



**CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30 JUNE 2005**

**2005**



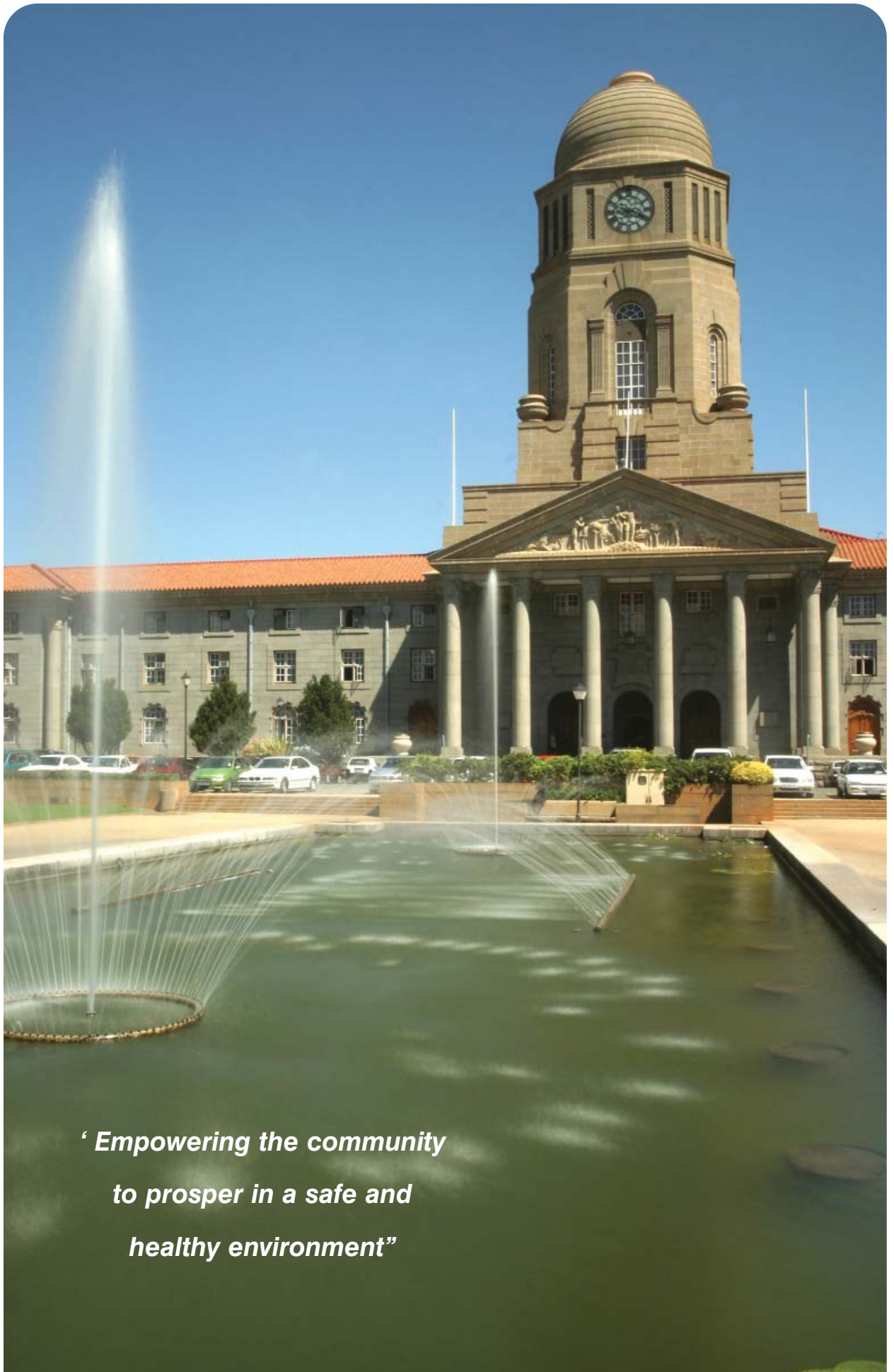


## INDEX

DESCRIPTION	PAGE
• REPORT OF THE AUDITOR GENERAL	5
• REPORT OF THE CHIEF FINANCIAL OFFICER	12
• CERTIFICATION BY THE MUNICIPAL MANAGER	20
• ENTITIES	22
• STATEMENT OF FINANCIAL POSITION	23
• STATEMENT OF FINANCIAL PERFORMANCE	24
• STATEMENT OF CHANGES IN NET ASSETSS	26
• CASH FLOW STATEMENT	28
• ACCOUNTING POLICIES	29
• NOTES TO THE FINANCIAL STATEMENTS	36
• APPENDIX A	56
• APPENDIX B Analysis of property, plant and equipment	58
• APPENDIX C Segmental analysis of property, plant and equipment	64
• APPENDIX D	66
• APPENDIX E (1) ACTUAL OPERATING REVENUE AND EXPENDITURE VERSUS BUDGET (only with regard to parent municipality)	68
• APPENDIX E (2) ACTUAL CAPITAL EXPENDITURE VERSUS BUDGET (only with regard to parent municipality)	70
• APPENDIX F DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 (only with regard to parent municipality)	74



## REPORT OF THE AUDITOR-GENERAL



*‘ Empowering the community  
to prosper in a safe and  
healthy environment’*



# REPORT OF THE AUDITOR-GENERAL

TO COUNCIL ON THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS OF THE CITY OF TSHWANE METROPOLITAN MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2005

## 1. AUDIT ASSIGNMENT

The consolidated financial statements as set out on pages 23 to 75, for the year ended 30 June 2005, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996, read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

## 2. NATURE AND SCOPE

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

An audit includes:

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

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

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

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

## 3. QUALIFICATION

### 3.1 Debtors - R1,8 billion

As a result of the conversion from various legacy systems to the new One Integrated Transaction Processing System (OITPS) there has been a breakdown in the internal control system and procedures with regard to accounting processes followed. This breakdown in controls resulted in certain scope limitations for reconciling material items and balances in respect of the following accounts:

#### 3.1.1 Balances for which not all supporting documentation could be provided:

- |  |             |
|--|-------------|
| • ACB Consumer debtors - General ledger account (GL No.140100) | R53 million |
| • ABSA Direct debits ISU clearing (GL No.113104)               | R44 million |

The detail netting off of the above accounts was only provided for audit purposes on 16 May 2006. The verification thereof for the basis for offsetting will be followed up during the next audit.

#### 3.1.2 Balances arising out of conversion differences:

- |   |             |
|---|-------------|
| • Conversion account - Promise (GL No.960030)   | R 5 million |
| As at 16 May 2006 R 2 million could still not be explained.   |             |
| • Conversion account (GL No.960035)   | R 3 million |
| No supporting documentation to the value of R35 million could be provided for entries in the above account. On 16 May 2006 documentation was made available and will be verified and validated during the next audit. |             |
| • Conversion account - Weed (GL No. 960010)   | R76million  |
| It was not possible to confirm the reconciling items on this account as the details of transactions in electronic schedules supplied cannot be traced to supporting documents.  |             |

#### 3.1.3 Reconciling items for which not all supporting documentation could be provided:

- Transport income account (GL No. 811791):  
A reconciliation between the ticket sales register and the general ledger revealed an unexplained difference of R10 million.
- An amount of R38 million included in the total balance of R315 million for bad debts cannot be supported by a detailed listing.

The above list is not exhaustive and this deterioration could have resulted in other accounting errors not being detected as a result of a lack of monitoring of controls.



# REPORT OF THE AUDITOR-GENERAL

TO COUNCIL ON THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS OF THE CITY OF TSHWANE METROPOLITAN MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2005

## 3.2 Income - R1,3 billion

### 3.2.1 Assessment Rates:

A comprehensive reconciliation between the valuation roll and the relevant billing system regarding assessment rates was not maintained from February 2005 onwards. It is therefore not possible to express an opinion on the completeness or the occurrence of the assessment rates totaling R1 364 million. Management is of the view that compensating controls were in place however these controls could not be tested during the audit as no reliance was placed on controls by audit.

The amount of R11 787 million disclosed as residential property values in note 15 of the financial statements for 2005 could also not be verified. Management has undertaken to ensure that a proper valuation roll reconciliation will be available at 30 June 2006 for the 2005-06 financial year.

## 3.3 Municipal entities

As previously reported, the former councils of the City of Tshwane Metropolitan Municipality established various municipal entities. As per the requirements of the MFMA section 126 (1)(b) - the accounting officer must prepare consolidated annual financial statements including all its municipal entities. Of the total of 26 municipal entities, the municipality has managed to obtain only seven of the municipal entities financial statements for consolidation purposes. This effectively means that the other 19 entities were not consolidated. Tshwane is still in the process of evaluating the purpose and continuation of these 19 entities as many of them are dormant and immaterial to the municipality and consolidated financial statements.

The impact of the unconsolidated entities on the consolidated financial statements could not be determined as a result of the uncertainty.

## 4. AUDIT OPINION

### QUALIFICATION OF AUDIT OPINION

In my opinion, except for the effect on the financial statements of the matters referred to in paragraph 3, the consolidated financial statements fairly present, in all material respects, the consolidated financial position of the City of Tshwane Metropolitan Municipality (the municipality) and its entities at 30 June 2005 and the results of its operations and cash flows for the year ended, in accordance with Generally Accepted Municipal Accounting Practice (GAMAP)/Generally Recognised Accounting Practice (GRAP) and in the manner required by the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA).

## 5. EMPHASIS OF MATTER

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

### 5.1 Property plant and equipment - R 6,4 billion

As stated in the accounting policy, GAMAP 17 was applied to the financial statements regarding property, plant and equipment (PPE) for the first time. The carrying value of assets as at 30 June 2005 were prepared according to the cost of assets, taking into account the depreciation, acquisition and carrying value of purification and transfers.

#### Current year assets

For the current year fixed assets, I was able to perform the required procedures on acquisitions totaling R804 973 590 and which include additions, capital assets under construction and depreciation. For more detail see note 7.7 of the financial statements.

As previously reported, the municipality implemented a comprehensive, fixed-asset register as part of the OITP System (SAP) on 1 January 2005 and a position paper was approved on 31 March 2005 by the Council. The municipality is now in year 1 of a 3-year cycle to purify the data of the fixed asset register. The purification process entails the following:

- Compilation of policies and procedures, revision of asset class structure and modification of business processes to ensure compliance with GAMAP/GRAP.
- Analysis of capital ledger transactions to ensure correct recording thereof on the PPE register.
- Complete verification and take-up of the physical assets with the assistance of the internal departments.
- Purification of the PPE register by merging the two sets of data, again with the assistance of the internal departments.
- Certification and sign-off by each individual internal department.

Previously no one common register for all asset classes existed. Separate registers were maintained for some of the asset classes or per department, most of which were not asset registers but rather maintenance registers.



# REPORT OF THE AUDITOR-GENERAL

TO COUNCIL ON THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS OF THE CITY OF TSHWANE METROPOLITAN MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2005

## Previous years' assets (opening balances)

As a result of the above I am not able to perform all the necessary procedures required on those fixed assets carried forward from the previous years as indicated below:

- Due to the non-existence of a reliable fixed-asset register for previous periods, the completeness of the asset register information could not be confirmed.
- The fixed-asset register is still incomplete due to the fact that the legacy assets taken over from the capital ledgers on to the fixed asset registers appear at globular asset value per classification. To date, no link to individual assets could be found for some globular asset value transactions, to the value of R1, 789 million and which form part of the PPE amount in note 7 of the financial statements.
- The classification of property, plant and equipment, as disclosed in note 7 of the financial statements, are not in all instances according to GAMAP 17 and therefore the nature of the assets could be wrongly reflected in the annual financial statements. The following can be mentioned:
  - The disclosure of note 7.6: Investment Property represents only one transaction at R371 109, while the rest of the assets are included under any of the other asset groups or are recorded at R Nil value.
  - Some infrastructure assets (note 7.1) are recorded at R Nil value.

## 5.2 Bank and cash

The bank reconciliation as at 30 June 2005 has long outstanding items that have not been cleared since 1999. These items are immaterial but need to be mentioned since there is a weakness in the follow up of long outstanding items as required by policies and procedures. Cognisance is however taken of the efforts of management to rectify the situation by taking all long outstanding items to council for them to be written off.

## 5.3 VAT allocation

There are certain weaknesses within the internal control environment with regard to the correct allocation and accounting for Value Added Tax (VAT). Examples of this are VAT on RSC levies not allocated and which was not accounted for in terms of the cash basis. Furthermore output VAT on insurance claims was not paid over to SARS. The above weakness was mainly due to the municipality not complying with the policies and procedures and independent review procedures not being performed. After year-end the municipality implemented the necessary corrective steps.

## 5.4 Inventory

The unregistered stores raised at year-end by means of declarations were not added to the stock sheets and reflect on a weakness in the internal controls over unregistered stores. Disclosure of inventories in terms of the new accounting standards require it to be disclosed in classifications appropriate to the municipality. The accounting system is currently not in a position to generate the classification information. Corrective steps have been taken to ensure compliance with the disclosure requirement in future.

## 5.5 Regional services council (RSC) Levies - R 628 million

The accounting systems, SAP and UNIX that contain all the details of RSC levy payers and RSC 4 declarations, were not reconciled during the financial period. Reconciliations initiated by the municipality after year-end resulted in the differences being reduced to R 57 000.

RSC levies comprised approximately 9 per cent (R 628 million) of the consolidated gross revenue of the municipality for the year under review. It has since been announced that these levies have been scrapped and the impact on the cash flows of the municipality will take effect from 1 July 2006. The long-term impact of the scrapping of these levies on the revenue of the municipality is uncertain.

## 5.6 Distribution losses

### 5.6.1 Water unaccounted for:

Water not accounted for as a percentage of water available for distribution, amounted to 19.44 per cent (2004: 23.61 per cent). Calculated at the average cost of water purchased, the loss in water distribution amounted to approximately R 113,9 million (2004: R 131,2 million). This is a significant improvement.

### 5.6.2 Electricity unaccounted for:

Electricity not accounted for as a percentage of electricity available for distribution, amounted to 8.80 per cent (2004: 9.09 per cent). Calculated at the average cost of electricity purchased, the loss in electricity distribution amounted to approximately R97,38 million (2004: R93,36 million). These are due to technical and non-technical losses which occurred during the distribution process.



# REPORT OF THE AUDITOR-GENERAL

TO COUNCIL ON THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS OF THE CITY OF TSHWANE METROPOLITAN MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2005

## 5.7 Consumer Debtors - R 1,8 billion

Consumer debtors amounting to R1,3 billion (2004: R1,2 billion) remained outstanding for longer than 90 days. Calculated on the consumer turnover (i.e. assessment rates, sale of electricity, sewerage and water fees and solid waste removal) of R5,1 billion and an average debtor's balance of R2,4 billion the debtors recoverability period was 172 days (2004: 179 days).

The general provision for bad debts is R703 million (2004: R 481 million). The non-recovery of debtors could have a serious impact on the cash-flow situation, future growth and the continued service delivery.

## 5.8 Non-current provision: Rehabilitation of landfill sites

Council was not in a position to provide for rehabilitation of landfill sites due to the fact that no policy was in place to compile the provision. For more details see note 7.8 of the consolidated financial statements.

## 5.9 Creditors - R 1,6 billion

No monthly creditors' reconciliations are performed between the supplier statements and the creditors' ledger accounts. Management have committed to perform reconciliations on material suppliers in future.

## 5.10 Land sale debtors - R 39 million

No payments have been received by the council during the financial year under review for land sale debtors. Furthermore, supporting contracts for only half of these debtors could be supplied for audit inspection and these contracts were not original documents but mere copies. In light of the above-mentioned facts, I was unable to verify the validity and recoverability of land sale debtors.

## 6. LATE SUBMISSION OF AUDIT REPORT

The audit report is late due to the late submission of detailed debtor information as well as the late submission of supporting documentation of a material journal by the municipality. This was mainly due to the fact that the municipality implemented a new accounting system and that the municipality is a pilot site for implementing the new accounting standards for municipalities. Additional audit work and time was required to undertake audit procedures to verify the information thus submitted and to clear material audit issues as well as to conduct a consistency review of this final audit report. For more detail see page 19 of the chief financial officer's report.

## 7. REPORT OF THE AUDITOR - GENERAL ON PERFORMANCE MEASUREMENT

My audit on the performance measurements required in terms of section 45 (b) of the Local Government Municipal Systems Act, 2000 (Act No.32 of 2000) was conducted and is reported on separately.

## 8. APPRECIATION

The assistance rendered by the staff of City of Tshwane Metropolitan Municipality during the audit is sincerely appreciated.

*Shaunet Fakie*

**S FAKIE**  
**AUDITOR-GENERAL**

27 June 2006





# REPORT OF THE AUDITOR-GENERAL

TO COUNCIL ON PERFORMANCE MEASUREMENT AT THE CITY OF TSHWANE METROPOLITAN MUNICIPALITY (TSHWANE) FOR THE YEAR ENDED 30 JUNE 2005.

## 1. AUDIT ASSIGNMENT

The compilation, presentation and publishing of performance measurements and the implementation, management and internal control of supporting systems, are the responsibility of the accounting officer.

My responsibility is to provide an assessment of the controls implemented by the accounting officer to develop and manage the municipality's performance management system as required by section 45(b) of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000).

My role is not to assess or comment on the municipality's actual performance, but rather to assess the processes followed during the implementation of the performance management system.

## 2. NATURE AND SCOPE

I have performed the procedures agreed with management and described below regarding the performance management system of City of Tshwane Metropolitan Municipality. The assignment was undertaken in accordance with the Statements of South African Auditing Standards applicable to agreed upon procedures engagements.

The responsibility of determining the adequacy or otherwise of the procedures agreed to be performed is that of the municipality. My procedures were performed solely to evaluate the controls implemented by the accounting officer regarding the municipality's performance management system against the criteria set out in:

- Chapter 6 of the Municipal Systems Act, 2000;
- The Local Government: Municipal Planning and Performance Management Regulations, 2001 (No. R. 796); and
- International good practices,

The report reflects on the applicable compliance with legislation and identifies possible areas for improvement.

The procedures performed during our assignment were based on the feedback received from the completion of the high-level overview checklist by the accounting officer and included a review of the following aspects:

- Development of an integrated development plan
- Development of a performance management system
- Development and implementation of key performance indicators
- Setting of targets for key performance indicators
- Actual service delivery processes
- Internal monitoring of performance measurements
- Internal control of the performance management system
- Performance measurement and reporting
- Revision of strategies and objectives

## 3. FINDINGS

I report my findings below:

### 3.1 Development of an integrated development plan (IDP)

A formalised process was adopted for the development of an IDP in previous financial years. Regulations 3(3-6) of the Local Government : Municipal Planning and Performance Management Regulations, 2001 (Regulations) and Section 32(1) of the Act, were complied with in terms of the amendment of the IDP for the 2004-05 financial year. The Second Revised IDP had the essential characteristics in terms of Sections 25(1) and 26(a - i) of the Act and also in terms of Regulations 2(1), 2(3) and 2(4).

### 3.2 Development of a performance management system(PMS)

The PMS was developed according to a formally-documented process in previous financial years. In the financial year under review the framework for the PMS was found to be in compliance with Regulations 7(1) and 7(2)(b-g) and section 42(2) of the Act.

### 3.3 Development and implementation of key performance indicators (KPIs)

The KPIs set by the municipality did not include the KPIs for the municipal entities as per Regulation 9 (1) (b).

A new performance management system has been introduced for all employees on the first four reporting levels. However, the key performance indicators for the rest of staff have been set through the merit appraisal policy of the municipality.

The process of cascading the new performance management system, which will replace the old performance appraisal system to the lowest level in the municipality is continuing and is likely to be completed in the next three years.



# REPORT OF THE AUDITOR-GENERAL

TO COUNCIL ON PERFORMANCE MEASUREMENT AT THE CITY OF TSHWANE METROPOLITAN MUNICIPALITY (TSHWANE) FOR THE YEAR ENDED 30 JUNE 2005.

## 3.4 Setting of targets for key performance indicators

The following non-compliances were observed:

- The targets set by the municipality did not include the targets for its municipal entities as per Regulation 9(2).
- From the current financial year annual performance report, the following was noted:
- Information contained in the City Scorecard for the 2005-06 financial year has been included in the annual report for the 2004-05 financial year.
- It is not evident in the report whether a comparison was made to the targets of the previous financial year. However, comparison was made to the actual performance of the previous financial as it was used as the baseline indicator.
- The report does not clearly separate the performance of the service providers from that of the municipality.
- Although measures that were taken or are to be taken to improve performance were specified in some instances in the annual report, there were instances where these measures were not specified in the report itself though the set targets were not achieved. It is, however, acknowledged that the processes for corrective actions and measures to improve performance were affected in those instances where the targets were not met. This information was obtained from other reports outside the annual report.

## 3.5 Actual service delivery process

It is noteworthy that the municipality has a performance appraisal system, which is a performance management system and which still applies to all employees below the fourth reporting level. A new performance management system has been introduced for all employees in the first four reporting levels and thus all employees in the first four reporting levels are on performance agreements.

The process of cascading the new performance management system, which will replace the performance appraisal system, to the lowest level in the municipality is continuing and is likely to be completed within the next three years.

The key performance indicators were set by the municipality through service level agreements entered into with all service providers and thus the performance of the service providers was periodically assessed.

## 3.6 Internal monitoring of performance measurements

The monitoring framework did not provide for all the information as per the guidelines issued by the Department of Provincial and Local Government (DPLG) and neither were the timeframes in respect of reporting adhered to.

The monitoring component of the PMS Framework is being improved to ensure substantial adherence to DPLG guidelines and will be submitted to the council for approval before the end of the current financial year.

## 3.7 Internal control of the performance management system

The following was observed:

- For the financial year under review, no performance audit committee was established by the City of Tshwane Metropolitan Municipality as per the Regulations. However, it could be argued that the audit committee for the 2005-06 financial year fulfil the role as it had a performance management expert as a member.
- Not all quarterly reports were audited by the municipality's internal audit department during the financial year under review due to the fact that not all of the quarterly reports were available for the audit.

## 3.8 Performance measurement and reporting

The following was observed:

- Non adherence to section 46(1) (a) of the Act in terms of performance reporting.
- Non adherence to the guidelines as issued by the DPLG in respect of the following:
- Performance reporting
- Monitoring framework, and
- Timeframes of the report.

The municipality management is of the view that they have substantially complied with the Municipal Systems Act, 2000 and the Regulations for the following reasons:



# REPORT OF THE AUDITOR-GENERAL

TO COUNCIL ON PERFORMANCE MEASUREMENT AT THE CITY OF TSHWANE METROPOLITAN MUNICIPALITY (TSHWANE) FOR THE YEAR ENDED 30 JUNE 2005.

- Provision of the Act and legislation

Both the Act and Regulations only prescribe the development and implementation of mechanisms, systems and processes for monitoring, measurement and review of performance in respect of KPIs and targets. There is no provision in either the Act or Regulations prescribing the use of reports for this purpose.

- Management of under-performance

Performance deficiencies reflected in the quarterly reviews are identified in coaching sessions and corrective measures recommended. All this information is available in the minutes of coaching sessions. This approach adopted by the municipality constitutes a mechanism, system and process as required by the Act and Regulations. In future the corrective actions will also be reflected in the quarterly reports

## 3.9 Revision of strategies and objectives

The municipality has complied with section 41(1)(c) of the Act in terms of reviewing its own performance and that of its service providers. In terms of reviewing the IDP, the municipality has also complied with the provisions of section 34(a)1 of the Act.

In respect of the employees, the municipality has a performance appraisal system, which is a performance management system and which still applies to all employees below the fourth reporting level. A new performance management system has been introduced for all employees in the first four reporting levels and these employees have performance agreements.

The process of cascading the new performance management system, which will replace the performance appraisal system, to the lowest level in the municipality is continuing and is likely to be completed within the next three years.

## 4. CONCLUSION

Because the above procedures do not constitute either an audit or a review in accordance with Statements of South African Auditing Standards, I do not express any assurance on any performance measurement as at 30 June 2005.

An audit of the financial statements in accordance with Statements of South African Auditing Standards was concluded and a report to this effect is included in the annual report.

This report relates only to the specific phases of the performance management system as specified above, and does not extend to the annual financial statements of the City of Tshwane Metropolitan Municipality as a whole.

## 5. APPRECIATION

The assistance rendered by the staff of the City of Tshwane Metropolitan Municipality during the assignment is sincerely appreciated.

