



# STEVE TSHWETE

## LOCAL MUNICIPALITY

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## FINANCIAL REPORT

The financial statements are based on the following principles:

- Standards of GRAP – which are GRAP 1, GRAP 2 and GRAP 3 and the 8 GAMAP standards;
- The new budget formats prescribed by National Treasury; and
- The Municipal Finance Management Act.

In terms of Government Gazette number 26511 dated 1 July 2004, the date of implementation of the new accounting standards in local government varies according to the capacity classification of municipalities listed in the Gazette.

Steve Tshwete Local Municipality, as a high capacity municipality, must fully implement the new accounting standards (GRAP) as from 1 July 2005 in order to prepare new standards compliant annual financial statements for the financial year end 2005/2006 and onwards.

Significant progress has been made towards full implementation of the new accounting standards and the final transformation process will be completed in the next financial year to 30 June 2006.

The operational results achieved for the past financial year are extremely favourable as per the Statement of Financial Performance with a surplus for the year amounts to R46 854 395. This is mainly due to the implementation of the new accounting standards. Various transactions, which were previously accounted for under appropriations, are now either recognized as revenue or as expenditure.

Should these transactions be taken into consideration, the actual budgeted surplus for year is R19 581 704, which represents a budget deviation of 4,89%.

The following is a reconciliation of the surplus for the year in the Statement of Financial Performance to the actual budgeted surplus:

▪ Surplus/(deficit) for the year	R	46 854 395
▪ Other adjustments as recognized in the Statement of Changes in Net Assets:		
- Less Capital Replacement Reserve	R	(30 70817)
- Plus Capitalization Reserve	R	16 761 460
- Plus Government Grant Reserve & Public Contributions	R	8 434 572

- Less	Insurance Reserve	R	(111 800)
- Less	Housing Development Fund	R	(21 642)
	<b>Sub-Total</b>	<b>R</b>	<b>41 208 878</b>
- Less	Capital Government Grants and Subsidies	R	(9 405 061)
- Less	Public Contributions and donated property, plant and equipment recognized as revenue	R	(16 154 589)
▪	Additional Appropriations recognized as income:		
- Less	Surplus stock	R	(94 485)
- Less	Interest received – Zero Bond Investments	R	(3 473 375)
▪	Additional Appropriations recognized as expenditure:		
- Plus	Stock losses	R	177 464
- Plus	Leave provision	R	791 200
- Plus	Provision for bad debt	R	3 058 298
- Plus	Additional contribution: Capital Replacement Reserve	R	3 473 475
	<b>Actual budgeted surplus</b>	<b>R</b>	<b>19 581 704</b>

The budget deviation can amongst others be attributed to a favourable deviation in revenue to the amount of R5,3-million and expenditure to the amount of R11,7-million for the following segments:

	<u>Budget 2004/2005</u>	<u>Actual 2004/2005</u>	<u>% Deviation</u>
▪ Interest Earned – External Investments Due to increase in available cash, more investments were made	9 680 000	11 993 724	23,90%
▪ Other Revenue Higher income was received from the coal reserves than budgeted	25 259 937	28 244 139	11,81%
▪ Employee Related Cost Mainly the result of personnel turn over during the year	102 759 327	100 293 791	2,40%
▪ General Expenditure Savings have realized on transport and travelling costs as well as consultancies fees and the cleanest town campaign	41 590 153	38 432 796	8,22%
▪ Repairs and Maintenance During the year less maintenance	17 305 584	15 879 782	8,24%

was required on buildings,  
machinery and equipment as well  
as networks

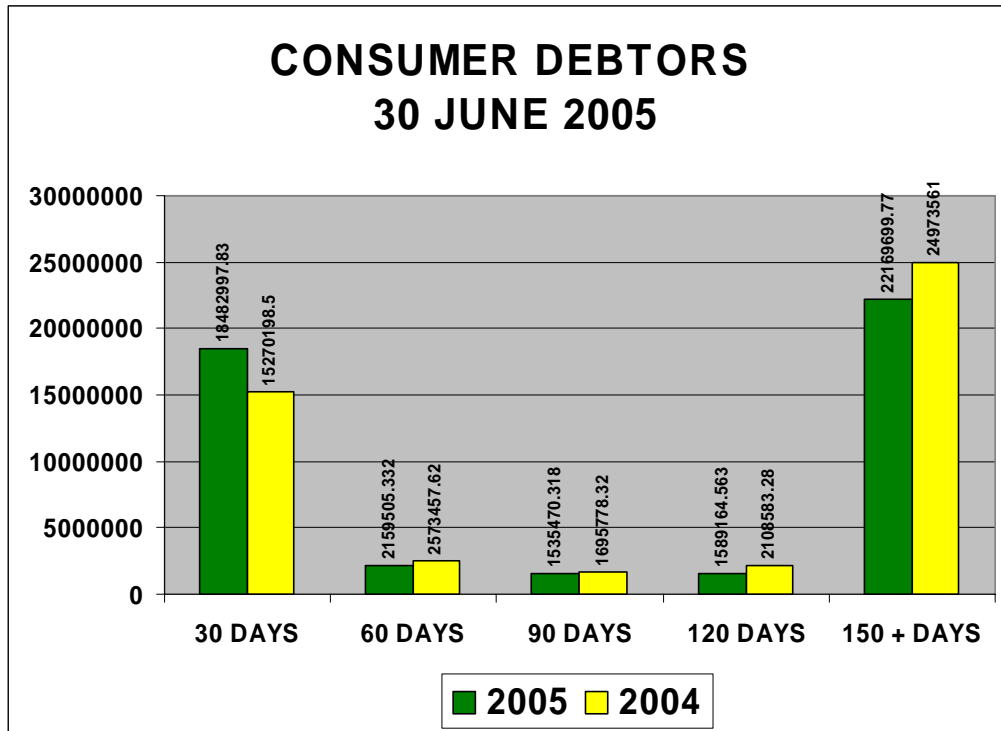
- |                  |            |            |       |
|------------------|------------|------------|-------|
| ▪ Bulk Purchases | 59 235 460 | 57 757 247 | 2,50% |
|------------------|------------|------------|-------|
- Mostly due to lower consumption  
levels

Operating income for the year is R338,2-million which is 29,78% more than the previous year and includes operating government grants to the amount of R23,9-million and capital grants received to the amount of R25,5-million. The operating expenditure for the year is R291,3-million which is 18,08% higher than the 2003/2004 financial year.

An additional contribution had been made to the bad debt provision to the amount of R3 058 298 to supplement the provision for outstanding debt exceeding 150 days.

During January Council approved a once-off incentive for all residential consumers of the full spectrum of municipal services who are in arrears to either settle their outstanding accounts in full or alternatively be compelled to enlist under the indigent support and free basic services. One of the conditions of this incentive was that all arrear debts up to the date of enlistment will be written off as irrecoverable. Under this incentive bad debts to the amount of R8 607 862 were written off as irrecoverable.

Although consumer debtors has increased slightly from R21,6-million to R23,7-million the main increase is on current debtors which can graphically be presented as follows:

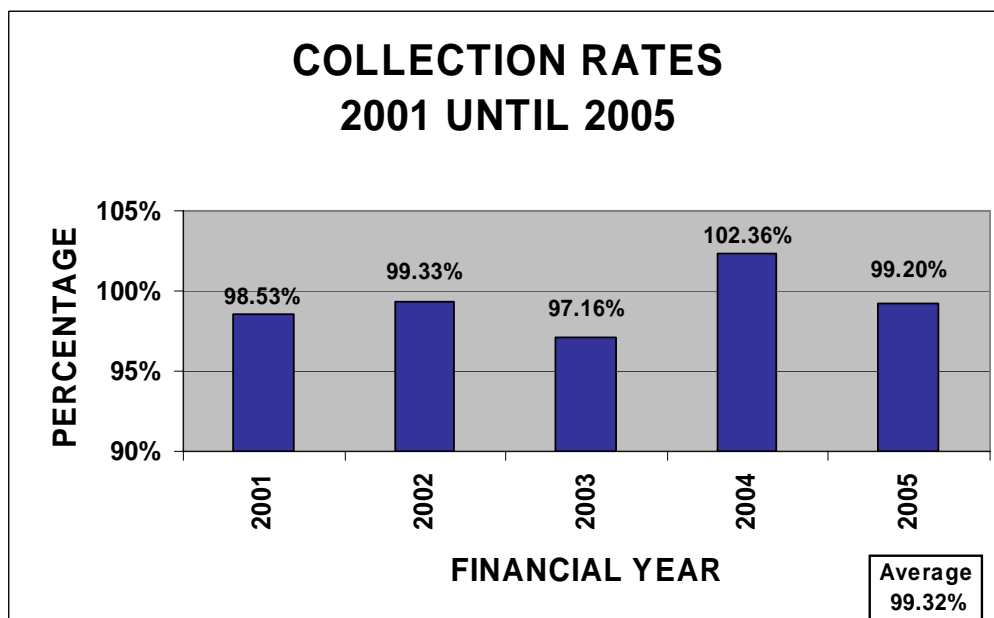


The distribution loss for electricity has stabilized and slightly decreased to 9,36% (2004: 9,73%). The unfavourable increase in water losses from 17,16% to 20,65% is of great concern. Although this remains well below respective industry norms, the increased trend experienced must be investigated and the necessary preventive measures be implemented to reduce these losses and potential income for Council.

Cash and short term investments increased by a significant 43,02% to R172,6-million (2004: 24,14% R97,2-million) over the past financial year. This is mainly the result of the strong operating performance and high collection rates for the year of 99,02% (2004: 102%).

The high collection rates are indicative of the strong credit control measures implemented by Council. The collection period amounted to a very healthy 33 days (2004: 37 days) with a debtors turnover rate of 10,34% (2004: 10,36%) which is in line with the accepted norms.

This can be graphically presented as follows:



Long term investments to the amount of R46,8-million (2004: R43,3-million) remain in place to redeem certain external loans which amounts to R36,2-million at the end of the 2005/2006 financial year.

A new fifteen (15) year loan from INCA of R30-million has been raised in the past financial year. This loan is intended to finance new capital infrastructural projects. Loans totaling R8,2-million were redeemed whilst the total debt increased to R139,5-million (2004: R117,7-million).

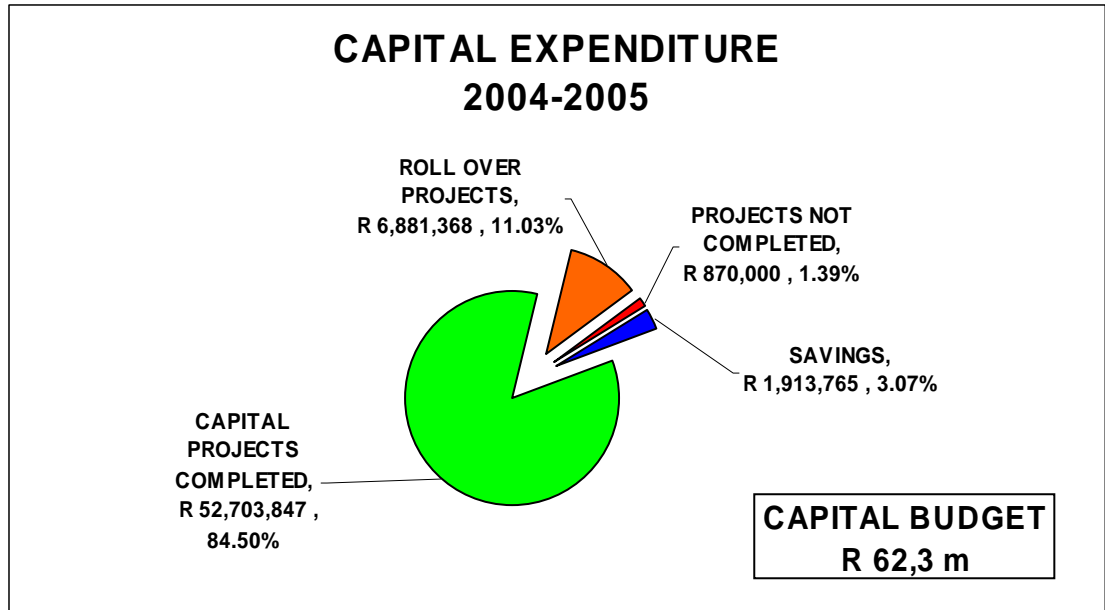
Total debt to total income decreased to 41,26% from 45,18% previously, mainly due to the higher income which was recognized in the 2004/2005 financial year as in the 2003/2004 financial year.

More information regarding external loans and investments are disclosed in Notes 4 and 11 and Appendix A.

Net capital expenditure for the year amounts to R68,6-million which is notably 14,72% higher than the previous financial year (R59,8-million). During the year R42 867 029 was spent from own funds and R9 836 818 from government grants and R15 965 186 from the Nkangala District Municipality. Assets with a carrying value of R327 651 were disposed of during the year.

The actual capital expenditure incurred is 84,50% of the budgeted amount and excludes projects from the Nkangala District Municipality as the responsibility for the completion of those projects is beyond Council's control.

Consideration should be given to the roll-over projects to the amount of R6,8- million (10,98%) and considerable savings to the amount of R1,9-million (3,13%). Taking these amounts into consideration the percentage is then 98,61% which means that only six (6) projects to the amount of R870 000 were not executed during the financial year.



