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GENERAL INFORMATION

MEMBERS OF THE FULL TIME COUNCIL

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

MEMBERS OF THE PART TIME COUNCIL

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

GRADING OF LOCAL AUTHORITY

Grade 8

AUDITORS

Auditor-General

BANKERS

ABSA Bank

REGISTERED OFFICE

70 Cathcart Road
QUEENSTOWN
5320

Private Bag X7111 Telephone 045-807 2773
QUEENSTOWN Fax 045-807 2733
5320

MUNICIPAL MANAGER

P BACELA

DIRECTOR OF FINANCE

T de Bruin (Ex-officio)

TREASURER'S REPORT

1. INTRODUCTION

The operating budget were adjusted twice during the year to bring it in line with a cash based budget. The control over expenditure and the revised budget has resulted in that the expenditure for 2004/05 stayed within the budgeted figure for expenditure which resulted that the year was closed off with a operating surplus of R6 012 968. The surplus as at 30 June 2005 has decreased from R52 238 499 to R 12 482 827 due to adjustments done for previous years.

2. OPERATING RESULTS

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

	Actual 2003/04 R	Actual 2004/05 R	Variance Actual 04/ Actual 05 %	Budget 2004/05	Variance Actual/ Budget 04/05 %
INCOME					
Opening surplus	40,565,525	52,238,499			
Operating income for the year	135,559,778	158,843,038	17.18%	153,369,160	3.57%
Closing deficit					
	176,125,303	211,081,536		153,369,160	
EXPENDITURE					
Opening deficit					
Operating expenditure	126,428,696	152,830,069	20.88%	153,171,760	-0.22%
Sundry transfers	-2,541,892	45,764,639			
Closing surplus	52,238,499	12,486,828		197,400	
	176,125,303	211,081,536		153,369,160	

2.1 RATE AND GENERAL SERVICES

	Actual 2003/04 R	Actual 2004/05 R	Variance Actual 04/ Actual 05 %	Budget 2004/05	Variance Actual/ Budget 04/05 %
Income	71,158,474	88,100,232	23.81%	83,557,390	5.44%
Expenditure	74,787,476	98,475,767	31.67%	98,987,110	-0.52%
Surplus/Deficit	-3,629,002	-10,375,535	185.91%	-15,429,720	-32.76%
Surplus (Deficit) as % of total income	-5.10%	-11.78%		-18.47%	

2.2 HOUSING SERVICE

	Actual 2003/04 R	Actual 2004/05 R	Variance Actual 04/ Actual 05 %	Budget 2004/05	Variance Actual/ Budget 04/05 %
Income	102,721	111,520	8.57%	110,400	1.01%
Expenditure	29,215	29,271	0.19%	36,400	-19.59%
Surplus/Deficit	73,506	82,249	11.89%	74,000	11.15%
Surplus (Deficit) as % of total income	71.56%	73.75%		67.03%	

2.3 TRADING SERVICES

ELECTRICITY

	Actual 2003/04 R	Actual 2004/05 R	Variance Actual 04/ Actual 05 %	Budget 2004/05	Variance Actual/ Budget 04/05 %
Income	45,795,363	50,875,536	11.09%	46,201,940	10.12%
Expenditure	35,695,333	40,517,369	13.51%	37,821,230	7.13%
Surplus/Deficit	10,100,030	10,358,166	2.56%	8,380,710	23.60%
Surplus (Deficit) as % of total income	22.05%	20.36%		18.14%	

WATER

	Actual 2003/04 R	Actual 2004/05 R	Variance Actual 04/ Actual 05 %	Budget 2004/05	Variance Actual/ Budget 04/05 %
Income	18,503,219	19,755,750	6.77%	23,499,430	-15.93%
Expenditure	15,916,671	13,807,662	-13.25%	16,327,020	-15.43%
Surplus/Deficit	2,586,548	5,948,088	129.96%	7,172,410	-17.07%
Surplus (Deficit) as % of total income	13.98%	30.11%		30.52%	

3. CAPITAL EXPENDITURE

	Actual 2004/05 R	Budget 2004/05 R	Actual 2003/04 R
Vehicles			423,280
Buildings			457,390
Roads/Stormwater Drainage			
Other Infrastructure			2,999,455
Other	333,486	154,190	1,605,824
	333,486	154,190	5,485,949

Resources used to finance the fixed assets were as follows :

	Actual 2004/05 R	Budget 2004/05 R	Actual 2003/04 R
Consolidated Loans Fund			1,861,700
Contributions from operating income	24,250	154,190	104,163
Other Funds	309,236		3,520,086
	333,486	154,190	5,485,949

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

4. EXTERNAL LOANS, INVESTMENTS AND CASH

External loans outstanding on 30 June 2005 amounted to R6 689 054 as set out in appendix B. During the year interest were accrued on the loans and amounted to R689 303 and loans totalling R131 566 were repaid.

