

*INXUBA YESHEMBA  
MUNICIPALITY*

*FINANCIAL STATEMENTS*

*30-Jun-05*

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## GENERAL INFORMATION

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### MEMBERS OF THE INXUBA YETHEMBA MUNICIPALITY

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

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

### AUDITORS

Office of the Auditor General

### BANKERS

First National Bank

### REGISTERED OFFICE

Civic Center P O Box 24  
Market Square Cradock  
**Cradock 5880**

Tel: (048) 8811515  
Fax: (048) 8811421  
E-Mail [cdktlc@intekom.co.za](mailto:cdktlc@intekom.co.za)

### MUNICIPAL MANAGER

MS TANTSI  
BSC Honours

### CHIEF FINANCE OFFICER

SPH KRUGER  
B.Com (Accounting)  
Associate Member of IMFO

**APPROVAL OF FINANCIAL STATEMENTS**

The annual financial statements set out on pages 4 to 23 were approved by the Municipal Manager on 30 August 2005.

.....  
**M S TANTSI**  
**MUNICIPAL MANAGER**

.....  
**S P H KRUGER**  
**CHIEF FINANCE OFFICER**

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

## BUSINESS RESULTS

Details of the business results per department, classification and purpose of expenses are given in Appendices D and E on page 21 and 22. The general business results for the year ended 30 June 2005 is as follows:

INCOME	ACTUAL 2004	ACTUAL 2005	DIFFERENCE %	BUDGET 2005	DIFFERENCE ACTUAL BUDGET %
Opening Surplus	R 4,198,625	R 2,565,791			
Business income for the year	R 64,200,161	R 66,725,293	3.93%	R 78,001,391	14.46%
Sundry Transfers					
	R 68,398,786	R 69,291,084		R 78,001,391	
EXPENSES					
Business Expenses for the year	R 63,179,482	R 66,683,558	5.55%	R 78,001,391	14.51%
Appropriation movement for the year	R 2,653,513	R -119,940			
End Surplus	R 2,565,791	R 2,727,466			
	R 68,398,786	R 69,291,084		R 78,001,391	

	ACTUAL 2004	ACTUAL 2005	DIFFERENCE %	BUDGET 2005	DIFFERENCE ACTUAL BUDGET %
Income	R 39,458,530	R 41,718,720	5.73%	R 44,011,743	5.21%
Expences	R 46,039,344	R 48,384,316	5.09%	R 57,598,642	16.00%
Surplus (loss)	-R 6,580,814	-R 6,665,596		-R 13,586,899	
Surplus (loss) as % of total income	-16.68%	-15.98%		30.87%	

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

HOUSING

	ACTUAL 2004	ACTUAL 2005	DIFFERENCE %	BUDGET 2005	DIFFERENCE ACTUAL BUDGET %
Income	R 325,905	R 327,931	0.62%	R 505,351	35.11%
Expences	R 719,789	R 892,559	24.00%	R 935,824	4.62%
Surplus (loss)	R -393,884	R -564,628		R -430,473	
Surplus (loss) as % of total income	-120.86%	-172.18%		-85.18%	

TRADING SERVICES

ELECTRICITY SERVICE

	ACTUAL 2004	ACTUAL 2005	DIFFERENCE %	BUDGET 2005	DIFFERENCE ACTUAL BUDGET %
Income	R 17,300,319	R 18,194,639	5.17%	R 22,418,379	18.84%
Expences	R 13,846,562	R 14,778,173	6.73%	R 16,140,812	8.44%
Surplus (loss)	R 3,453,757	R 3,416,466		R 6,277,567	
Surplus (loss) as % of total income	19.97%	18.78%		28%	

	ACTUAL 2004	ACTUAL 2005	DIFFERENCE %	BUDGET 2005	DIFFERENCE ACTUAL BUDGET %
Income	R 7,120,907	R 6,484,003	-8.94%	R 11,065,918	41.41%
Expenses	R 2,573,787	R 2,628,510	2.13%	R 3,326,113	20.97%
Surplus (loss)	R 4,547,120	R 3,855,493		R 7,739,805	
Surplus (loss) as % of total Income	63.86%	59.46%		69.94%	

## CAPITAL EXPENSES

The total capital expenses for the year was R37 625 378 which includes Assets now completed from previous years.

	2005 Expense	2005 Budget	2004 Expense
Furniture, Fittings, ect.	R 1,046,416	R 1,497,453	R 107,276
Vehicles, Implements, ect			
Land and Buildings	R 0	R 2,833,623	
Infrastructure and other constructions	R 11,915,378	R 19,162,831	R 9,902,510
TOTAL	R 12,961,794	R 23,493,907	R 10,009,786

The capital expenses was financed as follows:

	2005 Expense	2005 Budget	2004 Expense
Internal loans Revolving Fund			
External Loans			
Contribution out of income	R 37,673	R 1,270,923	R 27,819
Contribution out of grants/other	R 12,924,121	R 22,222,984	R 216,468
CMIP			R 9,765,499
TOTAL	R 12,961,794	R 23,493,907	R 10,009,786

The total external loans outstanding are R5 606 454 and the internal loans from Revolving Fund R1 837 355. An amount of R550 329 is paid for redemption of internal loans. A complete summary of the capital expenses see appendices B on page 19.

