

nt

CONSOLIDATED  
FINANCIAL  
INFORMATION

For the year ended 31 March 2011



**national treasury**

Department:  
National Treasury  
**REPUBLIC OF SOUTH AFRICA**



**CONSOLIDATED  
FINANCIAL INFORMATION  
FOR THE YEAR ENDED  
31 MARCH 2011**

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## CONSOLIDATED FINANCIAL INFORMATION

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For the year ended 31 March 2011

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**ACCOUNTING OFFICER'S  
APPROVAL & REVIEW**

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ACCOUNTING OFFICER'S APPROVAL & REVIEW





## ACCOUNTING OFFICER'S APPROVAL

FOR THE YEAR ENDED 31 MARCH 2011

The Consolidated Financial Information is prepared on the going concern basis. The Consolidated Financial Information has based upon accounting policies, which have been consistently applied and supported by reasonable and prudent judgements of estimates.

The Consolidated Financial Statements and The Consolidated Financial Information have been approved by the Accounting Officer and Accountant-General on 30 September 2011.



Lungisa Fuzile  
**Director-General**  
Accounting Officer



Freeman Nomvalo  
**Accountant-General**

## ACCOUNTING OFFICER'S REVIEW

FOR THE YEAR ENDED 31 MARCH 2011

### 1. MANDATE

Section 8(1) (a) of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), requires that the National Treasury (NT) prepares and table the Consolidated Financial Statements (CFS) in accordance with generally recognised accounting practice (GRAP) for:

- i) National departments;
- ii) Public entities under the ownership control of the national executive;
- iii) Constitutional institutions;
- iv) The South African Reserve Bank;
- v) The Auditor-General; and
- vi) Parliament.

The mandatory CFS for government for the year ended 31 March 2011 as required by section 8(1) (a) of the PFMA as amended is hereby presented.

Separate consolidated financial information (CFI) has been prepared annually since the inception of the PFMA for national departments and public entities respectively and has been subjected to agreed upon procedures reviewed by the Auditor General of South Africa (AGSA) for many years. It is the third time this year that Consolidated Financial Statements (CFS) have been prepared for the national departments and submitted for audit. NT has continued to prepare separate CFI for public entities due to the different accounting policies being applied and the elimination of inter entity transactions process not yet effected.

Besides being mandated by legislation, CFS is meant to provide a summary of national government's financial resources and their application for the benefit of the people of the Republic of South Africa. Due to different accounting bases being used by national departments and public entities, separate sets of consolidated information are prepared and published as such in this report to ensure credible and meaningful presentation of financial information. National departments report on a modified cash basis of accounting whereas public entities are on accrual basis. Public entities include constitutional institutions, national public entities listed in the PFMA, the South African Reserve Bank and the AGSA. The public entities that are consolidated also include any unlisted public entities discovered during the financial year under review.

National departments report on modified cash basis of accounting whereas public entities are on accrual basis. The separation is in view of different accounting bases utilised by these two groups of entities, and accordingly were consolidated separately to ensure credible and meaningful presentation of financial information. In the drive to improve public accountability, there is a transition in progress from reporting on the modified cash basis of accounting to reporting on the accrual basis of accounting. Under the modified cash basis of accounting, transactions and other events are recognised when cash is received or paid, while disclosure notes, which are recognised on accrual basis, are provided in the annual financial statements (AFS) such as provisions, accruals, property plant and equipment (PPE), public private partnership (PPP), lease commitments, contingent liabilities and so on. Under the accrual basis of accounting, transactions and other events are recognised when incurred and not when cash is received or paid.

As part of the process of migrating from cash to accrual, disclosure notes, which do not form part of the annual financial statements (AFS), are being prepared and completed by the National Departments. These notes are recognised on the accrual basis and annual preparation of them will assist in ensuring a smooth migration process. In moving towards the accrual basis of accounting, the NT introduced additional requirements on a regular basis as part of the accounting reforms. Five years ago, departments were required to start disclosing their PPE. In the 2009/10 financial year, inventory management was introduced, where departments are given three years to comply with the inventory management framework. The Office of the Accountant General (OAG) conducted training on this framework and further guidance will be provided during the implementation period of this framework.

Government is also in the process of formalising the accounting reporting framework (GRAP) in terms of section 89 of the PFMA and section 216(1)(a) of the Constitution. Currently there are 25 standards that are effective as approved by the Minister of Finance. A further 7 have been developed by the Accounting Standards Board (ASB), but is not yet effective. In 2009/10 financial year public entities started to apply fully the standards of GRAP for the first time. The standards applied by the entities are reflected in Directive 5–GRAP Reporting Framework as issued by the ASB.

The South African national government is structured into five main segments commonly referred to as clusters, mainly to address government priorities and policies.

These clusters are:

1. Central Government and Administration
2. Financial and Administration Services
3. Social Services
4. Justice and Protection Services
5. Economic Services and Infrastructure Development.

This Accounting Officer's Review includes an Executive Summary and Review of Operating Results. The summary describes the impact of the recession on national government finances as experienced in the past financial period. The review of operating results reflects monetary values presented in the CFS and CFI in accordance with Treasury Regulation 18.2. It is also a descriptive report clarifying the amounts presented. The CFS and CFI therefore provide information not only on the financial performance but also on the government's ability to meet current and future obligations.

## 2. CONSOLIDATION PROCESS

### 2.1 RESPONSIBLE ENTITY

Normally, CFS are prepared for a group of entities under the control of a parent entity. Control is the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. A parent entity is an enterprise that has one or more subsidiaries. Due to the above, entities that are consolidated do not necessarily obtain benefits from each other's activities. The CFS for national departments meet the above criterion. National government however does not directly govern the financial and operating policies of entities or obtain benefits from their activities. While the CFS for national departments meet the above criterion, the CFI for public entities in the absence of control and elimination of inter-entity transactions, merely presents an aggregation of financial information rather than a full consolidation.

### 2.2 GOALS FOR CONSOLIDATION AND THIS REPORT

The CFS should provide information on financial performance as well as national government's ability to meet current and future obligations by:

- presenting the consolidated monetary values of national government (assets, liabilities, revenue and expenditure)
- improving the users' understanding of public sector financial management to enhance the achievement of the government's social objectives and priorities
- creating uniformity in the presentation and analysis of public sector financial information

## 2.3 PROCESS

The CFS and CFI have been prepared in accordance with accounting policies, which have been applied consistently in all material respects, unless otherwise indicated. However, where appropriate and meaningful, additional information is disclosed to enhance the usefulness of the CFS and CFI and to comply with the statutory requirements of the PFMA.

The responsibility for the integrity and objectivity of the accompanying CFS and CFI for the year ended 31 March 2011, and all information contained in this report rests with the Office of the Accountant General, a division within the National Treasury.

The OAG has developed and maintained policies, procedures and internal controls, deemed appropriate, in order to provide assurance that the financial information is a reliable reflection of the consolidated national departments' financial position as at 31 March 2011.

Parliament reports on the modified accrual basis of accounting but this reporting system was converted to modified cash basis of accounting and consolidated with national departments.

The public entity list per schedule 1,2 and 3 of the PFMA was used as a basis from which public entities that were consolidated, however some public entities and trading entities, which are not listed, but known to the NT and their respective departments, were consolidated (Annexure C). Some listed entities and known unlisted entities were not consolidated since no information was received from them or the listed entity was not operational as at 31 March 2011 (Annexure D1, D2 and E respectively).