The above graph excludes Nkangala District Municipality capital projects.

The deviations on the operating and capital budget are explained in more detail in Appendices E and F.

In general Council has maintained a strong liquidity profile in the past financial year, with collection levels well above average. The financial position of Council remains healthy and we will continue to achieve this standard.

### **Acknowledgement**

During the year under review my department and me received valuable support and guidance from the Executive Mayor and Members of her Committee, Municipal Manager, the other Managers and Heads of Departments. Their invaluable co-operation is dearly appreciated.

All the officials in my department provided me with loyal assistance and expressed exceptional competency without which I would not have been able to produce this report.

To all I wish to express my sincere appreciation.

**F.J. NAUDÉ (F.I.M.F.O.)  
MANAGER : FINANCE**



## **ACCOUNTING POLICY**

### **1. OBJECTIVE**

The objective of the annual financial statements is to be a source of information on the financial position, performance and changes in financial status of the Steve Tshwete Local Municipality and demonstrates accountability useful to a wide range of users in making economic or political decisions.

### **2. BASIS OF PRESENTATION**

- 2.1 These annual financial statements have been prepared in accordance with Generally Accepted Municipal Accounting Practices (GAMAP) and Generally Recognised Accounting Practice (GRAP) with the exception of the Town Development Suspense Accounts and Land Trust Fund, issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003). These accounting policies are consistent with those of the previous financial year.
- 2.2 The financial statements have been prepared on the historical cost basis.
- 2.3 Statements are also prepared on the accrual basis of accounting. Under this basis the effects of transactions and other events are recognised when they occur and are recorded in the financial statements within the period to which they relate.
- 2.4 Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a standard of GAMAP or GRAP.
- 2.5 The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

### 3. **GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on a going concern basis.

### 4. **HOUSING DEVELOPMENT FUND**

The Housing Development Fund was established in terms of the Housing Act, Act 107 of 1997. Loans from national and provincial government used to finance housing developments undertaken by the municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund are used to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

### 5. **RESERVES**

#### 5.1 **Capital Replacement Reserve (CRR)**

The purpose of the CRR is to set aside cash to provide infrastructure and other items of property, plant and equipment from internal sources. All cash received from the Council's coal reserves and interest received on external investments are being transferred to the CRR account. The cash is transferred to a designated CRR account and can only be used to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus/(deficit) is credited by a corresponding amount when the amounts in the CRR are utilized. The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the Integrated Development Plan.

#### 5.2 **Capitalization Reserve**

On the implementation of GAMAP/GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilized for the acquisition of items of property, plant and equipment have been transferred to a Capitalization Reserve instead of the accumulated surplus/(deficit) in terms of a directive (budget circular) issued by National Treasury.

The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit). The balance on the Capitalization Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalization Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment is disposed, the balance in the Capitalization Reserve relating to such item is transferred to the accumulated surplus/(deficit).

### **5.3 Government Grant Reserve**

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit).

The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

### **5.4 Donations and Public Contributions Reserve**

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of

Financial Performance in accordance with a directive (budget circular) issued by National Treasury.

When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/ (deficit).

The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/(deficit).

#### **5.5 Self-Insurance Reserve**

The municipality has a Self-Insurance Reserve to set aside amounts to offset potential losses or claims that cannot be insured externally (adopt to specific circumstances).

The Self-Insurance Reserve is maintained to provide for non-claimable losses as well as for motor vehicle claims until aggregated excess payment to the amount of R200 000 per annum is reached.

The Self-Insurance Reserve for electricity is mainly used for theft of distribution networks and cables, which are uncovered items in terms of the insurance contract of Council.

Insurance premiums are charged out to the respective services and departments in accordance with the insured value of assets.

### **6. PROPERTY, PLANT & EQUIPMENT**

An item of property, plant and equipment is recognised in the financial statements as an asset when:

- it is a resource controlled by a municipality;
- as a result of past events;

- from which future economic benefits or potential service provision is expected to flow to the municipality; and
- the cost of the asset to the municipality can be measured reliably.

Property, plant and equipment is stated at historical cost, less accumulated depreciation. Such assets are financed either by external loans, capital replacement reserve, government grants and subsidies and donations.

Heritage assets which are of culturally significant resources are shown at cost and are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up. Subsequent expenditure is capitalized when the recognition and measurement criteria of an asset are met.

Depreciation is calculated on cost, using the straight-line method over the useful lives of the asset. Assets will be depreciated according to their annual depreciation rates as prescribed in the Asset Management Policy under point 7.6

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognized in the statement of financial performance.

## **7. INVESTMENTS**

Investments which include listed government bonds, unlisted municipal bonds, fixed deposits and short term deposits invested in registered banks are stated at cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss and this is recognised as an expense in the period that the impairment is identified.

Surplus funds are invested in terms of Council's Investment Policy. Investments are only made with financial institutions registered in terms of the Deposit Taking Institutions Act of 1990 with an A1 or similar rating for safe investment purposes.

The investment period should be such that it will not be necessary to borrow funds against the investments at a penalty interest rate to meet commitments.

## 8. **LEASES**

Leases are classified as finance leases where substantially all the risk and rewards associated with ownership of an asset are transferred to the municipality.

Property, plant and equipment subjected to finance lease agreements are capitalised at their cost equivalent and the corresponding liabilities are raised.

The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life.

Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are expensed as they become due.

## 9. **INVENTORIES**

Consumable stores, raw materials, work in progress and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average cost method.

Redundant and slow-moving stock are identified and written down with regard to their estimated economic or realisable values and sold by public auction. Consumables are written down with regard to age, condition and utility.

10. **TRADE CREDITORS**

Trade creditors are stated at their nominal value

11. **REVENUE RECOGNITION**

Revenue from rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Interest on unpaid rates is recognised on a time proportion basis.

The Steve Tshwete Local Municipality uses a differentiated site value assessment rate system. According to this assessment rates are levied on the land value of properties and rebates are granted according to the usage of a particular property.

Rebates are respectively granted, to owners of land on which not more than two dwelling units are erected provided that such dwelling units are solely used for residential purposes. Additional relief is granted to needy, aged and/or disabled owners, based on income and age. Assessment rates income is recognised once a rates account has been issued to ratepayers. Adjustments or interim rates are recognised once the municipal valuer has valued the change to properties.

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumptions are made monthly when meter readings have not been performed and are recognized as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. Revenue from the sale of electricity prepaid meter credit are recognised at the point of sale.

Service charges relating to refuse removal are recognized on a monthly basis by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the number of refuse containers on each property, regardless of whether or not containers are emptied during the month.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Revenue arising from the application of the approved sundry tariff charges is generally recognised when the relevant service is rendered. This includes the issuing of licenses and permits. Interest and rentals are recognised on a time proportion basis.

Revenue from fines is recognised when payment is received and the revenue from the issuing of summonses is recognised when collected.

Income from agency services is recognized on a monthly basis once the income collected on behalf of agents has been quantified.

Government grants and donors are recognised as revenue when all conditions with the grant have been met. Where grants have been received but the conditions are not met, a liability is raised.

Donations are recognized on a cash receipt basis or where the donation is in the form of property, plant and equipment are brought into use.

Contributed property, plant and equipment is recognized when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorized irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act 56 of 2003) and is recognized when the recovery thereof from the responsible councillors or officials is virtually certain.

## 12. **PROVISIONS**

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made.

Provisions are reviewed at reporting sheet date and adjusted to reflect the current best estimate.



13. **PROVISION FOR BAD DEBT (accounts receivable)**

An annual contribution is made towards a working capital provision for non-recoverable rates and service fees.

The balance of the provision of bad debt is reviewed at balance sheet date and adjusted to be equal to all debt outstanding for more than 150 days.

When an under recovery occurs during the year an additional contribution is made from the accumulated surplus at year-end.

Bad debts are written off during the year in which they are identified.

14. **CASH AND CASH EQUIVALENTS**

Cash includes cash on hand and cash with banks. Cash equivalents are short-term investments that are held with registered banking institutions with maturities of three months or less.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

15. **UNAUTHORIZED EXPENDITURE**

Unauthorized expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act 56 of 2003). Unauthorized expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

16. **IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Act (Act 56 of 2003), the Municipal Systems Act (Act 32 of 2000), the Public Office Bearers Act (Act 20 of 1998) or is in contravention of the municipality's supply chain management policy.

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

17. **FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

18. **COMPARATIVE INFORMATION**

Budgeted amounts have been included in the annual financial statements for the current financial year only.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

19. **RETIREMENT BENEFITS**

The municipality provides retirement benefits to its employees and councillors contribute to the under-mentioned pension funds:

- Joint Municipal Pension Fund
- Municipal Employees Pension Fund
- Municipal Gratuity Fund
- SALA Pension Fund

Councillors are members of the Municipal Councillor's Pension Fund that was established in terms of the Remuneration of Public Office Bearers Act 1998 (Act 20 of 1998).

The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable.

20. **SEGMENTAL INFORMATION**

Segmental information on property, plant and equipment as well as income and expenditure is set out in Appendix B to E based on the international government financial statistics classifications and the budget reform formats as prescribed by National Treasury.

21. **BORROWING COSTS**

Borrowing costs are recognized as an expense in the Statement of Financial Performance.

22. **HANDLING OF ADMINISTRATIVE AND OTHER OVERHEAD CHARGES**

The costs of internal support services are transferred to the different services in accordance with Council's policy on activity based costing.

23. **SURPLUSES AND DEFICITS**

Surpluses and deficits arising from the operations of Electricity, Water and Sewerage Services are carried over to the Rates and General Services.

24. **CONSUMER DEPOSITS**

All consumers are required to pay a deposit equal to two months consumption of electricity and water services. Deposits are considered a liability as the deposit is only refunded once the service is terminated. No interest is paid on deposits.

# STATEMENT OF FINANCIAL POSITION

as at  
30 JUNE 2005

		30-06-2005	30-06-2004
	Note	R	R
<b>NET ASSETS &amp; LIABILITIES</b>			
<b>Net Assets</b>		<b>519 887 215</b>	<b>452 762 371</b>
Housing Development Fund	1	5 214 212	5 116 044
Capital replacement reserve	2	209 609 207	174 880 717
Capitalisation reserve	2	109 527 528	124 736 380
Government grant reserve	2	39 431 562	
Donations and public contribution reserves	2	77 531 341	99 595 472
Self-insurance reserve	2	1 008 535	1 673 950
Accumulated Surplus/(Deficit)	3	77 564 830	46 759 808
<b>Non-current liabilities</b>		<b>91 355 069</b>	<b>110 429 390</b>
Long-term liabilities	4	91 355 069	110 429 390
<b>Current liabilities</b>		<b>104 569 732</b>	<b>68 717 707</b>
Consumer deposits	5	13 376 235	11 833 556
Provisions	6	434 276	4 824 164
Creditors	7	37 822 231	44 721 710
Unspent conditional grants and receipts	8	4 731 886	
Current portion of long term liabilities	4	48 205 104	7 338 277
<b>Total Net Assets and Liabilities</b>		<b>715 812 016</b>	<b>631 909 468</b>
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>611 145 573</b>	<b>564 680 651</b>
Property, plant & equipment	10	441 069 813	411 159 326
Investments	11	156 849 425	138 375 949
Long-term receivables	12	13 226 335	15 145 376
<b>Current assets</b>		<b>104 666 443</b>	<b>67 228 817</b>
Inventory	13	3 915 647	2 924 339
Consumer debtors	14	23 767 139	21 648 018
Other debtors	15	8 606 645	10 441 000
Current portion of long-term receivables	12	5 728 780	6 500 552
Bank balances and cash	16	62 648 232	25 714 910
<b>Total Assets</b>		<b>715 812 016</b>	<b>631 909 468</b>



