



**Annual Financial Statements
2004/2005**

EC 123

GREAT KEI MUNICIPALITY

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GREAT KEI MUNICIPALITY

MAYOR'S FOREWORD

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

Local Government reform in South Africa poses a challenge to all municipalities and indeed the Great Kei Municipality and as such we have set our targets to comply with the accounting reforms as envisaged in the MFMA and other pieces of legislation.

The economic viability of the region remains a priority for our municipality. Every effort has been made to stimulate investment in the Great Kei Municipality with the available resources.

The council as an institution is faced with numerous challenges. The greatest challenge is the inability of customers to pay for rates and services on a regular basis. Due to this challenge the municipality has become increasingly reliance on the equitable share received from national government is improve the quality of service delivery to population of the Great Kei region. The high unemployment rate in the region has become the major contributing factor towards the inability of customers to service their accounts. We have also been faced with a growing rate of electricity fraud.

Despite the numerous challenges facing the council I and my fellow councillors are confident for the future of the Great Kei Municipality and we remain committed to building a financially sound and prosperous municipality.

In conclusion I wish to express my appreciation to the councillors, the Municipal Manager, Chief Financial Officer and various members of the Budget and Treasure office for their support and hard work during the past financial year.

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M Kema
MAYOR

GREAT KEI MUNICIPALITY GENERAL INFORMATION

MEMBERS OF THE COUNCIL

Councillors

M Kema (Mayor)

M Mali (Chairperson: - Finance)

W Hollington (Chairperson: - Amenities Social Services and Health)

T Nelani (Chairperson: - Human Resources)

G Hill

N Dyani (Chairperson: - Economic Development)

N Pan

N Tekile

W Ndora

M Bukani

V Bholo

Z Mpondo (Chairperson Infrastructure Development and Works)

GRADING OF LOCAL AUTHORITY

Great Kei Municipality is a Grade 2 Local Authority

AUDITORS

Auditor General

BANKERS

The Standard Bank of South Africa
ABSA Bank

GREAT KEI MUNICIPALITY

REGISTERED OFFICE

P O Box 21
Komga
Station Street, Komga

Telephone : 043 831 1028
Facsimile : 043 831 1306

MUNICIPAL MANAGER & ACCOUNTING OFFICER

O S Ngqele

Telephone : 043 831 1028

CHIEF FINANCIAL OFFICER

Z Gwavu

Telephone : 043 831 1028

GREAT KEI MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS

The **Annual Financial Statements** as set out on pages 4 to 22 were approved by the Municipal Manager and

Chief Financial Officer on the and presented to and approved by Council

on the

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MUNICIPAL MANAGER: GREAT KEI MUNICIPALITY

.....
CHIEF FINANCIAL OFFICER: GREAT KEI MUNICIPALITY

GREAT KEI 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 2004 R	Actual 2005 R	Variance 2004/2005 %	Budget 2005 R	Variance Actual - Budget %
Income:					
Opening deficit	18,403,648	1,216,239			
Sundry Transfers	(7,310,411)	(74,201)			
Operating income for the year	17,804,692	23,047,913	29	36,349,125	(58)
	28,897,930	24,189,952		36,349,125	
Expenditure					
Operating expenditure for the year	27,681,691	27,534,275	(1)	36,349,125	(32)
Contributions to approved funds					
Closing deficit	1,216,239	(3,344,325)		-	
	28,897,930	24,189,952		36,349,125	
Significant variances:					

1.1 Rates and General Services

	Actual 2004 R	Actual 2005 R	Variance 2004/2005 %	Budget 2005 R	Variance Actual - Budget %
Income	15,333,505	16,086,263	5	33,158,259	(106)
Expenditure	22,826,440	22,649,209	(1)	32,744,259	(45)
Deficit	(7,492,935)	(6,562,946)	(12)	414,000	106
Deficit as % of total income	(49)	(41)			
Significant variances:					