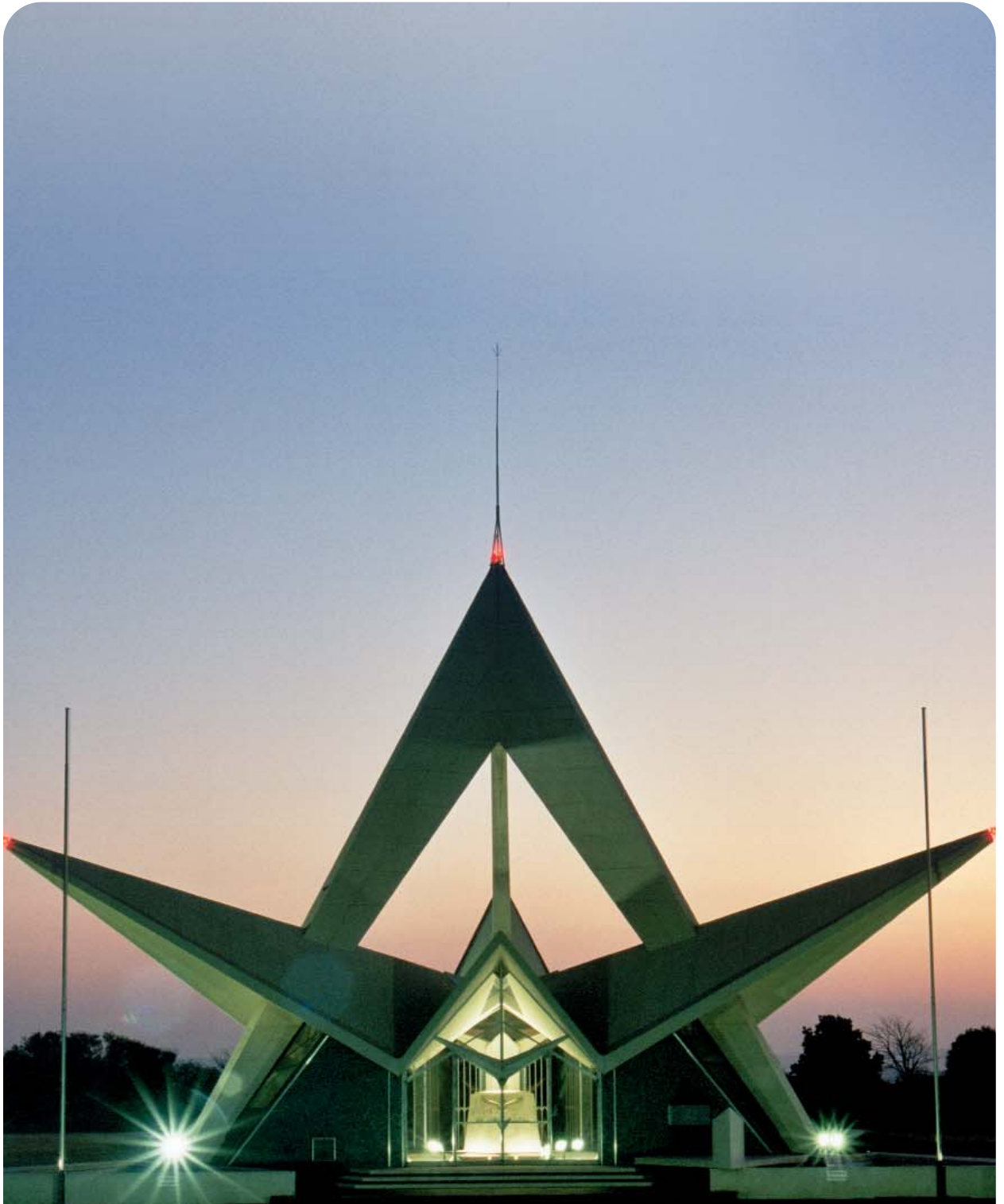
*Shauket Fakie*

**S FAKIE**  
**AUDITOR-GENERAL**

27 June 2006



## REPORT OF THE CHIEF FINANCIAL OFFICER



*“Enhancing the capacity  
of the municipality to  
discharge its obligations  
to the people”*



# REPORT OF THE CHIEF FINANCIAL OFFICER

(ONLY WITH REGARD TO PARENT MUNICIPALITY)

## 1. INTRODUCTION

The passing of the Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA) into law (with effect from 1 July 2004) was a key milestone that will have a fundamental impact on municipal finance management in the forthcoming financial years. In this regard the City of Tshwane Metropolitan Municipality aspires to be a leading municipality and thereby ensure that the Municipality continues with sustainable service delivery while remaining financially viable.

The 2004/05 financial year's results are in part the outcome of the City of Tshwane's early pursuit of the reforms.

### The reform program focused on:

- Consolidating on the finance management reform progress made already
- Ensuring information system capacity to achieve timely and accurate management and stakeholder information through the implementation of an integrated SAP system chosen to replace ineffective legacy systems.
- Implementation of the MFMA in advance of the minimum requirements prescribed by National Treasury. Substantial progress has already been made in many aspects.
- Early implementation of GAMAP/GRAP that will be approved by the Accounting Standards Board.
- Adoption of a long-term financial strategy, integrated with city infrastructure and service planning which ensures that National, Provincial and Municipal Priorities are achieved whilst remaining financially viable.

The Municipality's financial strategy recognises that the implementation of the MFMA will require a fundamental change in the financial principles that are pursued. These changes referred to have also been necessitated by the introduction of new accounting standards that are prescribed by Section 122 of the Municipal Finance Management Act.

The adoption of a long-term financial strategy was based on various factors and financial variables which ultimately influence the financial performance of the Municipality. The following are the major factors that have to be taken into consideration, and which primarily determine the financial approach:

- Employee costs
- Debt recovery
- Tariff increases
- Cost increases
- Borrowing levels
- Asset Management

The borrowing strategy of The City of Tshwane forms an integral part of the Long-term Financial Strategy (2005 to 2014). The strategy as approved by Council on 27 January 2005 adopts the following principles with regard to the effective management of borrowings:

- The total borrowing to total operating revenue ratio must not exceed 50 %
- The total interest expenditure as a % of total operating revenue must not exceed 10 %.

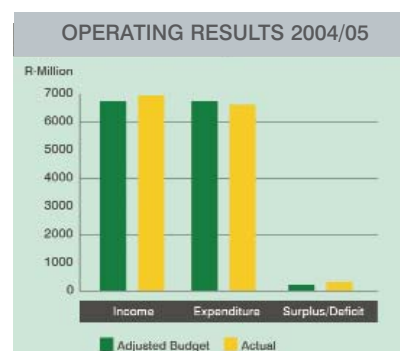
The 2004/05 financial year was indeed a year of "first times". Not only did we accept the challenge of the implementation of the MFMA and GAMAP/GRAP but the City of Tshwane also endeavoured to change to a new financial system, namely SAP, which went live on 3 January 2005. The debtors systems switched over to SAP in 3 phases, namely Promis (February 2005), Weed (April 2005) and Venus (July 2005).

## 2. REVIEW OF OPERATING RESULTS

The 2004/05 budget of City of Tshwane was approved by Council on 27 May 2004. Figures with regard to the 2004/05 original budget as well as the adjusted budget are included in this report.

### 2.1 General

Details of the 2004/05 operating results per department and classification of revenue and expenditure are included in the Statement of Financial Performance and appendix D. A graphical presentation of the operating results is shown in the graph below:



The overall operating results for the year ending 30 June 2005 are as follows:



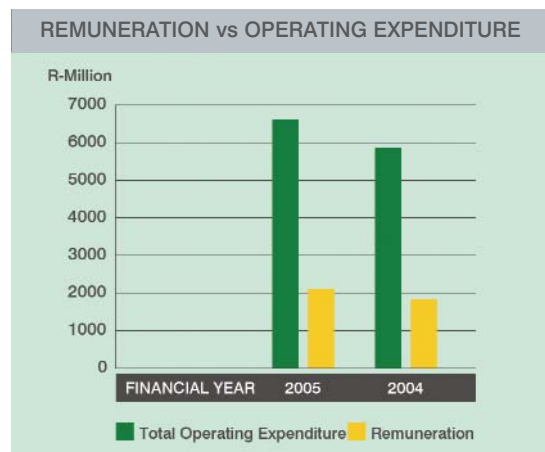
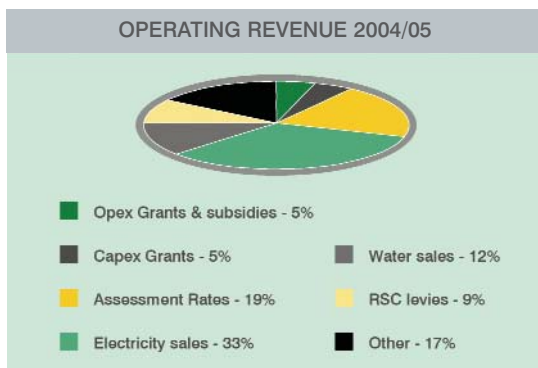
## REPORT OF THE CHIEF FINANCIAL OFFICER

Description	Original Budget	Adjusted Budget	Actual 2005	Variance Actual / Adjusted Budget	Actual 2004
	R'000	R'000	R'000	%	R'000
<b>REVENUE</b>					
Unappropriated surplus:					
Beginning of year			29 647		50 456
Operating revenue for the year	6 757 428	6 949 942	7 213 676	3,79	5 890 426
	<b>6 757 428</b>	<b>6 949 942</b>	<b>7 243 323</b>		<b>5 940 882</b>
<b>EXPENDITURE</b>					
Operating expenditure for the year	6 757 428	6 732 973	6 616 323	(2,41)	5 866 352
Sundry transfers			331 194		44 883
Unappropriated surplus: End of year		216 969	295 806		29 647
	<b>6 757 428</b>	<b>6 949 942</b>	<b>7 243 323</b>		<b>5 940 882</b>

The actual net expenditure reflects an increase of 12,78 % while the actual income has increased by 22,46 % since 2004.

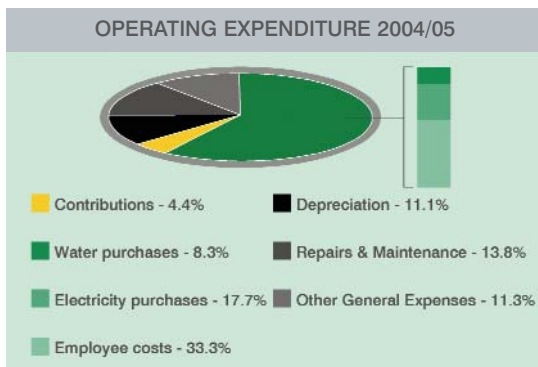
### 2.2 Operating Revenue

The following graph indicates a break down of the largest categories of revenue.



### 2.3 Operating expenditure

The graph below indicates the break down per main expenditure group.



#### • Remuneration

The actual expenditure on remuneration expressed as a percentage of the total expenditure shows a slight increase from 31,3 % in 2003/04 to 31,6 % in 2004/05. According to INCA a benchmark of less than 35 % is acceptable. The total remuneration cost and the allocation of individual items in a remuneration package differ from municipality to municipality for example; certain municipalities are more contracts intensive whilst others might be more labour intensive.

### 2.4 Government grants and subsidies

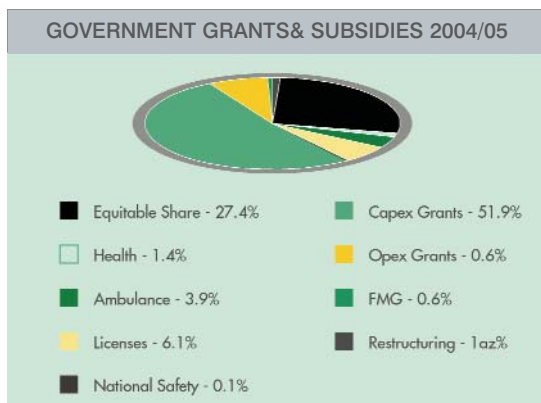
The following graph and table show the amounts received in terms of contributions and repayment of license fees from the Central Government and the Gauteng Provincial Government, which amounts have been included in the total revenue:

Description	2004/05 R'000	2003/04 R'000
Equitable share	192 482	154 587
Provincial Health Subsidy	10 495	9 695
Provincial Ambulance Subsidy	27 109	24 341
National Safety grant	413	7 925
Provincial Motor vehicle licenses refund	43 148	38 499
Capex: grants and donations	363 099	0
Opex: grants and donations	53 469	0
Finance Management Grant	4 351	0
Restructuring Grant	7 044	0
	<b>701 609</b>	<b>235 047</b>

The Municipal Finance Management Act, 2003 (Act 56 of 2003) and GAMAP/GRAP require that capital grants and donations be shown as revenue to the extent that the conditions of the grants have been fulfilled.



# REPORT OF THE CHIEF FINANCIAL OFFICER



## 3. DEBTORS

Details regarding the debtors are provided in Note 9 (Long-term receivables), Note 11 (Consumer Debtors) and Note 12 (Other Debtors) of the Notes to the Annual Consolidated Financial Statements.

The long-term receivables showed a decrease of R24,6 million (5,9 %). This decrease can mainly be ascribed to the phasing out of motor car loans to officials (decrease of R31,6 million) as well as the write-off of arrears in terms of Council-approved policy with regard to arrangement debtors (decrease of R29,6 million)

The consumer debtors increased in total with an amount of R536,3 million (24,7 %). The increase in debt per customer classification is made up as follows:

Customer classification	Increase R - million	Increase %
Households	381,3	24,7
Industrial/Commercial	108,9	24,7
National and Provincial government	9,1	24,7
Other	37,0	24,7

The increase in consumer debt per ageing analysis is as follows:

Age analysis group	Increase R - million	Increase %
Current (0 - 30 days)	445,2	70,30
31 - 60 days	(101,9)	(45,82)
61 - 90 days	49,7	57,52
91 + days	143,4	11,63

The Other Debtors in total increased with an amount of R242,3 million (86,8 %) this can mainly be attributed to a new provision for RSC levies due to the implementation of GAMAP/GRAP. RSC levies is a self-assessment system and GAMAP requires that the income (for June) received up to the 20th of July must be recognised as an accrual. Further, amounts paid in advance (Insurance Contingency Policy) showed an increase of R43,2 million. Other current debtors showed an increase of R149,1 million which can mainly be ascribed to an increase in sundry rentals and amounts paid in respect of the next financial year.

## 3.1 Consumer debtors

The following is an indication of the effectiveness of credit control measures, as well as the ability to convert debtors into cash:

Description	2005 R'000	2004 R'000	2003 R'000
Debits levied : Consumer debtors	5 177 571	4 611 249	4 378 935
Balance on 1 July	2 174 887	*2 326 687	* 1 998 579
Balance on 30 June	2 711 187	2 174 887	* 2 326 687
Average balance	2 443 037	2 250 787	2 162 633
Turnover: Number of times	2,12	2,05	2,0
Days	365	366	365
Turnover: Number of days	172	179	183

\* Excluding suspended debtors

(June 2003 = R57,6 million and June 2004 = R0)

From the table it is clear that outstanding consumer debts are at unacceptable levels. The number of days to recover these debts has decreased from 179 to 172 since 2003/04. Although there is a slight improvement this still have serious implications on the cash flow of the Municipality.

A collection rate calculated on the total levies for a period compared to the total payments received during the same period is used to measure revenue recovery. It is reasonable to estimate an improvement in the collection rate as the Municipality has committed itself to a new debt collection policy and procedures that are virtually certain to improve the recovery rate. The credit control policy and the actions taken in terms of the policy started producing positive results, since an average collection rate of 94 % was maintained during the 2004/05 financial year.

## 4. CAPITAL EXPENDITURE AND FINANCING

The Municipality's original approved Capital Expenditure Budget for 2004/05 amounted to R1 224,4 million. This amount was increased to R1 351,7 million by means of an Adjustment Budget approved by Council on 27 January 2005. Capital expenditure incurred during the year in respect of property, plant and equipment amounted to R1 273,495 million. It is 43,6 % more than the previous financial year, which relates to a 94,2 % performance against the adjusted budget. The actual expenditure is 5,78 % less than the adjusted budget and consists of the following:

Type of Asset	Adjusted Budget 2005 R	Actual 2005 R	Actual as % of Adjusted Budget 2005 %
Infrastructure	923 261 263	873 059 689	94,56
Community	94 503 149	96 531 374	102,15
Heritage	2 000 000	1 488 932	74,45
Housing	102 100 000	96 280 741	94,30
Other	229 817 641	206 134 884	89,69
<b>Total</b>	<b>1 351 682 053</b>	<b>1 273 495 620</b>	<b>94,22</b>



## REPORT OF THE CHIEF FINANCIAL OFFICER

The graph shows the distribution of the property, plant and equipment according to the type of property, plant and equipment:

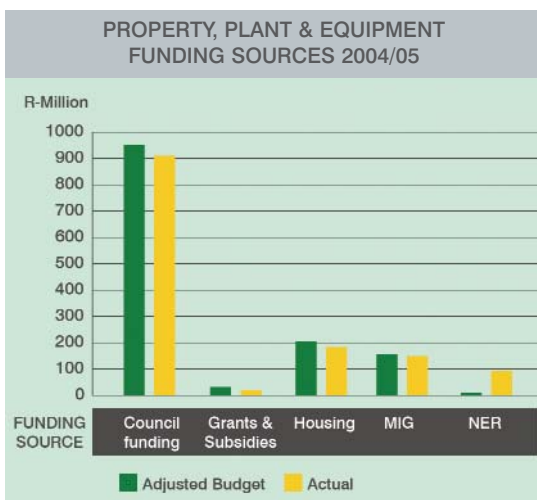
The above-mentioned property, plant and equipment were financed from the following sources:

CAPITAL EXPENDITURE 2004/05



Type of finance	Original Budget 2005	Adjusted Budget 2005	Actual 2005	Actual as % of Adjusted Budget 2005
	R	R	R	%
Council funding	966 529 778	949 851 490	910 396 669	95,85
Provincial Grants and subsidies	19 870 000	32 345 563	21 350 309	66,01
Government Housing grant	120 800 000	204 000 000	183 226 806	89,82
Municipal Infrastructure Grant(MIG)	151 453 000	155 485 000	149 108 923	95,90
National Electricity Regulator (NER)	5 861 000	10 000 000	9 412 913	94,13
<b>Total</b>	<b>1 264 513 778</b>	<b>1 351 682 053</b>	<b>1 273 495 620</b>	<b>94,22</b>

The following is a graphic presentation according to financing sources:



When comparing the actual expenditure to the budgeted expenditure the financing source of capital projects plays an important role. The funding from own sources, that is primarily the Capital Replacement Reserve the External Financing Fund (external loans taken up), can largely influence the following aspects:

- Depreciation
- The raising of loans
- The cash flow of the Municipality
- The accuracy of the budget

The Municipality has minimal control over the commencement of projects funded from external funds, which are approved by that source and which must inevitably be included in the budget of the Municipality. It will typically include projects such as The Project Linked Housing Subsidy Scheme and the Municipal Infrastructure Grant.

It must be noted that external funding still forms the lesser part of the capital programme. During the 2004/05 financial year 71,49 % of the total capital expenditure were financed from the Capital Replacement Reserve (council funding), 1,68 % was financed from Provincial grants and subsidies, 14,39 % was financed from Government Housing grants, 11,71 % was financed from MIG and 0,74 % was financed from NER.





# REPORT OF THE CHIEF FINANCIAL OFFICER

## 5. ACCOUNTING RATIOS

### 5.1 Operating capital ratio

This ratio mainly involves the financial resources used in the operating cycle of a local authority. Operating capital represents the surplus of current assets over current liabilities. This is a useful indicator when determining the ability to fund operating expenditure. The following table shows the calculation of the operating capital ratio:

Description	2004/05 R'000	2003/04 R'000
<b>CURRENT ASSETS:</b>		
Cash	9 178	222
Inventory	155 768	152 590
Debtors	2 288 650	1 761 177
Investments	1 105 011	1 043 924
Short-term portion of long-term debtors	29 898	89 148
<b>Total</b>	<b>3 588 505</b>	<b>3 047 061</b>
<b>CURRENT LIABILITIES:</b>		
Creditors	1 980 167	1 501 421
Short-term portion of long-term liabilities	180 259	140 397
Deposits	240 485	216 220
Overdrawn bank account	38 962	88 508
<b>Total</b>	<b>2 439 873</b>	<b>1 946 546</b>
Net Operating Capital	1 148 632	1 100 515
Operating Capital Ratio	1,47:1	1,57:1

This ratio measures the extent to which the current liabilities are covered by the current assets. A larger coverage means a lower risk since short-term debt can be paid out of short-term assets. The ratio decreased since 2003/04 since the current liabilities increased with 25,34 % whilst the current assets increased with only 17,77 %. The increase in creditors is the main reason due to an increase in amounts with regard to trade creditors, which increased with R427,4 million (54,2 %) and the provision for staff leave which increased with R52,5 million. The increase in trade creditors can mainly be attributed to higher capital expenditure (2004/05 = 94 % and 2003/04 was 74 % compared to the adjusted budget). Other creditors include debtors with credit balances to the amount of R139,2 million.

### 5.2 Quick asset ratio

This ratio is a more accurate test of a local authority's ability to settle its short-term debt. When calculating this ratio, only assets that can be converted into cash are taken into account. Since material and stock are for the local authority's own use and are not for sale, they are not included in the calculations. The private sector sets a ratio of 1:1 as being acceptable. The figures that follow reflect the Municipality's quick asset ratio for the following years:

2004/05	1,41:1
2003/04	1,49:1

### 5.3 Solvency

In this ratio, the total assets are compared to the total liabilities, and it shows the ability of the Municipality to meet its obligations in the long term. A ratio of less than one is an indication of insolvency. The following table shows the calculation of the solvency ratio:

Description	2004/05 R'000	2003/04 R'000
<b>TOTAL ASSETS:</b>		
Current assets	3 588 505	3 047 061
Long-term receivables	362 995	328 394
Property, plant and equipment	6 415 334	5 614 524
<b>Total</b>	<b>10 366 834</b>	<b>8 989 979</b>
<b>TOTAL LIABILITIES:</b>		
Current liabilities	2 439 873	1 946 546
Plus: Outstanding loans	1 738 695	1 496 230
Accumulated funds	5 892 459	5 517 557
<b>Total</b>	<b>10 071 027</b>	<b>8 960 333</b>
Solvability Ratio	1,03:1	1,00:1

The total assets increased with 15,32 % while the total liabilities increased with only 12,39 % resulting in the improvement of the solvability ratio as stated above. Property, plant and equipment increased with 14,26 % while external loans increased with 16,21 % and accumulated funds increased with 6,79 %.

### 5.4 Total long-term debt to total income ratio

According to credit rating companies, the benchmark for local government is a ratio of less than 50 %. It is encouraging to see that this ratio improved from 27,78 % to 26,60 % since June 2004. This improvement can be ascribed to the redemption of external loans since July 2003.

June 2005:	26,60 %
June 2004:	27,78 %

### 6.5 Inventory turnover

Inventory turnover is considered a key measure of management efficiency. It is a measure of how often, during the course of a financial year, a company sells and replaces its inventory. As a general rule, a higher ratio for inventory turnover is better. The standard however varies dramatically from industry to industry. A ratio of 2,5 times per year is considered acceptable for the large municipalities.

June 2005:	1,5 times per year
June 2004:	1,8 times per year

The slower turnover of inventory is due to the fact that electrical meters from the Prince's Park Depot to the value of R5,4 million were taken up as registered items in stores during November 2004 as well as the operational decision to stock pile during December 2004 in anticipation of the switch over to the new SAP system.





## REPORT OF THE CHIEF FINANCIAL OFFICER

Register) to be fully compliant to the new GAMAP/GRAP statements could however, not be achieved within one financial year and a implementation program of 3 years were approved.

### 8.2 INTRODUCTION OF A NEW IT SYSTEM

With the establishment of the CTMM in December 2000, the municipality inherited various different debtor billing systems which were not integrated with the financial system. This created an environment where cumbersome manual controls had to be implemented to ensure sound financial control.

The amalgamation of these disestablished municipalities into one municipality also created other challenges which the city is still in a process to address.

In November 2004 Council approved the implementation of a One Integrated Transaction Processing System (OITPS) that replaced the legacy financial system and the various legacy debtor billing systems (with the exception of certain sundry debtors). The first phase of the OITPS (SAP) system was that of the financial system which were implemented on 3 January 2005. The second phase of the SAP system was the debtor billing systems which were done in three stages, namely February 2005, April 2005 and July 2005.

The new system resulted in a number of challenges, for example, data had to be updated, reports had to be developed and processes tested. One of the biggest challenges the CTMM had to face was the Debtor Management and billing system. As part of the migration process data needed to be purified and as a result of different legacy systems no uniformity of data existed. Due to the large consumer basis of the CTMM the purification of data is still ongoing.

