

**FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2004**

LUKHANJI MUNICIPALITY

**FINANSIELE STATE
VIR DIE BOEKJAAR GEEINDIG
30 JUNIE 2004**

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GENERAL INFORMATION

MEMBERS OF THE FULL TIME COUNCIL

Councillor G N Xoseni (Mayor)
Councillor M E Dapula
Councillor P J Cloete
Councillor Z A Beje
Councillor T T Madubedube
Councillor M Gongqa (Member-Not Full Time)

MEMBERS OF THE PART TIME COUNCIL

Councillor B M Adoons
Councillor K Apolis
Councillor Z A Deliwe
Councillor V V Dondolo
Councillor T Fikizolo
Councillor N Gatyei
Councillor M E Hoko
Councillor A E Hulushe
Councillor A B Jakob
Councillor T M Jocki
Councillor K H Kedema
Councillor O Ketelo
Councillor O Keva
Councillor D M Lali
Councillor M S Lufodo
Councillor E F Luppnow
Councillor J H Madlongwana
Councillor Z H Makwayiba
Councillor X S Mandaba
Councillor M Mangqangwana
Councillor G S Mateta
Councillor M S Mayekiso
Councillor N O Mfenyana
Councillor S E A Mrwebi
Councillor Z Mtongana
Councillor Mzimkulu
Councillor N E Haiya
Councillor C J Niewoudt
Councillor S Nxele
Councillor M R Pambo
Councillor M Piliso
Councillor F W Sewe
Councillor L L Skweyiya
Councillor N E Simayile
Councillor N S Sindilima
Councillor N Sixabayi
Councillor G P Sizakele
Councillor E F Smuts
Councillor F S Sopapaza
Councillor N C Twalo
Councillor N S Yekani

GRADING OF LOCAL AUTHORITY

Grade 8

AUDITORS

Auditor-General

BANKERS

ABSA Bank

REGISTERED OFFICE

70 Cathcart Road

QUEENSTOWN

5320

Private Bag X7111

QUEENSTOWN

5320

Telephone 045-807 2773

Fax 045-807 2733

MUNICIPAL MANAGER

P BACELA

DIRECTOR OF FINANCE

T de Bruin (Ex-officio)

TREASURER'S REPORT

1. INTRODUCTION

Due to the control over expenditure the total expenditure for 2003/04 stayed within the budgeted figure for expenditure which resulted that the year was closed off with a operating surplus of R9 131 081. The surplus as at 30 June 2004 has increased from R40 565 525 to R52 238 499.

2. OPERATING RESULTS

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

INCOME	Actual 2002/03 R	Actual 2003/04 R	Variance Actual 03/ Actual 04 %	Budget 2003/04	Variance Actual/ Budget 03/04 %
Opening surplus	28,279,728				
Operating income for the year	125,768,681	135,559,594	7.78%	131,982,380	2.71%
Closing deficit					
	154,048,409	135,559,594		131,982,380	
EXPENDITURE					
Opening deficit					
Operating expenditure	116,474,106	126,428,512	8.55%	131,961,780	-4.19%
Sundry transfers	(2,991,222)				
Closing surplus	40,565,525	9,131,082		20,600	
	154,048,409	135,559,594		131,982,380	

2.1 RATE AND GENERAL SERVICES

	Actual 2002/03 R	Actual 2003/04 R	Variance Actual 03/ Actual 04 %	Budget 2003/04	Variance Actual/ Budget 03/04 %
Income	61,122,765	71,158,290	16.42%	73,360,440	-3.00%
Expenditure	66,014,211	74,787,292	13.29%	77,644,780	-3.68%
Surplus/Deficit	(4,891,446)	(3,629,002)	-25.81%	(4,284,340)	-15.30%
Surplus (Deficit) as % of total income	-8.00%	-5.10%		-5.84%	

2.2 HOUSING SERVICE

	Actual 2002/03 R	Actual 2003/04 R	Variance Actual 03/ Actual 04 %	Budget 2003/04	Variance Actual/ Budget 03/04 %
Income	94,608	102,721	8.58%	102,160	0.55%
Expenditure	24,620	29,215	18.66%	32,980	-11.42%
Surplus/Deficit	69,988	73,506	5.03%	69,180	6.25%
Surplus (Deficit) as % of total income	73.98%	71.56%		67.72%	

2.3 TRADING SERVICES

ELECTRICITY

	Actual 2002/03 R	Actual 2003/04 R	Variance Actual 03/ Actual 04 %	Budget 2003/04	Variance Actual/ Budget 03/04 %
Income	45,123,124	45,795,363	1.49%	41,111,140	11.39%
Expenditure	34,416,570	35,695,333	3.72%	38,049,760	-6.19%
Surplus/Deficit	10,706,554	10,100,030	-5.66%	3,061,380	229.92%
Surplus (Deficit) as % of total income	23.73%	22.05%		7.45%	

WATER

	Actual 2002/03 R	Actual 2003/04 R	Variance Actual 03/ Actual 04 %	Budget 2003/04	Variance Actual/ Budget 03/04 %
Income	19,421,124	18,503,219	-4.73%	17,408,640	6.29%
Expenditure	16,014,072	15,916,671	-0.61%	16,234,260	-1.96%
Surplus/Deficit	3,407,052	2,586,548	-24.08%	1,174,380	120.25%
Surplus (Deficit) as % of total income	17.54%	13.98%		6.75%	