The OAG is tasked with, amongst others, the responsibility to develop standard reporting formats (including AFS templates) and a Departmental Financial Reporting Framework Guide used by departments in preparing their annual financial statements. The AFS template is updated annually to meet the requirements of the policies set by the OAG. The AFS templates are then completed by all national departments and Parliament and forwarded to NT, where these are consolidated using a consolidation model. The latter exercise is performed twice annually based on unaudited information by 30 June, and finally based on audited information by 31 August. The process for public entity consolidation is similar. Both consolidations are forwarded to the AGSA firstly to comply with the legislation (PFMA) and secondly for audit.

To improve the consolidation process, AFS templates are published much earlier and training is provided to departments on the AFS template and the framework for the preparation of AFS. Training is also provided to the public entities on the latest GRAP standards as approved by the Minister and on completing the AFS template. Where required the OAG provided additional assistance to national departments and public entities.

The Auditor General (AGSA) report on the CFS also includes the major qualification items from the various departments. These qualifications have a material impact on the amounts presented in the CFS but have to be disclosed. The NT has implemented mechanisms to track these audit qualifications. During the 2008/09 financial year, the OAG introduced the financial management capability maturity model (FMCMM) to assess the financial management maturity level of national and provincial departments. This model provides the basis for departments to assess their capability to discharge their duties, with particular reference to financial management, risk management and internal audit. Currently, the FMCMM is used as a comprehensive supporting tool to national and provincial departments and is assisting in identifying underlying problematic areas for accounting, risk management and internal audit. This has allowed NT, in partnership with departments, to initiate a plan of support to improve the overall financial management environment, with an aim to improve audit outcomes. The NT is committed to continue working with departments to improve financial management maturity.

The NT is grateful for the efforts of the national departments, public entities and the OAG in the preparation of the CFI for 2010/11.

## EXECUTIVE SUMMARY

FOR THE YEAR ENDED 31 MARCH 2011

We are living through a number of changes in the world economy and every nation has to make adjustments to ensure a sustainable future. The financial crisis and subsequent recession brought along a shift in world trade, investment, manufacturing, incomes and consumption. South Africa needs to construct its own growth and development strategies to propel its economy forward, create jobs and compete on the global stage. Government has set out five priorities: education, health care, fighting crime, rural development and creating jobs. These in turn, are reflected in the 12 outcomes adopted by Cabinet. This wide-ranging programme has been translated into detailed delivery agreements and targets for national and provincial departments, agencies and municipalities. While these commitments address government's broad mandate, the New Growth Path identifies a single encompassing objective of public policy: for the period ahead, employment creation will be the principal barometer of South Africa's progress.

The overall results of national government for the 2010/11 financial year as reflected in the CFS still reflects the impact of the financial crisis. The projected budget deficit in 2010/11 is 5.3% of GDP. As economic growth strengthens and tax revenue recovers, government will reduce the budget deficit gradually to 3.8% of GDP by 2013/14. During 2010/11, South Africa's deep and liquid capital markets facilitated the financing of the elevated public-sector borrowing requirement. Government was able to finance the deficit at a lower cost than initially anticipated and this allowed for greater capital investment and spending on social priorities such as education and health.

During the 2011 Budget speech, Minister Pravin Gordhan stated that the revised estimated National budget revenue is expected to be R 666 billion. The actual revenue collected by the South African Revenue Services (SARS) was R 704 billion, which is in line with the budget. The revised estimated National budget expenditure was R 809 billion, and the actual national expenditure for 2010/11 was R 806 billion.

Over the past few years growth in public spending has enabled government to make further progress in improving the quality of life of South Africans. Job creation as set out in The New Growth Path mandate is first priority which will mobilise public and private sectors to meet the goal of creating 5 million jobs over the decade ahead. Spending on the other priorities will continue to grow over the years ahead as evidenced by the following initiatives:

- Education and skills development are the first priority in government expenditure allocations, boosted through additional allocations for further education colleges, student financial assistance, school buildings and facilities, and learner support materials.
- Government is intensifying investment in health services to support the challenges facing the health sector and to cater for mainly for infant and maternal health care, HIV and Aids treatment, health infrastructure and improving health facilities, as well as addressing the shortage of skilled health workers.
- Crime reduction remains one of government's top priorities. Additional funding was made available over the medium term to bring down crime levels, clear court case backlogs, integrate criminal justice systems, reduce prison overcrowding and additional personnel to boost visible policing amongst others.
- Land reform and rural development programmes are intended to enhance rural advancement, job creation and poverty reduction while expanding South Africa's agricultural produce.
- Investment in infrastructure to build power plants, ports, pipelines, roads, water and sanitation infrastructure that is central to economic growth. This will also contribute significantly to job creation.

Over the next three years, the public sector aims to spend R809 billion on its infrastructure programme. Eskom's expansion of power generation capacity is responsible for much of this amount, alongside investment in ports and transport infrastructure by Transnet and other non-financial public enterprises. Extensive planning and consultation is in progress on infrastructure programmes for the next 10 to 20 years, in recognition of our long-term development challenges.

In conclusion, development is not measured by statistics or ratios, but by government's inter alia upgrading informal settlements, to improving literacy and numeracy and to create jobs and opportunities for young people. The world is full of opportunities, government has the task of transforming these opportunities into real, tangible outcomes which all of our people can experience and call their own.

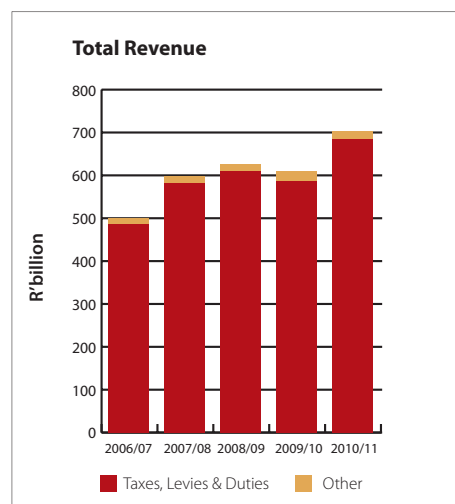
For a detailed analysis and interpretation of actual revenue, spending and borrowing for 2010/11, refer to the review of the operating results.

## REVIEW OF OPERATING RESULTS

FOR THE YEAR ENDED 31 MARCH 2011

### 1. TOTAL REVENUE

Year Ended 31 March	Actual	Actual	Actual	Actual	Actual
R' million	2006/07	2007/08	2008/09	2009/10	2010/11
Taxes, Levies & Duties	470,052	548,106	596,797	571,388	660,543
Departmental revenue	13,236	12,670	14,097	8,403	8,643
Local & foreign aid assistance	971	745	1,332	1,189	1,476
Other	1,248	2,882	6,278	13,190	14,345
<b>Total revenue</b>	<b>485 507</b>	<b>564,403</b>	<b>618,504</b>	<b>594,171</b>	<b>685,007</b>
Growth in revenue	14%	16%	10%	-4%	15%



The total revenue represents net revenue collected. Total revenue increased by 15 per cent in 2010/11 which is an improvement since the prior years' maiden decline in 5 years. This increase is a result of the recovery in economic activity in South Africa after the global recession, evidenced by household and government consumption's rise by 4.6 per cent in 2010.