The implementation of the OITPS (SAP) system also had various advantages, for example:

- An integrated system - manual process are an absolute minimum
- Uniform processes are used throughout the CTMM
- An electronic control environment - manual controls are minimized
- Enhanced customer care facilities
- Availability of in-time management information

As parts of the new debtor billing system were still in the implementation phase at 30 June 2005 certain problems were experienced at year end. These problems, however, mainly relate to the timeous availability of reports and detail information. All efforts are made to resolve these problems as a matter of urgency.

ACTING CHIEF FINANCIAL OFFICER

Date: 31 August 2005



# CERTIFICATION BY THE MUNICIPAL MANAGER





## CERTIFICATION BY THE MUNICIPAL MANAGER

I am responsible for the preparation of these consolidated annual financial statements,  
which are set out on pages 23 to 75, in terms of Section 126(1) of the Municipal Finance  
Management Act and which I have signed on behalf of the Municipality.

**BLAKE MOSLEY-LEFATOLA**  
*MUNICIPAL MANAGER*

18 November 2005



## ENTITIES

### ENTITIES CONSOLIDATED

- Housing Company Tshwane
- Sandspruit Works Association
- Civirelo Water
- Tshwane Centre for Business Information and Support (Cenbis)
- Enterprise South Africa
- Trade Point Pretoria
- Temba Roodeplaat Water Services Trust

The budgets of the abovementioned entities were not consolidated as most of the budgets were not available.

### ENTITIES NOT CONSOLIDATED

The information regarding the following entities are currently unavailable. In most cases these companies are dormant:

- The Centurion Community Protection Company
- Tswaiing Crater Museum
- Greater Pretoria Safety & Security Association
- Lebone Municipal Finance Corporation
- Greater Pretoria Metro Festival Company
- Prelight
- Tswaiing Water & Sanitation Services
- Museum Park
- Tswaiing Environmental Health Services
- Greater Pretoria Metro Festival
- Biz Afrika 372
- Tshwane Sport Foundation
- MoreletaKloof Conservation Company
- Pretoria Inner City
- Tswaiing Civil Projects
- Tswaiing Waste Removal Services
- Rep-Ba Agi
- Jacaranda Carnival
- National Youth Festival
- Tswaiing Electricity Project Management (Pty) Ltd (under liquidation)



# STATEMENT OF FINANCIAL POSITION

## AT 30 JUNE 2005

	Note	CITY OF TSHWANE		GROUP	
		June 2005 R	June 2004 R	June 2005 R	June 2004 R
<b>NET ASSETS AND LIABILITIES</b>					
<b>Net Assets</b>		<b>6,188,264,945</b>	<b>5,547,203,616</b>	<b>6,284,784,788</b>	<b>5,573,629,736</b>
Housing Development Fund	1	115,769,796	110,519,581	115,769,796	110,519,581
Capital replacement reserve		294,729,858	892,489,736	294,729,858	892,489,736
Capitalisation reserve		2,096,886,592	1,363,434,359	2,096,886,592	1,363,434,359
Government grant reserve		3,135,576,175	2,910,824,046	3,138,629,728	2,913,877,599
Self insurance reserve		249,076,600	240,289,695	249,076,600	240,289,695
Future depreciation reserve: Self insurance		420,175	0	420,175	0
Non-Distributable Reserve		0	0	13,219,924	3,219,924
Donations		0	0	1,200	1,200
Unappropriated surplus/(deficit)		295,805,749	29,646,199	376,050,915	49,797,642
<b>Non-current liabilities</b>		<b>1,738,695,343</b>	<b>1,496,229,795</b>	<b>2,093,447,121</b>	<b>1,640,922,466</b>
Long-term liabilities	2	1,738,695,343	1,496,229,795	2,093,447,121	1,640,922,466
<b>Current liabilities</b>		<b>2,439,873,892</b>	<b>1,946,545,548</b>	<b>2,510,962,475</b>	<b>2,022,466,866</b>
Consumer deposits	3	240,484,925	216,220,261	240,484,925	216,220,261
Creditors	4	1,697,091,521	1,138,375,720	1,766,838,832	1,211,597,761
Unspent conditional grants and receipts	5	187,562,929	242,784,436	187,562,929	242,784,436
VAT	6	95,512,913	120,260,491	95,061,625	122,959,768
Bank overdraft	14	38,962,372	88,507,911	40,754,932	88,507,911
Current portion of long-term liabilities	2	180,259,232	140,396,729	180,259,232	140,396,729
<b>Total Net Assets and Liabilities</b>		<b>10,366,834,180</b>	<b>8,989,978,959</b>	<b>10,889,194,384</b>	<b>9,237,019,068</b>
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	7	6,415,334,163	5,614,524,122	6,776,010,777	5,754,269,957
Investments	8	424,097,833	398,439,609	457,905,442	404,248,594
Long-term receivables	9	362,995,114	328,394,462	362,995,114	328,394,462
<b>Current assets</b>		<b>3,164,407,070</b>	<b>2,648,620,766</b>	<b>3,292,283,051</b>	<b>2,750,106,055</b>
Inventory	10	155,767,668	152,589,645	156,083,399	152,589,645
Consumer debtors	11	1,853,542,661	1,509,465,457	1,853,542,661	1,509,465,457
Other debtors	12	435,107,080	251,711,369	515,561,244	296,553,642
Current portion of long-term receivables	9	29,898,414	89,147,787	29,898,414	89,147,787
Call investment deposits	8	680,913,564	645,484,090	680,916,561	646,281,839
Bank balances and cash	14	9,177,683	222,418	56,280,772	56,067,685
<b>Total Assets</b>		<b>10,366,834,180</b>	<b>8,989,978,959</b>	<b>10,889,194,384</b>	<b>9,237,019,068</b>



# STATEMENT OF FINANCIAL PERFORMANCE

## FOR THE YEAR ENDED 30 JUNE 2005

	CITY OF TSHWANE		
	2005 Actual	Ajustment Budget	2005 Actual
	R	R	R
<b>REVENUE</b>			
Property rates	1,364,534,518	1,446,500,000	1,363,696,563
Service charges	3,813,036,037	3,578,600,000	3,247,552,443
Regional Services Levies - turnover	433,503,764	374,040,000	340,977,387
Regional Services Levies - remuneration	194,762,548	166,160,000	153,192,739
Rental of facilities and equipment	62,588,451	45,952,284	48,754,770
Interest earned - external investments	104,901,456	67,500,000	12,350,247
Interest earned - outstanding debtors	57,336,252	100,000,000	112,395,185
Fines (traffic fines)	37,910,096	43,805,000	41,286,591
Licences and permits	21,900,632	22,645,780	19,188,815
Government grants and subsidies	701,609,248	707,177,238	235,046,999
Other income	333,603,384	397,561,291	315,984,117
Public contributions	86,078,829	0	0
Gains on disposal of property, plant and equipment	1,910,353	0	0
<b>TOTAL REVENUE</b>	<b>7,213,675,568</b>	<b>6,949,941,593</b>	<b>5,890,425,856</b>
<b>EXPENDITURE</b>			
Employee related costs	2,092,836,481	2,205,775,719	1,836,928,240
Remuneration of Councillors	33,255,221	36,151,914	31,837,998
Bad debts	315,160,811	128,160,811	128,212,208
Collection costs	37,775,260	39,019,200	33,103,789
Depreciation	466,303,549	528,316,225	0
Interest paid	230,518,628	270,000,000	0
Capital charges	0	0	619,714,983
Bulk purchases	1,628,481,385	1,647,936,640	1,507,935,270
Repairs and maintenance :	867,935,351	869,334,814	861,307,100
External	519,020,501	415,351,589	341,403,221
Internal	348,914,850	453,983,225	519,903,879
Grants and subsidies paid	6,505,043	10,005,000	4,615,523
General expenses :	1,409,575,016	1,637,415,181	1,792,699,972
External	1,321,105,968	1,522,305,540	1,362,601,122
Internal	88,469,048	115,109,641	430,098,850
Internal costs to projects	(34,639,852)	(70,050,065)	
<b>GROSS EXPENDITURE</b>	<b>7,053,706,893</b>	<b>7,302,065,439</b>	<b>6,816,355,083</b>
Less: Internal cost charged out	(437,383,898)	(569,092,866)	(950,002,729)
<b>NET EXPENDITURE</b>	<b>6,616,322,995</b>	<b>6,732,972,573</b>	<b>5,866,352,354</b>
Net Surplus for the year	597,352,573	216,969,020	24,073,502





Original Budget	GROUP				Original Budget
	2005 Actual	Ajustment Budget	2004 Actual		
R	R	R	R	R	
1,369,440,000	1,364,534,518	1,446,500,000	1,363,696,563	1,369,440,000	
3,454,820,000	3,812,837,209	3,578,600,000	3,247,593,081	3,454,820,000	
334,000,000	433,350,596	374,040,000	340,837,673	334,000,000	
150,000,000	194,761,313	166,160,000	153,192,739	150,000,000	
53,781,771	63,774,404	45,952,284	49,295,184	53,781,771	
7,500,000	107,915,572	67,500,000	13,407,725	7,500,000	
50,000,000	57,336,252	100,000,000	112,395,185	50,000,000	
75,130,000	37,910,096	43,805,000	41,286,591	75,130,000	
21,730,274	21,900,632	22,645,780	19,188,815	21,730,274	
222,121,000	749,606,069	707,177,238	236,547,642	222,121,000	
329,885,147	365,406,626	397,561,291	330,387,701	329,885,147	
0	86,304,579	0	344,325	0	
0	1,910,353	0	7,393	0	
6,068,408,192	7,297,548,219	6,949,941,593	5,908,180,617	6,068,408,192	
1,986,083,410	2,094,945,670	2,205,775,719	1,838,824,714	1,986,083,410	
31,187,956	33,255,221	36,151,914	31,837,998	31,187,956	
128,212,208	315,212,326	128,160,811	128,212,208	128,212,208	
19,263,000	37,775,260	39,019,200	33,103,789	19,263,000	
0	467,874,513	528,316,225	999,109	0	
0	231,334,444	270,000,000	840,407	0	
672,073,111	0	0	619,714,983	672,073,111	
1,397,636,000	1,603,081,208	1,647,936,640	1,493,162,627	1,397,636,000	
840,198,571	867,948,754	869,334,814	861,363,493	840,198,571	
263,137,382	519,033,904	415,351,589	341,459,614	263,137,382	
577,061,189	348,914,850	453,983,225	519,903,879	577,061,189	
11,413,795	6,505,043	10,005,000	4,615,523	11,413,795	
2,006,632,653	1,444,193,233	1,637,415,181	1,816,522,347	2,006,632,653	
1,566,428,924	1,355,724,185	1,522,305,540	1,386,423,497	1,566,428,924	
440,203,729	88,469,048	115,109,641	430,098,850	440,203,729	
	(34,639,852)	(70,050,065)	0	0	
7,092,700,704	7,067,485,820	7,302,065,439	6,829,197,198	7,092,700,704	
(1,017,264,918)	(437,383,898)	(569,092,866)	(950,002,729)	(1,017,264,918)	
6,075,435,786	6,630,101,922	6,732,972,573	5,879,194,469	6,075,435,786	
(7,027,594)	667,446,297	216,969,020	28,986,148	(7,027,594)	



## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2005

	Pre-GAMAP Reserves and Funds	Housing Development Fund	Capital Replacement Reserve	Capitalisation Reserve
	R	R	R	R
<b>2004</b>				
<b>Balance at 30 June 2004</b>	<b>2,255,924,095</b>	<b>110,519,580</b>		
Implementation of GAMAP (Note 24)	(2,255,924,095)		892,489,736	1,363,434,359
<b>Restated balance 30 June 2004</b>	<b>0</b>	<b>110,519,580</b>	<b>892,489,736</b>	<b>1,363,434,359</b>
<b>2005</b>				
Correction of error (Note 25)				
<b>Restated balance</b>		<b>110,519,580</b>	<b>892,489,736</b>	<b>1,363,434,359</b>
Net surplus for the year				
Transfer to Reserves - entities				
Asset purification/retirements prior year				
Transfer to Capital replacement reserve(public contributions)			630,175	
Transfer to Capital replacement reserve			311,416,115	
Property, plant & equipment purchased			(909,806,168)	909,806,168
Capital grants used to purchase PPE				
Contribution: Workmens Compensation (from employees)				
Transfer to Housing Development Fund		5,250,216		
Depreciation on purification				907,081
Asset purification				(2,669,887)
Offsetting of depreciation				(174,591,129)
<b>Balance at 30 June 2005</b>	<b>0</b>	<b>115,769,796</b>	<b>294,729,858</b>	<b>2,096,886,592</b>



Government Grant Reserve	Self Insurance Reserve	Self Insurance FDR	Roodeplaat Temba Water Service Debt Service Reserve	Roodeplaat Temba Water Service Debt Service Reserve	Housing Company Tshwane Grant Reserve	Accumulated Surpl/(Deficit)	Total
R	R	R	R	R	R	R	R
	240,289,695		3,219,924	1,200	3,053,553	49,797,642	2,662,805,689
2,910,824,046							2,910,824,046
<b>2,910,824,046</b>	<b>240,289,695</b>		<b>3,219,924</b>	<b>1,200</b>	<b>3,053,553</b>	<b>49,797,642</b>	<b>5,573,629,735</b>
					49,797,642		
						44,155,469	0
2,910,824,046	240,289,695	0	3,219,924	1,200	3,053,553	93,953,111	5,617,785,204
			10,000,000			667,446,297	667,446,297
						(10,000,000)	
						2,375,179	2,375,179
							630,175
						(311,416,115)	0
363,251,009		438,444				(363,251,009)	363,689,453
	8,786,905						(363,251,009)
							8,786,905
						(5,250,216)	0
1,106,447							2,013,528
(12,021,056)							(14,690,943)
(127,584,271)		(18,269)					0
<b>3,135,576,175</b>	<b>249,076,600</b>	<b>420,175</b>	<b>13,219,924</b>	<b>1,200</b>	<b>3,053,553</b>	<b>376,050,916</b>	<b>6,284,784,789</b>



# CASH FLOW STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2005

	Note	CITY OF TSHWANE		GROUP	
		2005 R	2004 R	2005 R	2004 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Cash receipts from ratepayers, government and other		6,262,449,042	6,080,000,109	6,308,251,048	6,129,367,796
Cash paid to suppliers and employees		(5,076,899,537)	(4,902,391,993)	(5,095,788,073)	(4,908,306,884)
Cash generated from/(utilised by) operations	26	1,185,549,505	1,177,608,116	1,212,462,975	1,221,060,912
Interest received		104,901,456	130,459,870	107,915,571	131,517,347
Interest paid		(230,518,628)	(257,026,552)	(231,334,444)	(257,866,959)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>1,059,932,333</b>	<b>1,051,041,434</b>	<b>1,089,044,102</b>	<b>1,094,711,300</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of property, plant and equipment		(1,273,495,620)	(886,987,654)	(1,495,997,361)	(1,023,255,439)
Proceeds on disposal of fixed assets		1,910,353	4,775,984	1,910,353	4,787,028
Increase/(decrease) in non-current loans		24,648,721	(49,065,756)	24,648,721	(49,065,756)
Decrease/(Increase) in non-current investments		(114,418,336)	176,725,320	(142,416,960)	176,725,320
Decrease/(increase) in call investment deposits		53,330,638	(214,804,171)	54,125,390	(214,804,171)
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>(1,308,024,244)</b>	<b>(969,356,277)</b>	<b>(1,557,729,857)</b>	<b>(1,105,613,018)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
New loans raised/(repaid)		282,328,051	(136,918,190)	492,387,158	7,627,090
Increase in consumer deposits		24,264,664	2,616,192	24,264,664	2,616,192
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>306,592,715</b>	<b>(134,301,998)</b>	<b>516,651,822</b>	<b>10,243,282</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>58,500,804</b>	<b>(52,616,841)</b>	<b>47,966,067</b>	<b>(622,233)</b>
Cash and cash equivalents at the beginning of the year	14	(88,285,493)	(35,668,652)	(32,440,226)	(25,285,458)
Cash and cash equivalents at the end of the year	14	(29,784,689)	(88,285,493)	15,525,841	(25,907,691)



# CONSOLIDATED ACCOUNTING POLICIES

## 1. BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention unless otherwise stated.

These financial statements have been prepared in accordance with new Generally Accepted Municipal Accounting Practice (New GAMAP) and the South African Statements of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with Section 122 (3) of the Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA).

The effect of the change in accounting policy arising from the implementation of GAMAP/GRAP is set out in note 24.

## 2. PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

## 3. GOING CONCERN ASSUMPTION

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

### Municipal entities:

#### Enterprise South Africa - Tshwane

The company has liabilities of R821 488, no assets and a bank overdraft of R3 663. Due to these factors the directors of the company intend to liquidate the company subsequent to balance sheet date. The financial statements have therefore been prepared on a liquidation basis of accounting. The company is in the process of negotiating with SARS to have the amount owed to it for outstanding employee taxes to the amount of R781 646 (2004 = R885 844) written off.

## 4. BASIS OF CONSOLIDATION

Investments in associates, subsidiaries and joint ventures are carried at cost in the financial statements of the Municipality. Separate consolidated financial statements will be prepared to account for the Municipality's share of the net assets and post-acquisition results of these investments.

## 5. PROPERTY, PLANT AND EQUIPMENT (PPE)

### 5.1 Fixed assets are stated:

- At cost less accumulated depreciation, or
- At fair value (market value) at date of acquisition less accumulated depreciation where assets have been acquired by grant or donation.
- Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery of the asset are enhanced in excess of the originally assessed standard of performance. If expenditure only restores the originally best estimate of the expected useful life of the asset, then it is regarded as repairs and maintenance and is expensed. The enhancement of an existing asset so that its use is expanded or the further development of an asset so that its original life is extended are examples of subsequent expenditure which should be capitalised.

The Municipality has adopted a capitalisation threshold whereby all expenditure below the threshold is expensed when incurred. The threshold will be determined annually during the budget process.

## 5.2 Depreciation

Depreciation is calculated on cost, using the straight line method, over the estimated useful lives of the assets. The depreciation rates are based on the following estimated useful lives (unless a technical assessment of an individual asset concludes that a material variation is necessary):

	Years		Years
<b>Infrastructure</b>		<b>Other</b>	
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-30	Other vehicles	5
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture and fittings	7-10
Housing	30	Watercraft	15
		Bins and containers	5
<b>Community</b>		Specialized plant and	
Improvements	30	equipment	10-15
Recreational Facilities	20-30	Other plant and	
Security	5	equipment	2-5
<b>Investment Properties</b>	30		

### 5.2.1 Heritage assets

These are assets that are defined as culturally significant resources are not depreciated as they are regarded as having an infinite life.

### 5.2.2 Land

Land is not depreciated for the same reason as in 5.2.1.

### 5.2.3 Incomplete construction work

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is commissioned into use.

## 5.3 Disposal of property, plant and equipment

- The book values of assets are written off on disposal.
- The difference between the net book value of assets (cost less accumulated depreciation) and the sales proceeds is reflected as a gain or loss in the Statement of Financial Performance.

## 5.4 Property, plant and equipment of Municipal entities

### 5.4.1 Tradepoint Pretoria

(\*Association incorporated under Section 21)

Fixed assets are stated at cost. Depreciation is calculated to write off the cost of fixed assets on the straight line basis over their expected useful lives. The annual rates used for this purpose are:

Computers	20,00 %
Furniture and fittings	15,00 %

### 5.4.2 Tshwane Centre for Business Information and Support (Cenbis)

(Incorporated as a company no for gain under Section 21)

All property, plant and equipment are initially recorded at cost.



## ACCOUNTING POLICIES CONTINUED

Depreciation is calculated on the straight line method to write off the cost of each asset, or the revalued amounts, to their residual values over their estimated useful lives. The depreciation rates applicable to each category of property, plant and equipment are as follows:

Kitchen equipment	16,67 %
Furniture and fittings	16,67 %
Office equipment	16,67 %
Computer equipment	33,33 %

### 5.4.3 Housing Company Tshwane (Association Incorporated under Section 21)

All property, plant and equipment are initially recorded at cost and adjusted for any impairment in value.

Depreciation is calculated on the straight line method to write off the cost of each asset, or the revalued amounts, to their residual values over their estimated useful lives. The depreciation rates applicable to each category of property, plant and equipment are as follows:

Furniture and fittings	20,00 %
Office equipment	20,00 %
Computer equipment	33,33 %

Land is not depreciated as it is deemed to have an indefinite life.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets of cash-generating units are written down to their recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

### Investment properties

Investment properties are held to earn rental income and appreciate capital value. Owner-occupied properties are held for production and administrative purposes. This distinguishes owner-occupied properties from investment properties.

Fair value - At the balance sheet date all investment property is measured at fair value. A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

### 5.4.4 Civirelo Water (Association Incorporation i.t.o. Section 21)

All property, plant and equipment are initially recorded at cost and adjusted for any impairment in value.

Depreciation is calculated on the straight line method to write off the cost of each asset, or the revalued amounts, to their residual values over their estimated useful lives. The depreciation rates applicable to each category of property, plant and equipment are as follows:

Office equipment	16,67 %
Computer equipment	33,33 %

### 5.4.5 Roodeplaat Temba Water Services Trust

All property, plant and equipment are initially recorded at cost and any impairment in value. Cost includes all costs directly attributable to bringing the assets to working condition for their intended use.

Property, plant and equipment are only depreciated once commissioned.

Depreciation is calculated on the straight line method to write off the cost of each asset, or the revalued amounts, to their residual values over their estimated useful lives. The depreciation rates applicable to each category of property, plant and equipment are as follows:

Construction work-in-progress	0 years
Leased assets	22 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets of cash-generating units are written down to their recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating surplus. On disposal of revalued assets, amounts in revaluation and other reserves relating to that asset are transferred to retained earnings.

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised, during the period of time that is required to complete and prepare the property, plant and equipment for its intended use, as part of the cost of the asset.

Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the assets when it is probable that further economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the trust. Major renovations are depreciated over the remaining useful life of the related asset.

### 5.4.6 Sandspruit Works (Association incorporated under Section 21)

All property, plant and equipment are initially recorded at cost and adjusted for any impairment in value.

Depreciation is calculated on the straight line method to write off the cost of each asset, or the revalued amounts, to their residual values over their estimated useful lives. The depreciation rates applicable to each category of property, plant and equipment are as follows:

Buildings	3,33 %
Plant and equipment	20,00 %
Motor vehicles	20,00 %
Dewatering machinery	10,00 %
Computer equipment	50,00 %
Computer software	50,00 %



# ACCOUNTING POLICIES CONTINUED

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets of cash-generating units are written down to their recoverable amount.

## 5.4.7 Enterprise South Africa - Tshwane (Section 21 company)

Property, plant and equipment are shown at cost less accumulated depreciation. Depreciation is calculated on the straight line basis over the economic useful life of the asset. The following rates are used:

Books	3,33 %
Petty cash safe	0,00 %
Furniture and fittings	0,00 %
Motor vehicles	0,00 %
Computers and equipment	33,33 %
Computer software	50,00 %
Other assets	15,00 %

## 6. INVENTORY

Inventory consists of raw materials, work in progress and finished goods which are valued at the lower of cost, determined on the weighted average basis, and net realisable value. If inventories are to be distributed at no charge or for a nominal charge they are valued at the lower of cost and current replacement cost.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development. Cost also includes a portion of overhead costs if the costs occur frequently and are separately identifiable.

Cost of inventory comprises all costs of purchase, cost of conversion and other cost incurred in bringing the inventory to its present location and condition.

Redundant and slow moving inventories are identified and written down with regard to their estimated economic or realisable values. Consumables are written down with regard to their age, condition and utility.

## 7. TRADE CREDITORS

Trade creditors are stated at their nominal value.

## 8. STATUTORY FUNDS AND RESERVES

The municipality creates and maintains Statutory Funds and Reserves in terms of specific requirements.

### 8.1 Capital replacement reserve (CRR)

In order to finance the future purchase of items of property, plant and equipment amounts are transferred from the Statement of Financial Performance to the Capital replacement reserve. These transfers from the net surplus may only be made if they are backed by cash. The following provisions are set for the creation and utilisation of the CRR:

- The cash which backs up the CRR is invested until it is utilised. The cash may only be invested in accordance with the investment policy of the municipality.
- Interest earned on the CRR investment is recorded as part of total interest earned in the Statement of Financial Performance.

- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment for the municipality and may not be used for the maintenance of these items.
- Whenever an asset is purchased out of the CRR an amount equal to the cost price of the asset purchased is transferred from the CRR into a future depreciation reserve called the Capitalisation reserve (CR). This reserve is equal to the remaining depreciable value (book value) of assets purchased out of the CRR. The Capitalisation reserve is used to offset depreciation charged on assets purchased out of the CRR to avoid double taxation of the consumers.
- If a gain is made on the sale of assets previously purchased out of the CRR the gain on these assets sold is reflected in the Statement of Financial Performance.

