

BALANCE SHEET AT 30 JUNE 2004

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	NOTE	2004	2003
CAPITAL EMPLOYED			
FUNDS AND RESERVES			
Statutory funds	1	19,925,930	R 18,636,944
RETAINED INCOME/(ACCUMULATED DEFICIT)		2,565,791	R 4,198,625
TRUST FUNDS	2	2,671,883	R 2,594,055
LONG-TERM LIABILITIES	3	5,695,023	R 6,404,397
CONSUMER DEPOSITS: SERVICES	3	1,087,291	R 1,043,794
		31,945,918	R 32,877,815
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	4	9,767,700	R 11,309,362
INVESTMENTS	5	13,126,532	R 9,422,431
LONG-TERM DEBTORS	6	13,747	R 19,528
DEFERRED CHARGES	7	79,671	R 94,988
NET CURRENT ASSETS/(LIABILITIES)		8,958,268	R 12,031,506
CURRENT ASSETS		53,711,072	R 49,995,857
Inventory	8	813,481	R 1,053,119
Debtors	9	52,886,531	R 48,932,218
Short term portion of long term debtors	6	5,780	R 5,440
Cash		5,280	R 5,080
CURRENT LIABILITIES		44,752,804	R 37,964,351
Provisions	10	4,570,898	R 3,127,342
Creditors	11	31,440,049	R 21,218,656
Short-term portion of Long-Term liabilities	3	646,662	R 657,543
Bank overdraft		8,095,195	R 12,960,810
		31,945,918	R 32,877,815

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2004

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2003	2003	2003		2004	2004	2004	2004
Actual Income	Actual Expense	Actual Surplus (Deficit)		Actual Income	Actual Expense	Actual Surplus (Deficit)	Budget Surplus/ (deficit)
R	R	R		R	R	R	R
R 29,338,575	R 34,305,099	R -4,966,524	RATES & GENERAL SERVICES	R 39,458,530	R 46,039,344	R -6,580,814	R -6,763,605
R 16,088,562	R 24,198,398	R 8,109,836	Community Services	R 23,565,675	R 36,399,836	R -12,834,161	R -14,275,351
R 2,816,781	R 4,500,731	R -1,683,950	Subsidised Services	R 4,466,668	R 4,460,303	R 6,365	R -96,960
R 10,433,232	R 5,605,970	R 4,827,262	Economic Services	R 11,426,187	R 5,179,205	R 6,246,982	R 7,608,706
R 150,719	R 634,438	R -483,719	HOUSING SERVICES	R 325,905	R 719,789	R -393,884	R -634,422
R 23,364,152	R 17,565,292	R 5,798,860	TRADING SERVICES	R 24,421,226	R 16,420,349	R 8,000,877	R 7,398,027
<u>R 52,853,446</u>	<u>R 52,504,829</u>	R 348,617		<u>R 64,205,661</u>	<u>R 63,179,482</u>	R 1,026,179	<u>R 0</u>
		R -2,108,564	Appropriations for the year			R 2,659,013	
		R -1,759,947	Nett Surplus(deficit) for the year			R -1,632,834	
			Accumulated surplus (deficit)			R 4,198,625	
		R 5,958,572	beginning of the year				
		<u>R 4,198,625</u>	ACCUMULATED SURPLUS/ (DEFICIT) END OF YEAR			<u>R 2,565,791</u>	

	NOTE	2004	2003
CASH RETAINED FROM OPERATING ACTIVITIES		9,344,037	R 6,233,764
Cash generated by operations	17	3,137,561	R 1,757,901
Investment income		737,873	R 875,276
(Increase)/decrease in working capital	18	6,512,499	R 2,468,053
		10,387,933	R 5,101,230
Less: External interest paid		1,043,896	R 539,163
CASH AVAILABLE FROM OPERATIONS		9,344,037	R 4,562,067
Cash contributions from the public and the State		0	R 0
Nett proceeds on disposal of fixed assets		0	R 1,671,697
CASH UTILIZED IN INVESTMENT ACTIVITIES			
Investment in fixed assets		107,276	R 92,918
NET CASH FLOW		9,236,761	R 6,140,846
CASH EFFECTS OF FINANCING ACTIVITIES			
Increase/(decrease) in Long-Term-Term-TERM loans	19	-682,398	R -1,732,170
(Increase)/decrease in cash		-200	R -1,800
(Increase)/decrease in cash investments	20	-3,688,548	R -6,065,935
Increase/(decrease) in bank overdraft	21	-4,865,615	R 1,659,059
		-9,236,761	R -6,140,846