My thanks to the Mayor, Chairperson of Finance, Councillors, Municipal Manager and other Managers for their loyalty and cooperation given to me and my staff during the year.

.....  
SPH KRUGER  
CHIEF FINANCE OFFICER

## **9 INVESTMENTS**

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

## **10 Income recognition**

### **10.1 Electricity and Water billing**

Meters are read and billed monthly.

If readings cannot be taken, a provision levy based on the average consumption, is calculated.

### **10.2 Assessment Rates**

The council applies a differential site rating system.



BALANCE SHEET AT 30 JUNE 2005

	NOTE	2005	2004
CAPITAL EMPLOYED			
FUNDS AND RESERVES			
Statutory funds	1	21,264,220	19,925,930
RETAINED INCOME/(ACCUMULATED DEFICIT)		2,727,466	2,565,791
TRUST FUNDS	2	1,167,279	2,671,883
LONG-TERM LIABILITIES	3	4,864,953	5,695,023
CONSUMER DEPOSITS: SERVICES	3	1,225,084	1,087,291
		<u>31,249,002</u>	<u>31,945,918</u>
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	4	8,500,294	9,767,700
INVESTMENTS	5	9,520,148	13,126,532
LONG-TERM DEBTORS	6	7,607	13,747
DEFERRED CHARGES	7	61,515	79,671
NET CURRENT ASSETS/(LIABILITIES)		13,159,438	8,958,268
CURRENT ASSETS		<u>58,701,488</u>	<u>53,711,072</u>
Inventory	8	844,800	813,481
Debtors	9	57,845,268	52,886,531
Short term portion of long term debtors	6	6,140	5,780
Cash		5,280	5,280
CURRENT LIABILITIES		<u>45,542,050</u>	<u>44,752,804</u>
Provisions	10	3,915,732	4,570,898
Creditors	11	36,771,300	31,440,049
Short-term portion of Long-Term liabilities	3	741,501	646,662
Bank overdraft		4,113,517	8,095,195
		<u>31,249,002</u>	<u>31,945,918</u>

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

2004 Actual Income	2004 Actual Expense	2004 Actual Surplus (Deficit)		2005 Actual Income	2005 Actual Expense	2005 Actual Surplus (Deficit)	2005 Budget Surplus/ (deficit)
R	R	R		R	R	R	R
R 39,458,530	R 46,039,344	R -6,580,814	RATES & GENERAL SERVICES	R 41,718,720	R 48,384,316	R -6,665,596	R -13,586,899
R 23,565,675	R 36,399,836	R -12,834,161	Community Services	R 21,025,299	R 37,965,223	R -16,939,924	R -19,834,098
R 4,466,668	R 4,460,303	R 6,365	Subsidised Services	R 5,682,063	R 4,884,938	R 797,125	R -1,178,079
R 11,426,187	R 5,179,205	R 6,246,982	Economic Services	R 15,011,358	R 5,534,155	R 9,477,203	R 7,425,278
R 325,905	R 719,789	R -393,884	HOUSING SERVICES	R 327,931	R 892,559	R -564,628	R -430,473
R 24,421,226	R 16,420,349	R 8,000,877	TRADING SERVICES	R 24,671,082	R 17,406,683	R 7,264,400	R 14,017,372
<u>R 64,205,661</u>	<u>R 63,179,482</u>	R 1,026,179		<u>R 66,717,733</u>	<u>R 66,683,558</u>	R 41,735	<u>R 0</u>
		<u>R 2,659,013</u>	Appropriations for the year			<u>R 119,940</u>	
		R -1,632,834	Nett Surplus(deficit) for the year			R 161,675	
		R 4,198,625	Accumulated surplus (deficit) beginning of the year			<u>R 2,565,791</u>	
		<u>R 2,565,791</u>	ACCUMULATED SURPLUS/ (DEFICIT) END OF YEAR			<u>R 2,727,466</u>	

	NOTE	2005	2004
<b>CASH RETAINED FROM OPERATING ACTIVITIES</b>		6,184,823	9,344,037
Cash generated by operations	17	9,279,248	3,137,561
Investment income		647,678	737,873
(Increase)/decrease in working capital	18	-2,956,030	6,512,499
Less: External interest paid		6,970,896	10,387,933
		786,073	1,043,896
<b>CASH AVAILABLE FROM OPERATIONS</b>		6,184,823	9,344,037
Cash contributions from the public and the State		0	0
Nett proceeds on disposal of fixed assets		18,209	0
<b>CASH UTILIZED IN INVESTMENT ACTIVITIES</b>			
Investment in fixed assets		37,673	107,276
<b>NET CASH FLOW</b>		6,165,359	9,236,761
<b>CASH EFFECTS OF FINANCING ACTIVITIES</b>			
Increase/(decrease) in Long-Term loans	19	-597,437	-682,398
(Increase)/decrease in cash		0	-200
(Increase)/decrease in cash investments	20	-1,586,244	-3,688,548
Increase/(decrease) in bank overdraft	21	-3,981,678	-4,865,615
		-6,165,359	-9,236,761