1.2 Summary of the operating results of the local authority's Trading Service:

Water Service

	Actual 2004 R	Actual 2005 R	Variance 2004/2005 %	Budget 2005 R	Variance Actual - Budget %
Income	1,512,882	5,386,904	256	-	100
Expenditure	2,540,618	2,729,064	7	-	100
(Deficit)/Surplus	(1,027,735)	2,657,841		-	
Surplus/(deficit) as % total income	(68)	49		#DIV/0!	
Significant variances:					

Electricity Service

	Actual 2004 R	Actual 2005 R	Variance 2004/2005 %	Budget 2005 R	Variance Actual - Budget %
Income	958,305	1,574,745	64	3,190,866	(103)
Expenditure	2,314,633	2,156,003	(7)	3,604,866	(67)
(Deficit)/Surplus	(1,356,328)	(581,258)		(414,000)	
Surplus/(deficit) as % total income	(142)	(37)		(13)	
Significant variances:					

2. CAPITAL EXPENDITURE AND FINANCING

The expenditure on fixed assets during the year amounted to R 6,963,140 . (2004 - R 9,224,028)

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 R 6,162,775. (2004 - R 3,416,949).

Cash resources and short-term deposits less bank overdraft at 30 June 2005 amounted to a surplus of R 1,508,132. (2004 - R 454,990) This amount excludes project, statutory and reserve funds.

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

4. 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: GREAT KEI MUNICIPALITY

GREAT KEI 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.

GREAT KEI 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. Funds and reserves

4.1 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.

4.2 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.

5. 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.

6. Stock

Stock is reflected in the Balance Sheet at the weighted average cost.

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.

GREAT KEI 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. 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.

11. Income recognition

11.1 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.

11.2 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% are granted on state-owned properties. Income is recognised when such levies are raised and debited to the respective ratepayer account.

11.3 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.

GREAT KEI MUNICIPALITY
BALANCE SHEET AT 30 JUNE 2005

	Note	2005 R	2004 R
CAPITAL EMPLOYED			
FUNDS AND RESERVES		848,404	526,401
Statutory Funds	1	845,780	509,650
Reserves	2	2,624	16,751
RETAINED INCOME / (ACCUMULATED DEFICIT)		(3,344,325)	1,216,239
		(2,495,920)	1,742,640
TRUST FUNDS	3	31,098	112,493
LONG TERM LIABILITIES	4	5,883,668	3,221,022
CONSUMER DEPOSITS: SERVICES	5	87,738	71,422
		3,506,584	5,147,578
EMPLOYMENT OF CAPITAL			
LONG TERM DEBTORS	8	288,532	375,474
FIXED ASSETS	6	6,828,646	4,412,394
INVESTMENTS	7	76,632	585,005
		7,193,810	5,372,873
NET CURRENT ASSETS		(3,687,226)	(225,295)
CURRENT ASSETS		5,658,524	4,212,397
Stock	9	223,165	223,165
Debtors	10	3,936,193	3,758,709
Cash Resources	11	1,499,166	230,523
CURRENT LIABILITIES		9,345,751	4,437,692
Creditors	13	8,558,272	3,952,030
Bank Overdraft	14	-	-
Provisions	12	787,479	485,662
		3,506,584	5,147,578