**F.J. NAUDÉ (F.I.M.F.O.)**  
MANAGER : FINANCE



**W.D. FOUCHÉ (B.A.; I.T.C.)**  
MUNICIPAL MANAGER

**STATEMENT OF FINANCIAL PERFORMANCE**  
for the year ended  
**30 June 2005**

BUDGET		ACTUAL	
2004	2005	2005	2004
R	R	R	R
<b>REVENUE</b>			
			<b>Note</b>
64 362 500	73 706 224	Property Rates	17
		Service Charges:	18
87 395 472	95 903 402	Electricity	18
13 681 052	15 939 785	Refuse Removal	18
15 145 350	16 454 076	Sewerage	18
25 737 250	25 359 820	Water	18
2 670 553	2 069 098	Rental of Facilities and Equipment	
2 950 000	9 680 000	Interest Earned – External Investments	21
2 832 950	2 441 805	Interest Earned – Outstanding Debtors	21
3 652 100	3 562 078	Fines	
2 184 800	2 305 800	Licenses and Permits	
3 200 000	3 600 000	Income for Agency Services	
20 732 000	23 310 745	Government Grants and Subsidies Received - Operating	19
		Government Grants and Subsidies Received - Capital	19
		Public contributions, donated and contributed property, plant and equipment	20
13 464 030	25 259 937	Other Revenue	22
200 000	215 000	Gain on Disposal of Property, Plant and Equipment	
100 000		Contribution from: Housing Development Fund	
<b>258 308 057</b>	<b>299 807 770</b>	<b>Total Revenue</b>	
			<b>338 209 455</b>
			<b>260 658 648</b>
<b>EXPENDITURE</b>			
			<b>Note</b>
90 920 710	100 782 424	Employee Related Costs	23
5 342 644	5 643 625	Remuneration of Councillors	24
1 747 559	2 939 084	Bad Debts	
215 430	161 685	Collection Costs	
19 763 831	38 012 824	Depreciation	
17 150 153	17 305 584	Repairs and Maintenance	
21 372 357	21 025 400	Interest Paid	25
51 571 580		Bulk Purchases	
	56 248 860	Electricity	26
2 621 000	2 986 600	Water	26
5 184 020	6 635 645	Contracted Services	
372 678	611 878	Grants and Subsidies Paid	27
35 351 063	41 590 153	General Expenses (including abnormal expenses)	
		Loss on Disposal of Property, Plant and Equipment	
1 770 774	1 375 000	Contributions to/(from) Provisions	28
106 000		Contributions to/(from) Reserves	28
3 208 557		Capital from Income (surplus cash)	
<b>256 698 356</b>	<b>295 318 762</b>	<b>Total Expenditure</b>	
			<b>291 355 060</b>
			<b>246 783 169</b>
<b>1 609 701</b>	<b>4 489 008</b>	<b>Surplus/(Deficit) for the year</b>	
		<b>Appropriations for the year</b>	3
<b>1 609 701</b>	<b>4 489 008</b>	<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	30
			<b>46 854 395</b>
			<b>13 875 479</b>
			<b>(29 277 451)</b>
			<b>(15 401 972)</b>

**STATEMENT OF CHANGES IN NET ASSETS**  
for the year ended 30 June 2005

	Housing Development Fund	Capital Replacement Reserve	Capitalisation Reserve	Government Grant Reserve	Donation & Public Contribution Reserve	Self Insurance Reserve	Revaluation Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R	R	R	R	R	R
<b>2004</b>									
Balance at 1 July 2003									
Implementation of GAMAP									
<b>Net surplus for the year</b>	<b>4 961 400</b>	<b>180 711 384</b>	<b>55 202 698</b>		<b>89 781 021</b>	<b>1 901 665</b>		<b>61 089 690</b>	<b>393 647 858</b>
Net surplus for the year								13 875 479	13 875 479
Appropriations								5 886 000	5 886 000
Implementation of GAMAP		3 556 145	37 598 390		(3 453)			(42 637 335)	(1 486 253)
Dividends paid (municipal entities only)									
Other income	209 264	33 226 394				1 154 663			34 590 321
Property, plant & equipment purchased		(39 409 176)	39 409 176						
Other expenditure	(76 900)	(3 242 250)							(3 319 150)
Capital grants used to purchase PPE									
Donated/contributed PPE					17 142 933				17 142 933
Contributions to reserves		38 220				106 000			144 220
Insurance claims processed						(1 488 378)			(1 488 378)
Transfer of Housing Development Fund	22 280								22 280
Asset disposals									
Offsetting of depreciation			(7 473 884)		(7 325 029)			7 473 884	(7 325 029)
<b>Balance at 30 June 2004</b>	<b>5 116 044</b>	<b>174 880 717</b>	<b>124 736 380</b>		<b>99 595 472</b>	<b>1 673 950</b>		<b>45 687 718</b>	<b>451 690 281</b>
<b>2005</b>									
Correction of error (note 29)								1 072 090	1 072 090
Changes in accounting policy									
<b>Restated balance</b>	<b>5 116 044</b>	<b>174 880 717</b>	<b>124 736 380</b>		<b>99 595 472</b>	<b>1 673 950</b>		<b>46 759 808</b>	<b>452 762 371</b>
Net surplus for the year								46 854 395	48 854 395
Appropriations								20 270 448	20 270 448
Other income/expenditure	153 705	20 857 651				(777 215)		(20 234 141)	
Transfer to CRR		26 440 129						(26 440 129)	
Property, plant & equipment purchased		(12 569 290)						12 569 290	
Capital grants used to purchase PPE				32 014 441	(32 014 411)				
Donated/contributed PPE				9 836 818	15 965 186			(25 802 004)	
Contribution to insurance reserve						111 800		(111 800)	
Insurance claims processed									
Transfer to Housing Development Fund	(55 537)							55 537	
Asset disposals			(79 758)		(179 068)			258 826	
Offsetting of depreciation			(15 129 094)	(2 419 667)	(5 835 838)			23 384 599	
<b>Balance at 30 June 2005</b>	<b>5 214 212</b>	<b>209 609 207</b>	<b>109 527 528</b>	<b>39 431 562</b>	<b>77 531 341</b>	<b>1 008 535</b>		<b>77 564 830</b>	<b>519 887 215</b>

# CASH FLOW STATEMENT

for the year ended

30 JUNE 2005

		2005	2004
	Note	R	R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash received from ratepayers, government and others		342 153 584	357 534 158
Cash paid to suppliers and employees		(241 260 600)	(251 134 078)
<b>Cash generated from / (utilized in) operations</b>	30	<b>100 892 984</b>	<b>106 400 080</b>
Interest received		18 060 940	18 542 954
Interest paid		(21 041 026)	(19 204 703)
<b>Net cash from operating activities</b>		<b>97 912 898</b>	<b>105 738 331</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>			
Purchase of property, plant and equipment		(68 750 060)	(63 844 224)
Proceeds on disposal of property, plant and equipment		217 962	168 560
(Increase)/decrease in long term receivables		2 690 813	(2 580 969)
(Increase)/decrease in investments		(18 473 476)	(40 160 259)
<b>Net cash from investment activities</b>		<b>(84 314 761)</b>	<b>(106 416 892)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Increase/(decrease) in long term loans		21 792 506	(12 402 071)
Increase/(decrease) in deposits		1 542 679	1 556 506
<b>Net cash from financing activities</b>		<b>23 335 185</b>	<b>(10 845 565)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>	31	<b>36 933 322</b>	<b>(11 524 126)</b>
Cash and cash equivalents at beginning of the year		25 714 909	37 239 035
Cash and cash equivalents at end of the year		62 648 232	25 714 909

# NOTES

## to the Statement of Financial Position

### as at 30 June 2005

	30 June 2005	30 June 2004
	R	R
<b>1. HOUSING DEVELOPMENT FUND</b>	<b>5 214 212</b>	<b>5 116 044</b>
Balance at beginning of the year	5 116 044	4 961 400
Contributions	21 643	22 280
Income	200 906	209 264
Operating expenditure	(124 381)	(76 900)
<b>2. RESERVES</b>	<b>437 108 172</b>	<b>400 886 519</b>
<b>CAPITAL REPLACEMENT RESERVE</b>	<b>209 609 207</b>	<b>174 880 717</b>
<b>Capital Replacement Reserve</b>	<b>52 343 014</b>	<b>33 424 897</b>
Balance at beginning of the year	33 424 897	59 036 787
Contributions	26 440 129	38 220
Income	5 047 278	12 876 770
Property, plant & equipment	(12 569 290)	(39 409 176)
Transfers in respect of GAMAP	882 296	882 296
<b>Land Trust Fund</b>	<b>76 500 612</b>	<b>71 876 028</b>
Balance at beginning of the year	71 876 028	59 284 617
Income	4 624 584	9 917 562
Transfers in respect of GAMAP	2 673 849	2 673 849
<b>Land &amp; Property Development Account</b>	<b>80 765 581</b>	<b>69 579 792</b>
Balance at beginning of the year	69 579 792	62 389 980
Income	11 185 789	10 432 062
Operating expenditure	(3 242 250)	(3 242 250)
<b>Capitalization Reserve</b>	<b>109 527 528</b>	<b>124 736 380</b>
Balance at beginning of the year	124 736 380	55 202 698
Property, plant & equipment purchased	39 409 176	39 409 176
Offsetting of depreciation	(15 129 094)	(7 473 884)
Adjustment of final FDR	37 598 390	37 598 390
Disposal	(79 758)	(79 758)
<b>Government Grants Reserve (utilized)</b>	<b>39 431 562</b>	
Balance at beginning of the year	9 836 818	
Donated/contributed PPE	(2 419 667)	
Offsetting of depreciation	32 014 411	
Capital grants used for PPE		



	<b>30 June 2005</b>	<b>30 June 2004</b>
	R	R
<b>Donations and Public Contribution Reserve</b>	<b>77 531 341</b>	<b>99 595 472</b>
Balance at beginning of the year	99 595 472	89 781 021
Donated/contributed PPE	15 965 186	17 142 933
Offsetting of depreciation	(5 835 838)	(7 325 029)
Transfers in respect of GAMAP		(3 453)
Capital grants used for PPE	(32 014 411)	
Disposals	(179 068)	
<b>SELF INSURANCE RESERVE</b>	<b>1 008 535</b>	<b>1 673 950</b>
<b>Insurance Reserve Electricity</b>	<b>794 975</b>	<b>1 466 235</b>
Balance at beginning of the year	1 466 235	1 688 980
Contributions	111 800	106 000
Other income		129 716
Insurance claims processed	(783 060)	(458 461)
<b>Insurance Reserve General</b>	<b>213 560</b>	<b>207 715</b>
Balance at beginning of the year	207 715	212 685
Other income	1 044 459	1 024 947
Insurance claims processed	(1 038 614)	(1 029 917)

	<b>30 June 2005</b>	<b>30 June 2004</b>
	R	R
<b>3. ACCUMULATED SURPLUS/(DEFICIT)</b>		
<b>Accumulated surplus: beginning of year</b>	<b>46 759 808</b>	<b>61 089 690</b>
Operating surplus/(deficit) for the year	46 854 395	13 875 479
Changes in net assets	(16 049 373)	
Appropriation for the year		(29 277 451)
Appropriation general ledger		6 947 823
Writing off – provisions & reserves		1 193 018
Appropriation: deposits forfeited		323 242
Adjustments previous year		(1 688 899)
Provision for bad debts		(889 185)
GAMAP transformation		(42 637 335)
Offsetting of depreciation		7 473 884
Correction of error		1 072 090
<b>Accumulated surplus: end of year</b>	<b>77 564 830</b>	<b>46 759 808</b>

Refer to Note 29 for more detail on correction of error.

	30 June 2005	30 June 2004
	R	R
<b>4. LONG TERM LIABILITIES</b>		
Local registered stock loans	15 220 000	15 220 000
Annuity loans	103 340 173	81 547 667
Capitalized lease liability	21 000 000	21 000 000
<b>Sub-Total</b>	<b>139 560 173</b>	<b>117 767 667</b>
Less: Current portion transferred to current liabilities	(48 205 104)	(7 338 277)
Local registered stock loans	(15 220 000)	
Annuity loans	(11 985 104)	(7 338 277)
Capitalized lease liability	(21 000 000)	
<b>Total External Loans</b>	<b>91 355 069</b>	<b>110 429 390</b>

Refer to Appendix A for more detail on long term liabilities.

The capitalized lease liability is secured over the item of plant leased.

R46 849 425 (2004: R43 375 949) has been invested specifically for the repayment of long term liabilities.

See note 11 for more detail.

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	30 June 2005	30 June 2004
	R	R
<b>5. CONSUMER DEPOSITS</b>		
Electricity	9 382 467	8 779 439
Water	2 418 379	2 206 580
Other	1 575 389	847 537
<b>Total consumer deposits</b>	<b>13 376 235</b>	<b>11 833 556</b>
Guarantees held in lieu of electricity and water deposits	3 627 932	3 733 458

No interest is paid on deposits.

	<b>30 June 2005</b>	<b>30 June 2004</b>
	R	R
<b>6. PROVISIONS</b>		
<b>Staff leave</b>		
Balance at beginning of year		5 999 087
Contribution to provision		1 700 000
Expenditure incurred		(3 282 694)
Balance at end of year		<b>4 416 392</b>
 <b>Performance Bonus</b>		
Balance at beginning of year	407 771	
Contribution to provision	368 475	407 771
Expenditure incurred	(341 970)	
Balance at end of year	<b>434 276</b>	<b>407 771</b>
 <b>Total provisions</b>	<b>434 276</b>	<b>4 824 164</b>

Performance bonuses accrue to employees on a yearly basis, subject to certain conditions. The provision is an estimate of the amount according to the performance agreements at the reporting date.

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	<b>30 June 2005</b>	<b>30 June 2004</b>
	R	R
<b>7. CREDITORS</b>		
Trade Creditors	17 711 973	27 451 725
Amounts received in advance:		
Consumer debtors	3 844 047	4 485 197
Sundry debtors	246 815	8 754
Other	1 700 273	2 849 184
VAT	2 694 536	2 495 731
RDP development	2 885 458	3 106 578
Government grants & subsidies		4 324 541
Staff leave	4 530 141	
Retention money	1 641 183	
Community facilities	2 567 805	
<b>Total creditors</b>	<b>37 822 231</b>	<b>44 721 710</b>

	30 June 2005	30 June 2004
	R	R
<b>8. CONDITIONAL GRANTS FROM GOVERNMENT</b>		
Finance management grant	2 824 139	
Municipal support grant	236 347	
VUNA awards	1 000 000	
Local government transitional grant	632 641	
Municipal infrastructure grant	20 998	
Local economic development	17 761	
<b>Total conditional grants and receipts</b>	<b>4 731 886</b>	

See note 19 for reconciliation of grants.  
These amounts are invested until utilized.