	2005	2004
<b>1. STATUTORY FUNDS</b>		
Revolving Fund	R 21,264,220	R 19,925,930
	<b>R 21,264,220</b>	<b>R 19,925,930</b>
<b>2. TRUST FUNDS</b>		
Parking Area Development	R 0	R 15,700
Squatters Development Grant	R 161,919	R 161,919
Development Plan Grant	R 105,639	R 105,541
Survey in Michausdal	R 69,901	R 62,385
Community Facilities Fund	R 0	R 90,425
Lidbetter Trust Fund	R 6,846	R 7,568
Sport fund Kwanonzame	R 0	R 423,321
Middelburg Sport facility Fund	R 0	R 19,268
Dog Tax Fund	R 0	R 63,272
Emergency Line Fund Kwanonzame	R 0	R 53,735
Life Project	R 58,773	R 83,048
Water Pipe Line	R 0	R 241,479
Grant Current Expenses C P A	R 675,523	R 674,867
Services Informal Housing	R 32,954	R 32,922
Structure Plan Middelburg	R 51,032	R 50,982
Upgrading Ownership	R 4,692	R 4,688
Industrial Park Survey	R 0	R 21,901
Settlement Plan	R 0	R 34,923
Housing Development Fund	R 0	R 523,939
	<b>R 1,167,279</b>	<b>R 2,671,883</b>
<b>3. LONG-TERM LIABILITIES</b>		
Annuity loans	R 5,606,454	R 6,341,685
Less: Current portion transferred to Current Liabilities	R 741,501	R 646,662
Annuity loans		
	<b>R 4,864,953</b>	<b>R 5,695,023</b>
<b>CONSUMERS DEPOSITS: SERVICES</b>		
Deposits - Consumers	R 1,225,084	R 1,087,291
- Tenders	R 1,200	R 2,700
- Services C P A	R 8,097	R 8,097
	<b>R 1,234,381</b>	<b>R 1,098,088</b>

-

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

## 4. FIXED ASSETS

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

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

Plus: Adjustments

Total Fixed Assets

Less: Loans redeemed and other capital receipts

Nett Fixed Assets

2005	2004
R 183,616,751	R 173,606,965
R 12,961,794	R 10,009,786
R 196,578,545	R 183,616,751
R 18,500	R 0
R 196,560,045	R 183,616,751
R 196,560,045	R 183,616,751
R 188,059,751	R 173,849,051
R 8,500,294	R 9,767,700

5. INVESTMENTS  
UNLISTED

Deposits - Banks

R 9,520,148	R 13,126,532
R 9,520,148	R 13,126,532

An investment of R832 417 and R731 421 are ceded to the bank as security for overdraft facilities and have been used to redeemed the overdraft during July 2004.

## 6 LONG TERM DEBTORS

S P C A

Cradock Golf Club

Less: Short term portion of long term debtors transferred to  
Current Assets

R 5,756	R 6,588
R 7,991	R 12,939
R 13,747	R 19,527
R 6,140	R 5,780
R 7,607	R 13,747

## 7 DEFERRED CHARGES

Loan outstanding on Abattoir sold.

R 61,515	R 79,671
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## 8 INVENTORY

Inventory represents consumable stores.

R 844,800	R 813,481
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## 9 DEBTORS

Consumer Debtors  
Plus: Amounts paid in advance

Sundry Debtors

Provision for bad debts

	2005	2004
Consumer Debtors	64,628,733	54,730,421
Plus: Amounts paid in advance	1,816,730	1,875,770
Sundry Debtors	66,445,463	56,606,192
	384,839	900,469
Provision for bad debts	66,830,302	57,506,662
	8,985,034	4,620,131
	57,845,268	57,506,662
<b>10 PROVISIONS</b>		
Tariff Stabilization: Water	0	241,270
Tariff Stabilization: Electricity	0	86,789
Maintenance: Reserve	0	630,411
Leave gratuity reserve	3,915,732	3,580,304
Rent reserve	0	28,666
- Rhenosterberg flats	0	3,458
	3,915,732	4,570,898
<b>11 CREDITORS</b>		
Audit fees	659,429	314,400
Debtors in advance	1,816,730	1,875,770
VAT on Debtors	5,464,860	4,975,032
Trading Creditors	11,791,440	9,317,625
Capital Projects and other miscellaneous accounts	17,038,841	14,957,222
	36,771,300	31,440,049

## 12 RATES AND TAXES

Residential  
Commercial  
State

VALUATION AS AT 01/07/2004	2005 ACTUAL INCOME	2004 ACTUAL INCOME
Residential	5,749,060	5,621,359
Commercial	472,323,794	1,379,086
State	1,926,917	1,884,229
	472,323,794	9,055,063
		8,854,148

## 13 COUNCILLORS' REMUNERATION

Councillor's allowances (All Councillors)

