

UKHAHLAMBA DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 June 2004

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UKHAHLAMBA DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 June 2004

GENERAL INFORMATION

MEMBERS OF THE MAYORAL COMMITTEE

Councillor X.Y.Z. Goduka	- Executive Mayor
Councillor A. C. Mpela	- Chairperson: Technical Services
Councillor B. Salman	- Chairperson: Financial Services
Councillor G. Brown	- Chairperson: Corporate Services
Councillor N. Mtyali	- Chairperson: Health and Social Services
Councillor T.L. Marawu	- Speaker and ex officio

GRADING OF THE DISTRICT MUNICIPALITY

Grade 9

AUDITORS

Auditor-General

BANKERS

ABSA Bank

REGISTERED OFFICE

Private Bag X102
BARKLY EAST
9876

Tel: (045) 971 0158
Fax: (045) 971 0251

MUNICIPAL MANAGER

Rev M N Pietersen

MANAGER: FINANCIAL SERVICES

B.J. Rautenbach

**UKHAHLAMBA DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED**

30 June 2004

APPROVAL OF FINANCIAL STATEMENTS

The Annual Financial Statements set out on pages 1 - 19 were approved by the Municipal Manager on 05 October 2004 and presented to and approved by Council on 13 October 2004.

Municipal Manager
Rev M.N. Pietersen

Manager: Financial Services
B.J. Rautenbach (B. Comm Hon FIMFO)

UKHAHLAMBA DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 June 2004

FOREWORD

It is with great pleasure, to be able to report on a few activities that have taken place within the Department of Finance. First and foremost my task as the political Head of Finance is to ensure that the finances of the District Municipality are used cost effectively for sustainable development within our area of jurisdiction. I am able to say that we are on track towards realising this objective realistically. The service delivery that is taking place in our area of jurisdiction speaks for itself.

Highlights for the current year are as follows:

- * Progress towards the eradication of poverty in the entire area of the District Municipality. area of the District Municipality.
- * Formulation of a "peoples budget" in conjunction with the municipalities and the communities attached to them.
- * Planning in terms of the MTEF (medium term expenditure framework).
- * Planning for the formation of the audit committee.
- * Workshops for councillors around GAMAP, PFMA ,Municipal Finance Management Act and Financial Management.

Challenges

- * Rationalisation and transformation of the entire district.
- * Zero tolerance towards corruption.* Zero tolerance towards corruption.
- * Implementation of the audit committee.

In conclusion I wish to thank our staff members for their co-operation. I also wish to thank the Executive Mayor and the Mayoral Committee for the support they have given the Finance Committee during this year.

I wish to thank the Standing Committee for Finance for their loyalty and good work they are doing for the council.

X.Y.Z. Goduka
Executive Mayor

**Ukhahlamba District Municipality
Annual Financial Statements
30 June 2004**

REPORT BY THE MANAGER: FINANCIAL SERVICES

1. OPERATING RESULTS

Details of the operating results are included per appendices D and E.

Effective budget control resulted in expenditure being incurred within amounts budgeted for. The surplus for the 2003/2004 financial year, before appropriations amounted to R6 521 669

The operating results for the financial year ended 30 June 2004 are summarised as follows:

1.1 Overall Operating Results

Income	Actual 2003 R	Actual 2004 R	Variance 2003/2004 %	Revised Budget 2004 R	Variance Actual Budget %
Opening Surplus	14,048,781	6,521,669	(53.58)		
Appropriations at beginning of the year	(125,569)	1,309,002	(1,142.46)		
Operating Income for the year	53,648,729	101,208,771	88.65		
	67,571,941	109,039,442	61.37	-	(100.00)

Expenditure	Actual 2003 R	Actual 2004 R	Variance 2003/2004 %	Revised Budget 2004 R	Variance Actual Budget %
Operating Expenditure for the year	39,599,948	94,687,102	139.11		
Sundry Transfers	125,569	(1,309,002)			
Closing Surplus	14,407,996	22,238,667			
	54,133,513	115,616,767	113.58	-	(100.00)

2. CAPITAL EXPENDITURE AND FINANCING

Expenditure on fixed assets incurred during the 2003/2004 financial year amounted to R1 055 519. Council is indeed fortunate not to have taken up any external loans as funding for all capital expenditure is done from internal sources.

A detailed analysis of fixed assets is included per appendix C.

3. EXTERNAL LOANS, INVESTMENTS AND CASH

As mentioned above Ukhahlamba District Municipality has no external loans.
Investments as at 30 June 2004 amounted to R68 296 500 in comparison with R35 382 972
as at 30 June 2003

4. FUNDS AND RESERVES

Detailed information regarding Funds and Reserves is reflected in Appendix A attached hereto.

5. WORD OF THANKS

I am grateful to the Executive Mayor and members of the Mayoral Committee, the Municipal Manager and
Departmental Heads for the support they have given me as well as my personnel.
A special word of appreciation to Staff of the Finance Department for their support and their contributions in the
compilation of the Financial Statements.

