

BORDER RURAL COMMITTEE
(Association incorporated under Section 21)
REGISTRATION NUMBER 1998/020094/08

31 DECEMBER 2006

<u>Contents</u>	<u>Page</u>
Report of the Independent Auditors	1
Report of the Directors	2 - 5
Balance Sheet	6
Income Statement	7
Cash Flow Statement	8
Notes to the Financial Statements	9 - 12

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The Directors are responsible for the presentation to stakeholders of the financial position at the end of the financial year, and of the results for the year as set out in the Financial Statements.

The Financial Statements have been prepared on a going concern basis, in accordance with the provisions of the Companies Act, conform with applicable accounting standards, and are presented, applying consistent and appropriate accounting policies, supported by reasonable and prudent judgement estimates.

Management has been delegated with the responsibility of implementing systems of internal control and maintaining accounting and information systems designed to provide reasonable assurance as to the reliability of the Financial Statements, ensuring that assets are safe-guarded and that transactions are executed and recorded in accordance with generally accepted business practices and procedures and that the risks of error, fraud and loss are reduced in a cost-effective manner.

The external auditors are responsible for auditing and reporting on the Financial Statements in the course of executing their statutory duties. Their report is set out on page 1.

The annual financial statements were approved by the Directors on 9 March 2007 and signed on its behalf by:-

.....

.....

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE BORDER RURAL COMMITTEE**

I have audited the annual financial statements of The Border Rural Committee, which comprise the balance sheet as at 31 December 2006, the income statement, the statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 2 to 12.

Directors' Responsibility for the Financial Statements

The committee's directors are responsible for the preparation and fair presentation of these financial statements in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor' Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards of Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments; the auditor considers internal control relevant to the entity's preparation and fair presentation of the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the company as of 31 December 2006, and of its financial performance and its cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act of South Africa.

S K WHITFIELD & CO
REGISTERED AUDITOR

247 Oxford Street
EAST LONDON
5201

BORDER RURAL COMMITTEE

REPORT OF THE DIRECTORS 31 DECEMBER 2006

GENERAL REVIEW

Strategic and programme review

2006 was the second year that we implemented our five-year strategic plan, which focuses on poverty eradication through the implementation of rights-based development. In 2005, we had been a little unfocused in this regard because we were saddled with a number of 'legacy' projects that did not fit within the strategic framework. However, by the end of 2005, we had exited from all these projects, and were able to focus all our energies on the Vulamasango Singene campaign, Cata and Keiskammahoek.

The Vulamasango Singene campaign remained the primary focus of BRC during 2006. As reported last year, we began making progress in the negotiation process towards the end of 2005. Because of this, we had agreed to suspend mass action. During 2006, progress around the negotiation table was initially slow but, because of the delicate stage of discussions, we decided that it would not be strategic to lift the suspension. In the second half of the year, this decision seemed vindicated when we reached a number of important milestones. These included the following:

- The criteria and claim forms for the betterment redress programme have been finalised and adopted by the task team.
- The team is now satisfied that the 'quantum' (ie the numbers of households dispossessed by betterment) is adequately calculated and substantiated for purposes of compiling the documentation necessary for official approval of the betterment redress programme.

BRC took primary responsibility for determining the quantum. This involved compiling all information stemming from BRC community engagements, and FHISER and other research, and then deriving figures for other affected areas of the province through extrapolation. The conclusion of the exercise was that a minimum of 180 000 households in Ciskei and Transkei were dispossessed of land rights, valued at a minimum of R8,25bn. (The reason that these figures are regarded as a minimum is that they are significantly lower than the estimates contained in the first memorandum approved by Minister Didiza. This April 2004 document estimated that 320 000 households had been dispossessed of rights worth more than R12bn.)

Throughout the negotiation process, we worked closely with the three community leaders assigned to participate in the task team by the elected provincial leadership. In fact, one of the key challenges that tackled in 2006 was to build strong community leadership for the campaign. We undertook this by working with all the leadership structures of the campaign, which are the Village Committees, District Committees, Provincial Committee and the three delegated negotiators. This aspect of work will be further strengthened in 2007, because we recognise that a strong cadre of community leaders is a precondition to winning the campaign.

