

KOUGA LOCAL MUNICIPALITY
(EC108)

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2007

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 17, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 22 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's

DR E.M. RANKWANA
MUNICIPAL MANAGER

DATE

KOUGA LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2007

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GENERAL INFORMATION

COUNCILLORS

Ward

Councillors

MR DENNIS R
MS DLOMO M
MR STUURMAN VS
MS MASETI AT
MS FELIX KS
MS AUGUST C
MS CAMEALIO-BENJAMIN VA
MS NJELA CJ
MS UNGERER M
DR BOTHA NS
MR CAWOOD J
MR CLOETE SJ
MR LLOYD FR
MR MBANDANA MG
MR RHEEDER BF
MR ROLLISON R
MR SMITH FD
MR SWEPJ MS
MR TSUME KM
MR VAN EEDEN MR

EXECUTIVE MAYOR
SPEAKER
MEMBER MCOM
MEMBER MCOM
MEMBER EXCOM

GRADING

Grade 8

AUDITORS

Auditor-General

BANKERS

First National Bank

REGISTERED OFFICE

Da Gama Drive
Jeffreys Bay
South Africa

P O Box 21
Jeffreys Bay
6330

Telephone : 041-293 1111

MUNICIPAL MANAGER

Dr. E.M. Rankwana

CHIEF FINANCIAL OFFICER

Mr. M.L. Booyesen

Email

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Webpage

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KOUGA LOCAL MUNICIPALITY

REPORT BY THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

The annual financial statements are a presentation of the accounting activities of the Kouga

2. KEY FINANCIAL INDICATORS

	2007	2006
	R	R
Surplus/(-Deficit) before Appropriations	38 182 780	7 359 386
Surplus/(-Deficit) at the end of the year	22 230 743	10 608 230

Due to changes in accounting standards the difference between surpluses before appropriation transactions are huge in comparison to the past.

The main contributing item is that all government grants received for operational purposes and the portion of capital grants that was spend during the financial year must be shown as income in the operating account.

The capital grants shown as such are transferred as an appropriation transaction to a capitalization reserve.

Future depreciation are set off against this capitalization reserve which have the effect that property owners and the consumers of services do not have to pay towards these costs.

The amount transferred to the capitalization reserve at year end was R 9 738 488

Another major contributing factor is that land sales and augmentation contributions by developers also need to be shown as operating income. The proceeds however are appropriated to the Capital Replacement Reserve where it is held until utilised for capital

The net surplus for the year was however R 5 888 308 which is 2.37% of operating activities.

The major expenditure areas as a percentage of total expenditure were as follows:

Salaries and Wages	32.4%	36.5%
General Expenses	31.2%	29.5%
Electricity Purchases	14.8%	14.9%
Water Purchases	4.7%	3.8%
Repairs and Maintenance	7.9%	6.2%
Depreciation	3.8%	4.1%
Finance Charges	4.5%	4.9%
Operating Expenditure from Grants	0.8%	0.0%

3. RECONCILIATION OF BUDGET TO ACTUAL

The new Statement of Financial Performance and Appendix E(1) and E(2) display the details per Government Finance Statistics Classification (GFS), and the operating income and expenditure per municipal cost centers will be summarised below.

The formats prescribed with above appendixes also do not take the adjustments budget approved by Council early 2007 into account.

The summaries below therefore refer to the adjustments budget and veriments approved by

Council.

3.1 Operating Income

Cost Centre	Budget	Actual	Difference	%
ASSESSMENT RATES	67 703 070	67 720 264	-17 194	-0.0
BEACH	6 600	6 459	141	2.1
BUILDINGS AND PROPERTIES	407 670	529 550	-121 880	-29.9
CARAVAN PARKS AND CAMPIN	2 744 540	2 321 110	423 430	15.4
CEMETERIES	80 350	123 081	-42 731	-53.2
CORPORATE SERVICES DIREC	-	840	-840	-100.0
CORPORATE SERVICES	558 980	313 221	245 759	44.0
COUNCIL	848 000	848 000	-	-
ECONOMIC DEVELOPMENT	475 000	412 647	62 353	13.1
ELECTRICITY	54 344 600	64 122 921	-9 778 321	-18.0
ENGINEERING	9 250	65 340	-56 090	-606.4
ENVIRONMENTAL HEALTH	980 200	803 052	177 148	18.1
FINANCE : DIRECTOR (CFO)	2 544 730	19 883 204	-17 338 474	-681.3
FINANCE : BUDGET & TREASUR	1 032 000	5 095 524	-4 063 524	-393.8
FINANCE : EXPENDITURE	134 400	149 761	-15 361	-11.4
FINANCE : INCOME	2 510 300	2 678 258	-167 958	-6.7
FINANCE : STORES	459 200	234 793	224 407	48.9
FIRE BRIGADE	1 987 720	1 987 720	-	-
HEALTH	1 014 650	1 041 839	-27 189	-2.7
DIRECTOR : ESD & HR	-	228 000	-228 000	-100.0
HUMAN RESOURCES	508 880	400 000	108 880	21.4
INTEGRATED DEVELOPMENT	100 000	84 397	15 603	15.6
LIBRARY	18 400	437 473	-419 073	-2 277.6
MAYOR	102 490	702	101 788	99.3
MIG ADMIN UNIT	913 850	357 813	556 037	60.8
MUNICIPAL MANAGER	-	259 505	-259 505	-100.0
MUSEUMS	84 600	67 829	16 771	19.8
NATURE CONSERVATION	749 970	296 931	453 039	60.4
PLANNING AND DEVELOPMEN	1 959 510	2 538 255	-578 745	-29.5
PROTECTIVE SERVICES	3 165 280	2 982 328	182 952	5.8
PUBLIC WORKS	5 017 400	4 801 147	216 253	4.3
REFUSE	16 723 210	17 022 688	-299 478	-1.8
SANITATION	2 639 000	1 682 584	956 416	36.2
SEWERAGE	19 540 130	28 945 185	-9 405 055	-48.1
WATER	29 325 150	35 146 732	-5 821 582	-19.9
WATERWAYS	682 210	639 493	42 717	6.3
	<u>219 371 340</u>	<u>264 228 647</u>	<u>-44 857 308</u>	<u>-20.4</u>

BUILDINGS AND PROPERTIES

The following capital projects funded from government grants now have to be included in operating revenue Was not provided for on the estimates.

CEMETERIES

The revenue in total was underestimated

Hawkers Taxi Rank	130 000	-130 000
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CORPORATE SERVICES

An unspent grant was brought in with the adjustments budget as revenue. The grant was however partly committed and only the balance materialised

558 980	313 221	245 759
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ELECTRICITY

The following capital projects funded from government grants now have to be included in operating revenue Was not provided for on the estimates.

Electrification Houses Ocean View		1 415 882	-1 415 882
Augmentation fees paid by developers also had to be included with operating revenue		2 327 606.94	-2 327 607
Electricity sales were higher than estimated (So was purchases -see below)	36 644 420	41 972 743	-5 328 323
FINANCE : DIRECTOR (CFO)			
Land sales not budgeted for		18 967 630	-18 967 630
FINANCE : BUDGET & TREASURY			
Interest on investments under estimated	650 000	5 548 530	-4 898 530
DIRECTOR : ESD & HR			
Anticipated grant did not materialise		228 000	-228 000
LIBRARY			
Cacadu District Municipality allocated grant - not budgeted for		404 115	-404 115
MIG ADMIN UNIT			
Commission is lower due to slow implementation of projects	913 850	357 813	556 037
MUNICIPAL MANAGER			
Skills Development Grant not estimated for	-	259 505	-259 505
NATURE CONSERVATION			
Anticipated grants did not materialise	450 000	-	450 000
PLANNING AND DEVELOPMENT			
Building Plan Fees	1 400 000	1 750 005	-350 005
Consent Uses	80 000	191 638	-111 638
Conservative estimates			
SANITATION			
The total deficit of the service was taken from equitable sh:	2 394 530	1 439 484	955 046

SEWERAGE

The following capital projects funded from government grants now have to be included in operating revenue Was not provided for on the estimates.

Arcadia Sewerage Reticulation		136 788	-136 788
Humansdorp Sewerage Treatment Plan		1 763 852	-1 763 852
Thornhill Sewer Plant		809 598	-809 598
Kftn/GMarcus Sewerage Reticulation		46 366	-46 366
Hankey Budget Eradication		42 942	-42 942
Bucket Eradication Kwanomzamo		50 723	-50 723
Bucket Eradication Gill Marcus		37 461	-37 461
Bucket Eradication Kwanomzamo		1 536 240	-1 536 240
Bucket Eradication Jeffreys Bay		1 111 786	-1 111 786

Hankey Pump Station & Rising Main	528 910	-528 910
Humansdorp Bucket Eradication	242 618	-242 618

Augmentation fees paid by developers also had to be included with operating revenue	80000	3 245 328	-3 165 328
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WATER

The following capital projects funded from government grants now have to be included in operating revenue Was not provided for on the estimates.

Hankey Upgrading Water	274 351	-274 351
Bulk Water Meters	56 844	-56 844
Patensie Potable Water System	1 188 782	-1 188 782

Augmentation fees paid by developers also had to be included with operating revenue	3 250 989	-3 250 989
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3.2 Operating Expenditure

ASSESSMENT RATES	10 526 380	8 249 078	2 277 302	21.6
BEACH	1 873 840	1 567 104	306 736	16.4
BUILDINGS AND PROPERTIES	2 468 990	2 535 504	-66 514	-2.7
CARAVAN PARKS AND CAMPIN	2 608 320	2 560 432	47 888	1.8
CEMETERIES	560 730	380 642	180 088	32.1
COMMUNITY SERVICES	778 020	775 468	2 552	0.3
CORPORATE SERVICES	6 141 290	7 329 350	-1 188 060	-19.3
CORPORATE SERVICES DIREC	1 857 010	1 778 061	78 949	4.3
COUNCIL	6 110 150	6 851 190	-741 041	-12.1
ECONOMIC SOCIAL DEVELOPM	1 197 460	1 146 989	50 471	4.2
ELECTRICITY	47 289 340	50 316 289	-3 026 949	-6.4
ENGINEERING	1 559 740	1 542 720	17 020	1.1
ENVIRONMENTAL HEALTH	1 597 420	1 562 154	35 266	2.2
FINANCE : CFO	904 750	730 470	174 280	19.3
FINANCE : BUDGET & TREASUR	858 230	923 859	-65 629	-7.6
FINANCE : EXPENDITURE	708 760	748 108	-39 348	-5.6
FINANCE : INCOME	4 547 610	3 929 865	617 745	13.6
FINANCE : INFORMATION SYST	-314 850	-352 049	37 199	-11.8
FINANCE : STORES	578 500	245 072	333 428	57.6
FINANCE :SUPPLY CHAIN MAN.	14 330	-	14 330	100.0
FIRE BRIGADE	3 901 030	3 605 978	295 052	7.6
HEALTH	2 397 300	2 368 429	28 871	1.2
HOUSING	1 402 850	1 819 369	-416 519	-29.7
DIRECTOR : ESD & HR	1 015 080	1 218 229	-203 149	-20.0
HUMAN RESOURCES	1 772 700	1 659 139	113 561	6.4
INTEGRATED DEVELOPMENT	455 500	528 312	-72 812	-16.0
INTERNAL AUDIT	193 290	206 967	-13 677	-7.1
LIBRARY	1 810 350	2 052 019	-241 669	-13.3
MAYOR	1 236 440	1 471 215	-234 775	-19.0
MECHANICAL WORKSHOP	-106 220	-139 517	33 297	-31.3
MIG ADMIN UNIT	912 520	349 817	562 703	61.7
MUNICIPAL MANAGER	4 443 970	4 226 133	217 837	4.9
MUSEUM (SHELL)	145 960	137 992	7 968	5.5
NATURE RESERVE	882 830	256 718	626 112	70.9
OCCUPATIONAL HEALTH	66 520	19 974	46 546	70.0
PARKS AND OPEN SPACES	8 340 140	8 551 416	-211 276	-2.5
PLANNING AND DEVELOPMENT	3 793 850	3 800 055	-6 205	-0.2
POUND	53 610	-	53 610	100.0
PROTECTIVE SERVICES	6 732 630	7 002 588	-269 958	-4.0
PUBLIC WORKS	19 000 430	19 876 258	-875 828	-4.6
REFUSE	18 624 210	20 069 469	-1 445 259	-7.8
SANITATION	2 774 680	1 805 210	969 470	34.9

SEWERAGE	17 193 820	17 153 763	40 057	0.2
SOCIAL DEVELOPMENT	294 510	344 320	-49 810	-16.9
SPORT AND RECREATION	1 107 180	944 400	162 780	14.7
STORES	-	7 382	-7 382	100.0
WATER	28 154 770	33 318 961	-5 164 191	-18.3
WATERWAYS	682 210	570 962	111 248	16.3
	<u>219 148 180</u>	<u>226 045 867</u>	<u>-6 897 688</u>	<u>-3.1</u>

ASSESSMENT RATES

Although the provision for bad debts were increased in accordance with a formula developed the actual amount written off during the year was much less than

3 301 870	589 213	2 712 657
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CEMETERIES

Fuel and Oil	26 890	26 890	-
Fencing	41 860		41 860

CORPORATE SERVICES

Rental : Machinery/Equipmen	1 301 770	2 302 167	(1 000 397)
Telephones	1 033 230	1 328 267	(295 037)

FINANCE : CFO

during the financial year and will only qualify for a performance bonus in 2007/08. The CFO also do not have a permanent personal assistant. This position was provided for on the estimates.

103 990		103 990
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FINANCE : STORES

The stock which was sold on the auction was entered at the "sales" value at the time the adjustments budget was done. The same amount was entered as expenditure "cost of sales" as the actual value of the stock was not known at the time. The net surplus on the sales transaction are now shown under actual income. (The expenditure will thus be zero).

234 793	(234 793)
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HOUSING

Planning fees	72 700	337 630	(264 930)
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The over expenditure are made up by a payment to attorneys for a dispute with a

DIRECTOR : ESD & HR

Traveling Allowance	-	126 878	(126 878)
Budget error			

INTEGRATED DEVELOPMENT

be estimated for as revenue.

The IDP grant was not and the expenditure from said grant resulted in over expenditure

-	84 397	(84 397)
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LIBRARY

The grant from Cacadu District Municipality was not estimated for and the operational as well as capital expenditure therefore show over expenditure

Books and Publications	29 110	130 552	(101 442)
Equipment	-	10 311	(10 311)

Rental : Machinery/Equipmen	16 960	227 047	(210 087)
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MAYOR

Traveling Allowance	82 510	147 680	(65 170)
Special Projects	226 170	408 317	(182 147)

MIG ADMIN UNIT

Budgeting for this unit should be improved.

NATURE RESERVE

Expenditure is much lower due to operating grants anticipated which did not materialise.

450 000	450 000
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OCCUPATIONAL HEALTH & POUNDS

Neither activity seems to happen.

SANITATION

Fuel and Oil	471 400	46 371	425 029
Night Soil Buckets	129 600	3 752	125 848
Rental : Mobile Toilets	350 000	252 055	97 945
Maintenance Vehicles	128 390	46 621	81 769

It is suspected that the vehicle cost in respect of the two sanitation trucks are booked elsewhere. Needs to be investigated.

SOCIAL DEVELOPMENT

Small budget amount insignificant.

WATER

Equitable Share Allocations	3 132 180	3 959 985	-827 805
Water Purchases	7 306 720	10 960 469	-3 653 749
Maintenance : Reticulation	1 064 960	1 287 737	-222 777

More funds from the equitable share was allocated to water consumers
Water purchases is a point of concern as water sales does not give any indication of the same growth in sales.

