

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/accrued 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: $R20\,000 / 12 \times 3 = R5\,000$

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: $R24\,000 / 12 \times 6 = R12\,000$

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.)

Seed Capital

For the refund of funds used for the initial start up of the non-profit company.

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.

LOWER KENILWORTH IMPROVEMENT DISTRICT (LKID)

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	-1,523,506 100.0%	-1,585,107 100.0%	-1,680,614 100.0%	-1,781,451 100.0%	-1,888,343 100.0%
Other: Specify	0.0%	0.0%	0.0%	0.0%	0.0%
TOTAL INCOME	-1,523,506 100.0%	-1,585,107 100.0%	-1,680,614 100.0%	-1,781,451 100.0%	-1,888,343 100.0%
EXPENDITURE	R	R	R	R	R
Employee Related	- 0.0%	- 0.0%	- 0.0%	- 0.0%	- 0.0%
Salaries and Wages					
PAYE, UIF & SDL					
Allowances: Locomotion					
COIDA					
Bonus provision					
Core Business	1,326,530 87.1%	1,406,122 88.7%	1,490,488 88.7%	1,579,918 88.7%	1,674,715 88.7%
Cleansing services	50,000	53,000	56,180	59,550	63,124
Environmental upgrading	15,900	16,854	17,865	18,937	20,073
Law Enforcement Officers / Traffic Wardens					
Public Safety	738,500	782,810	829,779	879,565	932,340
Public Safety - CCTV monitoring	240,000	254,400	269,664	285,844	302,995
Public Safety - CCTV - Leasing of cameras	245,030	259,732	275,315	291,835	309,345
Social upliftment	21,200	22,472	23,820	25,250	26,765
Urban Maintenance	15,900	16,854	17,865	18,937	20,073
Depreciation	0.0%	0.0%	0.0%	0.0%	0.0%
Repairs & Maintenance	0.0%	0.0%	0.0%	0.0%	0.0%
Interest & Redemption	0.0%	0.0%	0.0%	0.0%	0.0%
General Expenditure	151,271 9.9%	131,432 8.3%	139,708 8.3%	148,089 8.3%	156,978 8.3%
Accounting fees	16,960	17,978	19,056	20,200	21,412
Administration and management fees	24,000	25,440	26,966	28,584	30,300
Advertising costs	6,000	6,360	6,742	7,146	7,575
Auditor's remuneration	15,900	16,854	17,865	18,937	20,073
Bank charges	3,710	3,933	4,168	4,419	4,684
Books, periodicals & subscriptions					
Communication	9,930	2,809	3,370	3,573	3,787
Computer expenses	6,360	6,742	7,146	7,575	8,030
Conferences & seminars - International					
Conferences & seminars - National					
Contingency / Sundry	6,461	6,848	7,260	7,695	8,157
Donations					
Food & beverages					
Insurance	10,000	10,600	11,240	11,910	12,625
Lease rental on equipment					
Marketing and promotions					
Meeting expenses	2,120	2,247	2,382	2,525	2,676
Minor tools & equipment					
Motor vehicle expenses					
Office cleaning costs					
Office rental	12,000	12,720	13,480	14,290	15,150
Office security					
Postage & courier					
Printing / stationery / photographic	2,650	2,810	2,977	3,156	3,345
Rates and Service Accounts ex CCT					
Protective clothing					
Secretarial duties	12,000	12,720	13,483	14,292	15,150
Seed Capital	20,000				
Staff welfare (tea, coffee, etc.)					
Telecommunication	3,180	3,371	3,573	3,787	4,014
Training					
Travel & subs - International					
Travel & subs - National					
Utilities					
Projects	- 0.0%	- 0.0%	- 0.0%	- 0.0%	- 0.0%
Provide Detail					
Provide Detail					
Provide Detail					
Provide Detail					
Provide Detail					
Capital Expenditure (PPE)	- 0.0%	- 0.0%	- 0.0%	- 0.0%	- 0.0%
Office Furniture					
Office Equipment					
Computer Equipment					
CCTV Cameras					
Fence					
Security Equipment					
Vehicles					
Other: Specify					
Other: Specify					
Bad Debt Provision 3%	45,705 3.0%	47,553 3.0%	50,418 3.0%	53,444 3.0%	56,650 3.0%
TOTAL EXPENDITURE	1,523,506 100.0%	1,585,107 100.0%	1,680,614 100.0%	1,781,451 100.0%	1,888,343 100.0%
(SURPLUS) / SHORTFALL	-	-	-	-	-
GROWTH: EXPENDITURE	N/A	6.0%	6.0%	6.0%	6.0%

LOWER KENILWORTH IMPROVEMENT DISTRICT (LKID)