Investments and cash on 30 June 2005 amounted to R25 763 047 (R27 857 443 in 2004).

The bank overdraft on 30 June 2005 amounted to R2 359 911 (R11 635 302 in 2004).

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

5. FUNDS AND RESERVES

The consolidated capital development and loans fund has increased with R4 453 786 to R31 218 825. Advances amounting to Rnil has been granted to borrowing accounts while R2 608 304 has been repaid. The total advances to borrowing accounts amounted to R20 013 646 on 30 June 2005.

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

EXPRESSION OF APPRECIATION

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

J JONKER
MANAGER : BUDGET & TREASURY
9 December 2005

ACCOUNTING POLICIES

1. BASIS OF PRESENTATION

1.1 These financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Finance Officers in its Code of Accounting Practice (1997) and Report on Published Annual Financial Statements (Second edition-January 1996).

1.2 The financial statements are prepared on the historical cost basis, adjusted for capital expenditure as more fully detailed in note 3. The accounting policies are consistent with those applied in the previous year, except if otherwise indicated.

1.3 The financial statements are prepared on the accrual basis :

- Income is accrued when collectable and measurable. Certain direct income is accrued when received, such as traffic fines and certain licences.
- Expenditure is accrued in the year it is incurred.

2. CONSOLIDATION

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

3. FIXED ASSETS

3.1 Fixed assets are stated :

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

3.2 Depreciation

Vehicles and machinery under the vehicle fleet are depreciated at 25% and equipment at 10% as determined by the Council's policy up to a nominal value. The balance shown against the heading "Loans Redeemed and other Capital Receipts" in the notes to the balance sheet is tantamount to a provision for depreciation, however, certain structural differences do exist. By way of this "Provision" assets are written down over their estimated useful life. Apart from advances from the various council funds, assets may also be acquired through :

- Appropriations from income, where the full cost of the asset forms an immediate and direct charge against the operating income, and therefore it is unnecessary to make any further provision for depreciation.
- Grant or donation, where the amount representing the value of such grant or donation is immediately credited to the "Loans Redeemed and Other Capital Receipts" account.

3.3 All net proceeds from the sale of fixed assets are credited to the Consolidated Loans Fund.

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

4. STOCK

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

5. FUNDS AND RESERVES

5.1 Capital Development Fund

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

5.4 RESERVES

Reserve Funds are utilised for purposes unknown and which may occur in the future. Contributions are made from the the operating account and in certain instances according to the policy of the Department of Housing e.g. Rental reserve. The following reserve is applicable to this section:

Housing Development Fund - Maintenance and repairs to existing properties still in the name of the municipality.

Nature Conservation : Nature Reserves - Funds receivable from Game sales for use in Reserve. The purpose of the fund is to purchase new game for the nature reserve as well as repairs and maintenance to the reserve.

5.5 PROVISIONS

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

5.6 TRUST FUNDS

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

6. RETIREMENT BENEFITS

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

7. SURPLUSES AND DEFICITS

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

8. TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES

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

9. INVESTMENTS

Investments are shown at the lower of cost or market value if a permanent decline in the value occurs, and are invested per Council's Investment Policy.

10. INCOME RECOGNITION

10.1 Electricity and Water Billing

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

10.2 Assessment Rates

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

11. CONSOLIDATED LOANS FUND

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

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 Budget Surplus/ (Deficit) R
			RATE AND GENERAL				
71,158,474	74,787,476	-3,629,002	SERVICES	88,100,232	98,475,767	-10,375,535	-15,429,720
43,299,523	47,599,404	-4,299,881	Community Services	60,555,871	69,896,278	-9,340,407	-14,416,720
2,369,543	10,317,009	-7,947,466	Subsidised Services	3,446,218	11,297,419	-7,851,201	-8,341,450
25,489,409	16,871,064	8,618,345	Economic Services	24,098,143	17,282,070	6,816,073	7,328,450
102,721	29,215	73,506	HOUSING SERVICES	111,520	29,271	82,249	74,000
64,298,582	51,612,004	12,686,578	TRADING SERVICES	70,631,286	54,325,032	16,306,254	15,553,120
135,559,778	126,428,696	9,131,082	TOTAL	158,843,038	152,830,069	6,012,968	197,400
			Appropriations for this year (Refer to note 17)			-45,764,639	
			Net surplus/(deficit) for the year			-39,751,671	
			Accumulated surplus/ (deficit) beginning of the year			52,238,499	
			ACCUMULATED SURPLUS/ (DEFICIT) END OF YEAR			12,486,828	

