

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 2006

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 2006

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KOUGA DEVELOPMENT AGENCY
 (A multi-jurisdictional service utility in terms of the Local Government: Municipal Systems Act, 20
STATEMENT OF FINANCIAL POSITION
 at 30 June 2006

	Notes	2006 R	2005 R
NET ASSETS AND LIABILITIES			
Net Assets			
Accumulated Surplus / (Deficit)		(5,886)	115,675
Current liabilities			
		724,112	747,277
Externally funded projects	2	10,200	747,277
Loan from Cacadu District Municipality	3	713,912	-
Total net assets and liabilities		<u>718,226</u>	<u>862,952</u>
ASSETS			
Non-current assets			
Property, plant and equipment	4	150,454	-
Current assets			
		567,772	862,952
Cash and cash equivalents	5	567,772	656,981
Loan to Cacadu District Municipality	3	-	205,971
Total assets		<u>718,226</u>	<u>862,952</u>

KOUGA DEVELOPMENT AGENCY
 (A multi-jurisdictional service utility in terms of the Local Government: Municipal Systems Act,
STATEMENT OF FINANCIAL PERFORMANCE
 for the year ended 30 June 2006

	2006	2005
	R	R
Revenue		
Other income	-	18,536
	<u>-</u>	<u>18,536</u>
Expenditure		
Content costs	-	(72,026)
Statutory costs	-	(17,810)
Operational costs	<u>(121,561)</u>	<u>(70,176)</u>
	<u>(121,561)</u>	<u>(160,012)</u>
Deficit for the period	<u><u>(121,561)</u></u>	<u><u>(141,476)</u></u>

KOUGA DEVELOPMENT AGENCY
 (A multi-jurisdictional service utility in terms of the Local Government: Municipal Systems Act, 2001)
STATEMENT OF CHANGES IN NET ASSETS
 for the year ended 30 June 2006

	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	115,676	115,676
Net surplus for the year ended 30 June 2006	<u>(121,561)</u>	<u>(121,561)</u>
Balance at 30 June 2006	<u><u>(5,885)</u></u>	<u><u>(5,885)</u></u>

KOUGA DEVELOPMENT AGENCY

(A multi-jurisdictional service utility in terms of the Local Government: Municipal Systems Act, 2001)

CASH FLOW STATEMENT

for the year ended 30 June 2006

	Notes	2006 R	2005 R
Cash flow from operating activities			
Cash receipts from government and others		-	-
Cash paid to suppliers and employees		(115,676)	(160,012)
Cash (utilised)/generated by operations	6	(115,676)	(160,012)
Interest received		-	18,536
Depreciation		(5,886)	-
Net cash outflow from operating activities		<u>(121,562)</u>	<u>(141,476)</u>
Cash flow investing activities			
Purchase of property, plant and equipment		(150,454)	-
Net cash outflow from investing activities		<u>(150,454)</u>	<u>-</u>
Cash flow from financing activities			
Loan from Cacadu Municipality		919,883	51,180
Externally funded project advances received		6,071	859,401
Externally funded project disbursements made		(743,149)	(112,123)
Net cash inflow from financing activities		<u>182,806</u>	<u>798,457</u>
Net (decrease) / increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		(89,210)	656,982
Cash and cash equivalents at end of the year	5	<u>656,982</u>	<u>-</u>
		<u>567,772</u>	<u>656,982</u>

KOUGA DEVELOPMENT AGENCY
 (A multi-jurisdictional service utility in terms of the Local Government: Municipal Systems Act)
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
 for the year ended 30 June 2006

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 items presented, unless otherwise stated.

1.1 Basis of preparation

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

These annual financial statements have been prepared in accordance with Generally Accepted Municipal Accounting Practices (GAMAP) and Generally Accepted Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (2003).

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 substance of the relevant agreements.

1.3 Property, plant and equipment

All property, plant and equipment is stated at cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is calculated on a straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

Computer equipment	3 years
Computer software	3 years
Furniture and fittings	6 years

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the expense during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

KOUGA DEVELOPMENT AGENCY

multi-jurisdictional service utility in terms of the Local Government: Municipal Systems Act, 2002

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2006 (continued)

1.4 Externally funded projects

pal and the agent in the management of various projects financed by the private sectors.

Where the company is acting in its capacity as agent, funds received to be used and distributed on future projects are recognised as a current liability in the balance sheet on receipt. As project disbursements are incurred, it is set off against the liability. When losses are incurred on these projects, they are charged to the company if the company does not have a contractual right to reimbursement from the financier.