	30 June 2005	30 June 2004
	R	R
<b>9. CONTINGENT LIABILITIES &amp; CONTRACTUAL OBLIGATIONS</b>		

Disclosure in terms of the MFMA, 2003, Section 125(2)(c).

#### 10. PROPERTY, PLANT & EQUIPMENT

	Infrastruc- ture	Community Assets	Other Assets	Specialised Vehicles	Total
	R		R	R	R
<b>30 June 2005</b>					
<b>Reconciliation of Carrying Value</b>					
<b>Carrying values at 1 July 2004</b>	<b>272 898 129</b>	<b>21 317 938</b>	<b>68 820 986</b>	<b>8 374 892</b>	<b>371 411 945</b>
Cost	429 171 510	29 147 258	126 753 803	12 591 427	597 664 008
Accumulated depreciation - cost	(156 273 381)	(7 829 320)	(57 932 817)	(4 216 545)	(226 252 063)
Acquisitions	44 362 878	3 299 031	19 761 149	1 245 975	68 669 033
Capital under construction	35 694 471	43 810	4 417 780		40 156 061
Depreciation – based on cost	(24 993 213)	(1 039 248)	(12 032 068)	(1 102 697)	(39 167 226)
Carrying value of disposals					
Cost			(68 825)	(258 826)	(327 651)
Accumulated depreciation			68 825	258 826	327 651
Other movements	105 691	(2 252 777)	1 614 938	532 146	(2)
<b>Carrying values at 30 June 2005</b>	<b>328 067 955</b>	<b>21 368 754</b>	<b>82 582 785</b>	<b>9 050 317</b>	<b>441 069 813</b>
Cost	509 334 550	30 237 322	152 478 845	14 110 732	706 161 450
Accumulated depreciation - cost	(181 266 594)	(8 868 568)	(69 896 060)	(5 060 415)	(265 091 637)

	Infrastruc- ture	Community Assets	Other Assets	Specialised Vehicles	Total
	R		R	R	R
<b>30 June 2004</b>					
<b>Reconciliation of Carrying Value</b>					
<b>Carrying values at 1 July 2003</b>	<b>300 549 973</b>	<b>19 776 209</b>	<b>16 249 116</b>	<b>7 753 185</b>	<b>344 328 483</b>
Cost	433 964 886	27 338 411	66 412 193	10 806 457	538 521 947
Accumulated depreciation - cost	(133 414 913)	(7 562 202)	(50 163 077)	(3 053 272)	(194 193 464)
Acquisitions	40 275 206	1 666 310	16 101 439	1 784 982	59 827 937
Capital under construction	35 291 000	43 810	4 412 571		39 747 381
Depreciation – based on cost	(22 883 504)	(923 380)	(8 043 605)	(893 997)	(32 744 486)
Carrying value of disposals					
Cost			(685 887)		(685 887)
Accumulated depreciation			685 887		685 887
Other movements	(45 068 587)	142 539	44 926 061	(2)	11
<b>Carrying values at 30 June 2004</b>	<b>308 164 088</b>	<b>20 705 488</b>	<b>73 645 581</b>	<b>8 644 168</b>	<b>411 159 326</b>
Cost	464 462 510	29 191 068	131 166 374	12 591 437	637 411 389
Accumulated depreciation – cost	(156 298 422)	(8 485 580)	(57 520 792)	(3 947 269)	(226 252 063)

Refer to Appendices B and C for more detail.

The amount for capital under construction mostly relates to assets that still need to be capitalized once the old Township Development Suspense and Land Trust Fund accounts are finally unbundled.

With the capitalization of these assets the amount of capital under construction will reduce the balance of the Capital Replacement Reserve.

	<b>30 June 2005</b>	<b>30 June 2004</b>
	R	R
<b>11. INVESTMENTS (Unlisted)</b>		
<b>FINANCIAL INSTRUMENTS</b>		
<b>Short Term Fixed Deposits</b>	<b>127 899 614</b>	<b>95 000 000</b>
ABSA Bank	20 000 000	22 000 000
Nedbank	15 000 000	16 000 000
Investec Bank	35 000 000	22 000 000
Standard Bank	25 000 000	14 000 000
First National Bank	15 000 000	21 000 000
Nedbank Capital	17 899 614	
<b>Long Term Fixed Deposits</b>	<b>28 949 811</b>	<b>43 375 949</b>
Standard Bank	19 595 679	17 947 388
Nedbank Capital		16 222 924
ABSA Bank	9 354 132	9 205 637
<b>Total Investments</b>	<b>156 849 425</b>	<b>138 375 949</b>
Average Rate of Return	8,05 %	10,89 %

No investments have been written off during the year.

The long term investments (including Nedbank Capital) are invested to redeem the following external loans:

- Standard Merchant Bank (Sale and Leaseback)
- Inca (Local Government Stock)

The Absa zero bond serves as security for the Absa Annuity Loan.

Refer to Appendix A for more detail on external loans.

Disclosure in terms of the MFMA, 2003, Section 125(2)(b).

	<b>30 June 2005</b>	<b>30 June 2004</b>
	<b>R</b>	<b>R</b>
<b>12. LONG TERM RECEIVABLES</b>		
Motor car loans	2 454 768	4 629 198
Housing selling scheme loans	999 311	1 062 873
Sale of erven loans	14 012 453	13 548 304
Country Club loan	31 985	39 663
Inyanda loan	1 359 109	2 305 724
Engineering service loans	97 489	60 165
<b>Sub-total</b>	<b>18 955 115</b>	<b>21 645 927</b>
Less: current portion transferred to current receivables	5 728 780	6 500 552
Motor car loans	1 042 949	1 855 869
Housing selling scheme loans	139 813	126 323
Sale of erven loans	3 505 319	3 503 903
Country Club loan	7 678	7 678
Inyanda loan	946 614	946 614
Engineering service loans	86 407	60 165
<b>Total long term receivables</b>	<b>13 226 335</b>	<b>15 145 376</b>

#### ***Motor car loans***

Senior personnel were entitled to car loans which attract interest at 8,5% per annum and which are repayable over a maximum period of 5 years. In terms of the MFMA no new loans are granted and the existing loans will be repaid by the year 2009.

#### ***Engineering services loans***

Loans are made to encourage property owners to connect to the reticulation system. These loans attract interest at prime rate per annum and are repayable over a maximum period of one year.

#### ***Housing selling scheme loans***

Housing loans are granted to qualifying individuals in terms of the Housing Act. These loans attract differentiated interest rates and are repayable over 20 years. No new loans are granted and existing loans will continue until repaid.

#### ***Sale of erven***

Loans were given at a low interest rate of 7,5% per annum repayable over 4 years to encourage development through the sale of vacant erven. In terms of the MFMA no new loans are granted.

	<b>30 June 2005</b>	<b>30 June 2004</b>
	R	R
<b>13. INVENTORY</b>		
Consumable stock	3 915 647	2 924 339
Stock shortages written off during the year	117 463	79 674

With the annual stocktaking on 30 June 2005 stock shortages to the value of R53 575 and stock surpluses to the value of R29 930 realized.

#### 14. CONSUMER DEBTORS

	<b>Gross Balance</b>	<b>Provision for Bad Debt</b>	<b>Net Balance</b>
	R	R	R
<b>30 June 2005</b>			
Service debtors:	<b>44 431 760</b>	<b>21 204 252</b>	<b>23 227 508</b>
Property rates	20 852 503	12 417 550	8 434 954
Electricity	9 200 422	1 692 460	7 507 961
Water	6 010 572	2 735 330	3 275 243
Sewerage	4 479 897	2 336 126	2 143 771
Refuse	3 888 366	2 022 786	1 865 580
Estates	1 505 078	965 448	539 630
<b>Total</b>	<b>45 936 838</b>	<b>22 169 700</b>	<b>23 767 138</b>
<b>Contribution to bad debt</b>			5 997 382
<b>Debt written off for the year</b>			8 644 028
Property rates			1 628 950
Electricity			50 214
Water			769 988
Sewerage			1 017 695
Refuse			1 026 060
Other			4 151 121
<b>30 June 2004</b>			
Service debtors:	<b>44 452 612</b>	<b>23 472 671</b>	<b>20 979 941</b>
Property rates	18 517 331	11 177 810	7 339 521
Electricity	9 196 341	2 034 566	7 161 775
Water	6 092 828	3 412 737	2 680 091
Sewerage	5 925 158	3 758 617	2 166 541
Refuse	4 720 954	3 088 941	1 632 013
Estates	2 168 967	1 500 890	668 077
<b>Total</b>	<b>46 621 579</b>	<b>24 973 561</b>	<b>21 648 018</b>
<b>Contribution to bad debt</b>			1 747 559
<b>Debt written off for the year</b>			1 806 102

	30 June 2005	30 June 2004
	R	R
<b>AGEING OF CONSUMER DEBTORS</b>		
<b>Property Rates</b>		
30 days	6 122 396	4 825 195
60 days	813 828	912 228
90 days	748 414	699 180
120 days	750 316	902 918
150+ days	12 417 550	11 177 810
<b>Sub-total</b>	<b>20 852 504</b>	<b>18 517 331</b>
<b>Services</b>		
30 days	12 360 602	10 445 003
60 days	1 036 131	1 334 725
90 days	699 550	876 992
120 days	696 272	983 700
150+ days	8 786 702	12 294 861
<b>Sub-total</b>	<b>23 579 257</b>	<b>25 935 281</b>
<b>Estates</b>		
30 days	309 547	326 505
60 days	87 507	119 606
120 days	142 576	221 966
150+ days	965 448	1 500 890
<b>Sub-total</b>	<b>1 505 078</b>	<b>2 168 967</b>
<b>Total consumer debtors</b>	<b>45 936 839</b>	<b>46 621 579</b>

	30 June 2005	30 June 2004
	R	R
<b>15. OTHER DEBTORS</b>		
Township Development : debtors		
RDP debtors		
Rural area		
General ledger debtors	3 959 268	4 678 520
Government capital grants	786 400	
Hendrina		
South African Revenue Service (VAT)		826 949
Sundry debtors	3 848 728	4 923 282
Deposits	12 250	12 250
<b>Total Other Debtors</b>	<b>8 606 645</b>	<b>10 441 000</b>
<b>Debt written off for the year</b>	<b>157 216</b>	

Refer to Note 29 for correction of error. A sundry debtor for the additional income has been created as it was not received on 30 June 2004.



30 June 2005

30 June 2004

R

R

16. **BANK CASH AND OVERDRAFT BALANCES**

The municipality has the following bank accounts:

Absa Bank – Nelspruit

Account number : 1040 000 077

Current account (primary bank account)

Bank statement balance at beginning of year

32 944 696

43 397 714

Bank statement balance at end of year

75 372 450

32 944 696

Cash book balance at beginning of year

25 694 754

37 222 480

Increase/(decrease) in cash book balance

36 932 693

(11 527 725)

Cash book balance at end of year

62 627 447

25 694 754

Petty cash

Balance at beginning of year

20 155

16 555

Increase/(decrease) of petty cash

630

3 600

Balance at end of year

20 785

20 155

Total cash resources

62 648 232

25 714 910

Disclosure in terms of the MFMA, 2003, Section 125(2)(a).

17. **PROPERTY RATES**

Site Valuations	Revenue 2004/2005	Revenue 2003/2004
-----------------	-------------------	-------------------

R

R

R

**Middelburg**

Residential

321 333 856

54 820 424

47 460 162

Pensioners

15 352 500

2 574 045

2 282 315

Commercial

171 045 050

29 775 964

26 228 115

Exempted

13 923 056

2 799 387

2 835 047

**Total**

521 654 462

89 969 820

78 805 638

**Government**

Middelburg

26 901 095

4 693 703

4 373 444

Hendrina

352 444

115 250

105 733

**Total**

27 253 539

4 808 953

4 479 177

<b>Site Valuations</b>	<b>Revenue 2004/2005</b>	<b>Revenue 2003/2004</b>
<b>R</b>	<b>R</b>	<b>R</b>

### **Hendrina**

Residential	12 316 222	4 013 088	3 709 949
Pensioners	963 700	332 328	279 933
Commercial	1 755 400	571 983	511 788
Exempted	121 600	34 460	27 180
<b>Total</b>	<b>15 156 922</b>	<b>4 951 859</b>	<b>4 528 850</b>

### **Komati**

Residential	685 168	634 632	589 300
Pensioners	19 820	17 898	10 506
Commercial	152 596	138 884	126 547
<b>Total</b>	<b>857 584</b>	<b>791 414</b>	<b>726 353</b>

### **Rietkuil**

Residential	1 681 826	661 059	607 638
Pensioners	15 170	4 847	3 537
Commercial	551 786	216 521	198 386
<b>Total</b>	<b>2 248 782</b>	<b>882 427</b>	<b>809 561</b>

### **Pullenshope**

Residential	1 633 646	896 129	826 624
Pensioners	23 557	11 980	6 153
Commercial	466 902	255 488	234 079
<b>Total</b>	<b>2 124 105</b>	<b>1 163 597</b>	<b>1 066 856</b>

### **Presidentsrus**

Residential	2 066 580	33 790	31 044
Commercial	324 250	5 566	4 763
<b>Total</b>	<b>2 390 830</b>	<b>39 356</b>	<b>35 807</b>