3. CAPITAL EXPENDITURE

	Actual 2003/04 R	Budget 2003/04 R	Actual 2002/03 R
Vehicles	423,280	3,895,000	729,520
Buildings	457,390	100,000	177,584
Roads/Stormwater Drainage		29,467,010	1,195,653
Other Infrastructure	2,999,455	68,223,780	
Other	1,605,824	187,703,920	433,317
	5,485,949	289,389,710	2,536,074

Resources used to finance the fixed assets were as follows :

	Actual 2003/04 R	Budget 2003/04 R	Actual 2002/03 R
Consolidated Loans Fund	1,861,700	11,378,550	1,287,032
Contributions from operating income	104,163	446,120	213,922
Other Funds	3,520,086	277,565,040	1,035,120
	5,485,949	289,389,710	2,536,074

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

4. EXTERNAL LOANS, INVESTMENTS AND CASH

External loans outstanding on 30 June 2004 amounted to R6 131 318 as set out in appendix B. During the year interest were accrued on one loan and amounted to R365 635 and loans totalling R233 178 were repaid.

Investments and cash on 30 June 2004 amounted to R27 857 443 (R21 484 337 in 2003).

The bank overdraft on 30 June 2004 amounted to R11 635 302 (R8 376 880 in 2003).

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

5. FUNDS AND RESERVES

The consolidated capital development and loans fund has increased with R1 842 585 to R28 922 876. Advances amounting to R1 861 700 has been granted to borrowing accounts while R2 328 204 has been repaid. The total advances to borrowing accounts amounted to R22 621 949 on 30 June 2004.

More information regarding funds and reserves are disclosed in notes 1 to 3, 11 and appendix A to the financial statements.

EXPRESSION OF APPRECIATION

I am grateful to the Mayor, Councillor's, the Municipal Manager and Directors of Departments for their support during the past year. A special word of thanks to the staff of the Finance Directorate for their support and loyalty.



T de Bruin
DIRECTOR : FINANCE

30 September 2004

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 Finance Officers in its Code of Accounting Practice (1997) and Report on Published Annual Financial Statements (Second edition-January 1996).
- 1.2 The financial statements are prepared on the historical cost basis, adjusted for capital expenditure as more fully detailed in note 3. The accounting policies are consistent with those applied in the previous year, except if otherwise indicated.
- 1.3 The financial statements are prepared on the accrual basis :
 - 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 is incurred.

2. CONSOLIDATION

The balance sheet includes Rate and General services, Housing services, Trading 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. 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 as determined by the treasurer.
- 3.2 Depreciation

Vehicles and machinery under the vehicle fleet are depreciated at 25% and equipment at 10% as determined by the Council's policy up to a nominal value. 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, however, certain structural differences do exist. By way of this "Provision" assets are written down over their estimated useful life. Apart from advances from the various council funds, assets may also be acquired through :

 - Appropriations from 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 net proceeds from the sale of fixed assets are credited to the Consolidated Loans Fund.
- 3.4 Capital assets are financed from different sources, including external loans, operating income and internal advances. These loans and advances are repaid within the estimated lives of the assets acquired from such loans or advances. Interest is charged at the ruling interest rate applicable at the time the advance is made and is charged to the service concerned.

4. STOCK

Stock is also reflected in the Balance Sheet at the lower of cost, determined on the weighted average basis, and net reliable value. Provision has also been made for stock obsolescence.

5. FUNDS AND RESERVES

5.1 Capital Development Fund

The Capital Development Fund Ordinance No 20 of 1974 requires a minimum contribution of seven and a half percent of the product of assessment rates in respect of the financial year immediately preceding the financial year for which such contribution is required to be made.

5.2 Parking Areas Development Fund

The net surplus from the operating of parking meters are credited to this fund. The fund is utilised to create sufficient parking facilities in the business area.

5.3 Dog Tax Account

The Dog Ordinance No 19 of 1978 section 4(1) determines that all the dog tax received be credited to this account.

5.4 RESERVES

Reserve Funds are utilised for purposes unknown and which may occur in the future. Contributions are made from the operating account and in certain instances according to the policy of the Department of Housing e.g. Renat reserve.

5.5 PROVISIONS

Provisions are utilised for specific purposes and contributions are made from the operating account.

5.6 TRUST FUNDS

Funds are paid to the Council for a specific purpose and consists of grants, subsidies and bequests from the public or higher authorities.

6. RETIREMENT BENEFITS

The employees of Queenstown TLC contribute to the Cape Joint Pension Fund/Retirement Fund, the South African Local Authorities Pension Fund, the Transkei Municipal Pension Fund and the Old Mutual Provident Fund. Councillors contribute to the Pension Fund for Municipal Councillors. Current contributions are charged against the operating account at the rate of a fixed percentage of the basic salary paid to employees and Councillors.

7. SURPLUSES AND DEFICITS

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

8. TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES

Administration charges are allocated to each department on a percentage basis, based on the actual expenditure from the previous year. Interdepartmental users are charged at actual cost and debited to each user department.

