

Please note the following when completing your budget:

General comments before you start:

- On Form 2 only enter amounts in the yellow cells. All other cells are locked.
- Budget amounts exclude VAT
- Total Income (how the budget is funded) will always match Total Expenditure and MUST be reflected as a credit (negative value).
- Retention is calculated automatically.
- If you feel you need to add an expenditure line item, contact me first.

When completing the budget:

INCOME

Only budget for income that the CID is guaranteed to receive and which will be used to help fund the expenditure budget Note: Interest earned cannot be used.

The main source of revenue will be the additional property rates billed by the City which will be paid over on a monthly basis to the NPC.

EXPENDITURE

Employee related:

Only reflect budget amounts in this category when the CID plans to make staff appointments, deduct UIF, tax, etc. and provide the employee annually with an IRP5.

Salaries and Wages:

Annual remuneration of permanent staff. Annual remuneration refers to basic salary as per IRP5 excluding allowances, benefits, performance and other bonuses and service related awards.

PAYE:

Tax payments to SARS on a monthly basis.

UIF:

Employer contributions to Unemployment Insurance Fund -

<http://www.sars.gov.za/TaxTypes/UIF/Pages/default.aspx> - Refer to the item: "How much do you need to pay".

SDL:

A levy imposed to encourage learning and development in South Africa and is determined by an employer's salary bill. The funds are to be used to develop and improve skills of employees.

COIDA

Compensation for Occupational Injuries and Diseases Act - To provide for compensation for disablement caused by occupational injuries or diseases sustained or contracted by employees in the course of their employment, or for death resulting from such injuries or diseases; and to provide for matters connected therewith **(as a guide use R0.20 per R100)**

Bonus Provision:

Additional compensation paid/acrued to an employee or department as a reward for achieving specific goals or attaining predetermined targets. A performance bonus is compensation beyond normal wages and is typically awarded after a performance appraisal and analysis of projects completed by the employee over a specific period of time. Included in this account is any other form of bonus given to employees.

Note: If the CID plans to outsource the management of the company, the costs should be budgeted for in General Expenditure under "Administration and management".

Core Business:

This is the reason for the CID's existence and the budgeted amounts should reflect the business plan's focus:

Cleansing services:

Top Up cleansing service provided in the CID. Contracted out.

Environmental upgrading:

This covers all greening Initiatives e.g. recycling, landscaping, water saving, bush clearing, removal of alien vegetation, parks, etc.

Law Enforcement Officers:

Contracting of City Law Enforcement Officers.

Public Safety:

Outsourcing of top up public safety by contracting a private security company.

Public Safety - CCTV monitoring:

When the CCTV monitoring is performed by an independent company other than the contracted private security company performing the public safety function.

Social upliftment:

Dealing with social issues such as street people, prostitution, drug abuse through NGOs or own initiatives.

Urban Maintenance:

Minor maintenance of City infrastructure (partially or fully funded by the CID) e.g. replacement of a street sign pole, painting of electrical boxes, road markings, etc. Must first engage with City departments. Removal of graffiti, illegal posters and stickers.

Depreciation (See worksheet for depreciation calculation):

Depreciation is the systematic allocation of the cost of an asset from the Statement of Financial Position to Depreciation Expense on the Statement of Financial Performance over the useful life of the asset.

All assets (property, plant and equipment - PPE) must have budgeted depreciation taking into account that assets will only start depreciating when they become operational. Depreciation must also be budgeted for all existing assets as recorded in the Annual Financial Statements. Depreciation must be realistic and in line with the assets useful life.

Assets donated to the CID also attract depreciation.

Example:

CID plans to install CCTV cameras and therefore makes a budget provision of R100 000 in Year 1 of the 5 year budget.

CID's Accounting policy states that CCTV cameras have a useful life of 5 years.

Annual depreciation (Acquisition Value divided by the useful life) = R100 000 / 5 = R20 000

CID plans for the CCTV cameras to become operational in March which leave 3 months of depreciation to budget for in

Year 1: R20 000 / 12 x 3 = R5 000

Year 2 = R20 000

Year 3 = R20 000

Year 4 = R20 000

Year 5 = R20 000

Year 6 = R15 000

Acc Depr = R100 000

In year 3 the CID decides to extend the CCTV camera network with an additional R120 000. Depreciation = R120 000 / 5 = R24 000 per year.

CID plans for the additional CCTV cameras to become operational in December which leave 6 months of depreciation to budget for in year 1 of the asset but year 3 of the CID's 5 year budget: R24 000 / 12 x 6 = R12 000
Depreciation budget now looks like this:

Year 1: R5 000

Year 2: R20 000

Year 3: R20 000 + R12 000 = R32 000

Year 4: R20 000 + R24 000 = R44 000

Year 5: R20 000 + R24 000 = R44 000

Year 6: R15 000 + R24 000 = R39 000

Year 7: R24 000

Year 8: R12 000

Acc Depr = R220 000

Repairs and Maintenance:

This budget provision is for repairs and maintenance of all CID assets (or hired offices if contractually bound) and not for repairs and maintenance of City infrastructure.