Most of our time in 2006 was committed to expanding the campaign's community base. By the end of 2006, there were over 500 communities in the Eastern Cape Province that are part of it. The participating communities are situated in the following parts of the former homeland areas: Middledrift, King Williams Town, Hewu, Sterkspruit, Cala, Lady Frere, Cofimvaba, Tsomo, Ngqamakwe, and Butterworth. In each of these communities, there are elected campaign committees. The committees implement campaign activities such as facilitating the signing of testimonial forms and convening of speak-out sessions. To date, about 45 000 households have signed declaration forms, confirming that they are direct descendants of people dispossessed through betterment and denied an opportunity to lodge a restitution claim. Over the past few years, BRC team members have debated: what number of communities will constitute a critical mass that will guarantee the eventual success of the campaign? Until late 2006, we had spoken of 500 communities. However, there has been a re-think in this regard, and we are now aiming for 800, after which we will press for a quick victory. We aim to reach this milestone by June 2007.

Although we have not yet won the campaign (and there are no guarantees that we will win it in future), we have invested considerable resources in it and have reached some significant milestones. Because of this, its principal donor suggested that we produce a documentary that portrays the basic elements and methods of the campaign. It was suggested that this would be a valuable learning tool for civil society. Consequently, we set about conceptualising and then producing the documentary. We decided to use video as the medium and strove to achieve a product that reflects the character and essence of the campaign. Hence for example, we decided not to use a 'grand narrator', but rather wanted campaign

members and participants to tell their stories, in their own ways. Linked to this, we wanted to put the emphasis on people's own experiences, both of betterment dispossession and of the campaign. So, there was no rehearsing, instead we shot footage live, in early July. The final production of the documentary has almost been completed; we intend to distribute the documentary in early 2007.

In 2006 we redoubled our efforts to promote and facilitate integrated development in Cata. Consequently, we saw progress in all the key economic sectors, namely agriculture, forestry and tourism. In the agricultural sector, we continued to focus on both domestic production and the irrigation scheme. In relation to the former, the highlight of the year was DWAF's decision to select Cata as a pilot site for the construction of homestead tanks. We used this opportunity to consolidate the 'water for food' project, which revolves around the channelling, harvesting and storing of run-off water. In anticipation of a roll-out of the dam building in the near future we managed, through the Department of Labour, to broker in professional training in construction skills for aspirant young people in the village. The irrigation scheme is probably the most important economic asset in Cata; this realisation made us re-think our approach to the project. We have jettisoned our erstwhile approach of relying on an outside expert to manage the project, in favour of one that involves more hands-on BRC involvement, increased devolution of authority to local employees, contracting of local labour, and capital investment in the project. In short, we have upscaled and transformed our approach and support to the project. By the end of the year about 4 ha of irrigated land were under production.

In the forestry sector, the key breakthrough also involved DWAF, this time when it issued a licence to the community, permitting it to create a 400 ha pine plantation. Initialisation of this project commenced in September, enabling planting of the first pine trees in December. Furthermore, we ensured that the established wattle plantation was properly tended, through a pruning exercise in June and July.

There was a flurry of activity in the tourism sector during 2006. Here we focused on the establishment of a community museum in the multi-purpose hall. Therefore we were thrilled to be able to facilitate its official opening on 16 October. This occasion was graced by the presence of the Chief Land Claims Commissioner and ADM's Mayor. There were also other developments during the year such as building a bridge across the Cata river, erecting water tanks at the hall, completion of an initial phase of soil rehabilitation work and approval of a municipal infrastructure grant (MIG) for the construction of chalets.

Amidst all this activity, we sought to maximise the benefits flowing directly to Cata people. Significantly in this regard, we are nearing two important related milestones, namely creating 200 jobs that will have paid out R1m in wages. Because of the mounting evidence of poverty reduction in Cata and the pressing challenges that lie ahead in Keiskammahoek (see below) and the betterment redress programme, we convened a policy conference on decentralised rural development. Our intention was to draw lessons from Cata that can be institutionalised in other development processes. The conference adopted a set of useful resolutions that we have already begun using in policy negotiations pertaining to the betterment redress programme.