BALANCE SHEET FOR THE YEAR ENDED 30 JUNE 2005

	Note	2005 R	2004 R
CAPITAL EMPLOYEED			
FUNDS AND RESERVES			
		33,430,642	32,209,414
Statuary Funds	1	31,218,825	28,922,876
Reserves	3	2,211,817	3,286,539
(ACCUMULATED DEFICIT)/RETAINED SURPLUS	17	12,486,827	50,080,663
		45,917,470	82,290,077
TRUST FUNDS			
	2	21,992,989	27,671,912
LONG-TERM LIABILITIES			
	4	6,689,055	5,267,475
CONSUMER DEPOSITS : SERVICES	5	5,906,454	4,884,867
		80,505,968	120,114,331
EMPLOYMENT OF CAPITAL			
FIXED ASSETS			
	6	23,669,054	18,777,920
INVESTMENTS	7	580,707	293,351
LONG-TERM DEBTORS	8	88,278	150,438
		24,338,039	19,221,709
NET CURRENT ASSETS/LIABILITIES			
		56,167,929	100,892,622
CURRENT ASSETS			
		83,272,056	129,258,592
Stock	9	1,201,524	1,039,755
Debtors	10	56,065,310	99,746,653
Cash		541,266	948,534
Short-term portion of Investments	7	24,641,074	26,615,558
Short-term portion of Long-term debtors	8	822,881	908,091
CURRENT LIABILITIES			
		-27,104,127	-28,365,970
Provisions	11	4,741,516	2,930,605
Creditors	12	20,002,701	12,936,219
Short-term of Long-term liabilities	4		863,844
Bank overdraft		2,359,910	11,635,302
		80,505,968	120,114,331

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P BACELA
MUNICIPAL MANAGER

.....
CERTIFIED AS CORRECT
J JONKER
MANAGER : BUDGET & TREASURY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

	2005 R	2004 R
CASH RETAINED FROM OPERATING ACTIVITIES :	-19,367,364	-33,691,309
Cash receipts from ratepayers, consumers, and users of services	175,415,139	176,958,625
Cash paid to employees and suppliers From Operations	-193,772,947	-209,300,632
Investment Income	-18,357,808	-32,342,007
Interest paid	156,167	157,786
	-1,165,723	-1,507,088
INVESTING ACTIVITIES	-62,968,939	-63,206,574
Purchase of property, plant and equipment	-63,340,913	-63,711,189
Proceeds from disposal of fixed assets	-322,130	
Receipts from long term debtors	694,155	504,415
Increase in cash on hand	-50	200
FINANCING ACTIVITIES	91,204,425	93,637,816
Net loans repaid	-131,566	-233,178
Increase in consumer deposits	1,021,587	869,387
Cash contribution from public and state	90,314,404	93,001,607
NET CASH GENERATED	8,868,122	-3,260,067
Cash resources at beginning of year	-10,686,766	-7,426,699
Cash resources at 30 June 2005	<u>-1,818,645</u>	<u>-10,686,766</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	2005 R	2004 R
1. STATUTORY FUNDS		
Consolidated Loans Fund (Refer to Appendix A for more detail)	<u>31,218,825</u>	<u>28,922,876</u>
	<u>31,218,825</u>	<u>28,922,876</u>
2. TRUST FUNDS		
Grants, Subsidies and Bequests	21,982,410	27,662,029
Mayor's Christmas Fund	75	75
Storm Relief Fund	10,505	9,808
(Refer to Appendix A for more detail)	<u>21,992,989</u>	<u>27,671,912</u>
3. RESERVES		
Rental Reserve	2,155,231	2,126,193
Rapirs and Renewals	30,050	1,084,705
Other	26,536	75,641
(Refer to Appendix A for more detail)	<u>2,211,817</u>	<u>3,286,539</u>
4. LONG TERM LIABILITIES		
Local Registered Stock		
Annuity Loans	<u>6,689,055</u>	<u>6,131,318</u>
	6,689,055	6,131,318
7 Less : Current portion transferred to current liabilities	0	-863,844
Local Registered Stock		
Annuity Loans		863,844
(Refer to Appendix B for more detail on long term liabilities)	<u>6,689,055</u>	<u>5,267,474</u>
LOCAL REGISTERED STOCK		
Stock was issued at rates between 10,85% and 13,70% per annum and is repayable over periods between five and twenty years.		
ANNUITY LOANS		
Loans bear an interest rate between 2% and 17,25% and are repayable over periods.		
5. CONSUMER DEPOSITS		
Electricity and Water	<u>5,906,454</u>	<u>4,884,867</u>
Guarantees in lieu of electricity deposits were R20 320.		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	2005	2004
	R	R
6. FIXED ASSETS		
Fixed Assets at the beginning of the year	196,415,875	191,858,406
Capital Expenditure during the year	333,486	5,485,949
Less : Assets written off, transferred or disposed of during the year	-5,248,684	-928,480
TOTAL FIXED ASSETS	<u>191,500,677</u>	<u>196,415,875</u>
Less : Loans redeemed and other capital receipts	-167,831,623	-177,637,955
NET FIXED ASSETS	<u><u>23,669,055</u></u>	<u><u>18,777,920</u></u>
(Refer to Appendix C for more detail)		
 7. INVESTMENTS		
Listed		
RSA Internal Registered Stock	<u>18,500</u>	<u>18,500</u>
	<u><u>18,500</u></u>	<u><u>18,500</u></u>
Unlisted		
Fixed deposits	562,207	274,851
Call deposits	24,641,074	26,615,558
	<u>25,203,281</u>	<u>26,890,409</u>
TOTAL INVESTMENTS	<u><u>25,221,781</u></u>	<u><u>26,908,909</u></u>
Market value of listed investments and managements valuation of unlistewd investments		
Listed	<u>23,200</u>	<u>23,200</u>
Unlisted	<u><u>31,536,157</u></u>	<u><u>31,536,157</u></u>
Average rate of return on investments	7.06%	11.42%
Funds are invested according to Council's Investment Policy.		
 No investments were written off during the year.		
 8. LONG TERM DEBTORS		
Loans to :		
Housing Loans	6,378	6,378
Sale of Land	756,915	787,692
Study Loans	423	80,831
Vehicle Loans	147,444	183,628
	<u>911,160</u>	<u>1,058,529</u>
Less : Current portion transferred to current assets	822,881	908,091
	<u><u>88,279</u></u>	<u><u>150,438</u></u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	2005	2004
	R	R
9. INVENTORY		
Stock represents consumable stores, raw materials and finished goods.	1,611,524	1,399,755
Less : Stock Obsolescence	-410,000	-360,000
	<u>1,201,524</u>	<u>1,039,755</u>
10. DEBTORS		
Current Debtors	8,572,344	3,390,625
30 Days Outstanding	4,569,507	4,146,515
60 Days Outstanding	2,776,781	3,001,943
90 Days Outstanding	2,742,655	2,508,195
120 Days and more Outstanding	107,431,395	109,658,320
Plus : Payments in Advance	2,148,218	1,749,372
Plus : Unknown Payments	466,864	467,808
	<u>128,707,764</u>	<u>124,922,777</u>
Less : Provision for Bad Debt	-72,642,453	-25,176,124
	<u>56,065,311</u>	<u>99,746,653</u>
11. PROVISIONS		
Leave Gratuity	3,715,002	2,127,224
Valuation Expenses	1,026,514	803,381
	<u>4,741,516</u>	<u>2,930,605</u>
12. CREDITORS		
Trade Creditors	7,925,397	3,751,345
Other	12,077,305	9,184,874
Deposits : Other		
	<u>20,002,701</u>	<u>12,936,219</u>
13. ASSESSMENT RATES		
	2005	2004
	R	R
	Actual	Actual
	Income	Income
Residential	7,109,929	6,478,783
Commercial	1,105,662	1,023,761
Industrial	1,828,814	1,697,296
Business	1,585,340	1,416,920
Institutional	14,229	13,175
Agricultural	4,028	3,730
Educational	1,236,550	1,199,481
State	1,295,201	1,199,260
Transnet	109,926	101,783
Post and Telecommunications	65,223	60,391
Municipal	32,037	29,616