3.3 Capital Estimates

A schedule was compiled indicating the capital estimates approved and adjusted by Council as

Due to its layout it will be attached to this report as Annexure.

4. FINANCIAL FORECAST FOR THE FORTHCOMING YEAR

	Budget 2008	Actual 2007	Actual 2006
ASSESSMENT RATES	-60 964 047	-59 471 185	-51 595 146
BEACHES	1 574 060	1 560 645	1 371 984
BEACHES : BLUE FLAG	951 500		
BUILDINGS AND PROPERTIES	2 212 880	2 005 953	2 203 717
CARAVAN PARKS AND CAMPING	898 400	239 322	-473 241
CEMETERIES	796 775	257 561	146 808
COMMUNITY SERVICES	1 005 450	775 468	1 530 594
CORPORATE SERVICES : DIRECTOR	829 430		
CORPORATE SERVICES	6 720 060	8 793 349	6 056 471
COUNCIL	7 821 110	6 003 190	4 964 759
DISASTER MANAGEMENT	82 120		
ECONOMIC DEV. - GENERAL	492 690	734 342	1 504 107
ECONOMIC DEV. - AGRICULTURAL	14 500		
ECONOMIC DEV. - BUSINESS (SMME'S)	142 640		
ECONOMIC DEV. - TOURISM	361 800		
ELECTRICITY	-8 206 570	-13 806 632	-9 978 854
ENGINEERING	1 827 410	1 477 380	2 210 353
ENVIRONMENTAL HEALTH	1 052 440	759 102	519 070
FINANCE : CFO - DIRECTOR	-628 736	-19 152 734	-
FINANCE : BUDGET AND TREASURY	-4 668 600	-4 171 665	-
FINANCE : EXPENDITURE SECTION	675 692	598 346	-
FINANCE : INCOME SECTION	1 875 062	1 251 607	-
FINANCE : INFORMATION SYSTEMS	-	-352 049	-17 582
FINANCE : STORES	27 320	17 661	15 034
FINANCE : SUPPLY CHAIN MANAGEMENT	-	-	-
FIRE BRIGADE	2 251 961	1 618 258	1 814 324
HEALTH	-	1 326 590	260 506
HEALTH : KWANOMZAMO CLINIC	539 010		
HEALTH : PELLSRUS CLINIC	1 049 190		
HOUSING	1 489 480	1 819 369	-
HR & ESD : DIRECTOR	1 086 440	990 229	-
HUMAN RESOURCES	1 169 260	1 259 139	1 965 443
INTEGRATED DEVELOPMENT	598 500	443 915	319 196
INTERNAL AUDIT	175 000	206 967	377 180
KOUGA CULTURAL CENTRE	526 300	-	70 350
LIBRARIES	1 970 730	1 614 546	1 547 409
MAYOR	1 207 590	1 470 513	801 527
MECHANICAL WORKSHOP	-148 370	-139 517	-45 040
MIG ADMIN UNIT	-21 770	-7 995	-
MUNICIPAL MANAGER	3 246 220	3 966 628	3 608 788
MUSEUMS	29 550	70 164	56 283
NATIONAL TRAFFIC (NATIS)	-667 530		
NATURE CONSERVATION	280 780	-40 213	-44 654
OCCUPATIONAL HEALTH	52 120	19 974	32 795
PARKS AND OPEN SPACES	10 306 610	8 551 416	7 026 706
PLANNING AND DEVELOPMENT	2 146 620	1 261 800	2 325 620
POUNDS	13 540	-	4 373
PROTECTIVE SERVICES	3 719 930	4 020 260	2 824 324
PUBLIC WORKS	14 133 450	15 075 111	12 545 613
REFUSE	1 946 150	3 046 782	-436 479
SANITATION	549 990	122 627	-
SEWERAGE	-3 432 490	-11 791 422	-3 612 757
SOCIAL DEVELOPMENT	360 600	344 320	-
SPORT AND RECREATION	1 381 770	944 400	845 827
SKILLS DEVELOPMENT & EMPLOYMENT EQUITY	1 132 290	-	847 384
WATER	-2 002 665	-1 827 770	-1 713 167
WATERWAYS	-	-68 531	-35 013

(16 359) (38 182 780) (10 155 388)

Please note that actual amounts does not include appropriation transactions.

5. CASH FLOW ANALYSIS	30-Jun	2007	2006	2005
CASHBOOK		-700 977	2 734 257	13 031 609
INVESTMENTS		85 825 777	53 339 182	19 523 848
TOTAL CASH RESOURCES		85 124 800	56 073 439	32 555 457
FUNDS TO BE CASH BACKED/INVESTED		-57 850 196	-40 477 966	-39 017 026
INSURANCE FUND		-749 242	-665 164	-724 556
VALUATION RESERVE		-	-1 315 115	-2 241 473
BULK SERVICES AUGMENTATION FUND				-2 079 273
ASSETS FINANCE RESERVE		-33 224 376	-14 440 125	-10 886 396
UNSPENT CONDITIONAL GRANTS		-23 876 578	-19 447 208	-18 474 973
LOAN SECURITY (ZERO COUPONS)		-	-4 610 355	-4 610 355
ITEMS WHICH SHOULD PREFERABLY BE CAS		-15 618 576	-13 546 330	-9 169 091
CONSUMER DEPOSITS		-5 602 361	-4 989 146	-4 381 240
OTHER DEPOSITS		-7 186 018	-4 984 928	-2 931 286
PROVISIONS CURRENT		-2 830 196	-3 572 256	-1 856 565
NET CASH OPERATING ACCOUNT		11 656 028	2 049 143	-15 630 659

Cash flow has been considerably better over the last financial year.

7. IMPLEMENTATION OF GENERAL RECOGNIZED ACCOUNTING PRACTICE (GRAP)

These statements are compiled in accordance with GRAP 1 and 2.

The extension of certain accounting standards were given by the Minister of Finance until June 2008.

8. ACCUMULATED SURPLUS

The accumulated surplus at 30 June 2006 is R 22 230 743

Details of how this came about can be seen at note number 30 under the section "Notes to the Financial Statements"

9. CONCLUSION

I sincerely wish to thank the staff and my colleagues for their valuable contribution and support.

A special word of thanks is also extended to the Municipal Manager and Council for their guidance and leadership.

CHIEF FINANCIAL OFFICER
MR. M.L BOOYSEN

**KOUGA LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT
30 JUNE 2007**

	Note	2007 R	2006 R
ASSETS			
Current assets			
		112 457 495	83 712 423
Bank and Cash	16	-	2 734 257
Receivables	12+14+15	22 454 565	25 056 727
Inventory	13	8 787 507	7 192 612
Investments	11+16	81 215 423	48 728 827
Non-Current Assets			
		116 622 381	103 172 914
Receivables	12	1 969 346	625 629
Investments	11	4 610 355	4 610 355
Property, plant and equipment	10	110 042 680	97 936 931
Total assets		<u>229 079 876</u>	<u>186 885 338</u>
LIABILITIES			
Current liabilities			
		55 725 574	51 660 714
Payables	6+8+9	47 952 797	44 254 289
Borrowings	4	4 942 582	3 834 170
Provisions	7	2 830 196	3 572 256
Employee benefits			
Non-Current liabilities			
		71 846 509	61 968 526
Borrowings	4	71 846 509	60 653 411
Provisions	5	-	1 315 115
Total liabilities		<u>127 572 083</u>	<u>113 629 240</u>
Net assets		<u>101 507 793</u>	<u>73 256 097</u>
Reserves	2	79 277 050	62 647 867
Accumulated surplus/(-deficit)	30	22 230 743	10 608 230
Total Net Assets		<u>101 507 792</u>	<u>73 256 097</u>

Note : The balance sheet has been prepared in accordance with GRAP 1

KOUGA LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED
30 JUNE 2007

	Note	2007 R	2006 R
REVENUE			
Property Rates	17	65 850 977	57 263 979
Property Rates - penalties imposed and collection charges		796 123	629 083
Service Charges	18	113 500 439	102 303 553
Rental of facilities and equipment		532 877	638 070
Interest earned - external investments		5 548 530	2 023 689
Interest earned - outstanding debtors		1 145 153	1 073 890
Fines		900 372	710 492
Licenses and permits		1 590 349	3 473 955
Income for agency services		-	-
Government grants and subsidies	19	35 942 678	18 466 149
Other income	20	19 228 231	8 204 532
Gains on disposal of property, plant and equipment		19 192 918	-
		<u>264 228 647</u>	<u>194 787 392</u>
EXPENDITURE			
Employee related costs		76 838 048	71 629 148
Remuneration of Councillors	22	3 885 423	1 859 792
Bad Debts	14	3 372 208	1 279 017
Collection Costs		22 516	79 759
Depreciation		8 773 585	7 936 478
Repairs and Maintenance		13 461 925	12 015 474
Interest paid	23	10 417 779	9 492 583
Bulk purchases	24	45 329 843	35 953 490
Contracted Services		471 262	120 758
Grants and subsidies paid	25	11 861 911	12 955 180
General expenses	26	51 611 368	32 589 340
Loss on disposal of property, plant and equipment		-	-
Contributions to provisions			1 516 985
		<u>226 045 867</u>	<u>187 428 006</u>
		<u>38 182 780</u>	<u>7 359 386</u>

Refer to Appendix E (1) for comparison with the approved budget

KOUGA LOCAL MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED
30 JUNE 2007

	Depreciation Reserve X Revolving Fund	Depreciation Reserve X Govt Grants	Depreciation Reserve Donations and Contributions	Unappropriated Surplus/ (-Deficit)
	R	R	R	R
<u>2005/06</u>				
Balance at 01 JULY 2005	32 387 571			450 899
Net Surplus for the year				7 359 386
Transfer to AFR				-1 279 535
Property, plant & equipment purchased				
Capital grants used to purchase PPE	2 449 346	12 875 620		
Donated/Contributed PPE				
Contribution to insurance reserve				
Insurance claims processed				
Offsetting of Depreciation	-2 797 444			2 797 444
Transfer to revaluation reserve				
Transfer to leave provision				
Transfer to bad debts				
Other Movements	-19 253 214	19 253 214		81 780
	12 786 259	32 128 834	-	9 409 974
Changes in accounting policy				
Previous years corrections	-3 011 864			1 198 256
<u>2006/07</u>				
Balance at 30 JUNE 2006	9 774 395	32 128 834	-	10 608 230
Net Surplus for the year				38 182 780
Transfer to AFR				-27 983 953
Property, plant & equipment purchased				9 974 403
Capital grants used to purchase PPE		9 738 488		-9 738 488
Donated/Contributed PPE				
Contribution to insurance reserve				-315 483
Insurance claims processed				
Offsetting of Depreciation	-1 194 907	-2 288 415		3 483 323
Transfer to revaluation reserve				
Transfer to leave provision				-45 940
Transfer to bad debts				-6 944 192
Other Movements Sbay Sewer/WW	-6 780		6 780	-724 140
	8 572 707	39 578 907	6 780	16 496 538
Changes in accounting policy				
Previous years corrections	-2 773 183			5 734 204
	5 799 524	39 578 907	6 780	22 230 743

**KOUGA LOCAL MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED
30 JUNE 2007**

	Note	2007 R	2006 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		250 905 557	193 790 046
Cash paid to suppliers and employees		<u>-206 557 742</u>	<u>-164 115 457</u>
Cash generated from operations	28	44 347 816	29 674 589
Interest received		5 548 530	2 023 689
Interest paid		<u>-10 417 779</u>	<u>-9 492 583</u>
NET CASH FROM OPERATING ACTIVITIES		<u><u>39 478 567</u></u>	<u><u>22 205 694</u></u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-28 191 519	-17 023 190
Proceeds on disposal of fixed assets		-500 605	-
(Increase)/decrease in non-current receivables		-1 343 718	-
Receipts from lending activities (Long Term Debtors)		<u>-1 447 543</u>	<u>2 164 360</u>
NET CASH FROM INVESTING ACTIVITIES		<u><u>-31 483 385</u></u>	<u><u>-14 858 829</u></u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings			
New loans raised/(repaid)		11 600 532	1 656 893
Increase in consumer deposits		613 215	607 906
Other capital receipts		<u>8 842 433</u>	<u>13 899 707</u>
NET CASH FROM FINANCING ACTIVITIES		<u><u>21 056 180</u></u>	<u><u>16 164 507</u></u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		<u><u>29 051 361</u></u>	<u><u>23 511 372</u></u>
Cash and cash equivalents at the beginning of the year	29	<u>56 073 439</u>	<u>56 073 439</u>
Cash and cash equivalents at the end of the year		<u>85 124 800</u>	<u>32 555 457</u>

Note : The cash flow statement has been prepared in accordance with GAMAP 111 / GRAP 2 (NT latest template)

KOUGA LOCAL MUNICIPALITY

FINANCIAL POLICY ON ACCOUNTING STANDARDS

1 BASIS OF PRESENTATION

1.1 The financial statements will be prepared in accordance with General Accepted Municipal Accounting Practice (GAMAP), Generally Recognised Municipal Accounting Practice (GRAP) and International Accounting Standards (IAS) as laid down by the

1.2 The financial statements will be prepared on the historical cost basis.

1.3 The financial statements will be prepared on the accrual basis:

1.3.1 Income is accrued when collectable and measurable. Certain direct income is accrued when received such as traffic fines and licenses.

1.3.2 Expenditure is accrued in the year it is incurred.

1.4 Financial policies were changed in accordance with actual proceedings and new

1.5 Any deviations due to exemption obtained from National Treasury in accordance with Government Gazette No. 30013 of 29 June 2007 will be indicated with the specific standard.

2 PRESENTATION CURRENCY

2.1 These annual financial statements are presented in South African Rand.

3 GOING CONCERN ASSUMPTION

3.1 These annual financial statements have been prepared on a going concern basis.

4 FUNDS AND RESERVES

4.1 The Capital Replacement Reserve (CRR) (previously Asset Financing Reserve)

4.1.1 In order to finance the future purchase of items of property, plant and equipment amounts will be transferred from the net surplus for a specific accounting period to the Asset Financing Reserve (CRR). These transfers from the net surplus may only be made if they are backed by cash. The following pertains to the creation and utilization of the CRR:

4.1.1.1 The cash which supports the CRR balance is invested until it is utilised. The cash may only be invested as prescribed by legislation.

4.1.1.2 Interest earned on the CRR is reflected as interest earned in the Income

4.1.1.3 The CRR may only be utilized to purchase items of property, plant and equipment for the municipality and may not be used for the maintenance of these items.

4.1.1.4 Upon the purchase of an asset funded from the CRR an amount equivalent to the cost price of the asset purchased is transferred from the CRR to Accumulated Surplus.

4.1.1.5 If a profit is made on the sale of assets previously purchased and funded from the CRR, the profit on these assets sold is reflected in the income statement and thereafter transferred via the appropriations section of the Income Statement to the CRR, provided it is

4.2 Unutilized Capital Receipts - Conditional Grants and Receipts

4.2.1 Unutilised capital receipts are reflected on the Statement of Financial Position in "Current Liabilities" as "Payables". They represent unspent government grants, subsidies and contributions from the public. This Non Distributable Reserve (NDR) must always be backed by cash. The following pertains to the creation and utilization of this NDR.

4.2.2 The cash which supports the NDR is invested until it is utilized. The cash may only be invested as prescribed by legislation.

Statement.

