements, which are subject to audit, for the year ended 30 June 2004.

1. BACKGROUND

Buffalo City Municipality has been addressing key issues designed to make our city financially fit and a good investment destination. These include promoting community participation that will instill civic patriotism and pride as well as a vibrant interest in our projected R1.4 billion budget and how it is linked to the Integrated Development Plan (IDP) for our city. Other plans and projects put in place to ensure sustainability include budget reform, the implementation of asset registers and the valuation of Council's assets, bringing accounting systems in line with Generally Accepted Municipal Accounting Practice (GAMAP) and the launch of the willingness to pay survey, which will be crucial to our revenue enhancement strategy. The Finance Department is formulating a new results oriented approach to service delivery, aligned to good strategic and financial planning, based on the triple E concepts of efficiency, effectiveness and economical strategies. This will prevent irregular and/or fruitless expenditure and will enable the Auditor-General to issue an unqualified audit report.

Buffalo City Municipality's financial policies and procedures shall address the following fiscal goals:

- Maintain the city in a fiscally sound position in both the long and short term;
- Maintain sufficient financial liquidity through regular reviews and adjustments to meet normal operating and contingent obligations;
- Apply credit control policies which maximize collection while providing relief for the indigent;
- Apply credit control policies that recognize the basic policy of customer care and convenience;
- Operate utilities in a responsive and fiscally sound manner;
- Maintain existing infrastructure and capital assets;
- Provide a framework for the prudent use of debt financing;
- Direct the city's financial resources toward meeting the goals of the city's Integrated Development Plan;
- Develop and implement internal control measures.

2. 2003/2004 BUDGET

Council approved an operating budget of R1 158 million and a capital budget of R352 million for the 2003/2004 financial year. The Council incurred actual expenditure of R1 166 million in terms of operational requirements and R239 million on capital expenditure.

3. OPERATING RESULTS

It is pleasing to report positive results for the financial year in that Council reflected an operating surplus above the budgeted surplus.



The overall operating results for the Buffalo City Municipality for the year ended 30 June 2004 are shown below.

INCOME	Actual 2003 R	Actual 2004 R	Variance 2003/2004 %	Budget 2004 R	Variance Actual/Budget %
Operating Income for the year	1 024 343 091	1 184 083 265	15.6	1 159 067 278	2.2
Operating Expenditure for the year	1 021 810 300	1 166 025 597	14.1	1 158 602 847	0.6
SURPLUS FOR THE YEAR	2 532 791	18 057 668		464 431	
Appropriations for the year	4 237 117	(17 139 952)			
Accumulative surplus at the beginning of the year	1 668 832	8 438 740			
ACCUMULATIVE SURPLUS AT THE END OF THE YEAR	8 438 740	9 356 456			

After taking into account the contributions to the Salary Equalisation Reserve, the Bad Debt Provision and the Leave Provision of R12 million, R26 million and R2 million respectively, Council ended the financial year with an Operating Surplus of R18 058 million before the inclusion of Appropriations for the year. After deducting Appropriations of R17 140 million (Refer Note 18) and accounting for the surplus of R8 439 million at the beginning of the year, the Accumulated Surplus increased to R9 357 million.

The classification and object of Income and Expenditure are included in Appendix D, while the detailed operating results per department are shown in Appendix E.

Specific comments relating to budgeted income and expenditure are made in the following paragraphs under the headings Rate and General Services, Housing Service and Trading Services.

3.1 RATE & GENERAL SERVICES

	Actual 2003 R	Actual 2004 R	Variance 2003/4 %	Budget 2004 R	Variance Actual/ Budget %
Income	550 648 840	643 335 512	16.8	656 315 440	(2.0)
Expenditure	543 350 780	667 875 205	23.0	676 588 640	(1.3)
Surplus / (Deficit)	7 298 060	(24 539 693)		(20 273 200)	
Surplus / (Deficit) as % of total income	1.3	(3.8)		(3.1)	

The operating account of Rate and General Services reflects a deficit of R24 540 million compared to a budgeted deficit of R20 273 million resulting in a negative difference of R4 266 million. The actual deficit of R24 540 million in 2004 compared to a surplus of R7 298 million in 2003 reflects a negative difference of R31 838 million. The surplus amount for 2003, was due to the total operating surpluses from the Economic and Trading Services being transferred to Rate and General Services. In 2004 only the budgeted contributions were transferred to Rate and General Services, resulting in an operating surplus amount of R46 836 million not being transferred to Rate and General Services.

3.2 HOUSING SERVICE

	Actual 2003 R	Actual 2004 R	Variance 2003/4 %	Budget 2004 R	Variance Actual/ Budget %
Income	1 746 896	2 272 377	30.1	3 145 278	(27.8)
Expenditure	6 512 166	6 510 839	(0.1)	3 581 020	81.8
Surplus / (Deficit)	(4 765 270)	(4 238 462)		(435 742)	
Surplus / (Deficit) as % of total income	(272.8)	(186.5)		(13.9)	

The operating account of the Housing Service reflects a deficit of R4 238 million compared to a budgeted deficit of R436 thousand resulting in a negative difference of R3 803 million. This budgeted deficit amount of R436 thousand was the amount remaining after a contribution of R4 287 million from the Housing Development Fund to the Housing Service was budgeted to off-set the total budgeted housing deficit of R4 723 million. An actual contribution could not be made from the Housing Development Fund to the Housing Service due to this fund being completely depleted, thereby resulting in an operating deficit of R4 238 million.

3.3 TRADING SERVICES

Electricity Service

	Actual 2003 R	Actual 2004 R	Variance 2003/4 %	Budget 2004 R	Variance Actual/ Budget %
Income	329 463 746	368 039 588	11.7	368 990 624	(0.2)
Expenditure	329 463 746	341 939 620	3.8	351 108 905	(2.6)
Surplus / (Deficit)	–	26 099 968		17 881 719	
Surplus / (Deficit) as % of total income	–	7.1		4.8	

The final results of the Electricity Service reflect an actual surplus of R26 100 million compared to a budgeted surplus of R17 882 million resulting in a positive difference of R8 218 million. In 2003 an actual contribution of R44 391 million, being the total actual surplus was transferred to Rate and General Services thereby resulting in a nil surplus. In 2004 only a budgeted contribution of R43 706 million was transferred and not the total actual surplus as in 2003, thereby resulting in an operating surplus of R26 100 million.

Water Service

	Actual 2003 R	Actual 2004 R	Variance 2003/4 %	Budget 2004 R	Variance Actual/ Budget %
Income	134 084 184	161 696 782	20.6	155 192 736	4.2
Expenditure	134 084 184	140 960 927	5.1	151 928 520	(7.2)
Surplus / (Deficit)	–	20 735 855		3 264 216	
Surplus / (Deficit) as % of total income	–	12.8		2.1	



The final results of the Water Service reflect an actual surplus of R20 736 million compared to a budgeted surplus of R3 264 million resulting in a positive difference of R17 472 million. In 2003 an actual contribution of R18 358 million, being the total actual surplus was transferred to Rate and General Services thereby resulting in a nil surplus. In 2004 only a budgeted contribution of R15 678 million was transferred and not the total actual surplus as in 2003, thereby resulting in an operating surplus of R20 736 million.

4. APPROPRIATIONS

Appropriations for the year amounted to an outflow of R17 139 952, which can be mainly attributed to an additional R20 000 000 contribution made to the Bad Debt Provision and the inflow of the Equitable Share - Rural Development write-back of R7 211 400 and the outflow of the KWT Housing Projects write-off of R4 891 671.

(Refer to Note 18)

5. INFRASTRUCTURE INVESTMENT (CAPITAL EXPENDITURE AND FINANCING)

The Capital Expenditure for the year and an analysis of the financing thereof is shown in the following tables:

CAPITAL EXPENDITURE PER SERVICE:

	2004 Actual R	2004 Budget R	2003 Actual R
Rate and General	155 393 244	211 891 589	104 395 565
Housing	26 361 200	67 474 339	33 510 031
Electricity	24 326 052	24 013 304	22 148 056
Market	–	1 500 000	439 962
Water	33 302 033	47 097 886	13 567 120
TOTAL	239 382 529	351 977 118	174 060 734

Resources used to finance the fixed assets were:

	2004 Actual R	2004 Budget R	2003 Actual R
Consolidated Capital Development Loans Fund	75 836 107	89 160 934	51 808 804
Government Grants & Subsidies	115 119 813	179 586 346	100 038 179
Amathole District Municipality	12 814 333	34 367 876	13 145 651
NER	6 089 998	6 090 000	6 218 648
Public	566 859	1 100 000	451 544
Other External Funds	28 955 419	41 671 962	2 397 908
TOTAL	239 382 529	351 977 118	174 060 734

Expenditure incurred on fixed assets amounted to R239 382 529, which represents an increase of 37,5% over the 2002/2003 financial year. Actual expenditure was 32,0% or R112 594 589 below budget.

This under-expenditure can mainly be attributed to the lengthy process of obtaining the necessary funds in respect of Government grants and subsidies, Amathole District Municipality funds and Other External funds in order to comply with existing legislation.

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

Council attained a capital efficiency ratio of 68,0%. This will be addressed & will continue to be closely monitored in future.

6. EXTERNAL LOANS

External loans outstanding on 30 June 2004 amounted to R401 502 150 (R354 420 512 in 2003) as set out in Appendix B. During the year, loans for R68 930 686 were received and loans and stock totalling R21 849 048 were repaid according to the loan redemption schedules. More information regarding loans and investments is disclosed in the notes (4 and 7) and Appendix B to the financial statements.