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	2005 R	2004 R
Grant-in-Aid	95,389	88,324
Sport Clubs	34,391	31,844
	<u>14,516,720</u>	<u>13,344,365</u>

Valuations on land and improvements are performed every four years and the last general valuation came into effect on 1 July 1998. The basic rate was 1,7172 per cent in the Rand on land and improvements. The following rebates were granted :

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

14. COUNCILLOR'S REMUNERATION

Mayor's allowance	220,576	208,092
Executive Councillors allowances	766,175	634,692
Councillor's allowances	2,236,416	2,062,296
Councillor's pension contribution	417,563	407,559
Councillor's medical aid contribution	102,943	142,556
	<u>3,743,673</u>	<u>3,455,195</u>

All coucillors remuneration is paid in accordance with the determination of the upper limits of salaries, allowances and benefits of different members of municipal councils. (Remuneration of Public Office Bearers Act, 1998)(Act no. 209 of 1998)

15. AUDITOR'S REMUNERATION

Audit Fees	<u>677,351</u>	<u>393,526</u>
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16. FINANCE TRANSACTIONS

Total external interest earned or paid :		
Interest Earned	<u>1,877,015</u>	<u>361,030</u>
Interest Paid	<u>1,165,723</u>	<u>1,507,088</u>

Capital charges debited to operating account :

Interest :	3,787,833	3,931,094
: External		
: Internal	<u>3,787,833</u>	<u>3,931,094</u>

Redemption :