.....
B.J. Rautenbach
Manager: Financial Services

UKHAHLAMBA DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 June 2004
ACCOUNTING POLICIES

1 BASIS OF PREPARATION

These financial statements were, where applicable, prepared to comply with the standards prescribed by the Institute of Municipal Financial Officers in its Code of Accounting Practice (1997) and report on Published Annual Financial Statements (Second edition - January 1996).

The financial statements are prepared on the historical cost basis, adjusted for fixed assets as more fully detailed in Accounting Policy note 3. The accounting policies are consistent with those applied in the previous year, except where otherwise indicated.

The financial statements are prepared on the accrual basis as stated:

- * Income is accrued when measurable and available to finance operations. Certain direct income is accrued when received, such as traffic fines and certain licenses.
- * Expenditure is accrued in the year it is incurred.

2 CONSOLIDATION:

The financial statements include the General Services, Health Services and Road Services. All inter departmental charges are set off against each other.

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

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 lives. 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 property are credited to the Fixed Property Sales Fund. Net proceeds from the sale of all other assets are credited either to the Special Capital Fund or the Capital Development Fund.

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

4 INVENTORY

Inventory is valued at the lower of cost, determined on the weighted average basis, and net realisable value.

5 *Investments:*

Investments are shown at the lower of cost or market value if a permanent decline in the value occurred.

6 *Capital Expenditure*

Capital expenditure is indicated at the historical cost as long as the assets exist.

7 *Depreciation*

No provision has been made for depreciation. Certain assets such as roads are written off after the redemption period whereas other assets are transferred at cost to revenue contributions. The value of movable assets, where possible, is shown at actual cost. Refer also to 3.2. above.

8 AGENCY AND CONTINUATION SERVICES

Agency services are performed on a cost basis on behalf of the Eastern Cape Province. In addition the provision of services formerly provided by the Divisional Councils of Drakensberg and Grootrivier which were not entrusted to any other institutions when the said Councils were abolished, were continued.

9 CONTRIBUTIONS TO LOCAL BODIES

During the financial year under review the Council, in terms of section 12(6)(b) of the Regional Services Councils Act, No 109 of 1985, allocated **R3 600 000** to local bodies for priority projects submitted by them.

10 REGIONAL SERVICES COUNCIL LEVIES

The tariffs for the calculation of the Establishment levy and the Services levy are 0.17043% and 0.3933% respectively.

11 TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES

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

12 REGIONAL FUNCTIONS ENTRUSTED

The administrator, in terms of the provisions of section 3(1)(b) of the Regional Services Council Act, 1985, entrusted the following further functions to the Council with effect from 1 July 1991 (Provincial Notice 440/1991 dated 14 June 1991):

- (a) Subdivision of land and township development
- (b) Building plans and building control.
- (c) Commonages, outspans and public places
- (d) Registration and control of businesses

**BALANCE SHEET AS AT
30 June 2004**

	Note	2004 R	2003 R
CAPITAL EMPLOYED			
FUNDS AND RESERVES		8,964,032	8,312,703
Accumulated funds	1	8,964,032	8,312,703
Reserves			-
(ACCUMULATED DEFICIT)/RETAINED SURPLUS	17	22,238,667	14,407,996
		31,202,699	22,720,699
TRUST FUNDS	3	131,439,137	67,340,749
LONG-TERM LIABILITIES	4		-
		162,641,836	90,061,448
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	5	290,203	523,079
INVESTMENTS	6	68,296,500	35,382,972
LONG-TERM DEBTORS	7	3,111,408	1,766,309
		71,698,111	37,672,360
NET CURRENT ASSETS/ LIABILITIES		90,943,725	52,389,088
CURRENT ASSETS		174,799,093	112,712,376
Stock	8	(196,531)	(345,798)
Debtors	9	174,994,069	120,393,195
Cash			(7,336,576)
Petty Cash		1,555	1,555
CURRENT LIABILITIES		83,855,368	60,323,288
Provisions	11	1,397,939	1,332,613
Creditors	12	60,378,884	58,990,675
Loans: short-term portion	4		
Bank overdraft		22,078,545	
		162,641,836	90,061,448