The revenue is collected mainly by the South African Revenue Services (SARS) in the form of taxes, levies and duties. Other sources of revenue are departmental and statutory revenue and local and foreign aid assistance. SARS shows a total balance of R704 billion for current year, which reconciles with the above Taxes, Levies & Duties of R660 billion as follows:

Year Ended 31 March	Actual	Actual
R' million	2009/10	2010/11
SARS Revenue	621,911	704,217
Less: South African Customs Union Agreement	27,915	17,906
Less: Payment ito sec 12(3) of the PFMA	38	21
Less: Payment UIF	10,584	11,019
Less: Payment RAF	11,793	14,287
Less: Amount payable by SARS to SETA's	-10	228
Less: Amount payable by SARS to RAF	203	213
<b>Net Revenue as reflected by NT</b>	<b>571,388</b>	<b>660,543</b>

REVIEW OF OPERATING RESULTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

During the prior financial year, the deterioration in the South African economy was displayed through the reduction of the total revenue collected. Individual taxes collected were reduced due to job losses experienced in this period. Corporate income tax was also on the decline as more companies suffered reduced profits. The picture has changed in the current period, evidenced by the general increases in the revenues collected by SARS. Tax revenues increased during 2010/11 as a result of year on year increase in personal income tax (6%), Value Added Tax (VAT) (24%) and customs duties (36%).

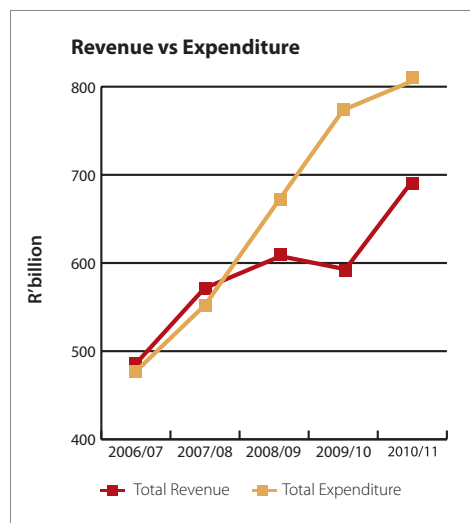
Total Revenue is also represented by Departmental Revenue, which are the total actual receipts received by departments and an increase in Surrenders (91 per cent) was also noted during the current year. For the full detailed analysis of what Departmental Revenue included, refer to Note 3 of the Notes to the Consolidated Financial Statements.

Other Receipts is analysed as follows:

Year Ended 31 March R' million	Actual 2009/10	Actual 2010/11
<b>Other Revenue</b>		
Other Surrenders	235	179
Non Operating Income: Extra Ordinary Receipts	5,653	10,800
<b>Total Other Revenue</b>	<b>5,888</b>	<b>10,979</b>

For the detailed analysis of Non Operating Income, refer to Note 6 of the Notes to the Consolidated Financial Statements.

**1.1 REVENUE VS EXPENDITURE**



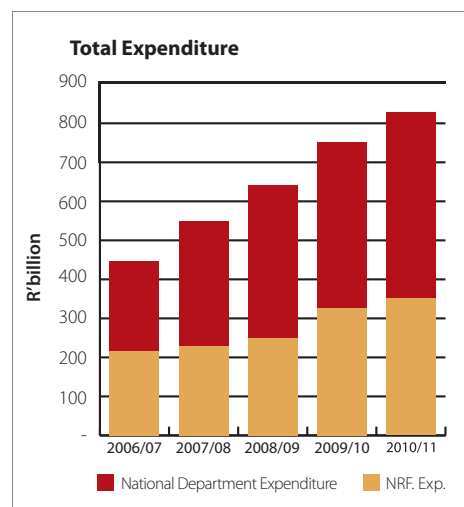
Illustrated in the graph (left) is revenue versus expenditure for national government. From the trends in the graph, it can be seen that generally, government has not been collecting enough revenue to fulfil its expenditure requirements. During the period 2007/08 to 2009/10, government revenue collection increased. In the 2009/10 financial year however, the recorded surplus receded into the negative and this has continued into the 2010/11 financial year, although an upward movement in revenues has been noted. Expenditure exceeds revenue by approximately R133 billion.

REVIEW OF OPERATING RESULTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

**2. TOTAL EXPENDITURE**

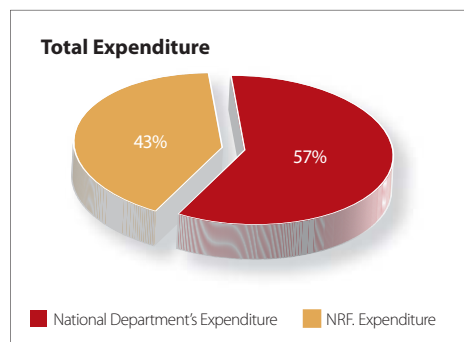
Year Ended 31 March <i>R' million</i>	Actual 2006/07	Actual 2007/08	Actual 2008/09	Actual 2009/10	Actual 2010/11
National Revenue Fund Expenditure	209,131	227,987	264,835	314,426	350,678
National Departments Expenditure	268,186	317,062	379,246	444,275	467,249
<b>Total Expenditure</b>	<b>477,317</b>	<b>545,049</b>	<b>644,081</b>	<b>758,701</b>	<b>817,927</b>
Increase in expenditure	14%	14%	18%	18%	8%



Total expenditure increased by 8 per cent in 2010/11, National departments' expenditure has accounted for approximately 57 per cent (2009/10: 59 per cent) of the total expenditure amount.

Total expenditure is made up of national department's expenditure plus the National Revenue Fund's (NRF) expenditure. Included in the national departments' expenditure are transfers and subsidies to provinces and municipalities of R111 billion, in the form of grants paid to provinces and municipalities.

The breakdown is disclosed in the graph below:





REVIEW OF OPERATING RESULTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

**2.1 NATIONAL REVENUE FUND EXPENDITURE**

The NRF's expenditure includes items such as debt-service costs and equitable share of transfers to provinces. The equitable share portion is then distributed to the provincial departments, who use these funds to perform their functions at the provincial sphere of government.

**2.1.1 Equitable Share to Provinces**

<b>Equitable Share</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
<b>R' billion</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>
Equitable share to provinces	149	171	204	240	265
% change from prior year	10%	15%	19%	18%	10%

Provinces received a 10 per cent increase in the equitable share, especially for education, health, and municipal infrastructure. The priorities at a provincial level for 2010/11 were:

- Health – to expand the provision of antiretroviral therapy
- Municipal Infrastructure – support to cushion poor households against the rising cost of electricity and water
- Social Development – for grants, including the extension of the child support grant up to 18 years of age
- Occupation – specific dispensation in education, health and correctional services
- Human Settlements – develop vibrant, equitable and sustainable rural communities

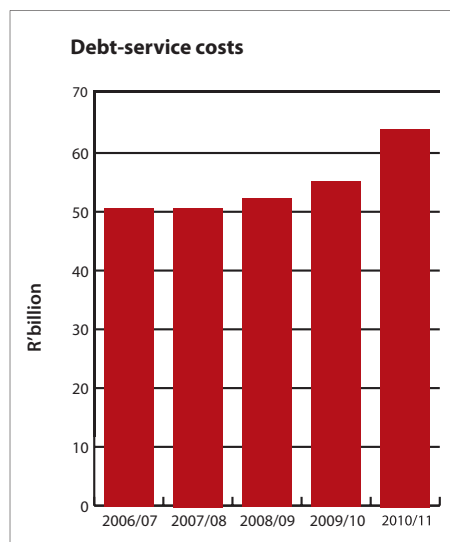
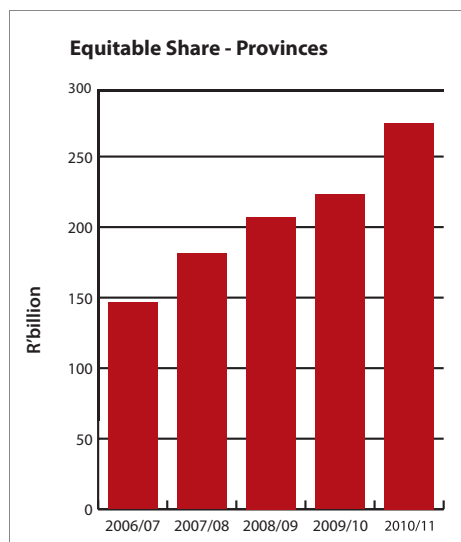
The equitable share transferred to the provinces has increased at an average rate of 15 per cent per annum over the last three years and has continued in the same trend for the current year.