: External	2,608,304	2,521,024
: Internal	<u>2,608,304</u>	<u>2,521,024</u>
	<u>6,396,136</u>	<u>6,452,118</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	2005 R	2004 R
17. APPROPRIATIONS		
Appropriation account :		
Accumulated surplus at the beginning of the year	52,238,498	40,565,525
Operating surplus for the year	6,012,968	6,973,246
- Rate and General services	6,012,968	9,131,082
- Dog Tax fund	0	19,896
- Parking Areas Development Fund	0	-2,177,732
Appropriations for the year	-45,764,639	2,541,892
	<u>12,486,827</u>	<u>50,080,663</u>
The accumulated surplus at the end of the year is made up as follows :		
- Rate and General services	12,486,827	47,922,827
- Dog Tax fund	0	-19,896
- Parking Areas Development Fund	0	2,177,732
	<u>12,486,827</u>	<u>50,080,663</u>
Operating Account :		
Capital expenditure	27,432	104,163
Contributions to :		
Bad Debt	17,654,440	1,000,000
Leave Gratuity	500,000	500,000
Removal Expenses	20,000	20,000
Rental reserve	33,230	33,230
Stock Obsolescence	50,000	50,000
Valuation expenses	250,000	250,000
	<u>18,535,102</u>	<u>1,957,393</u>
18 OFFICIALS REMUNERATION		
Municipal Manager	414,395	
Chief Financial Officer	394,818	
Directors(Estates, Admin, Technical, Community Services & Infrastruc	2,021,149	
	<u>2,830,362</u>	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	2005 R	2004 R
18. CASH GENERATED BY OPERATIONS		
Surplus for the year	6,012,968	9,131,082
Adjustments in respect of previous years operating expenses	45,764,639	-2,541,892
Appropriations charged against income :	-79,860,802	-7,726,077
Contributions	18,474,440	1,820,000
Administration Charges (Non Cash)	-99,539,043	-4,790,220
Fixed Assets	306,054	5,381,786
Long Term Debtors	-694,155	-504,415
Less : Brought to Account	210,475	-10,891,938
Contribution Ex CCDLF	1,320,765	1,121,317
Provisions and Reserves	33,230	33,230
Fixed Assets	27,432	104,163
Capital Charges :	6,396,136	6,452,118
Interest Paid		
- to internal funds	3,787,833	3,931,094
- to external loans		
Redemption Paid		
- to internal funds	2,608,304	2,521,024
- to external loans		
<u>Grants and Subsidies (Operating Account)</u>	-31,589,283	-26,018,989
Non-operating income :	60,398,316	69,266,025
Funds	60,236,656	69,088,417
Reserves	161,660	177,608
Non-operating expenditure :	-63,601,440	-64,346,245
Expenditure charged against Accumulated Fund	48,000	48,041
Expenditure charged against Trust Funds	63,340,913	63,711,189
Expenditure charged against Reserves	30,895	49,263
Expenditure charged against Provisions	148,685	478,965
Expenditure charged against Consolidated Loans Fund	32,946	58,787
(Increase)/decrease in stock	-161,769	170,136
(Increase)/decrease in debtors	43,828,712	-14,788,306
(Increase)/decrease in creditors	-8,088,069	-1,939,858
	<u>-20,900,590</u>	<u>-32,342,007</u>
19. (INCREASE)/DECREASE IN WORKING CAPITAL		
(Increase)/decrease in stock	-161,769	170,136
(Increase)/decrease in debtors	43,828,712	-14,788,306
(Increase)/decrease in creditors	-8,088,069	-1,939,858
	<u>35,578,875</u>	<u>-16,558,028</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

	2005 R	2004 R
20. (INCREASE)/DECREASE IN LONG-TERM LOANS (EXTERNAL)		
Loans Raised		
Loans Repaid	-131,566	-4,785,948
	<u>-131,566</u>	<u>-4,785,948</u>
21. (INCREASE)/DECREASE IN EXTERNAL CASH INVESTMENT		
Investment realised	59,230,835	11,764,943
Investment made	-57,543,708	-27,527,787
	<u>1,687,128</u>	<u>-15,762,844</u>
22. (INCREASE)/DECREASE IN CASH ON HAND		
Cash balance at the beginning of the year	-10,686,767	-6,145,804
Less : Cash balance at the end of the year	-1,818,644	-7,426,699
	<u>-8,868,123</u>	<u>1,280,895</u>
23. CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS		
Guarantees in respect of housing bonds to employees	201,503	203,294
WSSA Contract	19,916,537	17,588,115
Rural Hardware/Fenjel CC	1,800,000	
Meliziswe International Property Group	886,630	
	<u>22,804,671</u>	<u>17,791,409</u>
24. CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure :		
- Approved and contracted for		45,200
		<u>45,200</u>
This expenditure will be financed from :		
-Internal sources		45,200
-External sources		0
		<u>45,200</u>
25. CONSOLIDATED LOANS FUND		
External Loans	6,689,055	6,131,318
Internal Investments	31,218,825	28,922,876
Creditors	19,560	83,407
Bank	1,826,711	10,694,884
	<u>39,754,151</u>	<u>45,832,485</u>
Less :	19,740,505	23,210,537
External Investments	25,221,781	26,908,909
Debtors	7,000	190,269
Temporary Advances	-5,488,276	-3,888,641
(Refer to Appendix B for more detail)	<u>20,013,646</u>	<u>22,621,948</u>