### 8.2 Capitalisation 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 utilised for the acquisition of property, plant and equipment have been transferred to a Capitalisation 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 Capitalisation 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 Capitalisation Reserve to the accumulated surplus/(deficit). When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/ (deficit).

### 8.3 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 Grant 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).

### 8.4 Self insurance reserve

A Self insurance reserve has been established and, subject to external insurance where deemed necessary, covers claims that may occur. Premiums are charged to the respective services taking into account claims history and replacement value of the insured assets.

- Contributions to and from the reserve are transferred via the Statement of Changes in Net Assets to the reserve in line with amount budgeted for in the operating budget.



# ACCOUNTING POLICIES CONTINUED

- The total amounts of insurance premiums paid to external insurers, and administration fees paid to the Compensation Commissioner are regarded as expenses and must be shown as such in the Statement of Financial Performance. These premiums do not affect the Self insurance reserve.
- Claims received from external insurers are utilised in the calculation of a profit or loss on the scrapping of damaged assets and are therefore effectively recorded in the Statement of Financial Performance.
- Claims received to meet repairs of damages on assets are reflected as income in the Statement of Financial Performance.

## 8.4.1 Self Insurance Future Depreciation Reserve

An amount equal to the carrying value of items of property, plant and equipment that had historically been utilised for the acquisition of property, plant and equipment from the Self Insurance Reserve have been transferred to a Self Insurance Future Depreciation Reserve instead of the accumulated surplus/(deficit). 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 Self Insurance Future Depreciation Reserve equals the carrying value of the items of property, plant and equipment financed from the former Self Insurance Reserve. When items of property, plant and equipment are depreciated, a transfer is made from the Self Insurance Future Depreciation Reserve to the accumulated surplus/(deficit). When an item of property, plant and equipment is disposed, the balance in the Self Insurance Future Depreciation Reserve relating to such item is transferred to the accumulated surplus/(deficit).

## 8.5 Housing Development Fund

Section 15(5) and 16 of the Housing Act, (Act 107 of 1997), which came into operation on 1 April 1998, requires that the municipality maintain a separate housing operating account. This legislated separate operating account will be known as the Housing Development Fund.

The Housing Act also requires in terms of Section 14(4)(d)(iii)(aa) read with, inter alia, Section 16(2) that the net proceeds of any letting, sale of property or alienation, financed previously from government housing funds, be paid into a separate operating account and be utilised by the Municipality for housing development in accordance with the National Housing Policy.

The following provisions are set for the creation and utilisation of the Housing Fund:

- The Housing Fund has its own separate bank account/allocated investments and is backed by cash.
- The proceeds in this fund are utilised for housing developments in accordance with the National Housing Policy and also for housing development projects approved by the MEC.
- Any contributions to or from the fund are shown as transfers in the Statement of Changes in Net Assets.
- Interest earned on the investments backing up this fund is recorded as part of interest earned in the Statement of Financial Performance and is then transferred via the Statement of Changes in Net Assets to the Housing Development Fund.
- Any cash backed surplus on the Housing Statement of Financial Performance must be transferred to the Housing Development Fund.

## 9. PROVISIONS

A provision is recognised when the municipality has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each Statement of Financial Position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

### 9.1 Post Retirement Benefits

#### 9.1.1 Pension, Provident and Retirement Funds

The Municipality and its employees contribute to various Pension, Provident and Retirement Funds and its councillors contribute to the Pension Fund for Municipal Councillors.

The retirement benefits are calculated in accordance with the rules of the funds. Full actuarial valuations are performed on a regular basis.

Current contributions are charged against the operating account of the Municipality at a percentage of the basic salary paid to employees, or allowances in the case of councillors.

Pension contributions in respect of employees who were not members of a pension fund are recognised as an expense when incurred.

A provision is raised as the best estimate of the current cost of paying future pensions to employees who have become disabled as a result of injuries sustained whilst on duty.

#### 9.1.2 Medical Aid: Continued Members

The Municipality provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the Municipality. According to the rules of the medical aid funds, with which the Municipality is associated, a member (who is on the current condition of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the Municipality is liable for a certain portion of the medical aid membership fee.

### 9.2 Accrued Leave Pay

Liabilities for annual leave are recognised as they accrue to employees. Provision is based on the potential liability (value of leave credits as at 30 June) of the Municipality.

### 9.3 Provision for Bad Debt

Provision for bad debt is made by means of an annual contribution of electricity and water levies, debtor's revenue from Fire Brigade Services and Rentals excluding housing schemes and the Fresh-produce Market. The annual contribution is determined by calculating the estimated non payment by debtors for the financial year. The percentage contribution is calculated during the budget process each year and reviewed at year end. Bad debts are written off during the year in which they are identified.





# ACCOUNTING POLICIES CONTINUED

## 10. LEASES

### The Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment subject to finance lease agreements are capitalised at their cash 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 finance lease cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

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

The Municipality will not incur a foreign currency lease liability other than that allowed by the Municipal Finance Management Act, 2003 (Act 56 of 2003).

### The Municipality as Lessor

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or instalment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

### Leases - Municipal Entities

- Roodeplaat Temba Water Services Trust

Leases of property, plant and equipment where the trust assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the estimated present value of the total lease payments at the commencement of the lease. Each lease payment is allocated between the liability and finance charges to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance charge is charged to the Statement of Financial Performance over the lease period. The property, plant and equipment acquired under finance leasing contracts are depreciated over the lease period of the assets.

Leases of assets under which all risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Financial Performance on a straight-line basis over the period of the lease.

## 11. INVESTMENTS

The municipality may have the following types of investments.

- **Held to maturity (HTM) investments** are financial assets with fixed or determinable payments and fixed maturity where the entity has the positive intent and ability to hold the investment to maturity.
- **Loans and receivables originated by the enterprise** are financial assets that are created by providing money, goods or services directly to a debtor.

**INITIAL MEASUREMENT** of financial instruments is at cost, which is the fair value of the consideration given. The fair value is usually the transaction price or market price.

**TRANSACTION COSTS** are included in the initial measurement of financial assets. Transaction costs include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges; and transfer taxes and duties. Transaction costs do not include debt premium or discount, financing costs or allocations of internal administrative or holding costs.

**SUBSEQUENT MEASUREMENT** of financial assets.

HTM investments and loans and receivables originated by the entity and not held for trading is subsequently recognised at amortised cost using the effective interest rate method. Amortised cost is the amount at which the financial asset was measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation of any difference between that initial amount and the maturity amount, and minus any write-down for impairment or uncollectability.

## 12. FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are initially accounted for at the rate of exchange ruling on the date of the transaction. Trade Creditors denominated in foreign currency are reported at the Statement of Financial Position date by using the exchange rate at that date. Exchange differences arising on the settlement of creditors or on reporting of creditors at rates different from those at which they were initially recorded during the period are recognised as revenue or as expenses in the period in which they arise.

Where the transaction is covered by a forward exchange contract, the rate specified in the contract is used. The Municipality will not incur a foreign currency liability other than that allowed by the Municipal Finance Management Act, 2003 (Act 56 of 2003).

## 13. REVENUE RECOGNITION

Revenue is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

Revenue is recognised when it is probable that future economic benefits or service potential will flow to the municipality and these benefits can be measured reliably.

### 13.1 Revenue from rates

Revenue from rates is recognized when the legal entitlement to this revenue arises. A site rating system is applied. In terms of this system assessment rates are levied on the land value of property and rebates are granted subject to certain conditions. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers.

### 13.2 Collection charges

Collection charges are recognized when such amounts are incurred.

### 13.3 Interest on outstanding debtors

Interest on outstanding debtors is recognized on a time proportionate basis.



## ACCOUNTING POLICIES CONTINUED

### 13.4 Service charges relating to Electricity, Water and Sanitation

Service charges relating to electricity, water and sanitation are based on consumption.

Meters are read and billed on a monthly basis and revenue is recognized when invoiced.

Estimates of consumption are made monthly when meter readings have not been performed. The estimates of consumption are recognized as revenue when invoiced. Adjustments to estimates of consumption are made in the invoicing period when meters have been read. These adjustments are recognized as revenue in the invoicing period.

### 13.5 Spot fines

Income in respect of traffic fines, spot fines and certain licenses is accrued when received.

Revenue from the issuing of summonses is only recognised when notified by the public prosecutor of the amount actually collected.

### 13.6 Services provided on a prepayment basis

Various services are provided on a prepayment basis in which case no formal billing takes place and income is accrued when received.

### 13.7 Regional Establishment Levy and Regional Services Levy

Regional establishment levies and regional services levies are recognised at the time of receipt of the RSC4 return submitted by all registered levy payers. The income received from 1 July to 20 July of the following financial year will be accrued as income of the previous financial year.

### 13.8 Housing rental and instalments

Income in respect of housing rental and instalments are accrued monthly in advance.

### 13.9 Interest earned on investments

Interest earned on investments is recognised on a time proportionate basis that takes into account the effective yield on the investment.

### 13.10 Dividends

Dividends are recognised when the right to receive payment is established.

### 13.11 Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

### 13.12 Government grants

Government Grants are recognised as revenue when all conditions associated with the grant have been met.

Where grants have been received but the Municipality has not met the condition, a liability is raised

### 14. VALUE ADDED TAX

The City of Tshwane Metropolitan Municipality accounts for Value Added Tax on the cash basis.

#### Municipal Entities:

- **Sandspruit Works**

The company has failed to register for VAT when it was founded in 1999. The necessary forms have been completed and submitted. The registration has not been finalised because as the company neither have rental rights or ownership rights to the property they are currently occupying.

### 15. SEGMENTAL INFORMATION

The principle segments have been identified on a primary basis by service operation and on a secondary basis by the classification of income and expenditure.

The primary basis is representative of the internal structure for both budgeting and management purposes.

The secondary basis classifies all operations based on the classification of income and expenditure.

### 16. GRANTS-IN-AID

The Municipality annually awards grants to individuals and organisations based on merit. When making these transfers, the Municipality does not:

- Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- Expect to be repaid in future; or
- Expect a financial return, as would be expected from an investment.

These transfers are recognised in the financial statements as expenses in the period that the events giving rise to the transfer occurred.

### 17. AGRICULTURAL ASSETS

Agricultural assets, which are defined as living animals or plants are recognised on the balance sheet of the Municipality, if the Municipality:

- Controls the asset as a result of a past event
- Regards the inflow of future economic benefits from the use of the asset to be probable.
- Is able to measure the fair value of the asset reliably. This implies that an active market has to exist for the agricultural asset

Agricultural assets are measured at fair value at each balance sheet date, less estimated point-of-sale costs.

Fair value is the amount for which an asset can be exchanged between knowledgeable, willing parties in an arm's length transaction.



## ACCOUNTING POLICIES CONTINUED

Point-of-sale costs include commissions to brokers, levies by regulatory agencies and as well as transfer taxes and duties.

The changes in fair value less point-of-sale costs from one balance sheet date to the next are recognised as revenue in the Statement of Financial Performance.

### 18. ACCOUNTS RECEIVABLE

Accounts receivable are carried at anticipated realisable value.

### 19. TAXATION - MUNICIPAL ENTITIES

- **Trade Point Pretoria**  
No taxation has been provided as this company is exempt from taxation as it's a company not for gain, incorporated under Section 21 of the Companies Act
- **Tshwane Centre for Business Information (Cenbis)**  
The company is incorporated not for gain and registered under Section 21 of the Companies Act, and has applied for tax exemption in terms of section 10(1)cB(i)(ff) of the Income Tax Act
- **Housing Company Tshwane**  
The company is incorporated not for gain and registered under Section 21 of the Companies Act, and has applied for tax exemption in terms of section 10(1)cB(i)(ff) of the Income Tax Act
- **Civirelo Water**  
No provision is made for taxation as the company applied for tax exemption and the directors are of the opinion that such application should be granted. Before year end the directors obtained verbal confirmation that the application had been granted and SARS issued a tax clearance certificate on that basis. The written confirmation of this is still awaited
- **Roodeplaat Temba Water Services Trust**  
The trust is in the process of applying to the South African Revenue Service for exemption from Income Tax.

- **Sandspruit Works**

No provision has been made for taxation as the company is exempt from taxation in terms of section 10(1)(b) of the Income Tax Act per notification from the South African Revenue Service dated 13 October 2000

- **Enterprise South Africa - Tshwane**

No provision has been made for taxation as the company is exempt from taxation in terms of section 10(1)(b) of the Income Tax Act per notification from the South African Revenue Service dated 13 October 2000



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2005

DESCRIPTION	CITY OF TSHWANE		GROUP	
	2005 R	2004 R	2005 R	2004 R
<b>1 HOUSING DEVELOPMENT FUND</b>				
Housing Development Fund	115,769,796	110,519,581	115,769,796	110,519,581
Unappropriated surplus	184,776,259	179,526,044	184,776,259	179,526,044
Loans extinguished by Government on 1 April 1998	69,006,463	69,006,463	69,006,463	69,006,463
<i>The Housing Development Fund is represented by the following assets and liabilities:</i>				
Housing selling scheme loans	94,596,663	49,327,537	94,596,663	49,327,537
Other debtors	20,347,792	24,237,543	20,347,792	24,237,543
Bank and cash	825,341	36,954,501	825,341	36,954,501
Subtotal	115,769,796	110,519,581	115,769,796	110,519,581
Creditors	0	0	0	0
<b>Total Housing Development Fund Assets and Liabilities</b>	<b>115,769,796</b>	<b>110,519,581</b>	<b>115,769,796</b>	<b>110,519,581</b>
<b>2 LONG-TERM LIABILITIES</b>				
Local Registered Stock	439,005,000	539,442,200	439,005,000	539,442,200
Long-term loans	1,479,949,575	1,097,184,324	1,834,701,353	1,241,876,995
Annuity loans	839,041,298	440,387,617	839,041,298	440,387,617
Term loans	640,908,277	656,796,707	976,543,638	782,372,961
Capitalised Lease liability	0	0	19,116,417	19,116,417
	1,918,954,575	1,636,626,524	2,273,706,353	1,781,319,195
LESS: Current portion transferred to current liabilities	180,259,232	140,396,729	180,259,232	140,396,729
Local Registered Stock	125,005,000	100,442,200	125,005,000	100,442,200
Annuity loans	40,341,797	38,954,529	40,341,797	38,954,529
Term loans	14,912,435	1,000,000	14,912,435	1,000,000
<b>Total External Loans</b>	<b>1,738,695,343</b>	<b>1,496,229,795</b>	<b>2,093,447,121</b>	<b>1,640,922,466</b>
Refer to Appendix A for more detail on long-term liabilities				
Amount invested specifically for the repayment of long-term liabilities. (See note 27 for more detail.)	502,407,243	445,909,788	502,407,243	445,909,788
Maturity value of amount invested as security for long-term liabilities	972,723,789	946,755,437	972,723,789	946,755,437
<b>Roodeplaait/Temba Water Services Trust:</b>				
Capitalised Lease liability:				
Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default, subject to the cession of the lease agreement as security for the bank borrowings.				
Term loans: are secured by:-				
1. A general notarial bond over the movable assets of the Trust.				
2. Cession of the Temba Lease Agreement.				
3. The Debt Service Reserve Account, the Capital Reserve Account and the Operating Reserve Account.				
These loans are repayable within 3 months of the final date of completion of construction.				
<b>Housing Company Tshwane</b>				
A secured loan bearing interest at 14 % per annum from National Housing Finance Corporation Ltd - repayable in 240 monthly installments. Secured by a mortgage bond over the investment property with a book value of R7 490 657 (2004 = R7 490 657) plus a cession of all banking accounts, debtors books, all risk insurance policies.				
Interest free loan convertible to a grant on meeting certain criteria from the Gauteng Partnership Fund				



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

DESCRIPTION	CITY OF TSHWANE		GROUP	
	2005 R	2004 R	2005 R	2004 R
<b>3 CONSUMER DEPOSITS</b>				
Electricity and Water	240,484,925	216,220,261	240,484,925	216,220,261
Interest	0	0	0	0
<b>Total Consumer deposits</b>	<b>240,484,925</b>	<b>216,220,261</b>	<b>240,484,925</b>	<b>216,220,261</b>
Council resolution dated 27 May 2004 rescinded the payment of interest on consumer deposits with effect from 1 July 2004 (on Central Area billing - the other areas did not pay interest on deposits.				
Guarantees held in lieu of Electricity and Water deposits	125,077,884	101,410,556	125,077,884	101,410,556
<b>4 CREDITORS</b>				
Trade creditors	1,215,576,769	788,223,543	1,189,701,413	806,650,543
Payments received in advance	23,259,044	126,105,754	116,024,243	179,347,438
Retentions	24,044,955	79,659,757	26,552,883	81,213,114
Staff Leave	189,897,457	137,374,605	189,908,690	137,374,605
Deposits	10,458,605	7,012,061	10,458,605	7,012,061
Other creditors	233,854,691	0	234,192,998	0
<b>Total creditors</b>	<b>1,697,091,521</b>	<b>1,138,375,720</b>	<b>1,766,838,832</b>	<b>1,211,597,761</b>
<b>5 UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>				
<b>5.1 Conditional Grants from other spheres of Government</b>	<b>183,602,557</b>	<b>218,469,474</b>	<b>183,602,557</b>	<b>218,469,474</b>
Municipal Infrastructure Grant (MIG) (Old CMIP)	38,042,268	18,039,493	38,042,268	18,039,493
Housing projects	36,623,795	137,646,662	36,623,795	137,646,662
Department of Water Affairs & Forestry (DWAF)	12,095,317	12,095,317	12,095,317	12,095,317
Eastern Gauteng Services Council (EGSC)	0	9,372,999	0	9,372,999
Finance Management Grant (FMG)	3,077,229	4,428,647	3,077,229	4,428,647
Municipal System Improvement Grant (MSIG)	2,000,000	0	2,000,000	0
Restructuring Grant	79,842,618	36,886,356	79,842,618	36,886,356
Department of Provincial & Local Government				
HIV AIDS Operational Grant	3,100,000	0	3,100,000	0
National Lottery Fund Operational grant	352,000	0	352,000	0
Provincial Local Economic Development Projects grant	8,469,330	0	8,469,330	0
<b>5.2 Other conditional Receipts</b>	<b>3,960,372</b>	<b>24,314,962</b>	<b>3,960,372</b>	<b>24,314,962</b>
Developers contributions - Electricity	0	4,668,604	0	4,668,604
National Electrification Fund	3,960,372	7,259,485	3,960,372	7,259,485
Public contributions	0	12,386,873	0	12,386,873
<b>Total Conditional Grants and Receipts</b>	<b>187,562,929</b>	<b>242,784,436</b>	<b>187,562,929</b>	<b>242,784,436</b>
See Note 17 for reconciliation of grants from other spheres of government.				
These amounts are invested until utilised				
<b>6 VAT</b>				
<b>VAT payable</b>	<b>95,512,913</b>	<b>120,260,491</b>	<b>95,061,625</b>	<b>122,959,768</b>
VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS				



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2005

DESCRIPTION	CITY OF TSHWANE		GROUP	
	2005 R	2004 R	2005 R	2004 R
7 PROPERTY, PLANT AND EQUIPMENT				
Reconciliation of Carrying values				
7.1 INFRASTRUCTURE				
Carrying value at 1 July	3,036,248,177		3,041,131,254	4,085,139
Cost	4,370,135,220		4,375,018,297	4,085,139
Accumulated Depreciation - cost	(1,333,887,043)		(1,333,887,043)	
Acquisitions	610,455,533		610,225,997	797,938
Additions	267,724,082		267,782,818	797,938
Capital under construction	605,335,607		605,335,607	
Depreciation - based on cost	(262,604,156)		(262,892,428)	
Carrying value of purification/transfers	(1,125,713)		(1,125,713)	
Cost	(1,244,337)		(1,244,337)	
Accumulated depreciaiton - cost	118,624		118,624	
Carrying values at 30 June:	3,645,340,750	3,036,248,177	3,649,994,291	3,041,131,254
Cost	5,241,950,573	4,370,135,220	5,246,892,386	4,375,018,297
Accumulated depreciaiton - cost	(1,596,609,823)	(1,333,887,043)	(1,596,898,095)	(1,333,887,043)
7.2 COMMUNITY				
Carrying value at 1 July	384,358,556		384,358,556	
Cost	581,863,008		581,863,008	
Accumulated Depreciation - cost	(197,504,452)		(197,504,452)	
Acquisitions	67,336,777		67,336,777	
Additions	44,006,684		44,006,684	
Capital under construction	52,524,690		52,524,690	
Depreciation - based on cost	(29,194,597)		(29,194,597)	
Carrying value of purification/transfers	14,565		14,565	
Cost	17,478		17,478	
Accumulated depreciaiton - cost	(2,913)		(2,913)	
Carrying values at 30 June:	451,709,898	384,358,556	451,709,898	384,358,556
Cost	678,411,860	581,863,008	678,411,860	581,863,008
Accumulated depreciaiton - cost	(226,701,962)	(197,504,452)	(226,701,962)	(197,504,452)
7.3 HERITAGE				
Carrying value at 1 July	1,259,360		1,259,360	
Cost	1,533,297		1,533,297	
Accumulated Depreciation - cost	(273,937)		(273,937)	
Acquisitions	1,488,932		1,488,932	
Additions	1,488,932		1,488,932	
Capital under construction				
Depreciation - based on cost				
Carrying values at 30 June:	2,748,292	1,259,360	2,748,292	1,259,360
Cost	3,022,229	1,533,297	3,022,229	1,533,297
Accumulated depreciaiton - cost	(273,937)	(273,937)	(273,937)	(273,937)
7.4 HOUSING				
Carrying value at 1 July	25,553,756		25,553,756	
Cost	30,090,962		30,090,962	
Accumulated Depreciation - cost	(4,537,206)		(4,537,206)	
Acquisitions	94,978,139		94,978,139	
Additions	20,035,726		20,035,726	
Capital under construction	76,245,015		76,245,015	
Depreciation - based on cost	(1,302,602)		(1,302,602)	
Carrying values at 30 June:	120,531,895	25,553,756	120,531,895	25,553,756
Cost	126,371,703	30,090,962	126,371,703	30,090,962
Accumulated depreciaiton -cost	(5,839,808)	(4,537,206)	(5,839,808)	(4,537,206)



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2005

DESCRIPTION	CITY OF TSHWANE		GROUP	
	2005 R	2004 R	2005 R	2004 R
<b>7.5 OTHER</b>				
Carrying value at 1 July	2,166,720,367		2,275,700,157	336,482
Cost	2,533,694,383		2,643,481,898	902,857
Accumulated Depreciation - cost	(366,974,016)		(367,781,741)	(566,375)
<b>Acquisitions</b>	32,945,487		254,974,729	108,239,349
Additions	106,165,394		107,893,777	235,361
Capital under construction	99,969,490		320,684,115	108,245,338
Depreciation - based on cost	(173,189,397)		(173,603,163)	(241,350)
<b>Carrying value of purification/transfers/disposals</b>	(5,033,635)		(5,033,635)	(3,652)
Cost	(12,685,958)		(12,685,958)	(3,652)
Accumulated depreciatoin - cost	7,652,323		7,652,323	
<b>Carrying values at 30 June:</b>	2,194,632,219	2,166,720,368	2,525,641,252	2,275,700,159
Cost	2,727,143,309	2,533,694,384	3,059,105,826	2,643,481,900
Accumulated depreciatoin - cost	(532,511,090)	(366,974,016)	(533,464,574)	(367,781,741)
<b>7.6 INVESTMENT PROPERTY</b>				
Carrying value at 1 July	383,906		7,490,657	7,490,657
Cost	383,906		7,490,657	7,490,657
Accumulated Depreciation - cost				
<b>Acquisitions</b>	(12,797)		(12,797)	(12,797)
Additions				
Capital under construction				
Depreciation - based on cost	(12,797)		(12,797)	(12,797)
<b>Carrying values at 30 June:</b>	371,109	383,906	7,861,766	7,861,766
Cost	383,906	383,906	7,874,563	7,874,563
Accumulated depreciatoin - cost	(12,797)		(12,797)	(12,797)
<b>7.7 CAPITALISED LEASED ASSETS</b>				
Carrying value at 1 July			18,392,310	
Cost			19,116,417	
Accumulated Depreciation - cost			(724,107)	
<b>Acquisitions</b>			(868,928)	18,392,310
Additions				19,116,417
Capital under construction				
Depreciation - based on cost			(868,928)	(724,107)
<b>Carrying values at 30 June:</b>			17,523,382	18,392,310
Cost			19,116,417	19,116,417
Accumulated depreciatoin -cost			(1,593,035)	(724,107)
<b>7.8 TOTAL</b>				
Carrying value at 1 July	5,614,524,123		5,754,269,959	4,421,621
Cost	7,517,700,777		7,658,978,445	4,987,996
Accumulated Depreciation - cost	(1,903,176,654)		(1,904,708,486)	(566,375)
<b>Acquisitions</b>	807,192,071		1,028,122,851	134,920,254
Additions	439,420,818		661,922,562	27,640,373
Capital under construction	834,074,802		834,074,802	108,245,338
Depreciation - based on cost	(466,303,549)		(467,874,513)	(965,457)
<b>Carrying value of purification/transfers</b>	(6,382,031)		(6,382,031)	(3,652)
Cost	(13,912,817)		(13,912,817)	(3,652)
Accumulated depreciatoin - cost	7,530,786		7,530,786	
<b>Carrying values at 30 June:</b>	6,415,334,163	5,614,524,123	6,776,010,778	5,754,269,958
Cost	8,777,283,580	7,517,700,777	9,141,062,991	7,658,978,444
Accumulated depreciatoin - cost	(2,361,949,417)	(1,903,176,654)	(2,365,052,213)	(1,904,708,486)