	2004	2003
1. STATUTORY FUNDS		
Revolving Fund	R 19,925,930	R 18,636,944
	R 19,925,930	R 18,636,944
2. TRUST FUNDS		
Parking Area Development	R 15,700	R 15,416
Squatters Development Grant	R 161,919	R 204,253
Development Plan Grant	R 105,541	R 103,634
Survey in Michausdal	R 62,385	R 50,212
Community Facilities Fund	R 90,425	R 88,791
Lidbetter Trust Fund	R 7,568	R 7,806
Sport fund Kwanonzame	R 423,321	R 387,826
Middelburg Sport facility Fund	R 19,268	R 18,912
Dog Tax Fund	R 63,272	R 62,879
Emergency Line Fund Kwanonzame	R 53,735	R 52,764
Life Project	R 83,048	R 78,426
Water Pipe Line	R 241,479	R 237,116
Grant Current Expenses C P A	R 674,867	R 662,675
Services Informal Housing	R 32,922	R 32,327
Structure Plan Middelburg	R 50,982	R 50,061
Upgrading Ownership	R 4,688	R 4,603
Industrial Park Survey	R 21,901	R 21,505
Settlement Plan	R 34,923	R 34,293
Housing Development Fund	R 523,939	R 480,556
	R 2,671,883	R 2,594,055
3. LONG-TERM LIABILITIES		
Annuity loans	R 6,341,685	R 7,061,940
Less: Current portion transferred to Current Liabilities		
Annuity loans	R 646,662	R 657,543
	R 5,695,023	R 6,404,397
CONSUMERS DEPOSITS: SERVICES		
Deposits - Consumers	R 1,087,291	R 966,097
- Tenders	R 2,700	R 1,600
- Services C P A	R 8,097	R 8,097
- Driefontein Flats	R 0	R 68,000
	R 1,098,088	R 1,043,794

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Carry interest at rates varying between 7% and 19% per annum and are repayable over periods of between 7 years and 30 years.

4. FIXED ASSETS

Fixed assets at the beginning of the year
 Capital expenditure during the year

Less: Assets written off, transferred or disposed of during the year

Plus: Adjustments
 Total Fixed Assets
 Less: Loans redeemed and other capital receipts
 Nett Fixed Assets

	2004	2003
	R 173,606,965	R 161,568,415
	R 10,009,786	R 13,710,247
	R 183,616,751	R 175,278,662
	R 0	R 1,671,697
	R 183,616,751	R 173,606,965
	R 183,616,751	R 173,606,965
	R 173,849,051	R 162,297,603
	R 9,767,700	R 11,309,362
	R 13,126,532	R 9,422,431
	R 13,126,532	R 9,422,431

5. INVESTMENTS
UNLISTED

Deposits - Banks

An investment of R832 417 and R731 421 are ceded to the bank as security for overdraft facilities.

6 LONG TERM DEBTORS

S P C A
 Cradock Golf Club

Less: Short term portion of long term debtors transferred to

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	R 6,588	R 7,365
	R 12,939	R 17,603
	R 19,527	R 24,968
	R 5,780	R 5,440
	R 13,747	R 19,528
	R 79,671	R 94,988
	R 813,481	R 1,053,119

7 DEFERRED CHARGES

Loan outstanding on Abattoir sold.

8 INVENTORY

Inventory represents consumable stores.

9 DEBTORS

Consumer Debtors
Plus: Amounts paid in advance

Sundry Debtors

less:
Subsidy for the poor
Provision for bad debts

	2004	2003
	54,730,421	58,288,641
	1,875,770	1,659,978
	56,606,192	59,948,619
	900,469	850,933
	57,506,662	60,799,552
	4,620,131	11,867,334
	0	10,087,265
	4,620,131	1,780,069
	52,886,531	48,932,218

10 PROVISIONS

Tariff Stabilization: Water
Tariff Stabilization: Electricity
Maintenance: Reserve
Leave gratuity reserve
Rent reserve
- Rhenosterberg flats

	241,270	236,911
	86,789	85,221
	630,411	622,120
	3,580,304	2,151,546
	28,666	28,148
	3,458	3,396
	4,570,898	3,127,342

11 CREDITORS

Audit fees
Debtors in advance
VAT on Debtors
Trading Creditors
Capital Projects and other miscellaneous accounts

	314,400	483,824
	1,875,770	1,659,978
	4,975,032	3,954,226
	9,317,625	6,192,552
	14,957,222	8,928,076
	31,440,049	21,218,656

12 RATES AND TAXES

Residential
Commercial
State

	2004	2003
VALUATION AS AT 01/07/2003	-	-
	-	-
	391,401,164	5,621,359
	74,920,000	1,348,560
	83,723,890	1,884,229
	550,045,054	8,854,148
		5,098,392
		1,410,677
		1,602,931
		8,112,000

13 COUNCILLORS' REMUNERATION

Mayor's allowance
Councillor's allowances
Councillor's pension contributions

	2004	2003
	160,069	169,464
	706,526	717,093
	124,566	112,208
	991,161	998,765

Note : The allowances in 2003 is higher due to backpay in allowances due to increases.