UKHAHLAMBA DISTRICT MUNICIPALITY
INCOME STATEMENT FOR THE YEAR ENDED
30 June 2004

2003 Actual income	2003 Actual expenditure	2003 Surplus/ (Deficit)		2004 Actual income	2004 Actual expenditure	2004 Surplus/ (Deficit)	2004 Budget (Surplus/ Deficit R
R	R	R		R	R	R	R
53,648,729	39,599,948	14,048,781	RATES AND GENERAL SERVICE	101,208,771	94,687,102	6,521,669	(182,028)
48,334,258	37,141,945	11,192,313	Administration Section 12(6)(c)	68,620,308	65,848,348	2,771,960	2,787,090
4,976,623	540,243	4,436,380	Priorities Section 12(6)(b)	6,511,100	632,518	5,878,582	(5,189,855)
337,848	1,908,160	(1,570,312)	Regional Services Sec. 12(6)(a)	1,050,000	3,157,225	(2,107,225)	2,205,737
0	9,600	(9,600)	Donations Section 12(6)(e)	0	21,648	(21,648)	15,000
			Economic Services	9,709,437	9,709,437	0	
			Trading Services	15,317,926	15,317,926	0	
<u>53,648,729</u>	<u>39,599,948</u>	14,048,781	TOTAL	<u>101,208,771</u>	<u>94,687,102</u>	6,521,669	<u>(182,028)</u>
		(125,569)	Appropriations, for the year (refer to note 17)			1,309,002	
		13,923,212	Net surplus/(deficit) for the year			7,830,671	
		484,784	Accumulated surplus at beginning of the year			14,407,996	
		<u>R 14,407,996</u>	ACCUMULATED SURPLUS AT END OF THE YEAR			<u>R 22,238,667</u>	

UKHAHLAMBA DISTRICT MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED
30 June 2004

	Note	2004	2003
CASH GENERATED FROM OPERATING ACTIVITIES		(19,220,648)	(2,082,085)
Cash Generated by Operations	18	(8,165,027)	(14,902,823)
Investment Income	16	(1,598,938)	(863,684)
(Increase)/Decrease in			
- Operating Capital	19	53,296,606	25,822,685
- Long Term Debtors	7	1,345,099	1,732,294
- Trust Funds	20	(64,098,388)	(13,870,557)
		<u>(19,220,648)</u>	<u>(2,082,085)</u>
Less: Interest paid externally		0	0
Cash available from operations		<u>(19,220,648)</u>	<u>(2,082,085)</u>
Cash contributions from Public and Government			
CASH USED FOR INVESTMENT OPERATIONS			
Purchasing of Assets		1,049,088	(336,568)
NET CASH FLOW		<u>R (18,171,560)</u>	<u>R (2,418,653)</u>
CASH EFFECT OF FINANCING OPERATIONS			
Decrease in Short Term Loans			
Decrease/(Increase) in Cash Investments	22	32,913,529	5,950,685
Decrease in Cash and Bank	23	(14,741,969)	3,532,032
NET CASH REALISED		<u>R 18,171,560</u>	<u>R 2,418,653</u>

UKHAHLAMBA DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
30 June 2004

Note	Description	2004 R	2003 R
1	Accumulated Funds		
	Capital Development Fund	8,964,032	8,312,703
		R 8,964,032	R 8,312,703
3	Trust Funds		
	Access Roads Xalanga	2,014,655	2,014,655
	DDC Training Fund	361,811	342,734
	Disaster Management	(2,569,460)	52,585
	Dordrecht Youth Centre	159,265	150,528
	Income Generating Projects	610,865	579,806
	Public Transport Facilities	996,842	2,833,453
	R293 Township Transkei	503,770	515,691
	Rural Access Roads	380,298	380,298
	Structural Plan Herschel/Orangefontein	127,744	124,939
	T71 Makomoreng Road	27,794	27,794
	Working for Water	3,267,366	685,898
	L D O - I D P	(383,410)	(378,153)
	Planning Herschel Central Business Area	181,718	184,352
	Inter-Governmental Relation Policy	1,149	0
	CMIP	(3,753,562)	(20,057,216)
	Community Based Public Works Programme	13,333,721	8,973,873
	Housing Project Cala	(2,790,989)	0
	Department of Water Affairs Project	23,308,829	0
	B.E.S.A.	(31,427)	0
	Survey Herschel Extension 2	160,915	136,610
	Equitable Share 1999/2000	0	(789,816)
	Dwarf EC104 523384 Nxaxa Water Supply	5,484,566	8,240,028
	Equitable Share	(411,708)	(411,708)
	Dwarf EC086 523327 Upper Tebe Vil Sanitation	(4,509,023)	1,062,143
	Elundini Community Hall and Roads	(354,520)	0
	Community Based Public Works Programme	55,922,964	30,051,648
	Dwarf EC918 524245 Koebung Water Supply	2,694,769	2,694,769
	Dwarf EC424 527614 Maclear Water Supply	28,233	28,233
	Dwarf EC493 515231 Ukhahlamba Planning Stud	(2,436,991)	(379,073)
	Xalanga TRC Water Supply	117,556	117,556
	Dwarf EC412 525021 Zanyeni Water Supply	(454,729)	85,250
	Dwarf EC411 525017 Xaxazana Water Supply	190,868	178,800
	Land Development	(534,588)	0
	Dwarf EC415 527506 Ukh Groundwat Assessment	(304,092)	(717,892)
	Dwarf Ec 416 527510 Lenton Grove Water Supply	(342,934)	0
	Dwarf EC417 527525 Madokisi Sanitation	(1,619,665)	84,533
	Albert Housing	3,568,071	3,568,071
	Dwarf EC418 527544 Wittenberg Sanitation	(932,345)	20,933
	Dwarf EC419 527559 Xaxazana Sanitation	(1,015,842)	(220,992)
	Dwarf EC420 527563 Elundi Ward 11 Sanitation	(730,008)	236,913
	Dwarf EC421 527578 Elundi Ward 12 Sanitation	(883,583)	63,254
	Dwarf EC406 515265 Ukhahlamba DM - WSDP's	(343,089)	(56,395)
	CPA Sports Grounds	6,793,704	6,793,704
	Institutional Support	(118,028)	(64,605)
	Finance Management Grant	6,070,714	0
	CPA Transfer Leasehold	325,930	325,930
	Youth Skills Development Centre: Elundini	2,031,287	0
	Mount Fletcher Massive Food Production	502,479	0
	Gariiep Bakery Project	200,992	0
	Gariiep Implimentation Lake	2,243,068	0
	Financial Aid	12,449,716	12,449,716
	Policy Framework Policy	243,187	0
	Disaster Management Plan	243,187	0
	Disaster Management Establishment of Centres	492,750	0
	Housing Project	7,444,460	7,444,460
	Disaster Management Comm Awareness Programme	162,125	0
	Disaster Management Training of Volunteers	324,250	0
	Disaster Management Struck Houses	1,149,442	0
	Disaster Management Fire & Emergency Service	3,445,155	0
	Integrated Development Plan	3,000,000	3,000,000
	Sport Facilities Elundini	(403,049)	0
	Sport facilities Sterkspruit	(317,857)	0
	Ukhahlamba Extention Office Buildings	(436,876)	0
	Routine Road Maintenance	(7,000)	0
	Job Creation : Cemetary	200,000	200,000
	Working for Wetlands	(84,097)	0
	Remuneration Community Development Workers	(71,780)	0
	Patrol Roads	(3,486,426)	(3,486,426)
	Public Works Special Programme	0	253,868
		R 131,439,137	R 67,340,749