GREAT KEI MUNICIPALITY
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
15,333,505	22,826,440	(7,492,935)	RATES AND GENERAL SERVICES	16,086,263	22,649,209	(6,562,946)	414,000
13,014,646	20,387,934	(7,373,287)	Community services	13,409,976	18,156,014	(4,746,038)	1,676,331
165,220	479,681	(314,461)	Subsidised services	155,302	909,428	(754,126)	(465,361)
2,153,639	1,958,825	194,814	Economic services	2,520,986	3,583,767	(1,062,781)	(796,970)
2,471,187	4,855,251	(2,384,063)	TRADING SERVICES	6,961,649	4,885,066	2,076,583	(414,000)
<u>17,804,692</u>	<u>27,681,691</u>	<u>(9,876,998)</u>	TOTAL	<u>23,047,913</u>	<u>27,534,275</u>	<u>(4,486,363)</u>	<u>-</u>
		(7,310,411)	Appropriations for the year (refer note 19)			(74,201)	
		(17,187,409)	NET SURPLUS (DEFICIT) FOR THE YEAR			(4,560,563)	
		18,403,648	Accumulated deficit beginning of the year			1,216,239	
		<u>1,216,239</u>	ACCUMULATED DEFICIT END OF THE YEAR			<u>(3,344,325)</u>	

GREAT KEI MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

	NOTES	2005 R	2004 R
CASH RETAINED FROM OPERATING ACTIVITIES		5,244,050	3,488,093
Cash generated by operations	20	(15,827,465)	(16,458,873)
Investment income	18	21,455	142,690
Increase in working capital	21	4,730,574	12,037,506
		<u>(11,075,435)</u>	<u>(4,278,677)</u>
Less: External interest paid		646,252	524,455
Cash (utilised in)/available from operations		(10,429,184)	(3,754,222)
Cash contributions from the public and the State		15,673,234	7,242,315
CASH UTILISED IN INVESTING ACTIVITIES		(6,876,198)	(9,378,069)
Investment in fixed assets		(6,963,140)	(9,267,788)
Long Term Debtors		86,942	(110,281)
NETT CASH FLOW		<u>(1,632,148)</u>	<u>(5,889,976)</u>
CASH EFFECTS OF FINANCING ACTIVITIES			
(Decrease) / Increase in Long Term Liabilities	22	2,662,646	780,456
Increase / (Decrease) in Consumer Deposits		16,316	(56,723)
Decrease / (Increase) in Cash	24	(1,268,643)	5,399,855
(Increase) / Decrease in External Cash Investments	23	221,830	(233,613)
NETT CASH UTILISED		<u>1,632,148</u>	<u>5,889,976</u>

GREAT KEI MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2005

	2005 R	2004 R
1. ACCUMULATED FUNDS		
Revolving Fund	843,629	501,550
Dog Tax Fund (Invested as per note 7)	2,151	8,100
	<u>845,780</u>	<u>509,650</u>
<u>The revolving fund is represented by:</u>		
Investments (Note 7)	76,632	585,005
Advances to borrowing services	1,044,978	1,191,372
Long Term Loans	288,532	375,474
Advances to operating account		
	<u>1,410,142</u>	<u>2,151,851</u>
<i>(Refer to Appendix A for more details)</i>		
2. RESERVES (Invested as per note 7)	<u>2,624</u>	<u>16,751</u>
<i>(Refer to Appendix A for more details)</i>		
3. TRUST FUNDS		
As detailed in Appendix A	<u>31,098</u>	<u>112,493</u>
<i>(Refer to Appendix A for more details)</i>		
4. LONG-TERM LIABILITIES		
Development Bank of South Africa	5,883,668	3,221,022
	<u>5,883,668</u>	<u>3,221,022</u>
<i>(Refer to Appendix B for more detail)</i>		
5. CONSUMER DEPOSITS: SERVICES		
Service Deposits	<u>87,738</u>	<u>71,422</u>
6. FIXED ASSETS		
Fixed assets at the beginning of the year	28,118,627	18,894,600
Capital expenditure during the year	6,963,140	9,224,028
Less: Assets written off, transferred or disposed of during year	-	-
Total fixed assets	35,081,767	28,118,627
Less: Loans redeemed and other capital receipts	28,253,122	23,706,233
NET ASSETS	<u>6,828,646</u>	<u>4,412,394</u>
<i>(Refer to Appendix C for more details)</i>		