	2004	2003
14 AUDITORS' REMUNERATION		
Audit fees - current year	314,400	552,600
15 FINANCIAL TRANSACTIONS		
Total external interest earned or paid		
- Interest earned	744,596	906,287
- Interest paid	994,296	1,585,773
Capital charges debited to operating account	1,120,932	1,184,572
Interest - External	918,336	1,026,561
- Internal	202,596	158,011
	1,567,342	1,148,882
Redemption - External	725,895	566,642
- Internal	841,447	582,240
	2,688,271	2,333,454
16 APPROPRIATIONS		
Accumulated surplus at the beginning of the year	4,198,625	5,958,572
Operating (deficit)/surplus for the year	1,026,179	348,617
Prior year adjustments	-2,659,013	-2,108,564
Accumulated (deficit)/surplus at the end of the year	2,565,791	4,198,625
OPERATING ACCOUNT		
Capital expenditure		
Contributions to :	6,489,781	2,362,797
- Maintenance reserves	0	136,677
- Sport facilities	0	10,000
- Tariff stabilization	0	14,042
- Leave gratuity fund	1,200,000	1,122,886
- Provision for Bad Debts	4,648,000	525,000
- Revolving fund	641,781	554,192
	6,489,781	2,362,797
17 CASH GENERATED BY OPERATIONS		
(Deficit)/Surplus for the year	1,026,179	348,617
Adjustments in respect of previous years' operating transactions	-2,659,013	-2,108,564
Appropriations charged against income	6,597,057	2,455,715
Revolving fund	641,781	554,192
Trust funds	0	10,000
Provisions and reserves	5,848,000	1,798,605
Fixed assets	107,276	92,918
Capital charges : Interest paid : Internal funds	202,596	158,011
: External funds	918,336	1,026,561
: Redemption : Internal advances	841,447	582,240
: External loans	725,895	566,642
Investment income (operating account)	21,517	-1,585
Non-operating income: Net income special funds	277,877	8,716
Non-operating expenditure: Expenditure against special funds	4,771,296	1,278,452
	3,137,561	1,757,901

2004

Contributions to SALGA

Opening Balance	0
Council Subscriptions - 2003/2004	159,362
Amount Paid - current year	159,362
Balance	<u>0</u>

Audit Fees

Provision of R314 400 was made in note 14

VAT

All VAT returns have been submitted by the due date throughout the year. The outstanding amount are shown in note 11 under Creditors.

PAYE and UIF

Opening Balance	1,878,997
Current year payroll deductions	2,834,921
-	1,200,000
Amount paid - previous year	181,006
Balance unpaid	<u>3,332,912</u>

The balance are shown in note 11 under Creditors.

Pension and Medical Aid deductions

Balance unpaid	<u>690,618</u>
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The unpaid balance have been paid in July 2004.

	2004	2003
18 (INCREASE)/DECREASE IN WORKING CAPITAL		
(Increase)/Decrease in inventory	239,638	-113,264
(Increase)/Decrease in long term debtors	5,781	7,141
(Increase)/Decrease in debtors	-3,954,313	-8,597,890
Increase/(Decrease) in creditors	10,221,393	11,172,066
	6,512,499	2,468,053
19 INCREASE/(DECREASE) IN LONG-TERM LIABILITIES		
External loans repaid	-725,895	-1,651,734
Increase/(Decrease) in consumer deposits	43,497	-80,436
	-682,398	-1,732,170
20 (INCREASE)/DECREASE IN EXTERNAL CASH INVESTMENTS		
Investments made	-12,728,470	-9,358,807
Interest on investments invested	-716,357	-875,276
Investments realized	9,756,279	4,168,148
	-3,688,548	-6,065,935
21 INCREASE/(DECREASE) IN BANK OVERDRAFT		
Cashbook balance at the beginning of the year	12,960,810	11,301,751
Less: Cashbook balance at the end of the year	-8,095,195	-12,960,810
	4,865,615	-1,659,059
22 REVOLVING FUND		
Internal Investments in the Consolidated Loans Fund	17,570,015	15,444,305
Outstanding advances to borrowing services	2,387,684	3,224,409
Long-Term-Term term debtor		
Temporary advances	0	0
	19,957,699	18,668,714
Outstanding creditors	-31,770	-31,770
Accumulated funds	19,925,929	18,636,944
23 CONSOLIDATED LOANS FUND		
External loans (Appendix B)	329,844	358,098
24 CONTINGENT LIABILITIES		
At the end of 30 June 2004 there were no substantial contingent liabilities		

APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements set out on pages 4 to 23 were approved by the Municipal Manager on 21 September 2004 and presented to Council on 5 October 2004.