Financial Ratios, relevant to External Loans, are as follows:

	2004	2003
Interest Bearing Debt to Revenue	41%	47%
Average Interest Paid on Debt	14%	13%
Capital Charges to Operating Expenditure	13%	14%

It is encouraging to note that there has been an improvement in the Financial Ratios relating to Interest Bearing Debt to Revenue and Capital Charges to Operating Expenditure. These ratios will continue to be closely monitored in future.

7. INVESTMENTS AND CASH

Investments on 30 June 2004 amounted to R194 463 011 as compared to investments on 30 June 2003 amounting to R126 354 110, which represents an increase of 54%. Investments in the amount of R86 505 873 are ceded as security on loans, compared to an amount of R74 851 258 for the previous year.

The Cash on Hand amount increased from a net bank overdraft of R68 684 895 as at 30 June 2003 to a positive bank balance of R8 656 385 as at 30 June 2004. The resulting turnaround of R77 341 280 can be attributed to strict fiscal discipline as well as improved credit control measures.

(Refer to Note 7)



8. OUTSTANDING DEBTORS

Overall debtors increased by R25 219 546 (5,7%) from R443 871 442 to R469 090 988, which represents 2,1% of total income for the year. The provision for bad debts increased by R44 599 523 (37,9%) from R117 510 024 to R162 109 547 after amounts totalling R21 379 487 were written-off and contributions of R65 919 817 were made.

The contribution amount of R65 919 817 comprises a transfer of R19 919 817 from the Working Capital Reserve and a contribution from the Operating Account and the Appropriation Account of R26 000 000 and R20 000 000 respectively.

The breakdown of debtors is as follows:

	2004	2003
Rate & General	95 656 992	101 072 486
Sewerage	58 318 339	52 200 215
Cleansing	69 986 061	57 442 386
Housing	21 796 363	21 246 059
Electricity	39 274 541	64 833 634
Water	104 471 513	84 945 387
Market	833 190	1 104 754
Fire Availability	9 549 138	7 221 446
Capital Expense Claims	9 931 949	7 441 759
Land Sales	4 069 741	3 662 865
Miscellaneous	55 203 161	42 700 451
TOTAL	469 090 988	443 871 442

Financial Ratios, relevant to Debtors, are as follows:

	2004	2003
Debt to Revenue	34%	41%
Outstanding Debtors to Revenue	26%	32%
Days Debtors Outstanding	95	116

There has been a 7% improvement in the Debt to Revenue ratio, a 6% improvement in the Outstanding Debtors to Revenue ratio and a 21 day improvement in the recovery of Outstanding Debtors.

9. RATIO ANALYSIS / BENCHMARKS

The key priority from a financial perspective is the financial viability and sustainability of the City. This goal can best be achieved through effective and efficient financial management and in this regard certain appropriate financial ratios / benchmarks are used to assist in assessing the financial health of the City.

Details of these commonly used financial ratios / benchmarks are as follows:

Liquidity	2004	2003
Current ratio	2.16	1.72
Liquid ratio	0.04	0.01

This is the regular test of liquidity and indicates an improvement in the City's financial position in that current assets have grown to a greater extent than current liabilities. Hard cash resources to cover these liabilities have grown from 0.01 to 0.04, which demonstrates the ability to fully cover all short- term liabilities with cash resources.

Efficiency	2004	2003
Personnel costs to operating expenditure	35.0%	35.3%

In attempting to control and limit the cost of personnel as a percentage of total operating expenditure, a decrease (improvement) in manpower costs has been achieved.

Creditors Management	2004	2003
Creditors system efficiency	100%	100%

A strong financial trait of the City is its commitment and ability to pay its creditors within the required terms and in full. This is supported by the constant 100% payment levels to creditors.

EXPRESSION OF APPRECIATION

I wish to express my sincere appreciation to the Executive Mayor, all Aldermen, Councillors, the City Manager, Directors and Heads of Departments and the staff for their support and co-operation received during the year.

I wish to convey a special word of appreciation to the staff responsible for compiling the financial statements for their dedication and hard work, as well as to all the staff in the Finance Directorate for their full support and dedication in all the operations of the Directorate.



B. W. SHEPHERD
CHIEF FINANCIAL OFFICER

B Com (Acc), MBA, F.I.M.F.O. (SA), A.I.A.C.
Registered Municipal Accountant (Fellow)

ACCOUNTING POLICIES

1. BASIS OF PRESENTATION

- 1.1 These financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Treasurer's and Accountants in the Report on Standardisation of Financial Statements of Local Authorities in South Africa (2nd Edition - September 1996). Where the basis of presentation has changed, the comparative figures have been adjusted accordingly.
- 1.2 The financial statements are prepared on the historical cost basis, adjusted for capital expenditure more fully detailed in note 3 of the accounting policies. 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:
- Income is accrued when collectable and measurable. Certain direct income is accounted for when received, such as traffic fines and certain licences.
 - Expenditure is accrued.

2. CONSOLIDATION

The balance sheet includes the Rate and General Services, Housing Service, Trading Services and the different funds, reserves and provisions. All charges such as assessment rates, refuse removal, electricity and water, are treated as income in the service department and expenditure in the user 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 life.

Land purchases are not capitalised as they are expensed directly against the accumulated fund of the Consolidated Capital Development and Loans Fund.

3.2 Depreciation

The balance shown against the heading "Loans Redeemed and Other Capital Receipts" in the notes to the balance sheet is tantamount to a provision for depreciation. Apart from advances from the various council funds, assets may also be acquired through:

- appropriation from 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.
 - 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 nett proceeds from the sale of fixed property are credited to the Consolidated Capital Development & Loans Fund.
- 3.4 Capital assets are financed from different sources, including external loans, operating income and internal advances. The period of the internal advance is equated to the useful life of the asset acquired from such advance and the individual services debited with interest and redemption charges.

4. INVENTORY

Inventory is valued at lower of cost determined on the first-in, first-out basis, and the nett realisable value.

5. FUNDS

5.1 Consolidated Capital Development and Loans Fund

The income of the Fund, apart from loans raised, includes sales of land, township endowments and not less than 50% of the annual surplus in the Income and Expenditure Account of the Fund, subject to a minimum contribution equivalent to 7,5% of the product of the general rate for the preceding year.

Advances are made to borrowing services at an interest rate equal to the effective rate of interest payable by the local authority on external loans of a currency of not less than five years raised during the financial year in which the relevant capital expenditure is incurred.

Land purchases are expensed directly against the accumulated fund of the Consolidated Capital Development and Loans Fund.

5.2 Parking Areas Development Fund

The nett proceeds from the operation of parking meters and parking areas are credited to this fund. The fund is then utilised for improvements or regulation of traffic conditions including installing and maintaining parking meters or parking areas.

5.3 Dog Tax Fund

Ordinance 19 of 1978 requires Council to maintain a special account relating to the control of dogs. The nett proceeds from this account are credited to the Dog Tax Fund.

5.4 Self Insurance Fund

The fund is maintained to accommodate selected risks and to cater for claim amounts exceeding the excess borne by departments subject to policy claim aggregates.

5.5 Workmen's Compensation Fund

This fund is accumulated by way of contributions from operating income in order to finance costs incurred as a result of injuries on duty.

5.6 Community Facilities Fund

This reserve was established by means of various contributions levied on home-owners and tenants. It is utilised for the provision of amenities in housing scheme areas for the benefit of those communities.

5.7 Housing Development Fund

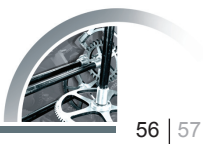
No fixed annual contribution is made; funds accrue from the profit on the sale of Council funded housing.

5.8 Revolving Fund

Section 75 of the Municipal Ordinance, 20 of 1974, required a contribution to the revolving fund of 7.5% of the product of the general rates, which were levied in respect of the financial year immediately preceding the financial year for which such contributions are required to be made. It is, however, not required from Council, in terms of the provisions of the abovementioned section of the Municipal Ordinance, to contribute an amount to the revolving fund which is 20% more than the amount required to be contributed in the immediately preceding financial year. Funds accumulated in the revolving fund are utilised for the purpose of providing advances to borrowing services and to finance the development of new townships.

6. PROVISIONS AND RESERVES

Provisions are recognised when the municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Where considered necessary, reserves are established to meet possible future events.



7. RETIREMENT BENEFITS

The Council and its employees contribute mainly to the Cape Joint Municipal Pension Fund, the Retirement Fund and the Liberty Life Provident Fund. A smaller portion of contributions are also made to various other Pension and Provident Funds. The retirement benefits are calculated in accordance with the rules of the Funds.

Current contributions are charged against the operating account of the Council at the rate of a fixed percentage of the basic salary paid to employees.

8. SURPLUSES AND DEFICITS

Any surpluses or deficits from the operation of the Housing, Electricity and Water Services are transferred to Rate and General Services. The Market, however, is a closed account and therefore any surplus or deficit is retained in that service for its own use.

9. TREATMENT OF ADMINISTRATION & OTHER OVERHEAD EXPENSES

The cost of internal support is transferred where possible to the different services in accordance with the IMTA Report on Accounting for Support Services (June 1990).

10. LEASED ASSETS

There are assets held under financial lease agreements. All other leases are treated as operating leases & 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 shown at cost and are invested in terms of the Local Authorities (Investment of Funds) Ordinance No. 23 of 1935 as amended.

12. DEFERRED CHARGES

The balance outstanding on the costs incurred in raising loans on the capital market is treated as a deferred charge, which is then recovered from operating income over the period of the various loans involved.