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

	2005 R	2004 R
7. INVESTMENTS		
Project Investments	31,098	112,493
Reserve Investments	2,624	16,751
Dog Tax Investment	2,151	8,100
Revolving Fund Investments	28,976	214,048
Operating Account Investments	11,783	233,613
	<u>76,632</u>	<u>585,005</u>
<p>Circular no 19 of 1984 issued by the Provincial Administration Community Development Branch, requires local authorities to invest funds, which are not immediately required, with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investment at a plenary rate to meet commitments.</p>		
8. LONG TERM DEBTORS		
Squash Club Loan	19,468	23,453
Bowling Green Club Loan	28,668	33,453
Car Loan Mr Gwavu	63,776	87,627
Car Loan Mr Ngqele	64,532	87,804
Car Loan Mr Vermeulen	-	8,437
Car Loan Mr Dicks	112,088	134,699
	<u>288,532</u>	<u>375,474</u>
9. STOCK		
Stock represents consumable stores, raw materials, work in progress and finished goods. Where necessary specific provision is made for obsolete stock. Stock are divided into different services: Rate and general	<u>223,165</u>	<u>223,165</u>
10. DEBTORS		
Current Debtors (Consumers and others)	9,075,288	8,257,038
VAT Control	1,173,250	356,653
Sundry Debtors	1,768,291	1,005,140
Less: Provision for Doubtful Debts	(8,080,636)	(5,860,122)
	<u>3,936,193</u>	<u>3,758,709</u>
11. CASH AND CASH EQUIVALENT		
Operating Account - Standard Bank	114,742	58,698
Operating Account - ABSA Bank	172,809	74,106
Operating Account - Traffic Services	1,211,615	97,720
Cash Floats	-	-
	<u>1,499,166</u>	<u>230,523</u>

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

	2005 R	2004 R
12. PROVISIONS		
Audit Fee Provision	392,000	236,000
Accounting Services	-	81,638
Leave Pay Provision	395,479	168,025
	<u>787,479</u>	<u>485,662</u>
13. CREDITORS		
Creditors	881,730	1,618,164
VAT Control	-	-
VAT Provision	-	-
Sundry Creditors	-	-
Project Creditors	7,397,433	2,137,939
Current Portion of External Loans	279,108	195,927
	<u>8,558,272</u>	<u>3,952,030</u>
14. BANK OVERDRAFT		
None	<u>-</u>	<u>-</u>
15. ASSESSMENT RATES		
Actual Rateable Income	<u>2,893,651</u>	<u>2,730,342</u>
16. COUNCILLOR'S REMUNERATION		
Councillor's Allowances	<u>887,101</u>	<u>625,269</u>
17. AUDITOR'S REMUNERATION		
Audit fees	<u>156,000</u>	<u>146,000</u>
18. FINANCE TRANSACTIONS		
Total external interest earned or paid:		
- Interest earned	<u>21,455</u>	<u>142,690</u>
- Interest paid	<u>646,252</u>	<u>524,455</u>
Capital charges debited to operating account:		
- Interest paid on external loans	565,270	430,734
- Interest paid on internal loans	80,981	92,674
- Redemption of external loans	80,625	88,712
- Redemption of internal loans	146,394	189,973
	<u>873,271</u>	<u>802,093</u>