2005	2004
1,471,370	991,161
1,471,370	991,161

	2005	2004
<b>14 AUDITORS' REMUNERATION</b>		
Audit fees - current year	659,429	314,400
<b>15 FINANCIAL TRANSACTIONS</b>		
Total external interest earned or paid		
- Interest earned	647,678	744,596
- Interest paid	955,620	994,296
Capital charges debited to operating account	944,158	1,120,932
Interest - External	787,145	918,336
- Internal	157,013	202,596
	1,285,560	1,567,342
Redemption - External	735,232	725,895
- Internal	550,328	841,447
	2,229,718	2,688,271
<b>16 APPROPRIATIONS</b>		
Accumulated surplus at the beginning of the year	2,565,791	4,198,625
Operating (deficit)/surplus for the year	41,735	1,026,179
Prior year adjustments	3,423,305	-2,659,013
Accumulated (deficit)/surplus at the end of the year	6,030,831	2,565,791
<b>OPERATING ACCOUNT</b>		
Capital expenditure		
Contributions to :	5,510,772	6,489,781
- Leave gratuity fund	481,808	1,200,000
- Provision for Bad Debts	4,364,903	4,648,000
- Revolving fund	664,061	641,781
	5,510,772	6,489,781
<b>17 CASH GENERATED BY OPERATIONS</b>		
(Deficit)/Surplus for the year	41,735	1,026,179
Adjustments in respect of previous years' operating transactions	3,423,305	-2,659,013
Appropriations charged against income	5,548,445	6,597,057
Revolving fund	664,061	641,781
Provisions and reserves	4,846,711	5,848,000
Fixed assets	37,673	107,276
Capital charges : Interest paid : Internal funds	157,013	202,596
: External funds	787,145	918,336
: Redemption : Internal advances	550,328	841,447
: External loans	735,232	725,895
Investment income (operating account)	18,570	21,517
Non-operating income: Net income funds	671,513	277,877
Non-operating expenditure: Expenditure against special funds	-2,654,038	4,771,296
	9,279,248	3,137,561

	2005	2004
<b>18 (INCREASE)/DECREASE IN WORKING CAPITAL</b>		
(Increase)/Decrease in inventory	-31,319	239,638
(Increase)/Decrease in long term debtors	6,140	5,781
(Increase)/Decrease in debtors	-4,958,737	-3,954,313
Increase/(Decrease) in creditors	2,027,886	10,221,393
	<b>-2,956,030</b>	<b>6,512,499</b>
<b>19 INCREASE/(DECREASE) IN LONG-TERM LIABILITIES</b>		
External loans repaid	-735,231	-725,895
Increase/(Decrease) in consumer deposits	137,794	43,497
	<b>-597,437</b>	<b>-682,398</b>
<b>20 (INCREASE)/DECREASE IN EXTERNAL CASH INVESTMENTS</b>		
Investments made	-10,464,131	-12,728,470
Interest on investments invested	-642,260	-716,357
Investments realized	9,520,147	9,756,279
	<b>-1,586,244</b>	<b>-3,688,548</b>
<b>21 INCREASE/(DECREASE) IN BANK OVERDRAFT</b>		
Cashbook balance at the beginning of the year	8,095,195	12,960,810
Less: Cashbook balance at the end of the year	-4,113,517	-8,095,195
	<b>3,981,678</b>	<b>4,865,615</b>
<b>22 REVOLVING FUND</b>		
Internal Investments in the Consolidated Loans Fund	19,458,635	17,570,015
Outstanding advances to borrowing services	1,837,355	2,387,684
	<b>21,295,990</b>	<b>19,957,699</b>
Outstanding creditors	-31,770	-31,770
Accumulated funds	<b>21,264,220</b>	<b>19,925,929</b>
<b>23 CONSOLIDATED LOANS FUND</b>		
External loans (Appendix B)		337,458
<b>24 CONTINGENT LIABILITIES</b>		
At the end of 30 June 2005 there were no substantial contingent liabilities		



**2004**                      **2005**

**Contributions to SALGA**

Opening Balance	0	0
Council Subscriptions - 2005/2006	159,362	189,756
Amount Paid - current year	159,362	189,756
Balance	<u>0</u>	<u>0</u>

**Audit Fees**

Provision of R659 429 was made in note 14  
 (Includes the provision for the previous financial year as well)

**VAT**

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

**PAYE and UIF**

Opening Balance	3,122,513
Current year payroll deductions	2,744,526
Amount paid - previous year	
Balance unpaid - our records	<u>5,867,039</u>

The balance are shown in note 11 under Creditors.  
 (Excluding interest and redemption. Negotiations to be done in 2005/2006.

**Unpaid salary deductions on 30 June 2005**

Balance unpaid	<u>515,273</u>
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The unpaid balance have been paid in July 2005.

26 OBSOLETE STOCK/ASSETS

An Auction will be held in the 2005/2006 financial year.

27 SURPLUS ON ECONOMIC SERVICES

In terms of the accounting practice by IMFO it is a requirement that economic services be fixed in such a way that the service do not incur a surplus or deficit. At this stage it is difficult to comply because of Council's strife to uniform tariffs and would have a significant negative impact on Council.

