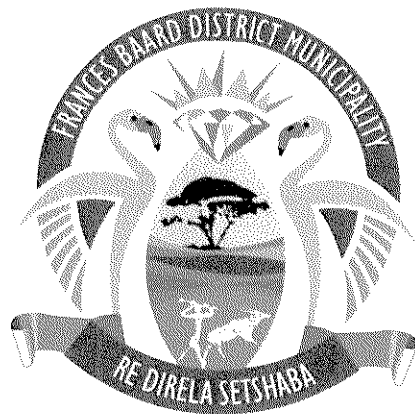


FRANCES BAARD

DISTRICT MUNICIPALITY



ANNUAL FINANCIAL STATEMENTS
30 JUNE 2005

INDEX

INDEX		PAGE NO.
1	GENERAL INFORMATION	
2	REPORT FROM THE AUDITOR GENERAL	GI - 1
3	REPORT FROM THE CHIEF FINANCIAL OFFICER	
4	ACCOUNTING POLICIES	FR - 1
5	CONTINGENT LIABILITIES	AP - 1
6	BALANCE SHEET	CL - 1
7	INCOME STATEMENT	1
8	CASH FLOW STATEMENT	2
9	NOTES TO THE FINANCIAL STATEMENTS	3
10	APPENDIXES:	4
	A - SCHEDULE OF EXTERNAL LOANS	
	B - ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT	21
	C - SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT	22
	D - INCOME AND EXPENDITURE STATEMENT	23
	E - SEGMENTAL INCOME STATEMENT	24
	F - STATISTICAL DATA	25
		SD - 1

GENERAL INFORMATION

GENERAL INFORMATION

1. GRADING

Grade 4 – Category C.

Council is accorded the same grading as the largest Category B municipality in the district, namely Sol Plaatje Municipality, which is a Grade 4 local authority

2. AUDITORS

2.1. External Auditors

The Office of the Auditor-General
Private Bag X5013
KIMBERLEY

2.2. Internal Auditors

Internal audit function has been implemented during March 2004, based on an external audit service provider required to establish a self-sufficient in-house function in accordance with Council policy. Following the details of service provider:

Gobodo Chartered Accountants (SA)
P.O. Box 4242
CAPE TOWN

2.3. Members of the Audit Committee

Mr. RT Morris (*Resigned: 21 July 2005*) Chairperson

Ms. S Matthews
Mr. M van Niekerk

3. BANKERS

Absa Bank
80 Bultfontein Rd
KIMBERLEY

Type of Account:
Account Number:

Current Account
940 000 327

4. REGISTERED OFFICE

Frances Baard District Municipality
51 Drakensberg Avenue
CARTERS GLEN 8301

Private Bag X6088
KIMBERLEY 8300

5. GENERAL ACTIVITIES

Council undertakes the spectrum of a Category C municipality activities allocated by legislation, as well as the district roads maintenance function on behalf of the Northern Cape Provincial Department of Transport, Roads & Public Works.

6. COUNCILLORS

Council's structure is based on the Executive Mayoral System, Incorporating:

*District Management Area; and
Category B Municipalities—*

- Sol Plaatje : Grade 4
- Phokwane : Grade 2
- Dikgatlong : Grade 2
- Magareng : Grade 2

6.1. Executive Mayor of District Municipality:

Ms. MA Marais-Martin

Proportional

6.2 *Speaker of District Municipality*

Mr. BM Maribe

Sol Plaatje Municipality

6.3 *Members of the Mayoral Committee:*

Ms. MA Marais-Martin (Chairperson)

Mr. A Florence
Mr. PN Jammer
Ms. NB Magau
Mr. LO Mothomme
Ms. EK Dipico

Proportional
Dikgatlong Municipality
Sol Plaatje Municipality
Proportional
Sol Plaatje Municipality

6.4 *Ordinary Council Members:*

Ms. PA Coutts
Mr. DJP van der Merwe
Mr. J Oliphant
Mr. P Lenyibi
Ms. WN Ngobeza
Mr. MS Rosen
Mr. V Olifant
Ms. KV Molaaphene
Mr. MA Gabanele
Ms. MM Moloji
Mr. VD Khen
Mr. TG Ditseho
Ms. RD Gopane
Mr. MI Solomon
Mr. DJ Stubbe
Ms. HME van der Merwe
Mr. JC van der Rhyst
Ms. CE Valentine

Sol Plaatje Municipality
Sol Plaatje Municipality
Sol Plaatje Municipality
Sol Plaatje Municipality
Sol Plaatje Municipality
Sol Plaatje Municipality
Dikgatlong Municipality
Phokwane Municipality
District Management Area
Magareng Municipality
Phokwane Municipality
Proportional
Proportional
Proportional
Proportional
Proportional
Proportional
Proportional

7. **MANAGEMENT STRUCTURE**

Council's senior management structure consists of the Municipal Manager and heads of the three main departments. The Office of the Municipal Manager includes management functions pertaining to municipal systems improvement and integrated development planning functions.

Municipal Manager

Mr. TJ Nosi
B.Admin; B.Admin(Hons)

Director: Administration

Ms. NG Kgantsi
B.Admin

Director: Technical Services

Mr. PJ van der Walt
B.Sc.Eng; M.Eng.(Civil); ECSA

Director: Finance

Mr. P.J van Biljon
B.A; Nat Dipl.; (AIMFO)

7. **CERTIFYING OF FINANCIAL STATEMENTS**

The financial statements under review are hereby certified as correct.


MUNICIPAL MANAGER


DIRECTOR: FINANCE

AUDITOR GENERAL REPORT

**REPORT OF THE AUDITOR-GENERAL TO FRANCES BAARD DISTRICT COUNCIL,
ON THE FINANCIAL STATEMENTS OF FRANCES BAARD DISTRICT MUNICIPALITY
FOR THE YEAR ENDED 30 JUNE 2005**

1. AUDIT ASSIGNMENT

The financial statements as set out on pages FR1 to 24, for the year ended 30 June 2005, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. SCOPE

The audit was conducted in accordance with South African Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, as well as
- evaluating the overall financial statement presentation.

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to my attention and are applicable to financial matters.

The audit was completed in accordance with Auditor-General directive No. 1 of 2005.

I believe that the audit provides a reasonable basis for my opinion.

3. UNQUALIFIED AUDIT OPINION

In my opinion, the financial statements fairly present, in all material respects, the financial position of the Frances Baard District Municipality at 30 June 2005 and the results of its operations and cash flows for the year then ended in accordance with the accounting practice (old GAMAP) and in the manner required by the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

4. EMPHASIS OF MATTER

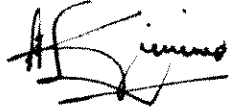
Without qualifying the audit opinion expressed above, attention is drawn to the following matters:

(a) *Non-compliance with laws, rules and regulations*

- (i) Several instances were noted where officials worked more overtime than the prescribed maximum norms according to section 10 of the Basic Conditions of Employment Act, 1997 (Act No. 75 of 1997), since the prescriptions of the overtime policy did not limit overtime.
- (ii) As a result of the non-implementation of the requirements of section 20(2) of the Division of Revenue Act, 2005 (Act No. 5 of 2005) (DoRA), the internal audit function did not audit the DoRA grants received.
- (iii) The debt collection and credit control policies of Frances Baard District Municipality were not enacted, since the prescriptions of section 98(1) of the Municipal Systems Act, 2000 (Act No. 32 of 2000) were not implemented.
- (iv) Because the prescriptions of section 57(4)(a) of the Municipal Systems Act, 2000 were not implemented, the performance contract of the municipal manager was incomplete.
- (v) Frances Baard District Municipality did not take the needs of people with disabilities into account for decision-making, since the prescriptions of section 7(3) of the Municipal Systems Act, 2000 were not implemented.
- (vi) Invitations for comments to Frances Baard District Municipality did not make provision for people who could not read or write, since the prescriptions of section 21(4) of the Municipal Systems Act, 2000 were not implemented.

5. APPRECIATION

The assistance rendered by the staff of the Frances Baard District Municipality during the audit is sincerely appreciated.



A L Kimmie for Auditor-General

Kimberley

21 December 2005



A U D I T O R - G E N E R A L

CHIEF FINANCIAL OFFICER REPORT

FINANCIAL PERFORMANCE REVIEW

By the Chief Financial Officer

1. INTRODUCTION

The main aim of the Department Finance is to ensure that the Frances Baard District Municipality is financially sustainable to fulfill its developmental role.

In order to do this, Council follows a practice of sound, conservative budgeting aimed at enhancing financial resources through maximised revenue collection and controlling costs to the minimum necessary expenditure. Council also utilises all possible sources of external financing to supplement its own infrastructure investment strategies, including the use of State grants and loan funding from the Development Bank of Southern Africa.