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

	2005 R	2004 R
19. APPROPRIATIONS		
Appropriation account		
Accumulated deficit at the beginning of the year	1,216,239	18,403,648
Operating (deficit)/surplus for the year	<u>(4,486,363)</u>	<u>(9,876,998)</u>
	(3,270,124)	8,526,650
Less: Appropriations for the year:		
- Prior year adjustments	(74,201)	(7,310,411)
Accumulated deficit at the end of year	<u><u>(3,344,325)</u></u>	<u><u>1,216,239</u></u>
Operating account		
Capital expenditure - Fixed assets	634,359	1,484,336
Contributions to:		
- Revolving Fund	204,776	170,079
	<u><u>839,134</u></u>	<u><u>1,654,415</u></u>
20. CASH UTILISED IN OPERATIONS		
(Deficit) surplus for the year	(4,486,363)	(287,337)
Adjustments in respect of:		
- Prior Year Adjustments	-	-
Appropriations charged against income:		
- Revolving Fund	204,776	59,728
- Fixed Assets	634,359	11,124
Capital charges debited to operating account	873,271	469,627
Grants and Subsidies Received from the State	(13,053,508)	(146,861)
	<u><u>(15,827,465)</u></u>	<u><u>106,281</u></u>
21. MOVEMENT IN WORKING CAPITAL		
(Increase) / Decrease in Stores	-	-
(Increase) / Decrease in Debtors	(177,484)	(3,805,625)
(Decrease) / Increase in Creditors and Provisions	4,908,058	249,348
	<u><u>4,730,574</u></u>	<u><u>(3,556,277)</u></u>
22. MOVEMENT IN LONG-TERM LIABILITIES		
Loans repaid	2,662,646	-
	<u><u>2,662,646</u></u>	<u><u>-</u></u>
23. MOVEMENT IN INVESTMENTS		
Investments	<u><u>221,830</u></u>	<u><u>(760,903)</u></u>
24. MOVEMENT IN CASH ON HAND		
Cash Surplus / (Deficit) at the beginning of the year	230,523	(660,064)
Less: Cash Surplus / (Deficit) at end of year	1,499,166	230,523
	<u><u>(1,268,643)</u></u>	<u><u>(890,587)</u></u>

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

	2005 R	2004 R
25. CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS		
The municipality has no contingent liabilities nor any contractual obligations.		
26. RETIREMENT BENEFITS		
The employees of the municipality contribute to either the Cape Joint & SALA Pension Fund		

GREAT KEI MUNICIPALITY

STATUTORY FUNDS, RESERVES AND TRUST FUNDS

	Balance at 30 June 2004 R	Contributions during year R	Interest on Investments R	Transfers / (Advance) during year R	Operating expenditure during year R	Capital expenditure during year R	Balance at 30 June 2005 R
STATUTORY FUNDS							
Revolving Fund	501,550	285,757	28,586	28,786	1,050		843,629
Dog Tax	8,100		111	(6,000)	60		2,151
	509,650	285,757	28,697	22,786	1,110	-	845,780
TRUST FUNDS							
Cash Backed Funds							
Pilot Housing	30,886		230	(29,000)	139		1,978
Township Register	3,616		6	(2,000)	152		1,471
IGG	-						-
Kei Mouth Peoples Housing Project	9,112	1,113,273	3,370		13	1,116,409	9,335
Electricity Project	10,184	403,000	4	(411,326)			1,863
CMIP	16,155		23	(15,000)			1,178
General Fund	-						-
Town Planning	30,514		529	(28,000)	280		2,763
Komga TLC	-						-
Stabilisation Fund	4,331		16	(3,000)			1,347
Deposit Fund	-						-
Siviwe Housing Project	7,695	183,402	353	482,801		663,086	11,165
	112,493	1,699,676	4,532	(5,525)	583	1,779,494	31,098
RESERVES							
Scheme Regulation Funds	16,751		153	(14,000)	280		2,624
	16,751	-	153	(14,000)	280	-	2,624

APPENDIX A

GREAT KEI MUNICIPALITY

EXTERNAL LOANS AND INTERNAL ADVANCES

	Rate	Repayment Terms	Termination	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							
Development Bank of South Africa (Sanitation)	15.0%	Bi Annually	30-Jun-2019	2,684,260		54,133	2,630,128
Development Bank of South Africa (Roads & Drainage)	14.5%	Bi Annually	30-Jun-2014	536,762	-	26,493	510,269
Development Bank of South Africa (Municipal Building)		Bi Annually		-	2,743,271	-	2,743,271
				3,221,022	2,743,271	80,625	5,883,668
INTERNAL LOANS							
<u>Internal advances to borrowing services:</u>							
Internal Loans (Old Komga)		Various Loans (See Attached Schedules)		1,122		57	1,065
Internal Loans (Old Kei Mouth)		Various Loans (See Attached Schedules)		1,190,250		146,337	1,043,913
				1,191,372	-	146,394	1,044,978