Provinces therefore accounted for R265 billion in expenditure for the 2010/11 financial year (2009/10: R240 billion).

REVIEW OF OPERATING RESULTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

2.1.2 Debt-service Costs



Debt-service costs accounts for a major portion of total expenditure and is influenced by the volume of debt, new borrowing requirements and market variables such as interest rates, inflation and exchange rates. Government's debt management policy focuses on financing the net borrowing requirements at the lowest possible cost within risk benchmarks. The accompanying graph and table show the trends in debt-service costs since 2006/07.

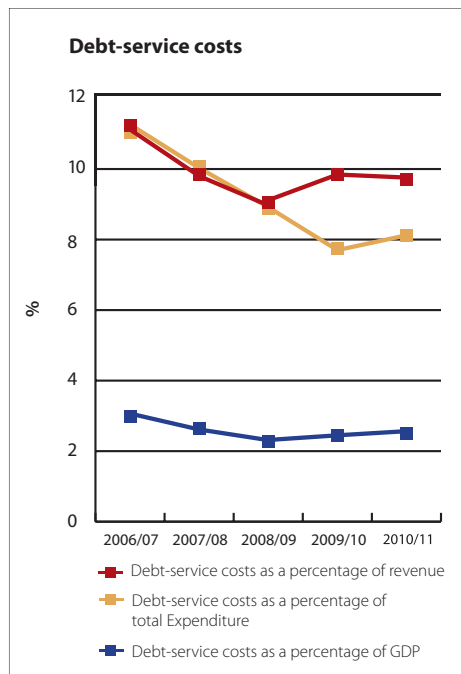
The year-on-year increases in debt-service costs declined over the period 2006/07 to 2007/08 on the back of a broadly balanced budget. Thereafter, it increased following a weaker fiscal position which resulted from the global economic downturn. For 2009/10, debt-service costs of R57.1 billion was incurred which is R2.9 billion lower than the

2009 Medium Term Budget Policy Statement (MTBPS) estimate of R60 billion. This is mainly because of bond switch programmes starting earlier than budgeted, a stronger exchange rate and a variance in bond funding mix.

Debt-service costs	Actual	Actual	Actual	Actual	Actual
R' million	2006/07	2007/08	2008/09	2009/10	2010/11
Domestic	47,679	48,227	48,727	52,170	60,820
Foreign	4,513	4,650	5,667	4,959	5,407
<b>Total Debt-Service costs</b>	<b>52,192</b>	<b>52,877</b>	<b>54,394</b>	<b>57,129</b>	<b>66,227</b>
Increase in costs	3%	1%	3%	5%	16%

REVIEW OF OPERATING RESULTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011



The table below shows debt-service costs as a ratio of revenue, expenditure and GDP. Rising debt service costs mean that lesser amounts are available for other important expenditure priorities such as health and education.

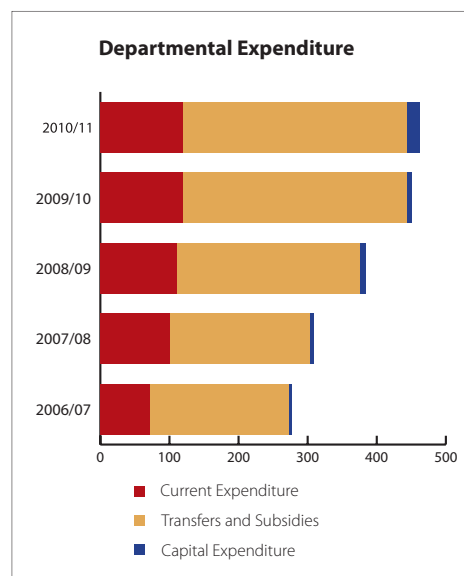
Debt-service costs As a percentage of	Actual 2006/07	Actual 2007/08	Actual 2008/09	Actual 2009/10	Actual 2010/11
GDP	2.9%	2.6%	2.3%	2.3%	2.5%
Expenditure	11.1%	9.8%	8.6%	7.5%	8.1%
Revenue	10.9%	9.5%	8.9%	9.6%	9.7%

REVIEW OF OPERATING RESULTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

2.2 NATIONAL DEPARTMENTS EXPENDITURE

National Department Expenditure R'million	Actual 2006/07	Actual 2007/08	Actual 2008/09	Actual 2009/10	Actual 2010/11
Current Expenditure	80,167	91,253	104,795	118,072	132,100
Transfers and Subsidies	181 664	217,740	264,858	315,332	302,701
Capital Expenditure	6,355	8,069	9,592	10,871	32,448
<b>Total</b>	<b>268,186</b>	<b>317,062</b>	<b>379,246</b>	<b>444,275</b>	<b>467,249</b>
Increase in expenditure	15.8%	18.2%	19.6%	17.1%	5.2%



National department expenditure has increased by 5.2 per cent from the prior to the current year. This equates to R23 billion. The movement is attributable mainly to an increase of R19 billion in Payments for financial assets. Other major movements include an increase of R12 billion in Compensation to employees and a decrease of R13 billion in Transfers and subsidies.

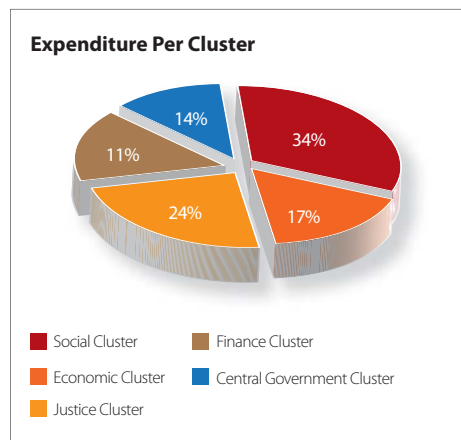
Total national department expenditure has grown by 76 per cent from 2006/07 to the current period under review. This illustrates the pace at which expenditure has grown to meet the spending needs of government. It also illustrates the growth in the economy over the years.

The National Departments are divided into clusters and the following table and graph illustrate the expenditure per cluster.