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2005

DESCRIPTION	CITY OF TSHWANE		GROUP	
	2005 R	2004 R	2005 R	2004 R
7.9 NON-CURRENT PROVISION: REHABILITATION OF LANDFILL SITES				
No calculation of the cost of the rehabilitation of landfill sites could be done for the 2004/5 financial year resulting therein that no amount was included in the budget. A calculation will be done and an adequate provision will be made in the 2005/6 financial year.				
8 INVESTMENTS				
Listed:				
Stock and shares	5,000,000	11,923,766	5,000,000	11,923,766
Unlisted:				
Shares	4,100	4,100	4,100	4,100
Municipal stock	6,056,959	6,056,959	6,056,959	6,056,959
	6,061,059	6,061,059	6,061,059	6,061,059
Financial instruments:				
Fixed deposits	502,996,840	380,926,429	536,804,449	386,735,414
Assurance companies	5,264,600	5,992,909	5,264,600	5,992,909
Short-term deposits and Call deposits	585,688,898	639,019,536	585,691,895	639,817,285
	1,093,950,338	1,025,938,874	1,127,760,944	1,032,545,608
Total Investments	1,105,011,397	1,043,923,699	1,138,822,003	1,050,530,433
Less: Short-term portion of Investments	680,913,564	645,484,090	680,916,561	646,281,839
Net Investments	424,097,833	398,439,609	457,905,442	404,248,594
Market value of listed investments, and management's valuation of unlisted investments:				
Listed investments	5,000,000	11,923,766	5,000,000	11,923,766
Unlisted investments	1,100,011,397	1,031,999,933	1,100,011,397	1,031,999,933
Average rate of return on investments	13,14 %	14,06 %		
The Local Government Transition Act, 1993 (Act 209 of 1993) as amended requires local authorities to invest funds, which are not immediately required, with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investment at a penalty interest rate to meet commitments.				
9 LONG-TERM RECEIVABLES				
Consumers: Arrangement debtors	153,858,604	183,484,527	153,858,604	183,484,527
Housing loans	99,405,837	49,327,537	99,405,837	49,327,537
Motor car loans	49,552,639	81,208,648	49,552,639	81,208,648
Loans to Sports Clubs	2,245,270	2,348,549	2,245,270	2,348,549
Computer loans	55,888	71,897	55,888	71,897
Study loans	263,439	843,511	263,439	843,511
Sale of land	69,359,287	82,004,348	69,359,287	82,004,348
Cellphone loans	0	1,385	0	1,385
Capital Development Fund loans	0	98,100	0	98,100
Stock loans	0	1,183	0	1,183
Samrand Development (Pty) Ltd	18,152,564	18,152,564	18,152,564	18,152,564
	392,893,528	417,542,249	392,893,528	417,542,249
Less: Current portion transferred to current receivables	29,898,414	89,147,787	29,898,414	89,147,787
Total long-term receivables	362,995,114	328,394,462	362,995,114	328,394,462

### CONSUMER: ARRANGEMENT DEBTORS

Arrangement debtors exist due to the policy granting consumer debtors to make arrangements to pay of their arrear debt over a certain period.

### HOUSING LOANS

Housing loans are granted to qualifying individuals in terms of the Provincial Administration's Housing Programme. These loans attract interest of 13,5% per annum and are repayable over periods of 20 and 30 years. These loans has various terms applicable.





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

DESCRIPTION	CITY OF TSHWANE		GROUP	
	2005 R	2004 R	2005 R	2004 R
<b>MOTOR CAR LOANS</b>				
Senior staff was entitled to motor car loans which attract interest at 8,5 % per annum and which are repayable over a maximum period of 6 years. This practice has been terminated in terms of the MFMA and the last loan will be fully repaid in October 2009.				
<b>LOANS TO SPORT CLUBS</b>				
Sport Clubs that do qualify, signs a 99 year lease hold agreement with the Municipality at a nominal amount and is provided with financial assistance from the Municipality to build or improve a facility of which the funds is repayable over a period and the Club has no claim to the improvements after the expiration of the lease hold agreement.				
<b>COMPUTER LOANS</b>				
Staff was entitled to an interest free computer loan which was repayable over a period of 5 years. This practice has been terminated in terms of the MFMA and the last loan will be fully repaid in 2009.				
<b>STUDY LOANS</b>				
a. Employees were entitled to interest free study loans which were repayable over a period of one year after the completion of their studies. This practice has been terminated in terms of the MFMA. The last payment cannot be determined at present as some of the employees are still studying.				
b. Children of employees of the Municipality also qualified for study loans which attracted an interest rate applicable during the period of application as determined by the Municipality at the time of the application and the approval thereof. No more new study loans are issued by the Municipality.				
<b>SALE OF LAND DEBTORS</b>				
Vacant properties are sold through a process administered by Property Legal Services. Contracts are signed and advices for the opening of individual accounts, which indicates the amount of the deposit (10%) and VAT (14 %). The contract stipulates as from when interest is payable (immediately after signing the contract or after 12 months). The interest rate used is the Municipality's mortgage bond rate which current stand at 11 %. Interest is calculated monthly on the outstanding balance of the property.				
<b>CELL PHONE LOANS</b>				
Certain senior staff was entitled to interest free cell phone loans which were repayable over a period of one year. This practice has been terminated in terms of the MFMA and all loans have been fully repaid during 2004/05.				
<b>CAPITAL DEVELOPMENT FUND LOANS TO OTHER AUHTORITIES</b>				
A loan was made out of the Capital Development Fund of the disestablished Greater Pretoria Metropolitan Council to Kungwini Local Council for a capital project (Internal watermark at Olympus smallholdings - commencing on 4 December 1994). The loan is attracting interest at a rate of 5 % per annum and will be fully repaid in December 2004.				
<b>STOCK LOANS</b>				
This debtor refers stock loans issued by the disestablished Northern Pretoria Metropolitan Substructure and will be fully repaid in June 2005.				
<b>SAMRAND DEVELOPMENT (PTY) LTD</b>				
This debtor refers to long outstanding consumer debt of Samrand.				
<b>10 INVENTORY</b>				
Stock represents consumable stock, raw materials, work in progress and finished goods.				
Where necessary specific provision is made for obsolete stock.	158,667,668	154,589,645	158,983,399	154,589,645
Less: Provision for obsolete stock	2,900,000	2,000,000	2,900,000	2,000,000
<b>Net Inventory</b>	<b>155,767,668</b>	<b>152,589,645</b>	<b>156,083,399</b>	<b>152,589,645</b>



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2005

DESCRIPTION	CITY OF TSHWANE		GROUP	
	2005 R	2004 R	2005 R	2004 R
<b>11 CONSUMER DEBTORS</b>				
The City of Tshwane has a consolidated account billing system. The division of Debtors per service category is done on a pro rata basis based on the levies. The provision for bad debt is therefore also not available per income group.				
Service debtors	2,711,187,239	2,174,886,538	2,711,187,239	2,174,886,538
Rates	764,554,802	643,766,415	764,554,802	643,766,415
Electricity	1,285,102,751	1,020,021,786	1,285,102,751	1,020,021,786
Water	444,634,707	339,282,300	444,634,707	339,282,300
Sewerage	103,025,115	80,470,802	103,025,115	80,470,802
Refuse removal	113,869,864	91,345,235	113,869,864	91,345,235
Less: Arrangement debtors	153,858,604	183,484,527	153,858,604	183,484,527
	2,557,328,635	1,991,402,011	2,557,328,635	1,991,402,011
Less: Provision for Bad debt	703,785,974	481,936,554	703,785,974	481,936,554
<b>Consumer debtors per balance sheet</b>	<b>1,853,542,661</b>	<b>1,509,465,457</b>	<b>1,853,542,661</b>	<b>1,509,465,457</b>
A total amount of R148 763 549 (2004: R338 070 950) was written off as bad debt. This represents 2,06 % (2004: 5,7%) of the total operating income for the year.				
<b>Ageing:</b>				
Current (0 - 30 days)	1,078,879,386	633,715,538	1,078,879,386	633,715,538
31 - 60 days	120,506,619	222,436,000	120,506,619	222,436,000
61 - 90 days	136,098,977	86,402,000	136,098,977	86,402,000
91 + days	1,375,702,257	1,232,333,000	1,375,702,257	1,232,333,000
	2,711,187,239	2,174,886,538	2,711,187,239	2,174,886,538
<b>Summary of consumer debtors by customer classification:</b>				
Household	1,927,654,127	1,546,344,329	1,927,654,127	1,546,344,329
Industrial/Commercial	550,371,010	441,501,967	550,371,010	441,501,967
National and Provincial Government	46,090,183	36,973,071	46,090,183	36,973,071
Other	187,071,919	150,067,171	187,071,919	150,067,171
<b>Total consumer debtors by customer classification</b>	<b>2,711,187,239</b>	<b>2,174,886,538</b>	<b>2,711,187,239</b>	<b>2,174,886,538</b>
<b>12 OTHER DEBTORS</b>				
Housing debtors*	16,380,826	24,237,513	16,380,826	24,237,513
Government subsidies	5,220,500	2,610,250	5,220,500	2,610,250
RSC levies debtor	55,358,983	0	55,358,983	0
Amounts paid in advance	217,336,572	174,138,836	297,557,826	217,739,614
Other Current debtors	227,350,912	78,299,571	227,701,588	79,676,658
	521,647,793	279,286,170	602,219,723	324,264,035
Less: Provision for Bad debt	86,540,713	27,574,801	86,658,479	27,710,393
<b>Total Other Debtors</b>	<b>435,107,080</b>	<b>251,711,369</b>	<b>515,561,244</b>	<b>296,553,642</b>
* Due to the change over to the new SAP system during the financial year all monies received were allocated to one general ledger account. It could not be split between long-term and short-term Housing debtors.				
<b>13 CALL INVESTMENT DEPOSITS</b>				
Other deposits/call investments				
Other deposits of R294 729 858 are ring-fenced and attributable to the Capital replacement reserve. Fixed deposits amounting to R502 407 243 (2004 =R1 445 909 789 ) have also been ring-fenced for the purposes of repaying long-term liabilities.				
Refer to Note 27	585,688,898	639,019,536	585,688,898	639,019,536



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2005

DESCRIPTION	CITY OF TSHWANE		GROUP	
	2005 R	2004 R	2005 R	2004 R
<b>14 BANK, CASH AND OVERDRAFT BALANCES</b> The Municipality has the following bank accounts:-				
<b>14.1 Current Account (Primary Bank account)</b>				
ABSA Main - Pretoria Branch (Account nr 4053381912)				
FNB Main - Pretoria Branch (Account nr 51420107207)				
FNB - Pretoria Collection (Account nr 51420108130)				
FNB - Centurion Collection (Account nr 62027802869)				
FNB - Akasia Collection (Account nr 62027803023)				
FNB - Housing Collecton (Account nr 51421127486)				
FNB - SAP Collection (Account nr 62074177786)				
FNB - Traffic Collection (Account nr 62067460586)				
<b>ABSA</b>				
Cash book balance at the beginning of the year - credit	(90,817,347)	(37,535,369)	(90,817,347)	(37,535,369)
Cash book balance at the end of the year - credit	(38,962,372)	(90,817,347)	(38,962,372)	(90,817,347)
Bank statement balance at the beginning of the year - debit	19,210,844	44,514,561	19,210,844	44,514,561
Bank statement balance at the end of the year - debit	56,479,853	19,210,844	56,479,853	19,210,844
<b>FNB</b>				
Cash book balance at the beginning of the year - debit	0	0	0	0
Cash book balance at the end of the year - debit	2,498,456	0	2,498,456	0
Bank statement balance at the beginning of the year - debit	4,625,023	4,818,625	4,625,026	4,818,625
Bank statement balance at the end of the year - debit	2,716,551	4,625,026	2,716,551	4,625,026
<b>14.2 Tshwane Market (Primary account)</b>				
First National Bank - Church Square Branch (Account nr: 51421161509)				
Cash book balance at the beginning of the year - debit	2,309,436	1,684,788	2,309,436	1,684,788
Cash book balance at the end of the year - debit	6,442,133	2,309,436	6,442,133	2,309,436
Bank statement balance at the beginning of the year - debit	4,653,751	15,451,616	4,653,751	15,451,616
Bank statement balance at the end of the year - debit	6,170,004	4,653,751	6,170,004	4,653,751
<b>14.3 Petty cash/cashiers floats</b>	<b>237,094</b>	<b>222,418</b>	<b>238,277</b>	<b>222,968</b>
<b>14.4 BANK ACCOUNTS: MUNICIPAL ENTITIES</b>				
<b>14.4.1 Roodeplaat/Temba Water Services Trust</b>				
<b>Absa - Current account (Account nr 4058159742)</b>				
Cash book balance at the beginning of the year - debit			7,552,253	0
Cash book balance at the end of the year - debit			1,074,955	7,552,253
Bank statement balance at the beginning of the year - debit			8,903,628	0
Bank statement balance at the end of the year - debit			1,074,955	8,903,628
<b>Absa - Deposit account - Roodeplaat (Account nr 4059250408)</b>				
Cash book balance at the beginning of the year - debit			25,308,891	0
Cash book balance at the end of the year - debit			11,697,447	25,308,891
Bank statement balance at the beginning of the year - debit			13,774,147	0
Bank statement balance at the end of the year - debit			11,697,447	13,774,147
<b>Absa - Debt Service Reserve account (Account nr 4058337269)</b>				
Cash book balance at the beginning of the year - debit			0	0
Cash book balance at the end of the year - debit			13,423,318	0
Bank statement balance at the beginning of the year - debit			0	0
Bank statement balance at the end of the year - debit			13,423,318	0



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2005

DESCRIPTION	CITY OF TSHWANE		GROUP	
	2005 R	2004 R	2005 R	2004 R
<b>Absa - Deposit account - Temba (Account nr 405832325)</b>				
Cash book balance at the beginning of the year - debit			0	0
Cash book balance at the end of the year - debit			13,446,728	0
Bank statement balance at the beginning of the year - debit			11,534,743	0
Bank statement balance at the end of the year - debit			13,446,728	11,534,743
<b>Absa - Operating Reserve account (Account nr 4058337073)</b>				
Cash book balance at the beginning of the year - debit			0	0
Cash book balance at the end of the year - debit			1,114	0
Bank statement balance at the beginning of the year - debit				
Bank statement balance at the end of the year - debit				
<b>14.4.2 Trade Point Pretoria</b>				
<b>Absa - Current account (Account nr 4054625800)</b>				
Cash book balance at the beginning of the year - debit			157,502	0
Cash book balance at the end of the year - debit			133,226	157,502
Bank statement balance at the beginning of the year - debit			168,732	0
Bank statement balance at the end of the year - debit			192,346	168,732
<b>14.4.3 Sandspruit Works</b>				
<b>Absa - Current account (Account nr 4051139634)</b>				
Cash book balance at the beginning of the year - debit			1,201,521	633,383
Cash book balance at the end of the year - debit			4,157,827	1,201,521
Bank statement balance at the beginning of the year			1,212,854	739,365
Bank statement balance at the end of the year			4,205,554	1,212,854
<b>14.4.4 Enterprise South Africa</b>				
<b>Absa - Current account (Account nr 4059489340)</b>				
Cash book balance at the beginning of the year - debit			25,479	0
Cash book balance at the end of the year - debit			(5,843)	25,479
Bank statement balance at the beginning of the year			29,417	0
Bank statement balance at the end of the year			8,740	29,417
<b>14.4.5 Civirelo Water</b>				
<b>Absa - Current account (Account nr 4052561692)</b>				
Cash book balance at the beginning of the year - debit			20,436,735	3,923,715
Cash book balance at the end of the year - debit			1,799,426	20,436,735
Bank statement balance at the beginning of the year			22,684,790	3,925,065
Bank statement balance at the end of the year			2,055,730	22,684,790
<b>14.4.6 Housing Company Tshwane</b>				
<b>Absa - Current account (Account nr 4057481879)</b>				
Cash book balance at the beginning of the year - debit			1,025,110	0
Cash book balance at the end of the year - debit			1,273,180	1,025,110
Bank statement balance at the beginning of the year			889,530	0
Bank statement balance at the end of the year			990,484	889,530
<b>14.4.7 Tshwane Centre for Business Information and Support</b>				
<b>Absa - Current account (Account nr 4050437263)</b>				
Cash book balance at the beginning of the year - debit			137,225	66,929
Cash book balance at the end of the year - debit			94,686	137,225
Bank statement balance at the beginning of the year			10,892	13,832
Bank statement balance at the end of the year			71,884	10,892
<b>15 PROPERTY RATES</b>				
Actual Income	1,364,534,518	1,363,696,563	1,364,534,518	1,363,696,563
Site Values as at 1 July:				
Residential	11,787,861,427	14,448,677,439	11,787,861,427	14,448,677,439
Other	8,008,542,726	4,466,940,363	8,008,542,726	4,466,940,363
<b>Total property valuation</b>	<b>19,796,404,153</b>	<b>18,915,617,802</b>	<b>19,796,404,153</b>	<b>18,915,617,802</b>



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2005

DESCRIPTION	CITY OF TSHWANE		GROUP	
	2005 R	2004 R	2005 R	2004 R
Valuations on land are performed every 3 years. The last valuation came into effect on 1 July 2002. Rates are levied on the site valuations. A rebate is granted to owners of special dwellings. Persons of 65 years or older, and physically or mentally handicapped persons who can substantiate receipt of a social pension, and persons certified by the Medical Officer of Health as physically or mentally handicapped, can qualify for a rebate, subject to certain other conditions. The tariff applicable is 11.88c/Rand (2003/04 = 11.086c/Rand)				
<b>16 SERVICE CHARGES</b>				
Sale of electricity	2,457,730,949	2,166,856,890	2,457,695,235	2,166,897,528
Sale of water	835,878,098	718,074,801	835,775,476	718,074,801
Refuse removal	325,028,948	192,943,740	325,028,948	192,943,740
Sewerage and sanitation charges	194,398,042	169,677,012	194,337,550	169,677,012
<b>Total service charges</b>	<b>3,813,036,037</b>	<b>3,247,552,443</b>	<b>3,812,837,209</b>	<b>3,247,593,081</b>
<b>17 GOVERNMENT GRANTS AND SUBSIDIES</b>				
Equitable share	192,481,837	154,586,976	192,481,837	154,586,976
Department of Water Affairs			10,519,821	1,370,643
Gauteng Partnership Fund				130,000
Provincial Health subsidies	10,494,750	9,695,452	10,494,750	9,695,452
Provincial Ambulance subsidy	27,109,445	24,340,567	27,109,445	24,340,567
National Safety grant	412,620	7,925,382	412,620	7,925,382
Provincial motor vehicle licences refund	43,147,863	38,498,622	43,147,863	38,498,622
Capex: grants & donations	363,098,951		363,098,951	
Opex: grants & donations	53,468,626		90,945,626	
Finance Management grant	4,351,418		4,351,418	
Restructuring grant	7,043,738		7,043,738	
Gauteng Provincial Government: Housing				
<b>Total Government grants and subsidies</b>	<b>701,609,248</b>	<b>235,046,999</b>	<b>749,606,069</b>	<b>236,547,642</b>
<b>17.1 Equitable share</b>				
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy which is funded from this grant.				
Total amount of equitable share received	192,481,838	154,586,976	192,481,838	154,586,976
Monthly grant received by all registered indigents	140	131	140	131
<b>17.2 Provincial Health Subsidies</b>				
Balance unspent at beginning of year	0	0	0	0
Current year receipts - included in public health vote	10,494,750	10,336,812	10,494,750	10,336,812
Conditions met - transferred to revenue	(10,494,750)	(10,336,812)	(10,494,750)	(10,336,812)
<b>Conditions still to be met - transferred to liabilities (see note 5)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
The Municipality renders health services on behalf of the Provincial Government. This grant has been used exclusively to fund clinic services (included in the Social Development vote in Appendix D). The conditions of the grant has been met. There was no delay or withholding of the subsidy.				
Percentage of expenditure incurred refunded = 10.3 %				
<b>17.3 Provincial Ambulance subsidy</b>				
Balance unspent at beginning of year	0	0	0	0
Current year receipts				
- included in emergency medical services vote	27,109,445	24,340,567	27,109,445	24,340,567
Conditions met - transferred to revenue	(27,109,445)	(24,340,567)	(27,109,445)	(24,340,567)
<b>Conditions still to be met - transferred to liabilities (see note 5)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2005

DESCRIPTION	CITY OF TSHWANE		GROUP	
	2005 R	2004 R	2005 R	2004 R
<p>The Municipality renders ambulance services on behalf of the provincial government and is reimbursed. This grant has been used exclusively to fund the rendering of ambulance services (included in the Emergency Medical Services vote in Appendix D). The conditions of the grant has been met. There was no delay or withholding of the subsidy.</p> <p>Percentage of expenditure incurred refunded = 65,5 % (2004 = 64,9 %)</p>				
<b>17.4 MIG</b>				
Balance unspent at beginning of year	18,039,493	14,405,735	18,039,493	14,405,735
Current year receipts	175,345,097	3,633,758	212,822,097	3,633,758
Conditions met - transferred to revenue	(155,342,322)	0	(192,819,322)	0
<b>Conditions still to be met - transferred to liabilities (see note 5)</b>	<b>38,042,268</b>	<b>18,039,493</b>	<b>38,042,268</b>	<b>18,039,493</b>
<p>This grant is used to construct roads and sewerage infrastructure as part of the capital expenditure (included in the roads and sewerage votes in Appendix B). No funds have been withheld.</p>				
<b>17.5 FINANCE MANAGEMENT GRANT</b>				
Balance unspent at beginning of year	4,428,647	0	4,428,647	0
Current year receipts	3,000,000	4,428,647	3,000,000	4,428,647
Conditions met - transferred to revenue	(4,351,418)	0	(4,351,418)	0
<b>Conditions still to be met - transferred to liabilities (see note 5)</b>	<b>3,077,229</b>	<b>4,428,647</b>	<b>3,077,229</b>	<b>4,428,647</b>
<p>This grant is funded by National Treasury to assist Local Government Pilot Municipalities with Financial Management and Budget Reforms, as part of the National Reform program. No funds have been withheld.</p>				
<b>17.6 MUNICIPAL SYSTEM IMPROVEMENT GRANT</b>				
Balance unspent at beginning of year			0	
Current year receipts	2,000,000		2,000,000	
Conditions met - transferred to revenue			0	
<b>Conditions still to be met - transferred to liabilities (see note 5)</b>	<b>2,000,000</b>		<b>2,000,000</b>	
<p>This grant is used to assist municipalities in building in-house capacity to perform their functions and stabilise institutional and governance systems as required in the Local Government Municipal Systems Act of 2000. No funds have been withheld.</p>				
<b>17.7 RESTRUCTURING GRANT</b>				
Balance unspent at beginning of year	36,886,356	40,000,000	36,886,356	40,000,000
Current year receipts	50,000,000	(3,113,644)	50,000,000	(3,113,644)
Conditions met - transferred to revenue	(7,043,738)	0	(7,043,738)	0
<b>Conditions still to be met - transferred to liabilities (see note 5)</b>	<b>79,842,618</b>	<b>36,886,356</b>	<b>79,842,618</b>	<b>36,886,356</b>
<p>This grant is funded by National Treasury to assist Local Government Pilot Municipalities with Institutional, Financial and Economical restructuring in line with the City Development Strategy, which is aligned to the National Government's Development Strategy. No funds were withheld.</p>				
<b>17.8 DEPARTMENT OF WATER AFFAIRS AND FORESTRY</b>				
Balance unspent at beginning of year			0	
Current year receipts			10,519,821	
Conditions met - transferred to revenue			(10,519,821)	
<b>Conditions still to be met - transferred to liabilities (see note 5)</b>			<b>0</b>	
<p>This grant was received for the supply of water services for community upliftment.</p>				