APPENDIX B

**GREAT KEI MUNICIPALITY
ANALYSIS OF FIXED ASSETS**

2004 Expenditure		Balance at 30 June 2004	Expenditure during year	Redeemed, trans- ferred or written off during year	Balance at 30 June 2005
R		R	R	R	R
7,010,724	Rates & General Services	17,906,812	4,758,314	-	22,665,127
2,665,815	Community services	9,537,228	4,378,005	-	13,915,233
2,052,374	Land and Buildings	5,091,272	2,954,000		8,045,272
281,866	General Improvements	139,639	-		139,639
161,155	Streets & Stormwater	1,196,059	669,583		1,865,641
170,420	Plant, Vehicles and Equipment	1,885,364	264,013		2,149,377
	Community Halls	296,632	-		296,632
	Cintsa Assets	757,842	-		757,842
	Town Treasury	170,420	141,023		311,443
	Traffic Services	-	349,386		349,386
17,825	Subsidised Services	371,437	324,288	-	695,725
	Library	-	-		-
17,825	Plant, Vehicles and Equipment	8,582	324,288		332,870
	Parks & Recreation	362,855	-		362,855
4,327,084	Economic Services	7,998,148	56,022	-	8,054,169
4,298,053	Sewerage & Sanitation	7,827,527	56,022		7,883,548
29,031	Plant, Vehicles and Equipment	170,621	-		170,621
2,213,304	Trading Services	10,211,815	2,204,826	-	12,416,641
11,856	Electricity Services	3,904,252	-		3,904,252
2,201,448	Water Services	6,307,563	2,204,826		8,512,389
9,224,028	TOTAL FIXED ASSETS	28,118,627	6,963,140	-	35,081,767
8,306,733	LESS: LOANS REDEEMED AND OTHER CAPITAL RECEIPTS	(23,706,233)	4,319,869	227,020	28,253,122
65,210	Loans redeemed and advances paid	3,400,032		(227,020)	3,627,051
1,484,336	Contributions from operating income	5,766,163	634,359		6,400,522
6,757,187	Grants and subsidies	14,540,038	3,685,511		18,225,549
917,294	NET FIXED ASSETS	4,412,394	2,643,271	(227,020)	6,828,646

APPENDIX C

GREAT KEI MUNICIPALITY

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

2004 Actual R		2005 Actual R	2005 Budget R
	INCOME		
9,082,143	Grants and Subsidies	13,053,508	-
8,579,859	Operating income	9,972,949	36,349,125
2,730,342	Assessment Rates	2,893,651	4,705,198
958,305	Electricity Charges	1,574,745	3,190,866
1,512,882	Water Charges	5,386,904	-
3,378,329	Income from Tariffs, Service Charges etc	117,649	28,453,061
128,396	Interest Received	21,455	-
<u>17,662,002</u>	Total income	<u>23,047,913</u>	<u>36,349,125</u>
	EXPENDITURE		
9,231,357	Salaries, Wages and Allowances	10,987,868	10,039,543
11,210,151	General Expenditure	11,479,497	4,762,182
5,374,123	Repairs and Maintenance	3,354,504	4,781,029
802,093	Capital Charges	873,271	870,640
1,484,336	Contributions to Fixed Assets	634,359	15,818,261
170,079	Contributions to Approved Funds	204,776	77,470
<u>28,272,139</u>	Total Expenditure	<u>27,534,275</u>	<u>36,349,125</u>