13. INCOME RECOGNITION

13.1 Electricity, Water and Housing Billings

Electricity and Water meters are read and billed monthly. Income in respect of Housing Rentals and installments is accrued monthly in advance.

13.2 Assessment Rates

East London applies a differential composite rating system. In terms of this system, the assessment rates are levied on the value of land and buildings and rebates are granted according to the use to which a particular property is put. Rebates are granted on all rateable properties used solely for residential purposes. Further rebates are granted to certain categories of elderly ratepayers of limited means.

13.3 Other Services

The income from services such as refuse removal and sewerage recovered by way of debtors, is recognised when such levies are debited against the accounts. The income from other small services, licences or fees is recognised when it is received.

FINANCIAL MANAGEMENT POLICIES

1. OPERATING BUDGET POLICIES

The annual budget is the central financial planning document that embodies all operating revenue and expenditure decisions. It establishes the level of services to be provided by each department.

The City Manager is required to incorporate the Buffalo City Municipality's priorities in the formulation of the preliminary and final budget proposal.

The budget is subject to monthly control and is reported to Council with recommendations of action to be taken to achieve the budget's goal. The budget is subject to a mid-term review, which will result in a Revised Budget.

Adequate maintenance and replacement of the City's capital plant and equipment must be provided for in the annual budget.

The budget must balance recurring operating expenses to recurring operating revenues.

The budget will have Revenue plans based on realistically expected income and expenditure figures. Plans will be included to achieve maximum revenue collection percentages.

The City must adopt a balanced budget annually.

2. CAPITAL INFRASTRUCTURE INVESTMENT POLICIES

The City is required to establish and implement a comprehensive five-year Capital Investment Plan (CIP). This plan must be updated annually.

An annual Capital Investment Budget is developed and adopted by the Buffalo City Municipality as part of the annual budget. The City will make all capital improvements in accordance with the CIP.

Unexpected capital project budgets shall not be carried forward to future fiscal years unless the Project Expenditure is committed or funded from grant funding.

Routine capital needs will be financed from current revenues as opposed to the issuance of long-term debt.

The City should maintain all assets at a level adequate to protect the City's capital investment and to minimise future maintenance and replacement costs.

3. REVENUE POLICIES

The City must estimate annual revenues through a conservative, objective and analytical process based on realistically expected income.

The City considers market rates and charges levied by other public and private organisations for similar services in establishing rates, fees and charges.

The City periodically reviews the cost of activities supported by user fees to determine the impact of inflation and other cost increases. Fees must be adjusted where appropriate to reflect these increases.

The City sets fees and user charges at a level that fully supports the total direct and indirect costs of operations. Tariffs are set to reflect the Development and Social Policies of the City.

The City continues to identify and pursue grants and appropriations from Province, Central Government and other agencies that are consistent with the City's goals and strategic plan.

The City follows an aggressive policy of collecting revenues.



4. INVESTMENTS POLICIES

Investments of the City are undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

The portfolio must remain sufficiently liquid to enable the City to meet daily cash flow demands and conform to all state and local requirements governing the investments of public funds.

The City continues the current cash management and investment practices, which are designed to emphasise safety of capital first, sufficient liquidity to meet obligation second, and the highest possible yield third.

The City attempts to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow requirement, the City will not directly invest in securities maturing more than two years from the date of issue.

The City's financial information system is required to provide adequate information concerning cash position and investment performance.

5. DEBT MANAGEMENT POLICIES

The City issues debt only when necessary to meet a public need and when funding for such projects is not available from current revenues, reserves or other sources.

Long-term borrowing is used to finance capital improvements as approved in the City's Capital Improvement Plan.

Capital projects financed through the issuance of debt are financed for a period not to exceed the expected useful life of the project.

The City will not incur debt to finance current operations.

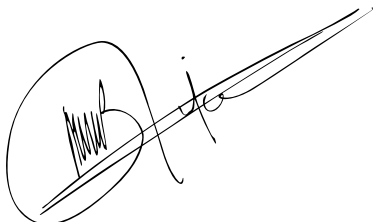
Lease-purchase obligations, capital outlay notes or other debt instruments may be used as a medium-term method of borrowing for the financing of vehicles, computers, other specialised types of equipment, or other capital improvements.

6. RESERVE FUND POLICIES

Adequate reserve levels are a necessary component of the City's overall financial management strategy and a key factor in external agencies' measurement of the City's financial strength. Reserve funds provide the City with the resources to manage cash flow and deal with unanticipated emergencies and changes in economic conditions. In addition, reserve funds enable the City to take advantage of matching funds and other beneficial (but limited) opportunities.

BALANCE SHEET AS AT 30 JUNE 2004

	NOTE	2004 R	2003 R
CAPITAL EMPLOYED			
FUNDS AND RESERVES			
Statutory Funds	1	349,313,362	322,708,986
Reserves	2	10,851,161	15,811,206
Retained Income	18	9,356,456	8,438,740
Trust Funds	3	94,711,951	73,841,309
Long-Term Liabilities	4	373,654,953	341,440,038
Consumer Deposits : Services	5	21,128,002	18,852,848
		<u>859,015,885</u>	<u>781,093,127</u>
EMPLOYMENT OF CAPITAL			
Fixed Assets	6	530,400,025	530,744,395
Investments	7	87,446,989	75,936,600
Long-Term Debtors	8	5,628,385	8,529,820
Deferred Charges	11	307,316	603,016
		<u>623,782,715</u>	<u>615,813,831</u>
NET CURRENT ASSETS / (LIABILITIES)		235,233,170	165,279,296
CURRENT ASSETS		438,032,522	394,548,706
Inventory	9	13,058,753	13,400,996
Debtors	10	306,981,441	326,361,418
Cash		8,656,385	1,403,186
Short-term investments	7	107,016,022	50,417,510
Short-term portion of long-term debtors	8	2,319,921	2,965,596
CURRENT LIABILITIES		202,799,352	229,269,410
Provisions	12	27,035,109	14,329,969
Creditors	13	147,917,046	131,870,886
Short-term portion of long-term liabilities	4	27,847,197	12,980,474
Bank overdraft		-	70,088,081
		<u>859,015,885</u>	<u>781,093,127</u>



M.B. TSIKA
CITY MANAGER



CERTIFIED AS CORRECT
B.W. SHEPERD
CHIEF FINANCIAL OFFICER

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2004

2003 ACTUAL INCOME R	2003 ACTUAL EXPEN- DITURE R	2003 SURPLUS (DEFICIT) R	DIRECTORATE	2004 ACTUAL INCOME R	2004 ACTUAL EXPEN- DITURE R	2004 SURPLUS (DEFICIT) R	2004 BUDGET SURPLUS (DEFICIT) R
550,648,840	543,350,780	7,298,060	RATE & GENERAL SERVICES	643,335,512	667,875,205	(24,539,693)	(20,273,200)
346,603,764	275,198,836	71,404,928	Community Services	402,206,814	343,901,836	58,304,978	78,690,330
27,389,552	91,496,420	(64,106,868)	Subsidised Services	32,660,283	95,417,097	(62,756,814)	(66,244,120)
176,655,524	176,655,524	-	Economic Services	208,468,415	228,556,272	(20,087,857)	(32,719,410)
1,746,896	6,512,165	(4,765,269)	HOUSING SERVICE	2,272,377	6,510,839	(4,238,462)	(435,742)
471,947,355	471,947,355	-	TRADING SERVICES	538,475,376	491,639,553	46,835,823	21,173,373
1,024,343,091	1,021,810,300	2,532,791	TOTAL	1,184,083,265	1,166,025,597	18,057,668	464,431
		4,237,117	Appropriations for this year (refer to note 18)	(17,139,952)			
		6,769,908	Net surplus / (deficit) for the year			917,716	
		1,668,832	Accumulated surplus / (deficit) at beginning of year			8,438,740	
		8,438,740	ACCUMULATED SURPLUS / DEFICIT) AT END OF THE YEAR			9,356,456	

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2004

NOTE	2004 R	2003 R
CASH RETAINED FROM OPERATING ACTIVITIES	337,838,977	203,561,035
Cash Generated by Operations	104,307,700	142,861,853
Investment Income	21,198,192	1,706,854
(Increase) / Decrease in Working Capital	41,590,644	(31,252,443)
	167,096,536	113,316,264
LESS EXTERNAL INTEREST PAID	(56,713,419)	(56,222,305)
CASH (UTILISED) / AVAILABLE FROM OPERATIONS	110,383,117	57,093,959
Cash Contributions from the Public and State	223,758,134	143,236,048
Net Proceeds on Disposal of Fixed Assets	3,697,726	3,231,028
CASH UTILISED IN INVESTING ACTIVITIES		
Investment in Fixed Assets	(239,470,434)	(174,060,731)
NET CASH FLOW	98,368,543	29,500,304
CASH EFFECTS OF FINANCING ACTIVITIES :		
Increase / (Decrease) in Long-Term Loans	47,081,638	(8,699,660)
(Increase) / Decrease in Cash Investments	(68,108,901)	(20,489,175)
(Increase) / Decrease in Cash	(77,341,280)	(311,469)
NET CASH (GENERATED) / UTILISED	(98,368,543)	(29,500,304)

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2004

	2004 R	2003 R
1. STATUTORY FUNDS		
EAST LONDON :		
Consolidated Capital Development & Loans Fund	218,437,699	198,594,368
WCA	6,029,673	5,395,112
Self Insurance Fund	18,577,543	16,573,017
Community Facilities	1,466,307	1,389,199
KING WILLIAM'S TOWN :		
Revolving Fund	103,418,838	99,417,887
Parking Areas Development Fund	461,425	461,425
AMATOLE :		
Land Sales	881,517	839,540
Endowment	40,360	38,438
(Refer to Appendix A for more detail)	349,313,362	322,708,986