9. INVESTMENTS

Investments are shown at the lower of cost or market value if a permanent decline in the value occurs, and are invested per Circular No C/46/1994 issued by the Provincial Administration, Community Services Branch.

10. INCOME RECOGNITION

10.1 Electricity and Water Billing

All electricity and water meters are read and invoiced on a monthly basis. If a reading cannot be obtained a estimated reading, based on the average consumption is made. Income is recognised on the date when invoicing is done.

10.2 Assessment Rates

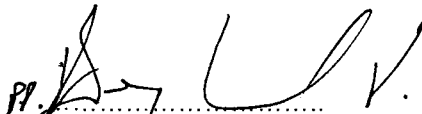
Assessment Rates are levied at the same tariff for land and improvements. Rebates are granted according to Council's Policy. Income is recognised when the annual levies are done.

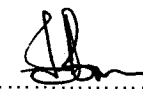
11. CONSOLIDATED LOANS FUND

The capital resources of the Consolidated Loans Fund consist both of external and internal loans. Advances are made to borrowing departments at an interest rate approved by the Premier. Loans are repaid over the useful life of the asset acquired.

BALANCE SHEET FOR THE YEAR ENDED 30 JUNE 2004

	Note	2004 R	2003 R
CAPITAL EMPLOYEED			
FUNDS AND RESERVES		32,209,414	29,753,519
Statuary Funds	1	28,922,876	27,080,291
Reserves	3	3,286,539	2,673,228
(ACCUMULATED DEFICIT)/RETAINED SURPLUS	17	50,080,663	38,611,070
		82,290,077	68,364,589
TRUST FUNDS	2	27,671,912	22,294,684
LONG-TERM LIABILITIES	4	5,267,475	4,875,263
CONSUMER DEPOSITS : SERVICES	5	4,884,867	4,015,481
		120,114,331	99,550,017
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	6	18,777,920	19,244,424
INVESTMENTS	7	293,351	68,384
LONG-TERM DEBTORS	8	147,700	235,389
		19,218,971	19,548,197
NET CURRENT ASSETS/LIABILITIES		100,895,361	80,001,820
CURRENT ASSETS		129,261,330	108,407,332
Stock	9	1,039,755	1,209,891
Debtors	10	99,746,654	84,835,103
Cash		948,534	950,181
Short-term portion of Investments	7	26,615,558	20,465,772
Short-term portion of Long-term debtors	8	910,829	946,385
CURRENT LIABILITIES		-28,365,970	-28,405,512
Provisions	11	2,930,605	3,159,570
Creditors	12	12,936,219	15,745,463
Short-term of Long-term liabilities	4	863,844	1,123,598
Bank overdraft		11,635,302	8,376,880
		120,114,331	99,550,017


 P BACELA
 MUNICIPAL MANAGER


 CERTIFIED AS CORRECT
 T DE BRUIN
 DIRECTOR : FINANCE

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2004

2003 Actual Income R	2003 Actual Expenditure R	2003 Surplus/ (Deficit) R		2004 Actual Income R	2004 Actual Expenditure R	2004 Surplus/ (Deficit) R	2004 Budget Surplus/ (Deficit) R
RATE AND GENERAL							
61,129,826	66,018,845	(4,889,019)	SERVICES	71,158,290	74,787,292	(3,629,002)	(4,284,340)
35,343,776	40,251,460	(4,907,684)	Community Services	43,299,339	47,599,220	(4,299,881)	(5,819,240)
503,321	9,218,639	(8,715,318)	Subsidised Services	2,369,543	10,317,009	(7,947,466)	(8,329,650)
25,282,729	16,548,746	8,733,983	Economic Services	25,489,409	16,871,064	8,618,345	9,864,550
94,608	24,620	69,988	HOUSING SERVICES	102,721	29,215	73,506	69,180
64,544,248	50,430,642	14,113,606	TRADING SERVICES	64,298,582	51,612,004	12,686,578	4,235,760
125,768,681	116,474,106	9,294,575	TOTAL	135,559,594	126,428,512	9,131,082	20,600
Appropriations for this year							
		2,991,222	(Refer to note 17)			2,541,892	
Net surplus/(deficit) for the year							
		12,285,797				11,672,974	
Accumulated surplus/(deficit) beginning of the year							
		28,279,728				40,565,525	
ACCUMULATED SURPLUS/(DEFICIT) END OF YEAR							
		40,565,525				52,238,499	

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2004

	2004 R	2003 R
CASH RETAINED FROM OPERATING ACTIVITIES :	(33,691,309)	(37,992,298)
Cash receipts from ratepayers, consumers, and users of services	176,958,625	108,862,818
Cash paid to employees and suppliers From Operations	(209,300,632)	(145,738,536)
Investment Income	(32,342,007)	(36,875,718)
Interest paid	157,786	409,163
	(1,507,088)	(1,525,743)
INVESTING ACTIVITIES	(63,206,574)	(14,742,773)
Purchase of property, plant and equipment	(63,711,189)	(16,540,045)
Proceeds from disposal of fixed assets		(265,488)
Receipts from long term debtors	504,415	2,062,760
Increase in cash on hand	200	
FINANCING ACTIVITIES	93,637,816	51,459,854
Net loans repaid	(233,178)	(4,785,947)
Increase in consumer deposits	869,387	873,503
Cash contribution from public and state	93,001,607	55,372,298
NET CASH GENERATED	(3,260,067)	(1,275,217)
Cash resources at beginning of year	(7,426,699)	(6,083,098)
Cash resources at 30 June 2004	(10,686,766)	(7,358,314)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

