

**BLUE CRANE ROUTE
MUNICIPALITY**



**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2005**

BLUE CRANE ROUTE MUNICIPALITY MUNICIPALITY

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BLUE CRANE ROUTE MUNICIPALITY
GENERAL INFORMATION

MEMBERS OF BLUE CRANE ROUTE MUNICIPALITY

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

GRADING OF LOCAL AUTHORITY

Grade 6

AUDITORS

Auditor General

BANKERS

ABSA Bank Limited

REGISTERED OFFICE

67 Nojoli Street
Somerset East
5850

PO Box 21
Somerset East
5850

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

CHIEF EXECUTIVE OFFICER / MUNICIPAL MANAGER

DO Claassen

FINANCIAL MANAGER

D Louw

BLUE CRANE ROUTE MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS

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

Municipal Manager on and presented to and approved by Council

on

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MUNICIPAL MANAGER: BLUE CRANE ROUTE MUNICIPALITY
(Accounting Officer)

BLUE CRANE ROUTE MUNICIPALITY FOREWORD

I have pleasure in presenting the Annual Financial Statements which are subject to audit for the year ended 30 June 2005.

Local Government reforms in South Africa pose a challenge to all municipalities and indeed to the Blue Crane Route Municipality and as such we have set as an objective to comply with the accounting reforms as envisaged in the MFMA and other pieces of legislation.

The economic viability of the municipality remains a priority and every effort will be made to stimulate investment in all areas of the Blue Crane Route Municipality. To this end, I am proud to report that a municipal entity was established and various projects for local economic development will be undertaken in the next year. Furthermore, strategies have put in place to develop the huge tourism potential of the three towns in our municipal area.

The Council as an institution is however faced with as much challenges as opportunities. The biggest challenge is the inability of consumers to pay for rates and service charges impacting negatively on the operations of the Council and affecting the quality of service delivery. The high unemployment rate in the municipality is a contributing factor towards non payment of municipal rates and service charges.

Despite the challenges facing this Council I am confident and we remain committed to building a financially sound municipality.

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



**M C MJADU
MAYOR**

BLUE CRANE ROUTE MUNICIPALITY
ACCOUNTING OFFICER'S REPORT

1. OPERATING RESULTS

Details of the operating results per department, classification and object of expenditure are included in appendices D and E. the overall operating results for the year ended 30 June 2005 are as follows:

	Actual 2005 R	Budget 2005 R	Variance Actual - Budget %	Actual 2004 R	Budget 2004 R	Variance Actual - Budget %
Income:						
Opening deficit	(7,628,071)			(12,467,351)		
Sundry Transfers	735,987			3,283,680		
Operating income for the year	47,042,299	49,822,666	(5.58)	43,826,363	43,700,000	0.29
	40,150,214	49,822,666		34,642,692	43,700,000	
Expenditure						
Operating expenditure for the year	(46,946,427)	(49,822,666)	(5.77)	(42,270,763)	(43,700,000)	(3.27)
Contributions to approved funds						
Closing deficit	6,796,212			7,628,071		
	-	-		-	-	

Reasons for significant variances

Income & expenditure over-budgeted for the 2005 year.

1.1 Rates and General Services

	Actual 2005 R	Budget 2005 R	Variance Actual - Budget %	Actual 2004 R	Budget 2004 R	Variance Actual - Budget %
Income	22,033,111	27,030,411	(18.49)	20,010,035	19,442,950	2.92
Expenditure	(29,909,056)	(37,240,850)	(19.69)	(25,231,790)	(26,225,911)	(3.79)
Surplus/(deficit)	(7,875,945)	(10,210,439)		(5,221,755)	(6,782,961)	
Surplus/(deficit) as % of total income	(35.75)	(37.77)		(26.10)	(34.89)	

Reasons for significant variances

Income & expenditure over-budgeted for the 2005 year.