Interest and Redemption:

If the CID plans to fund the purchasing of assets through a finance lease or any other long term loan, the interest and redemption is budgeted for in this category.

General Expenditure:

All other planned operating expenditure must be reflected in this category. Budget amounts must be broken down per line item and not shown as globular amounts. This improves transparency and allows for better reporting and oversight.

General Expenditure**Accounting fees**

Service provider performing the accounting functions of the CID up to and including the preparation of the Annual Financial Statements

Administration and management fees

Service provider performing the administrative and management functions of the CID

Advertising costs

All advertising costs e.g. Adverts for AGMs, public meetings etc.

Auditor's remuneration

Audit Company performing the audit of the Annual Financial Statements

Bank charges

Monthly bank charges relating to transactions in the CIDs bank account

Books, periodicals & subscriptions

The cost of subscriptions iro publications, newsletters, books and magazines for official use. Excludes subscriptions to Internet and Professional bodies. Include the purchase of reference and library books.

Communication

Cost incurred for printing and distribution of newsletters.

Computer expenses

For costs relating to software licences and software upgrade protection, internet connection, CID website and social media pages

Conferences & seminars - International

Fees paid for the attendance of international congresses/seminars/symposiums and workshops. Excludes accommodation and transport which must be allocated to travelling and subsistence

Conferences & seminars - National

Fees paid for the attendance of national congresses/seminars/symposiums and workshops. Excludes accommodation and transport which must be allocated to travelling and subsistence

Contingency / Sundry

For unforeseen expenses e.g. paying for ID documents of homeless people in the area or travel expenses iro reuniting people with their families.

Donations

Reserved for donations to organisations who provide a service in the CID area only

Catering & Food

Catering for official meetings

Insurance

This is a requirement and should cover both public liability and Indemnity insurance

Lease rental on equipment

Costs related to the leasing of equipment

Marketing and promotions

For costs relating to the marketing and promoting of the CID e.g. printing of booklets, posters, agency fees etc.

Meeting expenses

Expenses for meetings held e.g. venue hire, equipment hire, etc. EXCLUDES Catering

Minor tools & equipment

For the purchasing of small plant and equipment e.g. spades, rakes, brooms, etc.

Motor vehicle expenses

Servicing of vehicles, tyres, etc.

Office cleaning costs

Cost incurred in making use of an external service provider for domestic cleaning services whether it be offices or any other rented or municipal owned properties.

Office rental

Rent for use of office space

Office security

Cost incurred relating to safeguarding and access control of facilities, for example armed response provided by ADT, Chubb or other(s) and security services for example reception or motor entrances access

Postage & courier

The cost incurred iro of the distribution of post/parcels. Cost of stamps and franking machine usage. Rent of Private Bag and postal box. Folding of invoices. Also includes courier charges for parcels, plans etc.

Printing / stationery / photographic

The purchasing of stationery, cost of reproduction/printing externally. Photographic expenditure i.e. films, printing, videos, etc

Rates and Service Accounts ex CCT

Rates and Services due to the City iro municipal properties e.g. paying the City for pre-paid electricity.

Protective clothing

Uniform and Protective clothing purchased for issue to employees e.g. bibs

Secretarial duties

Making use of agency staff or outsourced staff for secretarial services. Costs relating to CIPC can also be recorded here. (e.g. annual returns, changes in directors, auditors, etc.)

Refreshments and Teas (previously Staff welfare)

Provision of refreshments, tea and coffee for staff and visitors to CID offices.

Telecommunication

Payments for the use of telephones, faxes, telegraphs and telex for communication purposes, including costs for teleconferences. Payments include all costs for the usage of telecommunication line and related infrastructure.

Training

The cost of external training courses including training and development material, excluding bursaries.

Travel & subs - International

Expenditure on air transport for employees travelling internationally to attend conferences, meetings and other official purposes.

Travel & subs - National

Expenditure on employees travelling domestically with own transport to attend conferences, meetings and other official purposes.

Utilities

Paid to a third party and not directly to the City e.g. Electricity etc.

Projects:

All projects are budgeted for under this category. Projects have limited life spans with a start date and an end date. Creating a bulk provision for projects is not allowed. All projects must be specified separately to ensure implementation can be measured.

Capital Expenditure (PPE):

All property plant and equipment. If the CID plans to buy or build an asset during the financial year it must be budgeted for in this category. All capital expenditure(PPE) is part of the CID's Balance Sheet and will attract depreciation. See depreciation schedule for asset classes.