Integrated Development Planning (IDP) is the corner stone of facilitating sustainable development in the District. Given the nature of the Integrated Development Planning, it will be necessary to revise and update financial strategies on a continuous basis. The IDP and operational outcomes have informed and drive the financial planning process about what is financially affordable given the financial targets and expenditure limits determined by National Treasury.

Therefore Council has, within the limitations of funds and resources available, made efforts to promote the objectives of the IDP by creating an awareness of Council's responsibilities at all levels.

The principal objectives of the IDP can be summarised as follows:

- To promote sustainable development of the District Management Area and local Category B municipalities.
- To empower communities disadvantaged by the previous administration by providing social, economic and technical infrastructure in the district.
- To promote gender equality, democracy, transparency and accountability in local government.
- To eradicate poverty by creating sustainable employment opportunities.
- To promote compact towns and cities in our municipalities.
- To eliminate racial segregation in our cities and towns by promoting spatially integrated settlements.
- To promote efficiency and effectiveness of local government structures through strategic planning and resource utilisation.
- To facilitate effective delivery of the Constitutional and legislative mandate of municipalities.

2. KEY RESULTS

2.1. Normal Operations

Council has achieved a significant operating surplus for the past year, due mainly to increased revenues and reduced expenditures. Revenue gains include increased levies collections, high returns on invested cash reserves and increased grant funding receipts. Expenditure savings on salaries and infrastructure project allocations contribute to reserve funding available for future development needs.

Delayed expenditure on current infrastructure projects has resulted in the roll-over of projects to the value of R5,5m. The operating surplus before appropriations amounted to R12,1m.

2.2. Abnormal Events

The settlement of the Engen levies claim to the capital amount of R11,9m is still pending at year-end. Provision for interest at market related interest rate amounted to R1,7m for the financial year under review and for which Council approves to fund from the unappropriated surplus / (deficit) account.. Due to the significant financial implication it was regarded as an abnormal event and reflected as an extraordinary item in the income / expenditure statement.

3. PRIOR YEAR ADJUSTMENTS

The operating surplus of R12,1m is adversely affected by, transfers to reserves, abnormal items and prior year adjustments of R7,7m, resulting in R27,97m being appropriated for future application.

Prior year adjustments mainly consist of the following major transactions:

• Adjustment Leave Provision	R 239,957
• Adjustment on Provision for Bad Debts	R2,409,372
• Adjustment – Prior year RSC Levies Debtor Provision	R4,578,449

4. POST-BALANCE SHEET EVENTS

No other significant events have occurred between the balance sheet date and the time of issuing this report.

5. PERFORMANCE COMPARISON

Council's performance, when compared to the budget, must be seen in the context of conservative budgeting practices influenced by other external factors such as the inability of some Category B Municipalities to implement grant & subsidy allocated projects.

Positive performance results are attributable more to conservative revenue targets rather than to exceptional operating practices.

This tendency will become apparent when future results are compared against budgets based on more realistic expectations.

5.1. Levies Revenue

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>	<i>Var %</i>
<i>Total</i>	38,098,729	33,200,000	4,898,729	15%
Levies	37,621,983	33,000,000	4,621,983	14%
Interest	476,746	200,000	276,746	138%

Council contracted external levies inspection services to assist with the collection of outstanding levies, which resulted in additional revenue of R1,1m for the year.

External agents focused on the re-assessment of a number of enterprises, which accounts for the high proportion of interest recovered on arrears arising from previously understated returns.

5.2. Interest on Cash Reserves

Council held significantly higher than planned levels of cash reserves throughout the year. High cash reserve levels are attributed to delayed expenditure patterns and increased grant funding receipts. A significant amount of grant funding was received shortly before the end of donor's accounting cycles.

Interest earnings total R4,9m for the year.

5.3. Grants & Subsidies

The total value of grants and subsidies received has been adjusted to match the nature of the grant in question:

- Unconditional grants are fully reflected as revenue; while
- Conditional grants are reflected as revenue equivalent to the expenditure incurred in terms of the grant.

5.4. *Salaries & Allowances*

The positive variance on budgeted remuneration is due mainly to the number of vacancies on the staff structure and the budgeting for fulltime mayoral committee members that did not materialize.

The total savings on the salaries bill amounts to R3,5m.

5.5. *Depreciation*

The actual depreciation reflected for the financial year is based on true transaction and acquisition date of asset. The over expenditure to the amount of R208k is mainly due to the approval of additional capital expenditure from grant funding which was not originally budgeted.

Assets to the accumulated value of R0,61m were acquired by grant funding. This funding is reflected as a non-distributable reserve which is diminished on the same basis as the assets depreciate.

The actual depreciation charge includes this component, which is set off against the final results via the appropriation account.

5.6. *Repairs and Maintenance*

Apart from standard service contracts, no significant planned or expected maintenance costs have been incurred during the financial year under review.

The repairs and maintenance account exceeds the budgeted amount by R68k.

5.7. *Grants & Subsidy Projects*

Infrastructure development, administrative development and general projects were budgeted at a total of R44,7m while actual expenditure amounts to R38,9m spread across infrastructure and administrative developments.

Funds not utilised in the year are carried forward to the new financial year for financing of the uncompleted projects.

	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>	<i>Var %</i>
<i>Grants & Subsidies</i>	<i>38,917,429</i>	<i>44,783,625</i>	<i>-5,866,196</i>	<i>-13%</i>
<i>Internal / Administration</i>	<i>5,927,767</i>	<i>7,678,812</i>	<i>-1,751,045</i>	<i>-23%</i>
<i>External Beneficiaries</i>	<i>32,989,662</i>	<i>37,104,813</i>	<i>-4,115,151</i>	<i>-11%</i>
<i>State Funded Grants</i>	<i>23,637,760</i>	<i>20,954,813</i>	<i>2,682,947</i>	<i>13%</i>
<i>Reserve Funded Grants</i>	<i>6,080,506</i>	<i>10,300,000</i>	<i>-4,219,494</i>	<i>-41%</i>
<i>Revenue Funded Grants</i>	<i>3,271,395</i>	<i>5,850,000</i>	<i>-2,578,605</i>	<i>-44%</i>

5.8. General Expenses

General expenses have been well controlled and no significant variances compared to the budget exists..

6. GOVERNMENT GRANTS

A total of R34,7m was received from Government Departments, on both national and provincial level, which have been treated as unspent grants and subsidies funds. A total amount of R20,5m was on hand at the reporting date. All unspent grants and subsidies funds were fully cash-backed.

These funds include MIG, CMIP, FMG, IDP, MSIG, and Transition Grants, as well as specific project funds for local municipal infrastructure projects initiated by the Provincial authorities.

ACCOUNTING POLICIES

**ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE
FINANCIAL STATEMENTS**

1. BASIS OF PREPARATION

Financial statements are prepared in accordance with applicable legislation, and the main policies and principles applicable to local government financial management, which include:

1.1. GAMAP

Financial statements are prepared in accordance with generally accepted municipal accounting practices.

1.2. ACCRUAL ACCOUNTING

Financial statements are based on accrual accounting principles.

1.3. HISTORICAL COST

All operating account transactions are reflected at historical cost without adjustment for inflation or unrealised surpluses.

1.4. ASSET REVALUATION

Fixed property was revalued in May 2002, with the effect of such increase reflected against the asset and the relevant non-distributable reserve. Movable assets are not generally subject to appreciation revaluation.

1.5. QUANTITATIVE CONVENTIONS

Amounts reflected in the financial statements are in South African currency and at actual values. No financial values are given in an abbreviated display format. No foreign exchange transactions are included in the statements.

2. ACCOUNTING POLICIES

Council's accounting policies, with specific reference to the undermentioned aspects, are applied consistently to all financial reports.

2.1. OPERATING ACCOUNTS – REVENUE / EXPENDITURE RECOGNITION

All known revenue is included in the statements for the accounting period. RSC levies are recognized when it is probable that the economic benefits associated with the transaction will flow to the District Municipality and the amount of the revenue can be measured reliably.

Expenditure accrues to the extent that all operational obligations to creditors and other known expenses are accounted for in the applicable accounting period.

2.2. SURPLUSES & DEFICITS

Accounting for surpluses and deficits has been amended, with comparative figures adjusted for the previous year. Past practice did not recognise the use of an operating surplus or deficit account. Operating surpluses and deficits were cleared to the Capital Development Fund at the end of each accounting cycle. Any operating surpluses at year-end or portion thereof are now transferred via the appropriation account. (*cf §5*)

Grant funding allocations from the Capital Development Fund are dealt with as transfers from reserves to supplement the appropriation account, having regard to the time-frame matching of revenues and expenditures.