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M S TANTSI
MUNICIPAL MANAGER

.....
S P H KRUGER
FINANCIAL MANAGER

24 CONTINGENT LIABILITIES

STATUTORY FUNDS, TRUST FUNDS AND RESERVES

	BALANCE AT 01.07.03	CONTRIBUTIONS DURING THE YEAR	INTEREST ON INVESTMENTS/ ADVANCES	OTHER	EXPENDITURE DURING THE YEAR	BALANCE AT 30.06.2004
STATUTORY FUNDS						
-	R 16,967,958	R 641,781	R 312,189	R 276,202	R 0	R 18,198,130
Revolving fund - Farm sales	R 1,668,986	R 0	R 58,814	R 0	R 0	R 1,727,800
	R 18,636,944	R 641,781	R 371,003	R 276,202	R 0	R 19,925,930
TRUST FUNDS						
-	R 480,556	R 0	R 43,383	R 0	R 0	R 523,939
Sport fund Kwanonzame	R 387,826	R 0	R 35,495	R 0	R 0	R 423,321
-	R 18,912	R 0	R 356	R 0	R 0	R 19,268
Parking Area Development	R 15,416	R 0	R 284	R 0	R 0	R 15,700
-	R 62,879	R 2	R 1,157	R 0	R 766	R 63,272
-	R 52,764	R 0	R 971	R 0	R 0	R 53,735
Water pipe line Lusaka	R 237,116	R 0	R 4,363	R 0	R 0	R 241,479
-	R 662,675	R 0	R 12,192	R 0	R 0	R 674,867
-	R 32,327	R 0	R 595	R 0	R 0	R 32,922
-	R 50,061	R 0	R 921	R 0	R 0	R 50,982
-	R 4,603	R 0	R 85	R 0	R 0	R 4,688
-	R 21,505	R 0	R 396	R 0	R 0	R 21,901
Life Project	R 78,426	R 0	R 4,622	R 0	R 0	R 83,048
Squatters Development Grant	R 204,253	R 0	R 506	R 1,600	R 44,440	R 161,919
Planning Grant	R 103,634	R 0	R 1,907	R 0	R 0	R 105,541
Survey in Michausdal	R 50,212	R 0	R 12,173	R 0	R 0	R 62,385
Community Facilities Fund	R 88,791	R 0	R 1,634	R 0	R 0	R 90,425
Lidbetter Trust Fund	R 7,806	R 0	R 144	R 0	R 382	R 7,568
Settlement Plan	R 34,293	R 0	R 630	R 0	R 0	R 34,923
	R 2,594,055	R 2	R 121,814	R 1,600	R 45,588	R 2,671,883
RESERVES						
Maintenance Rhenosterberg	R 3,396	R 0	R 62	R 0	R 0	R 3,458
Rent reserve	R 28,148	R 0	R 518	R 0	R 0	R 28,666
Tariff Stabilization : Water	R 236,911	R 0	R 4,359	R 0	R 0	R 241,270
Tariff Stabilization : Elect	R 85,221	R 0	R 1,568	R 0	R 0	R 86,789
Maintenance Reserve	R 622,120	R 0	R 11,436	R 103	R 3,247	R 630,412
Bad Debts	R 1,780,069	R 4,648,000	R 0	R 0	R 1,807,938	R 4,620,131
Leave reserve	R 2,151,546	R 1,792,154	R 0	R 0	R 363,396	R 3,580,304
	R 4,907,411	R 6,440,154	R 17,943	R 103	R 2,174,581	R 9,191,030

EXTERNAL LOANS AND INTERNAL ADVANCES

	BALANCE AT 01 July 2003	RECEIVED DURING	REDEEMED DURING	BALANCE AT 30 June 2004
EXTERNAL LOANS				
Annuity loans	R 7,061,940	-	R 720,255	R 6,341,685
INTERNAL ADVANCES				
-	R 3,224,408	-	R 836,724	R 2,387,684
Consolidated Loans Fund	R 358,098	-		R 329,844
	R 3,582,506	-	R 836,724	R 2,717,528