Note	Description	2004 R	2003 R
5	Fixed Assets		
	Fixed assets at the beginning of the year	4,323,971	4,722,744
	Capital expenditure during the year	1,049,088	336,565
	Less: Assets written off, transferred or disposed of during the year	0	735,338
	Plus Revaluation during the year	5,068,717	
	Total fixed assets	10,441,776	4,323,971
	Less: Loans redeemed and other capital receipts	10,151,573	3,800,892
	Net fixed assets	R 290,203	R 523,079
6	INVESTMENTS		
	Municipal Support Programme	(3,000,000)	3,000,000
	General	(571,867)	12,150,735
	Capital Development Fund	2,226,126	2,005,339
	Leave Provision	1,182,613	1,182,613
	Collateral Securities	(923,504)	245,105
	DDC Training Fund	295,644	276,567
	Planning Herschell Central Business Area	2,632	2,606
	Community Based Public Works Programme	16,687,458	1,470,391
	Public Works Special Programme	22,664,222	8,622,408
	Disaster Management	876,475	2,851,962
	Disaster Management	1,111	
	Planning Herschell Central Business Area	159,804	136,610
	R293 Townships Transkei	47,955	44,857
	Public Transport Facilities	1,067,807	1,933,386
	Income Generating Projects	469,913	438,854
	Dordrecht Youth Centre	133,036	124,299
	CMIP	459,096	16,288
	Finance Management Grant	2,050,437	
	Elundini Youth Development	2,031,287	
	Disaster Management: Policy Framework	363,187	
	Disaster Management: Plan	363,187	
	Establishment Centres	972,750	
	Disaster Management: Community Awareness Programme	242,125	
	Disaster Management: Training Volunteers	484,250	
	Disaster Struck Houses	2,275,468	
	Disaster Management: Fire & Emergency	5,145,155	
	Structural Plan Herschel/Orangefontein	139,339	139,339
	Department Water Project	7,925,301	
	Inter Governmental Relation Policy	67,044	
	Gariëp: Implimentation Lake	2,243,068	
	Gariëp: Bakery Project	200,992	
	Mt Fletcher: Mass Food Production	2,479	
	Community Hall & Roads Ugie/Maclear	2,010,910	
	Working for Wetlands	1,000	
	Call deposits		
	General account		
	Community Based Public Works Programme		741,613
	Total Investments	R 68,296,500	R 35,382,972