The Capital Development Fund is administered in accordance with Section 12(6) of the Regional Services Councils Act, 1985 (Act 109 of 1985) and §5 of the Financial Regulations for Regional Services Councils, promulgated by Government Notice R.1524 dated 28 June 1991.

The treatment of reserve funding of infrastructure development is in accordance with the National Treasury's budget and accounting reform policies.

2.3. INVESTMENT

Investments are stated at cost and made according to Council's approved policy at accredited banking institutions determined by the Reserve Bank of South Africa.

2.4. CAPITAL EXPENDITURE

Assets are reflected at historical cost, adjusted for depreciation, as long as the asset exists. Assets acquired prior to the introduction of GAMAP have been treated on the same basis as newly acquired assets.

Capital expenditure financed by external grant funding is reflected in the appropriate non-distributable reserve, with full depreciation charged to the operating account. An equivalent adjustment is made to the operating results, via the appropriation account and against the non-distributable reserve, to offset the effect of this depreciation.

2.5. ASSET CLASSIFICATION

- (a) Council owns and utilises assets for its core administrative needs and its mandated functions, which assets consist of the head office premises and buildings, as well as movable assets used in its operations.

The GAMAP classification of "Other Assets" is applicable to all Council's assets.

- (b) Council policy classifies assets as resources having an expected economic lifetime of more than three years and which are acquired at a minimum cost of R2 000. Such assets are capitalised and are subject to depreciation at the applicable rates.

Assets acquired at less than R2 000 are written off in the year of purchase and treated as inventory items with no carrying value.

- (c) All movable assets and inventory items are duly recorded and accounted for in the asset tracking system. The conceptual asset register includes a separate listing of fixed properties registered to Council's ownership, most of which are in the process of being transferred to succeeding authorities.
- (d) No existence and amount of restrictions on title, property, plant and equipment has been pledged as security for liabilities.
- (e) The carrying value of assets has been reviewed to determine whether the current value is more than the realized value. No impairments were realized.

2.6. ALLOCATIONS TO PARTICIPATING BODIES

Council makes allocations to participating bodies within its area of jurisdiction. Such allocations are primarily for infrastructure development in terms of Section 12(6)(b) of the Regional Services Councils Act, 1985 (Act No. 109 of 1985).

Allocations to participating bodies are treated as grants-in-kind as the assets created in this way are the property of the beneficiary body. Council has neither right of possession nor control over such assets. Allocations to participating bodies are dealt with as follows:

- Amounts allocated in approved budgets reflect as actual expenditure written off through the operating accounts.
- Projects which do not commence by the prescribed date are terminated and the funds kept for reallocation in the next budget cycle.
- Projects which have duly commenced but which can not be completed on the accounting date are carried forward to the next financial year.

- Infrastructure development financed by external loans is treated on the same basis as grant funding. The sum total of external loan commitments may not exceed 25% of annual levies revenue.

2.7. DEPRECIATION

Assets are depreciated in accordance with GAMAP guidelines. Depreciation is calculated on cost, using the straight line method over the estimated useful lives of assets.

The depreciation rates are based on the following estimated asset lives:

• Ground & Buildings	30 years	3.3%
• Furniture & Fittings	10 years	10.0%
• Computer equipment	3 years	33.0%
• Other movable assets	5 years	20.0%

2.8. PROVISIONS

Council's provisions for future liabilities include:

- *Personnel leave benefits*, based on the total leave days due on the reporting date, calculated at salary scales applicable at the reporting date. No provision is made for leave obligations in respect of Roads Agency personnel as this liability does not apply to Council.

2.9. STORES AND MATERIALS

Stores and materials held by Council are solely for use in the Roads Agency's operations and have been transferred to the relevant accounts. The balance sheet value of stores and materials, shown on the Roads Agency balance sheet as from June 2003, is determined by physical count and calculated at applicable cost.

2.10. GRANTS AND SUBSIDIES

Grants and subsidies, comprised of grants from external bodies, including grants made in terms of the Division of Revenue Act, are dealt with as a creditor – unspent grants and subsidies. Balances are reflected in the balance sheet and operating accounts to the extent that such disclosure is pertinent to donor disclosure prescriptions and relevant to the transparency of Council's operations and accounting practices.

3. CONTINGENT LIABILITIES

Contingent liabilities existent at the reporting date include housing loan guarantees issued by arrangement with Council's bankers. An investment has been ceded to the bank for global security against individual guarantees issued for collateral security provided for approved employees.

Other known contingent liabilities are reflected in the financial statements.

4. AGENCY SERVICES

Council performs a cost-based roads maintenance service on behalf of the Department of Transport, Roads and Public Works of the Northern Cape Province.

Financial reporting on agency services is excluded from these statements as the principal requires reports to be submitted for processing on their independent system.

Inter-authority obligations relevant to the agency service on the reporting date are reflected in the balance sheet.

5. SEGMENTAL INFORMATION

The principle segments have been identified according to service operation (Internal Structure) and by classification of revenue and expenditure as per functional grouping of activity cost determined by National Treasury.

6. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary, based on the relevance of any such amendment to the format and presentation of the financial statements.

The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

CONTINGENT LIABILITIES

CONTINGENT LIABILITIES

1. BASIS OF DECLARATION

Contingent liabilities are declared according to materiality and the effect that such liabilities may, or are expected to, have on future operations. Matters disclosed below are deemed relevant to Council's future operations and are of significant materiality.

2. KNOWN CONTINGENT LIABILITIES

2.1. ESKOM

Eskom instituted a general claim for overpayment of levies, claiming relief on the grounds that legislation exempted Eskom from a portion of levies, which amounts had been paid in error. Act 40 of 1987, as amended, effectively exempted Eskom from payment of levies on turnover. Payments continued until 1998 without Eskom making adjustments to their levies calculation base. A total amount of R343 378 was claimed by Eskom per Court summons dated 27 February 2002.

Legal opinions requested on the matter have pointed out that the claim may not succeed due to the debts having aged prior to institution of the claim. A joint defence action has been launched by the affected parties. The results of a test case, submitted to trial in the Gauteng region, are awaited prior to taking any further action in this regard.

3. EXCLUSION: POST-SERVICE MEDICAL AID BENEFITS

Council does not make specific provision for personnel going on retirement, which action results in continued medical aid benefit costs being borne by Council.

Uncertainty regarding personnel's eligibility for early retirement, the period of subsequent coverage and the actual costs involved make it difficult to accurately quantify such a potential liability, or to treat it as a contingency.

The cost of post-service medical aid coverage is provided for in the annual budget, based on the known criteria at adoption of the budget.

FINANCIAL STATEMENTS

30 JUNE 2005

FINANCIAL SERVICES BAARD DISTRICT MUNICIPALITY

BALANCE SHEET AS AT 30 JUNE 2005

	Note	2005 R	2004 R
CAPITAL EMPLOYED			
Statutory Funds			
Capital Development Fund	1	1,982,221	6,421,877
Asset Financing Fund		-0	6,421,877
Non-Distributable Reserves		1,982,221	
Distributable Reserves	2	4,935,295	4,958,561
Unappropriated Surplus / (Accumulated Deficit)		27,971,368	4,928,488
Capital Reserve		27,971,368	2,946,267
Long-term Liabilities	3	-0	1,982,221
	4	7,112,522	7,243,243
TOTAL		<u>42,001,406</u>	<u>23,552,170</u>
EMPLOYMENT OF CAPITAL			
Fixed Assets			
Fixed Property	5	8,038,117	8,211,213
Plant & Equipment		6,238,102	6,607,824
Motor Vehicles		994,106	860,172
		805,909	743,217
Investments			
Non -Current Loans	6	5,722	5,722
Net Current Assets	7	340,260	907,816
		33,617,308	14,427,419
Current Assets			
Debtors - Sundry		74,199,373	52,435,037
Other Debtors - NCPA Agency Debtors	8	5,528,044	791,714
Bank and Cash	8	2,975,274	84,023
Short-term Portion of Longterm Debtors	9	65,439,281	51,146,831
	7	256,774	412,468
Current Liabilities			
Creditors		40,582,064	38,007,618
Provisions	10	19,134,382	17,861,443
Unspent Grants & Subsidies	11	851,407	1,091,365
Short-term Portion of Longterm Loan	12	20,465,555	18,941,560
	4	130,721	113,250
TOTAL		<u>42,001,406</u>	<u>23,552,170</u>

INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

	Notes	Actual 2005 R	Budget 2005 R	Actual 2004 R
SURPLUS / (DEFICIT) FROM ORDINARY ACTIVITIES				
Revenue & Funding Sources		76,674,007	76,322,813	58,239,690
Executive and Council		-8,465,518	-8,873,965	-9,529,786
Finance & Administration		-11,273,396	-14,150,757	-10,667,630
Planning & Development		-41,660,083	-48,124,576	-25,476,312
Health		-1,182,113	-1,768,788	-1,356,979
Community & Social Services		-557,948	-536,955	-556,486
Public Safety		-1,385,559	-1,826,915	-1,197,592
SUB TOTAL		12,149,392	1,040,857	9,454,904
<i>Extraordinary Items - Interest</i>				
<i>Change in Estimates: Adjustment i.r.o. Provision for Bad Debt & Leave</i>		-1,733,912	-	-2,130,742
		2,649,329	-	-
NET SURPLUS / (DEFICIT) BEFORE APPROPRIATIONS		13,064,809	1,040,857	7,324,162
UNAPPROPRIATED SURPLUS / (DEFICIT) AT BEGINNING OF THE YEAR		2,946,267		-7,327,896
APPROPRIATIONS:				
Non-Distributable Reserves Transfer		488,948		180,790
Nett transfer from Capital Development realised		6,421,877		5,455,312
Prior Year Adjustments:		5,049,467		-5,011,464
Receipts		5,061,468		65,896
Expenditure		-12,001		-5,077,360
Distributable Reserves Transfer		-		2,325,363
UNAPPROPRIATED SURPLUS / (DEFICIT) AT END OF THE YEAR		27,971,368		2,946,267

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

	Note	2005 R	2004 R
CASH FLOW FROM OPERATING ACTIVITIES			
Contribution by Enterprises & Clients		40,229,141	34,321,965
State & Provincial Grants & Subsidies		32,711,019	19,290,743
Operational Expenditure		72,940,160	53,612,708
<i>Operating Receipts</i>		-62,257,469	-45,790,695
Investment Income		10,682,691	7,822,013
Interest paid		4,961,739	4,408,616
		-1,121,742	-1,139,946
NET CASH FROM OPERATING ACTIVITIES	19	14,522,688	11,090,683
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-939,232	-1,537,532
Proceeds on disposal of fixed assets		21,498	102,096
Increases in non-current loans		-723,250	-27,682
Increases in investments		-	-
NET CASH FROM INVESTING ACTIVITIES		-1,640,984	-1,463,118
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised		-113,249	-95,045
Increase in consumer deposits		-	-
Increase in Unspent Grants & Subsidies		1,523,995	3,757,523
NET CASH FROM FINANCING ACTIVITIES		1,410,746	3,662,479
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	20	14,292,450	13,290,044

	2005 R	2004 R
1 STATUTORY FUNDS		
<i>Capital Development Fund</i>	1,982,221	6,421,877
<i>Asset Financing Fund</i>	-0	6,421,877
	1,982,221	0
1.1 CAPITAL DEVELOPMENT FUND		
<i>Opening Balance</i>	6,421,877	11,877,189
Less: Funding Transfer to Appropriation Account	5,522,827	5,381,292
CDF Reserve before Current Operating Result	899,050	6,495,897
Plus: Appropriation Account Transfer		
Other Adjustments: Appropriation Account	-899,050	-74,020
Closing Balance	-0	6,421,877

The Capital Development Fund has been abolished at 30 June 2005 to align Council's policy with GAMAP guidelines and standards. Cash backed reserve has been transferred to the Unappropriated Surplus / (Accumulated Deficit) account on condition that the legislative prescriptions in terms of the Regional Services Councils Act, 1985 (Act 109 of 1985) and Financial Regulations for Regional Services Councils (R1524 dated 28 June 1991) remains

1.2 ASSET FINANCING FUND

Opening Balance

Plus: Contributions made from the Appropriation Account / Capital Reserve

1,982,221

Less: Cash utilised to finance property, plant and equipment

Closing Balance

1,982,221

0

*Asset Financing Fund has been established on 30 June 2005 and will become effective from the 1 July 2005 onwards - Note 3 refers
 The purpose of the Asset Financing Fund is to set aside cash to finance fixed assets additions from internal sources
 In order to finance the purchase of capital expenditure items, amounts will be transferred out of the net surplus for a period into the Asset Financing Reserve
 The Asset Financing Fund may only be utilised for the purpose of purchasing capital related items and may not be used for the maintenance of these items.*

	2005 R	2004 R
2 NON-DISTRIBUTABLE RESERVES		
<i>Fixed Property Revaluation</i>	4,935,295	4,958,561
<i>Grant Funded Assets</i>	4,157,350	4,460,992
	777,945	497,569
2.1 Fixed Property Revaluation		
Historic Cost at carrying value	4,157,350	4,460,992
Reappraised Value	1,708,393	1,708,393
Adjustment: Historic Cost Overstate	6,500,000	6,500,000
	-163,330	
	4,628,277	4,791,607
<i>Historic Depreciation</i>		
<i>Depreciation on Reappraised Value</i>	330,615	-
<i>Depreciation Adjustment</i>	152,733	158,120
	-12,421	172,495
	470,927	330,615
2.2 Grant Funded Assets		
Historic Cost	777,945	497,569
Current Acquisition	904,895	526,830
Current Disposal	616,591	378,065
Adjusted Historic Cost	1,321,486	904,895
<i>Historic Depreciation</i>		
<i>Assets Retained</i>	407,326	186,937
<i>Assets Disposed</i>	336,215	228,308
<i>Depreciation Adjustment</i>	743,541	-7,918
		407,326
3 DISTRIBUTABLE RESERVES		
<i>Capital Reserve: Nett Value</i>	-0	1,982,221
<i>Capital Reserve</i>	1,982,221	4,307,584
Less: Depreciation on Buildings (Pre-GAMAP)	1,982,221	4,307,584
<i>Historic Depreciation: Buildings</i>	0	2,325,363
<i>Assets Retained: Buildings</i>	-	2,246,963
<i>Assets Disposed: Buildings</i>	-	78,400
Less: Transfer to Asset Financing Fund	1,982,221	0
<i>Transfer to Asset Financing Fund</i>	1,982,221	-

The capital reserve represents the nett value of all assets acquired in pre-GAMAP periods and depreciation on Buildings, which are not disclosed in any manner. Capital Reserve Fund has been abolished on 30 June 2005 and the reserves has been transferred to the newly established Asset Financing Fund - Note 1.2 refer

4 LONG TERM LIABILITIES

(Refer to appendix A)

Government Loans: Other

DBSA Loans

Sub-total

Less: Current portion transferred to current liabilities

Government Loans: Other

DBSA Loans

	2005 R	2004 R
	-	-
	7,243,243	7,356,493
	<u>7,243,243</u>	<u>7,356,493</u>
	130,721	113,250
	<u>-</u>	<u>-</u>
	<u>130,721</u>	<u>113,250</u>
	<u>7,112,522</u>	<u>7,243,243</u>

5 FIXED ASSETS:- PROPERTY, PLANT AND EQUIPMENT

(Refer to appendices B & C, as well as accounting principles and policies - paragraph 2.4 & 2.6 for more detail)

Other Assets: 30 June 2005

Land & Buildings

Plant & Equipment

Office Equipment

Furniture & Fittings

Plant & Machinery

Emergency Equipment

Computer Equipment

Motor Vehicles

Total Property, Plant and Equipment:

Other Assets: 30 June 2004

Land & Buildings

Plant & Equipment

Office Equipment

Furniture & Fittings

Plant & Machinery

Emergency Equipment

Computer Equipment

Motor Vehicles

Total Property, Plant and Equipment:

	Historical Cost / Revaluation	Accumulated Depreciation	Gross Carrying Value
	9,120,546	2,882,444	6,238,102
	2,542,110	1,548,003	994,106
	393,088	237,928	155,160
	246,538	80,613	165,924
	18,205	15,771	2,434
	213,286	197,078	16,208
	1,670,992	1,016,612	654,380
	<u>1,796,256</u>	<u>990,347</u>	<u>805,909</u>
	<u>13,458,912</u>	<u>5,420,795</u>	<u>8,038,117</u>
	9,263,801	2,655,977	6,607,824
	1,924,872	1,064,700	860,172
	278,994	207,437	71,557
	187,031	61,479	125,552
	15,399	15,399	-
	195,763	134,582	61,181
	1,247,685	645,803	601,882
	<u>1,563,965</u>	<u>820,748</u>	<u>743,217</u>
	<u>12,752,638</u>	<u>4,541,425</u>	<u>8,211,213</u>

Asset Classification:

Council's assets consist of fixed property used mainly for administrative purposes, as well as movable assets for exercising its various functions. All assets are classified as "Other Assets" for GAMAP purposes.