National Department Cluster Expenditure R'billion	Actual 2009/10	Actual 2010/11
Social Cluster	140	158
Economic Cluster	76	82
Justice Cluster	104	111
Finance Cluster	70	51
Central Government Cluster	54	65
<b>Total</b>	<b>444</b>	<b>467</b>

REVIEW OF OPERATING RESULTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011



The Social Cluster remains the largest spender of all the clusters, with an allocation of R161 billion from the NRF and expenditure of R158 billion. This is due to the priority placed by government on expanding the social assistance safety net over the past decade. Expenditure from the department of Social Development made transfers of R87.5 billion to households alone, which was an increase from the prior period's R79.2 billion.

The strong growth in social assistance grants has contributed significantly to poverty reduction and broadening income security over the past decade. There are 15 million people receiving grants in South Africa in 2010/11. The South African Social Security Agency (SASSA), who administer the social grant system, has decreased its deficit from R884 (2009/2010) million to R460 million (2010/11).

The next cluster in order of expenditure spend is the Justice and Protection Services Cluster. Additional funding of R2.1 billion was made available to the department of Police to increase the number of police personnel in the areas of visible policing, detective services, and crime intelligence services.

The department of Justice and Constitutional Development received additional funding of R490 million for the construction of two new high courts in Nelspruit and Polokwane, this will bring the total number of high courts to 16.

The department of Correctional Services received additional funds for the upgrading of information technology that will enhance the functioning of the criminal justice system.

The department of Defence has continued upgrading its equipment during 2010/11 as part of efforts to rejuvenate the Defence Force. Additional funds have been allocated to improve conditions of service, peace support operations to deploy soldiers to the country's borders and upgrade and improve border facilities and equipment. The main cost drivers are compensation of employees and capital acquisitions.

The third cluster contributing to the increase in expenditure is the Economic Cluster. The department of Transport was the biggest spender in the 2010/11 financial period. Their expenditure increased from R24.5 billion in 2009/10 to R25 billion in 2010/11, at an average annual rate of 2 per cent. This growth is mainly attributed to expenditure to improve national and provincial road maintenance, rail signalling and rolling stock and public transport infrastructure.

The Department of Environmental Affairs received an additional R191 million to implement measures that will address wildlife tracking, air quality, waste and coastline management and oil spill disasters. For climate change mitigation and the establishment of the green fund for South Africa, R1 billion is provided.

The Department of Rural Development and Land Reform was allocated R1.1 billion for the comprehensive rural development programme.

The Department of Human Settlements was allocated more funds for water and sanitation infrastructure associated with rural settlements. This expenditure was for the upgrading of human settlements through the new urban settlements development grant and the delivery of affordable rental housing.

The Department of Water Affairs was allocated more funds for the construction of new dams and ancillary infrastructure such as water treatment works and distribution pipelines, and the repair of existing bulk infrastructure.

REVIEW OF OPERATING RESULTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

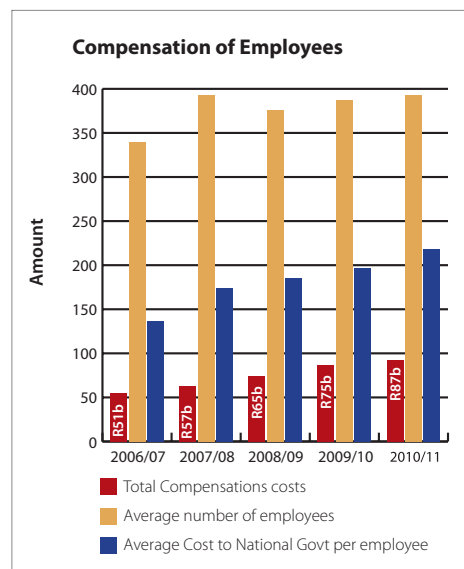
2.2.1 CURRENT EXPENDITURE

The major items of current expenditure are disclosed in the table below.

Major items of Current Expenditure <i>R' million</i>	Actual 2006/07	Actual 2007/08	Actual 2008/09	Actual 2009/10	Actual 2010/11
Compensation of employees	50,835	57,584	64,981	75,390	87,037
Goods and Services	28,099	32,244	38,255	41,660	44,204

2.2.1.1 Compensation of Employees

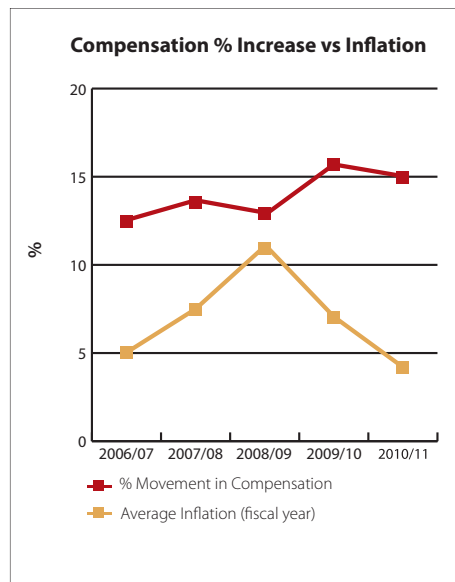
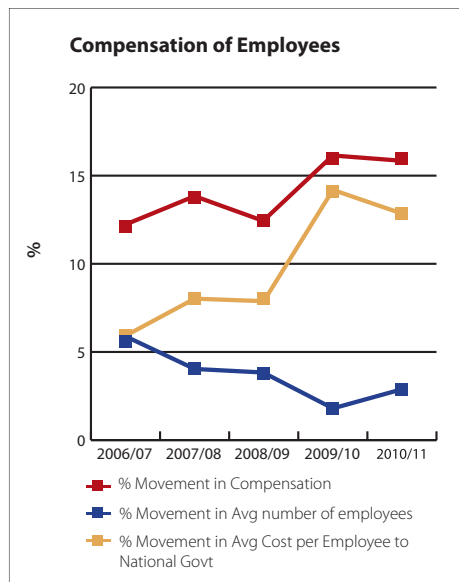
Description	Actual 2006/07	Actual 2007/08	Actual 2008/09	Actual 2009/10	Actual 2010/11
Total Compensations costs (R million)	50,835	57,584	64,981	75,390	87,037
Average number of employees	344,439	359,564	373,098	378,641	389,764
Average Cost to National Government per employee (Rands)	147,588	160,150	174,166	199,106	223,307



The above information illustrates the costs to national government departments and excludes provincial information. The average number of employees at national departments has increased steadily from 344,439 in 2006/07 to 389,764 in 2010/11 with Police employing the largest number of officials, accounting for approximately 50 per cent of the total number nationally. Compensation, in Rand terms, has grown from R50.8 billion in 2006/07 to R87 billion in 2010/11. Growth in expenditure from the prior year equates to R11.6 billion or 15 per cent.

REVIEW OF OPERATING RESULTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011



The graphs above also indicate the percentage movement in compensation of employees against the inflation rate over the same period. There are differential increases during 2005/06 and 2006/07, and then increases within a percentage of each other in 2008/09, and a vast difference again when the inflation rate declined drastically in 2009/10.

The majority of national department employees are employed in the Justice and Protection Services cluster with 333 665 (2009/10: 326 359) which equate to approximately 86 per cent of the total employees for the year under review. The Justice and Protection Services cluster includes, amongst others, the following departments which each employ a large number of civil servants:

Average number of Employees	Actual	Actual	Actual	Actual	Actual
Department	2006/07	2007/08	2008/09	2009/10	2010/11
Department of Police	159 422	168,261	177,951	185,668	190,887
Department of Defence	77 642	75,931	74,096	74,560	77,125
Department of Correctional Services	37 966	41,051	41,390	41,316	40,426

REVIEW OF OPERATING RESULTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

Department of Police

The department of Police (SAPS) employs the most number of staff in national government and hence their expenditure on compensation to employees is R38 billion and accounts for almost half of total compensation costs. The rapid increase in staff between 2005/06 and 2010/11 reflects the carry through effect of additional personnel at ports of entry and in railway environments. The strong growth in compensation at Police is set to grow over the medium term, mainly due to the employment of additional police officers for the newly established Directorate for Priority Crime Investigation.