APPENDIX D

GREAT KEI 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
15,333,505	22,826,440	(7,492,935)	RATES AND GENERAL SERVICES	16,086,263	22,649,209	(6,562,946)	414,000
13,014,646	20,387,934	(7,373,287)	Community services	13,409,976	18,156,014	(4,746,038)	1,676,331
	8,227,570	(8,227,570)	Administration	581,742	7,787,743	(7,206,001)	(3,670,698)
2,730,342	238,644	2,491,698	Assessment Rates	2,893,651	204,776	2,688,875	4,627,728
	2,530,589	(2,530,589)	Council General	24,726	1,535,217	(1,510,491)	(1,463,049)
	-	-	Engineering Services		862,850	(862,850)	(661,980)
	-	-	Health Services		13,824	(13,824)	3,816
	-	-	Human Resources		523,977	(523,977)	(855,510)
	-	-	Local Economic Development		156,984	(156,984)	(487,458)
	3,597,848	(3,597,848)	Roads and Streets		1,716,006	(1,716,006)	(3,299,701)
553,102	420,409	132,692	Traffic Services	358,308	674,522	(316,213)	(354,271)
9,731,202	5,372,874	4,358,329	Treasury	9,551,549	4,680,115	4,871,433	7,837,454
165,220	479,681	(314,461)	Subsidised services	155,302	909,428	(754,126)	(465,361)
	-	-	Cemeteries	3,497	3,437	61	(9,690)
	-	-	Fire Protection		145,094	(145,094)	-
	68,599	(68,599)	Library	1,493	93,389	(91,896)	(141,431)
136,798	411,082	(274,284)	Parks, Recreation and Beaches	133,974	667,508	(533,534)	(297,878)
28,422		28,422	Tecoma Old Age Home	16,337		16,337	(16,362)
2,153,639	1,958,825	194,814	Economic services	2,520,986	3,583,767	(1,062,781)	(796,970)
1,070,605	489,020	581,585	Refuse Services	1,169,079	998,558	170,521	(873,970)
1,067,197	1,407,037	(339,840)	Sewerage and Sanitation	1,110,907	2,526,704	(1,415,797)	-
15,837	62,768	(46,931)	Whispering Waves	241,000	58,505	182,495	77,000
2,471,187	4,855,251	(2,384,063)	TRADING SERVICES	6,961,649	4,885,066	2,076,583	(414,000)
958,305	2,314,633	(1,356,328)	Electricity Services	1,574,745	2,156,003	(581,258)	(414,000)
1,512,882	2,540,618	(1,027,735)	Water Services	5,386,904	2,729,064	2,657,841	-
17,804,692	27,681,691	(9,876,998)	TOTAL	23,047,913	27,534,275	(4,486,363)	-
		(7,310,411)	Appropriations for the year (refer to note 19)			(74,201)	
		(17,187,409)	NET DEFICIT FOR THE YEAR			(4,560,563)	
		18,403,648	Accumulated deficit beginning of the year			1,216,239	
		1,216,239	ACCUMULATED DEFICIT END OF THE YEAR			(3,344,325)	

APPENDIX E

**GREAT KEI MUNICIPALITY
APPENDIX F
STATISTICAL INFORMATION**

GENERAL STATISTICS

Population 44,469

Site valuations at

- Residential	
- Kei Mouth	57,827,390
- Morgan's Bay	38,238,920
- Haga Haga	17,828,340
- Cintsa	47,766,220
- Komga	28,342,718
- Exempt	(1,623,000)
	<u><u>188,380,588</u></u>

Assessment rates:

- All properties 2.086 cents in the rand
- Pensioners can apply for a 40% rebate and Residents 20 % respectively
- Churches exempt
- Sports (non profit) exempt

Number of residential properties 11,363

Number of employees of local authority 110

Water Statistics

Units bought/generated	Unavailable
Units sold	182,657

Electricity Statistics

Units bought/generated	Unavailable
Units sold	2,356,067