6 INVESTMENTS

SWK (Suidwes Beleggings Bpk)

*Preference shares of 1c each, with a premium of 99c
 Preference shares of R1.00 each*

*Shares held in the agricultural co-operative society,
 acquired through purchase of operational materials.*

*Although Council trades with GWK and receives a discount
 on its trading account, Council does not have any proprietary
 interest in the cooperative society.*

2005	2004
R	R
5,722	5,722
3,433	3,433
2,289	2,289

7 LONGTERM DEBTORS

Nosi TJ
 van der Walt PJ
 Nel JA
 van Bijl PJ
 Saayman J
 Basson F
 Janse van Rensburg SPF
 Olivier R
 Mdee F
 Kgantsi NG

*Longterm Portion of Longterm Debt
 Shortterm Portion of Longterm Debt
 Total Longterm Debt at reporting date*

*Longterm debtors reflect only the longterm portion
 of the total debt owed for financing loans in terms
 of the approved motor vehicle loan scheme.*

2005	2004
340,260	907,816
-	77,771
66,075	127,086
89,754	129,541
-	39,390
-	7,568
2,857	38,310
53,079	80,246
38,968	74,942
89,527	146,902
-	186,062
340,260	907,816
256,774	412,468
597,034	1,320,285

	2005 R	2004 R
8 DEBTORS		
<i>Sundry Debtors</i>	8,503,318	875,737
<i>Other Debtors - NCPA Agency Debtors</i>	5,528,044	791,714
	2,975,274	84,023
8.1 Sundry Debtors	5,528,044	791,714
<i>Debtors Control Account</i>	17,379	303,106
- <i>Advanced payments : Debtors Control Account</i>	19,803	9,567
<i>Sundry Debtors : Prepaid Expenses - Creditors Control Account</i>	16,668	-
<i>Debtors Control Account: Koopmansfontein Water</i>	3,793	-
<i>Sundry Debtors : Interest on Investment</i>	116,013	-
<i>RSC Levies Debtors Provision</i>	3,733,123	-
- <i>Advanced payments : RSC Levies Debtors Provision</i>	255,012	-
<i>SARS - VAT</i>	1,253,892	375,282
<i>Salary Control:- Payments</i>	2,394	-
<i>Salary Control:- Workmens Compensation</i>	-	29,061
<i>Salary Control:- Union Deductions</i>	-	170
<i>Salary Deductions Control:- Motor Vehicle Insurance</i>	4,545	-
<i>Salary Deductions Control:- Traffic Fines</i>	10	-
<i>Suspense Account</i>	112,420	43,145
<i>Debtors Control: Works Recovery - Unallocated</i>	-	29,373
<i>Creditors Control: Advanced Payment - Credit note by Butterworths</i>	-	2,011
	5,535,052	791,714
<i>Less: Provision for Bad Debts</i>	7,008	-
8.2 Other Debtors - NCPA Agency Debtors	2,975,274	84,023
Department of Roads, Transport & Public Works	2,860,074	2,381,819
Department of Health	115,200	118,584
	2,975,274	2,500,403
<i>Less: Provision for Bad Debts</i>	-	2,416,380

The provision for bad debt is calculated on outstanding debtors for more than 90 days and which can be regarded as doubtful.

9 CASH & DEPOSITS

	65,439,281	51,146,831
Cash & Bank	1,489,281	446,831
Current Account	1,485,481	443,031
Petty Cash & Floats	3,800	3,800
Shortterm Investments	62,500,000	49,000,000
Absa Bank	30,000,000	15,500,000
First Rand	19,000,000	4,500,000
NBS	-	25,000,000
Nedcor	6,500,000	4,000,000
Standard Bank	7,000,000	-
Term Investments	1,450,000	1,700,000
Absa Bank [Collateral]	500,000	500,000
Absa [Leave Provision]	950,000	1,200,000

Council provides collateral security for housing loans issued by commercial banks in favour of certain of Council's personnel. This security is provided by a block investment of R500,000 ceded to ABSA, against which the bank issues letters of guarantee to the home loan financing institutions.

FRANCES BAARD DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS THE YEAR ENDED 30 JUNE 2005

	2005 R	2004 R
10 CREDITORS		
<i>Sundry Creditors</i>	19,134,382	17,861,443
<i>RSC Claim Liability</i>	2,418,463	2,517,290
	16,715,919	15,344,153
10.1 Sundry Creditors		
<i>Annual Bonus Provision</i>	2,418,463	2,517,290
<i>Creditors Control</i>	581,808	314,356
<i>Sundry Creditors</i>	556	-
<i>Salary Control</i>	640,773	1,437,525
<i>Workmen's Compensation</i>	-	164
<i>Absa Fleet Card</i>	88,066	-
<i>Retention Control</i>	19,420	14,209
<i>Suspense Account</i>	744,285	635,008
<i>Debtors Control: Works Recovery - Unallocated</i>	-	7,357
<i>Debtors Control: Advanced Payments - Sundry Debtors</i>	68,741	99,105
<i>Debtors Control: Advanced Payments - Sundry Debtors</i>	19,803	9,567
	255,012	-
10.2 RSC Claim Liability - Engen Petroleum Ltd		
<i>Total Claim Component</i>	16,715,919	15,344,153
<i>Interest</i>	11,889,263	11,889,263
	4,826,656	3,454,890
<i>Levies based on turnover of operating units situated in the Durban Metropolitan area - incorrectly allocated.</i>		
<i>Payment made to Durban. Difference now subject to refund claim.</i>		
<i>(Interest calculated at market related interest rate - Prime Rate)</i>		
11 PROVISIONS		
<i>Leave Provision</i>		
<i>Annual leave provision is based on the total number of leave days due on 30 June, at individual salary values effective on the reporting date.</i>		
<i>Opening balance</i>	851,407	1,091,365
<i>Net movement</i>	1,091,365	734,710
<i>Closing balance</i>	-239,958	356,655
	851,407	1,091,365
<i>Council does not make provision for leave benefits due to the Roads Agency personnel</i>		
<i>Obligations for accumulated leave at the reporting date amount to:</i>		
<i>Roads Agency obligations are dealt with as part of the annual operating subsidy provided by the principal. No accumulated obligations are accounted for in the Agency financial reports.</i>	321,313	328,267

	2005 R	2004 R
12 UNSPENT GRANTS & SUBSIDIES		
12.1. Equitable Share	2,783,740	1,133,122
12.2. Financial Management Grant	662,857	1,047,997
12.3. Municipal Systems Improvement Grant	3,983,924	3,382,877
12.4. Integrated Development Plan Grant	-	-
12.5. DWAF - Sanitation (Mvula Trust)	1,222,899	2,484,737
12.6. DWAF - Infrastructure	-	89,348
12.7. CMIP - Projects	-	-
12.8. Department of Transport: Expanded Works Program	5,274,905	-
12.9. District Aids Council	62,745	136,861
12.10. NEAR Training	81,049	15,600
12.11. MDU Development Support	-	5,200
12.12. NCPA Firefighting Equipment	100,000	-
12.13. NCPA Sewerage System - Dikgatlong	632,640	827,980
12.14. NCPA - Eradication of Bucket System	1,054,152	2,833,163
12.15. DWAF - Development Holpan (Project NC 145)	1,503,337	1,613,705
12.16. NCPA - Municipal Support Programme	1,025,374	2,345,760
12.17. DWAF - Warrenton (Project NC 148)	674,253	674,253
12.18. MIG - Projects	1,290,925	2,313,907
12.19. CMIP - Capacity Building Infrastructure Support	-	37,048
12.20. NCPA - O & M Electricity Grant	40,000	-
12.21. SETA - Skills Grant	72,550	-
12.22. Koopmansfontein Craft Project	205	-
	20,465,555	18,941,560

Summary of Movements - External Funds

Opening Balance	20,465,555	18,941,560
Advances Received	18,941,560	15,184,056
Gross Funding	34,781,604	22,423,347
Less: Application of Funds	53,723,164	37,607,383
	33,257,609	18,665,823

12.1. Equitable Share

Opening Balance	2,783,740	1,133,122
Unspent Grant Transferred	1,133,122	-
Gross Funding	2,461,883	1,133,122
Less: Application of Funds	3,595,005	1,133,122
	811,265	-

Department of Provincial & Local Government

Objective: To assist municipalities to provide basic infrastructure and services to low-income households.

12.2. Financial Management Grant

Opening Balance	662,857	1,047,997
Advances Received	1,047,997	1,884,514
Gross Funding	2,500,000	1,000,000
Less: Application of Funds	3,547,997	2,884,514
	2,883,140	1,836,517

National Treasury

Objective: To finance the reform programme for municipal budgeting and financial management practices.

