

BALANCE SHEET AT 30 JUNE 2004

	Notes	2003/2004 R	2002/2003 R
CAPITAL EMPLOYED			
FUNDS AND RESERVES			
RESERVES	1	17,505,784	13,947,636
RETAINED SURPLUS / (ACCUMULATES DEFICIT)		41,522,664	40,862,105
		59,028,448	54,809,741
LONG - TERM LIABILITIES	4	25,568,562	25,879,360
		84,597,010	80,689,101
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	2	-	-
INVESTMENTS	3	36,000,000	42,000,000
LONG-TERM DEBTORS	5	1,211,631	1,662,941
PREPAID GRANTS	7	26,169,122	26,199,030
		63,380,753	69,861,971
NETT CURRENT ASSETS / (LIABILITIES)		21,216,257	10,827,130
CURRENT ASSETS		27,542,604	13,690,162
Debtors	6	18,313,708	3,149,187
Cash		8,584,875	9,955,715
Short-term portion of long term debtors	5	644,021	585,260
CURRENT LIABILITIES		(6 326 347)	(2 863 032)
Short-term portion of long-term liabilities	4	(600 560)	(319 670)
Provisions	8	(618 433)	(528 607)
Creditors	9	(5 107 354)	(2 014 755)
		84,597,010	80,689,101

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2004

2002/2003 Actual Income	2002/2003 Actual Expenditure	2002/2003 Surplus (deficit)		2003/2004 Actual Income	2003/2004 Actual Expenditure	2003/2004 Surplus (deficit)	2003/2004 Budget Surplus (deficit)
R	R	R		R	R	R	R
			GENERAL SERVICES				
81,499,167	(51 026 516)	30,472,651	Administration	89,705,257	(46 329 612)	43,375,645	81,210,128
-	(9 463 618)	(9 463 618)	Regional Services	-	(22 534 609)	(22 534 609)	(81 052 596)
-	-	-	Other Expenditure	-	-	-	-
<u>81,499,167</u>	<u>(60 490 134)</u>	<u>21,009,033</u>	TOTAL / TOTAAL	<u>89,705,257</u>	<u>(68,864,221)</u>	<u>20,841,036</u>	<u>157,532</u>
			Appropriations for the year (Note 14)			(20 180 477)	
		3,448,590					
		24,457,623	Net surplus for the year			660,559	
			Unappropriated surplus at the beginning of the year				
		16,404,482				40,862,105	
			UNAPPROPRIATED SURPLUS AT THE END OF THE YEAR				
		40,862,105				41,522,664	

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2003

	Note	2002/2003 R	2001/2002 R
CASH RETAINED FROM OPERATING ACTIVITIES		(7 213 367)	18,597,154
Cash generated by operations	15	3,512,850	20,343,226
Investment income	13	4,190,516	4,543,522
(Increase)/Decrease in working capital	16	(11 699 373)	(4 364 920)
		(3 996 007)	20,521,828
External interest received	13	1,139,214	1,789,199
Less: External interest paid	13	(4 356 574)	(3 713 873)
Cash available from operations		(7 213 367)	18,597,154
Net proceeds from the sale of fixed assets		-	-
CASH UTILISED IN INVESTING ACTIVITIES			
Investment in fixed assets	14	(127 565)	(469 645)
NET CASH FLOW		(7,340,932)	18,127,509
CASH EFFECTS OF FINANCING ACTIVITIES			
(Increase)/decrease in cash investments	17	6,000,000	(23 912 209)
(Increase)/decrease in cash	18	1,370,840	4,802,471
Increase/(decrease) in long - term liabilities	19	(29 908)	982,230
NET CASH (GENERATED)		7,340,932	(18 127 508)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2003/2004	2002/2003
	R	R
1 RESERVE		
Project Reserves	1,986,040	8,424,474
CMIP Reserve	87,138	205,601
DWAF Reserve	5,317,561	5,317,561
CDF Reserve	10,115,045	-
	<u>17,505,784</u>	<u>13,947,636</u>
2 FIXED ASSETS		
Fixed assets at the beginning of the year	7,198,609	5,056,408
Fixed assets acquired or received during the year	4,026,892	2,142,201
	<u>11,225,501</u>	<u>7,198,609</u>
Less: Assets written off, transferred or disposed of during the year	191,958	-
Total Fixed Assets	<u>11,033,543</u>	<u>7,198,609</u>
Less: Loans redeemed and other capital receipts	<u>11,033,543</u>	<u>7,198,609</u>
Net Fixed Assets	<u>-</u>	<u>-</u>
3 INVESTMENTS		
Unlisted		
Cash Deposit	36,000,000	42,000,000
	<u>36,000,000</u>	<u>42,000,000</u>
Market Value / Management valuation		
Unlisted Investments	<u>36,000,000</u>	<u>42,000,000</u>
Average rate of return (gross)	8.61%	12.46%
Investments were made at approved financial institutions in accordance with Section 6 of the Financial Regulations for District Councils promulgated under Government Notice No. R 1524 of 28 June 1991 as amended and section 10G(9)(a) of the Second Amendment Act on the Local Government Transitional Act, Act nr 97, 1996. No investments were written off during the year.		
4 LONG-TERM LIABILITIES		
External loans on behalf of local authorities	26,169,122	26,199,030
Less: Current portion transferred to Current Liabilities	600,560	319,670
	<u>25,568,562</u>	<u>25,879,360</u>
5 LONG-TERM DEBTORS		
Motor loans	1,743,421	2,181,247
Housing loan	112,231	66,954
Less: Short-term portion of long term debtors	(644 021)	(585 260)
	<u>1,211,631</u>	<u>1,662,941</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