### **Kranspoort**

Residential	9 018 167	81 808	75 046
Commercial	224 546	2 028	1 859
<b>Total</b>	<b>9 242 713</b>	<b>83 836</b>	<b>76 905</b>

Site Valuations	Revenue 2004/2005	Revenue 2003/2004
R	R	R

**Rural Areas**

	Site Valuations		
Commercial	14 032 805	446 243	414 758
	Improvements		
	142 638 120	316 873	299 891
<b>Total</b>	<b>156 670 925</b>	<b>763 116</b>	<b>714 649</b>

**Sub-Total**

**103 454 378      91 243 796**

Less:

**Income Forgone**

**(25 260 356)      (22 311 930)**

Middelburg	Residential	(24 043 330)	(21 199 488)
	Government	(1 089 570)	(1 008 967)
Hendrina	Residential	(98 817)	(83 167)
	Government	(21 697)	(19 905)
Komati	Residential	(3 577)	(210)
Pullenshope	Residential	(2 396)	(123)
Rietkuil	Residential	(969)	(71)

Less: **Indigent Support**

**(4 571 547)      (3 778 263)**

**Rates Income Total**

**73 622 475      65 153 603**

**VALUATIONS**

		2004/2005	2003/2004
Residential	Site valuation	379 154 868	359 492 470
Government	Site valuation	27 253 539	27 703 544
Commercial	Site valuation	188 553 335	187 459 495
Rural Commercial	Improvement valuation	142 638 120	142 805 120
		<b>737 599 862</b>	<b>717 460 629</b>

**30 June 2005**

**30 June 2004**

**R**

**R**

**18. SERVICE CHARGES**

Sale of electricity	97 385 320	88 994 166
Sale of water	24 875 200	23 387 962
Refuse removal	16 876 419	15 182 939
Sewerage and sanitation charges	17 099 749	16 270 330

**Total service charges**

**156 236 688**

**143 835 397**

	30 June 2005	30 June 2004
	R	R
<b>19. GOVERNMENT SUBSIDIES &amp; GRANTS</b>		
<b>Operating Grants</b>	<b>23 997 017</b>	<b>19 992 461</b>
Equitable share	16 365 063	14 760 735
Provincial health subsidies	4 895 745	4 471 000
Finance management grant (FMG)	1 520 993	760 726
Local government transition grant (LGTF)	346 769	
Local government capacity grant	563 653	
Provincial local economic projects (LED)	304 794	
<b>Capital Grants</b>	<b>9 405 061</b>	
Municipal infrastructural grant (MIG)	8 614 963	
Integrated national electrification grant (INEP)	790 098	
<b>Total Government Grants &amp; Subsidies</b>	<b>33 402 078</b>	<b>19 992 461</b>
<b>Provincial Health Subsidy</b>		
Current year receipts	4 895 745	4 471 000
Conditions met – transferred to revenue	(4 895 745)	(4 471 000)
<b>Unspent amount – transferred to liabilities</b>	<b>0</b>	<b>0</b>
<p>The municipality renders health services on behalf of the provincial government and is refunded approximately 53% of total expenditure incurred. This grant has been used exclusively to fund clinic services. The conditions of this grant have been met and there was no delay or withholding of the subsidy.</p>		
<b>Finance Management Grant</b>		
Balance unspent at beginning of year	3 345 131	2 962 826
Current year receipts	1 000 000	1 500 000
Other expenditure		(356 969)
Conditions met – transferred to revenue	(1 520 993)	(760 726)
<b>Unspent amount – transferred to liabilities</b>	<b>2 824 138</b>	<b>3 345 131</b>
<i>(see note 8)</i>		

This grant was used to promote and support reforms to municipal financial management and the implementation of the MFMA, 2003. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.

	30 June 2005	30 June 2004
	R	R
<b>Local Government Transition Grant (LGTF)</b>		
Balance unspent at beginning of year	979 410	1 732 699
Current year receipts		
Other expenditure		(753 289)
Conditions met – transferred to revenue	(346 769)	
<b>Unspent amount – transferred to liabilities</b>	<b>632 641</b>	<b>979 410</b>
<i>(see note 8)</i>		

This grant was used to implement new systems as provided in the Municipal Systems Act, 2000. Other than the unspent amount, the conditions of the grant were met.

#### **Local Government Capacity Building Grant**

Balance unspent at beginning of year		
Current year receipts	800 000	
Conditions met – transferred to revenue	(563 653)	
<b>Unspent amount – transferred to liabilities</b>	<b>236 347</b>	
<i>(see note 8)</i>		

This grant was used to build in-house capacity to perform their functions and improve governance systems. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.

#### **Local Economic Development**

Balance unspent at beginning of year	322 556	
Current year receipts		
Conditions met – transferred to revenue	(304 945)	
<b>Unspent amount – transferred to liabilities</b>	<b>17 761</b>	
<i>(see note 8)</i>		

Provincial LED projects grants are used for the planning and implementation of job creation and poverty alleviation projects.

#### **Municipal Infrastructure Grant (MIG)**

Balance unspent at beginning of year		
Current year receipts	8 455 361	5 992 000
Conditions met – transferred to revenue	(8 614 963)	(5 992 000)
Spent amount – transferred to debtors	180 600	
<b>Unspent amount – transferred to liabilities</b>	<b>20 998</b>	
<i>(see note 8)</i>		

This grant was used to construct basic municipal infrastructure to provide basic services for the benefit of poor households. Other than the unspent amount, the conditions of the grant were met and no funds have been withheld.

	30 June 2005	30 June 2004
	R	R
<b>Integrated National Electrification Grant (INEP)</b>		
Balance unspent at beginning of year		
Current year receipts	790 098	
Conditions met – transferred to revenue	(790 098)	
<b>Unspent amount – transferred to liabilities</b>	<u>                    </u>	<u>                    </u>
(see note 8)	<u>                    </u>	<u>                    </u>

This grant was used to address the electrification backlog of permanently occupied residential dwellings. The conditions of the grant were met and no funds have been withheld.

	30 June 2005	30 June 2004
	R	R
<b>20. PUBLIC CONTRIBUTIONS, DONATED &amp; CONTRIBUTED PROPERTY, PLANT &amp; EQUIPMENT</b>		
Nkangala District Municipality	15 965 186	
Other grants	189 403	
<b>Total donated property, plant &amp; equipment</b>	<u>16 154 589</u>	<u>                    </u>

	30 June 2005	30 June 2004
	R	R
<b>21. INTEREST EARNED</b>		
<b>EXTERNAL INVESTMENTS</b>	<b>15 467 199</b>	<b>15 757 070</b>
Current account	3 578 671	2 880 301
External investments	11 888 528	12 876 769
<b>OUTSTANDING DEBTORS</b>	<b>2 593 742</b>	<b>2 785 884</b>
Sundry loans	290 203	417 483
Sundry debtors	664 622	706 858
Services:	787 297	849 896
Electricity	187 750	193 413
Sewerage	200 279	214 368
Refuse Removal	168 626	179 973
Water	230 641	262 143
Property rates	851 620	811 647
<b>Total interest earned</b>	<u>18 060 941</u>	<u>18 542 954</u>

In terms of Council's accounting policy interest earned on external investments are allocated to the Capital Replacement Reserve. For the previous financial year interest earned on external investments (i.e. R12 876 769) were allocated directly to the Capital Replacement Reserve and not through the Statement of Financial Performance.

	<b>30 June 2005</b>	<b>30 June 2004</b>
	R	R
<b>22. OTHER REVENUE</b>		
Building plan fees	574 857	397 022
Connection fees	3 443 610	2 384 750
Entrance fees	173 313	199 018
Internal fees	6 713 748	6 737 343
Community service fees	988 711	998 868
Sale of coal (coal rights)	13 956 383	
Refund skills development	541 887	106 886
Festival fees	100 900	63 337
Sundry income	1 845 215	2 875 069
<b>Total</b>	<b>28 338 624</b>	<b>13 762 293</b>

	<b>30 June 2005</b>	<b>30 June 2004</b>
	R	R
<b>23. EMPLOYEE RELATED COSTS</b>		
Salaries and wages	79 058 628	70 043 188
Social contributions:	21 235 163	19 625 465
Pension deductions	13 195 199	11 934 942
Medical aid funds	4 024 730	3 889 377
Group insurance	595 326	456 408
Housing subsidy	1 690 065	1 821 156
Unemployment Insurance Fund	685 384	635 490
Workmen's compensation	1 044 459	888 092
Less: employee cost capitalized	(1 086 190)	(1 261 764)
Less: employee cost to operating	(654 450)	(674 000)
<b>Total employee related cost</b>	<b>98 553 151</b>	<b>87 732 889</b>
<b>Remuneration of Managers</b>		
Municipal Manager	732 134	617 834
Annual remuneration	657 994	
Performance bonus	74 140	
Manager : Finance	638 067	525 158
Annual remuneration	559 294	
Performance bonus	78 773	
Manager : Corporate Services	622 312	525 158
Annual remuneration	559 294	
Performance bonus	63 018	

	30 June 2005	30 June 2004
	R	R
Manager : Public Services	622 312	525 158
Annual remuneration	559 294	
Performance bonus	63 018	
Manager : Technical & Facilities	622 312	525 158
Annual remuneration	559 294	
Performance bonus	63 018	
<b>Total</b>	<b>3 237 137</b>	<b>2 718 466</b>

Disclosure in terms of the MFMA, 2003, Section 124(1)(c).

	30 June 2005	30 June 2004
	R	R
<b>24. REMUNERATION OF COUNCILLORS</b>		
Executive Mayor	220 576	208 091
Speaker	176 461	166 473
Mayoral Committee members	992 598	936 414
Councillors	2 053 902	1 935 364
Pension fund	491 836	458 676
Medical aid	211 574	227 870
Housing subsidy	289 352	272 959
Travelling allowances	832 367	784 519
Cellphone allowances	346 753	266 906
UIF	34 598	28 615
<b>Total councillor's remuneration</b>	<b>5 650 017</b>	<b>5 285 887</b>
<b>IN KIND BENEFITS</b>		
<b>Bursary cllr. Masango</b>		<b>43 636</b>
<b>Cellphones councillors</b>		<b>266 906</b>

The Executive Mayor, Speaker and Mayoral Committee Members are full time. Each is provided with an office and secretarial support at the cost of Council.

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

The Executive Mayor has a personal assistant to assist her in her duties.

Disclosure in terms of the MFMA, 2003, Section 124(1)(a)



**CERTIFICATION  
BY THE MUNICIPAL MANAGER  
ON COUNCILLORS' REMUNERATION**

I, **WILHELM DIEDERICK FOUCHÉ**, municipal manager, certify that the remuneration of councillors are in accordance with the Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government's determination of the upper limits of the salaries, allowances and benefits as published in government gazette 27138, dated 21 December 2004.



**W.D. FOUCHÉ  
MUNICIPAL MANAGER**

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	30 June 2005	30 June 2004
	R	R
<b>25. INTEREST PAID</b>		
Local government stock	2 496 080	3 013 080
Annuity loan	13 426 964	11 539 913
Lease liability	5 117 982	4 652 710
<b>Total</b>	<b>21 041 026</b>	<b>19 204 703</b>

---

	30 June 2005	30 June 2004
	R	R
<b>26. BULK PURCHASES</b>		
Electricity	55 367 310	51 560 839
Water	2 389 937	2 362 101
<b>Total</b>	<b>57 757 247</b>	<b>53 922 941</b>

Electricity losses	9,36%	9,73%
Water losses	20,65%	17,16%

	30 June 2005	30 June 2004
	R	R
<b>27. GRANT AND SUBSIDIES PAID</b>		
Middelburg Tourist Information	80 000	75 000
Middelburg Country Club	7 678	7 678
Assessment rates : various organisations	127 509	116 856
Recreation Club	5 000	5 000
Animal care : SPCA	120 000	75 000
Columbus Marathon	15 000	13 000
Welfare organization	2 000	
Arts & culture organization	20 000	
Elderly organization	4 500	
Sundry : various organisations		23 600
<b>Total</b>	<b>381 687</b>	<b>316 134</b>

Disclosure in terms of the MFMA, 2003, Section 123(b).

	30 June 2005	30 June 2004
	R	R
<b>28. CONTRIBUTIONS TO/(FROM) PROVISIONS &amp; RESERVES</b>		
Staff leave	2 166 200	1 700 000
Housing Development Fund		22 280
Asset Financing Reserve		38 221
<b>Total contributions to provisions</b>	<b>2 166 200</b>	<b>1 760 501</b>
<b>Contributions to/(from) Reserves</b>		
Self-Insurance Reserve		106 000

Staff leave is an accrual and the full staff leave obligation at year end has been raised as a current liability regardless how the obligation will be settled at a future date. See note 7.