2020/21

PROPOSED BUDGET

	As per Business Plan		Proposed Budget		Variance	
INCOME	R		R		R	
Income from add. Rates	-1,523,506	100.0%	-1,523,506	100.0%	-	#DIV/0!
Other: Specify	-	0.0%	-	0.0%	-	#DIV/0!
TOTAL INCOME	-1,523,506	100.0%	-1,523,506	100.0%	-	#DIV/0!
EXPENDITURE	R		R		R	
Employee Related	-	0.0%	-	0.0%	-	0.0%
Salaries and Wages	-		-		-	
PAYE, UIF & SDL	-		-		-	
Allowances: Locomotion	-		-		-	
COIDA	-		-		-	
Bonus provision	-		-		-	
Core Business	1,326,530	87.1%	1,326,530	87.1%	-	0.0%
Cleansing services	50,000		50,000		-	
Environmental upgrading	15,900		15,900		-	
Law Enforcement Officers / Traffic Wardens	-		-		-	
Public Safety	738,500		738,500		-	
Public Safety - CCTV monitoring	240,000		240,000		-	
Public Safety - CCTV - Leasing of cameras	245,030		245,030		-	
Social upliftment	21,200		21,200		-	
Urban Maintenance	15,900		15,900		-	
Depreciation	-	0.0%	-	0.0%	-	0.0%
Repairs & Maintenance	-	0.0%	-	0.0%	-	0.0%
Interest & Redemption	-	0.0%	-	0.0%	-	0.0%
General Expenditure	151,271	9.9%	131,271	8.6%	-	0.0%
Accounting fees	16,960		16,960		-	
Administration and management fees	24,000		24,000		-	
Advertising costs	6,000		6,000		-	
Auditor's remuneration	15,900		15,900		-	
Bank charges	3,710		3,710		-	
Books, periodicals & subscriptions	-		-		-	
Communication	9,930		9,930		-	
Computer expenses	6,360		6,360		-	
Conferences & seminars - International	-		-		-	
Conferences & seminars - National	-		-		-	
Contingency / Sundry	6,461		6,461		-	
Donations	-		-		-	
Food & beverages	-		-		-	
Insurance	10,000		10,000		-	
Lease rental on equipment	-		-		-	
Marketing and promotions	-		-		-	
Meeting expenses	2,120		2,120		-	
Minor tools & equipment	-		-		-	
Motor vehicle expenses	-		-		-	
Office cleaning costs	-		-		-	
Office rental	12,000		12,000		-	
Office security	-		-		-	
Postage & courier	-		-		-	
Printing / stationery / photographic	2,650		2,650		-	
Rates and Service Accounts ex CCT	-		-		-	
Protective clothing	-		-		-	
Secretarial duties	12,000		12,000		-	
Seed Capital	20,000		-		-	
Staff welfare (tea, coffee, etc.)	-		-		-	
Telecommunication	3,180		3,180		-	
Training	-		-		-	
Travel & subs - International	-		-		-	
Travel & subs - National	-		-		-	
Utilities	-		-		-	
Projects	-	0.0%	-	0.0%	-	0.0%
Provide Detail	-		-		-	
Provide Detail	-		-		-	
Provide Detail	-		-		-	
Provide Detail	-		-		-	
Provide Detail	-		-		-	
Capital Expenditure (PPE)	-	0.0%	-	0.0%	-	0.0%
Office Furniture	-		-		-	
Office Equipment	-		-		-	
Computer Equipment	-		-		-	
CCTV Cameras	-		-		-	
Fence	-		-		-	
Security Equipment	-		-		-	
Vehicles	-		-		-	
Other: Specify	-		-		-	
Other: Specify	-		-		-	
Bad Debt Provision 3%	45,705	3.0%	45,087	3.0%	-618	0.0%
TOTAL EXPENDITURE	1,523,506	100.0%	1,502,888	98.6%	-618	0.0%
(SURPLUS) / SHORTFALL	-		-20,618		-618	

Year in which asset becomes operational	Description of Asset	Asset Class (See Legend below)	Cost
Year 1			
Year 2			
Year 3			
Year 4			
Year 5			

LIFESPAN OF ASSETS:	
Asset Class	Useful Life (Years)
Computer Hardware	3-5
Computer Software	3
Furniture	5-10
Cameras - CCTV	5
Cameras - LPR	5
Equipment - Office	5
Plant and Equipment	5
Fence	10
Motor Vehicle	5
Communication Equipment	7
Security Hut	7
Security Trailer	7-10
Containers	15-20
Boundary Wall	15

Depreciation of PPE Assets

Year 1 Dep	Year 2 Dep	Year 3 Dep	Year 4 Dep	Year 5 Dep	Total
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