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2005

DESCRIPTION	CITY OF TSHWANE		GROUP	
	2005 R	2004 R	2005 R	2004 R
<b>17.9 CITY OF TSHWANE METROPOLITAN MUNICIPALITY (HOUSING COMPANY)</b>				
Balance unspent at beginning of year				0
Current year receipts				1,370,643
Conditions met - transferred to revenue				(1,370,643)
<b>Conditions still to be met - transferred to liabilities (see note 5)</b>				<b>0</b>
This grant was received for the administration and operation of the Housing Company Tshwane.				
<b>17.10 GAUTENG PARTNERSHIP FUND</b>				
Balance unspent at beginning of year				0
Current year receipts				130,000
Conditions met - transferred to revenue				(130,000)
<b>Conditions still to be met - transferred to liabilities (see note 5)</b>				<b>0</b>
This grant was received for the administration and operation of the Housing Company Tshwane.				
<b>17.11 GAUTENG PROVINCIAL GOVERNMENT: HOUSING</b>				
Balance unspent at beginning of year			53,241,684	5,264,733
Current year receipts			0	61,922,486
Conditions met - transferred to revenue			(30,474,265)	(13,945,535)
<b>Conditions still to be met - transferred to liabilities (see note 5)</b>			<b>22,767,419</b>	<b>53,241,684</b>
This grant was received for the installation of sanitation, water and roads for communal benefit.				
<b>17.12 Changes in levels of government grants</b>				
Based on the allocations set out in the Division of Revenue Act (Act 1 of 2005), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.				
<b>18 OTHER INCOME</b>				
Reconnection fees	23,222,351	52,339,946	23,222,351	52,339,946
Sewerage fees: Industrial effluent	12,791,676	14,111,155	12,791,676	14,111,155
Interest on property sales	1,347,353	0	1,347,353	0
Reminder fees	2,684,441	5,688,771	2,684,441	5,688,771
Ambulance fees	2,112,005	540,846	2,112,005	540,846
Airside income	1,635,815	0	1,635,815	0
Connection fees: Urban areas	5,427,140	5,139,786	5,427,140	5,139,786
Cemetery fees	2,787,462	3,382,167	2,787,462	3,382,167
Fees for relaxation of building line	1,983,543	2,810,756	1,983,543	2,810,756
Building plan fees	26,846,108	20,205,899	26,846,108	20,205,899
Library fines	1,303,008	1,257,311	1,303,008	1,257,311
Restaurant sales	1,713,282	1,990,933	1,713,282	1,990,933
Sundry fees	4,956,886	2,740,675	4,956,886	2,740,675
Income from grave services	3,160,581	2,267,655	3,160,581	2,267,655
Application fees	3,426,475	3,003,246	3,426,475	3,003,246
Connection fees	18,772,156	13,796,870	18,772,156	13,796,870
Approval fees: advertisements	11,770,852	6,410,588	11,770,852	6,410,588
Discount on promp payments	10,469,828	17,510,669	10,469,828	17,510,669
Market fees	44,083,828	44,181,841	44,083,828	44,181,841
Lodging fees	1,651,463	1,921,430	1,651,463	1,921,430
Parking fees: vehicles	2,004,814	1,887,641	2,004,814	1,887,641
Training fees recovered	6,174,559	7,229,687	6,174,559	7,229,687
Dumping fees	5,262,382	3,978,676	5,262,382	3,978,676
Income from bulk containers	15,093,528	9,759,070	15,093,528	9,759,070
Sale of stone	3,148,800	5,795,618	3,148,800	5,795,618
Sale unusable stock	2,803,498	399,725	2,803,498	399,725
Sales: Aeroplane fuel	13,903,168	10,610,550	13,903,168	10,610,550
Transport fees	42,130,012	40,252,091	42,130,012	40,252,091
Land sales	7,471,073	0	7,471,073	0
Other	53,465,297	36,770,515	85,268,539	51,174,099
<b>Total other income</b>	<b>333,603,384</b>	<b>315,984,117</b>	<b>365,406,626</b>	<b>330,387,701</b>



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2005

DESCRIPTION	CITY OF TSHWANE		GROUP	
	2005 R	2004 R	2005 R	2004 R
<b>19 EMPLOYEE RELATED COSTS</b>				
Salaries and wages	1,282,651,301	1,153,566,267	1,284,744,427	1,155,420,424
Contributions to UIF, pensions and medical aids	478,390,273	374,677,515	478,406,336	374,719,832
Overtime payments	97,163,654	109,499,596	97,163,654	109,499,596
Long-service awards	10,527,359	9,836,646	10,527,359	9,836,646
Travel allowance	139,081,205	122,850,596	139,081,205	122,850,596
Housing benefits and allowance	23,980,285	30,769,087	23,980,285	30,769,087
Performance bonus	3,953,499	450,573	3,953,499	450,573
Other allowances	57,088,905	35,277,960	57,088,905	35,277,960
<b>Total employee related cost</b>	<b>2,092,836,481</b>	<b>1,836,928,240</b>	<b>2,094,945,670</b>	<b>1,838,824,714</b>
<b>REMUNERATION OF THE MUNICIPAL MANAGER</b> (For the 2003/04 year the figures are only from 1 July 2003 to 1 January 2004)				
Annual remuneration	650,556	291,914	650,556	291,914
Performance bonuses	67,150	0	67,150	0
Car allowance	240,000	120,000	240,000	120,000
Medical and pension fund contributions	16,172	13,087	16,172	13,087
<b>Total</b>	<b>973,878</b>	<b>425,001</b>	<b>973,878</b>	<b>425,001</b>
<b>REMUNERATION OF THE CHIEF FINANCIAL OFFICER</b>				
Annual remuneration	616,392	564,444	616,392	564,444
Performance bonuses	132,182	131,765	132,182	131,765
Car allowance	120,000	120,000	120,000	120,000
Medical and pension fund contributions	100,224	91,272	100,224	91,272
<b>Total</b>	<b>968,798</b>	<b>907,481</b>	<b>968,798</b>	<b>907,481</b>
<b>REMUNERATION OF STRATEGIC EXECUTIVE OFFICERS</b>				
<b>Annual remuneration:</b>				
Technical services	932,492	458,343	932,492	458,343
Corporate services	2,377,306	1,809,596	2,377,306	1,809,596
Community services	2,787,827	2,948,628	2,787,827	2,948,628
<b>Performance bonuses:</b>				
Technical services	90,937	84,241	90,937	84,241
Corporate services	338,472	230,515	338,472	230,515
Community services	448,120	465,957	448,120	465,957
<b>Car allowance:</b>				
Technical services	208,800	148,800	208,800	148,800
Corporate services	328,800	278,400	328,800	278,400
Community services	379,200	377,664	379,200	377,664
<b>Medical and pension fund contributions:</b>				
Technical services	128,640	108,897	128,640	108,897
Corporate services	115,808	108,520	115,808	108,520
Community services	215,628	241,980	215,628	241,980
<b>Total:</b>				
Technical services	1,360,869	800,281	1,360,869	800,281
Corporate services	3,160,386	2,427,031	3,160,386	2,427,031
Community services	3,830,775	4,034,229	3,830,775	4,034,229
<b>20 REMUNERATION OF COUNCILLORS</b>				
Mayor's allowance	271,599	422,892	271,599	422,892
Councillor's allowances	23,426,558	22,104,481	23,426,558	22,104,481
Allowance of the Speaker	35,709	22,933	35,709	22,933
Councillor's pension contributions	2,827,710	2,827,139	2,827,710	2,827,139
Travelling allowance	5,625,661	5,320,208	5,625,661	5,320,208
Councillor's medical contributions	577,898	704,370	577,898	704,370
Councillor's Housing allowances	490,086	435,975	490,086	435,975
<b>Total remuneration of councillors</b>	<b>33,255,221</b>	<b>31,837,998</b>	<b>33,255,221</b>	<b>31,837,998</b>

### In-kind Benefits

The Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council. The Executive Mayor has 18 full-time bodyguards





# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2005

DESCRIPTION	CITY OF TSHWANE		GROUP	
	2005 R	2004 R	2005 R	2004 R
<b>21 INTEREST PAID</b>				
Long-term liabilities	230,458,478	255,045,842	231,273,885	255,884,901
Tshwane Urban Transport Fund	0	1,980,710	0	1,980,710
Bank overdrafts	60,150	0	60,559	1,348
<b>Total Interest on External Borrowings</b>	<b>230,518,628</b>	<b>257,026,552</b>	<b>231,334,444</b>	<b>257,866,959</b>
<b>22 BULK PURCHASES</b>				
Electricity	1,109,201,228	1,028,556,173	1,109,201,228	1,028,556,173
Water	519,280,157	479,379,097	493,879,980	464,606,453
<b>Total Bulk Purchases</b>	<b>1,628,481,385</b>	<b>1,507,935,270</b>	<b>1,603,081,208</b>	<b>1,493,162,626</b>
<b>23 GRANTS AND SUBSIDIES PAID</b>				
Grants-in-aid	510,713	1,143,500	510,713	1,143,500
Grants-in-aid: Assessment rates	5,994,330	3,472,023	5,994,330	3,472,023
<b>Total Grants and Subsidies Paid</b>	<b>6,505,043</b>	<b>4,615,523</b>	<b>6,505,043</b>	<b>4,615,523</b>
<p>The grant in aid is in respect of the funding of Non Governmental Organisations involved in empowerment programmes for the following vulnerable groups: youth, children, women, people with disabilities and the elderly.</p> <p>The Municipality has by way of majority decision awarded a grant-in-aid on the assessment rates of ratebale properties on the classes referred to in Section 32A of the Local Authorities Rating Ordinance, 1977 (Ordinance 11 of 1977), after the owner of such property has applied to the Council in writing, for such grant-in-aid.</p>				
<b>24 CHANGE IN ACCOUNTING POLICY</b>				
<b>- IMPLEMENTATION OF GAMAP</b>				
<p>The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GAMAP</p>				
<b>24.1 Statutory funds</b>				
Balance previously reported:-				
Capital Development Fund		2,013,977,468		2,013,977,468
Land Trust Fund		89,587,595		89,587,595
Parking Meter Reserve Fund		29,132,651		29,132,651
Fresh-Produce Market Accumulated Fund		122,094,094		122,094,094
<b>Total</b>		<b>2,254,791,808</b>		<b>2,254,791,808</b>
Implementation of GAMAP				
Transferred to Capital replacement reserve		(891,357,449)		(891,357,449)
Transferred to Capitalisation reserve		(1,363,434,359)		(1,363,434,359)
<b>Total</b>		<b>(2,254,791,808)</b>		<b>(2,254,791,808)</b>
<b>24.2 Loans redeemed and other capital receipts</b>				
Balance previously reported		4,814,000,700		4,814,000,700
Implementation of GAMAP				0
Transferred to Government grant reserve		(2,910,824,046)		(2,910,824,046)
Accumulated depreciation		(1,903,176,654)		(1,903,176,654)
<b>Total</b>		<b>0</b>		<b>0</b>
<b>24.3 Provisions and reserves</b>				
Balance previously reported:-				
Purchase of Library Books reserve		843,991		843,991
Purchase of Art Works reserve		288,296		288,296
		1,132,287		
Implementation of GAMAP				
Transferred to Capital Replacement Reserve		(1,132,287)		(1,132,287)
		0		0



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2005

DESCRIPTION	CITY OF TSHWANE		GROUP	
	2005 R	2004 R	2005 R	2004 R
<b>25 CORRECTION OF ERROR (CORRECTIONS PREVIOUS YEAR)</b>				
VAT on Insurance claims prior to 2004/05	3,695,915	N/A	3,695,915	N/A
Accumulated depreciation incorrectly calculated on land on 1 July 2004	(5,517,258)	N/A	(5,517,258)	N/A
Consumer debtors (correction of levies with regard to water, electricity, etc)	38,024,004	N/A	38,024,004	N/A
Provisioning and stock (correction of orders relating to prior years)	1,465,035	N/A	1,465,035	N/A
Cashbook (correction of bank reconciliation differences, deposits, etc)	(6,839,074)	N/A	(6,839,074)	N/A
Sundry debtors (correction of levies, interest, etc)	(464,815)	N/A	(464,815)	N/A
Salaries (correction of payments and deductions)	63,883	N/A	63,883	N/A
Creditors (correction of retention and contract payments)	(1,322,182)	N/A	(1,322,182)	N/A
Capital works (correction of Capital Ledger - audit adjustments 2003/04)	(4,399,868)	N/A	(4,399,868)	N/A
Income previous years/contributions (correct provision of last quarter subsidies)	255,739	N/A	255,739	N/A
Assets (correction of Capital Ledger transactions - audit adjustments 2003/04)	(2,470,669)	N/A	(2,470,669)	N/A
Other	(2,103,835)	N/A	(2,103,835)	N/A
Capital Grants and Donations of previous years (transfer to revenue - expenditure financed from own sources in previous years)	(10,041,262)	N/A	(10,041,262)	N/A
Write back of reserves in terms of GAMAP/GRAP	(6,705,270)	N/A	(6,705,270)	N/A
Stale cheques prior years	(4,638,115)	N/A	(4,638,115)	N/A
Stock shortages	11,010,629	N/A	11,010,629	N/A
Stock surplusses	(6,422,552)	N/A	(6,422,552)	N/A
Unclaimed monies prior years (transferred to revenue)	(48,280,492)	N/A	(48,280,492)	N/A
Damaged stock written off	34,718	N/A	34,718	N/A
Additional provision for obsolete stock	500,000	N/A	500,000	N/A
<b>Total</b>	<b>(44,155,469)</b>		<b>(44,155,469)</b>	<b>0</b>
<b>26 CASH GENERATED BY OPERATIONS</b>				
Net surplus/(deficit) for the year	597,352,573	24,073,502	667,446,297	28,986,148
Adjustment for:-				
Depreciation	466,303,549	0	467,874,513	999,109
Gain on disposal of property, plant and equipment	(1,910,353)	0	(1,910,353)	(7,393)
Contribution to Capital Replacement reserve (public contributions via Capital Grants & Donations debtor)	630,175	0	630,175	0
Contribution to Insurance Reserve	8,786,904	0	8,786,904	0
Contribution to Provision for Obsolete stock	900,000	0	900,000	0
Contribution to bad debt provision	280,815,332	208,199,919	280,797,505	208,199,919
Transfer from Future Depreciation Reserve:				
Asset purification/retirements	2,375,179	0	2,375,179	0
Insurance claim previous financial year	438,444	0	438,444	0
Restatement of advances from External Financing Fund	(778,126)	0	(778,126)	0
Investment income	(104,901,456)	0	(107,915,572)	(1,057,476)
Interest paid	230,518,628	0	231,334,444	840,407
Previous years operating transactions	44,155,469	(122,021,173)	44,155,469	(122,021,173)
Accumulated depreciation on land incorrectly calculated on 1 July 2004	(5,517,258)		(5,517,258)	0
Appropriations charged against income	0	310,926,853	0	310,926,853
Capital charges	0	619,714,982	0	619,714,982
Non-operating expenditure	0	(337,053,949)	0	(334,000,394)
Cash contributions	0	158,775,562	0	158,775,562
<b>Operating surplus before working capital changes:</b>	<b>1,519,169,060</b>	<b>862,615,696</b>	<b>1,588,617,621</b>	<b>871,356,544</b>
Increase in inventories	(4,078,024)	(53,509,161)	(4,393,755)	(53,509,161)
(Increase)/decrease in debtors	(565,926,624)	255,958,120	(565,926,624)	212,841,876
(Increase)/decrease in other debtors	(242,361,623)	(5,770,745)	(277,955,688)	(5,645,513)
(Decrease)/increase in conditional grants and receipts	(55,221,507)	0	(55,221,507)	0
Increase/(decrease) in creditors	558,715,801	121,306,146	555,241,071	199,009,106
Decrease in VAT	(24,747,578)	(2,991,940)	(27,898,143)	(2,991,940)
<b>Cash generated by operations</b>	<b>1,185,549,505</b>	<b>1,177,608,116</b>	<b>1,212,462,975</b>	<b>1,221,060,912</b>



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

DESCRIPTION	CITY OF TSHWANE		GROUP	
	2005 R	2004 R	2005 R	2004 R
<b>27 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION</b>				
Long-term liabilities (see Note 2)	1,918,954,575	1,636,626,524	1,918,954,575	1,636,626,524
Used to finance property, plant & equipment - at cost	1,175,148,466	1,340,265,717	1,175,148,466	1,340,265,717
Sub Total	743,806,109	296,360,807	3,094,103,041	2,976,892,241
Cash set aside for the repayment of long-term liabilities	502,407,243	445,909,789	502,407,243	445,909,789
<b>Cash invested for repayment of long-term liabilities (see Note 13)</b>	<b>241,398,866</b>	<b>(149,548,982)</b>	<b>2,591,695,798</b>	<b>2,530,982,452</b>
Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.				
<b>28 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANGEMENT ACT</b>				
<b>28.1 Contributions to organized local government</b>				
Opening balance	0	0	0	0
Council subscriptions	(834,269)	(753,743)	(834,269)	(753,743)
Amount paid - current year	834,269	753,743	834,269	753,743
Amount paid - previous years	0	0	0	0
<b>Balance unpaid (included in creditors)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>28.2 Audit fees</b>				
Opening balance	(5,789,667)	(6,562,176)	(5,870,614)	(6,574,996)
Current year audit fee	0	(4,000,000)	(274,636)	(4,156,175)
Amount paid - current year	0	4,000,000	203,689	4,080,848
Amount paid - previous years	5,003,957	772,509	5,080,920	779,709
<b>Balance unpaid (included in creditors)</b>	<b>(785,710)</b>	<b>(5,789,667)</b>	<b>(860,641)</b>	<b>(5,870,614)</b>
The balance represents outstanding audit fees for 2003/04 which was paid during August 2005				
<b>28.3 VAT</b>				
VAT inputs receivables and VAT outputs receivables are shown in note 6.				
All VAT returns have been submitted by the due date throughout the financial year.				
<b>28.4 PAYE AND UIF</b>				
Opening balance	0	14,698,169	961,424	14,698,169
Current year payroll deductions	301,821,418	238,017,642	302,171,310	239,016,383
Amount paid - current year	(301,821,418)	(238,017,642)	(302,135,232)	(238,054,959)
Amount paid - previous years	0	(14,698,169)	(112,901)	(14,698,169)
<b>Balance unpaid (included in creditors)</b>	<b>0</b>	<b>0</b>	<b>884,601</b>	<b>961,424</b>
<b>28.5 Pension and Medical aid deductions</b>				
Opening balance	0	0	0	0
Current year payroll deductions and council contributions	531,103,418	482,837,021	531,116,135	482,874,644
Amount paid - current year	(531,103,418)	(482,837,021)	(531,116,135)	(482,874,644)
Amount paid - previous years	0	0	0	0
<b>Balance unpaid (included in creditors)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2005

DESCRIPTION	CITY OF TSHWANE		GROUP	
	2005 R	2004 R	2005 R	2004 R
28.6 Councillor's arrear consumer accounts				
AMOUNTS OUTSTANDING FOR MORE THAN 90 DAYS:				
Councillors without payoff arrangements:				
S S Dlamini	410.68		410.68	
E Sape	2,724.57		2,724.57	
C S Mamabolo	6,223.75		6,223.75	
K C Kekana	951.97		951.97	
D K S Monnamorwa	1,580.02		1,580.02	
T B Modisakeng	106.65		106.65	
G Ndoko	1,852.93		1,852.93	
M M Motobatse	411.05		411.05	
S E Huma	567.41		567.41	
<b>Total</b>	<b>14,829.03</b>		<b>14,829.03</b>	
Councillors with payoff arrangements:				
E T Makhaya	35,218.91		35,218.91	
T V Rambau	2,026.99		2,026.99	
N E Vilakazi	15,758.34		15,758.34	
K W & N Y Matjokane	38,184.41		38,184.41	
B P & F T Zitha	3,844.60		3,844.60	
Jan Kutumela	8,808.72		8,808.72	
M J Kutumela	9,223.57		9,223.57	
K E & M M Khubeka	17,560.80		17,560.80	
Makola & Manchidi	2,762.05		2,762.05	
<b>Total</b>	<b>133,388.39</b>		<b>133,388.39</b>	
28.6 Councillor's arrear consumer accounts (continued)				
TOTAL AMOUNT OUTSTANDING:				
S S Dlamini	522.08		522.08	
E Sape	3,010.10		3,010.10	
C S Mamabolo	8,102.74		8,102.74	
K C Kekana	2,050.27		2,050.27	
D K S Monnamorwa	1,275.85		1,275.85	
T B Modisakeng	199.53		199.53	
G Ndoko	2,242.57		2,242.57	
M M Motobatse	885.87		885.87	
S E Huma	786.82		786.82	
E T Makhaya	37,405.60		37,405.60	
T V Rambau	3,255.24		3,255.24	
N E Vilakazi	19,925.42		19,925.42	
K W & N Y Matjokane	44,035.02		44,035.02	
B P & F T Zitha	4,498.11		4,498.11	
Jan Kutumela	11,255.02		11,255.02	
M J Kutumela	9,931.40		9,931.40	
K E & M M Khubeka	22,783.36		22,783.36	
Makola & Manchidi	4,905.48		4,905.48	
<b>Total arrear consumer accounts</b>	<b>177,070</b>		<b>177,070</b>	
Information regarding arrear accounts for more than 90 days of Councillors during the financial year is not available.				
29 CAPITAL COMMITMENTS				
Commitments in respect of capital expenditure:				
- Approved and contracted for	249,061,000	213,760,802	249,061,000	213,760,802
Infrastructure	151,370,000		151,370,000	
Community	34,357,000		34,357,000	
Other	63,334,000		63,334,000	
Housing	0		0	



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

DESCRIPTION	CITY OF TSHWANE		GROUP	
	2005 R	2004 R	2005 R	2004 R
- Approved but not contracted for	1,391,467,000	1,224,407,000	1,391,467,000	1,224,407,000
Infrastructure	950,253,000		950,253,000	
Community	83,442,000		83,442,000	
Other	103,050,000		103,050,000	
Housing	254,722,000		254,722,000	
	<b>1,640,528,000</b>	<b>1,438,167,802</b>	<b>1,640,528,000</b>	<b>1,438,167,802</b>
<b>This expenditure will be financed from:</b>				
- External loans (External Financing Fund)	0	920,750,000	0	920,750,000
- Capital replacement reserve	998,068,000	213,760,802	998,068,000	213,760,802
- Provincial grants	34,398,000	19,870,000	34,398,000	19,870,000
- Government Housing	345,953,000	120,800,000	345,953,000	120,800,000
- MIG	198,203,000	151,453,000	198,203,000	151,453,000
- National Electrification Fund	5,950,000	5,861,000	5,950,000	5,861,000
- Own resources	57,956,000	5,673,000	57,956,000	5,673,000
	<b>1,640,528,000</b>	<b>1,438,167,802</b>	<b>1,640,528,000</b>	<b>1,438,167,802</b>
<b>30 RETIREMENT BENEFIT INFORMATION</b>				
Most employees of the Municipality are members of one of the following funds and those who are not, are paid a lump-sum gratuity at retirement age. The Municipality's contributions to these funds are reflected as a charge against income in the financial statements.				
<b>30.1</b> TshwaneMunicipal Pension Fund, which is a defined benefit plan and is governed by the Pension Funds Act of 1956. The Consulting Actuaries reported that the Fund was in a deficit position with liabilities exceeding assets by R36 072 000 as at 31 December 2004. 523 (4.45%) of the Municipality's employees are members of this fund.				
<b>30.2</b> Tshwane Municipal Provident Fund, which is a defined contribution plan and subject to the Pension Funds Act of 1956. The fund is not required to be actuarially valued. No benefits can be unfunded and the Municipality therefore has no commitment in this regard. 1 880 (16.01 % ) of the Municipality's employees are members of this fund.				
<b>30.3</b> Municipal Gratuity Fund. This is a defined benefit plan which is governed by the Pension Funds Act of 1956. The Municipality has no commitment to meet unfunded benefits. The actuarial valuation is carried out every 2 years. The actuarial valuation done on 30 June 2004 showed the fund to be in a sound financial position. 1 530 (13.03 % ) of the Municipality's employees are members of this fund.				
<b>30.4</b> SALA Pension Fund is a private fund. The actuarial valuation is carried annually since 1 July 1998. The actuarial valuation performed on 1 July 2004 showed an unfunded liability of R516,62 million (81,9 % funding level). The Municipality's employees make up approximately 5,4 % of the total membership and therefore the Municipality's possible liability with regard to the unfunded liability is calculated at R28 104 128. 1 083 (9,22 %) of the Municipality's employees are members of this fund.				
<b>30.5</b> The Councillors of the City of Tshwane Metropolitan Municipality are members of the Pension Fund for Municipal Councillors which is a defined contribution fund and governed by the Pension Funds Act of 1956. The fund was established in 1988 and an actuarial valuation is carried out every 3 years. 132 (1,12 %) of the Municipality's employees are members of this fund.				
<b>30.6</b> The National Fund for Municipal Workers is a defined contribution fund and there is no statutory requirements to do an actuarial valuation. The Municipality has no commitment to finance any deficit. The latest voluntary actuarial valuation reported the fund to be in a sound financial position. 3 144 (26,78 %) of the Municipality's employees are members of this fund.				