2. RESERVES

EAST LONDON :		
Working Capital	-	5,276,431
Computer Maintenance	134,812	128,392
Repair Fund	4,314,190	4,013,096
Job Creation	1,000,000	1,000,000
KING WILLIAM'S TOWN :		
Housing Development	658,983	658,983
Market Square Building	716,870	716,870
Radio Data Network	3,840,000	3,840,000
AMATOLE :		
Rate and General	120,996	115,234
Special Services	65,310	62,200
(Refer to Appendix A for more detail)	10,851,161	15,811,206

3. TRUST FUNDS

EAST LONDON :		
Cemetery	-	58,576
A.T. Taylor	45,421	41,292
Aquarium	2,904	2,640
Felzoo	7,569	6,881
Athletic Track	22,661	20,601
F.E.L.A.	4,994	4,540
Gompo Survey	157,671	143,337
Upgrade Water Supply	17,816	243,234
Community Development	1,546,290	1,405,623
CHT Peplar	33,472	30,429
Map Preparation & Planning	394,849	578,331
Art Gallery	36,134	41,807



	2004 R	2003 R
Gompo & Mdantsane Art Centres	330,000	-
Legal Fees	-	52,562
Mdantsane Upgrade	759,661	1,409,044
Env. Project John Dube	102,669	93,335
Disaster Relief Fund	21,304	19,367
Pilot Housing Project	132,443	120,403
DVPP Advance	-	3,294,241
Reeston Dev - Land Affairs	3,264,291	2,967,537
Transitional Grant	273,102	1,079,829
Housing & Infrastructure Development Award	196,458	-
Mdantsane Urban Renewal Project (Mt Ruth)	5,000,000	-
Ikhwezi Block 1 Development	296,372	390,649
Waste Management Compost Project	44,944	206,634
Dept Land Affairs Trust	44,721,942	46,862,997
Leiden Trust - Redevelop Duncan Village	162,000	-
Municipal Revenue Enhancement Programme	1,022,083	-
Mdantsane Arts Centre	55,957	168,002
Financial Management Grant	1,592,467	2,962,976
Chris Hani Project	-	200,620
Restructuring Grant	31,087,344	4,746,471
Amalinda Co-op Hsg Settlement Project	-	804,670
Upgrade Kwaklifu Settlement Pakamisa	111,430	140,150
Upgrade MD Buffer Strip Phase 1	67,891	268,400
Potsdam Village Plan Survey & Upgrade	226,369	374,611
Ilitha Informal Settlement Upgrade	80,626	90,225
Kwa Tshatshu Settlement Zwelitsha	31,897	68,507
Climate Protection Implementation	143,598	130,544
MD Human Settlement program	38,596	35,087
Seta Trust Fund	1,369,458	2,054,856
Sida Development Trust Fund	915,577	2,113,126
KING WILLIAM'S TOWN :		
Computer Grant	79,055	109,255
Grants Government	2,053	77,927
AMATOLE :		
Kaysers Beach Special Grant Ext 3	33,681	30,619
Kidds Beach Township Ext 1	50,638	46,035
Macleantown Special Grant	7,710	7,009
Eureka Water Distribution Grant	19,254	17,504
KWT Community Hall	613	557
KWT Income Generating Projects	34,772	31,611
EL Community Hall	15,443	14,039
EL Income Generating Projects	38,682	35,165
EL Tribal Kwenxura	-	60,554
EL Tribal Kwelerha	8,844	85,313
EL Tribal Nxaruni	102,946	93,587
(Refer to Appendix A for more detail)	94,711,951	73,841,309

Trust fund monies have been externally invested at various approved financial institutions.

	2004 R	2003 R
4. LONG-TERM LIABILITIES		
Local Registered Stock	83,763,000	84,312,259
Annuity Loans	317,739,150	270,108,253
	<u>401,502,150</u>	<u>354,420,512</u>
LESS: Current Portion transferred to Current Liabilities	(27,847,197)	(12,980,474)
Local Registered Stock	14,361,000	549,259
Annuity loans	13,486,197	12,431,215
(Refer to Appendix B for more detail on long-term liabilities)	<u>373,654,953</u>	<u>341,440,038</u>

LOCAL REGISTERED STOCK

Bear interest at rates between 11,35% and 17,90% per annum and are repayable over periods of between one and twenty years.

ANNUITY LOANS

Bear interest at rates between 5,0% and 17,5% per annum and will be fully redeemed in 2024.

Stock loan 78 in the amount of R25 million has been secured by a zero coupon bond of R7 966 261 invested with Standard Merchant Bank maturing on 30 June 2014.

An Inca loan of R50 million has been secured by a sinking fund of R25 794 108 invested with Investec maturing on 23 February 2009.

A DBSA loan of R40 million has been secured by a sinking fund of R8 140 686 invested with Gensec maturing on 31 August 2014 and an investment of R5 706 151 with Investec maturing on 27 March 2008.

An Inca loan of R22 million has been secured by a sinking fund of R11 105 107 invested with Absa Bank maturing on 4 August 2011.

A DBSA loan of R80 million has been secured by an investment of R3 610 433 invested with Absa Bank maturing on 10 December 2017, an investment of R5 743 863 invested with Nedbank maturing on 26 March 2006, an investment of R12 979 571 invested with Standard Bank maturing on 29 April 2017 and an investment of R5 459 693 invested with Absa Bank maturing on 26 March 2008.

5. CONSUMER DEPOSITS : SERVICES

Electricity and Water	21,128,002	18,852,848
Guarantees in lieu of electricity and water deposits	5,676,917	6,011,470

6. FIXED ASSETS

Fixed assets at the beginning of the year	1,861,071,516	1,704,363,589
Capital expenditure during the year	239,382,529	174,060,734
Less: Assets written off, transferred or disposed of during the year	(27,062,070)	(17,352,807)
Total Fixed Assets	2,073,391,975	1,861,071,516
Less : Loans redeemed and other capital receipts	(1,542,991,950)	(1,330,327,121)
Net Fixed Assets	530,400,025	530,744,395

(Refer to Appendix C and Section 5 of the Financial Report for more details on fixed assets).



7. INVESTMENTS

	2004 R	2003 R
Unlisted		
Short Term Call Deposits	107,016,022	50,417,510
Long Term Deposits	87,446,989	75,936,600
Total Investments	194,463,011	126,354,110
<hr/>		
Market value of listed investments, and management's valuation of unlisted investments		
Unlisted Investments	194,463,011	126,354,110
<hr/>		
Average rate of return on investments	7.70%	11.56%

The Local Authorities (Investment of Funds) Ordinance, No. 23 of 1935 requires local authorities to invest funds, which are not required, with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investment at a penalty rate to meet commitments.

An amount of R30 000 was written off against the New Republic Bank Investment due to the bank being under curatorship.

A zero coupon bond of R7 966 261 as at 30 June 2004 maturing on 30 June 2014 for a guaranteed redemption of R25 million has been ceded to Standard Merchant Bank.

A sinking fund of R25 794 108 as at 30 June 2004 ceded to INCA has been invested with Investec maturing on 23 February 2009 for a guaranteed redemption of R50 million.

A sinking fund of R8 140 686 as at 30 June 2004 ceded to DBSA has been invested with Gensec maturing on 31 August 2014 for a guaranteed redemption of R36 681 060.

An investment of R5 706 151 as at 30 June 2004 ceded to DBSA has been invested with Investec maturing on 27 March 2008 at R8 498 392.

A sinking fund of R11 105 107 as at 30 June 2004 ceded to INCA has been invested with Absa Bank maturing on 04 August 2011 for a guaranteed redemption of R22 million.

An investment of R3 610 433 as at 30 June 2004 ceded to DBSA has been invested with Absa Bank maturing on 10 December 2017 at R12 million.

An investment of R5 743 863 as at 30 June 2004 ceded to DBSA has been invested with Nedbank maturing on 26 March 2006 at R7 056 335.

An investment of R12 979 571 as at 30 June 2004 ceded to DBSA has been invested with Standard Bank maturing on 29 April 2017 for a guaranteed redemption of R42 411 156.

An investment of R5 459 693 as at 30 June 2004 ceded to DBSA has been invested with Absa Bank maturing on 26 March 2008 at R7 636 599.

The market value of Sanlam Shares acquired upon demutualisation was R805 191 as at 30 June 2004.