	30 June 2005	30 June 2004
	R	R
<b>29. CORRECTION OF ERROR</b>		
During the year ended 30 June 2004 a VAT audit was performed in respect of that and previous years. The audit resulted in additional income which was not recognised as revenue.		
The comparative amount has been restated as follows:		
Correction of income		1 072 090
<b>Net effect on surplus/(deficit) for the year</b>		<b>1 072 090</b>

	30 June 2005	30 June 2004
	R	R
<b>30. CASH GENERATED BY OPERATIONS</b>		
<b>Net surplus for the year</b>	<b>46 854 395</b>	<b>(15 401 972)</b>
Adjustment for:		
Depreciation charges	38 839 575	32 744 486
Gain on disposal of property, plant and equipment	(217 962)	(168 488)
Contributions to provisions		1 760 500
Contributions to bad debt	(2 803 861)	889 185
Contribution to Insurance Reserve		106 000
Interest received	(18 060 940)	(5 666 185)
Interest paid	21 041 026	19 204 703
Non-operating income	22 507 797	80 416 488
Non-operating expenditure	(6 627 238)	(23 485 545)
<b>Operating surplus before working capital changes</b>	<b>101 532 790</b>	<b>90 399 172</b>
(Increase)/decrease in inventories	(991 308)	215 013
(Increase)/decrease in debtors	684 740	(2 663 495)
(Increase)/decrease in other debtors	1 834 355	9 019 222
Increase/(decrease) in creditors	(2 167 593)	9 799 199
Increase/(decrease) in contingent liabilities		(369 031)
<b>Cash generated by operations</b>	<b>100 892 984</b>	<b>106 400 080</b>

	30 June 2005	30 June 2004
	R	R
<b>31. CASH AND CASH EQUIVALENTS</b>		
Balance at the end of the year	25 714 909	37 239 035
Balance at the beginning of the year	62 648 232	25 714 909
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>36 933 323</b>	<b>(11 524 126)</b>

	30 June 2005	30 June 2004
	R	R
<b>32. UTILIZATION OF LONG TERM LIABILITIES RECONCILIATION</b>		
Long term liabilities (see note 4)	(139 560 174)	(117 767 668)
Used to finance property, plant and equipment at cost	137 082 631	115 461 974
<b>Sub-Total</b>	<b>(2 477 543)</b>	<b>(2 305 694)</b>
Cash set aside for the repayment of long term liabilities (see note 11)	46 849 425	43 375 949
Cash set aside for the acquiring of property, plant & equipment	2 477 543	2 305 694
<b>Cash invested for the repayment of long term liabilities</b>	<b>46 849 425</b>	<b>43 375 949</b>

	30 June 2005	30 June 2004
	R	R
<b>33. CAPITAL COMMITMENTS</b>		
Commitments in respect of capital:		
<b>Approved and contracted for</b>	<b>2 468 512</b>	<b>10 068 948</b>
Infrastructure	230 000	868 948
Other: land and buildings	195 866	9 200 000
Specialised vehicles	1 800 000	
Other: information technology	242 646	
<b>Approved but not yet contracted for</b>	<b>4 376 693</b>	<b>533 995</b>
Infrastructure	725 243	283 995
Other: land and buildings	314 650	
Other: information technology	31 800	250 000
Community halls	3 305 000	
<b>Total</b>	<b><u>6 845 205</u></b>	<b><u>10 602 943</u></b>

	30 June 2005	30 June 2004
	R	R
<b>34. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT, 2003</b>		
<b><i>Section 125(1)(b)</i></b>		
▪ <b>Contribution to SALGA</b>		
Opening balance		
Council membership fees payable	503 227	366 800
Amount paid current year	(503 227)	(366 800)
Amount paid previous		
<b>Balance unpaid (included in creditors)</b>	<b><u>                    </u></b>	<b><u>                    </u></b>
<b><i>Section 125(1)(c)</i></b>		
▪ <b>Audit Fees</b>		
Opening balance		
Council membership fees payable	308 227	230 066
Amount paid current year	(308 227)	(230 066)
Amount paid previous		
<b>Balance unpaid (included in creditors)</b>	<b><u>                    </u></b>	<b><u>                    </u></b>

	30 June 2005	30 June 2004
	R	R
▪ <b>VAT</b>		
<b>Output Tax</b>		
Opening balance	(2 495 731)	(2 530 995)
Closing balance	(2 694 535)	(2 495 731)
<b>Input Tax</b>		
Opening balance	826 949	732 076
Amount received from SARS	(826 949)	(732 076)
Amount payable to SARS	11 818 906	10 236 396
Amount paid current year	(11 818 906)	(10 236 396)
Amount refundable		826 949
<b>Balance outstanding (to)/from SARS</b>	826 949	826 949
<p>VAT is payable on the receipt basis. Only once payment is received from debtors is VAT paid over to SARS. VAT input receivables and VAT output receivable are shown in notes 14 and 7 respectively. All VAT returns have been submitted by the due date throughout the year.</p>		
▪ <b>Pay as You Earn (PAYE)</b>		
Opening balance		
Current payroll deductions	11 687 267	10 651 959
Amount paid current year	(11 687 267)	(10 651 959)
<b>Balance unpaid</b>	-	-
▪ <b>Unemployment Insurance Fund (UIF)</b>		
Opening balance		
Current payroll deductions	1 453 673	1 335 950
Amount paid current year	(1 453 673)	(1 335 950)
<b>Balance unpaid</b>	-	-
▪ <b>Medical Aid</b>		
Opening balance		
Current payroll deductions	6 741 720	6 914 252
Amount paid current year	(6 741 720)	(6 914 252)
<b>Balance unpaid</b>	-	-

	30 June 2005	30 June 2004
	R	R
<b>Pension Fund</b>		
Opening balance		
Current payroll deductions	19 428 199	16 767 043
Amount paid current year	(19 428 199)	(16 767 043)
<b>Balance unpaid</b>	<u><u>                    </u></u>	<u><u>                    </u></u>
<b>Disclosure of concerning councillors</b>		
Councillor J.B. Mayaba Account 18-5057-5-X		4 393
Councillor M.S. Jooma Account 90-1128-9-X	804	
<b>Total</b>	<u><u>804</u></u>	<u><u>4 393</u></u>

In terms of the section, any arrears by individual councillors to the municipality for rates and services, which at any time during the relevant financial was outstanding for more than 90 days, including the names of those councillors must be disclosed. Both the concerning councillors accounts were outstanding on 30 June 2005.

### **Section 64(3)**

#### **Outstanding consumer accounts**

Government institutions

	Arrear	Current	Outstanding 30 June 2005	Outstanding 30 June 2004
Other government institutions	109 412	147 694	257 106	
Department of Public Works (Other)	94 653	72 768	167 421	758 089
Department of Education & Schools	810 115	203 189	1 013 304	1 728 264
Department of Public Works (Roads)	299 076	(144 190)	154 886	76 059
<b>Total</b>	<u><u>1 313 255</u></u>	<u><u>279 461</u></u>	<u><u>1 592 717</u></u>	<u><u>2 562 412</u></u>

In terms of the section, National Treasury was informed of the arrear accounts of schools for periods of more than 30 days.

#### **In-kind donations and assistance**

The municipality received the following in-kind donations and assistance:

Secondment of International Finance Advisor by GTZ for 2 years.

**APPENDIX A**  
**SCHEDULE OF EXTERNAL LOANS**  
as at 30 June 2005

External Loans	Loan No.	Redeemable	Balance at 30 June 2004	Interest paid during the period	Received during the period	Redeemed or written off during the period	Balance at 30 June 2005	Carrying value of Property, Plant & Equipment	Other costs in accordance with the MFMA
			R	R	R	R	R	R	R
<b>LOCAL GOVERNMENT STOCK</b>									
INCA @ 16,40%	MIDD-00-0001	30-06-2006	15 220 000	2 496 080			15 220 000	10 341 473	
<b>Total Local Government Stock</b>			<b>15 220 000</b>	<b>2 496 080</b>			<b>15 220 000</b>	<b>10 341 473</b>	
<b>ANNUITY STOCK</b>									
DBSA @ 13,41%	LALF 15309	31-12-2009	3 568 714	463 405		475 028	3 093 686	1 096 032	
DBSA @ 11,25%	LALF 11902	30-06-2009	136 588	14 781		21 696	114 892	327 755	
DBSA @ 10,05%	LALF 11903	30-06-2007	68 489	6 383		20 638	47 851	157 393	
INCA @ 12,80%	MIDD-00-0003	31-12-2012	27 849 720	3 505 145		1 967 453	25 882 266	20 585 624	
INCA @ 12,35%	MIDD-00-0002	30-09-2006	2 305 723	232 608		946 614	1 359 109		
ABSA @ 14,40%	40 5934 1607	24-11-2011	47 618 433	6 724 316		3 906 840	43 711 593	43 997 102	
INCA @ 12,50%	MIDD-00-0004	30-06-2019		2 480 326	30 000 000	869 225	29 130 775	25 948 032	
<b>Total Annuity Loans</b>			<b>81 547 667</b>	<b>13 426 964</b>	<b>30 000 000</b>	<b>8 207 494</b>	<b>103 340 173</b>	<b>92 111 938</b>	
<b>LEASE LIABILITY</b>									
SCMB @ 15,95%	9705384	07-05-2006	21 000 000	5 117 982			21 000 000	12 382 190	
<b>Total External Loans</b>			<b>117 767 668</b>	<b>21 041 026</b>	<b>30 000 000</b>	<b>8 207 494</b>	<b>139 560 173</b>	<b>114 835 601</b>	

**APPENDIX B**  
**ANALYSIS OF PROPERTY, PLANT & EQUIPMENT**  
for the year ended 30 June 2005

	HISTORICAL COST					ACCUMULATED DEPRECIATION				Carrying Value	Budget Additions 2005
	Opening Balance	Additions	Under Construction	Disposals/Transfers	Closing Balance	Opening Balance	Additions	Disposals/Transfers	Closing Balance		
	R	R		R	R	R	R	R	R		
<b>INFRASTRUCTURE</b>	<b>429 171 510</b>	<b>44 468 569</b>	<b>35 694 471</b>		<b>509 334 550</b>	<b>156 298 422</b>	<b>24 968 172</b>		<b>181 266 594</b>	<b>328 067 955</b>	<b>61 331 710</b>
Roads, pavements, bridges & stormwater	159 577 600	23 004 860	32 517 638		215 100 098	65 226 284	11 854 323		77 080 607	138 019 491	26 937 400
Water reservoirs & reticulation	94 034 972	6 560 215			100 595 187	41 391 869	4 517 404		45 909 273	54 685 914	8 352 595
Car parks, bus terminals & taxi ranks	1 653 530	329 215	75 000		2 057 745	575 986	237 554		813 540	1 244 205	100 000
Electricity reticulation	109 782 151	10 657 099	2 884 701		123 323 951	29 269 311	5 493 055		34 762 366	88 561 585	11 423 955
Sewerage purification & reticulation	40 594 880	882 843	17 724		41 495 447	12 846 986	1 748 450		14 595 436	26 900 011	5 135 760
Housing	9 464 437	(40 799)			9 423 638	3 851 159	247 376		4 098 535	5 325 103	
Street lighting	8 749 016	2 589 511	18 808		11 357 335	1 737 108	575 137		2 312 245	9 045 090	7 979 000
Refuse sites	2 184 698	(915 582)	180 600		1 449 716	409 935	(54 027)		355 908	1 093 808	315 000
Other (town planning & development)	3 130 226	1 401 207			4 531 433	989 784	348 900		1 338 684	3 192 749	1 088 000
<b>COMMUNITY ASSETS</b>	<b>29 147 258</b>	<b>1 046 254</b>	<b>43 810</b>		<b>30 237 322</b>	<b>8 485 580</b>	<b>382 988</b>		<b>8 868 568</b>	<b>21 368 754</b>	<b>7 683 920</b>
Establishment of parks & gardens	8 033 561	(215 685)			7 817 876	2 216 945	263 433		2 480 378	5 337 498	615 000
Sports fields	3 922 615	(990 224)	43 810		2 976 201	1 136 676	(42 625)		1 094 051	1 882 150	110 000
Community halls	2 555 985	(352 618)			2 203 367	487 543	31 926		519 469	1 683 898	3 305 000
Libraries	4 162 405	(190 109)			3 972 296	1 793 201	(231 070)		1 562 131	2 410 165	86 500
Recreational facilities	3 438 156	382 621			3 820 777	1 465 052	138 769		1 603 821	2 216 956	370 000
Clinics	3 785 362	126 481			3 911 843	341 937	121 631		463 568	3 448 275	200 000
Museums & art galleries	422 206				422 206	154 510	14 412		168 922	253 284	
Other (fire services & cemeteries)	2 826 968	2 285 788			5 112 756	889 716	86 511		976 227	4 136 529	2 997 420
<b>OTHER ASSETS</b>	<b>126 753 803</b>	<b>21 376 087</b>	<b>4 417 780</b>	<b>68 825</b>	<b>152 478 845</b>	<b>57 520 792</b>	<b>12 444 093</b>	<b>68 825</b>	<b>69 896 060</b>	<b>82 582 785</b>	<b>22 340 890</b>
Other motor vehicles	20 661 580	701 344		68 825	21 294 099	10 469 024	1 723 203	68 825	12 123 402	9 170 697	2 203 500
Plant & equipment	34 664 622	6 334 190	4 134		41 002 945	19 594 128	4 600 185		24 194 313	16 808 633	7 187 333
Office equipment	3 858 181	607 191			4 465 372	3 270 159	711 935		3 982 094	483 278	419 502
Security measures (including fencing)	4 287 146	524 019			4 811 165	2 655 152	588 936		3 244 088	1 567 077	467 040
Civic land & buildings	34 494 051	9 028 640			43 522 691	8 732 617	1 138 758		9 871 375	33 651 316	9 475 000
Other land & buildings	13 443 106	1 570 249	4 341 292		19 354 647	2 910 991	680 329		3 591 320	15 763 327	40 000
Other (including IT)	15 345 117	2 610 455	72 354		18 027 926	9 888 721	3 000 748		12 889 469	5 138 457	2 548 515
<b>SPECIALISED VEHICLES</b>	<b>12 591 437</b>	<b>1 778 121</b>		<b>258 826</b>	<b>14 110 732</b>	<b>3 947 269</b>	<b>1 371 972</b>	<b>258 826</b>	<b>5 060 415</b>	<b>9 050 317</b>	<b>3 086 000</b>
Refuse	6 912 776	1 592 954			8 505 730	2 584 597	807 458		3 392 055	5 113 675	1 100 000
Fire	5 678 661	185 167		258 826	5 605 002	1 362 672	564 514	258 826	1 668 360	3 936 642	1 986 000
<b>TOTAL</b>	<b>597 664 008</b>	<b>68 669 031</b>	<b>40 156 061</b>	<b>327 651</b>	<b>706 161 450</b>	<b>226 252 063</b>	<b>39 167 226</b>	<b>327 651</b>	<b>265 091 637</b>	<b>441 069 813</b>	<b>94 442 520</b>