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2005

DESCRIPTION	CITY OF TSHWANE		GROUP	
	2005 R	2004 R	2005 R	2004 R
30.7				
SALA Provident Fund is a defined benefit fund. An actuarial valuation is carried out every 3 years. The Municipality has no commitment to finance any deficit. The actuarial valuation performed on 30 June 2004 reported the fund to be financially sound with a funding level of 133,1 %. 107 (0,91 %) of council employees are members of this fund.				
30.8				
SAMWU National Provident Fund is a defined contribution fund. The fund is subject to actuarial valuation. The fund is not underwritten. The actuarial valuation performed on 30 June 2002 reported a 100 % funding level and the fund being in a sound financial position. 1 208 (8,76 %) of the Municipality's employees are members of this fund.				
30.9				
The Government Employees Pension Fund is a defined benefit fund and is governed by the Government Employees Pension Fund Law, 1996 in terms of Proclamation 21 of 19 April 1996. Actuarial valuations are performed every 3 years. The actuarial valuation performed on 31 March 2004 reported the fund to be in a sound financial position with a funding level of 96,5 %. 238 (2,03 %) of the Municipality's employees are members of this fund.				
30.10				
The Germiston Municipal Retirement Fund is a defined contribution fund and is governed by the Pension Funds Act of 1956. Actuarial valuations are performed every 3 years. 3 (0,02 %) of the Municipality's employees are members of this fund.				
30.11				
Joint Municipal Pension Fund is not a pure defined benefit fund, but is a hybrid fund (which has qualities of both a defined benefit and defined contribution fund) and is governed by the Pension Funds Act of 1956. Actuarial valuations are performed every 3 years. The last actuarial valuation was performed on 30 June 2003. An interim actuarial valuation performed on 31 December 2004 reported a funding level of 85,9 % resulting in a shortfall of R266,144 million. The Municipality's employees make up approximately 1,78 % of the total membership. The Municipality's possible liability with regard to unfunded benefits is calculated to be R4 737 363. 74 (0,63 %) of the Municipality's employees are members of this fund.				
30.12				
Meshawu Retirement Fund is a defined contribution fund (established on 1 August 1996) and is governed by the Pension Funds Act of 1956. The actuarial valuation done on 1 January 2001 reported the fund to be in a sound financial position with a funding level of 118,8 %. 62 (0,53 %) of the Municipality's employees are members of this fund.				
30.13				
Municipal Employees Pension Fund is a defined benefit fund and is governed by the Pension Funds Act of 1956. The actuarial valuation performed on 28 February 2003 reported the fund to be in a sound financial position with a funding level of 106,9 %. 1 938 (16,51 %) of the Municipality's employees are members of this fund.				
31				
31.1				
<b>CONTINGENT LIABILITIES</b>				
<b>HOUSING LOANS</b>				
Guarantees for housing loans to employees at financial institutions				
With the implementation of the MFMA no new guarantees are issued, the liability will therefore decrease in future.				
The property is used as collateral in cases of default on payments				
31.2				
<b>INDEMNIFICATION</b>				
Value of investments ceded to the Workmen's Compensation Commissioner in compliance with the requirements of the Compensation for Occupational Injuries and Diseases Act, 1993.				
31.3				
<b>INSURANCE CLAIMS</b>				
Pending claims against the Council in respect of vehicle accidents and Public Liabilities which originated before 30 June.				
The payment of claims against the City of Tshwane is provided for in the Self Insurance Reserve, which has a cash backed balance of R249 million				
	3,633,205	5,399,706	3,633,205	5,399,706
	20,801,187	17,480,008	20,801,187	17,480,008
	74,068,490	60,221,544	74,068,490	60,221,544



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

DESCRIPTION	CITY OF TSHWANE		GROUP	
	2005 R	2004 R	2005 R	2004 R
<b>31.4 RETIREMENT OF REDUNDANT EMPLOYEES</b>				
The retirement of redundant employees resulted in the following estimated long term liabilities, which are budgeted for annually:				
*Pension fund contribution with regard to all employees who received packages and who qualify for a monthly pension up to the approved age of retirement.	58,520,335	68,519,000	58,520,335	68,519,000
*Sick fund contribution payable to Pretmed with regard to all employees who received packages and who are deemed to be full members of the fund up to the approved age of retirement.	33,848,000	33,848,000	33,848,000	33,848,000
<b>31.5 PENSIONERS</b>				
A monthly sick fund contribution payable to Medical funds with regard to pensioners (which are budgeted for annually) amounts to approximately	1,848,967	2,096,593	1,848,967	2,096,593
<b>31.6 GUARANTEES</b>				
Guarantees issued in favour of Eskom (this guarantee expires on 30 September 2005)	213,500	213,500	213,500	213,500
<b>31.7 ENTERPRISE SOUTH AFRICA (Section 21 Company)</b>				
The company failed to register for VAT when it was founded in 1999. The company will be liable for output VAT of approximately R1 013 000, excluding possible interest and penalties. The company will be able to claim input tax on its qualifying expenses, but the amount cannot be determined at this time (the saving as a result of the input tax will not be significant).				
<b>32 IN-KIND DONATIONS AND ASSISTANCE</b>				
The Municipality received the following in-kind donations and assistance				
<b>Description:</b>				
- Secondment of International Finance Advisor by National Treasury				
<b>33 PRIVATE PUBLIC PARTNERSHIPS</b>				
The City of Tshwane had only one such partnership, i.e. Tswaiing Electrical Project (Pty) Ltd. This company was liquidated during the 2004/05 financial year.				
<b>34 EVENTS AFTER THE REPORTING PERIOD</b>				
<b>34.1 External loans</b>				
DBSA loan disbursed during July 2005	275,000,000	130,000,000	275,000,000	130,000,000
Momentum Group Ltd matured on 4 July 2005	25,000,000	0	25,000,000	0
INCA	0	250,000,000	0	250,000,000
<b>34.2 External investments</b>				
Investment of Contingency Insurance Policy during August 2005	301,420,703	0	310,420,703	0
<b>35 COMPARATIVE FIGURES</b>				
The statements for the year ended 30 June 2004 have been restated due to the implementation of GAMP/GRAP as well as the new MFMA legislative requirements.				



# APPENDIX A

## SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2005

				OPENING BALANCE
				R
<b>EXTERNAL LOANS</b>				
<b>LOCAL REGISTERED STOCK:</b>				
ISSUED	LOAN NUMBER	INTEREST RATE (%)	REDEEMABLE	
1992	101	15.50	2004.09.30	100,000,000
1992	102	15.50	2005.12.31	50,000,000
1997	105	16.65	2006.06.30	50,000,000
1997	105	16.65	2014.06.30	100,000,000
1993	104	14.15	2008.09.30	40,000,000
1992	A06	9,70	2005.06.30	437,200
1984	43	16.25	2004.04.30	5,000
1990	55	16.40	2011.06.30	15,000,000
1992	62	13.50	2011.06.30	20,000,000
1993	63	14.00	2011.06.30	30,000,000
1995	64	15.67	2005.07.04	25,000,000
1997	65	15.75	2011.06.30	50,000,000
2000	66	16.50	2011.06.30	59,000,000
<b>TOTAL LOCAL REGISTERED STOCK</b>				<b>539,442,200</b>
<b>TERM LOANS:</b>				
		13.50	2018.04.30	50,000,000
		Variable	2019.10.31	78,331,528
				28,148,880
		Variable	2008.05.28	30,000,000
				65,579,888
		Variable	2011.06.30	84,000,000
				54,072,562
		14.00		5,873,799
		0.00		293,000
		17.15	2011.06.30	45,000,000
		Variable	2007.01.31	2,500,000
		Variable	2008.06.30	125,000,000
		Variable	2014.04.30	41,965,178
		19.13	2011.10.31	200,000,000
<b>TOTAL TERM LOANS</b>				<b>782,372,960</b>
<b>ANNUITY LOANS:</b>				
		17.45	2004.11.01	7,130,986
		Various	2020.06.30	
		13.5	2018.04.30	263,296,305
		10.87	2018.12.31	147,896,234
		13.5	2012.12.31	22,064,093
<b>TOTAL ANNUITY LOANS</b>				<b>440,387,618</b>
<b>LEASE LIABILITY(Roodeplaat/TembaTrust)</b>				<b>19,116,417</b>
<b>TOTAL EXTERNAL LOANS</b>				<b>1,781,319,195</b>





RECEIVED DURING THE YEAR	REDEEMED DURING THE YEAR	CLOSING BALANCE	CARRYING VALUE OF PROPERTY, PLANT & EQUIPMENT	OTHER COSTS IN ACCORDANCE WITH THE MFMA
R	R	R	R	
	100,000,000	0	0	
		50,000,000	148,886,718	
		50,000,000	148,886,718	
		100,000,000	297,773,435	
		40,000,000	119,109,374	
	437,200	0	0	Not applicable
		5,000	14,889	
		15,000,000	44,666,015	
		20,000,000	59,554,687	
		30,000,000	89,332,031	
		25,000,000	74,443,359	
		50,000,000	148,886,718	
		59,000,000	175,686,327	
	<b>100,437,200</b>	<b>439,005,000</b>	<b>1,307,240,270</b>	
		50,000,000	148,886,718	
		78,331,528	233,250,482	
49,381,011		77,529,891	230,863,420	
		30,000,000	89,332,031	
	102,767,901	306,015,509	0	Not applicable
		84,000,000	250,129,686	
95,237,231		149,309,793	444,604,900	
	139,023	5,734,776	17,076,640	
		293,000	872,476	
		45,000,000	133,998,046	
	1,000,000	1,500,000	4,466,602	
		125,000,000	372,216,794	
	14,888,430	27,076,748	80,627,363	
		200,000,000	595,546,871	
<b>210,198,130</b>	<b>16,027,453</b>	<b>976,543,637</b>	<b>2,907,887,536</b>	
	7,130,986	0	0	
295,000,000	439,754	294,560,246	877,122,164	Not applicable
	6,527,192	256,769,113	764,590,209	
130,000,000	10,733,957	267,162,277	795,538,290	
	1,514,430	20,549,663	61,191,437	
<b>425,000,000</b>	<b>26,346,319</b>	<b>839,041,299</b>	<b>2,498,442,101</b>	
		<b>19,116,417</b>	<b>56,923,612</b>	
<b>635,198,130</b>	<b>142,810,972</b>	<b>2,273,706,353</b>	<b>6,770,493,519</b>	



## APPENDIX B

### ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2005

ASSET CLASS	OPENING BALANCE	ADDITIONS	COST / REVALUATION	
			UNDER CONSTRUCTION	DISPOSALS TRANSFERS & ADJUSTMENTS
<b>INFRASTRUCTURE</b>				
Roads: General	1,574,277,373	13,609,991		0
Roads: Water drainage	140,762,086	5,952,230		0
Roads: Overhead	36,193,373	0		0
Roads: Traffic signs	15,443,702	103,214		0
Roads: Bridges	3,117,314	2,861,530		0
Roads: Cycle Tracks	3,008,447	0		0
Electricity: Reticulation	1,133,827,995	24,434,846		(1,566,284)
Information Technology: Netware	309,972,591	17,814,152		(3,756)
Electricity: Substations	101,778,441	9,594,324		0
Electricity: General	68,538,850	4,618,204		0
Electricity: Street lights	20,287,300	97,865		0
Electricity: Control Centre	14,067,636	0		0
Electricity: Servitudes	13,600,725	0		0
Electricity: Power Stations	12,762,810	0		0
Water: Bulk water and distribution	289,657,589	0		0
Water: Pipes & reticulation networks	63,126,902	62,110,463		0
Water: Reservoirs & tanks	43,888,812	7,006,703		0
Water: Purification plant	11,377,454	170,422		0
Sewerage: General	248,159,576	58,736		0
Sewerage: Waste water connections	98,569,809	0		0
Sewerage: Waste water general	95,983,991	0		(797,960)
Sewerage: Sewerage reticulation	21,716,222	498,721		0
Security: Equipment general	17,385,725	2,977,539		(630,739)
Security: Fences	9,967,496	394,559		0
Airport: Runways	6,626,027	357,652		0
Information Technology: Telephone Switch	5,948,136	0		(4,990)
Developed Land	2,217,458	0		0
Electricity Mini-substations	0	12,399,575		0
Information Technology: Telephone PABX	0	18,022,544		0
Roads: Flexible Primary	0	11,424,989		0
Other	12,754,457	73,274,558		1,759,392
Asset under construction	0	0	605,335,607	0
	<b>4,375,018,297</b>	<b>267,782,818</b>	<b>605,335,607</b>	<b>(1,244,337)</b>



ACCUMULATED DEPRECIATION

CLOSING BALANCE	OPENING BALANCE	ADDITIONS	DISPOSALS TRANSFERS & ADJUSTMENTS	CLOSING BALANCE	CARRYING VAULE	BUDGET ADDITIONS 2005
1,587,887,364	497,358,264	83,512,177	0	580,870,441	1,007,016,923	
146,714,316	47,301,556	8,208,303	0	55,509,859	91,204,457	
36,193,373	8,894,927	5,716,427	0	14,611,354	21,582,019	
15,546,916	4,281,783	2,194,866	0	6,476,649	9,070,268	
5,978,844	2,332,983	155,644	0	2,488,627	3,490,216	
3,008,447	1,889,505	173,653	0	2,063,158	945,289	
1,156,696,557	363,606,543	56,693,426	(129,683)	420,170,286	736,526,271	
327,782,987	104,424,035	35,904,694	0	140,328,729	187,454,259	
111,372,765	63,137,963	5,724,051	0	68,862,014	42,510,751	
73,157,054	860,948	2,397,288	0	3,258,236	69,898,818	
20,385,165	6,183,553	2,900,232	0	9,083,785	11,301,380	
14,067,636	5,249,711	1,871,467	0	7,121,178	6,946,458	
13,600,725	62,631	683,517	0	746,148	12,854,577	
12,762,810	7,046,699	679,384	0	7,726,083	5,036,727	
289,657,589	32,404,569	17,323,453	0	49,728,022	239,929,567	
125,237,365	7,982,380	3,629,130	0	11,611,510	113,625,856	
50,895,515	15,291,844	2,451,194	0	17,743,038	33,152,477	
11,547,876	8,846,455	568,873	0	9,415,328	2,132,548	
248,218,312	48,969,233	11,895,028	0	60,864,261	187,354,051	
98,569,809	40,700,821	5,553,184	0	46,254,005	52,315,804	
95,186,031	53,176,203	5,134,854	(31,032)	58,280,025	36,906,006	
22,214,943	0	1,085,811	0	1,085,811	21,129,132	
19,732,525	930,539	4,721,497	(174,763)	5,477,273	14,255,252	
10,362,055	1,855,086	1,260,765	0	3,115,851	7,246,204	
6,983,679	1,298,885	346,284	0	1,645,168	5,338,512	
5,943,146	3,311,077	1,040,246	(416)	4,350,908	1,592,238	
2,217,458	638,247	0	0	638,247	1,579,211	
12,399,575	0	0	0	0	12,399,575	
18,022,544	0	0	0	0	18,022,544	
11,424,989	0	0	0	0	11,424,989	
87,788,407	5,850,603	1,066,982	454,518	7,372,102	80,416,305	
605,335,607	0	0	0	0	605,335,607	
<b>5,246,892,385</b>	<b>1,333,887,043</b>	<b>262,892,429</b>	<b>118,624</b>	<b>1,596,898,095</b>	<b>3,649,994,290</b>	<b>923,261,263</b>



## APPENDIX B

### ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2005

#### COST / REVALUATION

ASSET CLASS	OPENING BALANCE	ADDITIONS	UNDER CONSTRUCTION	DISPOSALS TRANSFERS & ADJUSTMENTS
<b>COMMUNITY ASSETS</b>				
Global: General	143,487,428	0	0	0
Recreation: Outdoor sport facilities	84,775,877	0	0	0
Developed Land	70,587,619	0	0	0
Building: Markets	51,318,164	19,803,952	0	0
Building: General	50,816,054	1,698,174	0	0
Building: Clinics	35,577,236	0	0	0
Building: Fire Stations	32,176,373	1,763,127	0	17,478
Building: Recreation Centres	30,778,944	0	0	0
Building: Libraries	18,049,418	394,497	0	0
Recreation: Swimming pool	14,857,887	3,302,717	0	0
Recreation: Parks & open spaces	13,812,198	4,587,694	0	0
Recreation: Tennis courts	10,689,652	0	0	0
Building: Museum/Art galleries	6,530,965	0	0	0
Building: Game Reserve	5,289,737	1,341,428	0	0
Recreation: Lakes & dams	2,564,106	0	0	0
Recreation: General	2,265,502	0	0	0
Buildings: Sport clubs & indoor sports	2,045,224	0	0	0
Other	6,240,624	11,115,094	0	0
Assets under construction		0	52,524,690	0
	<b>581,863,008</b>	<b>44,006,684</b>	<b>52,524,690</b>	<b>17,478</b>
<b>HERITAGE ASSETS</b>				
Museum pieces & art works	386,428	0		
General	1,146,869	739,949		
Buildings: Historical	0	748,984		
	<b>1,533,297</b>	<b>1,488,932</b>	<b>0</b>	<b>0</b>
<b>INVESTMENT PROPERTY</b>				
Block of flats (Housing Company)	7,490,657	0	0	0
Industrial Sidings	383,906	0	0	0
	<b>7,874,563</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>HOUSING</b>				
Developed land	175,868	0		
Dwellings: Indigent	1,156,316	0		
General	28,758,778	437,448		
Undeveloped land	0	19,598,278		
Assets under construction	0		76,245,015	
	<b>30,090,962</b>	<b>20,035,726</b>	<b>76,245,015</b>	<b>0</b>



ACCUMULATED DEPRECIATION

CLOSING BALANCE	OPENING BALANCE	ADDITIONS	DISPOSALS TRANSFERS & ADJUSTMENTS	CLOSING BALANCE	CARRYING VAULE	BUDGET ADDITIONS 2005
143,487,428	82,934,240	8,317,120	0	91,251,360	52,236,068	
84,775,877	25,020,997	5,285,258	0	30,306,255	54,469,622	
70,587,619	13,545,696	0	0	13,545,696	57,041,923	
71,122,116	0	1,710,605	0	1,710,605	69,411,511	
52,514,228	13,850,495	2,310,540	0	16,161,035	36,353,193	
35,577,236	10,132,235	2,156,639	0	12,288,874	23,288,362	
33,956,978	17,742,672	1,755,098	2,913	19,500,683	14,456,295	
30,778,944	4,526,719	1,745,242	0	6,271,961	24,506,983	
18,443,915	2,617,645	806,652	0	3,424,297	15,019,618	
18,160,604	3,922,297	2,434,183	0	6,356,480	11,804,125	
18,399,892	4,739,611	873,667	0	5,613,278	12,786,614	
10,689,652	7,732,220	535,233	0	8,267,453	2,422,199	
6,530,965	3,749,913	340,234	0	4,090,147	2,440,818	
6,631,165	1,872,157	319,328	0	2,191,485	4,439,680	
2,564,106	572,290	131,293	0	703,583	1,860,523	
2,265,502	1,458,752	124,954	0	1,583,706	681,796	
2,045,224	1,222,044	111,675	0	1,333,719	711,505	
17,355,718	1,864,469	236,876	0	2,101,345	15,254,373	
52,524,690	0	0	0	0	52,524,690	
<b>678,411,860</b>	<b>197,504,452</b>	<b>29,194,596</b>	<b>2,913</b>	<b>226,701,961</b>	<b>451,709,898</b>	<b>94,503,149</b>
386,428	270,337	0	0	270,337	116,091	
1,886,818	3,600	0	0	3,600	1,883,218	
748,984	0	0	0	0	748,984	
<b>3,022,229</b>	<b>273,937</b>	<b>0</b>	<b>0</b>	<b>273,937</b>	<b>2,748,292</b>	<b>2,000,000</b>
7,490,657	0	0	0	0	7,490,657	
383,906	0	12,797	0	12,797	371,109	0
<b>7,874,563</b>	<b>0</b>	<b>12,797</b>	<b>0</b>	<b>12,797</b>	<b>7,861,766</b>	<b>0</b>
175,868	0	0	0	0	175,868	
1,156,316	50,504	42,753	0	93,257	1,063,059	
29,196,226	4,486,702	1,259,850	0	5,746,552	23,449,675	
19,598,278	0	0	0	0	19,598,278	
76,245,015					76,245,015	
<b>126,371,703</b>	<b>4,537,206</b>	<b>1,302,602</b>	<b>0</b>	<b>5,839,808</b>	<b>120,531,895</b>	<b>102,100,000</b>



## APPENDIX B

### ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2005

ASSET CLASS	OPENING BALANCE	ADDITIONS	COST / REVALUATION	
			UNDER CONSTRUCTION	DISPOSALS TRANSFERS & ADJUSTMENTS
<b>OTHER</b>				
Developed Land	1,021,564,276	99,445		(326,866)
Buildings: Offices	345,174,478	904,794		23,631
Buildings: Workshops/depots	190,922,936	2,853,199		(149,708)
Global: General	160,930,045	7,198,673		(529,647)
General	154,007,091	6,215,560		(1,629,667)
Undeveloped land	102,486,415	0		0
Buildings: Personnel Accommodation	96,413,951	0		0
Vehicles: Pick ups & vans	75,594,151	2,074,784		(6,224,313)
Plant & Equipment: General	46,447,065	1,100,721		(416,745)
Plant & Equipment: General: General	46,288,022	549,668		(976,206)
Vehicles: Commercial vehicles	43,007,988	418,765		2,582,933
Vehicles: Buses	38,960,906	791,932		0
Plant Equipment: Test meters & Meters General	29,505,893	5,333,460		0
Buildings: General	32,189,490	195,507		0
Buildings: Hostels - public	29,900,897	0		0
Furniture & fittings: General	28,065,721	530,996		(6,384,472)
Vehicles: Sedans	26,401,589	15,842,495		414,305
Vehicles: Heavy machinery & construction equipment	22,959,070	0		0
Books: Library	13,212,572	0		(99,163)
Office Equipment: General	10,000,304	258,401		(916,526)
Emergency Equipment: Fire: General	7,469,141	87,706		(1,321,182)
Vehicles: Fire engines	3,946,061	15,307,039		0
Computer equipment: Hardware	559,356	5,501,657		0
Fire Equipment: Pumps	0	15,543,093		0
Other	9,229,142	27,085,881		3,267,668
Assets under construction			99,969,490	0
Roodeplaat/Temba Water Services Trust	108,245,338	220,714,625	0	
	<b>2,643,481,901</b>	<b>328,608,401</b>	<b>99,969,490</b>	<b>(12,685,958)</b>
<b>CAPITALISED LEASED ASSETS</b>				
Roodeplaat/Temba Water Services Trust	19,116,417	0	0	0
	<b>19,116,417</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL</b>	<b>7,658,978,445</b>	<b>661,922,562</b>	<b>834,074,802</b>	<b>(13,912,817)</b>

Note: Detail budget not available due to change over from legacy financial system to SAP financial system. Budget was not compiled in the applicable format. Detail regarding deviations per Strategic Unit are provided in Appendix E.