28 INTEREST ON OUTSTANDING LIABILITIES

Provision for Interest have been made on :

- a) Receiver of revenue
- b) DBSA

PROVINCIAL GOVERNMENT	8 043 433
Equitable Share	8 043 433
 LOCAL GOVERNMENT	 6 097 282
PMS	120 000
IT Phase	1 000 000
MMP	100 000
MMP	27 282
Draught Relief	4 500 000
IDP Review	100 000
Masimanyana Bakeries	250 000

## 30 DISCLOSURES CONCERNING COUNCILLORS, MANAGERS AND OFFICIALS

**Councillors**

That the remuneration of Councillors have been done in the framework of the published Government Notice concerning the upperlimits of the salaries, allowances and benefit of the different members of Council. (Government notice R1477 of 22 December 2004)

## Arrears by Councillors

	0 - 60	60 - 150	Total
Gxonono T K	216	3439	3655
Henge M O (Z G Magadu)	188	71	259
Minnaar D W	70	3185	3255
Tantsi N V	233	3440	3673

Arrangements for payment on arrears have been made by these Councillors

**Managers - Remuneration Packages**

## Municipal Manager

Salary Package	464 895
Performance Bonus *	55 787

## Chief Financial Officer

Salary Package	394 740
Permormance Bonus *	78 948

## Manager Human Resources

Salary Package	394 740
Performance Bonus *	15 789

## LED Manager

Salary Package	394 740
Performance Bonus *	15 789

## STATUTORY FUNDS, TRUST FUNDS AND RESERVES

	BALANCE AT 01.07.04	CONTRIBUTIONS DURING THE YEAR	INTEREST ON INVESTMENTS/ ADVANCES	OTHER INCOME	EXPENDITURE DURING THE YEAR	BALANCE AT 30.06.2005
<b>STATUTORY FUNDS</b>						
Revolving fund	R 18,198,130	R 664,061	R 622	R 671,513	R 832	R 19,533,494
Revolving fund - Farm sales	R 1,727,800	R 0	R 2,927	R 0	R 0	R 1,730,726
	<b>R 19,925,930</b>	<b>R 664,061</b>	<b>R 3,549</b>	<b>R 671,513</b>	<b>R 832</b>	<b>R 21,264,220</b>
<b>TRUST FUNDS</b>						
Housing development fund	R 523,939	R 0	R 0	R 0	R 523,939	R 0
Sport fund Kwanonzame	R 423,321	R 0	R 0	R 0	R 423,321	R 0
Middelburg Sport Facility Fund	R 19,268	R 0	R 0	R 0	R 19,268	R 0
Parking Area Development	R 15,700	R 0	R 0	R 0	R 15,700	R 0
Dog Tax Fund	R 63,272	R 0	R 0	R 0	R 63,272	R 0
Emergency line Fund Kwanonzame	R 53,735	R 0	R 0	R 0	R 53,735	R 0
Water pipe line Lusaka	R 241,479	R 0	R 0	R 0	R 241,479	R 0
Grant current expenses CPA	R 674,867	R 0	R 656	R 0	R 0	R 675,523
Services Informal Housing	R 32,922	R 0	R 33	R 0	R 0	R 32,955
Structure Plan Middelburg	R 50,982	R 0	R 50	R 0	R 0	R 51,032
Upgrading Ownership	R 4,688	R 0	R 4	R 0	R 0	R 4,692
Industrial Park Levy	R 21,901	R 0	R 0	R 0	R 21,901	R 0
Life Project	R 83,048	R 0	R 3,263	R 0	R 27,538	R 58,773
Squatters Development Grant	R 161,919	R 0	R 0	R 0	R 0	R 161,919
Planning Grant	R 105,541	R 0	R 98	R 0	R 0	R 105,639
Survey in Michausdal	R 62,385	R 0	R 7,516	R 0	R 0	R 69,901
Community Facilities Fund	R 90,425	R 0	R 0	R 0	R 90,425	R 0
Lidbetter Trust Fund	R 7,568	R 0	R 8	R 0	R 730	R 6,846
Settlement Plan	R 34,923	R 0	R 0	R 0	R 34,923	R 0
	<b>R 2,671,883</b>	<b>R 0</b>	<b>R 11,628</b>	<b>R 0</b>	<b>R 1,516,231</b>	<b>R 1,167,280</b>
<b>RESERVES</b>						
Maintenance Rhenosterberg	R 3,458	R 0	R 0	R 0	R 3,458	R 0
Rent reserve	R 28,666	R 0	R 0	R 0	R 28,666	R 0
Tariff Stabilization : Water	R 241,270	R 0	R 0	R 0	R 241,270	R 0
Tariff Stabilization : Elect	R 86,789	R 0	R 0	R 0	R 86,789	R 0
Maintenance Reserve	R 630,412	R 0	R 0	R 0	R 630,412	R 0
Bad Debts	R 4,620,131	R 4,364,903	R 0	R 0	R 0	R 8,985,034
Leave reserve	R 3,580,304	R 481,808	R 0	R 0	R 146,380	R 3,915,732
	<b>R 9,191,030</b>	<b>R 4,846,711</b>	<b>R 0</b>	<b>R 0</b>	<b>R 1,136,975</b>	<b>R 12,900,766</b>