**APPENDIX C**  
**SEGMENTAL ANALYSIS OF PROPERTY, PLANT & EQUIPMENT**  
for the year ended 30 June 2005

	HISTORICAL COST				ACCUMULATED DEPRECIATION				Carrying Value	Budget Additions 2005	
	Opening Balance	Additions	Under Construction	Disposals/Transfers	Closing Balance	Opening Balance	Additions	Disposals/Transfers			Closing Balance
	R	R	R	R	R	R	R	R	R	R	
<b>EXECUTIVE COUNCIL</b>	<b>1 414 803</b>	<b>16 324</b>			<b>1 431 127</b>	<b>1 090 353</b>	<b>(233 189)</b>		<b>857 164</b>	<b>573 963</b>	<b>674 030</b>
Executive Council	1 414 803	16 324			1 431 127	1 090 353	(233 189)		857 164	573 963	674 030
<b>FINANCE &amp; ADMINISTRATION</b>	<b>58 064 086</b>	<b>12 871 220</b>	<b>4 345 426</b>	<b>68 825</b>	<b>75 211 907</b>	<b>24 608 569</b>	<b>5 590 508</b>	<b>68 825</b>	<b>30 130 252</b>	<b>45 081 655</b>	<b>10 979 348</b>
Finance	3 529 485	65 613			3 595 098	2 597 043	296 907		2 893 950	701 149	493 400
Information technology	3 881 441	2 674 316			6 555 757	2 463 874	2 347 897		4 811 771	1 743 985	453 435
Human resources	209 394	11 460			220 854	191 981	19 018		210 999	9 855	73 710
Property services	41 397 287	8 603 918	4 345 426		54 346 631	13 411 955	1 770 316		15 182 271	39 164 360	9 415 800
Other & admin	9 046 479	1 515 912		68 825	10 493 566	5 943 716	1 156 369	68 825	7 031 260	3 462 306	543 003
<b>PLANNING &amp; DEVELOPMENT</b>	<b>3 755 448</b>	<b>2 364 610</b>			<b>6 120 058</b>	<b>902 553</b>	<b>703 791</b>		<b>1 606 344</b>	<b>4 513 714</b>	<b>1 824 500</b>
Planning & development	3 755 448	2 364 610			6 120 058	902 553	703 791		1 606 344	4 513 714	1 824 500
<b>ROAD TRANSPORT</b>	<b>170 992 673</b>	<b>21 291 817</b>	<b>32 592 638</b>		<b>224 807 128</b>	<b>71 768 954</b>	<b>13 767 946</b>		<b>85 536 900</b>	<b>139 270 227</b>	<b>27 337 669</b>
Vehicle licensing & testing	10 220 238	(1 364 228)			8 856 010	5 553 340	(234 238)		5 319 102	3 536 907	1 616 069
Roads & stormwater	159 702 596	22 051 817	32 595 638		214 347 051	65 992 439	13 570 676		79 563 115	134 783 936	25 721 600
Roads other	999 839	604 228			1 604 067	223 175	431 508		654 683	949 384	
<b>HEALTH</b>	<b>6 513 447</b>	<b>466 250</b>	<b>72 354</b>		<b>7 052 051</b>	<b>1 790 826</b>	<b>532 907</b>		<b>2 323 733</b>	<b>4 728 318</b>	<b>887 540</b>
Clinics	5 720 328	216 619	72 354		6 009 301	1 575 868	374 181		1 950 049	4 059 252	500 700
Health other	793 119	249 631			1 042 750	214 958	158 726		373 684	669 066	386 840
<b>COMMUNITY &amp; SOCIAL SERVICES</b>	<b>10 753 890</b>	<b>3 984 531</b>			<b>14 738 421</b>	<b>3 947 528</b>	<b>435 295</b>		<b>4 382 823</b>	<b>10 355 598</b>	<b>7 748 260</b>
Libraries & archives	4 898 428	516 622			5 415 050	2 315 843	358 782		2 674 625	2 740 425	619 080
Community halls & facilities	3 051 485	(40 541)			3 010 944	866 013	(42 199)		823 814	2 187 131	3 531 960
Cemeteries & crematoriums	2 803 977	3 508 450			6 312 427	765 672	118 713		884 385	5 428 042	3 597 220
<b>PUBLIC SAFETY</b>	<b>9 451 220</b>	<b>2 713 154</b>		<b>258 826</b>	<b>11 905 548</b>	<b>3 310 237</b>	<b>1 030 148</b>	<b>258 826</b>	<b>4 081 559</b>	<b>7 823 990</b>	<b>2 826 860</b>
Fire	9 451 220	2 713 154		258 826	11 905 548	3 310 237	1 030 148	258 826	4 081 559	7 823 990	2 826 860
<b>SPORT &amp; RECREATION</b>	<b>35 375 779</b>	<b>3 252 251</b>	<b>43 810</b>		<b>38 671 840</b>	<b>13 906 985</b>	<b>2 757 576</b>		<b>16 664 561</b>	<b>22 007 278</b>	<b>3 210 745</b>
Sport & recreation	35 375 779	3 252 251	43 810		38 671 840	13 906 985	2 757 576		16 664 561	22 007 278	3 210 745
<b>WASTE WATER MANAGEMENT</b>	<b>46 180 943</b>	<b>2 362 661</b>	<b>17 724</b>		<b>48 561 328</b>	<b>14 639 194</b>	<b>1 641 385</b>		<b>16 280 579</b>	<b>32 280 749</b>	<b>6058 920</b>
Sewerage	46 052 294	2 362 661	17 724		48 432 679	14 606 329	1 634 953		16 241 282	32 191 397	6 058 920
Public toilets	128 649				128 649	32 865	6 432		39 297	89 352	
<b>WASTE MANAGEMENT</b>	<b>14 234 839</b>	<b>1 033 420</b>	<b>180 600</b>		<b>15 448 859</b>	<b>5 455 462</b>	<b>800 043</b>		<b>6 255 505</b>	<b>9 193 354</b>	<b>1 780 150</b>
Solid waste	14 234 839	1 033 420	180 600		15 448 859	5 455 462	800 043		6 255 505	9 193 354	1 780 150
<b>HOUSING</b>	<b>9 958 505</b>	<b>159 215</b>			<b>10 117 720</b>	<b>4 783 401</b>	<b>387 370</b>		<b>5 170 771</b>	<b>4 946 949</b>	<b>149 038</b>
Housing	9 958 505	159 215			10 117 720	4 783 401	387 370		5 170 771	4 946 949	149 038
<b>WATER</b>	<b>98 882 031</b>	<b>6 635 226</b>			<b>105 517 257</b>	<b>43 172 345</b>	<b>4 659 363</b>		<b>47 831 708</b>	<b>57 685 550</b>	<b>9 403 630</b>
Water distribution	69 032 135	6 039 393			75 071 528	25 140 316	3 471 567		28 611 883	46 459 646	6 772 496
Water storage	29 849 896	595 833			30 445 729	18 032 029	1 187 796		19 219 825	11 225 904	2 631 134
<b>ELECTRICITY</b>	<b>132 156 344</b>	<b>11 518 352</b>	<b>2 903 509</b>		<b>146 578 204</b>	<b>36 875 656</b>	<b>7 094 082</b>		<b>43 969 738</b>	<b>102 608 466</b>	<b>21 561 830</b>
Electricity distribution	124 913 499	9 968 531	2 884 701		137 766 730	35 629 580	6 806 520		42 436 100	95 330 630	18 672 830
Street lighting	7 242 845	1 549 821	18 808		8 811 474	1 246 076	287 562		1 533 638	7 277 836	2 889 000
<b>TOTAL</b>	<b>597 664 008</b>	<b>68 669 031</b>	<b>40 156 061</b>	<b>327 651</b>	<b>706 161 450</b>	<b>226 252 063</b>	<b>39 167 226</b>	<b>327 651</b>	<b>265 091 637</b>	<b>441 069 813</b>	<b>94 442 520</b>

**APPENDIX D**  
**DETAILED SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE**  
for the year ended 30 June 2005

2004 Actual Income	2004 Actual Expenditure	2004 Surplus/ (Deficit)		2005 Budgeted Income	2005 Actual Income	2005 Budgeted Expenditure	2005 Actual Expenditure	2005 Actual Surplus/ (Deficit)
R	R	R		R	R	R	R	R
<b>8 494 839</b>	<b>13 966 779</b>	<b>(5 471 939)</b>	<b>Executive &amp; Council</b>	<b>10 638 416</b>	<b>10 666 468</b>	<b>16 404 862</b>	<b>16 972 919</b>	<b>(6 306 451)</b>
8 494 839	13 966 779	(5 471 939)	Executive & Council	10 638 416	10 666 468	16 404 862	16 972 919	(6 306 451)
<b>111 457 237</b>	<b>49 753 006</b>	<b>61 704 231</b>	<b>Finance &amp; Admin</b>	<b>147 439 343</b>	<b>153 410 922</b>	<b>64 522 528</b>	<b>64 329 356</b>	<b>89 081 566</b>
85 858 240	19 912 692	65 945 548	Finance	116 829 428	124 285 703	25 588 395	26 525 535	97 760 168
2 533 700	2 533 700		Human Resources	3 742 440	3 212 282	3 691 905	3 231 385	(19 103)
2 686 067	2 686 067		Information Technology	3 123 801	2 740 526	3 462 256	3 920 507	(1 179 981)
4 992 056	5 915 623	(923 568)	Property Services	6 075 699	5 925 741	8 586 733	8 032 680	(2 106 939)
15 387 174	18 704 923	(3 317 749)	Other Admin	17 667 975	17 246 669	23 193 239	22 619 249	(5 372 580)
<b>551 557</b>	<b>3 586 885</b>	<b>(3 035 328)</b>	<b>Planning &amp; Development</b>	<b>628 024</b>	<b>2 175 818</b>	<b>4 811 490</b>	<b>4 288 063</b>	<b>(2 112 245)</b>
551 557	3 586 885	(3 035 328)	Planning & Development	628 024	2 175 818	4 811 490	4 288 063	(2 112 245)
<b>4 471 000</b>	<b>8 552 888</b>	<b>(4 081 888)</b>	<b>Health</b>	<b>4 935 745</b>	<b>4 913 406</b>	<b>10 372 905</b>	<b>9 983 140</b>	<b>(5 069 734)</b>
4 292 160	7 159 443	(2 867 283)	Clinics	4 699 915	4 699 942	8 543 757	8 361 341	(3 661 399)
178 840	1 393 445	(1 214 605)	Health Other	235 830	213 464	1 829 148	1 621 799	(1 408 335)
<b>312 392</b>	<b>5 268 775</b>	<b>(4 956 383)</b>	<b>Community Services</b>	<b>538 100</b>	<b>3 349 788</b>	<b>6 199 703</b>	<b>6 113 075</b>	<b>(2 763 288)</b>
76 036	2 537 408	(2 461 372)	Libraries	68 100	223 242	2 978 118	3 061 272	(2 838 030)
46 526	630 216	(583 690)	Community Halls & Facilities	300 000	53 414	851 363	803 441	(750 027)
189 830	2 101 151	(1 911 322)	Cemeteries	170 000	3 073 132	2 370 222	2 248 362	824 770
			Museums & Art Galleries					
<b>1 254 533</b>	<b>2 853 718</b>	<b>(1 599 185)</b>	<b>Housing</b>	<b>487 673</b>	<b>523 913</b>	<b>3 375 545</b>	<b>3 324 058</b>	<b>(2 800 145)</b>
1 254 533	2 853 718	(1 599 185)	Housing	487 673	523 913	3 375 545	3 324 058	(2 800 145)
<b>173 772</b>	<b>5 989 954</b>	<b>(5 816 182)</b>	<b>Public Safety</b>	<b>207 850</b>	<b>2 639 470</b>	<b>7 826 675</b>	<b>7 760 165</b>	<b>(5 120 695)</b>
173 772	5 989 954	(5 816 182)	Fire Services	207 850	2 639 470	7 826 675	7 760 165	(5 120 695)
			Other					

