



**UNITED CITIES AND LOCAL GOVERNMENTS OF AFRICA  
(UCLGA)**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2007**

**UNITED CITIES AND LOCAL GOVERNMENTS OF AFRICA (UCLGA)**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2007**

<b>Content</b>	<b>Page</b>
Report of the independent auditor	1
Income statement	2
Balance sheet	3
Notes to the financial statements	4 - 5

The financial statements were approved by the executive committee and is signed on behalf of them by:

  
President

28.3.08  
Date

## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF UNITED CITIES AND LOCAL GOVERNMENTS OF AFRICA (UCLGA)

We have audited the annual financial statements of United Cities and Local Governments of Africa set out on pages 2 to 5 for the year ended 31 August 2007. These financial statements are the responsibility of the Executive Committee. Our responsibility is to express an opinion on these financial statements based on our audit.

### Scope

We conducted our audit in accordance with Statements of South African Auditing Standards. Those Standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes an examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

### Audit opinion

In our opinion, the financial statements fairly present, in all material respects, the financial position of the organisation at 31 August 2007 and the results of its operations for the period then ended, in accordance with the accounting policies adopted.

### Uncertainty pertaining to the going concern assumption

Without qualifying our opinion above we draw attention to the fact that the financial statements show a loss for the year that poses a threat to the future existence of the organisation.



**SAMUEL PAUW Inc.**  
Chartered Accountants (S.A.)  
Registered Accountants and Auditors  
Pretoria  
14 March 2008

**UNITED CITIES AND LOCAL GOVERNMENTS OF AFRICA (UCLGA)**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2007**

	Note	2007 R	2006 R
<b>INCOME</b>			
Donations, membership fees and other income	1.2	9,427,621.84	5,178,384.73
Interest received		75,630.82	9,532.79
		<u>9,503,252.66</u>	<u>5,187,917.52</u>
<b>EXPENSES</b>			
		<u>10,576,131.60</u>	<u>10,474,757.47</u>
African Union costs carried		0.00	557,627.55
Bank charges		19,246.79	14,407.47
Catering, workshops and venues		1,456,768.34	238,425.44
Conference refunds		0.00	(12,140.00)
Consulting and professional service fees		1,483,064.45	940,434.96
Courier and posting cost		24,149.50	97,813.13
Depreciation	2	245,181.93	95,768.57
Honorarium		0.00	(50,000.00)
Legal fees		0.00	20,000.00
Maintenance		0.00	2,924.94
Media and communication		470,394.73	24,360.88
Office rental and renovations		408,586.61	488,980.55
Programming and website maintenance cost		270,835.01	302,161.46
Recruitment cost		0.00	4,389.00
Rent equipment		134,912.41	16,028.40
Salaries		3,255,069.18	707,006.90
Security cost		0.00	367,418.51
Stationery and reproduction		361,523.31	1,450,701.78
Subscriptions		0.00	8,414.56
Subsistence and travelling cost		2,311,619.87	2,989,193.31
Support Services: Founding Congress	4	0.00	1,399,120.20
Telephone		134,779.47	33,930.99
Translation cost		0.00	777,788.87
<b>Profit/(Loss) for the year</b>		<u><u>(1,072,878.94)</u></u>	<u><u>(5,286,839.95)</u></u>

**UNITED CITIES AND LOCAL GOVERNMENTS OF AFRICA (UCLGA)**

**BALANCE SHEET AS AT 31 AUGUST 2007**

	Note	2007 R	2006 R
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	2	731,051.36	852,727.92
<b>Current assets</b>			
Bank balances	3	799,268.95	1,750,471.33
		<u>1,530,320.31</u>	<u>2,603,199.25</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Accumulated profit/( loss)		1,530,320.31	2,603,199.25
		<u>1,530,320.31</u>	<u>2,603,199.25</u>

**UNITED CITIES AND LOCAL GOVERNMENTS OF AFRICA (UCLGA)****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2007****1. ACCOUNTING POLICIES**

The financial statements are prepared on the historical cost basis and incorporate the principal accounting policies, set out below. These policies do not comply with International Financial Reporting Standard for Small and Medium-sized Entities but are consistent with those used in the previous period.

**1.1 Initial recognition of transactions**

The financial statements are prepared on the cash basis. Both income and expense transactions are only recognised when physically paid or received, which means that debtors and creditors are not recorded before settlement occurs.

**1.2 Revenue**

Revenue comprises donations, membership fees and other income, which excludes value-added tax.

**1.3 Tangible fixed assets**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets to write down the cost, less estimated residual value by equal instalments over their estimated economic lives as follows:

The expected useful lives are as follows:

- |                          |         |
|--------------------------|---------|
| - Computer equipment     | 3 years |
| - Furniture and fittings | 6 years |
| - Computer software      | 1 year  |

## UNITED CITIES AND LOCAL GOVERNMENTS OF AFRICA (UCLGA)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2007

2. FIXED ASSETS	2007 R	2006 R
Furniture and fittings	453,610.97	546,590.45
- Cost	599,625.37	593,496.85
- Accumulated depreciation (6 years)	(146,014.40)	(46,906.40)
Computer and telecommunication equipment	277,440.39	306,137.47
- Cost	472,376.49	354,999.64
- Accumulated depreciation (3 years)	(194,936.10)	(48,862.17)
	<u>731,051.36</u>	<u>852,727.92</u>
<b>Reconciliation of assets</b>		
Opening book value	852,727.92	0.00
Additions	123,505.37	948,496.49
Depreciation	(245,181.93)	(95,768.57)
Disposals	0.00	0.00
Closing book value	<u>731,051.36</u>	<u>852,727.92</u>
<b>3. BANK</b>		
Cheque account - Standard Bank of South Africa	709,623.70	1,233,507.25
Cheque account - First National Bank	89,645.25	516,964.08
	<u>799,268.95</u>	<u>1,750,471.33</u>