	2004 R	2003 R
8. LONG-TERM DEBTORS		
Sporting Body Loans	548,981	832,253
Housing Selling Schemes	400	26,554
Other	-	13,017
Loans to employees	7,398,925	10,623,592
	7,948,306	11,495,416
Less: Short term portion of long term debtors transferred to current assets	(2,319,921)	(2,965,596)
	5,628,385	8,529,820
9. INVENTORY		
Inventory represents consumable stores	13,058,753	13,400,996
10. DEBTORS		
Current debtors (consumer and other)	469,090,988	443,871,442
Less: Provision for bad debts	(162,109,547)	(117,510,024)
	306,981,441	326,361,418
<p>Amounts totalling R21 379 487 (2002/2003 : R89 340 768) were written off against the provision as bad debts. This represents 2,18% (2002/2003 : 9,94%) of the total operating income for the year.</p> <p>In 1997 King William's Town TLC undertook a housing project in Dimbaza of which R24 348 037 was paid and funded by the Provincial Housing Board. At the date of finalizing these statements no record of authorization was obtainable.</p>		
11. DEFERRED CHARGES		
Issue Expenses	72,125	86,750
Interest Expenses	235,191	516,266
	307,316	603,016
12. PROVISIONS		
Bonus Expenses	1,314,549	600,000
Obsolete Inventory	179,139	168,552
Leave Gratuity	13,541,421	13,561,417
Salary Equalisation	12,000,000	-
	27,035,109	14,329,969
13. CREDITORS		
Trade Creditors	119,891,283	113,393,298
Deposits - Other	1,153,148	1,291,214
Amounts received in advance	26,872,615	17,186,374
	147,917,046	131,870,886



14. ASSESSMENT RATES

	Site Valuations as at July 2004 R	2004 Actual Income R	2003 Actual Income R
Residential	1,006,569,854	117,151,118	106,376,572
Other	508,480,991	112,556,957	100,807,838
	1,515,050,845	229,708,075	207,184,410

General Valuations on land and buildings should be conducted every 3 years in terms of the Property Valuation Ordinance of 1993.

The general property valuations came into effect as follows :

East London	1994
King William's Town	1990
Bisho	1995
R 293	1998
Amatole	1991

15. COUNCILLORS REMUNERATION

	2004 R	2003 R
Mayor's Allowance	404,845	371,511
Deputy Mayor's Allowance	320,966	294,465
Councillors' Allowances	10,642,586	9,567,741
	11,368,397	10,233,717

16. AUDITORS REMUNERATION

Audit Fees	1,468,222	1,465,954
	1,468,222	1,465,954

17. FINANCE TRANSACTIONS

Total external interest earned or paid:

Interest Earned	21,198,192	1,706,854
Interest Paid	56,713,419	56,222,305

Capital Charges debited to operating account:

Interest :		
External	1,818,861	1,134,169
Internal	76,574,057	79,392,703
Redemption: External	2,234,512	1,394,145
Internal	70,871,962	65,133,190
	151,499,392	147,054,207

18. RETAINED INCOME

	2004 R	2003 R
APPROPRIATION ACCOUNT		
Accumulated surplus at the beginning of the year	8,438,740	1,668,832
Operating surplus for the year	18,057,668	2,532,791
Appropriations for the year:	(17,139,952)	4,237,117
ADM Take-on Balances	-	532,937
Asset Write-off Provision	-	2,000,000
Audit Fees Provision	(731,500) -	
Bad Debt Provision	(20,000,000) -	
BCMET Operating Subsidy	673,476	-
Billing Prior Year Adjustment	(643,264) -	
Bulk Water Payments Provision	-	575,300
Equitable Share - Rural Development Write-Back	7,211,400	
Interim Rates Adjustment	-	(497,350)
KWT Bank Account Adjustment	73,646	-
KWT Housing Projects Write-Off	(4,891,671) -	
Market Surplus	800,010	1,614,213
Miscellaneous	150,021	(77,215)
Stale Cheques Write-Back	217,930	-
Stock Adjustment	-	52,425
Sundry Creditors Adjustment	-	92,260
Write Backs / Write Offs	-	(55,453)
Accumulated surplus at the end of the year	9,356,456	8,438,740

19. CASH GENERATED BY OPERATIONS

Surplus / (Deficit) for year	18,057,668	2,532,791
Adjustment in respect of:		
Previous year's operating transactions	(17,139,952)	4,237,117
Appropriations charged against income:	23,963,505	26,082,441
- Capital Development Fund	10,545,568	
- Community Facilities Fund	7,648	7,938
- Provisions and Reserves	23,955,857	15,528,935
Capital Charges:		
Interest paid:		
- to internal funds	28,203,197	22,895,259
- on external funds	56,713,419	56,222,305
Redemption:		
- of internal advances	71,090,518	64,729,006
- of external loans	5,177,864	4,365,640
Deferred charges written off	295,700	259,655
Investment Income (Operating Account) (21,198,192)	(1,706,854)	
Non-operating Expenditure:		
Expenditure charged against Provisions and Reserves	(60,856,027)	(36,755,507)
	104,307,700	142,861,853

	2004 R	2003 R
20. (INCREASE) / DECREASE IN WORKING CAPITAL		
(Increase) / decrease in inventory	342,243	(2,250,477)
(Increase) / decrease in debtors, long term debtors	22,927,087	(70,163,948)
Increase / (decrease) in creditors, consumer deposits	18,321,314	41,161,982
	<u>41,590,644</u>	<u>(31,252,443)</u>
21. INCREASE / (DECREASE) IN LONG-TERM LOANS (EXTERNAL)		
Loans raised	68,930,686	24,960,314
Loans repaid	(21,849,048)	(33,659,974)
	<u>47,081,638</u>	<u>(8,699,660)</u>
22. (INCREASE) / DECREASE IN EXTERNAL CASH INVESTMENTS		
Investment realised	9,362,191	21,979,262
Investment made	(77,471,092)	(42,468,437)
	<u>(68,108,901)</u>	<u>(20,489,175)</u>
23. (INCREASE) / DECREASE IN CASH ON HAND		
Cash balance at the beginning of the year	(68,684,895)	(68,996,364)
Less: Cash Balance at the end of the year	8,656,385	(68,684,895)
	<u>(77,341,280)</u>	<u>(311,469)</u>
24. RETIREMENT BENEFITS		

The employees of the Council as well as the Council as employer, contribute to Municipal Pension, Retirement and various Provident Funds as listed below:

- Aftredevoorsieningsfonds vir Kaapse Plaaslike Owerhede
- Cape Joint Pension Fund
- Cape Joint Retirement Fund
- Eastern Cape Local Authorities Provident Fund
- East London Municipal A Band Provident Fund
- Government Employees Pension Fund
- Old Mutual Orion Provident Fund
- SALA Pension Fund
- SAMWU National Provident Fund
- The Aftredevoorsieningsfonds vir Kaapse Plaaslike Owerhede is a fixed contribution fund and therefore an actuarial valuation is not required to be performed.
- The Cape Joint Pension Fund was 87% funded as at the last actuarial valuation on 30 June 2003 which was conducted by D. Klug of Metropolitan Employees Benefits. The Trustees have resolved to change the pension increase policy to target 50% of inflation as measured by the Consumer Price Index. If the valuation basis is adjusted to take this into account, the deficit at the valuation date is eliminated, and the recommended total future service contribution rate will be less than currently paid by members and local authorities.
- The Cape Joint Retirement Fund was in a sound financial condition as at the last actuarial valuation on 30 June 2003 which was conducted by D. Klug of Metropolitan Employees Benefits.
- The Eastern Cape Local Authorities Provident Fund's last valuation was as at 30 June 2003 conducted by F. Petersen from Alexander Forbes and certifies that the fund was in a sound financial condition in terms of the Pensions Fund Act.
- The East London Municipal A Band and Old Mutual Orion Provident Funds are defined contribution funds and are therefore an actuarial valuation is not required to be performed.
- The Government Employees Pension Fund's last valuation was at 31 March 2001 when the fund was 97,5% funded.
- The SALA Pension Fund's last valuation was at 30 June 2003 conducted by S. Feldman of Old Mutual Actuaries and Consultants. The fund was 85.9% funded as at valuation date.
- SAMWU National Provident Fund's last actuarial valuation was at 30 June 2002 and conducted by E. Potgieter from Fifth Quadrant. The report stated that the fund was in a sound financial position.

It is Council's policy to fund 70% of Pensioner's medical aid expenses. The current costs amount to approximately R7.2 million.

	2004 R	2003 R
25. CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS		
Guarantees by the Council in respect of building society and commercial bank housing loans for officials.	3,575,126	3,613,126
Guarantees for Sports Clubs Loans	80,000	127,496
	3,655,126	3,740,622

A failed water pipe line in Mdantsane led to the removal of the contractor from the site which has resulted in a claim in the sum of approximately R650 000.

Buffalo City Municipality concluded an agreement with AST-A Holdings (Pty) Limited in respect of the supply and installation of a wireless network which has not been possible to operate resulting in anticipated legal expenses of approximately R750 000.

Flood damage to Vincent Park Centre has resulted in a possible claim of approximately R31 million. Although no court action has commenced Council's attorney's have been briefed and Council would defend the matter. Council's attorney's have also been instructed to investigate the possibility of recourse through it's Insurers.

A case relating to the saleable value of a landowners property in Phakamisa has resulted in a potential claim of R3 million. Although merits of the case are doubtful, Council are awaiting the re-issue of legal proceedings.

The Department of Water Affairs and Forestry (DWAf) - Eastern Cape has requested payment of approximately R22 million for outstanding water accounts in respect of Noodlyn, Zwelitsha and Phakamisa townships. Council through it's attorney's, have advised DWAf that the payment of accounts prior to the take over of responsibilities by Buffalo City Municipality, vested with Provincial Government.

