

EC125 Buffalo City - Supporting Table SC1 Material variance explanations - M09 March

Ref	Description	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
1	<u>Revenue By Source</u>			
	R thousands			
	Transfer recognised - operation	(92 301)	Revenue is recognised once the expenditure has been incurred on operating projects. The revenue is less than what was projected due to low expenditure on operating projects.	Comments on under expenditure on operating projects from various directorates are disclosed and detailed in Annexure D
2	<u>Expenditure By Type</u>			
	Other expenditure	(200 819)	The major contributing factor is the under expenditure on operating projects which amounts to R92 million of the R200 million variance. The rest is under expenditure on general expenses (R69 million) as well as repairs and maintenance (R38 million).	Comments on under expenditure on operating projects from various directorates are disclosed and detailed in Annexure D
3	<u>Capital Expenditure</u>			
	Total capital expenditure	(349 047)	Under expenditure by various directorates on capital projects	Comments on under expenditure on operating projects from various directorates are disclosed and detailed in Annexure E
4	<u>Financial Position</u>			
	Current Assets		The low collection ratio has resulted into decrease in cash position as well as increase in consumer debtors.	Strict measures on debt collection
5	<u>Cash Flow</u>			
	Net increase in cash held	(10 841)	Due to low collection ratio, the net cash position is lower than what was projected for the period.	Strict measures on debt collection
6	<u>Measureable performance</u>			
7	<u>Municipal Entities</u>			