4.2.4 Upon the purchase of an asset funded from the NDR Conditional Grants and Receipts, an amount equivalent to the cost price of the asset is transferred from the NDR Conditional Grants and Receipts to the Future Depreciation Reserve (FDR). The FDR is equivalent to the remaining depreciable value (book value) of assets purchased funded out of the NDR Conditional Grants and Receipts. The Future Depreciation Reserve FDR is used to offset depreciation charged on assets purchased out of the NDR Conditional Grants and Receipts to avoid double taxation of the consumers.

4.2.5 If a profit is made on the sale of assets previously purchased and funded from the NDR Conditional Grants and Receipts, the profit on these assets sold is reflected in the income statement and thereafter transferred via the appropriations section of the Income Statement to the CRR, provided it is backed by cash.

5 INVESTMENTS

5.1 Investments will be stated at the lower cost of (less amounts written off) or market value if a permanent decline in the value has occurred.

6 PROPERTY, PLANT AND EQUIPMENT

6.1 Property, plant and equipment, will be stated at cost, less accumulated depreciation.

6.2 Subsequent expenditure relating to property, plant and equipment will be capitalized if it is probable that future economic benefits or potential service delivery of the asset are enhanced in excess of the originally assessed standard of performance.

6.3 If expenditure only restores the originally assessed standard of performance, then it will be regarded as repairs and maintenance and should be expensed. The enhancement of an existing asset so that its use is expanded or the further development of an asset so that its original life is extended, are examples of subsequent expenditure which may be

6.4 Where an asset is required at no cost, or for a nominal cost, it will be recorded in the books of account as per GAMAP 17.25 at its fair value at date of acquisition.

6.5 Heritage assets, which are defined as culturally significant resources such as works of art, historical buildings and statues will not depreciate as they are regarded as having an infinite life. Land will also not be depreciated for the same reason.

6.6 Depreciation is calculated on cost, using the straight line method over the estimated useful lives of the assets. The depreciation rates will be based on the following estimated

	Years		Year
Infrastructure		Other	
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-30	Other vehicles	5
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture & Fittings	7-10
Housing	30	Watercraft	15
'		Bins & containers	5
'		Specialised Equipment	10
'		Other items of equipment	2-5
Community			
Improvements	30		
Recreational Facilities	20-30		
Security	5		

See paragraph 12 below for asset related exemptions.

7 LEASE

7.1 Leases are classified as “finance leases” where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Operating leases are those leases, which do not fall within the scope of the above definition. Operating lease rentals are expensed as they become due.

7.2 Assets subject to finance lease agreements will be capitalized at their cash cost equivalent and the corresponding liabilities will be raised. The cost of the assets will be depreciated at appropriate rates on the straight line basis over the estimated useful lives of the assets. Lease payments will be allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs will be expensed

Exemption until 30 June 2008 had been obtained for the implementation of IAS 17.

8 INVENTORIES

8.1 Consumable stores, raw materials, work-in progress and finished goods will be valued at the lower of cost or net realizable value. In general, the basis of determining cost will be on the Average Cost Price method.

8.2 Redundant and slow moving inventories will be identified and written down with regard to their estimated economic or realisable values.

8.3 Consumables will be written down with regard to their age, condition and utility.

accordance with GAMAP 12 had been obtained until 30 June 2008.

9 REVENUE RECOGNITION

9.1 Council will apply a flat rating system. The same rate factor will apply for land and buildings. In terms of this system, assessment rates are levied on the value of land and buildings in respect of properties. Rebates will be granted according to the provisions in the budget and the provisions of the property rates policy.

9.2 Service charges relating to electricity and water will be based on consumption. Availability fees will be payable on vacant stands as specified in the tariff policy of council.

9.3 Revenue arising from the application of the approved tariffs, fees and charges will generally be recognized when the relevant service is rendered.

9.4 Revenue from spot fines will be recognized when payment is received, and the revenue from the issuing of summonses will be recognized when collected.

9.5 Amounts received from government and donors for the purpose of acquiring items of property, plant and equipment will be classified as capital receipts and credited to non-distributable reserves. These amounts will be released to the income statement over the estimated life of the property, plant and equipment acquired.

Exemption until 30 June 2008 had been obtained for the initial measurement of fair value discounting all future receipts using an imputed rate of interest as required by

10 RETIREMENT BENEFITS

10.1 The Council operates a number of retirement schemes to which contributions are charged against operating income at 18%.

11 PROVISIONS

11.1 A provision will be recognized when the municipality has a present obligation (legal constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions will be reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision will be the present value of the expenditures expected to be required to settle the obligation.

municipality:

11.2.1 Provision for leave pay

11.2.2 Provision for bad debts

11.3 Provision for bad debts

11.3.1 Basis of calculation from 30 June 2007 onwards will be done on the following criteria and the actual situation will be monitored to determine the correctness of the criteria:

11.3.1.1 **Debtors outstanding at 30 June of the financial year**

11.3.1.2 **Plus** accounts with credit balances

11.3.1.3 **Minus** current amounts outstanding for accounts connected to Equitable Share.
collection rate.

11.3.1.5 **Minus** the current amount outstanding calculated at the payment rate percentage

11.3.1.6 **Minus** government subsidised housing not included in Equitable Share X 39%

11.3.1.7 **Equals Provision for Bad Debt**

11.3.2 Leave Pay Provision

11.3.2.1 A provision of leave pay will be maintained in respect of the liability to employees relating to the amount of leave days due to them as at year-end. The provision will be calculated to represent 100% of the value of the leave days due on 30 June of each year.

***Exemption until 30 June 2008 had been obtained for the following relevant standards:
GRAP 3 The recording of provisions at fair value
other
contingent liabilities.***

12 TRADE ACCOUNTS

12.1 The Electricity and Water Service will contribute an amount in relief of rates during the financial year.

13 ECONOMIC ACCOUNTS

13.1 The Sewer and Refuse Services will cover the services' expenditure.

14 ASSET RELATED STANDARDS FOR WHICH EXEMPTION WERE OBTAINED UNTIL 30 JUNE 2008 ARE AS FOLLOWS:

14.1 ASSESSMENT OF PROPERTY PLANT AND EQUIPMENT

14.1.1 *In accordance with GAMAP 17.51 and 59 the useful live of assets must be assessed by the municipality to ascertain that the depreciable value of property, plant and equipment be allocated systematically over its useful life.*

14.1.2 *If expectations are significantly different from previous estimates, the depreciation charge for the current and future periods needs to be adjusted accordingly.*

14.1.3 *In accordance with GAMAP 17.41 land and buildings should be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulative depreciation and subsequent impairment losses.*

14.1.4 *Revaluations shall be made with sufficient regularity such that the carrying amount does not differ materially from which would be determined using fair value at the reporting*

14.1.5 *In accordance with GAMAP 17.66 and 17.68 the carrying amount of an item or a group of identical items of property, plant and equipment should be reviewed periodically in order to assess whether or not the recoverable amount has declined below the carrying*

14.1.6 *The "Recoverable amount" should be the amount that the municipality expects to recover from the future use of an asset, including its residual value on disposal. When such a decline has occurred the carrying amount will be reduced to the recoverable amount. The amount of the reduction should immediately be recognized as an expense.*

14.1.7 *In accordance with GAMAP 12.4 inventories should include goods purchased and held for resale. This includes land and water. The amount of water which is in the municipality's possession on 30 June each year will have to be determined. This will include all water held in reservoirs and in the reticulation system.*

14.1.8 The engineering section will have to determine this amount and it must be included and the value must be determined and recorded as an inventory item in the books of account on the financial year end.

14.1.9 The process is underway to verify all assets and the volume of water contained in the reservoir and reticulation system at a given time should be known after this operation has been completed.

14.1.10 In terms of (IAS) 36.09 a municipality must assess at each reporting date whether there is an indication that an asset is impaired and it be treated as per 13.4.1 to 13.4.6

14.1.11 In accordance with IAS 29.9 all financial assets (e.g. Debtors) must be classified into one of the following categories:

14.1.11.1 Loans and receivables

14.1.11.2 Held-to-maturity

14.1.11.3 Fair value through profit or loss

14.1.12 Debtors are classified as receivables on the face of the balance sheet but it is not sure whether this is adequate.

KOUGA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR END

30 JUNE 2007

	2007	2006
	R	R
1 HOUSING DEVELOPMENT FUND		
Not applicable.		
2 RESERVES		
CAPITAL REPLACEMENT RESERVE	33 224 376	14 440 125
FUTURE DEPRECIATION RESERVE	45 303 432	41 903 229
UTILISED CAPITAL RECEIPTS	-	5 639 349
INSURANCE RESERVE	749 242	665 164
TOTAL RESERVES	79 277 050	62 647 867

The Capital Replacement Reserve are fully invested in ring-fenced financial instrument investment.

3 TRUST FUNDS

Not applicable.

4 LONG-TERM LIABILITIES

Annuity Loans	76 088 113	64 487 581
Less : Short-Term portion transferred to current liabilities	4 241 604	3 834 170
Total External Loans	71 846 509	60 653 411

Refer to Appendix A for more detail on long-term liabilities.

None of the loans are secured by fixed assets of the Kouga Municipality, except R15.6 million redemption funds secured by Zero coupon investments made with Investec and Sanlam maturing June 2011.

Kouga Local Municipality is in the process of taking up a loan with the Development Bank of Southern Africa for the financing of vehicles bought during the 2006/07 financial year.

A loan of R13 000 000 was taken up in October 2006 from the Infrastructure Finance Corporation for the financing of the bulk water supply to the St Francis area. Only R862 713.39 of this amount was utilised during 2006/07.

5 NON-CURRENT PROVISIONS

Provision for General Valuation	-	1 315 115
Total Non-Current Provisions	-	1 315 115

The movement in the reclamation provision is reconciled as follows: -

<u>VALUATION RESERVE</u>		
Balance B/F	1 315 115	1 315 115
Contributions	-	
Other Income	-	
Capital Expenditure	-	
Operating Expenditure	1 315 115	
Balance at year end	-	1 315 115

6 CONSUMER DEPOSITS

Electricity and Water	5 602 361	4 989 146
Total consumer deposits	5 602 361	4 989 146

Deposits does not accrue interest.

7 CURRENT PROVISIONS

LEAVE RESERVE FUND	2 830 196	2 784 256
Balance B/F	2 784 256	1 856 565
Contributions	45 940	1 026 217
Expenditure	-	98 526
AUDIT FEES	-	100 000
DEVELOPER : EDEN GLEN	-	688 000
Total current provisions	2 830 196	3 572 256

The movement in the reclamation provision is reconciled as follows: -

8 CREDITORS

Trade creditors	-6 788 484	-10 211 272
Payments received in advance	-3 140 891	-2 713 307
Value added tax (VAT)	-1 358 464	-1 908 427
Other creditors	-7 186 018	-4 984 928
Total Creditors	-18 473 858	-19 817 935

9 CONDITIONAL GRANTS AND RECEIPTS

Conditional Grants from other spheres of Government

Municipal Infrastructure Grant (MIG)	8 119 464	5 604 360
Housing Grants (DHLG&TA)	12 707 139	9 325 388
Financial Support (Provincial DLGH&TA)	464 922	-
Department of Mineral and Energy/NER	225 740	-158 378
National Treasury	91 298	53 638
Development Bank of Southern Africa	350 576	760 970
Cacadu District Municipality	157 857	298 617
Department of Health	-27 158	20 614
Department of Water Affairs	15 364	13 540
Economic Development	123 818	432 316
Spatial Studies	123 065	203 328
Department of Housing Local Government and Traditional Affairs	446 860	1 158 734
Skills Grant (SARS)	202 462	176 528
Other	875 172	1 557 552
Total Conditional Grants and Receipts	23 876 578	19 447 208

These funds are invested until utilized.

10 PROPERTY, PLANT AND EQUIPMENT

	Cost or Revaluation R	Accumulated Depreciation R	Gross Carrying Value R
30 JUNE 2007			
Community	42 045 150	35 342 087	6 703 063
Heritage	177 441	159 801	17 641
Housing	-	-	-
Infrastructure	193 320 125	116 959 541	76 360 584
Investment	1 460 470	1 451 470	9 000
Other	26 505 290	14 934 341	11 570 949
	<u>263 508 477</u>	<u>168 847 240</u>	94 661 237
Work in progress			<u>15 381 443</u>
Total Property, Plant and Equipment			<u>110 042 680</u>

30 JUNE 2006			
Community	42 045 150	35 014 474	7 030 676
Heritage	7 316 350	152 244	7 164 106
Housing	-	-	-
Infrastructure	190 343 265	109 334 277	81 008 989
Investment	1 460 470	1 460 470	-
Other	17 150 980	14 510 045	2 640 935
	<u>258 316 216</u>	<u>160 471 511</u>	97 844 705
Work in progress			<u>92 226</u>
Total Property, Plant and Equipment			<u>97 936 931</u>

Refer to Appendix B for more detail on property, plant and equipment.

The Municipality has taken advantage of the transitional provisions set out in GAMAP 17. The Municipality is

11 INVESTMENTS

Financial Instruments

Deposits

ASSETS FINANCE RESERVE	17 353 787	9 113 908
BUCKET ERADICATION (DPLG)	55 772	170 459
BUCKET ERADICATION (HRSP)	541 062	310 925
CAPITAL FUNDS INVESTED	10 550 045	9 019 309
GENERAL	25 910 114	22 889 931
GRANTS : MIG	8 938 700	2 630 071
INTEGRATED DEVELOPMENT PLAN	6 084	6 229
REDEMPTION FUND	5 267 371	4 942 259
SEVERANCE	57 257	53 431
STRUCTURE PLAN/SCHEME MAP	176 846	164 366
UNSPENT GRANTS	4 793 159	4 000 000
EXTERNAL FINANCE FUND (EFF)	12 175 580	38 294
Total Investments	<u>85 825 777</u>	<u>53 339 182</u>
Current Investments	81 215 423	48 728 827
Non-Current Investments	<u>4 610 355</u>	<u>4 610 355</u>
Total Investments	<u>85 825 777</u>	<u>53 339 182</u>

The value of the following investments which are shown at cost in the statements are estimated at

Investec	Cost =	R 1 251 495	2 453 832	2 178 760
Sanlam	Cost =	R 3 358 860	10 448 112	9 563 135

These investments secure loans of R15 million that need to be repaid on 30 June 2011.

Amount included in investments in respect of Housing Grants		6 800 391	572 122
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12 NON-CURRENT LOANS

GOLF CLUB		-	440 000
KOUGA CULTURAL CENTRE		1 690 710	-
STAFF DEBTORS		0	957
DBSA		-	107 066
ADVERTISING		-	-
STAFF DEBTORS		403 059	98 204
		2 093 769	646 226
Less : Current portion transferred to current receivables		124 423	20 598
STAFF DEBTORS		80 612	276 727
Total Non-Current Loans		1 969 346	625 629

13 INVENTORY

Stores		8 787 507	7 192 612
Unsold properties held for sale			
Total Inventory		8 787 507	7 192 612

Water stock has at this stage not been included in inventory. Exemption hereof until 30 June 2008 was obtained from National Treasury.