Department of Correctional Services

Spending on compensation of employees increased at an average rate of 5 per cent between 2009/10 and 2010/11, even though the staff compliment decreased from 41,316 to 40,426 in the current year. The decrease in employees is attributable to a moratorium placed on the filling of vacant posts to fund the budget shortfall emanating from the Public Service Coordinating Bargaining Council resolution 1 of 2007.

Department of Defence

The department's staff compliment has increased from 74 000 to approximately 77 000 in 2010/11. The increase in the compensation is due to the annual salary increases of government employees. Compensation of employees is still the largest expenditure item in the budget of the department.

**Performance Awards**

<b>Performance Awards Information</b>	<b>Actual 2006/07</b>	<b>Actual 2007/08</b>	<b>Actual 2008/09</b>	<b>Actual 2009/10</b>	<b>Actual 2010/11</b>
Performance Awards (R mil)	532	591	668	599	485
Total Compensation of Employees	50,835	57,584	64,981	75,390	87,037
Performance awards as a % of Compensation	1.05%	1.03%	1.03%	0.80%	0.56%
Increase in Performance Awards	20%	11%	13%	-10%	-19%
Increase in Compensation	12%	13%	13%	16%	15%

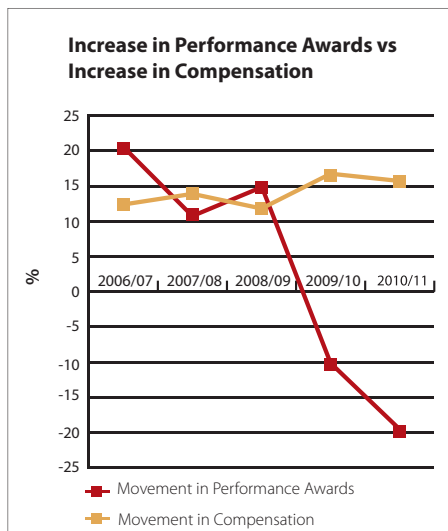
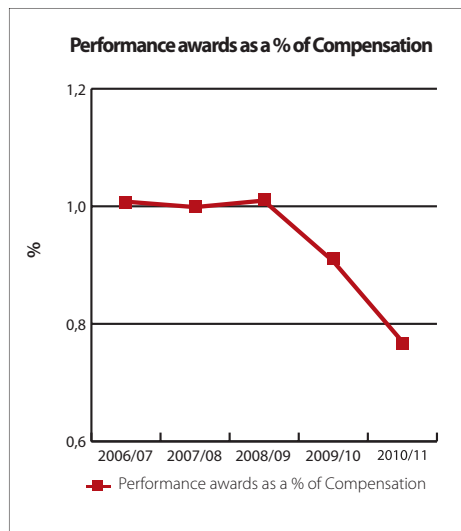
Performance awards have been on a downward trend in both 2009/10: -10 per cent and 2010/11: -19 per cent. The movement has not been in line with the increase in total compensation. This is as a result of reduction in payment of performance awards due to budget constraints and careful spending by departments as a result of the recession.

As can be seen, performance awards range between 0.56 per cent and 1.03 per cent of total compensation of employees. This amount is therefore a negligible portion when compared to total compensation.



REVIEW OF OPERATING RESULTS - *continued*

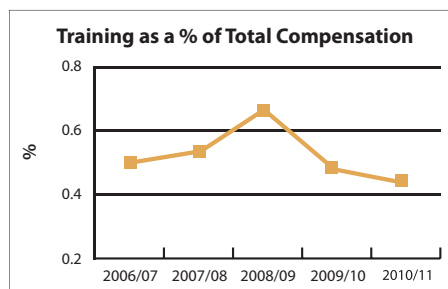
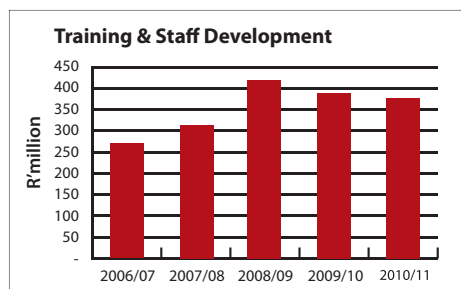
FOR THE YEAR ENDED 31 MARCH 2011



**Training and staff development costs**

Training and staff development costs are included in the goods and services costs but it is more appropriate to discuss these costs under compensation of employees as they have a direct relation to each other.

Training and staff development costs	Actual 2006/07	Actual 2007/08	Actual 2008/09	Actual 2009/10	Actual 2010/11
Training & Staff development (R mill)	261	311	426	398	385
Total Compensation of Employees	50,835	57,584	64,981	75,390	87,037
Training as a % of Compensation	0.5%	0.5%	0.7%	0.5%	0.4%



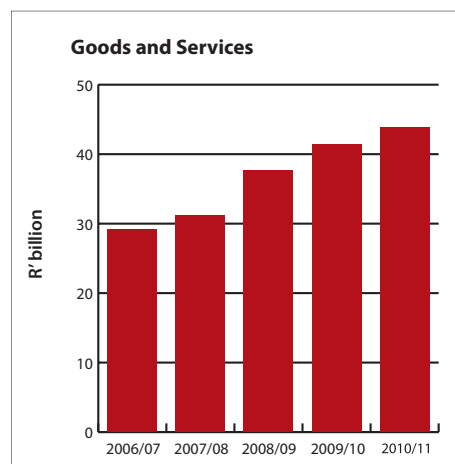
As can be seen above, training and staff development costs have risen gradually over the years. In 2010/11 these costs are 0.4 per cent of the total cost of compensation, which has returned to the average percentage of total cost of compensation it was for the past years. This slight decrease in the current year can also be attributed to cost cutting measures where training was offered only when necessary.

REVIEW OF OPERATING RESULTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

2.2.1.2 Goods and Services

R' million	Actual 2006/07	Actual 2007/08	Actual 2008/09	Actual 2009/10	Actual 2010/11
Goods and Services	28,099	32 244	38,255	41,660	44,204
Increase in expenditure	14%	15%	19%	9%	6%



Goods and services increased steadily over the years, albeit at a decreasing rate. 2009/10 saw a 9 per cent increase, while in 2010/11 only a 6 per cent increase. This can be attributed to cost cutting measures implemented by departments as requested by the Minister of Finance.

The major items making up goods and services are disclosed in the table below.