ANALYSIS OF FIXED ASSETS

-		-		BALANCE	-		TRANSFER	BALANCE
2002 2003		2003 2004		AT	2003 2004		OR WRITTEN	AT
				01 July 2003			OFF	30 June 04
R 4,238,098	RATES AND GENERAL SERVICES	R 13,307,902	R 95,048,614	4,003,410				99,052,025
R 248,643	-	R 10,454,401	R 53,731,366	3,925,872				57,657,239
R 201,447	Cemetery	R 1,012,524	R 5,175	12,523				17,698
	Library		R 335,523					335,523
	Stores		R 507					507
	Municipal property, commonage		R 940,929					940,929
	Public works		R 14,177,570	25,705				14,203,275
	Parks, gardens and sport fields		R 7,372,127					7,372,127
	Town halls and offices	R 1,900,000	R 6,195,465					6,195,465
	-	R 33,000	R 0	3,909				3,909
R 18,544	Human Resources		R 21,346,393	11,841				21,358,234
R 28,652	Finance	R 735,000	R 959,587	442,358				1,401,945
	LED	R 73,000		44,452				44,452
	Spa	R 10,000		8,131				8,131
	Street lighting		R 1,212,253					1,212,253
	Traffic		R 536,368					536,368
	Airport		R 74,687					74,687
	Caravan park		R 60,511					60,511
	Roads and Stormwater	R 6,690,877		3,376,953				3,376,953
	Midros Administration		R 162,008					162,008
	Kwanonzame Administration		R 352,263					352,263
	SUBSIDIZED SERVICES	R 3,501	R 1,489,101					1,489,101
	Protection services		R 164,491					164,491
	Health		R 405,385					405,385
	Clinics	R 3,501	R 919,225					919,225
R 3,989,455	-	R 2,850,000	R 39,828,147	77,538				39,905,685
R 3,989,455	Sanitation	R 2,850,000	R 5,158,828	77,538				5,236,366
	Sewerage		R 34,669,319					34,669,319
	HOUSING SERVICES	R 23,652,560	R 401,996	6,006,376				6,408,374
	Driefontein flats		R 212,682					212,682
	Rhenosterberg flats		R 152,300					152,300
	Cradock	R 17,840,000		6,006,376				6,006,376
	Lusaka	R 5,812,560	R 37,014					37,014
R 9,472,149	TRADING SERVICES	R 4,625,000	R 78,156,355					78,156,355
R 45,722	Electricity	R 1,825,000	R 45,633,506					45,633,506
R 9,426,427	Water	R 2,800,000	R 32,522,849					32,522,849
R 13,710,247	TOTAL FIXED ASSETS	R 41,585,462	R 173,606,965	10,009,786				183,616,751
	Less: LOANS REDEEMED AND							
R 18,860,491	OTHER CAPITAL RECEIPTS		R 162,297,603	11,551,451				173,849,054
R 1,148,882	Loans redeemed		R 4,727,341	1,640,538				6,367,879
R 4,094,280	Contributions from operating income		R 115,434,786	107,276				115,542,062
R 13,617,329	Grants and subsidies		R 42,135,476	9,803,637				51,939,113
								0
R -5,150,244			R 11,309,362	-1,541,662				9,767,700

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

ACTUAL 2003		ACTUAL 2004	BUDGETED 2003 2004
	INCOME		
R 2,717,169	Grants and subsidies	11,229,583	11,255,727
R 2,717,169	- Central Government	11,229,583	11,255,727
	- Provincial Government		
	- District Council		
R 50,136,277	Operating Income	52,976,078	58,089,522
R 8,667,077	- Assessment rates	8,854,148	9,560,951
R 15,461,341	- Sale of electricity	17,185,584	16,852,520
R 7,806,826	- Sale of water	6,996,584	7,849,883
R 18,201,033	- Other income	19,939,762	23,826,168
<u>R 52,853,446</u>		<u>64,205,661</u>	<u>69,345,249</u>
	EXPENSES		
R 28,407,341	Salaries, wages and allowances	32,362,701	33,346,562
R 18,225,470	General expenses	20,154,969	24,609,259
R 9,601,037	- Purchase of electricity	9,532,741	10,500,000
R 165,833	- Purchase of water	316,918	394,743
R 8,458,600	- Other general expenses	10,305,310	13,714,516
R 703,235	Repairs and maintenance	1,376,480	2,048,217
R 3,044,016	Capital charges	2,688,274	2,555,598
R 50,186	Contribution to fixed assets	107,276	295,832
R 2,074,580	Contributions	6,489,782	6,489,781
R 52,504,828	Gross Expenditure	63,179,482	69,345,249
R 1,608,268	Less: Amounts charged out	2,307,277	2,304,605
<u>R 50,896,560</u>	Net Expenditure	<u>60,872,205</u>	<u>67,040,644</u>