ACCUMULATED DEPRECIATION

CLOSING BALANCE	OPENING BALANCE	ADDITIONS	DISPOSALS TRANSFERS & ADJUSTMENTS	CLOSING BALANCE	CARRYING VAULE	BUDGET ADDITIONS 2005
1,021,336,855	10,952,222	2,161	(4,415,592)	6,538,791	1,014,798,064	
346,102,902	86,482,700	16,232,520	(1,221)	102,714,000	243,388,903	
193,626,427	111,009,803	9,676,383	10,504	120,696,690	72,929,737	
167,599,072	18,007,862	32,188,015	(108,480)	50,087,397	117,511,675	
158,592,984	39,038,164	35,026,169	(396,163)	73,668,170	84,924,815	
102,486,415	3,302,067	0	(1,101,666)	2,200,401	100,286,014	
96,413,951	17,256,424	4,915,645	0	22,172,069	74,241,882	
71,444,622	19,033,783	14,813,300	(1,431,891)	32,415,193	39,029,429	
47,131,041	9,138,552	9,007,042	(46,764)	18,098,830	29,032,211	
45,861,484	2,105,175	9,151,218	(149,119)	11,107,274	34,754,210	
46,009,686	3,928,879	8,756,216	362,590	13,047,685	32,962,001	
39,752,839	20,193,727	4,082,537	0	24,276,264	15,476,575	
34,839,353	2,053,829	5,800,323	0	7,854,152	26,985,201	
32,384,997	6,477,187	1,525,363	0	8,002,550	24,382,447	
29,900,897	2,112,129	1,857,136	0	3,969,265	25,931,632	
22,212,244	287,981	2,694,876	(473,506)	2,509,351	19,702,893	
42,658,388	7,399,987	5,339,157	(72,922)	12,666,223	29,992,166	
22,959,070	5,959,938	2,276,216	0	8,236,154	14,722,916	
13,113,409	0	4,397,618	(26,481)	4,371,137	8,742,273	
9,342,179	265,198	1,959,611	(145,915)	2,078,894	7,263,285	
6,235,665	468,671	1,992,728	(366,287)	2,095,112	4,140,553	
19,253,101	244,726	284,097	0	528,823	18,724,277	
6,061,013	357,911	113,281	0	471,192	5,589,821	
15,543,093	0	0	0	0	15,543,092	
39,582,692	1,704,826	1,511,550	710,588	3,926,964	35,655,728	
99,969,490	0	0	0	0	99,969,490	
328,959,963	0	0	0	0	328,959,963	
<b>3,059,373,834</b>	<b>367,781,741</b>	<b>173,603,162</b>	<b>(7,652,323)</b>	<b>533,732,580</b>	<b>2,525,641,253</b>	<b>229,817,641</b>
19,116,417	724,107	868,928		1,593,035	17,523,382	
<b>19,116,417</b>	<b>724,107</b>	<b>868,928</b>	<b>0</b>	<b>1,593,035</b>	<b>17,523,382</b>	<b>0</b>
<b>9,141,062,991</b>	<b>1,904,708,486</b>	<b>467,874,513</b>	<b>(7,530,786)</b>	<b>2,365,052,213</b>	<b>6,776,010,777</b>	<b>1,351,682,053</b>



## APPENDIX C

### SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2005

ASSET CLASS	OPENING BALANCE	ADDITIONS	COST / REVALUATION	
			UNDER CONSTRUCTION	DISPOSALS TRANSFERS & ADJUSTMENTS
Governing Services	5,122,237	49,653		(2,340,418)
Municipal Manager	506,344			(205,202)
Chief Operating Officer	56,331,907	10,923		(376,191)
Emergency Management Services	101,644,606	37,660,118	4,121,937	(1,781,301)
Corporate Services	1,586,079,717	71,124,666	109,850,399	(4,080,182)
Economic Development	214,680,657	35,068,918	20,778,627	(112,347)
Finance	52,745,524	10,763,882		(853,714)
Housing, Planning & Environmental Services	953,206,083	35,131,224	300,363,644	
Legal and Secretarial Services	4,442,050	19,829,866		(1,409,883)
Marketing and Tourism	901,229			(71,248)
Metro Police	81,761,090	4,964,913	106,105	(405,268)
Social Development	235,795,824	11,297,134	39,812,836	(315,844)
Service Delivery:	2,844,531,115	383,518,918	245,477,897	(334,802)
Roads and Storm water	1,608,993,099	42,522,609	134,564,523	(331,046)
Water and Sanitation	1,235,538,016	340,996,309	110,913,374	(3,756)
Electricity	1,521,230,061	52,502,346	113,563,355	(1,626,419)
	<b>7,658,978,444</b>	<b>661,922,562</b>	<b>834,074,802</b>	<b>(13,912,817)</b>





ACCUMULATED DEPRECIATION

CLOSING BALANCE	OPENING BALANCE	ADDITIONS	DISPOSALS TRANSFERS & ADJUSTMENTS	CLOSING BALANCE	CARRYING VAULE	BUDGET ADDITIONS 2005
2,831,472	721,715	750,321	(189,098)	1,282,938	1,548,534	
301,142	4,118	66,029	(15,110)	55,037	246,105	
55,966,640	16,418	520,532	(29,710)	507,240	55,459,399	2,000,000
141,645,359	26,577,287	14,275,847	(438,411)	40,414,723	101,230,636	36,650,000
1,762,974,601	190,499,051	76,305,524	(4,840,091)	261,964,484	1,501,010,117	186,040,000
270,415,856	48,734,546	13,841,468	(9,182)	62,566,832	207,849,024	53,892,832
62,655,692	12,316,170	9,397,193	(660,333)	21,053,030	41,602,663	800,000
1,288,700,952	207,724,955	59,347,763	(486,927)	266,585,791	1,022,115,161	373,942,265
22,862,033		999,410	(134,485)	864,925	21,997,108	20,000,000
829,981		112,889	(6,582)	106,307	723,674	
86,426,841	8,447,927	11,253,215	(129,900)	19,571,242	66,855,598	5,000,000
286,589,951	62,808,612	19,263,798	(32,708)	82,039,702	204,550,249	55,972,221
3,473,193,128	844,014,717	167,101,267	(419,546)	1,010,696,438	2,462,496,690	456,883,735
1,785,749,185	544,635,481	91,829,686	(419,546)	636,045,621	1,149,703,564	218,617,380
1,687,443,943	299,379,236	75,271,581	0	374,650,817	1,312,793,126	238,266,355
1,685,669,344	502,842,970	94,639,257	(138,704)	597,343,523	1,088,325,819	160,501,000
<b>9,141,062,991</b>	<b>1,904,708,486</b>	<b>467,874,513</b>	<b>(7,530,786)</b>	<b>2,365,052,213</b>	<b>6,776,010,777</b>	<b>1,351,682,053</b>



## APPENDIX D

### SEGMENTAL STATEMENT OF PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2005

SERVICES	CITY OF TSHWANE					
	2005				2004	
	ACTUAL INCOME	ACTUAL EXPENDITURE	SURPLUS (DEFICIT)	ORIGINAL BUDGET SURPLUS (DEFICIT)	ACTUAL INCOME	ACTUAL EXPENDITURE
Governing Services	312,629	83,387,628	(83,074,999)	(102,304,811)	175,200	70,126,406
Municipal Manager	0	24,198,087	(24,198,087)	(33,600,958)	0	6,545,381
Chief Operating Officer	0	11,410,942	(11,410,942)	(15,907,973)	0	11,630,346
Emergency Management Services	30,980,106	192,046,174	(161,066,068)	(193,123,171)	28,585,901	179,109,311
Corporate Services	47,812,461	411,857,089	(364,044,628)	(443,102,797)	42,493,918	345,679,548
Economic Development	125,505,373	327,154,650	(201,649,277)	(160,033,356)	129,539,413	214,114,625
Finance	2,838,099,927	806,869,438	2,031,230,489	2,218,918,326	2,131,327,004	282,064,842
Housing, Planning & Environmental Services	477,490,308	899,271,442	(421,781,134)	(558,682,766)	268,784,092	724,229,904
Legal and Secretarial Services	75	61,250,275	(61,250,200)	(71,253,559)	6,943	47,933,209
Marketing and Tourism	0	0	(19,584,892)	(25,728,354)	0	29,432,881
Metro Police	108,033,562	392,757,896	(284,724,334)	(308,346,928)	109,037,675	345,057,325
Social Development	18,191,088	275,077,944	(256,886,856)	(302,947,071)	17,713,263	248,243,725
Service Delivery:	1,070,763,004	1,546,013,003	(475,249,999)	(589,626,479)	939,280,539	1,403,159,677
Roads & Stormwater	6,782,886	407,619,676	(400,836,790)	(436,814,001)	8,740,093	428,314,128
Waste water treatment	1,547,037	95,507,633	(93,960,596)	(113,499,295)	1,682,278	92,681,699
Waste water collection	207,811,234	78,163,156	129,648,078	124,808,946	185,523,466	70,954,145
Water supply	854,621,847	964,722,538	(110,100,691)	(164,122,129)	743,334,702	811,209,705
Electricity	2,496,487,035	2,263,821,188	232,665,847	63,155,016	2,223,481,910	1,959,025,176
<b>Subtotal</b>	<b>7,213,675,568</b>	<b>7,314,700,648</b>	<b>(101,025,080)</b>	<b>(522,584,881)</b>	<b>5,890,425,858</b>	<b>5,866,352,356</b>
Less: Internal cost to projects			34,639,852			
			(66,385,228)	(522,584,881)		
Less: Departmental charges			663,737,800	739,553,901		
<b>SURPLUS FOR THE YEAR</b>			<b>597,352,572</b>	<b>216,969,020</b>		



GROUP							
2005				2004			
SURPLUS (DEFICIT)	ACTUAL INCOME	ACTUAL EXPENDITURE	SURPLUS (DEFICIT)	ORIGINAL BUDGET SURPLUS (DEFICIT)	ACTUAL INCOME	ACTUAL EXPENDITURE	SURPLUS (DEFICIT)
(69,951,206)	312,629	83,387,628	(83,074,999)	(102,304,811)	175,200	70,126,406	(69,951,206)
(6,545,381)	0	24,198,087	(24,198,087)	(33,600,958)	0	6,545,381	(6,545,381)
(11,630,346)	0	11,410,942	(11,410,942)	(15,907,973)	0	11,630,346	(11,630,346)
(150,523,410)	30,980,106	192,046,174	(161,066,068)	(193,123,171)	28,585,901	179,109,311	(150,523,410)
(303,185,630)	47,812,461	411,857,089	(364,044,628)	(443,102,797)	42,493,918	345,679,548	(303,185,630)
(84,575,212)	126,837,108	328,642,916	(201,805,808)	(160,033,356)	130,522,340	215,743,543	(85,221,203)
1,849,262,162	2,838,099,927	806,869,438	2,031,230,489	2,218,918,326	2,131,327,004	282,064,842	1,849,262,162
(455,445,812)	477,490,308	899,271,442	(421,781,134)	(558,682,766)	268,784,092	724,229,904	(455,445,812)
(47,926,266)	75	61,250,275	(61,250,200)	(71,253,559)	6,943	47,933,209	(47,926,266)
(29,432,881)	0	19,584,892	(19,584,892)	(25,728,354)	0	29,432,881	(29,432,881)
(236,019,650)	108,033,562	392,757,896	(284,724,334)	(308,346,928)	109,037,675	345,057,325	(236,019,650)
(230,530,462)	19,189,334	276,911,437	(257,722,103)	(302,947,071)	19,799,276	249,865,314	(230,066,038)
(463,879,138)	1,152,305,674	1,556,470,171	(404,164,497)	(589,626,479)	953,966,360	1,412,751,285	(458,784,925)
(419,574,035)	6,782,886	407,619,676	(400,836,790)	(436,814,001)	8,740,093	428,314,128	(419,574,035)
(90,999,421)	2,112,395	90,957,544	(88,845,149)	(113,499,295)	2,189,600	88,626,323	(86,436,723)
114,569,321	207,811,234	78,163,156	129,648,078	124,808,946	185,523,466	70,954,145	114,569,321
(67,875,003)	935,599,159	979,729,795	(44,130,636)	(164,122,129)	757,513,201	824,856,689	(67,343,488)
264,456,734	2,496,487,035	2,263,821,188	232,665,847	63,155,016	2,223,481,910	1,959,025,176	264,456,734
<b>24,073,502</b>	<b>7,297,548,219</b>	<b>7,328,479,575</b>	<b>(30,931,356)</b>	<b>(522,584,881)</b>	<b>5,908,180,619</b>	<b>5,879,194,471</b>	<b>28,986,148</b>
			34,639,852				0
			3,708,496				28,986,148
			663,737,800				0
			<b>667,446,296</b>				<b>28,986,148</b>



## APPENDIX E (1)

### ACTUAL OPERATING REVENUE AND EXPENDITURE VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2005 (only with regard to parent municipality)

SERVICES	ACTUAL R	BUDGET R	VARIANCE R
<b>REVENUE</b>			
Property rates	1,364,534,518	1,446,500,000	(81,965,482)
Service Charges	3,813,036,037	3,578,600,000	234,436,037
Regional Service Levies - turnover	433,503,764	374,040,000	59,463,764
Regional Service Levies - Remuneration	194,762,548	166,160,000	28,602,548
Rental of facilities and equipment	62,588,451	45,952,284	16,636,167
Interest earned - external investments	104,901,456	67,500,000	37,401,456
Interest earned - outstanding debtors	57,336,252	100,000,000	(42,663,748)
Fines (traffic fines)	37,910,096	43,805,000	(5,894,904)
Licences and permits	21,900,632	22,645,780	(745,148)
Government grants and subsidies	701,609,248	707,177,238	(5,567,990)
Other income	333,603,384	397,561,291	(63,957,907)
Public contributions	86,078,829	0	86,078,829
Gains on disposal of property, plant and equipment	1,910,353	0	1,910,353
<b>Total Revenue</b>	<b>7,213,675,568</b>	<b>6,949,941,593</b>	<b>263,733,975</b>
<b>EXPENDITURE</b>			
Employee related costs	2,092,836,481	2,205,775,719	(112,939,238)
Remuneration of Councillors	33,255,221	36,151,914	(2,896,693)
Bad debts	315,160,811	128,160,811	187,000,000
Collection Costs	37,775,260	39,019,200	(1,243,940)
Depreciation	466,303,549	528,316,225	(62,012,676)
Interest paid on external borrowings	230,518,628	270,000,000	(39,481,372)
Bulk purchases	1,628,481,385	1,647,936,640	(19,455,255)
Repairs and maintenance	867,935,351	869,334,814	(1,399,463)
External	519,020,501	415,351,589	103,668,912
Internal	348,914,850	453,983,225	(105,068,375)
Grants and subsidies paid	6,505,043	10,005,000	(3,499,957)
General expenses - other	1,409,575,016	1,637,415,181	(227,840,165)
External	1,321,105,968	1,522,305,540	(201,199,572)
Internal	88,469,048	115,109,641	(26,640,593)
Less: Internal cost to projects	(34,639,852)	(70,050,065)	35,410,213
<b>Total Expenditure</b>	<b>7,053,706,893</b>	<b>7,302,065,439</b>	<b>(248,358,546)</b>
<b>Less: Internal cost charged out</b>	<b>(437,383,898)</b>	<b>(569,092,866)</b>	<b>131,708,968</b>
<b>Nett Expenditure</b>	<b>6,616,322,995</b>	<b>6,732,972,573</b>	<b>(116,649,578)</b>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>597,352,573</b>	<b>216,969,020</b>	<b>380,383,553</b>



VARIANCE  
%

EXPLANATION OF SIGNIFICANT VARIANCES (GREATER THAN 10%) VERSUS BUDGET

(4.13)	
(1.31)	
15.90	Levies are based on turnover of companies. An increase therein will ultimately result in an increase in the levied income
17.21	Levies are based on remuneration of companies. An increase therein will ultimately result in an increase in the levied income
26.31	Increase can be attributed to an increase in housing and bus rentals. Budget was compiled conservatively
54.09	Increase can be attributed to a positive cash flow and an increase in investments
(44.75)	Due to IT problems during the upload on the SAP system the levying of interest on arrear debt was suspended
(13.46)	Termination of Public Private Partnership in respect of electronic law enforcement in January 2004 led to a decrease in income
(3.46)	
(0.79)	
(15.89)	Largest decrease was in reconnection fees and transport fees
100.00	Income was not budgeted for. GAMAP/GRAP implementation
100.00	Income was not budgeted for. GAMAP/GRAP implementation
<b>(0.04)</b>	
(5.12)	Savings are owing to non filling of vacancies
(8.01)	
145.91	Additional provision for bad debt at year end
(3.19)	
(11.74)	Depreciation did not realise fully owing to the late spending on capital projects
(14.62)	Less external loans was taken up than anticipated during the budget process
(1.18)	
(0.16)	
24.96	Due to implementation of SAP budget included internal costs. Internal costs could not be split scientifically - this is not a true over expenditure reflected
(23.14)	
(34.98)	Due to implementation of SAP the grants with regard to Assessment Rates were handled differently than budgeted for.
(13.91)	
(13.22)	
(23.14)	
(50.55)	This forms part of repair and maintenance and the split of internal cost on the SAP system
(3.40)	
(23.14)	
(1.73)	
<b>175.32</b>	



## APPENDIX E (2)

### ACTUAL CAPITAL EXPENDITURE VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2005

(only with regard to parent municipality)

ASSET CLASS	ORIGINAL BUDGET	ADJUSTMENT BUDGET R	ACTUAL R
<b>Infrastructure</b>			
Drains	47,742,000	48,817,000	38,337,113
Electricity mains	111,085,000	117,054,000	106,381,266
Electricity peak load equipment	25,805,000	21,975,000	20,320,492
Public lighting	20,112,000	21,472,000	19,798,723
Reservoirs	19,250,000	21,425,765	17,591,226
Roads	217,715,380	236,675,380	201,817,851
perform well			
Sewerage mains and purification	102,903,120	156,119,722	152,923,452
Transport	950,000	8,010,473	645,698
Transport facilities	53,020,000	39,336,527	24,151,884
Water mains and purification	187,039,000	216,720,868	197,711,698
Water meters	1,500,000	1,500,000	1,399,640
	<b>787,121,500</b>	<b>889,106,735</b>	<b>781,079,043</b>
<b>Community Assets</b>			
Cemeteries	13,213,000	13,981,765	12,951,419
Civic buildings	200,000	200,000	195,507
Community centres	2,976,000	1,976,000	1,893,367
Emergency buildings	1,600,000	1,600,000	1,455,166
Health clinics	18,250,000	12,646,000	12,434,583
Libraries	9,870,000	6,500,000	6,158,926
Other development	30,900,000	34,100,000	27,668,824
Parks and gardens	4,616,000	4,480,000	3,697,600
Planning and development	1,400,000	1,400,000	277,899
Police buildings	300,000	300,000	269,490
Recreation grounds	36,820,000	41,374,385	39,072,859
	<b>120,145,000</b>	<b>118,558,150</b>	<b>106,075,640</b>



VARIANCE R	VARIANCE %	EXPLANATION OF SIGNIFICANT VARIANCES (GREATER THAN 10%) VERSUS BUDGET
9,404,887	19.70	Works completed for less than estimated
4,703,734	4.23	
5,484,508	21.25	Problems experienced with environmental impact studies. Land could not be purchased in time.
313,277	1.56	
1,658,774	8.62	Underperformance of contractors. Late deliveries and rock excavations delayed the process.
15,897,529	7.30	Procurement process led to delays in consultant appointments. Emerging contractors did not
(50,020,332)	(48.61)	Budget substantially increased during adjustment budget process
304,302	32.03	Budget increased substantially during adjustment budget
28,868,116	54.45	Saving in professional fees as planning was done in house. Design work was done in previous year
(10,672,698)	(5.71)	
100,360	6.69	Purchase price lower than budgeted for
<b>6,042,457</b>	<b>0.77</b>	
261,581	1.98	
4,493	2.25	
1,082,633	36.38	Budget was reduced during adjustment budget
144,834	9.05	Final cost less than estimated -contractor underperformed
5,815,417	31.87	Earth works less than expected. Budget was reduced during adjustment budget
3,711,074	37.60	Construction estimation was performed after budget.
3,231,176	10.46	Court interdict had to be obtained for community's interference with development
918,400	19.90	Projects realised less than budgeted for
1,122,101	80.15	Less work was done than planned.
30,510	10.17	Savings realised on original estimated costs
(2,252,859)	(6.12)	Budget was increased during adjustment budget
<b>14,069,360</b>	<b>11.71</b>	



## APPENDIX E (2)

### ACTUAL CAPITAL EXPENDITURE VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2005

(only with regard to parent municipality)

ASSET CLASS	ORIGINAL BUDGET	ADJUSTMENT BUDGET R	ACTUAL R
<b>Heritage Assets</b>			
Historical Buildings	750,000	750,000	748,984
Monuments	4,950,000	3,525,836	3,515,750
	5,700,000	4,275,836	4,264,734
<b>Housing rental stock</b>			
Housing rental	44,100,000	44,100,000	28,217,115
	44,100,000	44,100,000	28,217,115
<b>Other assets</b>			
Bins and containers	4,500,000	4,500,000	4,085,321
Buildings	5,700,000	6,260,832	2,046,930
account			
Computer equipment	125,140,000	150,540,000	149,718,751
Emergency buildings	1,750,000	1,750,000	1,472,124
Emergency equipment	900,000	900,000	844,905
Fire engines	32,900,000	32,400,000	31,408,672
Land	45,570,000	45,040,000	43,255,544
Landfill sites	6,445,500	5,915,500	5,281,855
Motor vehicles	20,450,000	20,450,000	15,033,065
Office equipment	17,000,000	17,000,000	16,997,150
Other development	2,285,000	6,185,000	1,516,176
charges less than private contractors.			
Police equipment	4,700,000	4,700,000	4,074,980
	267,340,500	295,641,332	275,735,473
<b>GRAND TOTAL</b>	<b>1,224,407,000</b>	<b>1,351,682,053</b>	<b>1,195,372,005</b>





VARIANCE R	VARIANCE %	EXPLANATION OF SIGNIFICANT VARIANCES (GREATER THAN 10%) VERSUS BUDGET
1,016	0.14	
1,434,250	28.97	Budget was reduced during adjustment budget.
1,435,266	25.18	
15,882,885	36.02	Court interdict had to be obtained for community interference - therefore work delayed
15,882,885	36.02	
414,679	9.22	VAT calculation problems during budget
3,653,070	64.09	Budget reduced during adjustment budget. Operational part of expenditure was moved to operational
(24,578,751)	(19.64)	Budget increased during adjustment Budget.
277,876	15.88	Premises required EIA and could not continue
55,095	6.12	Final cost less than estimated
1,491,328	4.53	
2,314,456	5.08	Budget reduced during adjustment budget.
1,163,645	18.05	Contractor under performed. VAT calculation when budgeted
5,416,935	26.49	Vehicle prices decreased where as an increase were budgeted for
2,850	0.02	
768,824	33.65	Project on hold because of court intervention. Savings occurred as Service Delivery departments
625,020	13.30	Specifications were changed
(8,394,973)	(3.14)	
29,034,995		



## APPENDIX F

### DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 (only with regard to parent municipality)

#### QUARTERLY RECEIPTS

NAME OF GRANT	NAME OF ORGAN OF STATE OR MUNICIPALITY ENTITY	JULY	SEPT	DEC	MRC	JUNE
<b>Capital Grants:</b>						
Economic Development	Gauteng: Sport, Recreation		3,022,000		1,788,000	3,871,232
National Electricity Fund	National Electricity Regulator					8,076,858
Gauteng Project Linked Housing	Gauteng: Housing Department					96,970,554
North West: Project Linked Housing	North West: Housing					77,045,472
Municipal Infrastructure Grant (MIG)	Department: Provincial and Local Government					175,345,097
Economic Development	Gauteng: Sport, Recreation					3,399,400
Gautras Job Creation	Gautras					1,500,000
Electricity for All	Department Mineral & Energy Affairs					2,075,371
Transportation	Gauteng Department Transportation Engineering					500,000
<b>Operational grants/subsidies:</b>						
HIV/AIDS	Department: Provincial & Local Government					3,150,000
National Lottery	National Lottery Fund					352,000
Ambulance subsidy	Gauteng Department of Health					27,109,445
Health subsidy	National Department of Health					10,494,750
Finance Management Grant	National Treasury					3,000,000
Restructuring Grant	National Treasury					50,000,000
Municipal System Improvement Grant	National Treasury					2,000,000
Equitable share	Department: Provincial and Local Government					192,481,838

\* Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act



QUARTERLY EXPENDITURE

QUARTERLY EXPENDITURE					GRANTS AND SUBSIDIES DELAYED / WITHELD	REASON FOR DELAY / WITHHOLDING OF FUNDS	* COMPLIANCE WITH DIVISION REVENUE ACT	REASON FOR NON COMPLIANCE
JULY	SEPT	DEC	MRC	JUNE	JULY - JUNE			
				8,214,216	None	None	Yes	Not applicable
				9,412,913	None	None	Yes	Not applicable
				44,073,092	None	None	Yes	Not applicable
				192,042,762	None	None	Yes	Not applicable
				149,108,923	None	None	Yes	Not applicable
				0	None	None	Yes	Not applicable
				1,500,000	None	None	Yes	Not applicable
				0	None	None	Yes	Not applicable
				0	None	None	Yes	Not applicable
				50,000	None	None	Yes	Not applicable
				0	None	None	Yes	Not applicable
				41,339,250	None	None	Yes	Not applicable
				108,895,393	None	None	Yes	Not applicable
				4,351,418	None	None	Yes	Not applicable
				7,043,738	None	None	Yes	Not applicable
				0	None	None	Yes	Not applicable
				0	None	None	Yes	Not applicable