Major items of Goods and services R' million	Actual 2006/07	Actual 2007/08	Actual 2008/09	Actual 2009/10	Actual 2010/11
Consultants, contractors and special services	3,729	8,096	9,930	10,825	11,013
Inventory	4,711	5,017	6,153	6,289	6,511
Operating leases	3,644	4,007	4,445	5,376	6,061
Travel and subsistence	3,620	4,109	4,862	4,663	4,956
Computer Services	3,006	3,267	3,988	5,068	5,141
Owned and leasehold property expenditure	1,257	2,071	2,495	3,174	3,834
Communication	1,386	1,461	1,532	1,640	1,625
Other	6,746	4,216	4,850	4,625	5,063
<b>Total</b>	<b>28,099</b>	<b>32,244</b>	<b>38,255</b>	<b>41,660</b>	<b>44,204</b>

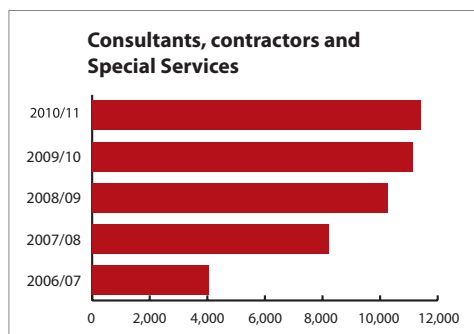
REVIEW OF OPERATING RESULTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

The major items of goods and services accounted for 76 per cent of the total goods and services expenditure in 2006/07, increasing to 89 per cent in the 2010/11 year. This increase has remained relatively stable in comparison to the previous two years.

**Consultants, Contractors and Special Services**

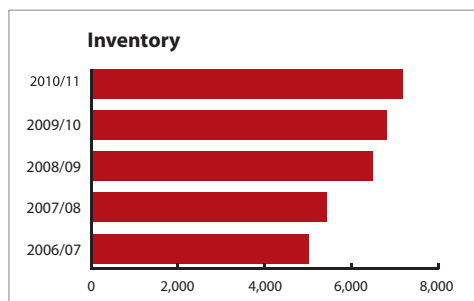
R' million	Actual 2006/07	Actual 2007/08	Actual 2008/09	Actual 2009/10	Actual 2010/11
Consultants, contractors and special services	3,729	8,096	9,930	10,825	11,013
% Increase from prior year	33%	117%	23%	9%	2%



Payment of consultants, contractors and special services (CCSS) has increased by only 2 per cent, which is the lowest compared to the previous years. Most departments still use consultants for work that requires specialised expertise, but focus is starting to be placed on the skills transfer and development of permanent staff and less on consultants spending.

**Inventory**

R' million	Actual 2006/07	Actual 2007/08	Actual 2008/09	Actual 2009/10	Actual 2010/11
Inventory	4,711	5,017	6,153	6,289	6,511
% Increase from prior year	12%	6%	23%	2%	4%



Inventory purchases did not increase significantly, with only a 4 per cent increase in the 2010/11 year. An average increase of 9 per cent for the past five years has ensured a stable spending for inventory.

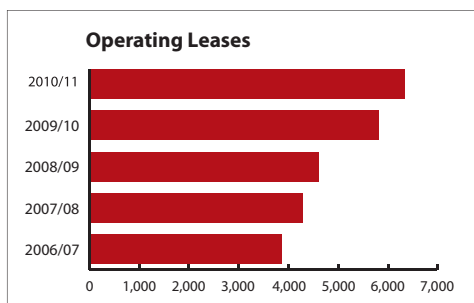
For the year under review, inventory spending has increased by approximately R222 million. The Justice and Protection Services cluster remains the biggest spender in inventories. The major purchases of inventory were made by Defence, R3.5 billion mainly for the upgrade of the main weapon systems and technology and Police approximately R1.4 billion.

REVIEW OF OPERATING RESULTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

**Operating Leases**

R' million	Actual 2006/07	Actual 2007/08	Actual 2008/09	Actual 2009/10	Actual 2010/11
Operating Leases	3,644	4,007	4,445	5,376	6,061
% Increase from prior year	52%	10%	11%	21%	13%

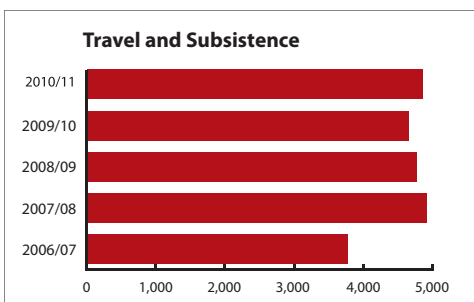


Operating leases increased by 13 per cent in the current year, which is lower than that of the previous year. The biggest spenders were the departments of Police and Correctional Services who spent R1.5 billion and R1.1 billion respectively for the year.

In total the Justice and Protection Services cluster accounts for R3.9 billion, the Central Government Cluster accounts for R1 billion and the Economic Services and Infrastructure Development cluster accounts for R0.7 billion of spending on operating leases.

**Travel and Subsistence**

R' million	Actual 2006/07	Actual 2007/08	Actual 2008/09	Actual 2009/10	Actual 2010/11
Total Travel and subsistence	3,620	4,108	4,862	4,663	4,956
% Increase from prior year	13%	13%	14%	-4%	6%



Travel and subsistence shows a 6 per cent increase over the past financial year. The Justice cluster accounts for R 2 billion while the Central Government Administration cluster spent R1 billion.

The major spenders within the Justice cluster were again Police and Defence who spent R0.7 billion each followed by the department of Justice with R0.5 billion.

The Economic Services and Infrastructure Development cluster spent R0.9 billion.

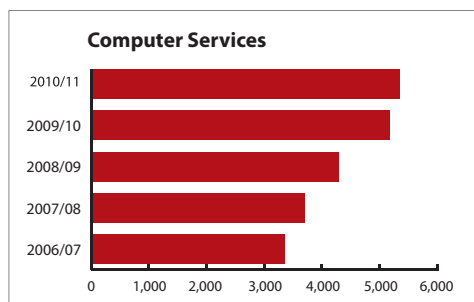
Local travel accounts for the majority of the expenditure on travel across all the clusters.

REVIEW OF OPERATING RESULTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

**Computer Services**

R' million	Actual 2006/07	Actual 2007/08	Actual 2008/09	Actual 2009/10	Actual 2010/11
Computer Services	3,006	3,267	3,988	5,068	5,141
% Increase from prior year	-6%	9%	22%	27%	1%

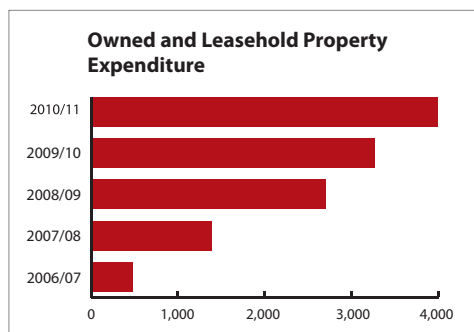


Computer services' spending has increased by 1 per cent from the prior year. This equates to a R73 million increase. Expenditure on computer services has, on average, increased by approximately 71 per cent since the 2006/07 year. This is evident of the country's improvement in information systems infrastructure.

The big spender was Police with R1.5 billion mainly for technological advancements.

**Owned and Leasehold Property Expenditure**

R' million	Actual 2006/07	Actual 2007/08	Actual 2008/09	Actual 2009/10	Actual 2010/11
Owned and leasehold property expenditure	375	1,257	2,495	3,174	3,834
% Increase from prior year		235%	99%	27%	21%



This expenditure line item has increased in the current year by 21 per cent compared to the 99 per cent increase in 2008/09 and the 235 per cent seen in 2007/08.

The major spenders in this area are again Police with R0.9 billion, Correctional Services R0.8 billion while, Justice and Defence each spending approximately R0.5 billion.