14 CONSUMER DEBTORS

57 HOUSES	R & G	384	384
57 HOUSES	R & G	6 568	9 213
ASSESSMENT RATES	R & G	8 337 602	7 971 232
ASSESSMENT RATES : INSTALMENTS	R & G	70 558	766 326
BALANCES B/F EX WDC OR KWANOMZAMO	R & G	-	5 764
B/F EX WDC/KWA ETC INSTALMENTS	R & G	-	-
COLLECTION CHARGES (LEGAL FEES)	R & G	534 201	386 296
ELECTRICITY	Services	6 218 909	4 683 014
ELECTRICITY : INSTALMENTS	Services	-	780
EQUITABLE SHARE	R & G	-	-17
FIRE LEVY	R & G	-	-
FIRE LEVY : INSTALMENTS	R & G	-	-
HOUSING DEBTORS	Housing	3 840	3 840
HOUSING : INSTALMENTS	Housing	-	-
HOUSE SHOPS	R & G	-	-
INTEREST	R & G	-	-
LAND DEBTORS	R & G	130 436	116 940
LAND DEBTORS	R & G	-	-
LAND DEBTORS : KRUISFONTEIN	R & G	-	-
LAND DEBTORS KRUISFONTEIN SUSPENCE	R & G	-363	-363
NIGHTSOIL	R & G	-	-
SERVICES X ... INSTALMENTS	Services	-	-
REFUSE	Services	2 714 456	3 073 399
REFUSE INSTALMENTS	Services	-	-
RIPARIAN LEVY	R & G	55 170	23 808
RIPARIAN LEVY : INSTALMENTS	R & G	-	-
ROAD LEVY	R & G	164	427
ROAD LEVY : INSTALMENTS	R & G	-	-
SEWERAGE	Services	2 821 400	2 778 606
SEWERAGE : INSTALMENTS	Services	5 436	4 639
SEWERAGE LOANS	Services	-	-1 045
SUNDRY : CAR LOANS	R & G	-	-
SUNDRY : CAR LOANS SUSPENCE	R & G	-	-

SUNDRY (COMPUTERISED)	R & G	483 232	1 184 728
SURCHARGE	R & G	-	-
VAT DEBTORS CONTROL	Services	2 254 216	1 922 667
WATER	Services	5 478 866	4 890 315
WATER : INSTALMENTS	Services	6 646	6 658

	29 121 719	27 827 612
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BAD DEBTS PROVISION	13 755 082	6 810 890
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Total Consumer Debtors	15 366 636	21 016 722
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Reconciliation of bad debts provision

Balance at beginning of the year	6 810 890	5 586 307
Contributions to provision	6 944 192	1 224 583
Bad debts written off against provision		
Reversal of provision		

Balance at end of year	13 755 082	6 810 890
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Amount written off as bad debts to the operating account	3 372 208
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The provision for bad debts are calculated as per the relevant accounting policy.

<u>Rates & General : Ageing</u>	R & G	11 476 601	-
Current (0 - 30 days)		5 709 759	
31 - 60 days		501 535	
61 - 90 days		256 317	
91 - 120 days		336 403	
120 days +		4 672 587	

<u>Services : Ageing</u>	Services	17 824 672	-
Current (0 - 30 days)		4 253 531	
31 - 60 days		2 260 231	
61 - 90 days		957 402	
91 - 120 days		792 516	
120 days +		9 560 992	

<u>Housing : Ageing</u>	Housing	134 659	-
Current (0 - 30 days)		-2 272	
31 - 60 days			
61 - 90 days			
91 - 120 days			
120 days +		136 931	

Summary of Debtors by Customer Qualification

	Consumers		
	Domestic	Industry/Commerce	Government
30 JUNE 2007	R	R	R
Current (0 - 30 days)	8 976 013	861 123	123 883
31 - 60 days	2 551 031	105 919	104 815
61 - 90 days	946 444	176 476	90 799
91 - 120 days	992 871	51 989	84 059
120 days +	13 512 608	583 777	274 125
Sub Total	26 978 967	1 779 284	677 681
Less: Provision for bad debts	13 755 082		
	13 223 885	1 779 284	677 681
Total debtors by customer classification	30 JUNE 2007		15 680 850

Future installments on jet raised on debtors accounts

88 845

15 Other Debtors

SUNDRY : MANUAL	3 817 476	2 279 230
DEPARTMENT OF SPORT, ARTS & CULTURE	22 619	22 619
EXPENDITURE SECTION	25 975	25 975
INCOME SECTION : CREDIT TRANSACTIONS	-	5 763
MARINA MAINTENANCE FUND	10 465	-
CLEANING OF ERVEN	396 536	396 536
HEALTH	42 791	42 791
RECEIVER OF REVENUE	1 418 743	600 089
VAT INPUT ON HP'S	90 147	109 535
SUNDRY	29 336	688
SUSPENSE : HOUSING : LOERIE	36 965	11 600
HOUSING	94 528	
COMPENSATION COMMISISONER	187 596	
DEFERED REVENUE	130 000	
SUSPENSE : SALARIES		524 582
ADVANCES : BONUS	1 155	
ADVANCES : GENERAL	111 246	
ADVANCES : INSTALMENTS	261 975	
EXTERNAL LOANS	11 533	
INSURANCE	17 035	
SHELL FESTIVAL	41 277	
RECOVERABLE AMOUNTS	6 138	
REGIONAL SERVICES LEVY	57 128	
STAFF DEBTORS	0	
TELEPHONES	152 842	
Total Other Debtors	6 963 506	4 019 408

16 BANK, CASH AND OVERDRAFT BALANCES

The Municipality have the following bank accounts :

Current Account :

First National Bank : Jeffreys Bay 525 400 207 91	-2 790 153	-1 671 028
First National Bank : Jeffreys Bay 525 400 335 04	2 704 288	4 066 364
First National Bank Kouga Cultural Centre	-	187 037

Balance (-Overdrawn)

-85 865	2 582 374
---------	-----------

-	-
-85 865	2 582 374
-709 037	2 728 847

Cashbook

The cashbook overdraft at year end is due to large payments made on 30 June 2007 in respect of interest and redemption and a payment for the purchasing of vehicles.

Council have an overdraft facility with First National Bank but it has not been utilised over the last three years.

Investment Accounts

Gensec - Redemption Fund	5 004	3 358 860	3 358 860
Momentum-Loan Redp.Fund	89 274 836	657 016	331 904
Boe-Collateral	221 699 505	19 000	19 000
ABSA-Collateral	2 047 910 721	5 272	5 000
ABSA-Severance	2 058 034 594	57 257	53 431
ABSA-Scheme Map	2 058 037 966	30 240	28 220
ABSA-Structure Plan	2 058 817 495	146 606	136 147
ABSA-Capital Replacement Reserve	2066747799	7 106 572	
ABSA-Gen Ac	2090143681	-45	
ABSA-Gen Ac	2090143703	11 079	
ABSA-Gen Ac	2 098 560 001	1 177	1 177
Boe-Collateral	2 216 995 424	6 200	6 200
Boe-Collateral	2 216 995 433	48 000	48 000
Boe-Collateral	2 216 995 434	7 500	7 500
Boe-Collateral	2 216 995 436	5 800	5 800
Boe-Collateral	2 216 995 437	4 500	4 500
ABSA-Gen Ac	4052317720	3 900	
ABSA-Collateral	4 276 130 264	40 547	32 306
ABSA-LDP	9 062 663 241	6 084	6 229
ABSA-PHsgProject	9 078 617 359	256 602	246 069
FNB-Severance	#####	2 292	2 292
FNB-Gen Ac	#####	-0	(0)
FNB-Severance	#####	20 233	19 294
FNB-Sewerage	#####	19 426	19 426
FNB-PHsgProject Jbay	#####	62 218	62 218
FNB-Land Purchases	#####	8 031	7 876
FNB-Kouga Municipality	#####	221 805	206 866
FNB-Thornhill 85 Trust	#####	598 877	157 037
FNB-Gen Ac	#####	6 245 425	5 856 253
FNB-Rosedale 359 Trust	#####	143 634	379 442
FNB-Sea Vista 95 Trust	#####	172 211	160 848
FNB-Patensie 80 Trust	#####	131 353	493 266
FNB-Thornhill 277 Trust	#####	549 856	866 575
Kwanomzamo 168 Trust	#####	437 053	391 231
Gill Marcus Trust	#####	1 308 196	1 553 493
Youth Camp 85 Trust	#####	390 380	586 600
Kwanomzamo 139 Trust	#####	151 912	948 508
Kwanomzamo 40 Trust	#####	433 314	267 154
Vaaldam 317 Trust	#####	2 164 785	684 270
FNB-Structure Plan	#####	18 694	17 265
FNB-Grondbesitregte	#####	3 506	3 238
FNB-IDP	#####	55 466	51 228
FNB-Business Centre	#####	24 689	22 841
FNB-Grondbesitregte	#####	5 011	4 592

FNB-Zoning	#####	16 698	15 421
FNB-Gen Ac	#####	8 316	8 316
FNB-Social Plan	#####	85 136	78 627
FNB-Gen Ac	#####	10 152	9 361
FNB-ErfDeposit Erf1317	#####	6 307	5 829
FNB-100 Hect	#####	45 916	42 341
FNB-Juice Factory	#####	618 786	571 474
Investec-Redemption Fund	#####	1 251 495	1 251 495
Nedcor Bank-Collateral	#####	10 909	10 909
ABSA - Assets Finance Reserve	2 064 889 379	-	9 113 908
First National Bank - General Account	#####	6 673 767	6 224 946
Standard Bank - General Account	#####	10 914 516	4 202 938
Nedbank - Capital Replacement Reserve	37881037199	10 247 214	
Nedbank - General Account	37881037199a	5 081 581	
First National Bank - MIG	MIG	8 638 604	1 948 134
First National Bank - HSRP	HSRP	589 850	310 925
First National Bank - Balance of loan taken up	INCA	12 905 775	
First National Bank - DPLG	DPLG	795 385	852 395
First National Bank - Gen Ac	Gen Ac	-0	10 125 862
Old Patensie Housing	Old Patensie Ho	16 813	16 813
Standard Bank	Old Hankey Hou	247 021	247 021
Pearl Road Hankey	62074499990	1 475 691	150 607
Centerton Hankey	62074500127	1 054 449	945 255
Weston Hankey	62074499966	190 859	154 447
		<u>85 825 777</u>	<u>53 339 182</u>

* Redemption Fund (Secure External Loans)

17 Property Rates

Actual

Residential		
Commercial		
State		
Undefined	<u>65 850 977</u>	<u>57 263 979</u>

Total Assessment Rates

65 850 977 57 263 979

Valuations

Residential		
Commercial		
State		
Undefined	<u>5 337 024 397</u>	<u>5 032 839 277</u>

Total Property Valuations

5 337 024 397 5 032 839 277

Valuations on land and buildings are performed every 4 years.

The last valuation came into effect on 1 July 2002

Interim valuations are performed on an ongoing basis to take into account changes in individual property values due to alterations, consolidations and subdivisions.

A general rate of R0.01307 (2006 - R0.0121) is applied to property valuations to determine assessment rates.

Rebates of 20% are granted to state property owners.

The first R20 000 of a property valuation on state subsidised housing are exempt from assessment rates.

Assessment rates are levied annually in July with the final payment date of 30 September unless a client has chosen to pay the account monthly.

Interest at prime rate are raised on any outstanding amounts.

18 SERVICE CHARGES

Sale of Electricity	58 002 470	52 101 990
Sale of Water	25 096 277	23 378 636
Refuse removal	12 923 904	11 765 296
Sewerage and sanitation charges	17 538 115	16 545 262
Total Service Charges	113 560 766	103 791 184

19 GOVERNMENT GRANTS AND SUBSIDIES

Equitable Share	16 312 508	13 115 835
Provincial Health Subsidies	1 755 972	2 503 846

Equitable Share

The grant is mainly used to subsidise the provision of basic services to indigent community members.

Part of it is used as revenue for the Fire Fighting Services and the balance are used for the administration of the indigent policy.

See note 9 and Annexure F in respect of all conditional funds and grants

These funds are invested until utilised.

20 OTHER INCOME

All income are reflected in the operating account as per GAMAP/GRAP principles.

21 EMPLOYEE RELATED COSTS

Employee related cost

Salaries and Wages		
Entertainment Allowance	-	
First Aid Allowance	-	
Group Life Insurance	118 800	112 148
Housing Subsidy	413 274	461 146
Leave paid out	413 392	
Long Service Bonus	269 307	232 727
Medical Aid Contributions	3 520 741	2 986 454
Other Allowances	1 191 644	1 328 464
Overtime	5 251 476	5 802 201
Overtime (W/Ends & P/Hols)	-	-
Pension Fund Contributions	7 719 451	6 426 651
Pensions	37 176	37 616
Provident Fund	-	44 846 782
Salaries	47 946 643	44 846 782
Service Bonus	3 741 024	3 452 737
Standby Allowance	797 277	716 983
Traveling Allowance	3 943 161	3 876 236
Uniforms & Protective Material	-	
Wages	-	
Total	75 363 366	115 126 926

Remuneration of the Municipal Manager

Annual Remuneration	177 287	215 175
Performance Bonuses		
Settlement Agreement		953 711
Car Allowance	53 920	61 725
Telephone Allowance		900
Leave		72 905
Total	231 207	1 304 416

A permanent Municipal Manager was only appointed from 1 March 2007.

The Director of Planning & Development acted as Municipal Manager for the period 1 July 2007 to 28 February 2007

Remuneration of the Chief Financial Officer

Annual Remuneration	349 000	118 381
Performance Bonuses	-	-
Telephone Allowance	720	900
Settlement Agreement/Leave		501 989
Car Allowance	41 000	42 750
Leave		79 462
Total	<u>390 720</u>	<u>743 482</u>

A permanent Chief Financial Officer was only appointed from 1 September 2006.

A manager within the Finance Department acted as Director of Finance for the period March 2005 to August 2006.

Remuneration of the Director Corporate Services

Annual Remuneration	329 377	712 257
Performance Bonuses		
Telephone Allowance	900	900
Car Allowance	106 961	48 150
Leave		62 718
Total	<u>437 238</u>	<u>824 025</u>

In the previous year salary an amount is included paid as part of a settlement agreement.

Remuneration Director of Technical Services

Annual Remuneration	402 082	343 202
Performance Bonuses		162 221
Telephone Allowance	1 080	2 160
Car Allowance	115 560	115 560
Leave		
Total	<u>518 722</u>	<u>623 143</u>

Remuneration Director of Human Resources and Economic/Social Development

Annual Remuneration	427 520	307 590
Performance Bonuses	66 659	64 788
Telephone Allowance	900	2 160
Car Allowance	126 878	126 012
Leave		
Total	<u>621 958</u>	<u>500 551</u>

Remuneration Director of Community Services

Annual Remuneration	359 320	865 367
Performance Bonuses	25 693	
Telephone Allowance	1 080	1 440
Car Allowance	118 016	77 040
Leave		71 327
Total	<u>504 109</u>	<u>1 015 173</u>

In the previous year salary an amount is included paid as part of a settlement agreement.

Remuneration Director of Planning & Development

Annual Remuneration	207 813	794 257
Performance Bonuses	88 777	
Telephone Allowance	1 080	1 440
Car Allowance	60 742	78 150
Leave	23 653	43 042
Total	<u>382 065</u>	<u>916 889</u>

In the previous year salary an amount is included paid as part of a settlement agreement.

22 REMUNERATION OF COUNCILLORS

Executive Mayor	355 453	
Speaker	320 380	186 858
Mayoral Committee Members	1 064 904	
Councillors	2 655 441	1 050 408
Councillors pension contribution	308 157	
Councillors medical aid contribution	56 622	
Reimbursive traveling outside the municipal area	28 648	
Total Councillors Remuneration	4 789 605	1 237 266

Reimbursive traveling outside the Municipal area included.

From June 2006 the Council was awarded Executive Mayoral Committee status

From August 2006 the Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor has use of a Council owed vehicle for official duties.

