

KOUGA DEVELOPMENT AGENCY

(A multi-jurisdictional service utility in terms of the Local Government: Municipal Systems Act, 2

FINANCIAL STATEMENTS

for the year ended 30 June 2005

KOUGA DEVELOPMENT AGENCY

(A multi-jurisdictional service utility in terms of the Local Government: Municipal Systems Act, 2000)

FINANCIAL STATEMENTS

for the year ended 30 June 2005

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KOUGA DEVELOPMENT AGENCY
 (A multi-jurisdictional service utility in terms of the Local Government: Municipal Systems Act, 200
STATEMENT OF FINANCIAL POSITION
 at 30 June 2005

	Notes	2005 R	2004 R
NET ASSETS AND LIABILITIES			
Net Assets			
Accumulated Surplus / (Deficit)		115,675	257,151
Current liabilities			
Externally funded projects	2	747,277 <u>747,277</u>	- <u>-</u>
Total net assets and liabilities		<u>862,952</u>	<u>257,151</u>
 ASSETS			
Current assets			
Cash and cash equivalents	3	862,952 <u>656,981</u>	257,151 <u>-</u>
Loan to Cacadu District Municipality	4	<u>205,971</u>	<u>257,151</u>
Total assets		<u>862,952</u>	<u>257,151</u>

KOUGA DEVELOPMENT AGENCY
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STATEMENT OF FINANCIAL PERFORMANCE
 for the year ended 30 June 2005

	Notes	2005 R	2004 R
Revenue			
Grants received		-	255,000
Other income		<u>18,536</u>	<u>2,151</u>
		<u>18,536</u>	<u>257,151</u>
Expenditure			
Content costs		(72,026)	-
Statutory costs		(17,810)	-
Operational costs		<u>(70,176)</u>	<u>-</u>
		<u>(160,012)</u>	<u>-</u>
(Deficit) / Surplus for the period		<u><u>(141,476)</u></u>	<u><u>257,151</u></u>

KOUGA DEVELOPMENT AGENCY
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STATEMENT OF CHANGES IN NET ASSETS
 for the year ended 30 June 2005

	Accumulated Surplus / (Deficit)	Total
	R	R
Balance at 1 July 2003	-	-
Net surplus for the year ended 30 June 2004	<u>257,152</u>	<u>257,152</u>
Balance at 30 June 2004	257,152	257,152
Net surplus for the year ended 30 June 2005	<u>(141,476)</u>	<u>(141,476)</u>
Balance at 30 June 2005	<u><u>115,676</u></u>	<u><u>115,676</u></u>

KOUGA DEVELOPMENT AGENCY

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CASH FLOW STATEMENT

for the year ended 30 June 2005

	Notes	2005 R	2004 R
Cash flow from operating activities			
Cash receipts from government and others		-	255,000
Cash paid to suppliers and employees		(160,012)	-
Cash (utilised)/generated by operations	5	(160,012)	255,000
Interest received		18,535	2,151
Net cash (outflow) / inflow from operating activities		<u>(141,476)</u>	<u>257,151</u>
Cash flow from financing activities			
Loan from / (to) Cacadu Municipality		51,180	(257,151)
Externally funded project advances received		859,401	-
Externally funded project disbursements made		(112,123)	-
Net cash inflow / (outflow) from financing activities		<u>798,457</u>	<u>(257,151)</u>
Net decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		656,981	-
Cash and cash equivalents at end of the year	4	<u><u>656,981</u></u>	<u><u>-</u></u>

KOUGA DEVELOPMENT AGENCY
 multi-jurisdictional service utility in terms of the Local Government: Municipal Systems Act, 2000)
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
 for the year ended 30 June 2005

1. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

1.1 Basis of preparation

The financial statements have been prepared on an accrual basis of accounting and in accordance with historical cost convention.

These annual financial statements have been prepared in accordance with Generally Accepted Municipal Accounting Practices (GAMAP) and Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board in terms of Section 122(3) of the Municipal Finance Management Act (Act 122 of 1998).

1.2 Revenue recognition

Interest income

Interest income is recognised when it accrues to the company.

Grant income and donations

Grant income and donations are recognised on an accrual basis in accordance with the terms and conditions of the relevant agreements.

1.3 Externally funded projects

The agency is the agent in the management of various projects financed by the public and private sector.

When the company, in its capacity as agent, incurs liabilities for the management of projects, the amounts distributed on future projects are recognised as a current liability in the balance sheet. As project disbursements are incurred, it is set off against this liability. If losses are incurred on these projects, they are charged to the income statement. The company does not have a contractual right to recoup the project loss.

In order for the agency to be established, a pre-establishment grant was received from Industrial Development Corporation of South Africa Limited. Due to the strict terms and conditions applicable to this grant, it is treated in the financial statements as if it is an externally funded project.

1.4 Cash and cash equivalents

For the purposes of the cashflow statement, cash and cash equivalents include cash and deposits held at call with banks net of bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the balance sheet.

KOUGA DEVELOPMENT AGENCY

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2005 (continued)

2. Externally funded projects

Losses are incurred on such projects and the company does not have the contractual recourse to recover these losses, they are absorbed by the company by charging them to the income statement.

External finance received from principals not yet disbursed in respect of projects, is recorded in cash and cash equivalents (Note 6). Interest income on such investments is recorded in the income statement.

Project	Cumulative project advances R	Cumulative project disbursements R	Project liability R
<i>At 30 June 2004</i>			
IDC Pre-Establishment Phase	-	-	-
<i>At 30 June 2005</i>			
IDC Pre-Establishment Phase	859,400	(112,123)	747,277
		2005 R	2004 R

3. Cash and cash equivalents

Bank balances	656,981	-
	656,981	-

For the purposes of the cash flow statement, the cash and cash equivalents originate from the following:

Project funds	656,981	-
	656,981	-

4. Loan to Cacadu Distric Municipality

Balance at the beginning of the year	257,151	-
(Repayments)/Advances during the year	(51,180)	257,151
Balance at the end of the year	205,971	257,151

5. Cash (utilised)/generated by operations

Reconciliation of surplus for the period to cash (utilised)/generated by operations:

Surplus for the period	(141,476)	257,151
Adjusted for:		
- Interest received	(18,536)	(2,151)
Cash flows from operating activities	(160,012)	255,000

KOUGA DEVELOPMENT AGENCY

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DETAILED STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2005

	2005	2004
	R	R
Income	18,536	257,151
<i>Grants received</i>		
Department of Housing, Local Government and Trade Affairs	-	255,000
<i>Other income</i>		
Interest received	18,536	2,151
Expenses	(160,012)	-
<i>Content costs</i>		
Consultation fees	(72,026)	-
<i>Statutory costs</i>		
Legal fees	(17,810)	-
<i>Operational expenses</i>		
Advertising	(60,131)	-
Congress and visitors	(9,259)	-
Entertainment	(450)	-
Printing and stationery	(335)	-
(Deficit) / Surplus for the period	<u>(141,476)</u>	<u>257,151</u>

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DETAILED STATEMENT ON EXTERNALLY FUNDED PROJECTS
 at 30 June 2005

	2005	2004
	R	R
IDC Pre-Establishment Phase		
<i>Cumulative project advances received</i>	859,401	-
Grant - Industrial Development Corporation	796,000	-
Interest received	63,401	-
 <i>Cumulative project disbursements</i>	 (112,123)	 -
<i>Content costs</i>	(98,185)	-
Consultation fees		
<i>Statutory costs</i>	(13,938)	-
Legal fees		
Net project advance	747,277	-