12.3. Municipal Systems Improvement Grant

Opening Balance
 Advances Received
 Gross Funding
 Less: Application of Funds

2005 R	2004 R
3,983,924	3,382,878
3,382,878	2,338,112
3,825,000	2,900,000
7,207,878	5,238,112
3,223,954	1,855,234

Department of Provincial & Local Government
 Objective: To assist municipalities to build capacity for the new developmental system of local government.

12.4. Integrated Development Plan Grant

Opening Balance
 Interest Earned
 Gross Funding
 Less: Application of Funds

2005	2004
-	0
0	74,818
-	4,938
-	79,756
-	79,756

Department of Housing & Local Government - Northern Cape Province
 Objective: To finance the cost of compiling integrated development plans for the former transitional rural councils.

12.5. DWAF - Sanitation (Mvula Trust)

Opening Balance
 Advances Received
 Gross Funding
 Less: Application of Funds

2005	2004
1,222,899	2,484,737
2,484,737	952,535
2,483,916	2,944,671
4,968,653	3,897,206
3,745,754	1,412,469

Department of Water Affairs & Forestry
 Objective: To provide adequate water and sanitation facilities to farm workers in the rural areas of the district.

12.6. DWAF - Infrastructure

Opening Balance
 Advances Received
 Gross Funding
 Less: Application of Funds

2005	2004
-	89,348
89,348	89,348
-	-
89,348	89,348
89,348	-

Department of Water Affairs & Forestry
 Objective: To provide adequate water and sanitation facilities to farm workers in the rural areas of the district.

12.7. CMP - Projects

Opening Balance
 Advances Received
 Gross Funding
 Less: Application of Funds

Department of Provincial & Local Government
 Objective: To provide service delivery infrastructure to households in poorer residential areas.

2005 R	2004 R
-	0
-	2,277,227
-	3,313,830
-	5,591,057
-	5,591,056

12.8. Department of Transport: Expanded Works Program

Opening Balance
 Advances Received
 Gross Funding
 Less: Application of Funds

Department of Transport, Roads and Public Works
 Objective: To initiate and support job creation opportunities within the district in order to relieve poverty

2005 R	2004 R
5,274,905	0
-	-
6,352,000	-
6,352,000	-
1,077,095	-

12.9. District Aids Council

Opening Balance
 Advances Received
 Gross Funding
 Less: Application of Funds

Department of Health - Northern Cape Province
 Objective: To finance the costs of District Aids Councils in the campaign against Aids. Also to provide HIV/AIDS prevention care programs and services in the region.

2005 R	2004 R
62,745	136,861
136,861	24,250
-	279,299
136,861	303,549
74,116	166,688

12.10. NEAR Control Centre

Opening Balance
 Advances Received
 Gross Funding
 Less: Application of Funds

Department of Housing & Local Government - Northern Cape Province
 Objective: To maintain effective functioning of the NEAR control centres and provide additional funds for the training of NEAR personnel.

2005 R	2004 R
81,049	15,600
15,600	15,600
470,000	-
485,600	15,600
404,551	-

12.11. MDU: Development Support

Opening Balance
 Advances Received
 Gross Funding
 Less: Application of Funds

Municipal Development Unit - Northern Cape Province.
 Objective: Compilation of a manual for task teams involved
 in roads and stormwater operations and maintenance.

	2005 R	2004 R
	0	5,200
	5,200	40,000
	-	-
	5,200	40,000
	5,200	34,800

12.12. NCPA Firefighting Equipment

Opening Balance
 Advances Received
 Gross Funding
 Less: Application of Funds

Department of Housing & Local Government - Northern Cape Province
 Objective: To enhance municipalities' capacity to deal with fire hazards.

	2005 R	2004 R
	100,000	0
	0	382,500
	516,000	-
	516,000	382,500
	416,000	382,500

12.13. NCPA - Sewerage System: Dikgatlong

Opening Balance
 Advances Received
 Gross Funding
 Less: Application of Funds

Department of Housing & Local Government - Northern Cape Province
 Objective: To provide improved quality sewerage connector lines
 in the residential areas of Proteahof and De Beershoogte.

	2005 R	2004 R
	632,640	827,980
	827,980	827,980
	-	-
	827,980	827,980
	195,340	-

12.14. NCPA - Eradication of Bucket System

Opening Balance
 Advances Received
 Gross Funding
 Less: Application of Funds

Department of Housing & Local Government - Northern Cape Province
 Objective: To eliminate the use of bucket sanitation systems in the
 district over a three-year period.

	2005 R	2004 R
	1,054,152	2,833,163
	2,833,163	5,704,543
	6,300,513	-
	9,133,676	5,704,543
	8,079,524	2,871,380

12.15. DWAF- Development Holpan (Project NC145)

Opening Balance
 Advances Received
 Gross Funding
 Less: Application of Funds

2005 R	2004 R
1,503,337	1,613,705
1,613,705	-
-	1,910,538
1,613,705	1,910,538
110,368	296,833

Department of Housing & Local Government - Northern Cape Province
 Objective: To administer funding for the upgrading of the bulk water supply to Holpan and rudimentary reticulation for 200 erven

12.16. NCPA - Municipal Support Program

Opening Balance
 Advances Received
 Gross Funding
 Less: Application of Funds

2005 R	2004 R
1,025,374	2,345,760
2,345,760	-
-	5,035,000
2,345,760	5,035,000
1,320,386	2,689,240

Department of Housing & Local Government - Northern Cape Province
 Objective: To assist municipalities to prevent cash flow problems and to institute proper cash flow management procedures

12.17. DWAF - Warrenton (Project NC 148)

Opening Balance
 Advances Received
 Gross Funding
 Less: Application of Funds

2005 R	2004 R
674,253	674,253
674,253	-
-	674,253
674,253	674,253
-	-

Department of Housing & Local Government - Northern Cape Province
 Objective: To administer funding for the extension of the existing reticulation network of Ikhutseng to supply water to 241 erven

12.18. MIG - Projects

Opening Balance
 Advances Received
 Gross Funding
 Less: Application of Funds

2005 R	2004 R
1,290,925	2,313,907
2,313,907	-
9,759,537	2,746,000
12,073,444	2,746,000
10,782,520	432,093

Department of Provincial & Local Government
 Objective: To provide service delivery infrastructure to households in poorer residential areas.

12.19. CMIP - Capacity Building Infrastructure Support

Opening Balance
 Advances Received
 Gross Funding
 Less: Application of Funds

Department of Housing & Local Government - Northern Cape Province
 Objective: To be used for the purchasing of a computer with printer, software, cupboard, desk and chair for Dikgatlong and Magareng Municipalities

2005 R	2004 R
0	37,048
37,048	-
-	37,048
37,048	37,048
37,048	-

12.20. NCPA - O & M Electricity Grant

Opening Balance
 Advances Received
 Gross Funding
 Less: Application of Funds

Department of Housing & Local Government - Northern Cape Province
 Objective: To improve the Operation and Maintenance of the Electricity Infrastructure in the District

40,000	-
-	-
40,000	-
40,000	-
-	-

12.21. SETA - Skills Grant

Opening Balance
 Advances Received
 Gross Funding
 Less: Application of Funds

Sector Education and Training Authority
 Objective: To be used for training and capacity building of employees as per approved Skills Workplace Plan

72,550	-
-	-
72,550	-
72,550	-
-	-

12.22. Koopmansfontein Craft Project

Opening Balance
 Advances Received
 Gross Funding
 Less: Application of Funds

Koopmansfontein Craft Project
 Objective: To enable the local community to generate funds to become self sufficient. The funds received from sales are held in trust by the FBDM until a Private Corporate Entity has been established to manage the funds.

205	-
-	-
205	-
205	-
-	-

13 REGIONAL SERVICES COUNCIL LEVIES

Cash Receipts

Regional Service Levy
 Regional Establishment Levy

Plus: Provision for RSC Levies Debtors

Regional Service Levy
 Regional Establishment Levy

Less: Adjustment - Previous year Provision for RSC Levies Debtors

Regional Service Levy
 Regional Establishment Levy

Comparative Performance

Internal Collections

External Collections

Council engaged the services of an external collection agency since April 2002

Levy rates were last revised on 01 July 1993.