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

1.2 Trading Services

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

Electricity Service

	Actual 2005 R	Budget 2005 R	Variance Actual - Budget %	Actual 2004 R	Budget 2004 R	Variance Actual - Budget %
Income	20,149,287	18,519,060	8.80	19,295,545	19,302,520	(0.04)
Expenditure	(14,377,952)	(14,633,133)	(1.74)	(15,176,908)	(15,257,878)	(0.53)
Surplus/(deficit)	5,771,335	3,885,927		4,118,637	4,044,642	
Surplus/(deficit) as % total income	28.64	20.98		21.35	20.95	

Reasons for significant variances

Income under-budgeted for the 2005 year.

Water Service

	Actual 2005 R	Budget 2005 R	Variance Actual - Budget %	Actual 2004 R	Budget 2004 R	Variance Actual - Budget %
Income	4,859,901	4,273,195	13.73	4,520,783	4,954,530	(8.75)
Expenditure	(2,659,418)	(2,089,262)	27.29	(1,862,065)	(2,216,211)	(15.98)
Surplus/(deficit)	2,200,483	2,183,933		2,658,718	2,738,319	
Surplus/(deficit) as % total income	45.28	51.11		58.81	55.27	

Reasons for significant variances

The difference between actual and budgeted expenditure can be attributed to underbudgeting on water purchases

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

2. CAPITAL EXPENDITURE AND FINANCING

	Actual 2005 R	Budget 2005 R	Actual 2004 R
Community services	413,012	5,860,000	362,340
Subsidised services		50,000	
Economic services		8,600,000	50,114
Trading services	2,053,609	16,617,000	1,649,579
	2,466,621	31,127,000	2,062,033

Resources used to finance the fixed assets were as follows:

	Actual 2005 R	Budget 2005 R	Actual 2004 R
Contributions ex revenue	4,083	832,542	399,255
Grants and subsidies	2,462,538	30,294,458	1,662,778
	2,466,621	31,127,000	2,062,033

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

3. EXTERNAL LOANS, INVESTMENTS AND CASH

External loans outstanding on 30 June 2005 amounted to R15,531,138 (15,539,949 in 2004) as set out in appendix B.

Long term investments at 30 June 2005 amounted to R1,288,614 (R1,288,614 in 2004)

Short term investments and cash on hand at 30 June 2005 amounted to R767,206 (R499,832 in 2004).

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

4. FUNDS AND RESERVES

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

5. ESTABLISHMENT OF A MUNICIPAL ENTITY

The Blue Crane Route Municipality Development Agency was established during the year with its main objectives being that of acting as an agent on behalf of the municipality for all tourism, agriculture and business developmental issues in the demarked development zones. Establishment costs of R87,000 were incurred during the year and these were financed by the municipality and included under accounts receivable. This amount will be repaid to the municipality once funding has been received.

6. POST BALANCE SHEET EVENTS

The municipality has instituted a law suit against Pinolta (Pty) Ltd which has failed to honour an agreement whereby Pinolta (Pty) Ltd promised to settle Council's liability in respect of the Nashua lease contracts.

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

7. EXPRESSION OF APPRECIATION

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

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MUNICIPAL MANAGER: BLUE CRANE ROUTE MUNICIPALITY

(Accounting Officer)

BLUE CRANE ROUTE MUNICIPALITY

ACCOUNTING POLICIES

1. Basis of preparation

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

2. Consolidation

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

3. Fixed assets

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

3.2 Depreciation

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

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

BLUE CRANE ROUTE MUNICIPALITY

ACCOUNTING POLICIES (continued)

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

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

4. Inventory

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

5. Funds and reserves

5.1 Revolving fund

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

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

5.2 Other funds and reserves

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

6. Provisions

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

7. Retirement benefits

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

BLUE CRANE ROUTE MUNICIPALITY

ACCOUNTING POLICIES (continued)

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

Full actuarial valuations are performed at least every three years.