Note	Description	2004 R	2003 R
7a	LONG TERM DEBTORS		
	Car Loans	1,941,934	1,473,444
	Venterstad TLC	216,665	233,138
	Barkly East TLC		
	Maclear TLC		
	Elliot TLC		
	Indwe TLC		
	Aliwal North TLC	215,121	224,203
	Sterkspruit TLC		
	Creditors TRC		229,404
	DDC General Account		
		<u>2,373,720</u>	<u>2,160,189</u>
7b	Capital Expenditure		
	Internal Loans		25
7c	Inter Company transactions		
	Inter Municipality Transactions	(4,294,238)	(4,265,238)
	Drakensberg District Council - General Account	5,031,926	3,871,333
	TOTAL LONG TERM DEBTORS	<u>R 3,111,408</u>	<u>R 1,766,309</u>
8	STOCK		
	Stock represents consumable stores, raw materials, work in progress and finished goods. Where necessary specific provision is made for obsolete stock.		
		(196,531)	(345,798)
		<u>R (196,531)</u>	<u>R (345,798)</u>
9	DEBTORS		
	Suspense accounts debits	17,759,462	15,773,480
	Current debtors	157,234,607	71,610,642
	TRC Trust banking accounts		33,009,073
		<u>R 174,994,069</u>	<u>R 120,393,195</u>
10	DEFERRED CHARGES		
	Assets written off	0	0
		<u>R 0</u>	<u>R 0</u>
11	PROVISIONS		
	Leave provision (for leave pay)	1,397,939	1,332,613
		<u>R 1,397,939</u>	<u>R 1,332,613</u>
	(Refer to appendix A for more detail)		
12	CREDITORS		
	Trade Creditors		3,719,673
	Deposits		
	-Tenders		
	-Other		
	Temporary Advances		
	Priorities & Grants		7,758,362
	Sundry Creditors	19,449,794	(999,985)
	Suspense Accounts - Credits	40,929,090	48,512,625
		<u>R 60,378,884</u>	<u>R 58,990,675</u>

Note	Description	2004 R	2003 R
14	ALLOWANCES TO ELECTED REPRESENTATIVES		
	Chairperson and Co-chairperson Allowance		
	Councillors' Allowances		1,442,089
		<u>R 0</u>	<u>R 1,442,089</u>
15	AUDITORS' REMUNERATION		
	Audit fees		
		<u>R 0</u>	<u>R 0</u>
16	FINANCE TRANSACTIONS		
	Total external interest earned or paid:		
	Interest earned	<u>R 1,598,938</u>	<u>R 863,684</u>
	Capital charges debited to operating income:		
	Interest: External		
	Internal		109,299
	Redemption: External		
	Internal		411,910
	Deferred charges written off		
		<u>R 0</u>	<u>R 521,209</u>
17	APPROPRIATIONS		
	Appropriation account		
	Accumulated surplus at the beginning of the year	14,407,997	484,784
	Operating (deficit)/surplus for the year	6,521,669	14,048,782
	Appropriations for the year:	1,309,002	(125,569)
	Grants priorities		
	Stock		
	Prior year adjustments*	1,309,002	(125,569)
		<u>R 22,238,667</u>	<u>R 14,407,997</u>
	Operating account		
	Capital expenditure	<u>R 0</u>	<u>R 0</u>
18	CASH GENERATED BY OPERATIONS		
	(Deficit)/Surplus for the year	6,521,669	14,048,781
	Adjustments in respect of:		
	Previous years' operating transactions	1,309,002	(125,569)
	Appropriations charged against income:	334,356	458,402
	. Capital Development Fund	334,356	458,402
	. Provisions and Reserves		
	. Fixed Assets		
	Capital Charges:	0	521,209
	. Interest paid:		
	- to internal funds		109,299
	- on external funds		
	. Redemption:		
	- to internal advances		411,910
	- on external lease		
	Non-operating expenditure:		
	. Expenditure charged against Provisions and Reserves	0	0
		<u>R (8,165,027)</u>	<u>R (14,902,823)</u>

Note	Description	2004 R	2003 R
19	(INCREASE)/DECREASE IN WORKING CAPITAL		
	(Increase)/Decrease in Stock	149,267	(659,113)
	(Increase)/Decrease in Debtors	54,600,874	30,732,752
	(Increase)/Decrease in Provisions	(65,326)	(120,099)
	(Increase)/Decrease in Creditors	(1,388,209)	(4,130,856)
		<u>R 53,296,606</u>	<u>R 25,822,685</u>
20	(INCREASE)/DECREASE IN LONG-TERM LOANS(EXTERNAL)		
	Trust funds received	(64,098,388)	13,870,557
	Loans repaid		
		<u>R (64,098,388)</u>	<u>R 13,870,557</u>
22	(INCREASE)/DECREASE IN EXTERNAL CASH INVESTMENTS		
	Investment made		0
	Investment realised	(32,913,528)	5,950,685
		<u>R 32,913,528</u>	<u>R 5,950,685</u>
23	(INCREASE)/DECREASE IN CASH ON HAND		
	Cash Balance at the Beginning of the Year	(7,336,576)	(3,804,544)
	Less: Cash Balance at the End of the Year	(22,078,545)	(7,336,576)
		<u>R 14,741,969</u>	<u>R 3,532,032</u>
28	CAPITAL DEVELOPMENT FUND		
	Outstanding advances to borrowing services	8,964,032	8,312,703
	Accumulated Fund		
	Less: Internal Investments		1,614,499
		<u>R 8,964,032</u>	<u>R 6,698,204</u>