Establishment levies are based on business turnover at an effective rate of 0,132%

Services levies are based on employers remuneration cost at an effective rate of 0,33%

Regional services council levies are recognised when:-

- * it is probable that the economic benefits associated with the transaction will flow to the District Municipality, and
- * the amount of the revenue can be measured reliably

	2005 R	2004 R
	Actual Income 2004/2005 R'000	Actual Income 2003/2004 R'000
	38,394,117	32,820,560
	12,638,063	11,400,778
	25,756,054	21,419,782
	3,625,806	0
	1,185,223	-
	2,440,583	-
	4,397,940	0
	1,029,919	-
	3,368,021	-
	37,621,983	32,820,560
	37,621,983	32,820,560
	35,330,123	32,016,347
	2,291,860	804,213

14 GOVERNMENT GRANTS AND SUBSIDIES

Equitable Share

Financial Management Grant

PIMSS - Systems Improvement Grant

Integrated Development Plan Grant

SusTrans SA Rural Transport Development

Municipal Infrastructure

DWAF - Sanitation & Infrastructure

NCPA - Eradication of Bucket System

DWAF - Development Holpan (Project NC 145)

District Aids Council

DBSA - GIS Implementation Grant

MDU Development Support

NEAR Control

NCPA - Municipal Support Programme

Environmental Health Grant

Firefighting Equipment

NCPA Sewerage System - Dikgatlong

CMIP Capacity Building Infrastructure Support

DOT - Expanded Works Programme

	32,711,019	19,290,743
	791,190	234,572
	2,337,210	1,836,517
	3,223,954	1,855,234
	-	79,756.00
	-	57,648
	10,733,934	6,023,149
	3,835,103	1,412,469
	8,079,524	2,871,380
	110,368	296,833
	74,116	166,688
	-	328,348
	5,200	34,800
	404,551	387,000
	1,320,386	2,689,240
	70,000	62,000
	416,000	382,500
	195,340	572,609
	37,048	-
	1,077,095	-

The unspent portions of conditional grants are treated as current liability and disclosed per Note 12 above.

Only the actual expenditure amounts are transferred to the relevant operating statement to cover the expenditure incurred in terms of the grant conditions.

15 OTHER INCOME

Commission: Insurance Payments
 Fines
 Salary allocation to Roads Agency (30%) - Director Technical Services
 Seta Grant
 Building Plans Fees
 Insurance Claim Surplus
 Rental: MTN Tower
 SALGA: Travelling costs recovered
 Water Koopmansfontein: Free Basic Water
 Other

	2005 R	2004 R
	207,408	225,504
	5,268	6,924
	5,825	32,510
	147,367	136,680
	-	17,165
	-	4,467
	-	4,376
	18,700	-
	12,388	-
	3,427	-
	14,433	23,382

16 EMPLOYEE RELATED COSTS

Employee related costs - Salaries & Wages
 Employee related costs - Social Contributions
 Less: Employee costs capitalised to Property, Plant and Equipment
 Less: Employee costs included in other expenses

	11,059,670	11,694,279
	3,081,897	3,005,166
	-	-
	-	-
Total Employee Related Costs	14,141,567	14,699,445

Social Contributions:

Council makes defined contributions to several pension funds in the following proportions:

Cape Joint Pension Fund
 Cape Joint Retirement Fund
 SAMWU National Pension Fund
 Pension Fund for Municipal Councillors

Employer %	Employee %
18.00	9.00
18.00	9.00
18.00	9.00
15.00	13.75

Remuneration of the Municipal Manager

Annual Remuneration (Total cost to Employer)
 Performance Bonus

	598,417	554,860
	-	-
Total	598,417	554,860

Remuneration of the Chief Financial Officer

Annual Remuneration (Total cost to Employer)
 Performance Bonus

	479,333	445,000
	-	-
Total	479,333	445,000

Remuneration of Executive Directors

(Administration & Technical Services)

Annual Remuneration (Total cost to Employer)
 Performance Bonus

	2005 R	2004 R
	479,333	445,000
Total	479,333	445,000

17 COUNCILLORS REMUNERATION

Executive Mayor
 Speaker
 Mayoral Committee Members
 Councillors
 Councillor's pension contributions

	344,723	297,234
	232,877	245,211
	581,681	420,159
	738,171	558,696
	117,731	81,945
Total	2,015,184	1,603,245

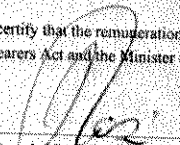
In-kind Benefits

The Executive Mayor and Speaker are full-time. Each is provided with a cellphone (excluding use for private calls), office and secretarial support at the cost of Council.

The Executive Mayor has use of a Council owned vehicle for official duties.

Certification by the Municipal Manager

I certify that the remuneration of Councillors and in-kind benefits are in accordance with the Public Officer Bearers Act and the Minister of Provincial and Local Governments's determination in accordance with the Act.


 Signed: Municipal Manager

18 AUDITORS REMUNERATION

Audit Fees (Actual Expenditure)

	222,023	197,657
--	---------	---------

19 INTEREST ON EXTERNAL BORROWINGS

External Loans
 Finance Leases
 Bank Overdrafts

	1,121,742	1,139,946
	-	-
	-	-
Total Interest on External Borrowings	1,121,742	1,139,946

	2005 R	2004 R
20 CASH GENERATED BY OPERATIONS		
Net surplus for the year		
Adjustment for:-	12,149,391	7,324,162
Depreciation		
Appropriation receipts	967,943	494,790
Profit on sale of assets	114,346	10,979
Bonus Provision	-21,498	-102,096
Internal Motor Vehicle Charges	581,808	314,356
Other non-cash activities	-538,377	-254,228
Extraordinary Items - Interst Engen	-481,925	20,706
	<u>1,733,912</u>	<u>2,130,742</u>
<i>Operating surplus before working capital changes:</i>	14,505,600	9,939,411
Inventories		
Debtors	-	-
Creditors	108,191	126,979
Provisions	148,855	667,638
	<u>-239,958</u>	<u>356,655</u>
<i>Cash generated by operations</i>	<u>14,522,688</u>	<u>11,090,683</u>
21 CASH AND CASH EQUIVALENTS		
Balance at the beginning of the year		
Balance at the end of the year	51,146,831	37,856,787
	<u>65,439,281</u>	<u>51,146,831</u>
<i>Net increase / (decrease) in cash and cash equivalents</i>	<u>14,292,450</u>	<u>13,290,044</u>

22 POST RETIREMENT BENEFITS COSTS

At present Council is paying, out of own funds, pensions to eight persons from the former Divisional Council Vaalrivier who retired before 31 December 1990.

It is an unfunded post-employment benefit and the amount recognised as an expense on the operating account amounted to R53,192 for the year under review.

	2005 R	2004 R
23 ADDITIONAL DISCLOSURES IN TERMS OF MFMA - SECTION 125		
23.1 Contributions to Organized Local Government - SALGA		
Opening balance		
Council subscriptions	169,105	33,000
Less: Amount paid	169,105	33,000
Balance unpaid (included in creditors)	<u><u>-</u></u>	<u><u>-</u></u>
23.2 VAT		
VAT inputs receivables and VAT outputs receivables are included in note 8.1 under sundry debtors. Net outstanding claim amounted to:		
	<u><u>1,253,892</u></u>	<u><u>375,282</u></u>
All VAT returns have been submitted by the due date through out the year.		
23.3 PAYE and UIF		
Opening balance		
Payroll deductions	2,569,537	2,695,829
Less: Amount paid	2,569,537	2,695,829
Balance unpaid (included in creditors)	<u><u>-</u></u>	<u><u>-</u></u>
23.4 Pension and Medical Aid Deductions		
Opening balance		
Payroll deductions and Council Contributions	4,371,919	3,885,935
Less: Amount paid	4,371,919	3,885,935
Balance unpaid (included in creditors)	<u><u>-</u></u>	<u><u>-</u></u>

APPENDIX A

FRANCES BAARD DISTRICT MUNICIPALITY: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2005

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 01/07/2004	Received during the period	Redeemed written off during the period	Balance at 30/06/2005	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with MFMA
			R	R	R	R		
LONG-TERM LOANS								
Registered Stock Loans			-	-	-	-		
Total Long-Term Loans			-	-	-	-		
ANNUITY LOANS								
Annuity Loans			-	-	-	-		
Total Annuity Loans			-	-	-	-		
GOVERNMENT LOANS								
DBSA Loan:- Hartswater:- Sewerage Scheme	13,515	31/12/2020	7,356,493	-	113,249	7,243,244		7,500,000
Total Government Loans			7,356,493	-	113,249	7,243,244		7,500,000
LEASE LIABILITY								
Lease Liability			-	-	-	-		
Total Lease Liability			-	-	-	-		
TOTAL EXTERNAL LOANS			7,356,493	-	113,249	7,243,244	-	7,500,000

APPENDIX B

FRANCES BAARD DISTRICT MUNICIPALITY: ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2005

	COST				ACCUMULATED DEPRECIATION				Carrying Value	Budget Additions 2005
	Balance at 01/07/2004	Additions	Disposals	Balance at 30/06/2005	Balance at 01/07/2004	Additions	Disposals	Balance at 30/06/2005		
OTHER ASSETS										
Land & Buildings	9,263,801	-163,330 20,075	(*) -	9,120,546	2,655,977	-18,947 245,414	(*) -	2,882,444	6,238,102	50,000
Office Equipment	278,994	114,095	-	393,088	207,437	30,491	-	237,928	155,160	133,511
Furniture & Fittings	187,031	59,506	-	246,538	61,479	19,135	-	80,613	165,924	138,010
Plant & Machinery	15,399	2,806	-	18,205	15,399	372	-	15,771	2,434	6,000
Emmergency Equipment	195,763	17,523	-	213,286	134,582	62,496	-	197,078	16,208	24,000
Motor Vehicle	1,563,965	295,225	62,934	1,796,256	820,748	232,532	62,933	990,347	805,909	300,000
Computer Equipment	1,247,685	430,002	6,695	1,670,992	645,803	377,503	6,694	1,016,612	654,380	581,200
TOTAL ASSETS	12,752,638	775,902	69,629	13,458,912	4,541,425	948,996	69,627	5,420,794	8,038,117	1,232,721

(*) The adjustment made was due to an overstatement on buildings in respect of the previous year.