The Keiskammahoek project reached a number of important milestones during the course of 2006. In February we were relieved to learn that most of the developmental restitution award had finally been released by Pretoria, to Amatole District Municipality. Thereafter, we assisted Amatole District Municipality to prepare terms of reference for the development process. This enabled it appoint a team of professional service providers to facilitate the development process, in October. In the case of Keiskammahoek, BRC is faced with a set of challenges that are quite different from that in the case of Cata. In the latter, BRC is the appointed project manager, so we have considerable authority and carry a concomitant amount of responsibility. The up-side of this is that we can 'make things happen'; the down-side is that it is very time-consuming and therefore not replicable at a broad scale. Once the developmental component of the betterment redress programme is rolled out, the reality is that BRC will only be able to play a monitoring and support role, not one of intensive project management across a wide range of communities. Therefore, it is imperative that we try to pioneer successful tactics and methods in the Keiskammahoek case, which can then be used more broadly in future. The broad approach that we intend to follow is to prioritise our relationships with community structures, especially the planning and youth committees, above our relationships with government and private sector players.

The most pleasing aspect of the programme work in 2006 was that we achieved more integration than in the past. That is, there was a keen appreciation amongst staff that what happens in Cata affects the campaign, what happens in the campaign affects Keiskammahoek, and so on. This appreciation informed the manner in which the various teams went about conceptualising and implementing their work. The signs of integration were abundant. For example, the campaign team started with a programme of taking the community leadership to Cata on learning visits; the contents of the Cata museum reflect an understanding of the value of the 2000 Settlement Agreement in relation to Keiskammahoek and the

campaign; and community leadership from Cata, Keiskammahoek and the campaign participated in the October Policy Conference.

Institutional Review

During 2006, the members of the organisation continued to transform the key institution of governance in the organisation, namely the Board of Directors, in line with the strategic plan. Through the election of Koliswa Vimbayo onto the board, the members sought to strengthen the role of community members in the board. There are now two community members serving on the seven-person board. The other member, Bethwell Gcilitshana is currently the treasurer of the organisation. Both Koliswa and Bethwell play strong, active roles in the implementation of the organisation's programme work.

The amazing continuity of staff that we reported on in our previous report was sustained into 2006. The last time that a member of staff resigned from BRC was March 2003! The considerable experience of staff facilitated the smooth management of the organisation. In fact, the main danger that faced the organisation in this regard was complacency, which led to a certain laxness about convening management and staff meetings. This compromised important processes such as performance management. The organisation therefore resolved to nip this problem in the bud, and we had got back into our rhythms and tightened our discipline by the end of the year.

REVIEW OF OPERATIONAL RESULTS

The financial position of the Company and the results of its operations and cash flows for the year are fully contained in the financial statements here presented.

The comparison of actual to budgeted expenditure for the year under review is as follows:

	ACTUAL	BUDGET	VARIANCE	% SPENT
Administration	603930	550000	-53930	110
Programme costs	816873	747000	-69873	109
Consultants	1134712	1110000	-24712	102
Accommodation & expenses	89240	92250	3010	97
M/V running costs	292323	277100	-15223	105
Printing & stationery	50672	55600	4928	91
Salaries	1987769	1812200	-175570	110
Project resources (incl inputs)	1192649	1100000	-92649	108
Workshop expenses	371232	500000	128768	74
TOTAL	6539400	6244150	-295251	105

BRC performed strongly in 2006, especially in relation to income and (therefore) expenditure. In this regard, we note that in 2004 BRC spent R3, 35m, whereas in 2006 (only two years later) the organisation spent R6,54m. That is, we almost doubled overall expenditure in the space of two years. We achieved this expansion in a responsible manner, taking cognisance of the fact that BRC is currently in the midst of a 'purple patch' as far as funding is concerned. More specifically, because it is highly unlikely that the organisation will be able to sustain the current level of funding beyond 2007, we have chosen not to burden ourselves with huge increases in recurrent costs. More specifically, we have maintained the moderate size of the staff complement. Instead of increasing our delivery capacity through recruiting additional staff, we have attempted to do this through other mechanisms such as improving systems, spreading responsibility more evenly through the organisation and making increased use of skilled service providers.

Expenditure was implemented in line with the overall budget, as amended and finalised in mid-2006. The only exception in this regard was 'workshop costs', where we ended the year significantly under-spent. The reason for this is straightforward: we did not implement any campaign mass action over the course of the year. Reasons for this are explained above.