APPENDIX A

STATUTORY FUNDS, RESERVES AND TRUST FUNDS FOR THE YEAR ENDED 30 JUNE 2005

	Balance at 2004-06-30 R	Contributions during the year R	Interest on Investments R	Other Income R	Expenditure during the year R	Capital Expenditure during the year R	Written Off	Balance at 2005-06-30 R
STATUTORY FUNDS								
Consolidated Loans Fund	-28,910,222	-1,320,765		-1,020,784	32,946		0	-31,218,825
Small Projects : Hewu TRC	-3,989						5,955	1,965
Small Projects : Queenstown	-5,955						3,989	-1,965
Small Projects : Tylden TRC	-2,710						2,710	0
	<u>-28,922,876</u>	<u>-1,320,765</u>		<u>-1,020,784</u>	<u>32,946</u>	<u>0</u>	<u>12,654</u>	<u>-31,218,825</u>
Dog Tax Fund	-19,896	-50,000		-276	48,000		22,172	0
Parking Areas Development Fund	2,177,732			-176,414			-2,001,318	0
	<u>-26,765,039</u>	<u>-1,370,765</u>		<u>-1,197,475</u>	<u>80,946</u>	<u>0</u>	<u>-1,966,492</u>	<u>-31,218,825</u>
TRUST FUNDS								
Grants, Subsidies and Bequests	-27,662,029	0	-1,510,838	-58,725,121	63,340,913	23,177	2,551,488	-21,982,410
Mayor's Christmas Fund	-75							-75
Storm Relief Fund	-9,808		-697					-10,505
	<u>-27,671,912</u>		<u>-1,511,535</u>	<u>-58,725,121</u>	<u>63,340,913</u>	<u>23,177</u>	<u>2,551,488</u>	<u>-21,992,989</u>
RESERVE FUNDS								
Rental Reserve	-2,126,193	-33,230			4,192			-2,155,231
Repairs and Renewals	-1,084,705			-161,660	26,703		1,189,611	-30,050
Other Funds	-75,641	-16,973					66,078	-26,536
	<u>-3,286,539</u>	<u>-50,203</u>		<u>-161,660</u>	<u>30,895</u>		<u>1,255,689</u>	<u>-2,211,817</u>

APPENDIX B

EXTERNAL LOANS AND EXTERNAL ADVANCES FOR THE YEAR ENDED 30 JUNE 2005

	Balance at 2004-06-30 R	Received during the year R	Redeemed or written off during the year R	Balance at 2005-06-30 R
EXTERNAL LOANS				
LOCAL REGISTERED STOCK				
Is Redeemable		Loan No	Redeemable	
Annuity Loans	6,131,318	689,303	131,566	6,689,055
	<u>6,131,318</u>	<u>689,303</u>	<u>131,566</u>	<u>6,689,055</u>
	6,131,318	689,303	131,566	6,689,055

	Balance at 2004-06-30 R	Received during the year R	Redeemed or written off during the year R	Balance at 2005-06-30 R
INTERNAL ADVANCES TO BORROWING SERVICES				
Consolidated Loans Fund	22,621,950	0	2,608,304	20,013,646
	<u>22,621,950</u>	<u>0</u>	<u>2,608,304</u>	<u>20,013,646</u>