26. CONSOLIDATED CAPITAL DEVELOPMENT AND LOANS FUND

Accumulated Fund	218,437,698	198,594,367
External Loans	382,947,013	330,406,437
Internal Investments	39,388,433	65,133,714
Temporary Advances	77,159,142	45,520,550
	717,932,286	639,655,068
Less:	(204,952,068)	(139,540,380)
Deferred Charges	72,125	86,750
External Investments	200,810,202	136,138,177
Sundry Debtors	4,069,741	3,315,453
Advances to Borrowing Services (See Appendix B)	512,980,218	500,114,688
Total Income	94,660,773	77,193,342
Interest Earned	94,660,773	77,193,342
Total Expenditure	61,112,046	60,857,251
Interest Paid on Loans	61,097,421	60,837,626
External	56,713,419	56,222,305
Internal	4,384,002	4,615,321
Loan Raising Costs	14,625	19,625
Surplus	33,548,727	16,336,091
50% to Accumulated Fund	16,774,364	8,168,045
50% to Rate and General Services	16,774,363	8,168,045

The internal rates applicable to CCDLF advances for the financial years shown, and impacting on the following years Revised Operating Estimates, are as follows:

15.00%	15.00%
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27. CAPITAL COMMITMENTS

	2004 R	2003 R
Commitments in respect of capital expenditure:		
- Approved and contracted for	41,514,640	49,311,070
- Approved but not yet contracted for	287,286,447	302,666,048
	<u>328,801,087</u>	<u>351,977,118</u>
 This expenditure will be financed from:		
- Consolidated Capital Development and Loans Fund	127,305,447	88,760,934
- Government Grants	157,633,640	196,451,790
- Other	43,862,000	66,764,394
	<u>328,801,087</u>	<u>351,977,118</u>



APPENDIX A

STATUTORY FUNDS, TRUST FUNDS AND RESERVES

	Balance at 30/6/2003 R	Contribution during the year R	Interest on Investments R	Other Income R	Operating Exp. during the year R	Capital Exp. during the year R	Balance at 30/6/2004 R
STATUTORY FUNDS							
EAST LONDON :							
CCDLF	198,594,368	16,774,364	-	3,697,726	628,759	-	218,437,699
WCA	5,395,112	1,238,292	269,756	277,643	1,151,130	-	6,029,673
Self Insurance Fund	16,573,017	-	828,651	3,047,696	1,871,821	-	18,577,543
Community Facilities	1,389,199	7,648	69,460	-	-	-	1,466,307
KING WILLIAM'S TOWN :							
Revolving Fund	99,417,887	-	4,000,951	-	-	-	103,418,838
Parking Areas Development Fund	461,425	-	-	-	-	-	461,425
AMATOLE :							
Land Sales	839,540	-	41,977	-	-	-	881,517
Endowment	38,438	-	1,922	-	-	-	40,360
	322,708,986	18,020,304	5,212,717	7,023,065	3,651,710	-	349,313,362
TRUST FUNDS							
EAST LONDON :							
Cemetery	58,576	-	-	-	58,576	-	-
A.T. Taylor	41,292	-	4,129	-	-	-	45,421
Aquarium	2,640	-	264	-	-	-	2,904
Felzoo	6,881	-	688	-	-	-	7,569
Athletic Track	20,601	-	2,060	-	-	-	22,661
F.E.L.A.	4,540	-	454	-	-	-	4,994
Gompo Survey	143,337	-	14,334	-	-	-	157,671
Upgrade Water Supply	243,234	-	24,323	-	-	249,741	17,816
Community Development	1,405,623	-	140,562	105	-	-	1,546,290
CHT Peplar	30,429	-	3,043	-	-	-	33,472
Map Preparation & Planning	578,331	-	57,833	60,200	-	301,515	394,849
Art Gallery	41,807	-	4,181	-	-	9,854	36,134
Gompo & Mdantsane Art Centres	-	-	-	330,000	-	-	330,000
Legal Fees	52,562	-	5,256	-	57,818	-	-
Mdantsane Upgrade	1,409,044	-	140,904	-	281,409	508,878	759,661
Env. Project John Dube	93,335	-	9,334	-	-	-	102,669
Disaster Relief Fund	19,367	-	1,937	-	-	-	21,304
Pilot Housing Project	120,403	-	12,040	-	-	-	132,443
DVPP Advance	3,294,241	-	329,424	16,700	3,503,002	137,363	-
Reeston Dev - Land Affairs	2,967,537	-	296,754	-	-	-	3,264,291
Transitional Grant	1,079,829	-	107,983	-	-	914,710	273,102
Housing & Infrastructure Development Award	-	-	-	300,000	-	103,542	196,458
Mdantsane Urban Renewal Project (Mt Ruth)	-	-	-	5,000,000	-	-	5,000,000
Ikhwezi Block 1 Development	390,649	-	39,065	-	-	133,342	296,372
Waste Management Compost Project	206,634	-	20,663	-	-	182,353	44,944
Dept Land Affairs Trust	46,862,997	-	3,474,359	-	-	5,615,414	44,721,942
Leiden Trust - Redevelop Duncan Village	-	-	-	162,000	-	-	162,000
Municipal Revenue Enhancement Program	-	-	-	1,550,000	-	527,917	1,022,083
Mdantsane Arts Centre	168,002	-	16,800	-	-	128,845	55,957
Financial Management Grant	2,962,976	-	296,298	3,000,000	7,419	4,659,388	1,592,467
Chris Hani Project	200,620	-	-	1,180,190	1,380,810	-	-
Restructuring Grant	4,746,471	-	474,646	40,000,000	-	14,133,773	31,087,344
Amalinda Co-op Hsg Settlement Project	804,670	-	-	598,886	1,403,556	-	-
Upgrade Kwaklifu Settlement Pakamisa	140,150	-	14,015	-	-	42,735	111,430
Upgrade MD Buffer Strip Phase 1	268,400	-	26,840	-	-	227,349	67,891
Potsdam Village Plan Survey & Upgrade	374,611	-	37,461	666,500	-	852,203	226,369
Ilitha Informal Settlement Upgrade	90,225	-	9,023	-	-	18,622	80,626

	Balance at 30/6/2003 R	Contribution during the year R	Interest on Investments R	Other Income R	Operating Exp. during the year R	Capital Exp. during the year R	Balance at 30/6/2004 R
Kwa Tshatshu Settlement Zwelitsha	68,507	-	6,851	-	-	43,461	31,897
Climate Protection Implementation	130,544	-	13,054	-	-	-	143,598
MD Human Settlement program	35,087	-	3,509	-	-	-	38,596
Seta Trust Fund	2,054,856	-	205,486	-	-	890,884	1,369,458
Sida Development Trust Fund	2,113,126	-	163,414	4,021,791	69,314	5,313,440	915,577
KING WILLIAM'S TOWN :							
Computer Grant	109,255	-	7,039	-	-	37,239	79,055
Grants Government	77,927	-	-	-	-	75,874	2,053
AMATOLE :							
Kaysers Beach Special Grant Ext3	30,619	-	3,062	-	-	-	33,681
Kidds Beach Township Ext 1	46,035	-	4,603	-	-	-	50,638
Macleantown Special Grant	7,009	-	701	-	-	-	7,710
Eureka Water Distribution Grant	17,504	-	1,750	-	-	-	19,254
KWT Community Hall	557	-	56	-	-	-	613
KWT Income Generating Projects	31,611	-	3,161	-	-	-	34,772
EL Community Hall	14,039	-	1,404	-	-	-	15,443
EL Income Generating Projects	35,165	-	3,517	-	-	-	38,682
EL Tribal Kwenxura	60,554	-	-	-	60,554	-	-
EL Tribal Kwelerha	85,313	-	8,531	-	-	85,000	8,844
EL Tribal Nxaruni	93,587	-	9,359	-	-	-	102,946
	73,841,309	-	6,000,170	56,886,372	6,822,458	35,193,442	94,711,951
RESERVES							
EAST LONDON :							
Working Capital	5,276,431	-	-	-	5,276,431	-	-
Computer Maintenance	128,392	-	6,420	-	-	-	134,812
Repair Fund	4,013,096	113,553	200,655	-	13,114	-	4,314,190
Job Creation	1,000,000	-	-	-	-	-	1,000,000
KING WILLIAM'S TOWN :							
Housing Development	658,983	-	-	-	-	-	658,983
Market Square Building	716,870	-	-	-	-	-	716,870
Radio Data Network	3,840,000	-	-	-	-	-	3,840,000
AMATOLE :							
Rate and General	115,234	-	5,762	-	-	-	120,996
Special Services	62,200	-	3,110	-	-	-	65,310
	15,811,206	113,553	215,947	-	5,289,545	-	10,851,161