CONCLUSION

2007 is a watershed year for BRC. It marks the mid-point of our strategic cycle and it the year in which we need to show that what we call 'rights-based development' is capable of contributing to poverty eradication. There are two immediate priorities for the next twelve months: to win the campaign and to eradicate poverty from Cata. We are under no illusions about the challenges that face us in the immediate future. Therefore we call on all friends of BRC to join hands and stand together, to stay strong in the face

of intimidation and disappointment, to push home the advantage that we have fought so long and hard to attain.

Directorate: Attendance Register of Board Committee Members

<u>Name</u>	Meetings 4 meetings; <u>1 special : AGM</u>	<u>Comments</u>
B N GCILITSHANA	5 of 5	
P GROOTBOOM	5 of 5	
R A KINGWILL	3 of 3	Resigned 14 June 2006
G N MATEBESE	5 of 5	
J J ROODT	3 of 5	
Z R SEMANE	4 of 5	
K VIMBAYO	2 of 3	Appointed 14 June 2006
A F H WESTAWAY	5 of 5	

Physical Address

16 St George's Road
Southernwood
East London

Registered Office

247 Oxford Street
East London
REPUBLIC OF SOUTH AFRICA

BORDER RURAL COMMITTEE

BALANCE SHEET
31 DECEMBER 2006

	<u>Notes</u>	<u>2006</u>	<u>2005</u>
		R	R
<u>ASSETS</u>			
Fixed Property		600 000	600 000
Motor Vehicles		309 908	211 628
Furniture & Equipment		<u>146 801</u>	<u>139 460</u>
PROPERTY, PLANT & EQUIPMENT	2	1 056 709	951 088
INVESTMENTS	3	-	152 704
CASH ON TERM DEPOSIT		8 745 441	7 346 476
Deposits		1 500	1 500
Accounts receivable		102 233	71 710
Staff loans	4	37 740	43 346
Cash at bank		139 236	114 959
Cash on short term deposit		2 776 512	2 436 966
Cash on hand		<u>1 492</u>	<u>2 352</u>
CURRENT ASSETS		<u>3 058 713</u>	<u>2 670 833</u>
TOTAL ASSETS		<u>12 860 863</u>	<u>11 121 101</u>
 <u>FUNDS AND LIABILITIES</u>			
ACCUMULATED FUNDS			
Capital Fund	5	1 056 709	951 088
Revenue Reserve	6	8 745 441	7 499 180
Human Resources Reserve	7	425 000	330 000
DONOR FUNDS	8	563 500	508 742
Grants in advance		947 050	1 000 000
Accounts payable		523 163	288 411
Provisions	9	<u>600 000</u>	<u>543 680</u>
CURRENT LIABILITIES		<u>2 070 213</u>	<u>1 832 091</u>
TOTAL FUNDS AND LIABILITIES		<u>12 860 863</u>	<u>11 121 101</u>

BORDER RURAL COMMITTEE

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006**

	<u>2006</u>	<u>2005</u>
	R	R
Grants and donations	6 513 226	4 511 051
Interest	788 286	625 112
Contracts	200 000	137 599
Sale of motor vehicle	95 000	-
Surplus on investment	35 898	-
Miscellaneous receipts	<u>208 009</u>	<u>123 233</u>
Total Income	<u>7 840 419</u>	<u>5 396 995</u>
<u>EXPENDITURE</u>		
Administration Expenses	375 175	267 920
Furniture and Equipment	48 118	100 932
Motor Vehicle	180 637	181 200
Projects, Field & Related Expenses		
Accommodation	89 240	48 212
Travel and conference fees	-	27 711
Workshops	371 232	571 971
Inputs / Project resources	1 192 649	860 972
Motor vehicle expenses	292 323	312 368
Consultants	1 134 712	240 315
Programme costs	816 873	858 476
Printing and Stationery	50 672	64 011
Salaries and associated charges	<u>1 987 769</u>	<u>2 091 403</u>
	<u>5 935 470</u>	<u>5 075 439</u>
Total expenditure	<u>6 539 400</u>	<u>5 625 491</u>
Surplus / (Deficit) for the year	<u>1 301 019</u>	<u>(228 496)</u>
Apportioned as follows:		
Revenue Reserve	1 246 261	844 437
Donor Funds	<u>54 758</u>	<u>(1 072 933)</u>
	<u>1 301 019</u>	<u>(228 496)</u>