8. Surpluses and deficits

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

9. Treatment of administration and other overhead expenses

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

10. Leased assets

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

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

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

11. Investments

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

12. Deferred charges

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

13. Income recognition

13.1 Electricity and water billings

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

BLUE CRANE ROUTE MUNICIPALITY
ACCOUNTING POLICIES (continued)

13.2 Assessment rates

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

13.3 Other income

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

14. Provision for bad debts

14.1 Trade Debtors

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

BLUE CRANE ROUTE MUNICIPALITY
BALANCE SHEET AT 30 JUNE 2005

	Note	2005 R	2004 R
CAPITAL EMPLOYED			
FUNDS AND RESERVES		6,784,901	6,184,073
Statutory funds	1	6,772,901	6,172,073
Reserves	2	12,000	12,000
ACCUMULATED DEFICIT		(6,796,212) (11,311)	7,628,071 (1,443,998)
TRUST FUNDS	3	2,204,486	2,161,914
LONG TERM LIABILITIES	4	14,899,638	15,539,950
CONSUMER DEPOSITS: SERVICES	5	528,548	505,251
		17,621,361	16,763,117
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	6	11,739,159	11,739,159
INVESTMENTS	7	1,288,614	1,288,614
LONG-TERM DEBTORS	8	89,476	130,234
		13,117,249	13,158,007
NET CURRENT ASSETS		4,504,112	3,605,111
CURRENT ASSETS		16,478,939	14,696,321
Accounts receivable	9	15,067,518	13,550,241
Cash resources		61,292	100,563
Inventory	10	559,083	575,619
Short-term investments	7	767,206	399,269
Short-term portion of long-term debtors		23,840	70,629
CURRENT LIABILITIES		11,974,828	11,091,210
Accounts payable	11	2,760,384	2,456,880
Bank overdraft		4,141,041	3,587,197
Provisions	12	4,441,903	5,047,133
Short-term portion of long-term liabilities	4	631,500	
		17,621,361	16,763,117

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

BLUE CRANE ROUTE MUNICIPALITY
INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

	2004 Actual income R	2004 Actual expenditure R	2004 surplus/ (deficit) R	2005 Actual income R	2005 Actual expenditure R	2005 surplus/ (deficit) R	2005 Budgeted surplus/ (deficit) R
	20,010,035	25,231,790	(5,221,755)	22,033,111	29,909,056	(7,875,945)	(6,069,860)
	13,895,364	19,346,421	(5,451,057)	15,623,547	22,599,614	(6,976,067)	(5,483,754)
	45,217	1,740,033	(1,694,816)	55,016	2,159,777	(2,104,761)	(2,031,165)
	6,069,454	4,145,336	1,924,118	6,354,549	5,149,665	1,204,884	1,445,059
RATES AND GENERAL SERVICES							
Community services							
Subsidised services							
Economic services							
HOUSING SERVICES							
TRADING SERVICES	23,816,328	17,038,973	6,777,355	25,009,188	17,037,371	7,971,817	6,069,860
TOTAL	<u>36,465,358</u>	<u>37,636,125</u>	<u>1,155,600</u>	<u>47,042,299</u>	<u>46,946,427</u>	<u>95,872</u>	<u>-</u>
Prior year adjustments (Note 18)			3,283,680			735,987	
NET SURPLUS FOR THE YEAR			<u>4,839,280</u>			<u>831,859</u>	
Accumulated deficit beginning of the year			7,628,071			(7,628,071)	
ACCUMULATED DEFICIT END OF THE YEAR			<u>12,467,351</u>			<u>(6,796,212)</u>	