APPENDIX B

EXTERNAL LOANS AND INTERNAL ADVANCES

EXTERNAL LOANS			Balance at 30/6/2003 R	Received during the year R	Redeemed or written off during the year R	Balance at 30/6/2004 R
Local Registered Stock Issued	Loan No.	Redeemable				
East London :						
1988 @ 16.60%	70	30/06/2008	10,000,000	-	-	10,000,000
1990 @ 16.50%	72	30/06/2010	21,000,000	-	-	21,000,000
1990 @ 17.05%	73	31/12/2011	10,000,000	-	-	10,000,000
1993 @ 15.70%	77	30/06/2005	13,000,000	-	-	13,000,000
1994 @ 14.20%	78	30/06/2014	25,000,000	-	-	25,000,000
1990 @ 17.90%	5/90	30/06/2010	160,000	-	-	160,000
1991 @ 17.50%	1	31/12/2006	1,000,000	-	-	1,000,000
1990 @ 17.65%	3	30/06/2010	464,000	-	-	464,000
1990 @ 17.60%	4	30/06/2005	1,267,000	-	-	1,267,000
1988 @ 17.25%	5	30/09/2008	550,000	-	-	550,000
1988 @ 17.00%	6	30/09/2003	549,259	-	549,259	-
1990 @ 17.75%	9	30/06/2005	94,000	-	-	94,000
1982 @ 11.35%	20	13/08/2005	1,228,000	-	-	1,228,000
			84,312,259	-	549,259	83,763,000
Brought forward			84,312,259	-	549,259	83,763,000
ANNUITY LOANS						
East London :						
1991 @ 16.36%	1502901	31/12/2006	2,257,754	-	625,287	1,632,467
1991 @ 16.36%	1502902	31/12/2006	838,629	-	335,114	503,515
1991 @ 16.36%	1502903	31/12/2006	1,874,529	-	536,128	1,338,401
1991 @ 16.36%	1502904	31/12/2006	638,647	-	314,771	323,876
1994 @ 12.00%	DRC 9905	30/06/2005	4,314,535	-	78,689	4,235,846
1994 @ 10.00%	DRC 8159	31/12/2004	6,618,180	75,241	-	6,693,421
1997 @ 16.60%	SCMB	14/06/2007	29,782,646	-	5,695,431	24,087,215
1999 @ 16.70%	INCA 1	23/07/2009	25,000,000	-	-	25,000,000
1999 @ 16.70%	INCA 2	30/06/2009	25,000,000	-	-	25,000,000
2000 @ 16.90%	INCA 3	30/06/2011	22,000,000	-	-	22,000,000
1999 @ 16.50%	DBSA 40 ML	31/08/2014	38,890,077	-	247,667	38,642,410
2000 @ 16.50%	DBSA 2.5 ML	31/08/2014	2,500,000	-	-	2,500,000
2000 @ 16.50%	DBSA 80 ML	31/12/2021	77,894,737	-	6,315,789	71,578,948
2002 @ 16.50%	DBSA 150ML	31/12/2024	13,796,702	59,140,573	-	72,937,275
1973 @ 8.00%	BB 10	31/12/2004	40,331	-	40,331	-
1973 @ 11.00%	BB 23	30/06/2008	90,507	-	90,507	-
1981 @ 13.125%	BB 27	30/06/2006	43,097	-	43,097	-
1984 @ 15.25%	BB 31	31/12/2014	283,558	-	19,535	264,023
1991 @ 16.85%	BB 32	31/12/2012	489,838	-	43,459	446,379
1993 @ 13.13%	BB 35	30/06/2005	82,706	-	82,706	-
1984 @ 0.00%	BB 95 A	31/12/2004	92,244	-	61,496	30,748
1984 @ 0.00%	BB 95 B	31/12/2004	5,085	-	3,441	1,644
1984 @ 0.00%	BB 96	31/12/2004	9,137	-	6,090	3,047
1986 @ 17.50%	BB 108	30/12/2006	213,106	-	63,428	149,678
1976 @ 8.00%	GON 3	30/06/2006	115,300	-	115,300	-
1979 @ 9.25%	GON 4	30/06/2006	31,375	-	31,375	-
1992 @ 16.85%	GON 5	31/12/2011	777,099	-	45,984	731,115
1992 @ 16.70%	GON 6	31/12/2006	89,592	-	89,592	-
1992 @ 16.60%	GON 7	31/12/2006	668,530	-	155,448	513,082

ANNUITY LOANS						
Local Registered Stock Issued	Loan No.	Redeemable	Balance at 30/6/2003 R	Received during the year R	Redeemed or written off during the year R	Balance at 30/6/2004 R
1994 @ 14.79%	GON 8	31/12/2005	387,486	-	138,489	248,997
1993 @ 14.94%	GON 9	30/06/2013	282,789	-	13,527	269,262
1994 @ 14.94%	GON 10	31/12/2013	284,762	-	12,404	272,358
1994 @ 15.03%	GON 11	31/12/2008	139,335	-	17,783	121,552
1994 @ 14.94%	GON 12	31/12/2013	165,079	-	7,191	157,888
1994 @ 13.41%	GON 13	31/12/2013	1,005,164	-	47,687	957,477
1994 @ 13.26%	GON 14	30/06/2006	126,299	-	126,299	-
1994 @ 13.41%	GON 15	31/12/2013	233,012	-	11,055	221,957
1994 @ 13.09%	GON 16	31/12/2014	494,156	-	20,144	474,012
1994 @ 13.14%	GON 17	31/12/2009	106,282	-	11,176	95,106
1994 @ 13.09%	GON 18	30/06/2014	120,252	-	120,252	-
1978 @ 13.00%	SANLAM 1	30/09/2007	73,056	-	12,859	60,197
1975 @ 9.00%	CJPF 1	30/06/2004	46,178	-	11,125	35,053
1976 @ 11.00%	CJPF 2	30/06/2004	9,611	-	-	9,611
1978 @ 13.00%	CJPF 4	30/06/2008	122,587	-	9,624	112,963
1979 @ 9.50%	CJPF 5	30/06/2009	82,242	-	5,470	76,772
1980 @ 10.00%	CJPF 6	30/06/2005	11,541	-	-	11,541
Staff a/c 22991751	STANNIC		-	9,698,258	2,224,619	7,473,639
Finance Leases :						
1999 @ 16.50%	DCFS	31/08/2004	262,367	-	85,778	176,589
2002 @ 13.50%	DCFS	18/09/2006	666,947	-	316,518	350,429
2001 @ 11.93%	STANNIC	01/09/2005	2,498,599	-	1,029,263	1,469,336
2002 @ 13.65%	WESBANK	30/06/2006	361,815	-	40,084	321,731
2002 @ 13.65%	WESBANK	30/06/2006	107,921	-	13,347	94,574
			262,025,421	68,914,072	19,315,360	311,624,133
Sub Total External Loans (East London)			346,337,680	68,914,072	19,864,619	395,387,133
King William's Town						
1998 @ 14.79%	DBSA8	30/06/2003	372	-	372	-
1997 @ 14.79%	DBSA11	31/12/2003	14,647	-	14,647	-
1997 @ 14.20%	DBSA7	31/12/2004	46,675	-	46,675	-
1997 @ 14.79%	DBSA10	31/12/2003	61,406	-	61,406	-
1986 @ 14.00%	DBSA1	30/09/2006	247,952	-	41,663	206,289
1998 @ 10.00%	DBSA3	31/03/2008	171,496	-	21,924	149,572
1987 @ 10.00%	DBSA4	30/09/2007	1,327,601	-	286,514	1,041,087
1998 @ 10.00%	DBSA5	31/03/2008	613,501	-	117,269	496,232
1988 @ 5.00%	DBSA6	30/09/2008	753,771	-	134,427	619,344
1998 @ 12.00%	DBSA1054/13GE	31/03/2018	1,151,040	16,614	-	1,167,654
Finance Leases :						
Lease Commitments	VARIOUS	31/12/2005	2,165,654	-	1,172,226	993,428
Sub Total External Loans (King William's Town)			6,554,115	16,614	1,897,123	4,673,606
Amathole District Municipality			1,528,717	-	87,306	1,441,411
Total External Loans (Refer to Note 4)			354,420,512	68,930,686	21,849,048	401,502,150

INTERNAL ADVANCES TO BORROWING SERVICES	Balance at 30/6/2003 R	Received during the year R	Redeemed or written off during the year R	Balance at 30/6/2004 R
Consolidated Capital Development	500,114,688	75,836,107	62,970,577	512,980,218
Rate and General Service	300,246,980	51,372,360	44,359,848	307,259,492
Trading Services	196,750,867	24,015,004	18,279,163	202,486,708
Housing Service	1,661,567	448,743	331,566	1,778,744
P.A.D.F.	1,455,274	-	-	1,455,274
Revolving Fund	33,149,300	-	8,119,941	25,029,359

(Refer to Note 26)



APPENDIX C

ANALYSIS OF FIXED ASSETS

Expenditure 2002/2003 R	Service	Budget 2003/2004 R	Balance at 30/6/2003 R	Expenditure during the year R	Redeemed Transferred or Written off R	Balance at 30/6/2004 R
104,395,565	RATE AND GENERAL SERVICES	211,891,589	1,146,635,824	155,393,244	21,791,195	1,280,237,873
30,446,721	Buildings and Properties	124,592,916	390,312,160	78,027,241	6,206,821	462,132,580
17,340,801	Equipment	15,260,000	122,405,814	17,342,264	6,055,227	133,692,851
38,776,440	Roads Construction	37,511,100	456,402,680	34,277,932	8,028,752	482,651,860
17,831,603	Sewerage	34,527,573	177,515,170	25,745,807	1,500,395	201,760,582
33,510,031	HOUSING SERVICE	67,474,339	165,529,290	26,361,200	-	191,890,490
36,155,138	TRADING SERVICES	72,611,190	542,765,074	57,628,085	5,270,875	595,122,284
22,148,056	Electricity	24,013,304	331,781,452	24,326,052	4,349,611	351,757,893
439,962	Market	1,500,000	7,880,561	-	141,547	7,739,014
13,567,120	Water	47,097,886	203,103,061	33,302,033	779,717	235,625,377
-	OTHER FUNDS	-	6,141,328	-	-	6,141,328
-	PADF	-	6,123,800	-	-	6,123,800
-	Dog Tax	-	17,528	-	-	17,528
174,060,734	TOTAL FIXED ASSETS	351,977,118	1,861,071,516	239,382,529	27,062,070	2,073,391,975
(208,116,090)	LESS: LOANS REDEEMED AND OTHER CAPITAL RECEIPTS		(1,330,327,121)	(266,876,876)	(54,212,047)	(1,542,991,950)
69,094,646	Loans redeemed and advances repaid Contributions ex:		466,417,974	76,268,382	27,062,071	515,624,285
16,769,514	Revenue		101,607,413	27,062,071	27,062,071	101,607,413
-	Reserves		3,860,082	-	-	3,860,082
-	Repairs Fund		23,812	-	-	23,812
-	CCDLF		7,092,489	-	-	7,092,489
-	Community Facilities		156,158	-	-	156,158
-	Special Funds		1,613,074	-	-	1,613,074
451,544	Public		2,278,094	566,859	-	2,844,953
100,038,179	Government		589,697,420	130,958,064	87,905	720,567,579
13,145,651	ADM		88,538,311	12,814,333	-	101,352,644
2,397,908	Grants and Donations		29,865,589	13,117,169	-	42,982,758
6,218,648	NER		39,176,705	6,089,998	-	45,266,703
(34,055,356)	NET FIXED ASSETS		530,744,395	27,494,347)	(27,149,977)	530,400,025