BORDER RURAL COMMITTEE

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006**

	<u>2006</u>	<u>2005</u>
	<u>R</u>	<u>R</u>
Surplus / (Deficit) for the year	1 301 019	(228 496)
Add: Fixed assets capitalised	228 755	282 132
Increase in reserves	<u>95 000</u>	<u>140 000</u>
Cash generated	1 624 774	193 636
Decrease in debtors	(24 917)	(89 509)
(Decrease) in creditors/provision	<u>238 122</u>	<u>1 318 216</u>
Net cash inflow	1 837 979	1 422 343
Purchase of fixed assets	(228 755)	(282 132)
Investments	152 704	442 898
Increase in cash on deposit	(1 398 965)	(1 287 335)
Decrease / (Increase) in cash on hand	860	(1 141)
	<hr/>	<hr/>
Increase in cash balance	363 823	294 633
Cash balances at beginning of year	<u>2 551 925</u>	<u>2 257 292</u>
Cash balances at end of year	<u>2 915 748</u>	<u>2 551 925</u>

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2006

1. SUMMARY OF ACCOUNTING POLICIES

The following are the principal accounting policies of the company which are consistent in all material respects with those applied in the previous year. The financial statements have been prepared on the historical cost basis.

1.1 FIXED ASSETS

Fixed assets are written off in the income statement in the year of purchase thereby matching cost with the related grant income. Where fixed assets remain under the control of the company, these assets are capitalised, and thereafter depreciation is provided and written off over the estimated useful life of the asset. Property is not depreciated.

Motor vehicles	20% straight line
Furniture and equipment	10%-20% straight line

1.2 INVESTMENTS

Investments are stated at cost less any provisions for permanent diminution in value.

1.3 Certain salaries and associated costs have been allocated to programme costs on a systematic basis of time spent on the appropriate cost centre to which it relates.

1.4 PROVISIONS

Provisions are recognised when Border Rural Committee has a present legal and constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date.

1.5 REVENUE

Grants are recognised as income over the period necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

2. PROPERTY, PLANT & EQUIPMENT

		Acc	<u>2006</u>	<u>2005</u>
<u>2006</u>	<u>Cost</u>	<u>Deprec</u>	<u>Net</u>	<u>Net</u>
	<u>R</u>	<u>R</u>	<u>R</u>	<u>R</u>
Property	600 000	-	600 000	
Motor Vehicles	437 149	127 241	309 908	
Furniture & Equipment	<u>308 540</u>	<u>161 739</u>	<u>146 801</u>	
	<u>1 345 689</u>	<u>288 980</u>	<u>1 056 709</u>	
<u>2005</u>				
Property	600 000	-		600 000
Motor Vehicles	317 671	106 043		211 628
Furniture & Equipment	<u>260 423</u>	<u>120 963</u>		<u>139 460</u>
	<u>1 178 094</u>	<u>227 006</u>		<u>951 088</u>

Property comprises 16 St George's Road at cost (December 1998). Being Erf No 13785 East London situate in the Buffalo City Municipality, Eastern Cape Province - measuring 1366 square metres. Held in terms of Deed of Transfer T20646/1998.

Directors' Valuation of property – 31 December 2006: R900 000

BORDER RURAL COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS (Continued)
31 DECEMBER 2006