## EXTERNAL LOANS AND INTERNAL ADVANCES

	BALANCE AT '1 July 2004	RECEIVED DURING -	REDEEMED DURING -	BALANCE AT '30 June 2005
EXTERNAL LOANS				
External Loans	R 6,341,685	-	R 735,231	R 5,606,454
INTERNAL ADVANCES				
Internal Loans	R 2,387,684	-	R 550,329	R 1,837,355
Consolidated Loans Fund	R 329,844	R 7,614	R 0	R 337,458
	R 2,717,528	R 7,614	R 550,329	R 2,174,813

## ANALYSIS OF FIXED ASSETS

	BUDGET 2004 2005	BALANCE AT 1 July 2004	EXPENCE 2004 2005	TRANSFER OR WRITTEN OFF	BALANCE AT 30 June 2005
RATES AND GENERAL SERVICES	R 11,555,330	R 99,052,024	11,044,653	R 15,000	110,081,677
COMMUNITY SERVICES	R 5,772,180	R 57,657,238	5,340,764	R 15,000	62,983,002
Cemetery		R 17,698	1,800,000		1,817,698
Library	R 2,565	R 335,523	10,440		345,963
Stores		R 507			507
Municipal property, commonage		R 940,929			940,929
Public works		R 14,203,275	150,000	5,000	14,348,275
Parks, gardens and sport fields	R 37,000	R 7,372,127	1,906,612	10,000	9,268,739
Town halls and offices	R 6,700	R 6,195,465			6,195,465
Municipal Manager		R 3,909			3,909
Human Resources		R 21,358,234			21,358,234
Finance	R 910,719	R 1,401,945	803,139		2,205,084
LED	R 455,919	R 44,452	143,184		187,636
Spa	R 84,000	R 8,131	639		8,770
Street lighting		R 1,212,253			1,212,253
Traffic		R 536,368			536,368
Airport		R 74,687			74,687
Caravan park		R 60,511			60,511
Roads and Stormwater	R 4,275,277	R 3,376,953	526,750		3,903,703
Midros Administration		R 162,008			162,008
Kwanonzame Administration		R 352,263			352,263
SUBSIDIZED SERVICES		R 1,489,101	2,882		1,491,983
Protection services		R 164,491			164,491
Health		R 405,385	2,882		408,267
Clinics		R 919,225			919,225
ECONOMIC SERVICES	R 5,783,150	R 39,905,685	5,701,007		45,606,692
Sanitation	R 550	R 5,236,366			5,236,366
Sewerage	R 5,782,600	R 34,669,319	5,701,007		40,370,326
HOUSING SERVICES	R 2,833,623	R 6,408,374	0	3,500	6,404,872
Driefontein flats		R 212,682			212,682
Rhenosterberg flats		R 152,300			152,300
Cradock	R 420,000	R 6,006,376		3,500	6,002,876
Lusaka	R 2,413,623	R 37,014			37,014
TRADING SERVICES	R 9,104,954	R 78,156,355	1,917,141		80,073,496
Electricity	R 4,072,354	R 45,633,506	1,914,253		47,547,759
Water	R 5,032,600	R 32,522,849	2,888		32,525,737
TOTAL FIXED ASSETS	R 23,493,907	R 183,616,751	12,961,794	18,500	196,560,045
Less: LOANS REDEEMED AND OTHER CAPITAL RECEIPTS		R 173,849,054	14,247,354	36,657	188,059,751
Loans redeemed		R 6,367,879	1,285,560	36,657	7,690,096
Contributions from operating income		R 115,542,062	37,678		115,579,740
Grants and subsidies		R 51,939,113	12,924,116		64,863,229
					0
		R 9,767,697	-1,285,560	18,157	8,500,294

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

ACTUAL 2004		ACTUAL 2005	BUDGETED 2004/2005
	<b>INCOME</b>		
11,229,583	Grants and subsidies	9,056,469	13,572,823
	- Central Government	6,860,045	7,776,250
11,229,583	- Provincial Government	2,196,424	5,796,573
	- District Council	0	0
52,976,078	Operating Income	57,668,824	64,428,568
8,854,148	- Assessment rates	9,055,063	8,095,277
17,185,584	- Sale of electricity	18,091,448	22,370,979
6,996,584	- Sale of water	6,451,805	10,715,869
19,939,762	- Other income	24,070,508	23,246,443
64,205,661		66,725,293	78,001,391
	<b>EXPENSES</b>		
32,362,701	Salaries, wages and allowances	35,469,148	39,122,596
20,154,969	General expenses	22,492,686	27,540,562
9,532,741	- Purchase of electricity	10,600,830	11,500,000
316,918	- Purchase of water	440,009	445,000
10,305,310	- Other general expenses	11,451,848	15,595,562
1,376,480	Repairs and maintenance	1,153,853	3,036,731
2,688,274	Capital charges	2,229,714	2,326,979
107,276	Contribution to fixed assets	38,156	674,523
6,489,782	Contributions	5,300,000	5,300,000
63,179,482	Gross Expenditure	66,683,557	78,001,391
2,307,277	Less: Amounts charged out	1,651,477	1,920,221
60,872,205	Net Expenditure	65,032,080	76,081,170

## DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

2004 ACTUAL INCOME	2004 ACTUAL EXPENCE	2004 SURPLUS/ (DEFICIT)		2005 ACTUAL INCOME	2005 ACTUAL EXPENSE	2005 SURPLUS (DEFICIT)	2005 BUDGET SURPLUS/ (DEFICIT)
39,458,530	46,039,344	-6,580,814	RATES AND GENERAL				
23,565,675	36,399,836	-12,834,161	SERVICES	41,718,720	48,384,316	-6,665,596	-13,586,899
R 0	R 10,026,029	R -10,026,029	COMMUNITY SERVICES	21,025,299	37,965,223	-16,939,924	-19,834,098
R 0	R 448,343	R -448,343	General expenses council	R 0	R 9,348,638	R -9,348,638	R -10,383,499
R 0	R 695,280	R -695,280	Mayor	R 0	R 141,019	R -141,019	R -259,813
R 63,450	R 2,233,182	R -2,169,732	Municipal Manager	R 0	R 826,175	R -826,175	R -875,134
R 199,249	R 1,669,489	R -1,470,240	Corporate Manager	R 45,698	R 2,622,003	R -2,576,305	R -2,783,647
R 0	R 447,846	R -447,846	Halls and offices	R 209,628	R 1,518,051	R -1,308,423	R -1,054,136
R 5,850	R 72,098	R -66,248	Led Manager	R 0	R 583,514	R -583,514	R -616,562
R 116,290	R 377,978	R -261,688	Caravan park	R 3,433	R 67,757	R -64,324	R -66,758
R 901,799	R 823,546	R 78,253	Commonage	R 91,334	R 472,675	R -381,341	R -470,618
R 0	R 157,092	R -157,092	Cradock Spa	R 929,993	R 820,372	R 109,621	R -13,925
R 0	R 33,433	R -33,433	Museum	R 0	R 188,112	R -188,112	R -205,601
R 0	R 111,682	R -111,682	Community Programs	R 0	R 91,126	R -91,126	R -91,128
R 750	R 3,434	R -2,684	Publicity	R 0	R 115,089	R -115,089	R -132,294
R 0	R 9,322	R -9,322	Youth Center	R 233,180	R 246,535	R -13,355	R -88,178
R 10,895,839	R 1,678,918	R 9,216,921	Vusubuntu Cultural Village	R 197,367	R 218,430	R -21,063	R -40,000
R 3,862	R 2,569,324	R -2,565,462	Financial Officer	R 8,076,497	R 1,519,149	R 6,557,348	R 10,745,819
R 8,854,148	R 0	R 8,854,148	Consumer Services	R 5,663	R 2,788,960	R -2,783,297	R -3,165,072
R 0	R 293,478	R -293,478	Assessment rates	R 9,055,063	R 0	R 9,055,063	R 8,097,777
R 0	R 807,728	R -807,728	Information Technology	R 0	R 297,248	R -297,248	R -467,425
R 164	R 299,229	R -299,065	Internal Services - Salaries	R 0	R 1,702,455	R -1,702,455	R -1,881,225
R 0	R 380,495	R -380,495	Internal Services - Stores	R 225	R 303,640	R -303,415	R -325,693
R 0	R 0	R 0	Financial Control & Assets	R 0	R 427,722	R -427,722	R -499,176
R 660,306	R 1,028,349	R -368,043	Revenue Management	R 0	R 533,640	R -533,640	R -567,612
R 11,841	R 708,308	R -696,467	Community Services	R 547,520	R 1,020,181	R -472,662	R -668,966
R 0	R 688,461	R -688,461	Libraries	R 12,436	R 772,839	R -760,403	R -855,413
R 85,165	R 3,214,815	R -3,129,650	Street Sweeping	R 0	R 699,383	R -699,383	R -745,872
R 5,578	R 34,761	R -29,183	Parks and sport fields	R 151,029	R 2,841,226	R -2,690,197	R -3,294,480
R 61,793	R 40,612	R 21,181	Swimming pool	R 18,384	R 89,106	R -70,722	R -112,383
R 0	R 626,488	R -626,488	Cemeteries	R 62,670	R 42,689	R 19,980	R -74,323
R 85,268	R 156,276	R -71,008	Technical Services	R 0	R 625,065	R -625,065	R -720,862
R 0	R 6,289	R -6,289	Town Planning	R 74,658	R 197,707	R -123,048	R -185,993
R 45,570	R 423,950	R -378,380	Aerodrome	R 85,852	R 529,104	R -443,252	R -540,332
R 378,266	R 2,191,965	R -1,813,699	Mechanical Workshop	R 4,551	R 2,058,550	R -2,053,999	R -3,301,439
R 0	R 6,557	R -6,557	Public works : Streets	R 0	R 436	R -436	R -43,863
R 0	R 22,957	R -22,957	Sidewalks	R 0	R 47,693	R -47,693	R -119,406
R 55,837	R 1,860,868	R -1,805,031	PW : Building & Mtce	R 117,275	R 1,875,398	R -1,758,122	R -2,208,370
R 0	R 1,054,816	R -1,054,816	Public Works	R 0	R 1,180,957	R -1,180,957	R -1,444,973
R 1,134,650	R 1,196,438	R -61,788	Public Works - Plumbing	R 1,102,843	R 1,148,993	R -46,150	R -346,476
R 4,466,668	R 4,460,303	R 6,365	Traffic	R 5,682,063	R 4,884,938	R 797,125	R -1,178,079
R 0	R 382,569	R -382,569	SUBSIDIZED SERVICES	R 0	R 528,646	R -528,646	R -536,428
R 5,565	R 81,293	R -75,728	Civil Defense/Fire Protect	R 2,625	R 85,095	R -82,470	R -117,334
R 1,815,241	R 697,519	R 1,117,722	Fire Protection Services	R 925,753	R 804,997	R 120,756	R -133,439
R 2,645,862	R 3,298,922	R -653,060	Public health - admin	R 4,753,685	R 3,466,200	R 1,287,485	R -390,878
R 11,426,187	R 5,179,205	R 6,246,982	Clinics	R 15,011,358	R 5,534,155	R 9,477,203	R 7,425,278
R 4,784,206	R 3,490,075	R 1,294,131	ECONOMIC SERVICES	R 6,811,306	R 3,637,801	R 3,173,505	R 2,807,593
R 6,641,981	R 1,689,130	R 4,952,851	Cleansing	R 8,200,052	R 1,896,354	R 6,303,698	R 4,617,685
R 325,905	R 719,789	R -393,884	Sewerage	R 327,931	R 892,559	R -564,628	R -430,473
R 325,905	R 719,789	R -393,884	HOUSING SERVICES	R 327,931	R 892,559	R -564,628	R -430,473
R 24,421,226	R 16,420,349	R 8,000,877	Cradock Housing	R 24,678,642	R 17,406,683	R 7,271,959	R 14,017,372
R 17,300,319	R 13,846,562	R 3,453,757	TRADING SERVICES	R 18,194,639	R 14,778,173	R 3,416,466	R 6,277,567
R 7,120,907	R 2,573,787	R 4,547,120	Electricity	R 6,484,003	R 2,628,510	R 3,855,493	R 7,739,805
R 64,205,661	R 63,179,482	R 1,026,179	Water	R 66,725,293	R 66,683,558	R 41,735	R 0
		-2,659,013	TOTAL				
		-1,632,834	Appropriations for the year			119,940	
		4,198,625	Net surplus/(deficit) for the year			R 161,675	
		2,565,791	Accumulated surplus/(deficit) beginning of the year			2,565,791	
			Accumulated surplus/(deficit) end of the year			R 2,727,466	