23 INTEREST ON EXTERNAL BORROWINGS

External loans	10 417 779	9 445 013
Finance leases	-	-
Bank overdrafts	-	-
Total Interest on External Borrowings	10 417 779	9 445 013

24 BULK PURCHASES

Electricity	34 369 374	28 671 195
Water	10 960 469	7 282 296
Total Bulk Purchases	45 329 843	35 953 490

25 GRANTS AND SUBSIDIES PAID

SPCA		32 135
Schools Rugby Week		150 000
Undetermined	53 856	
	53 856	182 135

26 GENERAL EXPENSES

Included in general operating expenses are the following -

Flood damage	4 897 329.32	
A grant of R4 million was received via Cacadu Districts Municipality for partial finance of the cost incurred.		

27 CORRECTION OF ERROR

Various transactions were effected to the Accumulated Surplus account which were corrections in respect of previous financial years.	5 734 204.49	1 198 255.50
--	--------------	--------------

Accumulative these amounts were seen as material and thus affected as a correction to the Surplus/Deficit account.

See Note 30 for details.

28 CASH GENERATED BY OPERATIONS (GRAP 2)

Net surplus/(-deficit) for the year	38 182 780	10 155 388
Adjustments in respect of:		-
+ Provision for Bad Debts	6 944 192	1 224 583
+ Depreciation	5 289 532	5 057 254
- Capital receipts realized	-9 738 488	-
- Profit on sale of assets	-224 405	
- Investment income	-5 548 530	-2 023 689
+ Interest paid	10 417 779	9 492 583
	<hr/>	<hr/>
	45 322 860	23 906 120
(-Increase)/+decrease in inventory	-1 594 895	-2 843 694
(-Increase)/+decrease in debtors	2 705 987	-120 455
+Increase/(-decrease) in provisions	-742 060	1 715 691
+Increase/(-decrease) in conditional grants & receipts		
+Increase/(-decrease) in creditors	-1 344 077	7 016 927
	<hr/>	<hr/>
	44 347 816	29 674 589

29 CASH AND CASH EQUIVALENTS

Balance at the end of the year	85 124 800	56 073 439
Investments	4 610 355	4 610 355
Short-term	81 215 423	48 728 827
Bank (-Overdraft) & Cash Resources	-700 977	2 734 257
	8 060	
Balance at the beginning of the year	56 073 439	32 555 457
Investments	4 610 355	4 610 355
Short-term	48 728 827	14 913 493
Bank (-Overdraft) & Cash Resources	2 734 257	13 031 609
	<hr/>	<hr/>
Net increase/(-decrease) in cash and cash equivalents	29 051 361	23 517 982

30 NET SURPLUS/(-DEFICIT) FOR THE YEAR

Surplus/(-Deficit) at the beginning of the year	10 608 230	450 899
Operational Surplus/(-Deficit) for the year	38 182 780	10 155 388
<u>Appropriation Transactions</u>		
Depreciation	3 483 323	2 879 224
Transfer to AFR	-27 983 953	-549 090
Transfer to Leave Reserve	-45 940	-1 516 985
Transfer to AFR : SBAY Sewerage	-598 084	-639 812
Transfer to AFR : SBAY Waterways	-126 056	-90 633
Provision for bad debts	-6 944 192	-1 279 017
Transfer to Insurance Reserve	-315 483	
Property Plant Equipment X Govt Grants (FDR)	-9 738 488	
Property Plant Equipment X Capital Replacement Reserve	9 974 403	
<u>Previous year transactions</u>	3 408 087	
Debtors		-937 261
Creditors/Orders Previous year		636 862
Beach provision created reversed	100 000	
Cashbook/Bank recon		-63 230
Two Long Term Debtors written off	-547 066	
Reverse FDR Created 2005/06 re Assets X CRR	2 773 183	
Stock shortages written off		
Councilors Cell phone Allowances		690 865
Reallocation of Redemption Absa Ln 528 & 529		-2 907
Stock adjustments re conversion years back		-1 504
Bankfin loan redeemed still show as outstanding		12 234
FDR - Reallocation of finance sources		3 011 864
St Francis Bay erroneous stock figure in ledger		-443 623
DBSA Loan difference		-1 705 044

Erroneous Accruals Before Demarcation

Lost Books

Conversion Fees (Old HDP)

Growth capitalized as interest on Redemption Fund Investments

Chalet Deposits

Surplus/(-Deficit) at the end of the year

22 230 743 10 608 230

31 UTILISATION OF LONG TERM LIABILITIES (EXTERNAL FINANCE FUND)

EFF : BANK	-8 777 536	-1 293 466
EFF : INVESTMENT	12 175 580	38 294
Balance at the beginning of the year	-1 255 172	-2 538 070
Received during the year	14 189 112	2 112 628
Utilised during the year	9 535 896	829 729
St Francis area bulk water supply	862 714	
Electrification	2005/06	885 208
Water Pipeline Jbay	2005/06	34 555
Roads & Storm water	2005/06	150 000
Nissan Almeira		119 350
Vehicle X Ln DBSA Elect : Ford Courier 2.5D DMK684EC		136 192.84
Vehicle X Ln DBSA Elect : Ford Courier 2.5D DTB668EC		136 192.84
Vehicle X Ln DBSA Elect : Ford Courier 2.5D DTB659EC		136 192.84
Toyota Corolla 140i X DBSA Loan Corp. Services		115 934.58
Ford Bantam 1.6 X DBSA Loan Nature Conservation		88 994.63
Toyota Corolla 140i X DBSA Loan Protect Services		101 697.00
Toyota Corolla 140i X DBSA Loan Protect Services		101 697.00
Toyota Corolla 160i X DBSA Loan Protect Services		135 950.88
Toyota Corolla 160i X DBSA Loan Protect Services		135 950.88
Vehicles X Ln DBSA Public Works Nissan UD85 Tipper		458 200.00
Vehicles X Ln DBSA Public Works Nissan UD85 Tipper		458 200.00
Vehicles X Ln DBSA Public Works Nissan UD85 Tipper		458 200.00
Nissan UD90 X Ln DBSA Refuse Waste Compactor 22m	1 208 000.00	
Nissan UD90 X Ln DBSA Refuse Waste Compactor 22m	1 208 000.00	
Nissan UD90 X Ln DBSA Refuse Waste Compactor 15m	811 000.00	
Nissan UD80 X Ln DBSA Sewerage Vacuum Truck	461 696.00	
Nissan UD80 X Ln DBSA Sewerage Vacuum Truck	461 696.00	
Nissan UD80 X Ln DBSA Sewerage Vacuum Truck	461 696.00	
Ford Ranger 2.5D X Ln DBSA Water Service	136 192.84	
Ford Ranger 2.5D X Ln DBSA Water Service	136 192.84	
Ford Ranger 2.5D X Ln DBSA Water Service	136 192.84	
Bulk Feeder pipeline Kwanomzamo		164 747
Humansdorp Standpipes		8 149
Wavecrest Water Tower/Reticulation		23 622
Water Reticulation 100 ha		181 930
Sewerage Reticulation Youth Camp Humansdorp		30 827
Sewerage Pump Station Sea Vista		234 572
Storm water Sea Vista		134 870
Taxi Rank		19 300
Electricity Substation Jeffreys Bay		31 712

32 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

31.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure

Opening balance 690 865 690 865

Unauthorised expenditure current year

Approved by Council or condoned

Transfer to receivables for recovery 231 495

Unauthorised expenditure awaiting authorization

459 370 690 865

Incident	Disciplinary steps/criminal
Cell phone allowances Councillors	None

31.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure
 Opening balance
 Fruitless and wasteful expenditure current year
 Approved by Council or condoned
 Transfer to receivables for recovery

Fruitless and wasteful expenditure awaiting authorization

	-	-
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Incident	Disciplinary steps/criminal

31.3 Irregular expenditure

Reconciliation of irregular expenditure
 Opening balance
 Irregular expenditure current year
 Approved by Council or condoned
 Transfer to receivables for recovery

Irregular expenditure awaiting authorization

	-	-
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Incident	Disciplinary steps/criminal

33 ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT

Contributions to SALGA

Opening balance	-	-
Council subscriptions	250 372	269 268
Amount paid : current year	-250 372	-269 268
Amount paid : previous years		
	_____	_____
Balance unpaid (included in creditors)	-	-

Audit Fees

Opening balance		0
Current year Audit Fee	2 215 799	1 712 955
Amount paid : current year	2 215 799	-1 712 955
Amount paid : previous years		
	_____	_____
Balance unpaid (not included in creditors)	4 431 598	0

PAYE, Skills Levy & UIF

Opening balance		-
Current year payroll deductions	8 610 912	9 506 322
Amount paid : current year	-8 610 912	-9 506 322
Amount paid : previous years		
	_____	_____
Balance unpaid (included in creditors)	-	-

Pension and Medical Aid Deductions

Opening balance		
Current year payroll deductions & Council Share	17 321 174	14 555 043
Amount paid : current year	-17 321 174	-14 555 043
Amount paid : previous years		
	_____	_____
Balance unpaid (included in creditors)	-	-

Value Added Tax (VAT)

Value added tax returns are submitted monthly on or before the due date.

Councillors arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at :-

30 JUNE 2007	Total	< 90 Days	90 days +
C Njela	2 226	612	1 614
V Camelio-Benjamin	2 259	795	1 464

Less than 90 days include the current account only payable in July

30 JUNE 2006	Total	< 90 Days	90 days +
C Njela	720		720
V Stuurman	8 373		8 373
V Camelio-Benjamin	512		512
M Swepu	803		803
M van Eeden	379		379

Less than 90 days include the current account only payable in July

34 CAPITAL COMMITMENTS

Council normally enter into capital commitments in accordance with the capital estimates annual approved by Council. Therefore contracts are approved in a year for that year.

35 RETIREMENT BENEFIT INFORMATION

Certain Councillors and employees belong to various pension and provident funds. As far as the information available to us all these funds are in a sound financial position.

Amount which was contributed by Council in respect of retirement funding	7 719 451	6 426 651
These contributions have been expensed.		

36 CONTINGENT LIABILITY

Spread of Fire from Humansdorp Golf Course to Farmers		
Still in court.	1 000 000	
Mrs. Joan Reid stepped on Manhole that collapsed		
With legal department of Lion of Africa	100 000	
Mr. De Lange fell over unprotected tent pole		
Claim repudiated.	100 000	
Smit family kid fell in open trench and drown		
With legal department of Lion of Africa	700 000	
Storm water damage to D Eksteen property		
Claim repudiated.	150 000	
	<hr/>	
	2 050 000	
	<hr/> <hr/>	

37 CONTINGENT ASSET

None

38 IN KIND DONATIONS AND ASSISTANCE

None

39 EVENTS AFTER THE REPORTING DATE

None

40 COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that

APPENDIX A
KOUGA LOCAL MUNICIPALITY
SCHEDULE OF LONG TERM LIABILITIES

EXTERNAL LOANS	LOAN NUMBER	BALANCE	RECEIVED TRANSFER	REDEEMED	BALANCE
INCA @ 10.25%	139	-	-	-	-
INCA @ 18%	140	41 977	-	41 976	1
INCA @ 18%	141	24 057	-	24 060	-3
DBSA @ 12%	145	4 158 837	-	152 549	4 006 288
DBSA @ 12%	146	698 311	-	37 275	661 036
DBSA @ 12%	147	2 152 536	-	112 725	2 039 811
DBSA (LALF) @ 8.5%	148	787	-	787	-
Bankfin @ 12.997%	149	-	-	-	-
Inca Redemption Fund @ 15.5%	379	4 000 000	-	-	4 000 000
Inca Redemption Fund @ 15.5%	380	7 677 130	-	-	7 677 130
INCA @ 15.2%	381	3 103 484	-	307 911	2 795 573
DBSA (LALF) @ 15.22%	485	160 057	-	16 396	143 662
DBSA (LALF) @ 15.22%	486	81 721	-	50 941	30 780
DBSA (LALF) @ 15.22%	487	2 451	-	2 451	-
DBSA (LALF) @ 15.22%	488	3 585	-	3 585	-
DBSA (LALF) @ 15.22%	489	62 337	-	5 069	57 268
DBSA (LALF) @ 15.22%	490	252 719	-	25 888	226 831
DBSA (LALF) @ 15.22%	491	85 178	-	53 096	32 082
DBSA (LALF) @ 15.22%	492	12 636	-	395	12 241
DBSA (LALF) @ 15.22%	493	28 997	-	28 997	-
DBSA (LALF) @ 15.22%	494	54 756	-	1 383	53 373
DBSA (LALF) @ 15.77%	495	184 236	-	16 311	167 925
DBSA (LALF) @ 15.77%	496	22 949	-	579	22 369
DBSA (LALF) @ 13.46%	498	66 834	-	1 688	65 147
DBSA (LALF) @ 13.46%	499	254 960	-	18 494	236 466
DBSA (LALF) @ 14.75%	501	253 277	-	15 474	237 803
DBSA (LALF) @ 16.19%	502	1 118 979	-	54 893	1 064 086
DBSA (LALF) @ 16.19%	503	44 081	-	6 421	37 660
DBSA @ 15%	505	2 370 044	-	82 294	2 287 750
DBSA @ 16.5%	506	41 695	-	3 691	38 004
DBSA @ 16.5%	507	437 235	-	20 063	417 173
DBSA @ 16.5%	508	464 511	-	17 679	446 832
DBSA @ 16.5%	509	747 751	-	50 737	697 014
DBSA (LALF) @ 15.57%	510	970	-	970	-
DBSA (LALF) @ 15.57%	511	180	-	180	-
DBSA (LALF) @ 16.19%	512	59 068	-	2 520	56 548
ASDR @ 14.25%	513	86 546	-	12 580	73 966
DBSA (LALF) @ 16.19%	514	84 910	-	4 230	80 680
DBSA (LALF) @ 16.5%	515	340 530	-	12 532	327 998
Absa Redemption Fund @ 15.5%	517	4 500 000	-	-	4 500 000
Absa Redemption Fund @ 16.8%	518	3 500 000	-	-	3 500 000
Absa Redemption Fund @ 18.4%	519	-	-	-	-
DBSA (LALF) @ 10.25%	521	172 726	-	17 620	155 107
DBSA (LALF) @ 15.5%	522	375 708	-	41 566	334 141
DBSA (LALF) @ 16%	523	642 027	-	43 561	598 465
DBSA (LALF) @ 16%	524	6 635 486	-	230 122	6 405 364
DBSA @ 15.25%	525	3 207 623	-	112 337	3 095 285
DBSA @ 15.25%	526	3 887 193	-	132 856	3 754 337
ASDR @ 14.25%	527	243 520	-	113 662	129 859
ABSA	528	144 038	-	6 131	137 907
ABSA	529	-0	-	-	-0
INCA @ 13%	530	4 085 410	-	392 947	3 692 463
DBSA	531	4 991 033	1 069 762	103 186	5 957 610
DBSA		1 705 044	-	-	1 705 044
INCA - BULK WATER	532		#####	-	13 000 000
WESBANK HP SEWERAGE TRUC	533	888 614		138 486	750 128

WESBANK HP P.O.S	534	209 498			18 084	191 413
	535				21 786	-21 786
WESBANK HP HEALTH	536	119 350			15 459	103 891
WESBANK HP HEALTH	537		119 350		13 959	105 391
		64 487 581	#####	-	2 588 581	76 088 113
ABSA		8 144 038	-	-	6 131	8 137 907
CACADU		330 066	-	-	126 242	203 824
Bankfin		-	-	-	-	-
DBSA		35 863 957	1 069 762	-	1 481 538	35 452 181
INCA		18 932 058	#####	-	766 894	31 165 164
WES BANK		1 217 462	119 350	-	207 775	1 129 037
		64 487 581	#####	-	2 588 580	76 088 113