BLUE CRANE ROUTE MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

	NOTES	2005 R	2004 R
CASH RETAINED FROM OPERATING ACTIVITIES		2,682,988	(2,459,550)
Cash utilised in operations	20	(7,048,476)	(14,939,697)
Investment income	17	27,706	46,398
Increase in working capital	21	(1,691,624)	(2,314,186)
		(8,712,394)	(17,207,485)
Less: External interest paid	17	(2,532,938)	(2,641,629)
Cash utilised in operations		(11,245,332)	(19,849,114)
Net proceeds on disposal of fixed assets			44,123
Cash contributions from the public and the State		13,928,320	17,345,441
CASH UTILISED IN INVESTING ACTIVITIES			
Investment in fixed assets	6	(2,466,621)	(2,062,033)
NETT CASH FLOW		<u>216,367</u>	<u>(4,521,583)</u>
CASH EFFECTS OF FINANCING ACTIVITIES			
(Decrease) in long-term liabilities	22	(8,811)	(106,261)
(Increase)/ decrease in cash on hand	23	225,178	4,627,844
NETT CASH UTILISED		<u>216,367</u>	<u>4,521,583</u>

BLUE CRANE ROUTE MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005

	2005 R	2004 R
1. STATUTORY FUNDS		
Revolving Fund	6,195,647	5,740,102
Housing Development Fund	<u>577,254</u>	<u>431,971</u>
	<u>6,772,901</u>	<u>6,172,073</u>
The above funds are not cash-backed (Refer to Appendix A for more detail)		
2. RESERVES		
Game Reserve	<u>12,000</u>	<u>12,000</u>
This reserve is not cash-backed		
3. TRUST FUNDS	<u>2,204,486</u>	<u>2,161,914</u>
Represented by:		
Short term investments	80,409	
Advances to operating account	<u>2,124,077</u>	
	<u>2,204,486</u>	
(Refer to Appendix A for more detail)		

BLUE CRANE ROUTE MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005 (Continued)

	2005 R	2004 R
4. LONG-TERM LIABILITIES		
Annuity loan	15,531,138	15,539,950
	<u>15,531,138</u>	<u>15,539,950</u>
Less: Short-term portion transferred to current liabilities	(631,500)	
	<u>14,899,638</u>	<u>15,539,950</u>
 (Refer to Appendix B for more detail)		
ANNUITY LOAN		
Carry interest at rates varying between 14,25% and 17,00% per annum and will be fully redeemed in 2016.		
 The annuity loan reflected above is secured by a Promissory Note (Certificate Number TR1652). The investment has a guaranteed amount of R12,000,000 on the assumption that it is held to maturity. The investment matures in 2014.		
5. CONSUMER DEPOSITS:SERVICES		
Electricity and Water	528,548	505,251
	<u>528,548</u>	<u>505,251</u>
6. FIXED ASSETS		
Fixed assets at the beginning of the year	91,659,111	89,597,078
Capital expenditure during the year	2,466,621	2,082,033
Total fixed assets	<u>94,125,733</u>	<u>91,659,111</u>
Less: Loans redeemed and other capital receipts	82,386,574	(79,919,953)
	<u>11,739,159</u>	<u>11,739,158</u>
7. INVESTMENTS		
Unlisted		
Long-term deposit - Investec	1,288,614	1,288,614
Management's valuation - repurchase amount	<u>1,231,614</u>	<u>1,231,614</u>
 Short-term deposits		
Management's valuation of unlisted investments	767,206	399,269
	<u>767,206</u>	<u>399,269</u>
 No investments have been written off during the year. Long-term deposits have been pledged as security for funding facilities of the council. The investment has a guaranteed amount of R12,000,000 on the assumption that it is held to maturity. The investment matures in 2014.		

BLUE CRANE ROUTE MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005 (Continued)