	2003/2004 R	2002/2003 R
6 DEBTORS		
Sundry Debtors	18,926,378	3,741,857
Deposits	11,700	11,700
	<u>18,938,078</u>	<u>3,753,557</u>
Less: Provision for bad debts	(624 370)	(604 370)
	<u>18,313,708</u>	<u>3,149,187</u>
Included in debtors is an amount of R 12 305 090.20 from CMIP that was subsequently received on 21 July 2004.		
7 PREPAID GRANTS		
Non-repayable loans	<u>26,169,122</u>	<u>26,199,030</u>
	<u>26,169,122</u>	<u>26,199,030</u>
Grants to local authorities by means of loans for the purpose of subsidy.		
8 PROVISIONS		
Provision for leave payments	618,433	365,933
Provision for Audit Fees	-	162,674
	<u>618,433</u>	<u>528,607</u>
Bad debts written off during the year	-	-
Bad debts as percentage of operating income	0.00%	0.00%
9 CREDITORS		
Sundry	5,107,354	2,014,755
Deposit	-	-
	<u>5,107,354</u>	<u>2,014,755</u>
Included in creditors is the following conditional grants that was not spend at year end:		
	<u>R</u>	
MSIG	668,057	
FM grant	1,165,988	
DWAF	500,000	
	<u>2,334,045</u>	
10 REGIONAL SERVICES AND -ESTABLISHMENT LEVIES		
Mining	16,813,304	15,742,786
Commercial	11,361,920	11,661,554
State and Municipal	6,262,123	5,562,744
Agricultural	3,825,588	2,766,746
Other	5,458,565	6,493,437
	<u>43,721,500</u>	<u>42,227,267</u>
Plus: Income not allocated	-	813,331
Less: Reimbursements	-	643,489
	<u>-</u>	<u>169,842</u>
	<u>43,721,500</u>	<u>42,397,109</u>
The basic tariffs since 1 January 1990 are 0,25% on salaries and drawings and 0,10% on turnover. Levypayers are exempted from payment of such levy if the amount payable is R 50 or less per annum.		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

	2003/2004 R	2002/2003 R
11 COUNCILLORS REMUNERATION		
PER ANNUM		
Mayor	406,819	386,506
PER ANNUM		
Speaker	335,108	346,835
Mayoral Committee	2,214,247	2,044,095
Councillors	1,044,283	927,615
Total for the year	<u>4,000,457</u>	<u>3,705,051</u>
12 AUDITORS REMUNERATION		
Audit Fees		
Current year	401,482	220,000
	<u>401,482</u>	<u>220,000</u>
13 FINANCIAL TRANSACTIONS		
Total external interest earned or paid		
Other interest	57,358	-
Interest late payments	388,616	602,218
Interest car loans	158,579	122,165
Interest housing loans	12,752	9,430
Interest bank account	521,909	1,055,386
Interest earned investments	4,190,516	4,543,522
	<u>5,329,730</u>	<u>6,332,721</u>
External interest paid	<u>4,356,574</u>	<u>3,713,873</u>
14 APPROPRIATIONS		
Appropriation Account		
Unappropriated surplus at the beginning of the year	40,862,105	16,404,482
Operating surplus/(defecit) for the year	20,841,036	21,009,033
Appropriations for the year	(20 180 477)	3,448,590
Prior year adjustments	(5 718 637)	(1 701 932)
Completed projects previous years	1,002	19,703
Dissolving Audit provision	220,000	
Contributing to CDF	(17 006 510)	
Debtors 2002/2003	2,323,668	
Correction previous years: SARS	-	5,130,819
Unappropriated surplus/(deficit) at the end of the year	<u>41,522,664</u>	<u>40,862,105</u>
Operating Account		
Fixed Assets	127,565	469,645
Contributions to	11,050,239	12,226,499
Provision for leave	706,857	415,660
Provision for audit fees	(220 000)	251,047
Project reserve	428,337	5,631,769
CDF	10,115,045	
CMIP	-	103,341
DWAF	-	5,317,561
Provision for bad debts	20,000	507,121
	<u>11,177,804</u>	<u>12,696,144</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