**APPENDIX B
KOGUA LOCAL MUNICIPALITY : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT
30 JUNE 2007**

	COST/REVALUATION					ACCUMULATED DEPRECIATION					Carrying Value
	OPENING BALANCE	ADDITIONS	TRANSFERS	UNDER CONSTRUCTION	DISPOSALS CLOSING BALANCE	OPENING BALANCE	ADDITIONS	TRANSFERS	DISPOSALS CLOSING BALANCE		
COMMUNITY ASSETS						-35 014 474		- 35 014 474			
BEACH	203 259	-	-	-	203 259	-	-7 667	-141 489	-	-149 156	54 103
BRIDGES	990 634	-	-	-	990 634	-	-	-	-	-	990 634
BUILDINGS AND CAMPING WALLS AND FIXTURES	22 132 498	-	-	-	22 132 498	-	-407 527	-18 777 064	-	-19 184 592	2 947 906
CEMETERY	581 603	-	-	-	581 603	-	-5 244	-565 148	-	-570 392	11 210
COMPUTER EQUIPMENT	266 132	-	-	-	266 132	-	-3 505	-290 524	-	-294 030	-27 898
FURNITURE AND FITTINGS	288 750	-	-	-	288 750	-	-5 888	-286 352	-	-292 240	-3 490
GROUND	126 015	-	-	-	126 015	-	-15 297	-58 743	-	-74 041	51 974
PARKS & GARDENS DEVELOPMENT	47 833	-	-	-	47 833	-	-815	-	-	-815	47 018
RECREATIONAL FACILITIES	7 450 308	-	-	-	7 450 308	-	-27 292	-7 633 066	-	-7 660 358	-210 049
REFUSE SITE	844 220	-	-	-	844 220	-	-	-	-	-	844 220
ROADS	918 648	-	-	-	918 648	-	-4 507	-789 738	-	-794 245	124 403
SECURITY MEASURES	49 980	-	-	-	49 980	-	-3 573	-1 563 705	-	-1 567 278	-1 517 298
SPORT AND RECREATION SWIMMING POOL	96 035	-	-	-	96 035	-	-	-	-	-	96 035
TOOLS AND EQUIPMENT	4 179 916	-	-	-	4 179 916	-	-140 173	-3 968 050	-	-4 108 224	71 692
VEHICLES/PLANT	276 745	-	-	-	276 745	-	-	-106 556	-	-106 556	170 189
WALKWAYS	1 960 149	-	-	-	1 960 149	-	-	-	-	-	1 960 149
	8 000	-	-	-	8 000	-	-	-9 000	-	-9 000	-1 000
	151 172	-	-	-	151 172	-	-48 113	-165 882	-	-213 995	-62 823
	1 395 071	-	-	-	1 395 071	-	-154 785	-89 128	-	-243 913	1 151 158
	78 183	-	-	-	78 183	-	-	-73 254	-	-73 254	4 929
	42 045 150	-	-	-	42 045 150	(35 014 474)	(824 386)	496 773	-	-35 342 087	6 703 063
HERITAGE ASSETS						-152 244		152 244			
BUILDINGS	7 248 850	-	#####	-	109 941	-	-5 056	-92 244	-	-97 301	12 641
EQUIPMENT	12 500	-	-	-	12 500	-	-2 500	-5 000	-	-7 500	5 000
GROUND	55 000	-	-	-	55 000	-	-	-55 000	-	-55 000	-
	7 316 350	-	#####	-	177 441	(152 244)	(7 556)	-	-	-159 801	17 641
HOUSING ASSETS											
BUILDINGS	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
INFRASTRUCTURE ASSETS						-108 864 221		#####			
BEACH NOURISHMENT SCHEME	1 549 104	-	-	-	1 549 104	-	-165 260	-528 748	-	-694 008	855 096
BUILDINGS	20 000	-	-	-	20 000	-	-1 600	-3 410 655	-	-3 412 255	-3 392 255
ELECTRICITY	9 189 880	-	-	-	9 189 880	-	-	-	-	-	9 189 880
ELECTRICITY SCHEME	38 612 331	535 436	-	3 072 058	42 219 824	-	-1 708 321	-26 887 536	-	-28 595 858	13 623 967
GROUND	1 154 099	-	-	-	1 154 099	-	-15 195	-723 392	-	-738 586	415 512
HOUSING	4 021 589	-	-	-	4 021 589	-	-	-	-	-	4 021 589
PARKS & GARDENS DEVELOPMENT	56 302	-	-	-	56 302	-	-	-	-	-	56 302
PLANT & EQUIPMENT	70 461	-	-	-	70 461	-	-4 999	-85 459	-	-90 458	-19 997
REFUSE SITE	12 900	-	-	-	12 900	-	-40 430	-998 292	-	-1 038 722	-1 025 822
ROADS	508 216	-	-	-	508 216	-	-	-	-	-	508 216
SECURITY MEASURES	34 877 058	-	-	-	34 877 058	-	-1 534 176	-23 134 784	-	-24 668 960	10 208 097
SEWERAGE S	148 578	215 064	-	-	363 642	-	-18 458	-315 039	-	-333 498	30 144
SEWERAGE SCHEME	15 386 915	-	-	-	15 386 915	-392 980	-	392 980	-	-	15 386 915
TOOLS AND EQUIPMENT	355 295	-	-	-	355 295	-	-17 765	-	-	-17 765	337 530
VEHICLES/PLANT	48 414 126	759 132	-	8 222 897	57 396 155	-	-2 543 194	-29 584 385	-	-32 127 579	25 268 576
WATER	229 468	-	-	-	229 468	-	-20 548	-435 104	-	-455 652	-226 184
WATERWAYS	659 775	-	-	-	659 775	-	-	-659 775	-	-659 775	-
WATER SCHEME	7 189 854	-	-	-	7 189 854	-	-	-	-	-	7 189 854
	-	-	-	-	-	-77 075	-	77 075	-	-	-
	27 887 315	1 467 229	-	4 086 488	33 441 032	-	-1 049 727	-23 076 699	-	-24 126 426	9 314 606
	#####	2 976 860	-	15 381 443	#####	(109 334 277)	(7 119 673)	(505 591)	-	-116 959 541	91 742 027
INVESTMENT ASSETS						-1 460 470		1 460 470			
ELECTRICITY	-	-	-	-	-	-	-	-	-	-	-
GROUND	1 460 470	-	-	-	1 460 470	-	-	-1 451 470	-	-1 451 470	9 000
WATER	-	-	-	-	-	-	-	-	-	-	-
	1 460 470	-	-	-	1 460 470	(1 460 470)	-	9 000	-	-1 451 470	9 000

OTHER ASSETS												
BUILDINGS	720 010	-	-	-	-	720 010	-14 510 045	-	14 656 869	-	146 823	
BOOKS AND PUBLICATION								-1 063	-739 478	-	-740 542	
COMPUTER EQUIPMENT	1 637 737	319 490	-	-	-	1 957 226		-62 852	-1 540 738	-	-1 603 590	
DEVELOPMENT AND ENGINEERING	53 993	-	-	-	-	53 993		-	-	-	-	
EQUIPMENT	70 000	-	-	-	-	70 000		-	-	-	-	
FURNITURE AND FITTINGS	228 604	-	-228 604	-	-	-		-28 533	-940 240	-	-968 773	
GROUND	2 081 083	93 745	-	-	-	2 174 827		-40 882	-670 779	-	-711 661	
MOTOR VEHICLES	70 046	-	-	-	-	70 046		-	-70 046	-	-70 046	
OFFICE EQUIPMENT	1 534 256	-	-	-	-	1 534 256		-	-	-	-	
PLANNING & DEVELOPMENT	98 841	158 530	-	-	-	257 371		-4 877	-337 232	-	-342 109	
PLANT & EQUIPMENT	19 219	-	-	-	-	19 219		-86 100	-267 159	-	-353 258	
RADIOS	481 138	-	-	-	-	481 138		-	-211 242	-	-211 242	
REFUSE SITE	37 810	-	-	-	-	37 810		-	-129 567	-	-129 567	
ROADS	75 073	-	-	-	-	75 073		-	-	-	-	
SECURITY MEASURES	273 233	-	-	-	-	273 233		-	-262 013	-	-262 013	
SIGNBOARDS	913 416	33 759	-	-	-	947 175		-20 264	-256 022	-	-276 286	
SPORT AND RECREATION	31 746	-	-	-	-	31 746		-	-	-	-	
TAXI RANKS	19 569	-	-	-	-	19 569		-	-	-	-	
TOOLS AND EQUIPMENT	156 000	130 000	-	-	-	286 000		-16 809	-2 960	-	-19 769	
VEHICLES/PLANT	1 249 682	161 810	-	-	-	1 411 492		-58 136	-790 237	-	-848 373	
WALKWAYS	6 907 041	8 858 994	-	-	-250 303	15 515 732		-447 703	-7 911 371	250 303	-8 108 772	
WATERCRAFT	492 483	-	-	-	-	492 483		-54 019	-381 145	-	-435 164	
	17 150 980	9 833 216	-228 604	-	-250 303	26 505 290	(14 510 045)	(821 239)	146 641	250 303	-14 934 341	11 424 126
	#####	#####	#####	15 381 443	-250 303	#####	(160 471 511)	-8 772 855	146 823	250 303	-168 847 240	110 042 680

APPENDIX C

KOUGA LOCAL MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
30 JUNE 2007

Government Finance Statistics	COST						Accumulative Depreciation					Carrying Value
	Opening Balance	Additions	Transfer	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Transfer	Disposals	Closing Balance	
Executive & Council	2 905 965	463 190		-	-	3 369 155	-2 637 879	-95 764			-2 733 643	635 512
Finance & Admin	39 999 301	507 121	#####	-	-	33 138 910	-29 250 846	-348 701	#####		-29 452 724	3 686 186
Planning & Development	1 302 550	155 215		-	-	1 457 765	-1 013 332	-125 079			-1 138 411	319 354
Health	457 338	443 760		-	-	901 098	-325 388	-27 609			-352 996	548 102
Community & Social Services	1 378 434	45 571		-	-	1 424 005	-1 027 821	-70 962			-1 098 783	325 222
Housing	-	-		-	-	-	-	-			-	-
Public Safety	2 179 919	1 154 396		-	-	3 334 315	-1 617 784	-165 105			-1 782 888	1 551 427
Sport & Recreation	6 818 455	215 064		-	-	7 033 519	-5 479 870	-281 633			-5 761 503	1 272 017
Environmental Protection	2 442 352	250 804		-	-30 000	2 663 157	-1 884 142	-121 171		30 000	-1 975 313	687 844
Waste Management	67 391 115	3 227 000		-	-	70 618 115	-33 730 891	#####			-36 489 530	34 128 584
Waste Water Management	48 008 018	2 144 220		8 222 897		58 375 134	-31 623 735	#####			-33 220 794	25 154 341
Road Transport	36 312 673	1 383 915		-	-220 303	37 476 285	-24 187 115	#####		220 303	-25 413 892	12 062 393
Water	49 120 095	1 875 807		4 086 488	-	55 082 391	-27 692 709	#####			-29 426 764	25 655 627
Electricity	-	944 014		3 072 058	-	4 016 072	-	-			-	4 016 072
	#####	#####	#####	15 381 443	-250 303	#####	-160 471 511	#####	#####	250 303	#####	#####

APPENDIX D

KOUGA LOCAL MUNICIPALITY : SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED
30 JUNE 2007

2006 Actual Income R	2006 Actual Expenditure R	2006 Surplus/ (-Deficit) R		2007 Actual Income R	2007 Actual Expenditure R	2007 Surplus/ (-Deficit) R
121 769	9 513 256	-9 391 487	Executive & Council	1 108 206	12 548 538	-11 440 331
63 733 095	31 211 229	32 521 866	Finance & Admin	97 591 230	36 469 260	61 121 970
3 294 706	9 820 987	-6 526 281	Planning & Development	3 100 640	7 018 076	-3 917 436
1 881 547	2 164 198	-282 652	Health	1 041 839	2 368 429	-1 326 590
424 973	3 805 888	-3 380 915	Community & Social Service	628 383	3 690 441	-3 062 058
-	-	-	Housing	-	1 819 369	-1 819 369
5 851 765	10 622 466	-4 770 702	Public Safety	4 970 048	10 608 566	-5 638 518
2 902 980	4 708 557	-1 805 577	Sport & Recreation	2 327 569	5 071 936	-2 744 367
1 121 485	8 757 269	-7 635 784	Environmental Protection	1 099 983	10 370 288	-9 270 306
15 004 045	14 781 040	223 005	Waste Management	17 022 688	20 069 469	-3 046 782
18 672 737	17 822 994	849 742	Waste Water Management	30 627 769	21 637 184	8 990 585
605 749	13 627 533	-13 021 784	Road Transport	5 440 640	20 905 240	-15 464 600
28 012 105	26 566 158	1 445 948	Water	35 146 732	33 318 961	1 827 770
53 160 436	43 536 421	9 624 016	Electricity	64 122 921	50 316 289	13 806 632
#####	#####	-2 150 604		#####	#####	28 016 600
	-9 509 990	9 509 990	Less Inter-Dep Charges		-10 166 180	10 166 180
#####	#####	7 359 386		#####	#####	38 182 780

APPENDIX E(1)
 KOUGA LOCAL MUNICIPALITY : ACTUAL VERSUS OPERATING BUDGET FOR THE YEAR END
 30 JUNE 2007

<u>REVENUE</u>	2007	2007	2007	2007	Explanation of Significant Variances
	Actual	Budget	Variance	Variance %	greater than 10% versus Budget
Property Rates	65 850 977	60 713 660	5 137 317	8.46	
Property Rates - panalties imposed and collection charg	796 123	-	796 123	100.00	Budget error - Corrected with Adjustments Budget
Service Charges	113 500 439	108 465 110	5 035 329	4.64	
Rental of facilities and equipment	532 877	531 590	1 287	0.24	
Interest earned - external investments	5 548 530	650 000	4 898 530	753.62	Interest previously allocated to Funds and Reserves now all to operating account
Interest earned - outstanding debtors	1 145 153	-	1 145 153	100.00	Budget error - Corrected with Adjustments Budget
Fines	900 372	809 100	91 272	11.28	Underestimated but corrected with Adjustments Budget
Licences and permits	1 590 349	2 648 050	-1 057 701	-39.94	Over Estimated/ Under recovered
Income for agency services	-	-	-		
Government grants and subsidies	35 942 678	19 217 188	16 725 490	87.03	Capital grants spend now as part of Operating Income
Other income	19 228 231	12 179 590	7 048 641	57.87	See thee Report by the Chief Financial Officer
Gains on disposal of property, plant and equipment	19 192 918	-	19 192 918	100.00	Land sales previously direct to Capital Replacement Reserve. These sales also not anticipated when budget is compiled.
Total Revenue	264 228 647	205 214 288	59 014 359	28.76	
<u>EXPENDITURE</u>					
Executive & Council	12 548 538	10 751 227	-1 797 311	-16.72	
Finance & Admin	29 439 310	17 720 461	-11 718 849	-66.13	
Planning & Development	7 018 076	6 733 270	-284 806	-4.23	
Health	2 368 429	2 409 829	41 400	1.72	
Community & Social Services	3 690 441	3 797 110	106 669	2.81	
Housing	1 819 369	1 574 420	-244 949	-15.56	
Public Safety	10 608 566	10 981 110	372 544	3.39	
Sport & Recreation	5 071 936	5 788 690	716 754	12.38	See the Report by the Chief Financial Officer for details
Environmental Protection	10 370 288	10 826 173	455 885	4.21	
Waste Management	20 069 469	16 372 252	-3 697 217	-22.58	
Waste Water Management	18 958 974	21 876 440	2 917 466	13.34	
Road Transport	20 447 220	13 963 289	-6 483 931	-46.44	
Water	33 318 961	28 391 570	-4 927 391	-17.36	
Electricity	50 316 289	54 025 920	3 709 631	6.87	
Loss on disposal of property, plant and equipment	-	-	-	#DIV/0!	
Total Expenditure	226 045 867	205 211 761	-20 834 107	-10.15	