	2004 R	2003 R
1. STATUTORY FUNDS		
Consolidated Loans Fund	28,922,876	27,080,291
(Refer to Appendix A for more detail)	<u>28,922,876</u>	<u>27,080,291</u>
2. TRUST FUNDS		
Grants, Subsidies and Bequests	27,662,029	22,285,728
Mayor's Christmas Fund	75	75
Storm Relief Fund	9,808	8,881
(Refer to Appendix A for more detail)	<u>27,671,912</u>	<u>22,294,684</u>
3. RESERVES		
Rental Reserve	2,126,193	1,792,730
Rapirs and Renewals	1,084,705	788,669
Other	75,641	91,829
(Refer to Appendix A for more detail)	<u>3,286,539</u>	<u>2,673,228</u>
4. LONG TERM LIABILITIES		
Local Registered Stock		
Annuity Loans	6,131,318	5,998,861
	<u>6,131,318</u>	<u>5,998,861</u>
Less : Current portion transferred to current liabilities	(863,844)	(1,123,598)
Local Registered Stock		
Annuity Loans	863,844	1,123,598
(Refer to Appendix B for more detail on long term liabilities)	<u>5,267,475</u>	<u>4,875,263</u>
LOCAL REGISTERED STOCK		
Stock was issued at rates between 10,85% and 13,70% per annum and is repayable over periods between five and twenty years.		
ANNUITY LOANS		
Loans bear an interest rate between 2% and 17,25% and are repayable over periods.		
5. CONSUMER DEPOSITS		
Electricity and Water	4,884,867	4,015,481
Guarantees in lieu of electricity deposits were R20 320.	<u>4,884,867</u>	<u>4,015,481</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

	2004 R	2003 R
6. FIXED ASSETS		
Fixed Assets at the beginning of the year	191,858,406	190,521,043
Capital Expenditure during the year	5,485,949	2,536,074
Less : Assets written off, transferred or disposed of during the year	(928,480)	(1,198,712)
TOTAL FIXED ASSETS	196,415,875	191,858,406
Less : Loans redeemed and other capital receipts	(177,637,955)	(172,613,982)
NET FIXED ASSETS	18,777,920	19,244,424
(Refer to Appendix C for more detail)		
7. INVESTMENTS		
Listed		
RSA Internal Registered Stock	18,500	18,500
	<u>18,500</u>	<u>18,500</u>
Unlisted		
Fixed deposits	274,851	256,144
Call deposits	26,615,558	20,259,512
	<u>26,890,409</u>	<u>20,515,656</u>
TOTAL INVESTMENTS	26,908,909	20,534,156
Market value of listed investments and managements valuation of unlistewd investments		
Listed	23,200	23,200
Unlisted	<u>31,536,157</u>	<u>31,536,157</u>
Average rate of return on investments	8.71%	11.42%
Funds are invested according to Circular No C/46/1994 issued by Provincial Administration Community Services Branch with approved banking institutions.		
No investments were written off during the year.		
8. LONG TERM DEBTORS		
Loans to :		
Housing Loans	6,378	6,378
Sale of Land	787,692	756,915
Study Loans	80,831	53,763
Vehicle Loans	183,628	364,718
	<u>1,058,529</u>	<u>1,181,774</u>
Less : Current portion transferred to current assets	910,829	946,385
	<u>147,700</u>	<u>235,389</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

	2004 R	2003 R
9. INVENTORY		
Stock represents consumable stores, raw materials and finished goods.	1,399,755	1,519,891
Less : Stock Obsolescence	(360,000)	(310,000)
	<u>1,039,755</u>	<u>1,209,891</u>
10. DEBTORS		
Current Debtors	3,390,625	6,897,833
30 Days Outstanding	4,146,515	4,405,275
60 Days Outstanding	3,001,943	2,942,787
90 Days Outstanding	2,508,195	2,454,995
120 Days and more Outstanding	109,658,320	89,155,784
Plus : Payments in Advance	1,749,372	2,270,311
Plus : Unknown Payments	467,808	1,309,696
	<u>124,922,778</u>	<u>109,436,681</u>
Less : Provision for Bad Debt	(25,176,124)	(24,601,578)
	<u>99,746,654</u>	<u>84,835,103</u>
11. PROVISIONS		
Leave Gratuity	2,127,224	2,606,189
Valuation Expenses	803,381	553,381
	<u>2,930,605</u>	<u>3,159,570</u>
12. CREDITORS		
Trade Creditors	3,751,345	3,109,595
Other	9,184,874	12,635,868
Deposits : Other		
	<u>12,936,219</u>	<u>15,745,463</u>
13. ASSESSMENT RATES		
	2004 R Actual Income	2003 R Actual Income
Residential	6,478,783	5,849,178
Commercial	1,023,761	1,076,550
Industrial	1,697,296	939,580
Business	1,416,920	1,746,760
Institutional	13,175	12,098
Agricultural	3,730	3,425
Educational	1,199,481	1,096,764
State	1,199,260	1,077,505
Transnet	101,783	97,970
Post and Telecommunications	60,391	55,395
Municipal	29,616	33,417