	2005 R	2004 R
8. LONG-TERM DEBTORS		
Other debtors	113,316	200,863
Less: Short-term portion transferred to current assets	<u>(23,840)</u>	<u>(70,629)</u>
	<u>89,476</u>	<u>130,234</u>
9. ACCOUNTS RECEIVABLE		
Trade Debtors	21,154,157	29,496,693
Less: Provision for bad debts	<u>(7,074,100)</u>	<u>(16,345,858)</u>
	14,080,057	13,150,835
Other Debtors	<u>987,461</u>	<u>399,406</u>
	<u>15,067,518</u>	<u>13,550,241</u>
Note: An amount of R9,271,758 i.r.o irrecoverable debts was written off during the year against the provision for bad debts.		
10. INVENTORY		
Inventory represents consumable stores, raw materials, work-in progress and finished goods. Where necessary specific provision is made for obsolete inventory.	<u>559,083</u>	<u>575,619</u>
11. ACCOUNTS PAYABLE		
Trade Creditors	2,510,384	2,456,880
Other Creditors	<u>250,000</u>	<u>250,000</u>
	<u>2,760,384</u>	<u>2,456,880</u>
12. PROVISIONS		
Audit fees	1,456,759	1,314,804
Leave pay	1,664,202	1,807,400
VAT - Debtors accruals	<u>1,320,943</u>	<u>1,924,929</u>
	<u>4,441,903</u>	<u>5,047,133</u>
13. ASSESSMENT RATES		
Site valuations as at 1 July: Residential, commercial, state and municipal	<u>270,100,020</u>	<u>270,100,020</u>
Actual income	<u>2,817,664</u>	<u>2,834,557</u>
The last general valuation came into effect on 1 July 2001. (More information concerning rate levies are contained in Appendix F)		
14. COUNCILLOR'S REMUNERATION		
Mayor	196,831	180,181
Salary	118,771	
Housing	36,167	
Telephone	12,000	
Travel	<u>29,693</u>	
	395,861	361,419
Councillors		
Salaries	241,434	
Telephone	67,500	
Travel	60,359	
Personal	<u>26,568</u>	
	<u>592,491</u>	<u>541,600</u>
(The salaries, allowances and benefits of political office-bearers and councillors of the municipality, whether financial or in kind, are within the upper limits of the framework envisaged in section 219 of the Constitution.)		
15. MANAGERS REMUNERATION		
Municipal Manager	481,233	
Financial Manager	426,651	
Community Services Manager	426,651	
Infrastructure Manager	<u>426,651</u>	
	<u>1,741,184</u>	
16. AUDITOR'S REMUNERATION		
Audit fees - current year provision	<u>451,163</u>	<u>442,622</u>

BLUE CRANE ROUTE MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005 (Continued)

	2005 R	2004 R
17. FINANCE TRANSACTIONS		
Total external interest earned or paid:		
- Interest earned	<u>27,708</u>	<u>33,862</u>
- Interest paid	<u>2,532,938</u>	<u>2,641,629</u>
Capital charges debited to operating account:		
- Interest paid on external loans	2,532,938	2,641,629
- Redemption of external loans	<u>8,811</u>	<u>106,282</u>
	<u>2,541,750</u>	<u>2,747,891</u>
18. APPROPRIATIONS		
Appropriation account		
Accumulated (deficit) / at the beginning of the year	(7,628,071)	(12,467,351)
Operating surplus/ (deficit) for the year	95,872	1,555,600
Appropriations for the year:		
- Prior year adjustments	<u>735,987</u>	<u>3,283,880</u>
	<u>(6,796,212)</u>	<u>(7,628,071)</u>
Note: Prior year adjustments consist of credits arising from housing projects.		
19. APPROPRIATIONS (continued)		
Operating account		
Capital expenditure	4,083	399,255
Contributions to:		
- Revolving Fund	<u>212,592</u>	<u>198,482</u>
	<u>216,675</u>	<u>597,737</u>

BLUE CRANE ROUTE MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005 (Continued)