FRANCES BAARD DISTRICT MUNICIPALITY: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2005

	COST				ACCUMULATED DEPRECIATION				Carrying Value
	Balance at 01/07/2004	Additions	Disposals	Balance at 30/06/2005	Balance at 01/07/2004	Additions	Disposals	Balance at 30/06/2005	
	Executive and Council	110,412	-16,517 28,465	(T)	122,360	71,572	-17,939 18,154	(T)	
Finance & Admin	12,179,999	-163,330 2,060 844,840	(*) (T)	12,793,940	4,195,086	-18,947 24,206 824,571	(*) (T)	4,955,289	7,838,652
Planning & Development	214,480	19,935 28,121	(T)	262,536	119,682	-1,444 51,394	(T)	169,632	92,904
Health	39,083	-21,149	(T)	17,934	14,793	-8,238 3,492	(T)	10,047	7,887
Community & Social Services	2,146	6,213 10,825	(T)	19,183	18	3,415 4,126	(T)	7,559	11,624
Housing	-	-	-	-	-	-	-	-	-
Public Safety	266,517	9,459 26,982	(T)	242,957	140,275	66,206	(T)	206,481	36,476
Sport & Recreation	-	-	-	-	-	-	-	-	-
Environmental Protection	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-
Road Transport	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	12,752,638	775,902	69,629	13,458,911	4,541,425	948,996	69,627	5,420,793	8,038,117

(*) The adjustment made was due to an overstatement on buildings in respect of the previous year.
 (T) Adjustment of internal transfers between the various votes

APPENDIX D

FRANCES BAARD DISTRICT MUNICIPALITY: INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

BUDGET			ACTUAL	
2004 R	2005 R	Note	2004 R	2005 R
REVENUE				
20,000,000	22,000,000	Regional Services Levies - Turnover	21,419,782	24,828,616
10,000,000	11,000,000	Regional Services Levies - Remuneration	11,400,778	12,793,367
200,000	200,000	Interest Earned - RSC Levies	519,422	476,746
2,650,000	1,650,000	Interest Earned - Investments & Current Account	4,279,099	4,884,588
100,000	150,000	Interest Earned - Internal Loans	129,517	77,151
500,000	500,000	Income for Agency Services - Roads & DPI	617,819	673,614
19,479,043	30,722,813	Grants & Subsidies	19,290,743	32,711,019
100,000	100,000	Other Income	480,434	207,408
13,333,347	10,000,000	Operating Transfers from Reserves	-	-
-	-	Gains on disposal of Fixed Assets	102,096	21,498
66,362,390	76,322,813	TOTAL REVENUE	58,239,690	76,674,007
OPERATING EXPENDITURE				
15,925,176	16,866,218	Employee related costs	14,699,445	14,144,575
1,732,241	2,789,429	Remuneration of Councillors	1,603,245	2,025,902
-	-	Bad Debts	-	-
450,000	255,000	Collection Costs	233,766	450,782
677,000	755,620	Depreciation	494,790	967,943
591,660	679,040	Repairs & Maintenance	445,608	747,861
1,140,000	1,121,750	Interest on External Borrowings	1,139,946	1,121,742
2,605,000	3,697,290	Contracted Services	1,893,518	2,352,169
36,632,390	44,783,625	Grants & Subsidies Paid	24,560,295	39,026,981
3,653,524	4,333,984	General Expenses	5,844,916	3,686,659
-	-	Loss on disposal of Fixed Assets	-	-
63,406,991	75,281,956	TOTAL EXPENDITURE	50,915,528	64,524,615
2,955,399	1,040,857	NET SURPLUS / (DEFICIT) FOR THE YEAR	7,324,162	12,149,391

FRANCES BAARD DISTRICT MUNICIPALITY: SEGMENTAL INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

Actual Income 2004 R	Actual Expenditure 2004 R	Surplus / (Deficit) 2004 R		Actual Income 2005 R	Actual Expenditure 2005 R	Surplus / (Deficit) 2005 R
-	-9,529,786	-9,529,786	Executive and Council	-	-8,465,518	-8,465,518
58,239,690	-12,798,372	45,441,318	Finance & Admin	76,674,007	-11,273,396	65,400,611
-	-25,476,312	-25,476,312	Planning & Development	-	-41,660,083	-41,660,083
-	-1,356,979	-1,356,979	Health	-	-1,182,113	-1,182,113
-	-556,486	-556,486	Community & Social Services	-	-557,947	-557,947
-	-	-	Housing	-	-	-
-	-1,197,592	-1,197,592	Public Safety	-	-1,385,558	-1,385,558
-	-	-	Sport & Recreation	-	-	-
-	-	-	Environmental Protection	-	-	-
-	-	-	Waste Management	-	-	-
-	-	-	Road Transport	-	-	-
-	-	-	Water	-	-	-
-	-	-	Electricity	-	-	-
-	-	-	Other	-	-	-
<u>58,239,690</u>	<u>-50,915,528</u>	<u>7,324,162</u>	SUB TOTAL	<u>76,674,007</u>	<u>-64,524,616</u>	<u>12,149,391</u>
-	-	-	Less: Inter-Departmental Charges	-	-	-
<u>58,239,690</u>	<u>-50,915,528</u>	<u>7,324,162</u>	TOTAL	<u>76,674,007</u>	<u>-64,524,616</u>	<u>12,149,391</u>

APPENDIX F – STATISTICAL DATA

1. REGISTERED LEVY PAYERS

Following the total number of registered levy payers as per business classification at year end:

• Agricultural	711
• Commercial	6,217
• Professional	180
• State Departments	74
• Social	<u>91</u>
<i>Total registered levy payers:</i>	<u>7,273</u>

Levy tariffs:

• Establishment Levy	0,132%
• Sevice Levy	033%

2. GEOGRAPHICAL AREA

The district covers a total area of 12 350 km² of which the Category B municipalities and the District Management Area comprise approximately:

JURISDICTION	AREA
Dikgatlong	2 380
Magareng	1 540
Phokwane	850
Sol Plaatje	1 880
District Management Area	5 700

Most of the rural areas are used for agricultural purposes, with a mix of stock and garden farming operations relative to the water supplies available in the district. Industries and related commercial activities are concentrated in Kimberley and in Hartswater, while diamond mining activities are common in the Vaal River areas.

3. DEMOGRAPHIC DATA

The district's population, household and voters data, based on the last census and election figures for December 2000, are:

JURISDICTION	Popu- lation	House- holds	Voters (2000)
Dikgatlong	37 000	7 700	18 289
Magareng	22 500	5 250	10 462
Phokwane	57 500	13 300	24 990
Sol Plaatje	204 300	45 200	97 281
District Management Area	4 200	1 050	1 564

4. MAIN ACTIVITIES

As a Category C municipality, Council derives its revenue from the former regional services councils levies base, while focusing its developmental role on the provision of service delivery infrastructure to Category B municipalities in the district. Maintenance of secondary roads is provided on an agency basis.

Apart from providing physical infrastructure, Council has a focus on community upliftment through social development programmes such as Aids awareness, personal hygiene and literacy programmes.

Council employs 124 persons in its core business and agency-related activities, which include:

DEPARTMENT / ACTIVITY	No.
Administration & Finance	43
Community Development	2
Disaster Management	1
District Administrative Support	2
Emergency Services (NEAR)	5
Environmental Health	3
Infrastructure Development	3
Land Use Management	1
Local Economic Development	1
Municipal Systems Improvement	4
Roads Maintenance Agency	55
Tourism Development	3