Provision for Bad Debt:

City retains 3% of the CID budget as a provision for bad debt. This is calculated automatically and has no impact on the CID's ability to deliver services. Annually in September after the audit has been completed the arrears position is compared with the amount retained as a provision for bad debt and if the provision exceeds the arrears, 75% of the difference is refunded to the CID as additional income.

NOTE:

Offsetting

In terms of General Recognised Accounting Practice – Standard 1(GRAP 1) which was developed from the International Financial Reporting Standards (IFRS), no offsetting is allowed. Income must be recognised separately in the budget if it is going to be used for the funding of expenditure.

PAROW INDUSTRIA CITY IMPROVEMENT DISTRICT

5 YEAR BUDGET AS PER BUSINESS PLAN

	2020/21	2021/22	2022/23	2023/24	2024/25
INCOME	R	R	R	R	R
Income from add. Rates	-5 331 774 93.0%	-5 758 315 93.5%	-6 218 980 94.0%	-6 716 498 94.4%	-7 253 818 94.8%
Other: Specify	-400 000 7.0%	-400 000 6.5%	-400 000 6.0%	-400 000 5.6%	-400 000 5.2%
TOTAL INCOME	-5 731 774 100.0%	-6 158 315 100.0%	-6 618 980 100.0%	-7 116 498 100.0%	-7 653 818 100.0%
EXPENDITURE	R	R	R	R	R
Employee Related	918 927 16.0%	983 250 16.0%	1 059 640 16.0%	1 141 981 16.0%	1 172 524 15.3%
Salaries and Wages	706 900	756 383	816 893	882 244	894 605
PAYE, UIF & SDL	144 154	154 244	165 041	176 593	188 954
Allowances: Locomotion					
COIDA	118	126	135	144	155
Bonus provision	67 755	72 497	77 571	83 000	88 810
Core Business	3 077 538 53.7%	3 309 364 53.7%	3 549 658 53.6%	3 909 878 54.9%	4 314 539 56.4%
Cleansing services	475 314	520 566	569 892	618 204	680 024
Environmental upgrading	30 000	30 000	20 000	20 000	30 000
Law Enforcement Officers / Traffic Wardens					
Public Safety	1 608 665	1 698 885	1 793 863	1 989 182	2 193 775
Public Safety - CCTV monitoring	963 559	1 059 913	1 165 903	1 282 492	1 410 740
Public Safety - CCTV - Leasing of cameras					
Social upliftment					
Urban Maintenance					
Depreciation	320 000 5.6%	370 000 6.0%	430 000 6.5%	400 000 5.6%	350 000 4.6%
Repairs & Maintenance	471 076 8.2%	509 123 8.3%	548 108 8.3%	584 279 8.2%	686 960 9.0%
Interest & Redemption	0.0%	0.0%	0.0%	0.0%	0.0%
General Expenditure	384 280 6.7%	413 829 6.7%	445 005 6.7%	478 865 6.7%	512 180 6.7%
Accounting fees	10 442	11 277	12 179	13 153	14 139
Administration and management fees					
Advertising costs	5 400	5 832	6 298	6 801	7 311
Auditor's remuneration	33 170	35 491	37 975	40 633	43 680
Bank charges	9 967	10 764	11 625	12 555	13 497
Books, periodicals & subscriptions					
Catering & Food	8 000	8 500	9 000	9 500	10 213
Communication					
Computer expenses	8 530	9 127	9 765	10 448	11 232
Conferences & seminars - International					
Conferences & seminars - National					
Contingency / Sundry	2 966	3 173	3 395	3 632	3 904
Donations	11 500	13 000	14 500	16 000	17 591
Insurance	88 912	95 135	101 794	108 919	117 088
Lease rental on equipment	53 928	57 968	62 305	66 977	72 000
Marketing and promotions					
Meeting expenses					
Minor tools & equipment					
Motor vehicle expenses	738	811	894	990	1 064
Office cleaning costs					
Office rental	64 950	70 146	75 757	81 818	85 000
Office security					
Postage & courier	923	993	1 067	1 149	1 233
Printing / stationery / photographic	5 955	6 401	6 881	7 397	7 952
Protective clothing					
Rates & Service Accounts (only CCT)	4 870	5 259	5 679	6 133	6 593
Refreshments and Teas	15 000	16 200	17 000	18 360	19 737
Secretarial duties	25 375	27 405	29 597	31 964	34 361
Telecommunication	28 374	30 643	33 136	35 786	38 470
Training					
Travel & subs - International					
Travel & subs - National					
Utilities (not CCT)	5 280	5 704	6 158	6 650	7 115
Projects	- 0.0%	- 0.0%	- 0.0%	- 0.0%	- 0.0%
Provide Detail					
Provide Detail					
Provide Detail					
Provide Detail					
Provide Detail					
Capital Expenditure (PPE)	400 000 7.0%	400 000 6.5%	400 000 6.0%	400 000 5.6%	400 000 5.2%
Office Furniture					
Office Equipment					
Computer Equipment					
CCTV Cameras	400 000	400 000	400 000	400 000	400 000
Fence					
Security Equipment					
Vehicles					
Other: Specify					
Other: Specify					
Bad Debt Provision 3%	159 953 2.8%	172 749 2.8%	186 569 2.8%	201 495 2.8%	217 615 2.8%
TOTAL EXPENDITURE	5 731 774 100.0%	6 158 315 100.0%	6 618 980 100.0%	7 116 498 100.0%	7 653 818 100.0%
(SURPLUS) / SHORTFALL	-	-	-	-	-
GROWTH: EXPENDITURE	16.1%	7.4%	7.5%	7.5%	7.6%