	2005 R	2004 R
20. CASH UTILISED IN OPERATIONS		
Surplus for the year	95,872	1,555,600
Adjustments in respect of:		
- Previous years' operating transactions	735,987	16,299
Appropriations charged against income:	218,875	597,737
- Fixed assets	4,083	399,255
- Revolving Fund	212,592	198,482
Investment income (operating account)	(27,706)	(33,862)
Capital charges debited to operating account	2,541,750	2,747,891
Grants and subsidies received from the State	(9,724,254)	(9,112,983)
Non-operating expenditure debited to funds and reserves	(886,799)	(10,710,379)
	<u>(7,048,476)</u>	<u>(14,939,697)</u>
21. DECREASE/(INCREASE) IN WORKING CAPITAL		
(Increase) / decrease in accounts receivable, long-term debtors	(1,429,731)	(989,167)
Increase / (decrease) in accounts payable, consumer deposits	326,800	(1,965,279)
(Increase) / decrease in inventory	16,536	43,144
Increase / (decrease) in provisions	(605,230)	597,116
	<u>(1,691,624)</u>	<u>(2,314,186)</u>
22. (DECREASE)/ INCREASE IN LONG-TERM LIABILITIES		
Loans raised	-	-
Loans repaid	8,811	(106,261)
	<u>8,811</u>	<u>(106,261)</u>
23. DECREASE / (INCREASE) IN CASH ON HAND		
Cash balance at the beginning of the year	(3,087,365)	1,540,479
Less: Cash balance at the end of the year	<u>(3,312,543)</u>	<u>(3,087,365)</u>
	<u>225,178</u>	<u>4,627,844</u>

24. RETIREMENT BENEFITS

The Blue Crane Municipality and its employees contribute to various pension, provident and retirement funds. The larger funds include the SAMWU National Provident Fund and the Cape Joint Retirement Fund.

BLUE CRANE ROUTE MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005 (Continued)

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

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

25. CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS

None

BLUE CRANE ROUTE MUNICIPALITY

STATUTORY FUNDS, RESERVES AND TRUST FUNDS

	Balance at 30-Jun-04 R	Contributions during year R	Interest on Investments R	Other Income R	Written off R	Operating expenditure during year R	Capital expenditure during year R	Balance at 30-Jun-05 R
STATUTORY FUNDS								
Revolving Fund	5,740,102	212,592		242,953				6,195,647
Housing Development Fund	431,971			145,283				577,254
	<u>6,172,073</u>	<u>212,592</u>		<u>388,236</u>				<u>6,772,901</u>
RESERVES								
Game Reserve	12,000							12,000
	<u>12,000</u>							<u>12,000</u>
TRUST FUNDS								
Dr WH Craib Fund	20,769		3,746			3,000	625,877	21,515
Bulk Water Pipeline CHO	4,472	959,625				38,758		333,748
Integrated Development Plan Fund	29,563	50,000						15,714
Skills Development Fund	43,398	319,035					260,922	29,563
Security Fencing - Nature Reserve			2,038					58,113
Zoning Map Fund		12,059						45,436
SE 135 Farm Houses	4,043							12,059
Pearst Small Framers Association	(283,232)	428,575						4,043
313 Houses Fund		451						145,343
Friends of WD West Library	620,070					620,070		451
300 Houses Fund	152,109					190,162		636,935
MSP Fund	636,935	38,053						63,158
Additional Drug Allocation	63,158							702,068
Led Zama Fund	734,289					32,221		63,000
Water Treatment Plant	63,000							73,340
Environmental Impact Study Fund	73,340							
Spatial Development Framework								
	<u>2,161,914</u>	<u>1,807,798</u>	<u>5,784</u>			<u>884,211</u>	<u>886,799</u>	<u>2,204,486</u>

BLUE CRANE ROUTE MUNICIPALITY

EXTERNAL LOANS AND INTERNAL ADVANCES

	Interest Rate	Redeemable	Balance at 30 June 2004 R	Received during the year R	Redeemed/ written off during year R	Balance at 30 June 2005 R
EXTERNAL LOANS						
Annuity loans						
Development Bank of Southern Africa	17.00%	2016	11,739,159	-	-	11,739,159
			<u>11,739,159</u>			<u>11,739,159</u>
Development Bank of Southern Africa (Capitalised Interest)			3,800,790	8,811	8,811	3,791,979
			<u>15,539,949</u>	-	-	<u>15,531,138</u>
INTERNAL ADVANCES						
Outstanding advances to borrowing services						
			8,546,696	242,953	670,517	8,119,132
			<u>8,546,696</u>	<u>242,953</u>	<u>670,517</u>	<u>8,119,132</u>