APPENDIX C

ANALYSIS OF FIXED ASSETS FOR THE YEAR ENDED 30 JUNE 2005

Expenditure 2004 R		Budget 2005 R	Balance at 2004-06-30 R	Expenditure 2005 R	Written off transferred redeemed or disposed of during the year R	Balance at 2005-06-30 R
4,016,157	RATE AND GENERAL SERVICES	134,190	65,401,789	317,862	700,868	65,018,783
3,472,958	<u>Community Services</u>	108,190	29,735,716	174,870	544,255	29,366,331
	Administration : Council General	8,700	6,019,761		9,421	6,010,340
	Administration : Estates		555		139	416
	Health Services	40,290	1,499,309		8,552	1,490,757
	Municipal Security		6,751		1,602	5,150
	Pound		30,401			30,401
423,280	Vehicle Fleet	1,000	1,238,815		279,001	959,814
8,580	Public Works/Town Planning	5,000	6,502,619	4,446	37,253	6,469,812
2,999,455	Infrastructure Development Services		2,999,455			2,999,455
	Municipal Manager		5,370,817		127,512	5,243,305
	Administration and Human Resources		18,658		178	18,480
			12,954	107,246	1,757	118,443
2,597	Financial Services	43,000	403,018	58,998	2,410	459,606
15,208	Traffic Services	6,000	114,117		15,770	98,346
	Dog Kennels		366,000			366,000
	Parking Areas		0			0
23,838	Computers and Printers	4,200	362,628	4,180	60,660	306,148
	Hewu TRC		760,150			760,150
	Queenstown TRC		3,074,352			3,074,352
	Tylden TRC		144,655			144,655
	Whittlesea		810,701			810,701
22,568	<u>Subsidised Services</u>	6,000	10,874,689	103,142	23,580	10,954,251
	Aerodrome		200,000			200,000
	Art Gallery		183,489	103,142		286,631
	Cemetries		89,887		12,774	77,113
	Civic Centre	3,000	3,842,493		2,914	3,839,580
4,437	Fire Brigade		82,759		800	81,959
18,131	Libraries	3,000	742,070		2,456	739,614
	Parks and Recreation		5,733,991		4,636	5,729,355
520,631	<u>Economic Services</u>	20,000	24,791,385	39,850	133,034	24,698,201
63,241	Cleansing Services	20,000	977,424	39,850	55,565	961,709
457,390	Estates		14,122,136		77,019	14,045,118
	Nature Reserve		356,270		450	355,820
	Sewerage		9,335,555			9,335,555
0	<u>Housing Services</u>	0	6,696,699	0	4,460,296	2,236,403
	Sub-Economic Housing		3,309,380		1,450,362	1,859,018
	Self Help Schemes		3,387,318		3,009,934	377,385
1,469,792	<u>Trading Services</u>	20,000	124,317,386	15,624	87,519	124,245,491
58,542	Electricity	20,000	93,100,051	15,624	24,119	93,091,556
1,411,250	Water		31,217,335		63,400	31,153,935
<u>5,485,949</u>	TOTAL FIXED ASSETS	<u>154,190</u>	<u>196,415,875</u>	<u>333,486</u>	<u>5,248,684</u>	<u>191,500,677</u>
	LESS : LOANS REDEEMED AND OTHER CAPITAL RECEIPTS		<u>177,637,955</u>	<u>5,484,575</u>	<u>15,290,907</u>	<u>167,831,623</u>
	Loans redeemed and advances paid		57,829,179	2,608,304	14,784,383	45,653,100
	Contribution ex operating income		97,914,398	2,567,035	264,803	100,216,630
	Lease Agreements		703,867		241,721	462,146
	Provision and Reserves		58,098			58,098
	Grants and Subsidies		21,132,413	309,236		21,441,649
	NET FIXED ASSETS		<u>18,777,919</u>	<u>-5,151,089</u>	<u>-10,042,224</u>	<u>23,669,054</u>

APPENDIX D

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

Actual 2004 R		Actual 2005 R	Budget 2005 R
	INCOME		
26,018,989	Grants and Subsidies - Provincial Government	31,589,283	31,398,970
109,540,788	Operating Income	127,253,754	121,970,190
21,489,916	- Assessment Rates	15,465,388	15,193,140
42,572,079	- Sale of Electricity	44,486,157	42,409,390
13,153,642	- Sale of Water	19,197,981	19,215,080
32,325,150	- Other services and charges	48,104,228	45,152,580
<u>135,559,778</u>		<u>158,843,037</u>	<u>153,369,160</u>
	EXPENDITURE		
58,776,865	Salaries, wages and allowances	62,828,047	64,229,420
66,346,751	General Expenses	60,652,806	65,121,070
22,699,833	- Purchase of Electricity	26,911,621	26,632,000
13,846,673	- Purchase of Water		3,550,000
103,890	- Entertainment	91,336	107,500
29,696,354	- Other general Expenses	33,649,849	34,831,570
4,041,967	Repairs and Maintenance	4,165,068	4,547,810
6,170,139	Capital Charges	6,388,570	
81,682	Contribution to fixed assets	27,432	154,190
1,903,230	Contributions	18,557,670	18,557,670
137,320,634	Gross expenditure	152,619,594	152,610,160
-10,891,938	Less : Amounts charged out	210,475	561,600
<u>126,428,696</u>	Net Expenditure	<u>152,830,069</u>	<u>153,171,760</u>