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

1.5 Cash and cash equivalents

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

KOUGA DEVELOPMENT AGENCY

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2006 (continued)

2. Externally funded projects

Where the company is acting as agent in managing externally funded projects, and when losses incurred on such projects and the company does not have the contractual right to recoup these, 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 invested in and cash equivalents (Note 6). Interest income on such investments are credited to the

Project	Cumulative project advances R	Cumulative project disbursements R	Project liability R
<i>At 30 June 2005</i>			
IDC Pre-Establishment Phase	859,401	(112,123)	747,277
<i>At 30 June 2006</i>			
IDC Pre-Establishment Phase	865,472	(855,272)	10,200
		2006 R	2005 R

3. Loan to / (from) Cacadu Distric Municipality

Balance at the beginning of the year	205,971	257,151
(Repayments)/Advances during the year	(919,883)	(51,180)
Balance at the end of the year	(713,912)	205,971

4. Property, plant and equipment	Furniture and fittings R	Computer equipment R	Computer software R	Total R
<i>At 30 June 2006</i>				
Cost	78,264	69,124	8,950	156,338
Accumulated depreciation	(1,567)	(3,865)	(453)	(5,885)
Net book amount	76,697	65,259	8,497	150,454

KOUGA DEVELOPMENT AGENCY
 (A multi-jurisdictional service utility in terms of the Local Government: Municipal Systems A
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
 for the year ended 30 June 2006 (continued))

	2006	2005
	R	R
5. Cash and cash equivalents		
Bank balances	567,772	656,981
	567,772	656,981
For the purposes of the cash flow statement, the cash and cash equivalents originate from the following:		
Project funds	567,772	656,981
	567,772	656,981
6. Cash (utilised)/generated by operations		
Reconciliation of surplus for the period to cash (utilised)/generated operations:		
Surplus for the period	(121,561)	(141,476)
Adjusted for:		
- Interest received	-	(18,536)
- Depreciation	5,885	
Cash flows from operating activities	(115,676)	(160,012)

KOUGA DEVELOPMENT AGENCY
 (A multi-jurisdictional service utility in terms of the Local Government: Municipal Systems Act, .
DETAILED STATEMENT OF FINANCIAL PERFORMANCE
 for the year ended 30 June 2006

	2006	2005
	R	R
Income	-	18,536
<i>Other income</i>	-	18,536
Interest received	-	18,536
Expenses	(121,561)	(160,012)
<i>Content costs</i>	-	(72,026)
Consultation fees	-	(72,026)
<i>Statutory costs</i>	-	(17,810)
Legal fees	-	(17,810)
<i>Operational expenses</i>	-	(60,131)
Advertising	-	(60,131)
Congress and visitors	-	(9,259)
Depreciation	(5,885)	-
Entertainment	-	(450)
Printing and stationery	-	(335)
Salaries and wages	(115,676)	-
DEFICIT FOR THE YEAR	(121,561)	(141,476)

This schedule does not form part of the statutory financial statements and is unaudited.

KOUGA DEVELOPMENT AGENCY
 (A multi-jurisdictional service utility in terms of the Local Government: Municipal Systems Act,
DETAILED STATEMENT ON EXTERNALLY FUNDED PROJECTS
 at 30 June 2006

	2006	2005
	R	R
IDC Pre-Establishment Phase		
<i>Cumulative project advances received</i>	865,472	859,401
Grant - Industrial Development Corporation	796,000	796,000
Interest received	69,472	63,401
<i>Cumulative project disbursements</i>	(855,272)	(112,123)
<i>Content costs</i>		
Consultation fees	(154,930)	(98,185)
<i>Statutory costs</i>		
Legal fees	(13,938)	(13,938)
<i>Operational expenses</i>	(678,421)	
Advertising	(125,436)	-
Awards	(5,000)	-
Bank charges	(45)	-
Congress and visitors	(135,286)	-
Courier services	(78)	-
Directors' meetings	(88,165)	-
Entertainment	(3,443)	-
Insurance	(4,054)	-
Interview expenses	(15,595)	-
Printing and stationery	(6,730)	-
Promotions	(27,090)	-
Rental - external	(54,480)	-
Repairs and maintenance	(12,374)	-
Salaries and wages	(175,538)	-
Skills development levy	(1,545)	-
Subsistence	(5,555)	-
Training	(1,201)	-
Unemployment insurance	(584)	-
Workshops	(16,222)	-
<i>Service costs</i>		
Legal fees	(7,982)	-
Net project advance	10,200	747,277

This schedule does not form part of the statutory financial statements and is unaudited.