APPENDIX B

BLUE CRANE ROUTE MUNICIPALITY

ANALYSIS OF FIXED ASSETS

2004 Expenditure	2005 Budget	Balance at 30 June 2004	Expenditure during year	Redeemed, transferred or written off during year	Balance at 30 June 2005
R	R	R	R	R	R
412,454	14,510,000	50,286,424	413,012		50,699,434
362,340	5,860,000	40,292,497	413,012		40,695,509
		2,340,834			2,340,834
		143,551			143,551
		816,163			816,163
	200,000	682,561	319,035		1,135,198
		118,574			118,574
		795,389			795,389
279,412	5,600,000	27,958,507	93,977		5,438,211
82,928	60,000	1,309,458			28,052,484
		412,509			1,309,458
		29,567			412,509
		227,173			29,567
	50,000	2,883,635			227,173
		63,762			2,883,635
		19,290			63,762
	50,000	42,462			19,290
		517,222			42,462
		2,240,879			517,222
50,114	8,600,000	7,120,291			2,240,879
		441,774			7,120,291
	3,500,000	1,068,033			441,774
	5,100,000	2,659,703			1,068,033
		2,950,781			2,659,703
		6,718,128			2,950,781
		2,147,106			6,718,128
		4,571,022			2,147,106
1,649,579	16,617,000	34,654,559	2,053,609		4,571,022
		255,669			36,708,170
	11,417,000	20,775,862	254,545		255,669
	5,200,000	13,622,998	1,799,064		21,030,438
		91,659,111	2,466,621		15,422,063
	31,127,000	79,919,953	2,466,621		94,125,733
2,062,033		35,788,489			82,388,574
		1,963,912			35,788,489
		42,032,142			1,963,912
		115,400			44,494,660
		11,739,159			115,400
		11,739,159			11,739,159

LESS: LOANS REDEEMED AND OTHER CAPITAL RECEIPTS

Loans redeemed and advances repaid
 Contributions from operating income
 Grants and subsidies
 Public contributions

NET FIXED ASSETS

APPENDIX C

BLUE CRANE ROUTE MUNICIPALITY

ANALYSIS OF OPERATING INCOME AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2005

	2004 Actual R	2005 Actual R	2005 Budget R
INCOME			
Grants and subsidies	9,112,983	9,724,254	12,698,154
Operating income	35,017,834	37,963,227	37,124,512
Refuse Removal	3,375,412	3,375,412	3,586,855
Assessment Rates	2,834,557	2,817,664	3,012,345
Sanitation/ Sewerage	2,979,137	2,979,137	3,716,503
Rent	133,440	133,440	
Electricity Sales	19,295,545	20,149,287	18,519,060
Water Sales	4,520,783	4,859,901	4,273,195
Income from other Sources	1,246,257	3,648,386	4,016,554
Total income	44,130,817	47,042,299	49,822,666
EXPENDITURE			
Salaries, wages and allowances	19,597,799	22,273,441	22,711,330
General expenditure	16,111,953	19,605,059	22,733,719
Repairs and maintenance	3,577,965	3,131,188	3,631,623
Capital charges	2,747,891	2,532,938	2,850,188
Contributions to fixed assets	399,255	4,083	832,542
Contributions to funds	719,773	212,592	386,260
Total expenditure	43,154,637	47,759,302	53,145,662
Less: Amounts charged out	883,874	812,876	3,322,996
Net expenditure	42,270,763	46,946,427	49,822,666