	2003/2004	2002/2003
15 CASH GENERATED BY OPERATIONS		
Operating surplus(defecit) for the year	20,841,036	21,009,033
Adjustments in respect of previous years' operating transactions	(20 180 477)	3,448,590
Appropriations charged agains operating income	11,177,804	12,696,144
Provisions and Reserves	11,050,239	12,226,499
Fixed Assets	127,565	469,645
Investment Income (operating)	(5 329 730)	(6 332 721)
Capital charges		
Interest paid		
- of external loans	4,356,574	3,713,873
Redemption		
- of external loans	325,455	273,516
Non-operating expenditure debited to:		
Assets sold	-	-
Adjustments prepaid grants	(295 547)	(1 255 746)
Provisions and Reserves	(7 382 265)	(13 209 463)
	<u>3,512,850</u>	<u>20,343,226</u>
16 (INCREASE) / DECREASE IN WORKING CAPITAL		
(Increase) / Decrease in debtors	(15 184 521)	(2 946 082)
Increase / (Decrease) in creditors	3,092,599	(774 686)
(Increase) / Decrease in long term debtors	392,549	(644 152)
	<u>(11 699 373)</u>	<u>(4 364 920)</u>
17 (INCREASE) / DECREASE IN CASH INVESTMENTS		
Investments made	(132 000 000)	(130 000 000)
Investments realised	138,000,000	106,087,791
	<u>6,000,000</u>	<u>(23 912 209)</u>
18 (INCREASE) / DECREASE IN CASH ON HAND		
Cash balance beginning of year	9,955,715	14,758,186
Less: Cash balance end of year	8,584,875	9,955,715
	<u>1,370,840</u>	<u>4,802,471</u>
19 INCREASE / (DECREASE) IN LONG - TERM LIABILITIES		
Loans raised	295,547	1,255,746
Loans repaid	(325 455)	(273 516)
	<u>(29 908)</u>	<u>982,230</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

2003/2004 2002/2003

20 RETIREMENT BENEFITS

The personnel are members of the Free State Joint Municipal Pension Fund or the Free State Municipal Provident Fund. According to recent actuarial valuations both funds reflected an actuarial surplus. The Council's contribution to the abovementioned funds for the financial year amounted to R 892 571 (R 646 808 in 2002/2003).

The Councillors are members of the Municipal Councillors Pension Fund. The Council's contribution to the abovementioned fund for the financial year amounted to R 683 342 (R 629 406 in 2002/2003)

21 DOUBTFUL DEBT

The recovery of the following debt of former employees is doubtful:

(a) Mr. T.E. Tengeni: Vehicle/study loan and other debtors	471,094	413,948
(b) Late Mr. F.M.Vanga: Vehicle/study loan	190,430	190,422
	<u>661,524</u>	<u>604,370</u>

Appendix A: Statutory funds, reserves, and provisions

	Balance at 2002.07.01	Contributions during the year	Other income transfer	Expenditure during the year	Balance at 2003.06.30
	R	R	R	R	R
RESERVES					
Project Reserve	8,424,474	428,337	-	6,866,771	1,986,040
CMIP Reserve	205,601	-	-	118,463	87,138
DWAF	5,317,561	-	-	-	5,317,561
CDF		10,115,045			10,115,045
	13,947,636	10,543,382	-	6,985,234	17,505,784
PROVISIONS					
Leave payment	365,933	706,857	(57 326)	397,031	618,433
Audit fees	162,674	-	(162 674)	-	-
	528,607	706,857	(220 000)	397,031	618,433