PAROW INDUSTRIA CITY IMPROVEMENT DISTRICT

2020/21

PROPOSED BUDGET

	As per Business Plan	Proposed Budget	Variance
INCOME	R	R	R
Income from add. Rates	-5 331 774 93.0%	-5 331 774 93.0%	-
Other: Specify	-400 000 7.0%	-400 000 7.0%	-
TOTAL INCOME	-5 731 774 100.0%	-5 731 774 100.0%	- 0.0%
EXPENDITURE	R	R	R
Employee Related	918 927 16.0%	918 927 16.0%	- 0.0%
Salaries and Wages	706 900	706 900	-
PAYE, UIF & SDL	144 154	144 154	-
Allowances: Locomotion	-	-	-
COIDA	118	118	-
Bonus provision	67 755	67 755	-
Core Business	3 077 538 53.7%	3 077 538 53.7%	- 0.0%
Cleansing services	475 314	475 314	-
Environmental upgrading	30 000	30 000	-
Law Enforcement Officers / Traffic Wardens	-	-	-
Public Safety	1 608 665	1 608 665	-
Public Safety - CCTV monitoring	963 559	963 559	-
Public Safety - CCTV - Leasing of cameras	-	-	-
Social upliftment	-	-	-
Urban Maintenance	-	-	-
Depreciation	320 000 5.6%	320 000 5.6%	- 0.0%
Repairs & Maintenance	471 076 8.2%	471 076 8.2%	- 0.0%
Interest & Redemption	- 0.0%	- 0.0%	- 0.0%
General Expenditure	384 280 6.7%	384 280 6.7%	- 0.0%
Accounting fees	10 442	10 442	-
Administration and management fees	-	-	-
Advertising costs	5 400	5 400	-
Auditor's remuneration	33 170	33 170	-
Bank charges	9 967	9 967	-
Books, periodicals & subscriptions	-	-	-
Catering & Food	8 000	8 000	-
Communication	-	-	-
Computer expenses	8 530	8 530	-
Conferences & seminars - International	-	-	-
Conferences & seminars - National	-	-	-
Contingency / Sundry	2 966	2 966	-
Donations	11 500	11 500	-
Insurance	88 912	88 912	-
Lease rental on equipment	53 928	53 928	-
Marketing and promotions	-	-	-
Meeting expenses	-	-	-
Minor tools & equipment	-	-	-
Motor vehicle expenses	738	738	-
Office cleaning costs	-	-	-
Office rental	64 950	64 950	-
Office security	-	-	-
Postage & courier	923	923	-
Printing / stationery / photographic	5 955	5 955	-
Protective clothing	-	-	-
Rates & Service Accounts (only CCT)	4 870	4 870	-
Refreshments and Teas	15 000	15 000	-
Secretarial duties	25 375	25 375	-
Telecommunication	28 374	28 374	-
Training	-	-	-
Travel & subs - International	-	-	-
Travel & subs - National	-	-	-
Utilities (not CCT)	5 280	5 280	-
Projects	- 0.0%	- 0.0%	- 0.0%
Provide Detail	-	-	-
Provide Detail	-	-	-
Provide Detail	-	-	-
Provide Detail	-	-	-
Provide Detail	-	-	-
Capital Expenditure (PPE)	400 000 7.0%	400 000 7.0%	- 0.0%
Office Furniture	-	-	-
Office Equipment	-	-	-
Computer Equipment	-	-	-
CCTV Cameras	400 000	400 000	-
Fence	-	-	-
Security Equipment	-	-	-
Vehicles	-	-	-
Other: Specify	-	-	-
Other: Specify	-	-	-
Bad Debt Provision 3%	159 953 2.8%	159 953 2.8%	- 0.0%
TOTAL EXPENDITURE	5 731 774 100.0%	5 731 774 100.0%	- 0.0%

(SURPLUS) / SHORTFALL

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