APPENDIX D

BLUE CRANE ROUTE MUNICIPALITY

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

2004 Actual income	2004 Actual expenditure	2004 Surplus/ (deficit)	2005 Actual income	2005 Actual expenditure	2005 Surplus/ (deficit)	2005 Budgeted surplus/ (deficit)
R	R	R	R	R	R	R
20,010,035	25,231,790	(5,221,755)	22,033,111	29,909,056	(7,875,945)	(6,069,860)
13,895,364	19,346,421	(5,451,057)	15,623,547	22,599,614	(6,976,067)	(6,483,764)
2,834,557	521,243	2,834,557	2,817,664	818,664	2,817,664	2,982,215
125,539		(395,704)	123,065	1,014,705	(695,619)	(417,089)
2,732,579	2,550,745	181,834	2,209,224	2,610,093	(400,869)	(600,206)
88,158	315,726	(227,568)	156,068	569,119	(413,051)	(388,128)
500,132	2,243,821	(1,743,689)	500,000	2,199,324	(1,699,324)	(1,695,419)
	1,711,518	(1,711,518)	2,335	2,303,450	(2,301,115)	(1,784,924)
			986,082	369,487	628,596	63,823
6,028,179	4,489,482	1,538,697	6,663,332	4,504,207	2,159,125	2,424,761
	436,548	(436,548)		403,611	(403,611)	(334,793)
113,599	597,690	(484,091)	133,440	817,206	(683,766)	(1,394,555)
405,874	3,519,863	(3,113,979)	270,073	3,262,080	(2,992,008)	(2,900,566)
633,185	1,610,986	(1,610,986)	632,704	2,184,638	(2,184,638)	(995,171)
158,654	252,936	(94,282)	159,782	285,014	(125,233)	80,900
274,908	566,580	(291,672)	216,450	580,823	(364,373)	(157,630)
45,217	1,740,033	(1,694,816)	55,016	2,159,777	(2,104,761)	(2,031,165)
29,100	90,909	(61,809)	31,767	52,148	(20,381)	
2,563	63,650	(61,087)	1,689	87,764	(86,075)	(119,150)
13,554	914,001	(900,447)	17,213	1,010,649	(993,435)	(1,041,740)
	671,473	(671,473)	4,346	1,009,216	(1,004,869)	(870,275)
6,069,454	4,145,336	1,924,118	6,354,549	5,149,665	1,204,884	1,445,059
3,238,569	2,081,970	1,156,599	3,375,412	2,686,446	708,966	333,721
2,830,885	2,063,366	767,519	2,979,137	2,483,219	495,918	1,111,338
23,816,328	17,038,973	6,777,355	25,009,188	17,037,371	7,971,817	6,069,860
19,295,545	15,176,908	4,118,637	20,149,287	14,377,952	5,771,335	3,885,927
4,520,783	1,867,065	2,653,718	4,859,901	2,659,418	2,200,483	2,183,933
43,826,363	42,270,763	1,555,600	47,042,299	45,946,427	95,872	
		3,283,680			735,987	
		4,839,280			831,859	
		(12,467,351)			(7,628,071)	
		(7,628,071)			(6,796,212)	

APPENDIX E

APPENDIX F
STATISTICAL INFORMATION

A) General Statistics

(i)	Population	34,357
(ii)	Valuation of taxable property	231,304,375
(iii)	Valuation of non taxable property	38,795,645
(iv)	Date of valuation	2001
(v)	Valuation of residential property	150,021,619
(vi)	Valuation of commercial property	3,223,210
(vii)	Number of residential properties	7,128
(viii)	Number of commercial properties	10
(ix)	Assessment rates: Cents in the rand	
	- Pearston, Somerset East & Cookhouse	0.01329
	- Clevedon	0.00931
	- Unvalued Properties (Based on value of R7,500)	0.01329
(x)	Number of employees	284

B) Electricity Statistics

(i)	Units bought/generated	58,990,500
(ii)	Units sold	56,704,225 ✓
(iii)	Units lost in distribution	2,286,275
(iv)	Units lost in distribution (%)	3.88%

C) Water Statistics

(i)	Units bought/generated	1,308,034
(ii)	Units sold	1,254,407
(iii)	Units lost in distribution	53,627
(iv)	Units lost in distribution (%)	4.10%