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2004

2003			2004			
2003	2003	2003	2004	2004	2004	2004
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
R 29,338,575	R 34,305,099	R -4,966,524	RATES AND GENERAL SERVICES			
16,088,562	R 24,198,398	R -8,109,836	39,458,530	46,039,344	-6,580,814	-6,763,605
R 103	R 3,910,395	R -3,910,395	23,565,675	36,399,836	-12,834,161	-14,275,351
R 539	R 290,283	R -290,283	R 0	R 10,026,029	R -10,026,029	R -12,097,892
R 196,678	R 1,356,179	R -1,356,076	R 0	R 448,343	R -448,343	R -443,145
R 0	R 1,450,248	R -1,449,709	R 0	R 695,280	R -695,280	R -1,574,335
R 16,268	R 987,902	R -791,224	R 63,450	R 2,233,182	R -2,169,732	R -2,244,105
R 674,324	R 200,029	R -200,029	R 199,249	R 1,669,489	R -1,470,240	R -1,198,425
R 0	R 52,135	R -35,867	R 0	R 447,846	R -447,846	R -485,111
R 0	R 827,587	R -153,263	R 5,850	R 72,098	R -66,248	R -59,512
R 0	R 13,414	R -13,414	R 116,290	R 377,978	R -261,688	R -381,333
R 5,561,899	R 827,587	R -153,263	R 901,799	R 823,546	R 78,253	R -280,755
R 8,112,598	R 13,414	R -13,414	R 0	R 157,092	R -157,092	R -180,263
R 795	R 5,513,553	R 48,346	R 0	R 33,433	R -33,433	R -145,652
R 0	R 8,112,598	R 8,112,598	R 0	R 111,682	R -111,682	R -152,126
R 10,678	R 292,015	R -291,220	R 750	R 3,434	R -2,684	R -10,218
R 126,259	R 5,513,553	R 48,346	R 0	R 9,322	R -9,322	R -75,000
R 0	R 8,112,598	R 8,112,598	R 10,895,839	R 1,678,918	R 9,216,921	R 9,761,337
R 36,494	R 292,015	R -291,220	R 3,862	R 2,569,324	R -2,565,462	R -2,816,982
R 0	R 8,112,598	R 8,112,598	R 8,854,148	R 0	R 8,854,148	R 9,560,951
R 0	R 292,015	R -291,220	R 0	R 293,478	R -293,478	R -362,909
R 240,403	R 8,112,598	R 8,112,598	R 0	R 807,728	R -807,728	R -978,389
R 0	R 292,015	R -291,220	R 164	R 299,229	R -299,065	R -320,681
R 0	R 8,112,598	R 8,112,598	R 0	R 380,495	R -380,495	R -537,344
R 0	R 292,015	R -291,220	R 0	R 0	R 0	R 0
R 0	R 8,112,598	R 8,112,598	R 660,306	R 1,028,349	R -368,043	R -372,840
R 0	R 292,015	R -291,220	R 11,841	R 708,308	R -696,467	R -697,345
R 0	R 8,112,598	R 8,112,598	R 0	R 688,461	R -688,461	R -724,467
R 0	R 292,015	R -291,220	R 85,165	R 3,214,815	R -3,129,650	R -3,402,053
R 0	R 8,112,598	R 8,112,598	R 5,578	R 34,761	R -29,183	R -42,632
R 0	R 292,015	R -291,220	R 61,793	R 40,612	R 21,181	R 41,965
R 0	R 8,112,598	R 8,112,598	R 0	R 626,488	R -626,488	R -631,831
R 0	R 292,015	R -291,220	R 85,268	R 156,276	R -71,008	R -97,531
R 0	R 8,112,598	R 8,112,598	R 0	R 6,289	R -6,289	R -5,759
R 0	R 292,015	R -291,220	R 45,570	R 423,950	R -378,380	R -388,605
R 0	R 8,112,598	R 8,112,598	R 378,266	R 2,191,965	R -1,813,699	R -1,955,416
R 0	R 292,015	R -291,220	R 0	R 6,557	R -6,557	R -89,084
R 0	R 8,112,598	R 8,112,598	R 0	R 22,957	R -22,957	R -22,801
R 0	R 292,015	R -291,220	R 55,837	R 1,860,868	R -1,805,031	R -1,820,862
R 0	R 8,112,598	R 8,112,598	R 0	R 1,054,816	R -1,054,816	R -979,976
R 0	R 292,015	R -291,220	R 0	R 0	R 0	R 0
R 0	R 8,112,598	R 8,112,598	R 1,134,650	R 1,196,438	R -61,788	R 1,935,775
R 0	R 292,015	R -291,220	R 0	R 0	R 0	R 0
R 0	R 8,112,598	R 8,112,598	R 4,466,668	R 4,460,303	R 6,365	R -96,960
R 0	R 292,015	R -291,220	R 0	R 382,569	R -382,569	R -377,820
R 0	R 8,112,598	R 8,112,598	R 5,565	R 81,293	R -75,728	R -80,619
R 0	R 292,015	R -291,220	R 1,815,241	R 697,519	R 1,117,722	R 1,088,026
R 0	R 8,112,598	R 8,112,598	R 2,645,862	R 3,298,922	R -653,060	R -726,547
R 0	R 292,015	R -291,220	R 11,426,187	R 5,179,205	R 6,246,982	R 7,608,706
R 0	R 8,112,598	R 8,112,598	R 4,784,206	R 3,490,075	R 1,294,131	R 2,501,657
R 0	R 292,015	R -291,220	R 6,641,981	R 1,689,130	R 4,952,851	R 5,107,049
R 0	R 8,112,598	R 8,112,598	R 325,905	R 719,789	R -393,884	R -634,422
R 0	R 292,015	R -291,220	R 325,905	R 719,789	R -393,884	R -634,422
R 0	R 8,112,598	R 8,112,598	R 24,421,226	R 16,420,349	R 8,000,877	R 7,398,027
R 0	R 292,015	R -291,220	R 17,300,319	R 13,846,562	R 3,453,757	R 1,927,223
R 0	R 8,112,598	R 8,112,598	R 7,120,907	R 2,573,787	R 4,547,120	R 5,470,804
R 52,853,446	R 52,504,829	R 348,617	R 64,205,661	R 63,179,482	R 1,026,179	R 0
		R -2,108,564			-2,659,013	
		R -1,759,947			-1,632,834	
		R 5,958,572			4,198,625	
		R 4,198,625			2,565,791	

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The majority of local Municipalities are experiencing major changes in the local Government Environment. This put a challenge towards service delivery and the honoring of historical arrear financial commitments as well as current commitments. It is essential to keep on prioritizing the available limited resources to critical key areas. However, all our reserve funds are not fully invested and it will be addressed in the near future in terms of the proposed provision of GAMAP/GRAP. For long term stability it is crucial that the income base be broadened with the emphasize on debtors collection, asset management and budget control.