UKHAHLAMBA DISTRICT MUNICIPALITY

**Appendix A
Accumulated Funds, Trust Funds, Reserves and Provisions
30 June 2004**

	Code	Balance at 30/06/03	Contributions during the year	Interest on Investments	Other Income	Expenditure during the year	Balance at 30/06/04
		R	R	R	R	R	R
ACCUMULATED FUNDS							
Capital Development Fund	1015	8,312,703		135,417	516,936	1,024	8,964,032
		8,312,703	R 0	R 135,417	R 516,936	R 1,024	R 8,964,032
TRUST FUNDS							
Access Roads Xalanga	1455	2,014,655					2,014,655
DDC Training Fund	1460	342,734		19,077			361,811
Disaster Management	1465	52,585		70,351		2,692,396	(2,569,460)
Dordrecht Youth Centre	1470	150,528		8,737			159,265
Income Generating Projects	1475	579,806		31,059			610,865
Public Transport Facilities	1480	2,833,453		134,421		1,971,032	996,842
R293 Township Transkei	1485	515,691				11,921	503,770
Rural Access Roads	1490	380,298					380,298
Structural Plan Herschel/Orangefontein	1495	124,939		2,805			127,744
T71 Makomoren Road	1500	27,794					27,794
Working for Water	1505	685,898			17,783,237	15,201,769	3,267,366
L D O - I D P	1510	-378,153				5,257	(383,410)
Planning Herschel Central Business Area	1520	184,352		172		2,806	181,718
Inter-Governmental Relation Policy	1523			1,149			1,149
CMIP	1524	-20,057,216			46,613,600	30,309,946	(3,753,562)
Community Based Public Works Programme	1526	8,973,873		108,005	4,521,843	270,000	13,333,721
Housing Project Cala	1527					2,790,989	(2,790,989)
Department of Water Affairs Project B.E.S.A.	1528 1529			180,933	24,201,878	1,073,982	23,308,829
						31,427	(31,427)
Survey Herschel Extension 2	1530	136,610		24,305			160,915
Equitable Share 1999/2000		-789,816				(789,816)	0
Dwarf EC104 523384 Nxaxa Water Supply	1531	8,240,028				2,755,462	5,484,566
Equitable Share	1532	-411,708					(411,708)
Dwarf EC086 523327 Upper Tebe VII Sanitation	1533	1,062,143				5,571,166	(4,509,023)
Elundini Community Hall and Roads	1534			10,910	200,000	565,430	(354,520)
Community Based Public Works Programme	1535	30,051,648		497,842	27,221,210	1,847,736	55,922,964
Dwarf EC918 524245 Koebung Water Supply	1536	2,694,769					2,694,769
Dwarf EC424 527614 Maclear Water Supply	1537	28,233					28,233
Dwarf EC493 515231 Ukhahlamba Planning Stud	1539	-379,073				2,057,918	(2,436,991)
Xalanga TRC Water Supply	1540	117,556					117,556
Dwarf EC412 525021 Zanyeni Water Supply	1541	85,250				539,979	(454,729)
Dwarf EC411 525017 Xaxazana Water Supply	1543	178,800			776,617	764,549	190,868
Land Development	1545					534,588	(534,588)
Dwarf EC415 527506 Ukh Groundwat Assessment	1546	-717,892			413,800		(304,092)
Dwarf Ec 416 527510 Lenton Grove Water Supply	1547					342,934	(342,934)
Dwarf EC417 527525 Madokisi Sanitation	1549	84,533				1,704,198	(1,619,665)
Albert Housing	1550	3,568,071					3,568,071
Dwarf EC418 527544 Wittenberg Sanitation	1551	20,933				953,278	(932,345)
Dwarf EC419 527559 Xaxazana Sanitation	1553	-220,992				794,850	(1,015,842)
Dwarf EC420 527563 Elundi Ward 11 Sanitation	1555	236,913				966,921	(730,008)
Dwarf EC421 527578 Elundi Ward 12 Sanitation	1557	63,254				946,837	(883,583)
Dwarf EC406 515265 Ukhahlamba DM - WSDP's	1559	-56,395				286,694	(343,089)
CPA Sports Grounds	1560	6,793,704					6,793,704
Institutional Support	1561	-64,605				53,423	(118,028)
Finance Management Grant	1563			114,633	6,000,000	43,919	6,070,714
CPA Transfer Leasehold	1565	325,930					325,930
Youth Skills Development Centre: Elundini	1567			31,287	2,000,000		2,031,287
Mount Fletcher Massive Food Production	1569			2,479	500,000		502,479
Gariiep Bakery Project	1571			992	200,000		200,992
Gariiep Implimentation Lake	1573			11,068	2,232,000		2,243,068
Financial Aid	1575	12,449,716					12,449,716
Policy Framework Policy	1577			3,187	240,000		243,187
Disaster Management Plan	1578			3,187	240,000		243,187
Disaster Management Establishment of Centres	1579			12,750	480,000		492,750
Housing Project	1580	7,444,460					7,444,460
Disaster Management Comm Awarness Programme	1581			2,125	160,000		162,125
Disaster Management Training of Volunteers	1582			4,250	320,000		324,250
Disaster Management Struck Houses	1583			109,442	1,040,000		1,149,442
Disaster Management Fire & Emergency Service	1584			45,155	3,400,000		3,445,155
Integrated Development Plan	1585	3,000,000					3,000,000
Sport Facilities Elundini	1586					403,049	(403,049)
Sport facilities Sterkspruit	1587					317,857	(317,857)
Ukhahlamba Extention Office Buildings	1589					436,876	(436,876)
Routine Road Maintenance	1591					7,000	(7,000)
Job Creation : Cemetary	1595	200,000					200,000
Working for Wetlands	1597				100,000	184,097	(84,097)
Remuneration Community Development Workers	1599					71,780	(71,780)
Patrol Roads	1715	-3,486,426					(3,486,426)
Public Works Special Programme	?	253,868				253,868	-
		67,340,749	R 0	R 1,430,321	R 138,644,185	R 75,976,118	R 131,439,137
PROVISIONS							
Leave Provision	1305	1,332,613		65,326			1,397,939
		1,332,613	R 0	R 65,326	R 0	R 0	R 1,397,939