STATISTICAL INFORMATION	2003	2004	2004	2005
CRADOCK AND MIDDELBURG				
General Statistics				
Population - Cencus 2001		70,953		60296
Registered Votes		29,362		29362
Total Valuation				655,561,746
- Non taxable		35,305,470		38,621,186
- State Properties		119,477,700		96,202,150
- Residential & Commercial		472,323,794		520,648,410
- Municipal Properties - Lusaka				90,000
Valuation date - 2001/2002				
Number of sites - Residential		12230		13800
Number of sites - Lusaka		0		502
Number of state properties		0		79
Exemptions		0		12
Number of sites - Commercial		500		413
Tax Rate: - Basis		1.40 - 1.80		1.60 - 1.90
Sanitation (Refuse)				
Km traveled		38732		58901
Refuse removed (kub m)		33854		43649
Cost per kub m removed		279.78		95.82
Income per kub m removed		140.76		92.19
Electricity				
Units (kwh) purchases		61,350,978		58918561
Purchase price per kwh		16.04		18.03
Units (kwh) sold		53,498,053		49472251
Units (kwh) lost during distribution		7,852,925.00		9446310
Percentage lost during distribution		12.8		16.04
Cost per unit sold		17.81		38.1
Income per unit sold		32.12		38.16
No trading takes place in Lingelihle as Eskom is the supplier				
Water - Cradock				
Kl purchases		3,709,895		3584300
Purchase price per Kl		0.068		0.073
Kl sold		3,465,646		2817573
Percentage lost during distribution		9.5		21.4
Income per Kl sold for both units		1.46		2.29
Prepaid meters installed in Lingelihle & Michausdal since June 2003				
Water - Middelburg				
Kl pumped		1735117		1765118
Kl sold		1346621		1456873
Percentage lost during distribution		22.3		16.1
Cost per unit pumped		0.78		0.51
Water in Lusake not metered.				
Cost recovered through levy				