BUSINESS RESULTS

Details of the business results per department, classification and purpose of expenses are given in Appendices D and E on page 21 and 22. The general business results for the year ended 30 June 2004 is as follows:

	2003	2004	DIFFERENCE %	2004	DIFFERENCE - BUDGET %
Opening Surplus	R 5,958,572	R 4,198,625			
Business income for the -	R 52,853,446	R 64,200,161	21.47%	R 69,345,249	7.42%
Sundry Transfers					
	<u>R 58,812,018</u>	<u>R 68,398,786</u>		<u>R 69,345,249</u>	
EXPENSES					
Business - for the year	R 52,504,829	R 63,179,482	20.33%	R 69,345,249	8.89%
Sundry -	R 2,108,564	R 2,653,513			
End Surplus	R 4,198,625	R 2,565,791			
	<u>R 58,812,018</u>	<u>R 68,398,786</u>		<u>R 69,345,249</u>	

	- 2003	- 2004	DIFFERENCE %	- 2004	DIFFERENCE - - %
Income	R 29,338,575				
-	R 34,305,099				
Surplus (loss)	R -4,966,524				
Surplus (loss) as % of total income	-16.93%				

Rates and general services is a section where only the economic services is having a greater income than expenses, with the result that shortages is subsidized by the trading services.

HOUSING

	- 2003	- 2004	DIFFERENCE %	- 2004	DIFFERENCE - - %
Income	R 150,719				
-	R 634,438				
Surplus (loss)	R -483,719				
Surplus (loss) as % of total income	-320.94%				

TRADING SERVICES

ELECTRICITY SERVICE

	- 2003	- 2004	DIFFERENCE %	- 2004	DIFFERENCE - - %
Income	R 15,551,572	R 17,300,319	11.24%	R 16,885,542	-2.46%
-	R 14,422,799	R 13,846,562	-3.99%	R 14,958,319	7.43%
Surplus (loss)	R 1,128,773	R 3,453,757		R 1,927,223	
Surplus (loss) as % of total income	7.26%	19.97%		11.41%	

	- 2003	- 2004	DIFFERENCE 0.999500500 %	- 2004	DIFFERENCE - - %
Income	R 7,812,580	R 7,120,907	-8.85%	R 8,046,578	11.50%
-	R 3,142,493	R 2,573,787	-18.10%	R 2,575,774	0.08%
Surplus (loss)	R 4,670,087	R 4,547,120		R 5,470,804	
Surplus (loss) as % of total Income	59.78%	63.86%		67.99%	

CAPITAL EXPENSES

The total capital expenses for the year was R10 009 786.

	2004 Expense	2004 Budget	2003 Expense
Furniture, Fittings, ect.	R 107,276	R 786,000	R 92,918
Vehicles, Implements, ect			
Land and Buildings			
Infrastructure and other constructions	R 9,902,510	R 40,799,462	R 13,617,329
-	R 10,009,786	R 41,585,462	R 13,710,247

The capital expenses was financed as follows:

	2004 Expense	2004 Budget	2003 Expense
Internal loans Revolving Fund			
-			
Contribution out of income	R 27,819	R 64,501	R 92,918
Contribution out of grants/other	R 216,468	R 8,458,583	
CMIP	R 9,765,499	R 33,062,378	R 13,617,329
-	R 10,009,786	R 41,585,462	R 13,710,247

The total external loans outstanding are R6 341 685 and the internal loans from Revolving Fund R2 387 684. An amount of R836 724 is paid for redemption of internal loans. A complete summary of the capital expenses see appendices B on page 19.

My thanks to the Mayor, Chairperson of Finance, Councillors, Municipal Manager and other Managers for their loyalty and cooperation given to me and my staff during the year. I would also like to thank the representatives of the Office of the Auditor General for their professional approach and assistance in this remarkable time of changes in Local Government.

.....
SPH KRUGER
FINANCIAL MANAGER

GENERAL INFORMATION

Pg.1

MEMBERS OF THE INXUBA YETHEMBA MUNICIPALITY

W M Zenzile (Executive Mayor and Chairman - Technical Services & LED Committee)
T D A Nabo (Speaker and)(Technical Services and LED)
D. Theron (Technical Services & LED)
N J Smith (Technical Services & LED)
D P Beja (Chairman Finance)
Z Boss (Finance)
C Hare (Finance)
M O Henge (Finance)
R H Schulze (Finance)
A P Murray (Chairman - Corporate Services)
P Fose (Corporate Services)
T K Gxonono (Corporate Services)
C S Saptoe (Corporate Services)
Y J Zonke (Chairman - Community & Protection Services)
D W Minnaar (Community & Protection Services)
W R Mose (Community & Protection Services)
V N Silwana (Community Services & Protection Services)

Mayoral Committee : W M Zenzile (Chairman)
D P Beja
A P Murray
T D A Nabo
Y J Zonke

AUDITORS

Theron du Plessis

BANKERS

First National Bank

REGISTERED OFFICE

Civic Center	P O Box 24	Tel: (048) 8811515
Market Square	Cradock	Fax: (048) 8811421
Cradock	5880	E-Mail cdktlc@intekom.co.za

MUNICIPAL MANAGER

-

FINANCIAL MANAGER

SPH KRUGER

0

APPROVAL OF FINANCIAL STATEMENTS

Pg.2

The annual financial statements set out on pages 4 to 23 were approved by the Municipal Manager on 20 September 2004 and present to and approved by Council on 20 September 2004.