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

	2004 R	2003 R
Grant-in-Aid	88,324	81,103
Sport Clubs	31,844	29,196
	<u>13,344,365</u>	<u>12,098,943</u>

Valuations on land and improvements are performed every four years and the last general valuation came into effect on 1 July 1998. The basic rate was 1,46 per cent in the Rand on land and improvements. The following rebates were granted :

Residential	15%
Commercial	5%
Industrial	5%
Business	5%
Institutional	5%
Agricultural	15%
Educational	20%
State	20%
Grant-in-Aid	100%
Residential-R1300	23.75%

14. COUNCILLOR'S REMUNERATION

Mayor's allowance	208,092	191,949
Executive Councillors allowances	634,692	573,556
Councillor's allowances	2,062,296	2,828,673
Councillor's pension contribution	407,559	282,377
Councillor's medical aid contribution	142,556	107,737
	<u>3,455,195</u>	<u>3,984,292</u>

15. AUDITOR'S REMUNERATION

Audit Fees	<u>393,526</u>	<u>438,465</u>
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16. FINANCE TRANSACTIONS

Total external interest earned or paid :

Interest Earned	<u>2,893,546</u>	<u>1,414,800</u>
Interest Paid	<u>1,507,088</u>	<u>1,525,743</u>

Capital charges debited to operating account :

Interest :	3,931,094	4,006,222
: External		
: Internal	3,931,094	4,006,222

Redemption :

: External	2,521,024	2,385,848
: Internal	2,521,024	2,385,848
	<u>6,452,118</u>	<u>6,392,070</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

	2004 R	2003 R
17. APPROPRIATIONS		
Appropriation account :		
Accumulated deficit at the beginning of the year	40,565,525	28,279,728
Operating surplus for the year	6,973,246	7,340,121
- Rate and General services	9,131,082	9,294,575
- Dog Tax fund	19,896	12,086
- Parking Areas Development Fund	(2,177,732)	(1,966,540)
Appropriations for the year	2,541,892	2,991,222
	<u>50,080,663</u>	<u>38,611,071</u>
 The accumulated deficit at the end of the year is made up as follows :		
- Rate and General services	52,238,499	40,565,525
- Dog Tax fund	19,896	12,086
- Parking Areas Development Fund	(2,177,732)	(1,966,540)
	<u>50,080,663</u>	<u>38,611,071</u>
 Operating Account :		
Capital expenditure	104,163	950,417
Contributions to :		
Bad Debt	1,000,000	1,000,000
Leave Gratuity	500,000	500,000
Removal Expenses	20,000	20,000
Rental reserve	33,230	33,110
Stock Obsolescence	50,000	50,000
Valuation expenses	250,000	250,000
	<u>1,957,393</u>	<u>2,803,527</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

	2004 R	2003 R
18. CASH GENERATED BY OPERATIONS		
Surplus for the year	9,131,082	9,294,575
Adjustments in respect of previous years operating expenses	(2,541,892)	(22,794,752)
Appropriations charged against income :	(7,726,077)	(2,833,178)
Contributions	1,820,000	1,903,110
Administration Charges	(4,790,220)	4,961,070
Fixed Assets	5,381,786	2,536,074
Long Term Debtors	(504,415)	(2,062,760)
Less : Brought to Account	(10,891,938)	(11,794,589)
Contribution Ex CCDLF	1,121,317	1,369,893
Provisions and Reserves	33,230	33,110
Fixed Assets	104,163	220,915
Capital Charges :	6,452,118	6,392,070
Interest Paid		
- to internal funds	3,931,094	4,006,222
- to external loans		
Redemption Paid		
- to internal funds	2,521,024	2,385,848
- to external loans		
<u>Grants and Subsidies (Operating Account)</u>	(26,018,989)	(25,548,598)
Non-operating income :	69,266,025	30,154,174
Funds	69,088,417	29,823,700
Reserves	177,608	330,474
Non-operating expenditure :	(64,346,245)	(20,085,212)
Expenditure charged against Accumulated Fund	48,041	4,873
Expenditure charged against Trust Funds	63,711,189	16,541,357
Expenditure charged against Reserves	49,263	3,276,811
Expenditure charged against Provisions	478,965	156,715
Expenditure charged against Consolidated Loans Fund	58,787	105,456
(Increase)/decrease in stock	170,136	(142,903)
(Increase)/decrease in debtors	(14,788,306)	(16,595,941)
(Increase)/decrease in creditors	(1,939,858)	5,284,047
	<u>(32,342,007)</u>	<u>(36,875,718)</u>
19. (INCREASE)/DECREASE IN WORKING CAPITAL		
(Increase)/decrease in stock	170,136	(142,903)
(Increase)/decrease in debtors	(14,788,306)	(16,595,941)
(Increase)/decrease in creditors	(1,939,858)	5,284,047
	<u>(16,558,028)</u>	<u>(11,454,797)</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