2004 Actual Income	2004 Actual Expenditure	2004 Surplus/ (Deficit)		2005 Budgeted Income	2005 Actual Income	2005 Budgeted Expenditure	2005 Actual Expenditure	2005 Actual Surplus/ (Deficit)
R	R	R		R	R	R	R	R
<b>4 333 575</b>	<b>23 004 022</b>	<b>(18 670 448)</b>	<b>Parks &amp; Recreation</b>	<b>4 456 338</b>	<b>4 496 879</b>	<b>27 595 219</b>	<b>25 177 263</b>	<b>(20 680 384)</b>
4 333 575	23 004 022	(18 670 448)	Parks & Recreation	4 456 338	4 496 879	27 595 219	25 177 263	(20 680 384)
<b>36 896 667</b>	<b>30 578 739</b>	<b>6 317 928</b>	<b>Waste Management</b>	<b>37 922 938</b>	<b>41 185 720</b>	<b>36 762 218</b>	<b>36 045 295</b>	<b>5 140 425</b>
18 324 015	12 975 228	5 348 787	Sewerage	18 500 208	20 699 709	16 325 414	15 956 862	4 742 847
	523 340	(523 340)	Public Toilets			690 229	690 193	(690 193)
18 572 652	17 080 172	1 492 480	Refuse Removal	19 422 730	20 486 011	19 746 575	19 398 239	1 087 772
<b>10 168 505</b>	<b>38 285 811</b>	<b>(28 117 306)</b>	<b>Roads Transport</b>	<b>9 520 060</b>	<b>18 733 447</b>	<b>46 620 442</b>	<b>46 167 598</b>	<b>(27 434 151)</b>
970 689	24 699 876	(23 729 187)	Roads	38 000	8 817 503	29 742 827	30 109 585	(21 292 082)
9 159 960	13 022 854	(3 862 894)	Vehicle Licenses & Traffic	9 445 460	9 879 337	16 165 119	15 315 095	(5 435 758)
37 856	563 081	(525 225)	Transport Other	36 600	36 606	712 496	742 918	(706 312)
<b>25 167 694</b>	<b>18 316 547</b>	<b>6 851 147</b>	<b>Water</b>	<b>27 329 352</b>	<b>30 106 625</b>	<b>24 423 297</b>	<b>22 895 407</b>	<b>7 211 218</b>
25 167 694	10 636 767	14 530 927	Water Distribution	27 329 352	29 923 640	14 343 936	13 853 741	16 069 899
	7 679 780	(7 679 780)	Water Purification		182 985	10 079 361	9 041 666	(8 858 681)
<b>99 497 174</b>	<b>88 746 343</b>	<b>10 750 831</b>	<b>Electricity</b>	<b>107 404 457</b>	<b>113 755 096</b>	<b>98 104 404</b>	<b>96 046 819</b>	<b>17 708 278</b>
99 497 174	84 775 956	14 721 218	Electricity Distribution	107 404 457	112 424 904	93 786 643	91 908 277	20 516 627
	3 970 387	(3 970 387)	Street Lighting		1 330 192	4 317 761	4 138 542	(2 808 350)
<b>302 778 946</b>	<b>288 903 467</b>	<b>13 875 479</b>	<b>Sub-Total</b>	<b>351 508 296</b>	<b>385 957 553</b>	<b>347 019 288</b>	<b>339 103 158</b>	<b>46 854 395</b>
<b>42 120 298</b>	<b>(42 120 298)</b>		Less: Inter-Departmental Charges	<b>(51 700 526)</b>	<b>(47 748 098)</b>	<b>(51 700 526)</b>	<b>(47 748 098)</b>	
<b>260 658 648</b>	<b>246 783 169</b>	<b>13 875 479</b>	<b>Total</b>	<b>299 807 770</b>	<b>338 209 455</b>	<b>295 318 762</b>	<b>291 355 060</b>	<b>46 854 395</b>
		(29 277 452)	Appropriation for the year					
		<b>(15 401 972)</b>						

**APPENDIX E**  
**ACTUAL OPERATING VERSUS BUDGET**  
for the year ended 30 June 2005

	2005 Actual R	2005 Budget R	2005 Variance R	2005 Variance %	Explanations of significant variances greater than 10% versus budget
<b>REVENUE</b>					
Property rates	73 622 475	73 706 224	(83 749)	(0,11)	
Service charges : Electricity	97 385 320	95 903 402	1 481 918	1,55	
Refuse removal	16 876 419	15 939 785	936 634	5,88	
Sewerage	17 099 749	16 454 076	645 673	3,92	
Water	24 875 200	25 359 820	(484 620)	(1,91)	
Rental of facilities and equipment	2 239 745	2 069 098	170 647	8,25	
Interest earned – external investments	15 467 199	9 680 000	5 787 199	59,79	Interest received on zero bond investments was not included in the budget, but due to changes in accounting standards, it is recognized as revenue.
Interest earned – outstanding debtors	2 593 742	2 441 805	151 937	6,22	
Fines	3 699 497	3 562 078	137 419	3,86	
Licenses & permits	2 495 880	2 305 800	190 080	8,24	
Revenue for agency services	3 740 977	3 600 000	140 977	3,92	
Government grants & subsidies – operating	23 997 017	23 310 745	686 272	2,94	
Government grants & subsidies – capital	9 405 061		9 405 061	100	Grants received were not included in the budget, but due to changes in accounting standards, it is recognized as revenue.
Public contributions, donated and contributed property, plant and equipment	16 154 589		16 154 589	100	Donated property, plant and equipment received were not included in the budget, but due to changes in accounting standards, it is recognized as revenue.
Other revenue	28 338 624	25 259 937	3 078 687	12,19	More revenue for coal reserves was received than budgeted for and there were more bulk connections than anticipated.
Gains on disposal of property, plant & equipment	217 962	215 000	2 962	1,38	
<b>Total Revenue</b>	<b>338 209 455</b>	<b>299 807 770</b>	<b>38 401 685</b>	<b>12,81</b>	

	2005 Actual R	2005 Budget R	2005 Variance R	2005 Variance %	Explanations of significant variances greater than 10% versus budget
<b>EXPENDITURE</b>					
Employee related costs	98 553 151	100 782 424	(2 229 273)	(2,21)	
Remuneration of councillors	5 650 017	5 643 625	6 392	0,11	
Bad debts	5 997 382	2 939 084	3 058 298	104,06	Additional provision for bad debts was made in terms of the accounting policy. This was previously done under appropriations, but due to the change in accounting standards, these additional provisions must be expensed in the statement of financial performance.
Collection costs	125 385	161 685	(36 300)	(22,45)	Less collection cost was paid to debt collectors than what was expected.
Depreciation	39 167 226	38 012 824	1 154 402	3,04	
Repairs & maintenance	15 879 782	17 305 584	(1 425 802)	(8,24)	
Interest of external borrowings	21 041 026	21 025 400	15 626	0,07	
Bulk purchases : Electricity	55 367 310	56 248 860	(881 550)	(1,57)	
Water	2 389 937	2 986 600	(596 663)	(19,98)	Due to lower consumption, less water was purchased.
Contracted services	6 025 697	6 635 645	(609 948)	(9,19)	
Grants & subsidies paid	381 687	611 878	(230 191)	(37,62)	In terms of Council's policy, grants can only be paid to registered umbrella organizations. Not all of the organizations which were budgeted for managed to register and could no payments be made.
General expenses	38 610 260	41 590 153	(2 979 893)	(7,16)	
Loss on disposal of property, plant & equipment					
Contributions to/(transfers from) provisions	2 166 200	1 375 000	791 200	57,54	Additional provision for staff leave was made in terms of the accounting policy. This was previously done under appropriations, but due to the change in accounting standards, these additional provisions must be expensed in the statement of financial performance.
<b>Total Expenditure</b>	<b>291 355 060</b>	<b>295 318 762</b>	<b>(3 963 702)</b>	<b>(1,34)</b>	
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>46 854 395</b>	<b>4 489 008</b>	<b>42 365 387</b>	<b>943,76</b>	

**APPENDIX F**  
**ACTUAL CAPITAL VERSUS BUDGET**  
for the year ended 30 June 2005

	2005 Actual R	2005 Under Construction R	2005 Total Additions R	2005 Budget R	2005 Variance R	2005 Variance %	Explanations of significant variances greater than 5% versus budget
<b>INFRASTRUCTURE</b>	<b>44 362 878</b>	<b>35 694 471</b>	<b>80 057 349</b>	<b>61 331 710</b>	<b>18 725 639</b>	<b>30,53</b>	
Roads, pavements, bridges & stormwater	23 025 892	32 517 638	55 543 530	26 937 400	28 606 130	106,19	Work in progress on TDS accounts were capitalized but not included in the budget.
Water reservoirs & reticulation	6 388 971		6 388 971	8 352 595	(1 963 624)	(23,51)	R2 000 000 was provided for water treatment plant at Vaalbank to be financed by Nkangala District Municipality (NDM) which has not realized yet.
Car parks, bus terminals & taxi ranks	99 373	75 000	174 373	100 000	74 373	74,37	Work in progress on TDS accounts were capitalized but not included in the budget.
Electricity reticulation	8 809 438	2 884 701	11 694 139	11 423 955	270 184	2,37	
Sewerage purification & reticulation	2 747 365	17,724	2 765 089	5 135 760	(2 370 671)	(46,16)	NDM projects in various rural areas for biological toilets rolled over to next financial year.
Housing							
Street lighting	1 549 821	18 808	1 568 629	7 979 000	(6 410 371)	(80,34)	NDM projects for highmast lights to the amount of R6 600 000 were rolled over to next financial year.
Refuse Sites		180 600	180 600	315 000	(134 400)	(42,67)	The project for a refuse transfer station financed by MIG was only partially completed.
Other (town planning & development)	1 742 018		1 742 018	1 088 000	654 018	60,11	Town planning cost for the 24 hour control centre financed from NDM was capitalized not included in the budget.
<b>COMMUNITY ASSETS</b>	<b>3 299 031</b>	<b>43 810</b>	<b>3 342 841</b>	<b>7 683 920</b>	<b>(4 341 079)</b>	<b>(56,50)</b>	
Establishment of parks & gardens	123 363		123 363	615 000	(491 637)	(79,94)	Budget amounts were for the establishment of parks and gardens but included assets capitalized under plant and equipment.
Sports fields	109 597	43 810	153 407	110 000	43 407	39,46	Work in progress on TDS accounts were capitalized but not included in the budget.
Community halls				3 305 000	(3 305 000)	(100)	Erection of banquet hall and community hall in extension 5 carried over to the next financial year.
Libraries	169 253		169 253	86 500	82 753	95,67	Asset type code on budget incorrect but capitalized correctly.
Recreational facilities	396 114		396 114	370 000	26,114	7,06	
Clinics	199 454		199 454	200 000	(546)	(0,27)	
Museums & art galleries							
Other (fire services & cemeteries)	2 301 250		2 301 250	2 997 420	(696 170)	23,23)	Roads and paving at cemeteries were budgeted under cemeteries, but capitalized under roads.

	2005 Actual R	2005 Under Construction R	2005 Total Additions R	2005 Budget R	2005 Variance R	2005 Variance %	Explanations of significant variances greater than 5% versus budget
<b>OTHER ASSETS</b>	<b>19 761 149</b>	<b>4 417 780</b>	<b>24 178 929</b>	<b>22 340 890</b>	<b>1 838 039</b>	<b>8,23</b>	
Other motor vehicles	1 988 360		1 988 360	2 203 500	(215 140)	(9,76)	Savings realized with the purchase of vehicles.
Plant & equipment	4 741 542	4 134	4 745 676	7 187 333	(2 441 657)	(33,97)	Savings realized with the purchase of equipment and NDM project for fire equipment to the amount of R450 000 was rolled over to next financial year.
Office equipment	588 995		588 995	419 502	169 493	40,40	Furniture and office equipment for the Hendrina Fire Station donated by NDM was not included in the budget.
Security measures (including fencing)	523 698		523 698	467 040	56 658	12,13	Alarm systems was budgeted for under plant and equipment and concrete fencing under recreational facilities, but capitalized under security measures.
Civic land & buildings	9 157 966		9 157 966	9 475 000	(317 034)	(3,35)	
Other land & buildings	225 586	4 341 292	4 566 878	40 000	4 526 878	11 317,20	Work in progress on TDS accounts were capitalized but not included in the budget.
Other (IT related)	2 535 002	72 354	2 607 356	2 548 515	58,841	2,31	
<b>SPECIALISED VEHICLES</b>	<b>1 245 975</b>		<b>1 245 975</b>	<b>3 086 000</b>	<b>(1 840 025)</b>	<b>(59,62)</b>	
Refuse	1 060 808		1 060 808	1 100 000	(39 192)	(3,56)	
Fire	185 167		185 617	1 986 000	(1 800 833)	(90 68)	The purchase of a fire rescue vehicle is carried over to the next financial year.
<b>TOTAL</b>	<b>68 669 033</b>	<b>40 156 061</b>	<b>108 825 094</b>	<b>94 442 520</b>	<b>14 382 574</b>	<b>15,23</b>	