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M S TANTSI
MUNICIPAL MANAGER

.....
SPH KRUGER
FINANCIAL MANAGER

1 Basis of presentation

- 1.1 These financial statements have been prepared so as to conform to the standards laid down by the IMFO in its Code of Practice for Local Government Accounting (1997) and the Published Annual Financial Statements for Local Authorities (2nd edition 1996, as amended).
- 1.2 The financial statements are prepared on the accrual basis:
- Income is accrued when collectable and measurable. Certain direct income is accrued when received, such as traffic fines and certain licences.
 - Expenditure is accrued in the year it incurred.

2 Consolidation

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

3 -

- 3.1 Fixed assets are stated at historical cost for the Middelburg unit
Fixed assets are stated at market as well as replacement value for the Cradock unit.
An acceptable value will be put in place with the implementation of GAMAP.
- 3.2 Depreciation of assets are not applicable but will change with the implementation of GAMAP/GRAP
- 3.3 All nett proceeds from the sale of fixed property are credited to the Revolving Fund.
- 3.4 Capital assets are financed from different sources, including external loans, subsidies, operating income and internal advances.
- 3.5 Only assets with a historical cost of R500.00 or more, are capitalizes. The other is only shown on inventory lists.

4 Stock

The value of stocks and materials is stated at weighted average.

5 -

- 5.1 Capital Development fund
The Ordinance no 20 of 1974 requires that a certain contribution should be credit to the Revolving Fund. An amount of R641 781 was contributed out of the provision made for Bad Debts.
- 5.2 Dog Tax
All receipts for dog tax are credited against this fund.

6 Provisions

- 6.1 Leave gratuity
This provision is being built up with contributions from the operating account to provide for the payment of accumulated leave of persons resigning from service in Council and to make provision to adhere to new legislation around standard employment service contracts.
- 6.2 Bad Debts
This provision is being built up with contributions from the operating account to provide for the payment of bad debts occurring from debtors driven by the affordability of increased tariffs.

7 Surpluses and Deficits

Any surpluses or deficits arising from the operating of the Electricity, Water and Housing services are transferred to Rates and General services.
The council applies a differential site rating system.

8 Treatment of administration and other overhead expenses

The cost of internal support services are transferred to the different services that are making use of such services

9 -

Investments are shown at original cost and are invested in securities prescribed in section 2(i) of Ordinance 23 of 1935. In some cases the interest on investments are capitalized. These Investments are shown at original cost plus accumulated interest.

10 Income recognition

10.1 Electricity and Water billing

Meters are read and billed monthly, except in December 2003, when the consumption of water and electricity is estimated. If readings cannot be taken, a provision levy based on the average consumption, is calculated.

10.2 -

The council applies a differential site rating system.

STATISTICAL INFORMATION	2003	2004	2004	2005
CRADOCK AND MIDDELBURG				
General Statistics				
Population		70,953		
Registered Votes		29,362		
Area (Square km)		26		
Total Valuation				
- Non taxable		35,305,470		
- State Properties		119,477,700		
- Residential & Commercial		472,323,794		
Valuation date - 2001/2002				
Number of sites - Residential		12230		
- Commercial		500		
Tax Rate: - Basis		1.40	- 1.80	
Sanitation (Refuse)				
Km traveled		38732		
Refuse removed (kub m)		33854		
Cost per kub m removed		279.78		
Income per kub m removed		140.76		
Electricity				
Units (kwh) purchases		61,350,978		
Purchase price per kwh		16.04		
Units (kwh) sold		53,498,053		
Units (kwh) lost during distribution		7,852,925.00		
Percentage lost during distribution		12.8		
Cost per unit sold		17.81		
Income per unit sold		32.12		
No trading takes place in Lingelihle as Eskom is the supplier				
Water - Cradock				
KI purchases		3,709,895		
Purchase price per KI		0.068		
KI sold		3,465,646		
Percentage lost during distribution		9.5		
Cost per unit purchased		0.95		
Income per KI sold for both units		1.46		
Prepaid meters installed in Lingelihle & Michausdal since June 2003				
Water - Middelburg				
KI pumped		1735117		
KI sold		1346621		
Percentage lost during distribution		22.3		
Cost per unit pumped		0.78		
Water in Lusake not metered.				
Cost recovered through levy				