	2004 R	2003 R
20. (INCREASE)/DECREASE IN LONG-TERM LOANS (EXTERNAL)		
Loans Raised		
Loans Repaid	(233,178)	(4,785,948)
	<u>(233,178)</u>	<u>(4,785,948)</u>
21. (INCREASE)/DECREASE IN EXTERNAL CASH INVESTMENT		
Investment realised	64,772,220	11,764,943
Investment made	(71,146,972)	(27,527,787)
	<u>(6,374,752)</u>	<u>(15,762,844)</u>
22. (INCREASE)/DECREASE IN CASH ON HAND		
Cash balance at the beginning of the year	(7,426,699)	(6,145,804)
Less : Cash balance at the end of the year	(10,686,767)	(7,426,699)
	<u>3,260,068</u>	<u>1,280,895</u>
23. CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS		
Guarantees in respect of housing bonds to employees	274,851	203,294
WSSA Contract	19,594,894	17,588,115
Leave pay due to staff as at 30 June 2004	5,822,951	
	<u>25,692,696</u>	<u>17,791,409</u>
24. CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure :		
- Approved and contracted for		45,200
		<u>45,200</u>
This expenditure will be financed from :		
-Internal sources		45,200
-External sources		
		<u>45,200</u>
25. CONSOLIDATED LOANS FUND		
External Loans	6,131,318	5,998,861
Internal Investments	28,922,876	27,083,281
Creditors	83,407	81,137
Bank	10,694,884	7,472,530
	<u>45,832,485</u>	<u>40,635,809</u>
Less :	23,210,536	17,547,354
External Investments	26,908,909	21,558,734
Debtors	190,269	176,674
Temporary Advances	(3,888,641)	(4,188,055)
(Refer to Appendix B for more detail)	<u>22,621,949</u>	<u>23,088,455</u>

APPENDIX A

STATUTORY FUNDS, RESERVES AND TRUST FUNDS FOR THE YEAR ENDED 30 JUNE 2004

	Balance at 2003-06-30	Contributions during the year	Interest on Investments	Other Income	Expenditure during the year	Capital Expenditure during the year	Balance at 2004-06-30
	R	R	R	R	R	R	R
STATUTORY FUNDS							
Consolidated Loans Fund	(27,067,637)	(1,332,679)	0	(568,693)	58,787		(28,910,222)
Small Projects : Hewu TRC	(3,989)						(3,989)
Small Projects : Queenstown	(5,955)						(5,955)
Small Projects : Tylden TRC	(2,710)						(2,710)
	(27,080,291)	(1,332,679)		(568,693)	58,787		(28,922,876)
£ Tax Fund	(12,086)	(50,000)	(5,579)	(272)	48,041		(19,896)
Parking Areas Development Fund	1,966,540	0	0	(80,774)		291,967	2,177,733
	(25,125,837)	(1,382,679)	(5,579)	(649,739)	106,828	291,967	(26,765,039)
TRUST FUNDS							
Grants, Subsidies and Bequests	(22,285,727)	0	(2,104,871)	(66,982,618)	63,711,189	0	(27,662,028)
Mayor's Christmas Fund	(75)	0	0	0	0	0	(75)
Storm Relief Fund	(8,882)	0	(927)	0	0	0	(9,809)
	(22,294,684)	0	(2,105,798)	(66,982,618)	63,711,189	0	(27,671,912)
RESERVE FUNDS							
Rental Reserve	(1,792,730)	(58,248)	(289,546)	0	14,331	0	(2,126,193)
Repairs and Renewals	(788,669)	0	(137,172)	(177,608)	18,744	0	(1,084,705)
Other Funds	(91,829)	0	0	0	16,188	0	(75,641)
	(2,673,228)	(58,248)	(426,718)	(177,608)	49,263	0	(3,286,539)

APPENDIX B

EXTERNAL LOANS AND EXTERNAL ADVANCES FOR THE YEAR ENDED 30 JUNE 2004

	Balance at 2003-06-30 R	Received during the year R	Redeemed or written off during the year R	Balance at 2004-06-30 R
EXTERNAL LOANS				
LOCAL REGISTERED STOCK				
Is Redeemable				
Loan No				
Redeemable				
Annuity Loans	5,998,861	365,635	233,178	6,131,318
	5,998,861	365,635	233,178	6,131,318
	5,998,861	365,635	233,178	6,131,318

	Balance at 2003-06-30 R	Received during the year R	Redeemed or written off during the year R	Balance at 2004-06-30 R
INTERNAL ADVANCES TO BORROWING SERVICES				
Consolidated Loans Fund	23,088,454	1,861,700	2,328,204	22,621,949
	23,088,454	1,861,700	2,328,204	22,621,949