	<u>2006</u>	<u>2005</u>
	<u>R</u>	<u>R</u>
Net Book Value at 1 January 2005	761 622	
Additions	282 132	
Depreciation	(92 123)	
Disposals/Scrapped	<u>(543)</u>	
Net Book Value at 31 December 2005	951 088	
Additions	348 795	
Depreciation	(122 374)	
Disposals/ Scrapped	<u>(120 800)</u>	
Net Book Value at 31 December 2006	<u>1 056 709</u>	
3. INVESTMENTS		
Off-shore investments at valuation	<u>-</u>	<u>152 704</u>
4. STAFF LOANS		
Includes loan to director for the purpose of enabling him to properly perform the duties as director.		
Car Loan P Grootboom – Balance at beginning of year	25 729	-
Advance (Repayments)	(10 800)	25 000
Interest charged	<u>2 059</u>	<u>729</u>
Balance at end of year	<u>16 988</u>	<u>25 729</u>
The loan is repayable in monthly instalments of R900 commencing January 2006.		
5. CAPITAL FUNDS		
Balance at beginning of year	951 088	761 622
Capitalisation of new asset	348 795	282 132
Assets sold or scrapped during the year	(120 800)	(543)
Depreciation	<u>(122 374)</u>	<u>(92 123)</u>
	<u>1 056 709</u>	<u>951 088</u>
6. REVENUE RESERVE		
Balance at beginning of year	7 499 180	6 654 743
Net surplus for the year	<u>1 246 261</u>	<u>844 437</u>
	<u>8 745 441</u>	<u>7 499 180</u>
7. HUMAN RESOURCES RESERVE		
Balance at beginning of year	330 000	190 000
Current year charge to income statement	<u>95 000</u>	<u>140 000</u>
Balance at end of year	<u>425 000</u>	<u>330 000</u>

BORDER RURAL COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS (Continued)
31 DECEMBER 2006

8. DONOR FUNDS

	Opening Balance	Revenue	Expenditure	Balance at end of year
Total	<u>508 742</u>	<u>6 537 866</u>	<u>6 483 108</u>	<u>563 500</u>
Kerkinactie	-	149 604	149 604	-
Africa Groups of Sweden	-	1 098 970	1 098 970	-
Embassy of Finland	-	1 531 116	1 531 116	-
HIVOS	182 041	809 000	582 251	408 790
Foundation for Human Rights	-	183 175	183 985	(810)
North-South-Institute for Development Co-operation	118 664	763 457	1 136 428	(254 307)
Canadian Catholic Org for Dev and Peace	-	328 062	328 062	-
Embassy of Belgium	-	364 102	258 739	105 363
ICCO	-	520 938	444 644	76 294
Misereor	-	299 442	299 442	-
National Lotteries Board	<u>208 037</u>	<u>490 000</u>	<u>469 867</u>	<u>228 170</u>
	<u>508 742</u>	<u>6 537 866</u>	<u>6 483 108</u>	<u>563 500</u>

	<u>2006</u>	<u>2005</u>
	<u>R</u>	<u>R</u>
9. Provision for long and annual leave	<u>600 000</u>	<u>543 680</u>
10. The income statement has been charged the following:		
Audit Fee	2 420	16 950
Directors Emoluments		
- For managerial and other services		
A Westaway	411 585	407 210
Z Semane	277 336	273 013
M Nkota	-	85 334
P Grootboom	<u>223 405</u>	<u>133 966</u>
	<u>912 326</u>	<u>899 523</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)
31 DECEMBER 2006

11. TAXATION

The company has been approved as a public benefit organisation in terms of section 30 of the Income Tax Act, and the receipts and accruals are exempt from income tax in terms of section 10(1)(cN) of the Act. The company is registered in terms of the Nonprofit Organisations Act, 1997. The registration number is 014-120 NPO.

12. FUNCTIONAL CURRENCY

The financial statements are denominated in South African Rand which is the functional currency of the Company. In order for donors to convert these financial statements the approximate rates of exchange at 31 December 2006.

	2006	2005
	<u>R1</u>	<u>R1</u>
1 US Dollar	6,90	6,34
1 Euro	9,14	7,57
1 CHF (Swiss)	5,66	4,90

BORDER RURAL COMMITTEE

**THE FOUNDATION ICCO
INTERCHURCH ORGANISATION FOR DEVELOPMENT CO-OPERATION**

INCOME STATEMENT
31 DECEMBER 2006

	<u>2006</u>	<u>2005</u>
	R	R
<u>INCOME</u>		
Grant received	<u>520 938</u>	<u>552 881</u>
<u>EXPENDITURE</u>		
Administration	34 000	53 760
Programme costs	49 000	97 694
Consultants	197 543	8 934
Accommodation and expenses	9 033	8 501
Motor vehicle running expenses	2 874	34 421
Printing and stationery	921	9 781
Salaries	74 998	152 622
Inputs	76 275	132 377
Travel	-	5 483
Workshop expenses	<u>-</u>	<u>49 308</u>
Total Expenditure	<u>444 644</u>	<u>552 881</u>
Surplus for the year	<u>76 294</u>	<u>-</u>