UKHAHLAMBA DISTRICT MUNICIPALITY
Appendix B
External Loans and Internal Advances
30 June 2004

INTERNAL ADVANCES TO BORROWING SERVICES	Balance at 30/06/03	Received during the year	Redeemed or written off during the year	Balance at 30/06/04
	R	R	R	R
Consolidated Loans Fund	523,080		232,877	290,203
Capital Development Fund	R 523,080	R 0	R 232,877	R 290,203

UKHAHLAMBA DISTRICT MUNICIPALITY
APENDIX C
ANALYSIS OF FIXED ASSETS FOR THE YEAR ENDING
30 June 2004

Expenditure 2003	SERVICE	Budget 2004	Balance at 30/06/03	Expenditure 2004	Written off transferred redeemed or disposed of during the year	Revaluation during the year	Balance at 30/06/04
R		R	R	R	R	R	R
RATE AND GENERAL SERVICE							
216,242	Administration Section 12(6)(c)	440,100	3,578,213	1,049,088	0	5,814,475	10,441,776
8,299	Corporate Services	28,500	2,661,380	32,766		(2,157,852)	536,294
	Municipal manager	4,000					0
	Councils Expenses	120,000		70,956		901,002	971,958
106,380	Finance	40,600		273,183		668,197	941,380
41,769	Data Processing	128,100					0
	Stores	2,100					0
9,690	Internal Audit	600					0
19,004	Technical Services	68,000		59,458		1,485,492	1,544,950
	Office Buildings					4,500,000	4,500,000
8,831	Pimss	15,000					0
	Public Works						0
21,214	Health Services	12,000	916,833	612,725		417,636	1,947,194
1,055	Social Services	21,200					0
0	Priorities Section 12(6)(b)	10,600	0	0	0	0	0
0	Collection of Levies	10,600	0	0			0
120,323	Regional Services Sec. 12(6)(a)	373,131	743,927	0	0	(743,927)	0
	Building Plans & Land		564,741			(564,741)	0
	Disaster Management	350,600	178,886			(178,886)	0
120,323	Environmental Health	22,531			0		0
	Licenses & Dog Tax		300			(300)	0
	Tourism						0
0	Economical Services	19,500	0	0	0	0	0
	Sanitation	19,500					0
0	Trading Services	17,500	0	0	0	0	0
	Water	17,500					0
0	Special Funds	0	1,831	0	0	(1,831)	0
	Job Creation		1,831			(1,831)	0
R 336,565	TOTAL FIXED ASSETS	R 860,831	R 4,323,971	R 1,049,088	R 0	R 5,068,717	R 10,441,776
735,338	CAPITAL RECEIPTS		3,800,956	1,049,089	232,811		10,151,573
735,338	Contributions ex operating income		3,334,441	1,049,089	232,811	5,068,717	9,685,058
	Loans redeemed and advances paid		466,515				466,515
R 1,071,903	NET FIXED ASSETS		R 523,015	R 2,098,177	R 232,811		290,203