APPENDIX C

ANALYSIS OF FIXED ASSETS FOR THE YEAR ENDED 30 JUNE 2004

Expenditure 2003 R		Budget 2004 R	Balance at 2003-06-30 R	Expenditure 2004 R	Written off transferred redeemed or disposed of during the year R	Balance at 2004-06-30 R
2,516,978	RATE AND GENERAL SERVICES	9,469,670	62,160,307	4,016,157	774,675	65,401,789
1,513,214	<u>Community Services</u>	3,965,170	26,919,164	3,472,958	656,406	29,735,716
35,857	Administration : Council General	103,400	6,026,289		6,528	6,019,761
	Administration : Estates	235,100	887		332	555
38,715	Health Services	213,640	1,510,375		11,066	1,499,309
5,914	Municipal Security		8,353		1,602	6,751
	Pound		30,698		297	30,401
69,716	Vehicle Fleet	1,030,000	1,331,544	423,280	516,009	1,238,815
1,241,604	Public Works/Town Planning	2,099,700	6,523,118	8,580	29,079	6,502,619
	Infrastructural Development			2,999,455		2,999,455
	Services		5,370,817			5,370,817
18,303	Municipal Manager	62,430	19,359		701	18,658
	Administration and Human Resources	64,000	15,842		2,888	12,954
61,253	Financial Services	154,900	405,247	2,597	4,826	403,018
41,852	Traffic Services	2,000	122,691	15,208	23,782	114,117
	Dog Kennels		366,000			366,000
	Parking Areas		370		370	0
	Computers and Printers		397,716	23,838	58,926	362,628
	Hewu TRC		760,150			760,150
	Queenstown TRC		3,074,352			3,074,352
	Tylden TRC		144,655			144,655
	Whittlesea		810,701			810,701
54,235	<u>Subsidised Services</u>	492,000	10,887,598	22,568	35,477	10,874,689
	Aerodrome	100,000	200,000			200,000
	Art Gallery		183,489			183,489
54,235	Cemetries	318,000	102,861		12,974	89,887
	Civic Centre		3,851,769		9,275	3,842,493
	Fire Brigade	27,000	81,117	4,437	2,794	82,759
	Libraries	47,000	727,056	18,131	3,116	742,070
	Parks and Recreation		5,741,308		7,317	5,733,991
949,530	<u>Economic Services</u>	5,012,500	24,353,546	520,631	82,792	24,791,385
521,756	Cleansing Services	4,837,500	979,111	63,241	64,928	977,424
257,635	Estates	55,000	13,681,629	457,390	16,883	14,122,136
170,140	Nature Reserve		356,720		450	356,270
	Sewerage	120,000	9,336,086		531	9,335,555
0	<u>Housing Services</u>		6,696,699	0	0	6,696,699
	Sub-Economic Housing		3,309,380			3,309,380
	Self Help Schemes		3,387,318			3,387,318
19,096	<u>Trading Services</u>	2,355,000	123,001,399	1,469,792	153,805	124,317,386
19,096	Electricity	2,195,000	93,164,072	58,542	122,563	93,100,051
	Water	160,000	29,837,327	1,411,250	31,242	31,217,335
<u>2,536,074</u>	TOTAL FIXED ASSETS	<u>11,824,670</u>	<u>191,858,405</u>	<u>5,485,949</u>	<u>928,480</u>	<u>196,415,875</u>
	LESS : CAPITAL REDEEMED AND OTHER CAPITAL RECEIPTS		172,613,981	7,490,614	2,466,640	177,637,955
	Loans redeemed and advances paid		57,039,135	2,328,204	1,538,160	57,829,179
	Contribution ex operating income		96,993,152	1,642,323	721,077	97,914,398
	Lease Agreements		911,270		207,403	703,867
	Provision and Reserves		58,098			58,098
	Grants and Subsidies		17,612,327	3,520,086		21,132,413
	NET FIXED ASSETS		<u>19,244,424</u>	<u>(2,004,665)</u>	<u>(1,538,160)</u>	<u>18,777,919</u>

APPENDIX D

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

Actual 2003 R		Actual 2004 R	Budget 2004 R
INCOME			
25,548,598	Grants and Subsidies - Provincial Government	26,018,989	29,928,230
100,220,083	Operating Income	112,513,393	102,054,150
19,957,901	- Assessment Rates	21,489,916	21,117,590
36,092,844	- Sale of Electricity	42,572,079	36,100,000
12,005,571	- Sale of Water	13,153,642	12,368,000
32,163,767	- Other services and charges	35,297,755	32,468,560
<u>125,768,681</u>		<u>138,532,382</u>	<u>131,982,380</u>
EXPENDITURE			
50,672,773	Salaries, wages and allowances	58,776,865	60,684,690
64,402,711	General Expenses	66,346,751	68,165,260
22,650,361	- Purchase of Electricity	22,699,833	23,760,000
13,856,998	- Purchase of Water	13,846,673	14,160,000
104,715	- Entertainment	103,890	111,500
27,790,637	- Other general Expenses	29,696,354	30,133,760
4,338,941	Repairs and Maintenance	4,041,967	5,280,920
6,730,245	Capital Charges	6,170,139	6,277,090
220,915	Contribution to fixed assets	81,682	448,420
1,903,110	Contributions	1,903,230	1,903,230
128,268,695	Gross expenditure	137,320,634	142,759,610
(11,794,589)	Less : Amounts charged out	(10,891,938)	(10,797,830)
116,474,106	Net Expenditure	126,428,696	131,961,780