NET SURPLUS/(-DEFICIT) FOR THE YEAR

38 182 780

2 527

38 180 253

23.68

APPENDIX E(2)
 KOUGA LOCAL MUNICIPALITY : CAPITAL - ACTUAL VERSUS ESTIMATED BUDGET FOR THE YEAR END
 30 JUNE 2007

Government Finance Statistics Classifi	2007 Actual R	2007 Under Construction	2007 Total Additions	2007 Budget R	2007 Variance R	2007 Variance %	Explanation of Significant Variances greater than 5% versus Budget
Executive & Council	463 190	-	463 190	350 000	-113 190	-0.32	
Finance & Admin	507 121	-	507 121	910 000	402 879	44.27	
Planning & Development	155 215	-	155 215	800 000	644 785	80.60	
Health	443 760	-	443 760	-	-324 410	No Budget	
Community & Social Services	45 571	-	45 571	50 000	4 429	8.86	
Housing	-	-	-	-	-	No Budget	
Public Safety	1 154 396	-	1 154 396	3 090 000	1 935 604	62.64	See Annexure A to the Report by the Chief Financial Officer
Sport & Recreation	215 064	-	215 064	1 000 000	784 936	78.49	
Environmental Protection	250 804	-	250 804	970 000	719 196	74.14	
Waste Management	3 227 000	-	3 227 000	4 018 000	791 000	19.69	
Waste Water Management	2 144 220	8 222 897	10 367 117	31 580 000	21 212 883	67.17	
Road Transport	1 383 915	-	1 383 915	6 825 000	5 441 085	79.72	
Water	1 875 807	4 086 488	5 962 295	24 369 000	18 406 705	75.53	
Electricity	944 014	3 072 058	4 016 072	8 182 000	4 165 928	50.92	
TOTAL	#####	15 381 443	#####	#####	#####	65.83	

APPENDIX F
 KOUGA LOCAL MUNICIPALITY
 DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MFMA, 56 OF 2003 FOR THE YEAR END
 30 JUNE 2007

Name of Grant	Name of organ of state or municipal entity	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies delayed/ withheld				Reason for delay/ withholding of funds	Have the conditions as per the Division of Revenue Act been complied with	Reason for Non Compliance
		Sept	Dec	Mar	Jun	Sept	Dec	Mar	Jun	Sept	Dec	Mar	Jun			
Local Government Financial Management Grant	National Treasury	500 000				74 175	80 074	100 181	207 911						Yes	
Municipal Systems Improvement Grant	DLGH&TA (Nat)	150 000				54 658	30 626	25 974	31 610						Yes	
Integrated National Electrification Programme	DME		#####	800 000		-	-	#####	64 416							
Municipal Infrastructure Grant *-*	DLGH&TA (Nat)					-	-	-	-							
Waste Water Management		950 000	-	-	8 829 000	#####	#####	#####	#####							
Water		200 000	-	-	946 000	195 573	30 478	#####	-							
ICT Development Grant	DLGH&TA (Prov)		100 000			-	-	-	85 078						Yes	

Assets Project Grant	DLGH&TA (Prov)	300 000	-	-	-	-	No	Grant will be used for implementing the property rates bill. Consultant will only come on board in 2007/08. The assets project is a long planned operation and consultants will only come on board in September 2007. IE. Cost will only be incurred then. Bisho is
Financial Mentoring Grant	DLGH&TA (Prov)	150 000	-	-	-	-	No	Balance claimed and raised as creditor on 30 June 2007
Flood Disaster	Cacadu CDM	2 146 887	-	-	840 329	#####	Yes	
Totals		##### 800 000 #####	#####	#####	#####	#####		

MIG It must be noted that most of these infrastructure grants spend were already received during the previous financial year. The funds allocated from April 2007 onwards are held back

APPENDIX G
 KOUGA LOCAL MUNICIPALITY
 STATISTICAL INFORMATION
 30 JUNE 2007

2006/07	2005/06	2004/05
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A. GENERAL STATISTICS

1 Population (approximate)		80000	60000	45000
2 Value of ratable property	Land	#####	#####	#####
	Improvements	#####	#####	#####
Value of non-ratable property	Land	193 014 627	192 499 127	176 170 627
	Improvements	104 410 450	101 909 250	89 654 550
Total Value of property		#####	#####	#####
Date of valuation		01-Jun-02	01-Jun-02	01-Jun-02
3 Number of residential properties				
Number of commercial properties				
4 Assessment rates cents/Rand	Land	1.307/R1	1.21/R1	1.11/R1
	Improvements			
5 Number of employees				

B. ELECTRICITY STATISTICS

1 Units (kWh) bought		#####	#####	#####
2 Units (kWh) sold		#####	#####	#####
3 Units lost in distribution		10 636 358	15 173 430	10 173 595
4 Units lost as % of purchases		6.41%	9.67%	6.90%

C. WATER STATISTICS

No stats available for Kouga at this stage.

Units (kl) bought

Units (kl) sold

Units lost in distribution

Units lost as % of purchases

- Before demarcation, various municipalities with different valuation rolls and tariffs *-*

ANNEXURE TO THE REPORT BY THE CHIEF FINANCIAL OFFICER
 KOUGA LOCAL MUNICIPALITY : CAPITAL - ACTUAL VERSUS ESTIMATED BUDGET FOR THE YEAR END
 30 JUNE 2007

	2007	2007	2007	2007	2007	2007	2007	Explanation of significant variances greater than 5% versus Budget	Adjustment	
	Actual	Under Construction	Total Additions	Adjustments Budget	Budget	Variance	Variance		Budget Variance	Variance
	R	R	R	R	R	R	%		R	%
<u>Infrastructure</u>										
Rising Pump Station - Hankey		656 250	656 250	5 100 000	5 100 000	4 443 750	87.13	Project roll over to 2007/08	4 443 750	87.13
BEP - 100 HA JBAY		1 111 786	1 111 786		4 050 000	2 938 214	72.55	Project roll over to 2007/08	-1 111 786	No Budget
Thornhill Sewer Treatment Plant		809 598	809 598		2 888 000	2 078 402	71.97	Project roll over to 2007/08	-809 598	No Budget
BEP Kwanomzamo	242 618	1 586 963	1 829 580		2 538 000	708 420	27.91	Project roll over to 2007/08	-1 829 580	No Budget
Patensie Potable Water System		1 188 782	1 188 782	1 252 000	1 252 000	63 218	5.05		63 218	5.05
Bucket Eradication Hankey/Gamtoos				2 538 000	2 538 000	2 495 058	98.31	Project roll over to 2007/08	2 495 058	98.31
Sewer Treatment works Humansdorp		1 763 852	1 763 852	2 700 000	2 700 000	936 148	34.67	Project roll over to 2007/08	936 148	34.67
Arcadia Sewer Reticulation	136 788		136 788			-136 788	No Budget	Old MIG Project	-136 788	No Budget
KFTN Gill Marcus Sewerage	46 366		46 366			-46 366	No Budget	Old MIG Project	-46 366	No Budget
Jill Marcus village - phase 3(500 sites)	37 461		37 461			-37 461	No Budget	Old DLGH&TA Project	-37 461	No Budget
Humansdorp Moerasrivier upgrade HT	186 402		186 402	200 000	200 000	13 598	6.80		13 598	6.80
Upgrade Jeffreys Bay electricity network		867 671	867 671	1 800 000	1 800 000	932 329	51.80	Project roll over to 2007/08	932 329	51.80
Upgrade St Francis industrial electricity network		288 155	288 155	840 000	840 000	551 845	65.70	Project roll over to 2007/08	551 845	65.70
Upgrade Humansdorp & Moerasrivier network	251 526		251 526	300 000	300 000	48 474	16.16	Project roll over to 2007/08	48 474	16.16
Electrification RDP Houses Ocean View		500 350	500 350	510 000		-500 350	No Budget	Item was added with Adjustments Budget	9 650	1.89
Electrical Installations and Bulk Connections				300 000		-	No Budget	Adjustments Budget	300 000	100.00
Electrical Upgrade 66/11 kv line Jbay	97 507		97 507			-97 507	No Budget	Urgent project	-97 507	No Budget
Kabeljous - Storm water drainage				200 000	200 000	200 000	100.00	Project never got off the ground	200 000	100.00
Humansdorp industrial area roads and sewers				4 000 000	4 000 000	4 000 000	100.00	Project never got off the ground	4 000 000	100.00
Augment Sewer Treatment Works - Jeffrey's Bay				1 000 000	1 000 000	1 000 000	100.00	Project never got off the ground	1 000 000	100.00
Sewer treatment works in Humansdorp(Augm)		819 670	819 670	1 000 000	1 000 000	180 330	18.03	Project roll over to 2007/08	180 330	18.03
Provision of Waterborne Sewerage St Francis Bay		109 525	109 525	1 200 000	1 200 000	1 090 475	90.87	Project start late. Continue 2007/08	1 090 475	90.87

Sewer pipeline augmentation - Fountains	1 899 999	1 899 999	1 500 000	1 500 000	-399 999	-26.67	Saving on next project utilised	-399 999	-26.67	
Upgrade bulk outfall sewer gravity	-	-	2 100 000	2 100 000	2 100 000	100.00	Project never got off the ground	2 100 000	100.00	
Wavecrest - Sewer rising main	-	-	2 000 000	2 000 000	2 000 000	100.00	Project never got off the ground	2 000 000	100.00	
Humansdorp Central - upgrade internal sewer reticulation	-	-	2 200 000	2 200 000	2 200 000	100.00	Project never got off the ground	2 200 000	100.00	
SFB Sewer Treatment Plant	121 503	121 503	1 200 000	1 200 000	1 078 497	89.87	Project start late. Continue 2007/08	1 078 497	89.87	
Wavecrest - Sewer gravity main	-	-	1 600 000	1 600 000	1 600 000	100.00	Project never got off the ground	1 600 000	100.00	
Upgrade La Mer sewer pump station	133 500	133 500	133 500		-133 500	No Budget	Item was added with Adjustments Budget	-	-	
Sewer pump station Ocean View	-	-	1 700 000		-	No Budget	Adjustments Budget	1 700 000	100.00	
Sewer reticulation Youth Camp Humansdorp	119 456	119 456	150 000		-119 456	No Budget	Item was added with Adjustments Budget	30 544	20.36	
Sewerage gravity line Humansdorp	-	-	250 000		-	No Budget	Adjustments Budget	250 000	100.00	
Upgrade Pump & Rising Main Hankey Water	274 351	15 039	289 390	250 000	250 000	-39 390	-15.76	Item was increased with Adjustments Budget	-39 390	-15.76
Jeffreys Bay - upgrade CBD water network	1 115 089	1 115 089	1 000 000	1 000 000	-115 089	-11.51	Project roll over to 2007/08	-115 089	-11.51	
Humansdorp - upgrade CBD water reticulation	-	-	1 000 000	1 000 000	1 000 000	100.00	Project never got off the ground	1 000 000	100.00	
STFB Upgrade bulk supply	-	-	600 000	600 000	600 000	100.00	Project never got off the ground	600 000	100.00	
Jeffreys Bay - Upgrade bulk supply	939 819	939 819	1 200 000	1 200 000	260 181	21.68	Project roll over to 2007/08	260 181	21.68	
Water reservoir- Patensie	248 615	248 615	1 170 000		-248 615	No Budget	Item was added with Adjustments Budget	921 385	78.75	
St Francis Bay Upgrade water reticulation	-	-	1 300 000		-	No Budget	Transferred to 2007/08	1 300 000	100.00	
Bulk water meters	56 844	56 844	65 000		-56 844	No Budget	Item was added with Adjustments Budget - Grant DWAF	8 156	12.55	
Water Connections RDP Houses	196 214	196 214	500 000		-196 214	No Budget	Project roll over to 2007/08	303 786	60.76	
Upgrading of land tenure	-	-	40 000	40 000	40 000	100.00	Project never got off the ground	40 000	100.00	
Municipal Land Infrastructure	-	-	300 000	300 000	300 000	100.00	Project never got off the ground	300 000	100.00	
Electrification – RDP Houses /Gamtoos 396 Hankey	-	-	1 500 000	1 500 000	1 500 000	100.00	Eskom project, should not be on our budget	1 500 000	100.00	
Electrification – RDP Houses /Gamtoos 56 Patensie	-	-	669 000	669 000	669 000	100.00	Ditto	669 000	100.00	
Electrification – RDP Houses Kouga	1 415 882	1 415 882	1 800 000	1 800 000	384 118	21.34	Project extended to 2007/08	384 118	21.34	
Rock revetment St Francis Bay	215 064	215 064	280 000		-215 064	No Budget	Item was added with Adjustments Budget	64 936	23.19	

Rehabilitate Papiessfontein	-		458 000	458 000	458 000	100.00	Project never got off the ground	458 000	100.00
Patensie Sewer plant	-		1 700 000	1 700 000	1 700 000	100.00	Project never got off the ground	1 700 000	100.00
Upgrade Bulk water supply in St Francis Bay	862 713	862 713	3 000 000	13 000 000	12 137 287	93.36	Project start late. Continue 2007/08	2 137 287	71.24
Upgrade Bulk water supply in Jbay Township Development	-		300 000	300 000	300 000	100.00	Project extended to 2007/08	300 000	100.00
	-		2 315 000				No Budget Adjustments Budget	2 315 000	100.00
								-	No Budget
	2 976 860	#####	18 358 303	55 220 500	66 023 000	47 664 697	72.19		
								36 862 197	66.75
<u>Community Assets</u>								-	No Budget
Hawker Facility	130 000		130 000			-130 000	No Budget	-130 000	No Budget
				150 000	150 000	150 000	100.00	Old MIG Project	
Boat launching sites	-						Project never got off the ground	150 000	100.00
Humansdorp sport facility	-		1 000 000	1 000 000	1 000 000	100.00	Project never got off the ground	1 000 000	100.00
	-							-	No Budget
	130 000	-	130 000	1 150 000	1 150 000	1 020 000	88.70		
								1 020 000	88.70
<u>Heritage Assets</u>								-	No Budget
	-						#DIV/0!	-	No Budget
								-	No Budget
	-	-	-	-	-	-	#DIV/0!	-	No Budget
								-	No Budget
<u>Leased Assets</u>								-	No Budget
	-						#DIV/0!	-	No Budget
								-	No Budget
	-	-	-	-	-	-	#DIV/0!	-	No Budget
<u>Investment Properties</u>								-	No Budget
	-						#DIV/0!	-	No Budget
								-	No Budget
	-	-	-	-	-	-	#DIV/0!	-	No Budget
<u>Other Assets</u>								-	No Budget
Upgrade Council chambers	12 762		12 762	100 000	200 000	187 238	93.62	Provision made again in 2007/08	87 238
Council : Furniture and equipment	60 636		60 636	100 000	-	-60 636	No Budget	Provision made again in 2007/08	39 364