APPENDIX E

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

Actual Income 2004 R	Actual Expenditure 2004 R	Actual Surplus/ (Deficit) 2004 R		Actual Income 2005 R	Actual Expenditure 2005 R	Actual Surplus/ (Deficit) 2005 R	Budget Surplus/ (Deficit) 2005 R
71,158,474	74,787,476	-3,629,002	RATE AND GENERAL SERVICES	88,100,232	98,475,767	-10,375,535	-15,429,720
43,299,523	47,599,404	-4,299,881	<u>Community Services</u>	60,555,871	69,896,278	-9,340,407	-14,416,720
22,975,375	82,172	22,893,203	Assessment Rates	24,102,422	4,503	24,097,919	23,644,070
5,643,844	9,316,210	-3,672,366	Council's General	13,167,402	26,226,889	-13,059,487	-9,973,930
90,632	3,333,525	-3,242,893	Administration : Estates	57,202	3,423,924	-3,366,722	-3,497,680
6,156,844	8,419,352	-2,262,508	Health Services	7,214,223	10,197,366	-2,983,143	-3,935,000
377,429	678,174	-300,745	Pound	1,124,843	872,229	252,615	276,780
63,319	405,610	-342,291	Protection Services	89,681	432,647	-342,966	-367,450
1,307,295	10,650,223	-9,342,928	Public Works/Town Planning	1,159,049	11,093,143	-9,934,094	-9,665,720
128,150	2,942,612	-2,814,462	Security	95,350	2,924,252	-2,828,902	-2,847,940
	1,098,410	-1,098,410	Municipal Manager		1,004,242	-1,004,242	-1,139,730
	1,551,549	-1,551,549	Administration & HR		1,535,341	-1,535,341	-1,677,990
3,283,328	3,845,691	-562,363	Financial Services	9,537,863	6,664,073	2,873,791	-3,302,010
3,273,306	5,275,876	-2,002,570	Traffic Services	4,007,836	5,517,670	-1,509,834	-1,930,120
2,369,543	10,317,009	-7,947,466	<u>Subsidised Services</u>	3,446,218	11,297,419	-7,851,201	-8,341,450
3,357	82,611	-79,254	Aerodrome	2,583	99,491	-96,909	-101,520
	58,769	-58,769	Art Gallery		61,437	-61,437	-77,530
583,270	636,895	-53,625	Cemeteries	747,642	662,322	85,320	26,690
563,779	1,634,305	-1,070,526	Civic Centre	545,262	1,537,851	-992,589	-1,239,410
530	591,610	-591,080	Fire Brigade	45,006	580,072	-535,067	-546,540
48,726	1,821,398	-1,772,673	Libraries	109,360	1,967,368	-1,858,007	-1,942,510
1,169,881	5,491,421	-4,321,540	Parks and Recreation	1,996,365	6,388,877	-4,392,512	-4,460,630
25,489,409	16,871,064	8,618,345	<u>Economic Services</u>	24,098,143	17,282,070	6,816,073	7,328,450
11,965,144	9,602,124	2,363,019	Cleansing Services	11,888,653	9,771,147	2,117,506	1,433,210
435,961	1,011,554	-575,594	Estates	498,736	1,016,344	-517,609	-45,510
	360,521	-360,521	Nature Reserve	297,849	419,023	-121,174	-172,200
13,088,305	5,896,864	7,191,441	Sewerage	11,412,906	6,075,556	5,337,350	6,112,950
102,721	29,215	73,506	<u>Housing Services</u>	111,520	29,271	82,249	74,000
102,721	29,215	73,506	Economic Housing	111,520	29,271	82,249	74,000
64,298,582	51,612,004	12,686,578	<u>Trading Services</u>	70,631,286	54,325,032	16,306,254	15,553,120
45,795,363	35,695,333	10,100,030	Electricity	50,875,536	40,517,369	10,358,166	8,380,710
18,503,219	15,916,671	2,586,548	Water	19,755,750	13,807,662	5,948,088	7,172,410
135,559,778	126,428,696	9,131,082	TOTAL	158,843,038	152,830,069	6,012,968	197,400
		2,541,892	Appropriations for this year (Refer to note 17)			-45,764,639	
		11,672,974	Net surplus/(deficit) for the year			-39,751,671	
		40,565,525	Accumulated surplus/(deficit) beginning of the year			52,238,499	
		52,238,499	ACCUMULATED SURPLUS/(DEFICIT) END OF YEAR			12,486,828	

APPENDIX F

STATISTICAL INFORMATION

a) GENERAL STATISTICS	2004/05	2003/04
Population	300,000	300,000
Total Registered Voters	178,845	178,845
Area km	4,191	4,191
Total Valuation :		
- Rateable	123,130,638	123,130,638
- Non Rateable	76,116,608	76,116,608
- Residential	751,025,388	751,025,388
- Commercial	67,776,310	67,776,310
Number of Sites :		
- Residential	17,664	17,664
- Commercial	162	162
Assessment Rates : Levies		
- Basic (per Rand)	1.7172	1.59
- Rebate : Residential	15,00%	15,00%
- Other Rebate : Pensioners	23,75%	23,75%
Number of Employees of the Local Authority	632	656
b) ELECTRICITY STATISTICS		
Units bought	164,704,228	146,288,989
Cost per unit bought	0.1620	0.1609
Units sold	128,292,566	117,109,132
Units lost in distribution	36,411,662	29,179,857
Units lost in distribution as a %	22.11	19.95
Cost per unit sold	0.1835	0.2010
Income per unit sold	0.3468	0.3635
c) WATER STATISTICS		
Units bought		6,500,000
Cost per unit bought		2.07
Units sold		4,627,093
Units lost in distribution		1,872,907
Units lost in distribution as a %		28.81
Cost per unit sold		2.1708
Income per unit sold		2.5946