APPENDIX D

ANALYSIS OF OPERATING INCOME & EXPENDITURE FOR THE YEAR END 30 JUNE 2004

ACTUAL 2003 R		ACTUAL 2004 R	BUDGET 2004 R
	INCOME		
125,792,012	Government & Provincial grants and subsidies	203,627,339	191,801,277
898,551,079	Operating income:	980,455,926	967,266,001
207,184,410	- Assessment rates	229,708,075	226,600,000
319,501,065	- Sale of electricity	351,472,358	351,728,768
107,586,618	- Sale of water	120,024,457	112,530,000
264,278,986	- Other service charges	279,251,036	277,007,233
1,024,343,091	Total income	1,184,083,265	1,159,067,278
	EXPENDITURE		
360,716,999	Salaries, wages and allowances	409,091,379	428,693,437
581,042,158	General expenses:	628,120,188	657,966,721
192,763,684	- Purchase of electricity	210,647,817	214,146,757
52,233,771	- Purchase of water	54,440,668	60,777,703
336,044,703	- Other general expenses	363,031,703	383,042,261
38,527,793	Repairs and maintenance	50,969,104	52,505,731
147,054,207	Capital charges	151,499,392	155,518,486
2,093,075	Contributions	46,673,293	(5,328,675)
1,129,434,232	Gross expenditure	1,286,353,356	1,289,355,700
(107,623,932)	Less : Amounts charged out	(120,327,759)	(130,752,853)
1,021,810,300	Net expenditure	1,166,025,597	1,158,602,847



APPENDIX E

DETAILED INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 30 JUNE 2004

2003 ACTUAL INCOME R	2003 ACTUAL EXPEN- DITURE R	2003 SURPLUS (DEFICIT) R	DIRECTORATE	2004 ACTUAL INCOME R	2004 ACTUAL EXPEN- DITURE R	2004 SURPLUS (DEFICIT) R	2004 BUDGET SURPLUS (DEFICIT) R
550,648,840	543,350,780	7,298,060	RATE AND GENERAL SERVICES	643,335,512	667,875,205	(24,539,693)	(20,273,200)
346,603,764	275,198,836	71,404,928	Community Services	402,206,814	343,901,836	58,304,978	78,690,330
207,980,002	-	207,980,002	Assessment Rates	230,477,935	-	230,477,935	226,600,000
979,277	23,010,491	(22,031,214)	Corporate Services	1,461,369	16,206,266	(14,744,897)	(16,097,769)
21,570	5,374,353	(5,352,783)	Civil Defence	40,360	6,275,662	(6,235,302)	(6,660,957)
12,489,410	62,775,907	(50,286,497)	Health Services	24,905,660	75,689,828	(50,784,168)	(57,380,926)
3,900,116	83,221,564	(79,321,448)	Public Works	5,163,849	96,383,822	(91,219,973)	(80,752,598)
-	5,295,393	(5,295,393)	Councils General Expenses	4,788,650	10,597,834	(5,809,184)	(5,706,958)
-	5,800,538	(5,800,538)	City Manager	308,353	44,567,906	(44,259,553)	(13,561,399)
2,469,939	38,763,962	(36,294,023)	Administration	2,313,412	45,848,076	(43,534,664)	(39,810,272)
93,612,250	(13,371,717)	106,983,967	Chief Financial Officer	102,770,428	(31,586,845)	134,357,273	130,332,536
7,883,841	27,535,231	(19,651,390)	Planning & Architectural Services	9,955,715	38,596,296	(28,640,581)	(35,115,859)
17,166,016	31,390,583	(14,224,567)	Traffic Services	19,878,943	34,667,923	(14,788,980)	(16,683,348)
-	4,602,909	(4,602,909)	Grant-In-Aid	-	4,938,138	(4,938,138)	(4,100,810)
101,344	799,622	(698,279)	Technical & Scientific Services	142,140	1,716,930	(1,574,790)	(2,371,310)
27,389,552	91,496,420	(64,106,868)	Subsidised Services	32,660,283	95,417,097	(62,756,814)	(66,244,120)
5,173,452	8,942,663	(3,769,211)	Cemeteries and Crematorium	6,303,329	9,429,783	(3,126,454)	(3,653,998)
2,448,470	12,883,070	(10,434,600)	Library	2,581,433	15,176,986	(12,595,553)	(12,582,957)
10,021,239	22,297,605	(12,276,366)	Fire Protection	11,949,419	24,331,760	(12,382,341)	(14,816,652)
2,022,185	11,986,638	(9,964,453)	Municipal Buildings	587,975	2,902,158	(2,314,183)	(2,994,156)
-	-	-	Estates	-	-	-	-
5,546,245	32,743,352	(27,197,107)	Parks and Recreation	7,897,557	39,726,883	(31,829,326)	(31,920,500)
2,177,961	2,643,091	(465,131)	Bus Service	3,340,570	3,849,527	(508,957)	(275,857)
176,655,524	176,655,524	-	Economic Services	208,468,415	228,556,272	(20,087,857)	(32,719,410)
80,536,149	80,536,149	-	Cleansing Service	95,398,759	122,575,535	(27,176,776)	(33,270,249)
96,119,375	96,119,375	-	Sewerage Service	113,069,656	105,980,737	7,088,919	550,839
1,746,896	6,512,165	(4,765,269)	HOUSING SERVICE	2,272,377	6,510,839	(4,238,462)	(435,742)
471,947,355	471,947,355	-	TRADING SERVICES	538,475,376	491,639,553	46,835,823	21,173,373
329,463,746	329,463,746	-	Electricity Service	368,039,588	341,939,620	26,099,968	17,881,719
134,084,184	134,084,184	-	Water Service	161,696,782	140,960,927	20,735,855	3,264,216
8,399,425	8,399,425	-	Market	8,739,006	8,739,006	-	27,438
1,024,343,091	1,021,810,300	2,532,791	TOTAL	1,184,083,265	1,166,025,597	18,057,668	464,431

4,237,117
6,769,908
1,668,832

8,438,740

Appropriations for this year (refer to note 18)
Net surplus / (deficit) for the year
Accumulated surplus / (deficit) at beginning of year

ACCUMULATED SURPLUS /
(DEFICIT) AT END OF THE YEAR

(17,139,952)
917,716
8,438,740

9,356,456

APPENDIX F

STATISTICAL INFORMATION

	2003/2004 R	2002/2003 R
GENERAL STATISTICS		
Population	880,000	701,881
Valuation of : Rateable property		
Land	1,515,050,845	1,180,934,599
Buildings	8,906,226,310	8,451,296,293
Valuation of : Non-Rateable property		
Land	122,318,032	122,571,894
Buildings	300,484,581	326,732,441
Date of valuation	EL-1994:KWT-1990 BISHO-1995:R293-1998	EL-1994:KWT-1990 BISHO-1995:R293-1998
Valuation of : Residential property		
Land	1,006,569,854	723,286,398
Buildings	4,869,926,587	4,833,959,449
Valuation of : Commercial, Industrial & Other		
Land	508,480,991	457,648,201
Buildings	4,036,299,723	3,617,336,844
Number of properties: Residential	103,111	95,356
Commercial, industrial & Other	13,278	11,345
Assessment rates : Cent in the rand		
Residential properties		
Land	EL-9.920:GOVMNT - 4.225 KWT-3.061:BISHO-2.214:R293-2.214	EL-9.018:GOVMNT - 3.674 KWT-2.783:BISHO-2.013:R293-2.013
Buildings	EL-1.242:GOVMNT - 4.225 KWT-3.061:BISHO-2.214:R293-2.214	EL-1.129:GOVMNT - 3.674 KWT-2.783:BISHO-2.013:R293-2.013
Commercial, industrial & other		
Land	EL-13.228:KWT-3.751	EL-12.025:KWT-3.41
Buildings	EL-1.654:KWT-3.751	EL-1.504:KWT-3.41
Number of employees	3,897	3,947
ELECTRICITY STATISTICS		
Number of consumers: Residential	97,904	97,755
Commercial	7,825	6,046
Units bought	1,302,170,878	1,254,919,621
Units sold	1,145,846,661	1,094,616,261
	156,324,217	160,303,360
Units lost in distribution %	12.00	12.77
Cost per unit bought (rand)	0.1613	0.1541
Loss in distribution (rand)	25,215,096	24,709,650
Cost per unit sold (rand)	0.3219	0.2934
Income per unit sold (rand)	0.1606	0.1392
WATER STATISTICS		
Number of consumers : Residential	93,425	92,205
Commercial	5,335	5,226
Units bought	57,342,023	56,078,105
Units sold	32,042,186	32,665,925
Units lost in distribution	25,299,837	23,412,180
Units lost in distribution %	44.00	42.00
Cost per unit bought (rand)	1.449	1.446
Loss in distribution (rand)	36,664,524	33,864,146
Cost per unit sold (rand)	3.886	3.352
Income per unit sold (rand)	2.437	1.906