APPENDIX E

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2004

Actual Income 2003 R	Actual Expenditure 2003 R	Actual Surplus/ (Deficit) 2003 R		Actual Income 2004 R	Actual Expenditure 2004 R	Actual Surplus/ (Deficit) 2004 R	Budget Surplus/ (Deficit) 2004 R
61,129,825	66,018,844	(4,889,019)	RATE AND GENERAL SERVICES	71,158,290	74,787,292	(3,629,002)	(4,284,340)
35,343,776	40,251,459	(4,907,683)	Community Services	43,299,339	47,599,220	(4,299,881)	(5,819,240)
22,100,621	95,206	22,005,415	Assessment Rates	22,975,375	82,172	22,893,203	22,791,070
1,888,065	8,948,568	(7,060,503)	Council's General	5,643,844	9,316,210	(3,672,366)	(3,262,130)
17,694	2,977,325	(2,959,631)	Administration : Estates	90,632	3,333,525	(3,242,893)	(3,363,980)
3,119,340	7,048,781	(3,929,441)	Health Services	6,156,844	8,419,352	(2,262,508)	(2,457,990)
199,218	550,392	(351,174)	Pound	377,429	678,174	(300,745)	(453,300)
63,319	321,485	(258,166)	Protection Services	63,319	405,610	(342,291)	(255,720)
357,873	9,520,825	(9,162,952)	Public Works/Town Planning	1,307,295	10,650,223	(9,342,928)	(10,597,180)
9,962	689,021	(679,059)	Security	128,150	2,942,612	(2,814,462)	(1,891,170)
	696,410	(696,410)	Municipal Manager		1,098,410	(1,098,410)	(1,281,120)
	1,726,067	(1,726,067)	Administration & HR		1,551,549	(1,551,549)	(1,655,620)
4,341,839	2,715,749	1,626,090	Financial Services	3,283,144	3,845,507	(562,363)	(632,710)
3,245,845	4,961,630	(1,715,785)	Traffic Services	3,273,306	5,275,876	(2,002,570)	(2,759,390)
503,320	9,218,640	(8,715,320)	Subsidised Services	2,369,543	10,317,009	(7,947,466)	(8,329,650)
1,771	79,031	(77,260)	Aerodrome	3,357	82,611	(79,254)	(96,040)
	114,242	(114,242)	Art Gallery		58,769	(58,769)	(51,270)
245,739	678,018	(432,279)	Cemeteries	583,270	636,895	(53,625)	(118,740)
98,315	1,726,442	(1,628,127)	Civic Centre	563,779	1,634,305	(1,070,526)	(1,153,930)
29,576	460,388	(430,812)	Fire Brigade	530	591,610	(591,080)	(347,710)
38,917	1,690,425	(1,651,508)	Libraries	48,726	1,821,398	(1,772,673)	(2,146,800)
89,002	4,470,094	(4,381,092)	Parks and Recreation	1,169,881	5,491,421	(4,321,540)	(4,415,160)
25,282,729	16,548,745	8,733,984	Economic Services	25,489,409	16,871,064	8,618,345	9,864,550
11,425,962	8,785,441	2,640,521	Cleansing Services	11,965,144	9,602,124	2,363,019	3,321,980
459,104	1,254,727	(795,623)	Estates	435,961	1,011,554	(575,594)	(619,890)
	412,728	(412,728)	Nature Reserve		360,521	(360,521)	(225,590)
13,397,663	6,095,849	7,301,814	Sewerage	13,088,305	5,896,864	7,191,441	7,388,050
94,608	24,620	69,988	Housing Services	102,721	29,215	73,506	69,180
94,608	24,620	69,988	Economic Housing	102,721	29,215	73,506	69,180
64,544,248	50,430,642	14,113,606	Trading Services	64,298,582	51,612,004	12,686,578	4,235,760
45,123,124	34,416,570	10,706,554	Electricity	45,795,363	35,695,333	10,100,030	3,061,380
19,421,124	16,014,072	3,407,052	Water	18,503,219	15,916,671	2,586,548	1,174,380
125,768,681	116,474,106	9,294,575	TOTAL	135,559,594	126,428,512	9,131,082	20,600
		2,991,222	Appropriations for this year (Refer to note 17)			2,541,892	
		12,285,797	Net surplus/(deficit) for the year			11,672,974	
		28,279,728	Accumulated surplus/(deficit) beginning of the year			40,565,525	
		40,565,525	ACCUMULATED SURPLUS/(DEFICIT) END OF YEAR			52,238,499	

APPENDIX F

STATISTICAL INFORMATION

a) GENERAL STATISTICS	2003/04	2002/03
Population	300,000	300,000
Total Registered Voters	178,845	178,845
Area km	4,191	4,191
Total Valuation :		
- Rateable	123,130,638	1,227,138,871
- Non Rateable	76,116,608	75,642,358
- Residential	751,025,388	743,100,158
- Commercial	67,776,310	67,776,310
Number of Sites :		
- Residential	17,664	17,664
- Commercial	162	162
Assessment Rates : Levies		
- Basic (per Rand)	1.59	1.46
- Rebate : Residential	15,00%	15,00%
- Other Rebate : Pensioners	23,75%	23,75%
Number of Employees of the Local Authority	656	684
b) ELECTRICITY STATISTICS		
Units bought		147,407,451
Cost per unit bought		0.1487
Units sold		104,496,294
Units lost in distribution		42,911,157
Units lost in distribution as a %		29.11
Cost per unit sold		0.2168
Income per unit sold		0.3454
c) WATER STATISTICS		
Units bought		5,569,852
Cost per unit bought		1.80
Units sold		5,389,489
Units lost in distribution		180,363
Units lost in distribution as a %		3.24
Cost per unit sold		1.8637
Income per unit sold		2.2276