Appendix B: External loans

EXTERNAL LOANS				Balance at 2003.07.01	Received during the year	Redeemed or written off	Balance at 2004.06.30
				R	R	R	R
LOANS - DBSA							
<i>Loan raised</i>	<i>Interest rate</i>	<i>Loan number</i>	<i>Redeemable</i>				
1,993	10%	1	2,013	2,899,990	-	179,266	2,720,724
9,249							
1,999	15%	2 (a)	2,019	3,626,138	-	1,991	3,624,147
10,942							
1,999	15%	2 (b)	2,019	708,134		389	707,745
10,893							
1,999	15%	2 (c)	2,019	530,189	-	-	530,189
10,891							
1,999	15%	2 (d)	2,019	137,540	-	76	137,464
10,892							
1,999	15%	2 (e)	2,019	1,358,065	-	-	1,358,065
10,894							
1,999	16.50%	3 (a)	2,020	11,347,785	295,547	143,733	11,499,599
13,403							
1,999	16.50%	3 (b)	2,020	3,165,934	-	-	3,165,934
13,619							
1,999	16.50%	3 (c)	2,020	2,425,255	-	-	2,425,255
13,620							
				26,199,030	295,547	325,455	26,169,122

Appendix C: Analysis of fixed assets

Expenditure	SERVICE	Budget	Balance at	Expenditure	Written off or transferred	Balance at
2002/2003		2003/2004	2003.07.01	2003/2004	2003/2004	2004.06.30
R		R	R	R	R	R
	GENERAL SERVICES					
60,700	Administration	100,000	173,174	23,547	34,297	162,424
95,790	Financial Department	40,000	880,116	95,889	73,939	902,066
1,638,718	Council General	-	5,395,753	3,853,927	72,872	9,176,808
59,336	Technical	-	266,872		10,850	256,022
13,860	Executive Mayor	-	59,036		-	59,036
9,386	Speaker	-	64,762	12,509	-	77,271
10,990	Estate and Grounds	40,000	10,990		-	10,990
247,822	Municipal Manager	1,200,000	265,190	36,021	-	301,211
5,599	Mayoral Committee	-	82,716	4,999	-	87,715
<u>2,142,201</u>	TOTAL FIXED ASSETS/TOTALE VASTE BATES	<u>1,380,000</u>	7,198,609	4,026,892	191,958	11,033,543
	<u>LESS:</u>					
	Loans redeemed and other capital receipts		7,198,609	4,026,892	191,958	11,033,543
	Contributions from income		3,970,536	132,325	191,958	3,910,903
	Other sources		3,228,073	3,894,567	-	7,122,640
	NET FIXED ASSETS		-	-	-	-

Appendix D: Analysis of operating income and expenditure for the year ended 30 June 2004

Actual 2002/2003		Actual 2003/2004	Budget 2003/2004
R		R	R
	INCOME		
17,589,358	Government grants - CMIP	16,821,239	14,684,149
2,991,645	Government grants - DCD	2,054,952	2,055,000
10,000,000	Government grants - DWAF	500,000	-
-	Government grants - FM	1,500,000	1,500,000
	CDF	17,006,510	17,006,510
-	Government grants - Transport	57,648	-
-	IDP review	81,200	-
42,038,946	Income from levies	43,721,500	42,092,206
19,951,724	Regional Services	23,540,783	20,085,586
22,087,222	Regional Establishment	20,180,717	22,006,620
42,038,946	Sub-total	43,721,500	42,092,206
	<u>LESS:</u>		
-	Collection cost	-	-
6,332,721	Interest earned	5,329,730	1,280,251
4,543,522	On investments	4,190,516	750,000
602,218	Arrear levies	388,616	227,910
-	Other interest	57,358	-
122,165	Car loans	158,579	102,341
9,430	Housing loans	12,752	-
1,055,386	Interest bank account	521,909	200,000
2,546,497	Other income	2,632,478	2,592,012
2,614	Electricity	241	3,191
19,662	Rent: Dwelling	14,161	12,821
124,221	Sundry	43,076	1,000
2,400,000	Transitional IDP grant	2,575,000	2,575,000
81,499,167		89,705,257	81,210,128

Actual 2002/2003		Actual 2003/2004	Budget 2003/2004
R		R	R
	EXPENDITURE		
7,978,603	Salaries and allowances	10,078,210	13,850,260
46,836,658	General expenses	52,883,194	60,141,471
17,589,359	CMIP	14,477,523	14,684,149
985,206	DCD	2,055,000	2,055,000
10,000,000	DWAF	500,000	-
-	Finance Management Grant	1,500,000	1,500,000
-	Transport	57,648	-
-	IDP Review	26,862	-
8,798,475	General	11,731,552	12,995,812
-	CDF	17,006,510	17,006,510
9,463,618	Grants to local bodies	5,528,099	11,900,000
295,060	Repairs and maintenance	382,107	390,129
3,987,388	Capital charges	4,682,029	4,772,000
469,645	Contributions to fixed assets	127,565	1,380,000
922,780	Contributions	711,116	518,736
	<u>LESS:</u>		
-	Charged out:	-	-
60,490,134	Net expenditure	68,864,221	81,052,596