UKHAHLAMBA DISTRICT MUNICIPALITY

**APPENDIX D
ANALYSIS OF OPERATING INCOME AND EXPENDITURE FOR THE YEAR ENDING
30 June 2004**

Actual 2003		Actual 2004	Budget 2004
R		R	R
INCOME			
43,537,824	Government and Provincial Grants and Subsidies	54,779,118	62,524,456
	Interest on Investments	732,049	
10,110,905	Income from Tariffs, Services	45,697,604	54,443,200
<u>R 53,648,729</u>		<u>R 101,208,771</u>	<u>R 116,967,656</u>
EXPENDITURE			
29,208,202	Salaries, Wages and Allowances	45,283,425	40,978,065
14,016,485	General Expenses	49,314,767	74,935,482
599,553	Repairs and Maintenance	3,647,619	4,076,394
530,986	Capital Charges	944,371	1,535,924
336,565	Contributions to Fixed Assets	1,055,519	860,831
<u>R 44,691,791</u>	Gross Expenditure	<u>R 100,245,701</u>	<u>R 122,386,696</u>
(5,091,843)	Less: Amounts Charged Out	(5,558,599)	(5,601,068)
<u>R 39,599,948</u>	Net Expenditure	<u>R 94,687,102</u>	<u>R 116,785,628</u>

**UKHAHLAMBA DISTRICT MUNICIPALITY
DETAILED INCOME STATEMENT FOR THE YEAR ENDED
30 June 2004**

APPENDIX E

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
48,334,258	37,141,945	11,192,313	RATE AND GENERAL SERVICE				
			Administration Section 12(6)(c)	68,620,308	65,848,348	2,771,960	2,787,090
1,557,783	2,659,589	(1,101,806)	Corporate Services	1,446,648	3,638,107	(2,191,459)	2,148,049
	1,403,053	(1,403,053)	Municipal Manager		1,199,073	(1,199,073)	799,816
	1,730,318	(1,730,318)	Council Expenses		3,209,270	(3,209,270)	2,887,399
23,854,039	1,723,860	22,130,179	Finance	43,115,563	2,898,359	40,217,204	(41,674,220)
	4,739,096	(4,739,096)	Priority Allocations and Grants	150,000	24,867,912	(24,717,912)	34,544,347
200,000	614,739	(414,739)	Data Processing	70,000	852,256	(782,256)	1,056,500
377,418	287,426	89,992	Stores	281,824	439,619	(157,795)	105,209
	14,938	(14,938)	Internal Audit		24,973	(24,973)	172,011
13,862,848	15,268,376	(1,405,528)	Technical Services	14,473,208	17,466,909	(2,993,701)	1,297,955
1,260	105,506	(104,246)	Office Buildings	1,375	419,198	(417,823)	0
651,357	651,913	(556)	PIHMS	808,452	808,452	0	0
2,177,466	211,989	1,965,476	Public Works/ Private/Plant Hire	2,114,745	140,155	1,974,590	(325,000)
5,452,088	7,271,562	(1,819,474)	Health Services	6,118,493	9,001,180	(2,882,687)	444,621
200,000	459,581	(259,582)	Social Services	40,000	882,885	(842,885)	615,917
4,976,623	540,243	4,436,380	Priorities Section 12(6)(b)	6,511,100	632,518	5,878,582	(5,189,855)
4,976,623	540,243	4,436,380	Collection of Levies	6,511,100	632,518	5,878,582	(5,189,855)
337,848	1,908,160	(1,570,312)	Regional Services Sec. 12(6)(a)	1,050,000	3,157,225	(2,107,225)	2,205,737
337,848	3,472	(3,472)	Building Plans & Land	300,000	1,115	(1,115)	(200)
	334,420	(334,420)	Disaster Management	750,000	755,284	(455,294)	342,521
	1,457,048	(1,119,200)	Environmental Health		2,035,761	(1,285,761)	1,721,416
	21,900	(21,900)	Licenses & Dog Tax		19,950	(19,950)	22,000
	91,320	(91,320)	Tourism		345,115	(345,115)	120,000
0	9,600	(9,600)	Donations Section 12(6)(e)	0	21,648	(21,648)	15,000
	9,600	(9,600)	Donations & Grants	0	21,648	(21,648)	15,000
0	0	0	Economic Services	9,709,437	9,709,437	0	0
			Gariep	3,852,193	3,852,193	0	
			Maletswai	2,190,402	2,190,402	0	
			Senqu	1,995,823	1,995,823	0	
			Etundini	1,671,019	1,671,019	0	
0	0	0	Trading Services	15,317,926	15,317,926	0	0
			Gariep	3,737,509	3,737,509	0	
			Maletswai	3,960,265	3,960,265	0	
			Senqu	4,329,133	4,329,133	0	
			Etundini	3,291,019	3,291,019	0	
53,648,729	39,599,948	14,048,781	TOTAL	101,208,771	94,687,102	6,521,669	(182,028)
		(125,569)	Appropriations, for the year (refer to note 17)			1,309,002	
		13,923,212	Net surplus/(deficit) for the year			7,830,671	
		484,784	Accumulated surplus/ (deficit) beginning of the year			14,407,996	
		<u>R 14,407,996</u>	ACCUMULATED SURPLUS/ (DEFICIT) AT END OF THE YEAR			<u>R 22,238,667</u>	