Economic Development :Furniture and equipment	25 215	25 215	50 000	50 000	24 785	49.57	Items with a value less than R5000 were not capitalised as assets (Policy)	24 785	49.57
Social Development : Furniture and equipment	45 571	45 571	50 000	50 000	4 429	8.86	Items with a value less than R5000 were not capitalised as assets (Policy)	4 429	8.86

			260 000	260 000				This is operational. Should not have been on capital estimates.	260 000	100.00
Juice factory in Patensie	-	-			260 000	100.00			260 000	100.00
Signage for KCC on the N2 & Humansdorp Town	-	-	150 000	150 000	150 000	100.00		Project never got off the ground	150 000	100.00
Corporate Services : Vehicles, plant replacement	115 935	115 935		120 000	4 065	3.39			-115 935	No Budget
Corporate Services : Vehicles, plant replacement	-	-	120 000	-	-	No Budget			120 000	100.00
Electricity : Vehicles, plant replacement	408 579	408 579	410 000	1 073 000	664 421	61.92		Reprioritised with adjustments budget	1 421	0.35
Replacement / new computer equipment	141 835	141 835	350 000	350 000	208 165	59.48		Project roll over to 2007/08	208 165	59.48
Income Section : Vehicles, plant replacement	142 195	142 195	240 000	240 000	97 805	40.75		Saving on budget/over estimated	97 805	40.75
Security at all Cashiers Offices	33 759	33 759	60 000	-	-33 759	No Budget		Added with adjustments budget	26 241	43.74
Mayor : Vehicles, plant replacement	463 190	463 190	465 000	350 000	-113 190	-32.34		Increased with adjustments budget	1 810	0.39
Nature Conservation : Vehicles, plant replacement	88 995	88 995	150 000	150 000	61 005	40.67		Reprioritised with adjustments budget	61 005	40.67
Parks & Open Spaces : Vehicles, plant replacement	161 810	161 810	670 000	670 000	508 190	75.85		Reprioritised with adjustments budget	508 190	75.85
Fire Services : Vehicles, plant replacement	450 189	450 189	640 000	2 020 000	1 569 811	77.71		Reprioritised with adjustments budget	189 811	29.66
Protection Services : Vehicles, plant replacement	475 296	475 296		1 070 000	594 704	55.58		Reprioritised with adjustments budget	-475 296	No Budget
Protection Services : Vehicles, plant replacement	200 000	200 000	282 165	-	-200 000	No Budget		Reprioritised with adjustments budget	82 165	29.12
Libraries : Furniture, equipment and computer equipment	324 410	324 410		-	-324 410	No Budget		Caccadu District Municipality Grant	-324 410	No Budget
Protection Services : Equipment	28 911	28 911		-	-28 911	No Budget		Items bought from revenue	-28 911	No Budget
MIG Admin Unit : Computer Equipment	9 315	9 315		-	-9 315	No Budget		Item bought from revenue	-9 315	No Budget
Refuse : Vehicles, plant replacement	1 208 000	1 208 000	1 500 000	1 500 000	292 000	19.47		Reprioritised with adjustments budget	292 000	19.47
Refuse : Vehicles, plant replacement	2 019 000	2 019 000	1 730 000	2 060 000	41 000	1.99		Reprioritised with adjustments budget	-289 000	-16.71
Public Works : Vehicles, plant replacement	1 374 600	1 374 600	1 380 000	1 633 000	258 400	15.82		Reprioritised with adjustments budget	5 400	0.39
Public Works : Vehicles, plant replacement	-	-		992 000	992 000	100.00		Reprioritised with adjustments budget	-	No Budget
Sewerage : Vehicles, plant replacement	1 385 088	1 385 088	1 390 000	1 366 000	-19 088	-1.40		Reprioritised with adjustments budget	4 912	0.35
Water : Vehicles, plant replacement	408 579	408 579	410 000	667 000	258 421	38.74		Reprioritised with adjustments budget	1 421	0.35
Nissan Almeira	119 350	119 350						Previous year budget bought very late	-	No Budget

	9 703 216	-	9 703 216	10 507 165	14 971 000	5 387 134	35.98	803 949	7.65
TOTAL	#####	#####	28 191 519	66 877 665	82 144 000	54 071 831	65.83	38 686 146	57.85

KOUGA CULTURAL CENTRE

**(ASSOCIATION INCORPORATED UNDER SECTION 21)
(REGISTRATION NUMBER 1999/021962/08)**

**ANNUAL FINANCIAL STATEMENTS
30-Jun-07**

KOUGA CULTURAL CENTRE (association incorporated under section 21)
BALANCE SHEET
30 JUNE 2007

	Notes	2007 R	2006 R
ASSETS			
Non-current assets			
Propert, plant & equipment	3	7 170 349	7 190 306
Current assets			
Other receivables		40 083	227 120
Bank balances and cash		40 083	40 083
		0	187 037
Total assets		7 210 432	7 417 427
FUNDS AND LIABILITIES			
Funds			
Accumulated Surplus		5 473 922	5 619 590
Non-current liabilities			
Long term liabilities	4	1 690 710	1 752 037
Current liabilities			
Deposits		45 800	45 800
Other payables (Audit Fees)		1 000	1 000
		44 800	44 800
Total funds and liabilities		7 210 432	7 417 427
		(0)	(0)

KOUGA CULTURAL CENTRE (association incorporated under section 21)
INCOME STATEMENT
30 JUNE 2007

	<u>2007</u>	<u>2006</u>
	R	R
Revenue		
Rental	7 961	10 766
Grants	102 402	92 248
Bridging Kouga Municipality	-	-
Total Revenue	<u>110 363</u>	<u>103 014</u>
Expenditure		
Administration	80 687	112 305
Other operating expenditure	186 698	92 248
Total expenditure	<u>267 385</u>	<u>204 553</u>
Net loss for the period	(157 022)	(101 540)

KOUGA CULTURAL CENTRE (association incorporated under section 21)
STATEMENT OF CHANGES IN EQUITY
30 JUNE 2007

	Accumulated Surplus R	Total R
Balance 1 April 1999		
Net loss for the period	(13 470)	(13 470)
Balance at 1 July 2000	<u>(13 470)</u>	<u>(13 470)</u>
Net loss for the year	(253 333)	(253 333)
Balance at 30 June 2001	<u>(266 803)</u>	<u>(266 803)</u>
Net loss for the year	(213 587)	(213 587)
Adjustments	69 298	69 298
Balance at 30 June 2002	<u>(411 091)</u>	<u>(411 091)</u>
Net loss for the year	(513 807)	(513 807)
Adjustments	6 501 286	6 501 286
Balance at 30 June 2003	<u>5 576 387</u>	<u>5 576 387</u>
Net loss for the year	313 865	313 865
Balance at 30 June 2004	<u>5 890 252</u>	<u>5 890 252</u>
Net loss for the year	(170 602)	(170 602)
Adjustments	1 480	1 480
Balance at 30 June 2005	<u>5 721 129</u>	<u>5 721 129</u>
Net loss for the year	(101 539)	(101 539)
Balance at 30 June 2006	<u>5 619 590</u>	<u>5 721 129</u>
Net loss for the year	-145667.8	
Balance at 30 June 2007	<u>5 473 922</u>	<u>5 721 129</u>

KOUGA CULTURAL CENTRE (association incorporated under section 21)
CASH FLOW STATEMENT
30 JUNE 2007

	Notes	<u>2007</u> R	<u>2006</u> R
CASH FLOW FROM OPERATING OPERATING ACTIVITIES			
Cash receipts from customers			-
Grants Received			-
Cash paid to suppliers and employees	A	(117 348)	(126 240)
Cash applied to operations		<u>(117 348)</u>	<u>(126 240)</u>
Interest received		-	-
Net cash outflow from operating activities		<u>(117 348)</u>	<u>(126 240)</u>
CASH FLOW FROM INVESTING ACTIVITY			
Additions to property, plant and equipment		(19 958)	(30 383)
Net cash outflow from investing activity		<u>(19 958)</u>	<u>(30 383)</u>
CASH FLOWS FROM FINANCING ACTIVITY			
Loan received from the Kouga Municipality		(61 327)	71 157
Net cash inflow from financing activity		<u>(61 327)</u>	<u>71 157</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		(187 037)	-
Cash and cash equivalents at the beginning of the year		187 037	187 037
CASH AND CASH EQUIVALENTS AT THE END OF TH	B	<u>0</u>	<u>187 037</u>

KOUGA CULTURAL CENTRE (association incorporated under section 21)
NOTES TO THE CASH FLOW STATEMENT
30 JUNE 2007

	<u>2007</u>	<u>2006</u>
	R	R
A RECONCILIATION OF NET LOSS FOR THE PERIOD TO CASH APPLIED TO OPERATIONS		
Net loss for the year	(157 022)	(101 540)
Adjusted for:		
Depreciation	19 958	30 383
Interest received	-	
Previous Years		
Operating loss before working capital changes	<u>(137 065)</u>	<u>(71 157)</u>
Working capital changes:		
Increase in other receivables	(40 083)	(40 083)
Increase in other payables	59 800	(15 000)
Cash applied to operations	<u>(117 348)</u>	<u>(126 240)</u>
B CASH AND CASH EQUIVALENTS		
Cash and cash equivalents comprise cash on hand and balances with banks.		
Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amount:		
Bank balances and cash	<u>0</u>	<u>187 037</u>

KOUGA CULTURAL CENTRE (association incorporated under section 21)
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
30 JUNE 2007

PRESENTATION OF FINANCIAL STATEMENTS

The presentation of the financial statements conforms with the requirements of Ac101 (Revised) *Presentation of Financial Statements*.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The annual financial statements are prepared on the historical cost basis and incorporate the following principal accounting policies which have been consistently applied in all material respects.

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation.

Depreciation is charged so as to write off property, plant and equipment over the estimated useful life, using the straight line method. Depreciation is only charged once the property, plant and equipment is brought into use.

When the recoverable amount of an asset has declined below its carrying amount, the carrying amount is reduced to reflect the decline in value. In determining the recoverable amount of assets, expected cash flows are not discounted to their present values.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in income.

Financial instruments

Financial assets

The company's principal financial assets are bank balances and cash and other receivables.

Other receivables are stated at their nominal value.

Financial liabilities

Significant financial liabilities include loans from the Kouga Municipality and other payables.

Loans are recorded at the proceeds received. Other payables are recorded at their nominal value.

Reserves

Surpluses of revenue over expenditure are accumulated as reserves to be utilised to achieve the objectives of the company. No distribution of any such income is made to members.

Revenue recognition

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable

KOUGA CULTURAL CENTRE (association incorporated under section 21)
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
30 JUNE 2007

PROPERTY, PLANT AND EQUIPMENT

	Depreciation Rate	Cost R	Accumulated depreciation R	Carrying value R	
2007					
Furniture & Equipment	20.00%	176 521	145 080	31 440	
Manufacturing equipment	20.00%	52 083	52 083	-	
Capital work in progress	0.00%	7 138 908		7 138 908	
Balances at 30 June 2006		<u>7 367 512</u>	<u>197 163</u>	<u>7 170 349</u>	
2006					
Furniture & Equipment	20.00%	176 521	125 123	51 398	
Manufacturing equipment	20.00%	52 083	52 083	-	
Capital work in progress	0.00%	7 138 908		7 138 908	
Balances at 30 June 2006		<u>7 367 512</u>	<u>177 206</u>	<u>7 190 306</u>	
2005					
Furniture & Equipment	20.00%	176 521	105 157	71 363	
Manufacturing equipment	20.00%	52 083	41 666	10 417	
Capital work in progress	0.00%	7 138 908		7 138 908	
Balances at 30 June 2005		<u>7 367 512</u>	<u>146 823</u>	<u>7 220 689</u>	
2004					
Furniture & Equipment	20.00%	163 561	73 650	89 911	
Manufacturing equipment	20.00%	52 083	31 250	20 833	
Capital work in progress	0.00%	7 138 908	-	7 138 908	
Balances at 30 June 2004		<u>7 354 553</u>	<u>104 900</u>	<u>7 249 653</u>	
2003					
Furniture & Equipment	20.00%	111 414	52 572	58 842	
Manufacturing equipment	20.00%	52 083	20 833	31 250	
Capital work in progress	0.00%	7 111 890	-	7 111 890	
Balances at 30 June 2003		<u>7 275 387</u>	<u>73 405</u>	<u>7 201 982</u>	
2002					
Furniture & Equipment	20.00%	100 997	21 078	79 919	
Manufacturing equipment	20.00%	52 083	10 417	41 666	
Capital work in progress	0.00%	5 391 759		5 391 759	
Balances at 30 June 2002		<u>5 544 839</u>	<u>31 495</u>	<u>5 513 344</u>	
2001					
Capital work in progress	0.00%	2334343		2 334 343	
2000					
Capital work in progress	0.00%	59480		59 480	
Cost					
At the beginning of the year		166 104	62 500	7 138 909	7 367 513
Additions		-	-	-	-
At the end of the year		<u>166 104</u>	<u>62 500</u>	<u>7 138 909</u>	<u>7 367 513</u>

Accumulated depreciation

At the beginning of the year	114 698	62 508	-	177 206
Depreciation	19 958	-	-	19 958
At the end of the year	<u>134 656</u>	<u>62 508</u>	<u>-</u>	<u>197 163</u>

Carrying value

<u>31 448</u>	<u>(8)</u>	<u>7 138 909</u>	<u>7 170 349</u>
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KOUGA CULTURAL CENTRE (association incorporated under section 21)
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
30 JUNE 2007

	<u>2007</u>	<u>2006</u>
	R	R
LONG TERM LIABILITIES		
UNSECURED		
Kouga Municipality	<u>1 690 710</u>	<u>1 752 037</u>
No interest is payable on this borrowing and there is no fixed terms of repayment.		
The right to repayment of so much of this loan as would enable other creditors of the company, both present and future, to be paid in full has been subordinated in favour of the other creditors of the company until the assets of the company fairly valued, exceed its liabilities.		
Administration expenditure is calculated taking the following item into account:		
Audit fees	<u>44 800</u>	<u>44 800</u>

KOUGA CULTURAL CENTRE (association incorporated under section 21)
DETAILED INCOME STATEMENT
30 JUNE 2007

	2007	2006
	R	R
Revenue		
Bank Interest	11 355	-
Grants	102 402	92 248
Rental	7 960.50	10 766
Total Revenue	121 718	103 014
Expenditure		
Administration & Equipment	11 411	-
Audit	-	-
Bank Charges	-	847
Depreciation	19 958	30 383
General Expenses	4 324	9 382
Hospitality(Refreshments etc)	-	-
Cleaning Services	-	-
Legal & Accounting Expenses	-	-
Municipal Services	10 516	10 405
Telephone/Postage/Internet	3 134	1 166
Rental : Office Equipment	10 324	13 574
Project Co-ordinator	-	-
Wages	-	42 595
Repairs & Maintenance	879	1 260
Travel Expenses (Petrol)	-	-
Security	20 140	2 694
Total administration expenditure	80 687	112 305
Performing Visual Arts	102 402	92 248
Audio Equipment	-	-
Costumes & Dresses	-	-
Décor & Artwork	-	-
Design, Print, Layout & Art Work	-	-
Film & Video Equipment	-	-
Total exhibition expenditure	102 402	92 248
Marketing	84 296	-
Signboard (N2)	-	-
Training of Guides	-	-
Research(Achaeologist)	-	-
Management	-	-
Total marketing expenditure	84 296	-
Total expenditure	267 386	204 553
Net loss for the year	(145 668)	(101 539)