Appendix E: Detailed income statement for the year ended 30 June 2004

2002/2003 Actual Income	2002/2003 Actual Expenditure	2002/2003 Surplus (deficit)	SERVICE - Section of Act. No. 109 of 1985	2003/2004 Actual Income	2003/2004 Actual Expenditure	2003/2004 Surplus (deficit)	2003/2004 Budget Surplus
R	R	R		R	R	R	R
2,991,645	985,206	2,006,439	Government grants - DCD	2,054,952	2,055,000	(48)	-
17,589,358	17,589,359	(1)	Government grants - CMIP	16,821,239	14,477,523	2,343,716	-
10,000,000	10,000,000	-	Government grants - DWAF	500,000	500,000	-	-
-	-	-	Government grants - FM	1,500,000	1,500,000	-	-
-	-	-	Government grants - Transport	57,648	57,648	-	-
-	-	-	IDP Review	81,200	26,862	54,338	-
8,879,218	22,451,951	(13,572,733)	Administration 12(6)(c)	7,962,208	27,712,579	(19 750 371)	(30 034 674)
42,038,946	-	42,038,946	Levies 12(1)	43,721,500	-	43,721,500	42,092,206
-	9,463,618	(9,463,618)	Local bodies 12(6)(b)	17,006,510	22,534,609	(5 528 099)	(11 900 000)
-	-	-	Regional functions 12(6)(a)	-	-	-	-
<u>81,499,167</u>	<u>60,490,134</u>	<u>21,009,033</u>	TOTAL/TOTAAL	<u>89,705,257</u>	<u>68,864,221</u>	<u>20,841,036</u>	<u>157,532</u>
		3,448,590	Appropriations for the year (Refer to note 14)			(20 180 477)	
		24,457,623	Net surplus(deficit) for the year			660,559	
		16,404,482	Unappropriated surplus (accumulated deficit) at the beginning of the year			40,862,105	
		<u>40,862,105</u>	UNAPPROPRIATED SURPLUS / (ACCUMULATED DEFICIT) AT THE END OF THE YEAR			<u>41,522,664</u>	

Appendix F: Statistical information

	2003/2004	2002/2003
GENERAL STATISTICS		
Population	980,190	980,190
Urban areas	868,190	868,190
Rural areas	112,000	112,000
Registered voters	36,355	36,355
Number of local bodies		
Local authorities	5	5
Number of levypayers	6,735	6,735
Agriculture	1,911	1,911
Mining	48	48
Manufacturing	117	117
Commercial	2,929	2,929
Transport and storage	124	124
Financing	732	732
Community services	608	608
Electricity and water	17	17
Construction	237	237
Other	12	12
Number of Employees	56	50

Debtors + Creditors

Debtors			
VAT		637,908.83	
Transitional grant - LGTG		19,486.91	
CMIP expense		173,201.70	
Salaries		10,651.09	
No proof		25,544.38	
		866,792.91	
Creditors			
Debtors - levies declared		218,728.16	
DBSA		82,291.99	
DAC		14,803.79	
Moddervaal		658,820.42	
Sport + Culture		1,296,219.94	
Pension		6,376.80	
Provident		17,883.30	
TAX		37,166.31	
Mayor donations		4,647.72	
Suspense		-	
		2,336,938.43	##

New Cashflow

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2000					
			Note	1999/2000	1998/1999
				R	R
CASH FLOW FROM OPERATING ACTIVITIES					
	Cash receipts from ratepayers and service users			10	
	Cash paid to employees,councillors and suppliers			(1)	
	Cash generated from operations			8,168,507	14,025,265
	External interest received			-	6,332,721
	External interest paid			-	(3 713 873)
	Nett cash from operating activities			8,168,507	16,644,113
CASH FLOW FROM INVESTING ACTIVITIES					
	Purchase of property,plant and equipment			127,565	(2 142 201)
	Proceeds from disposal of fixed assets			-	-
	Net decrease in investments: fixed deposits			6,000,000	(23 912 209)
	Receipts from long-term debtors			-	
				6,127,565	(26 054 410)
CASH FLOW FROM FINANCING ACTIVITIES					
	New loans raised			295,547	1,255,746
	Loans repaid			(325 455)	(273 516)
	Net cash from financing activities			(29 908)	982,230
	NET INCREASE IN CASH AND CASH EQUIVALENTS			8,266,164	(8 428 067)
	Balance at the end of the year			8,584,875	11,455,715
	Balance at the beginning of the year			9,955,715	21,758,186
	NET INCREASE IN CASH AND CASH EQUIVALENTS			(1 370 840)	(10 302 471)