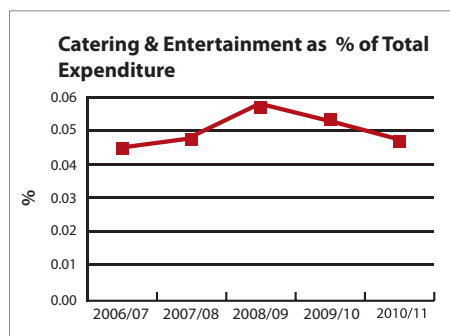
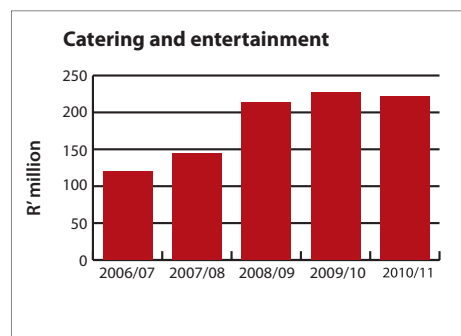
REVIEW OF OPERATING RESULTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

The following items are not considered major expenditure items but are included due to their nature.

**Catering and entertainment**

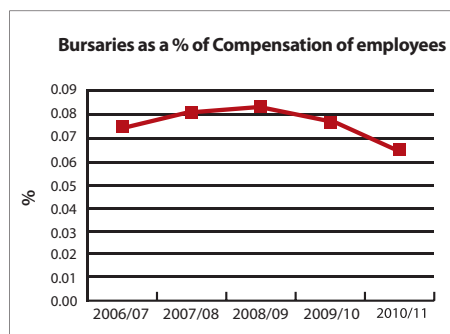
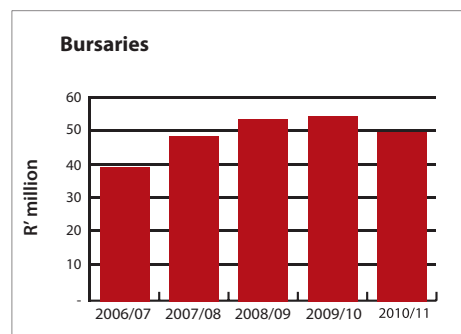
R' million	Actual 2006/07	Actual 2007/08	Actual 2008/09	Actual 2009/10	Actual 2010/11
Catering and Entertainment	120	149	214	229	218



Catering and entertainment has stabilised in value over the last three years. It now sits at 0.047 per cent of total departmental expenditure, which is within the mean average over the last five years. The catering and entertainment expenditure is therefore insignificant in comparison to total expenditure costs. The reduction is due to cost cutting measures as a result of challenging economic conditions.

**Bursaries**

R' million	Actual 2006/07	Actual 2007/08	Actual 2008/09	Actual 2009/10	Actual 2010/11
Bursaries	38	47	54	54	50



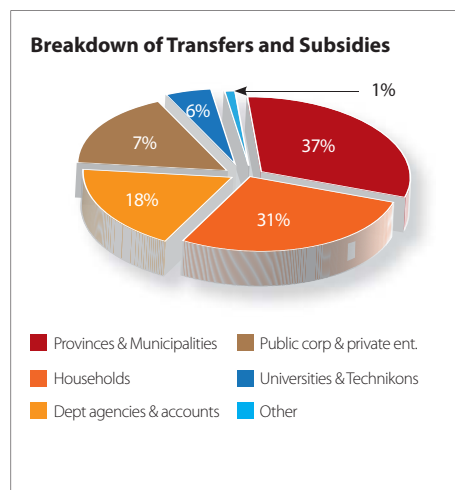
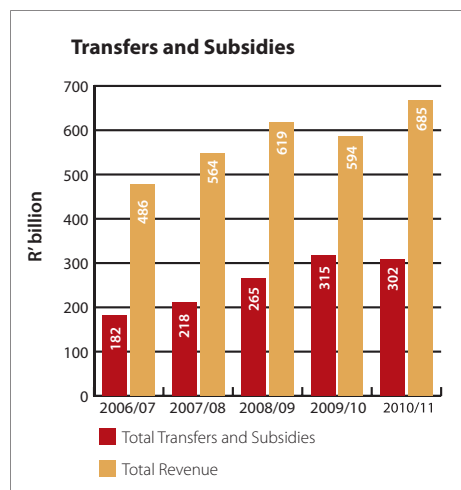
Bursary expenditure remains relatively low for the current year, at R50 million, which is a decrease from the prior year's R54 million. The bursary expenditure as a percentage of compensation is also very low, only accounting for 0.06 per cent of total compensation of employees.

REVIEW OF OPERATING RESULTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

2.2.2 TRANSFERS AND SUBSIDIES

Transfers and Subsidies R' million	Actual 2006/07	Actual 2007/08	Actual 2008/09	Actual 2009/10	Actual 2010/11
Provinces and Municipalities	54,774	70,375	86,030	98,839	111,098
Households	61,705	69,308	79,206	89,687	95,581
Departmental agencies and accounts	37,733	43,300	52,224	57,170	55,675
Public corporations and private enterprises	14,688	20,812	31,002	51,374	20,118
Universities and technikons	11,056	12,004	13,898	15,452	17,727
Other	1,708	1,895	2,179	2,638	2,296
<b>Total</b>	<b>181,664</b>	<b>217,694</b>	<b>264,539</b>	<b>315,160</b>	<b>302,495</b>
Increase from prior year	18%	20%	22%	19%	-4%
As a % of Total Revenue	37%	39%	43%	53%	44%
As a % of Total Expenditure	38%	40%	41%	42%	37%



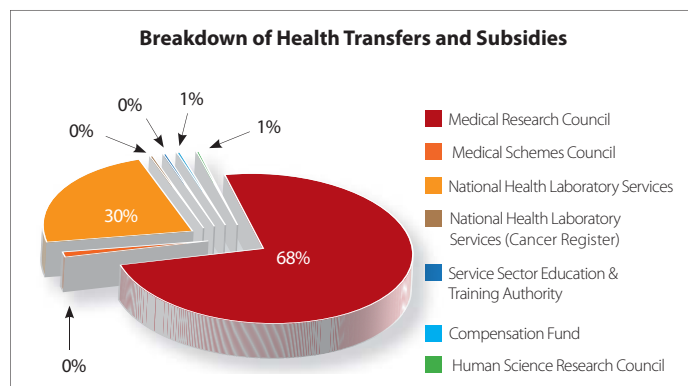
Transfers and subsidies have decreased by 4 per cent from the previous year, equating to R 12.6 billion. A decrease of R31 billion was due to transfers to Public corporations and private enterprises, R1 billion due to Departmental agencies and accounts. There was however, an increase in transfers to Provinces and municipalities of R12 billion, to Households of R6 billion and to Universities and technikons of R2 billion.

The **Social Services cluster** is the biggest spender in this area with expenditure of R153 billion. The next spenders are the Economic Services and Central Government Administration clusters at R67 billion and R50 billion respectively.

Government offers a range of subsidies to promote industrial development. Progressive extension of the social security net will continue over the period ahead. During the year under review, a total of R87 billion was paid out by the department of Social Development to households. These cash grants provided income support to people whose livelihoods were most at risk. The available grants are the old age pension, the disability, child support, foster care, care dependency and war veterans' grant; and the grant in aid and social relief.

REVIEW OF OPERATING RESULTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011



As can be seen in the pie chart (left), the Medical Research Council received a large chunk of the transfers and subsidies from the department of Health. The reason for this large transfer is the focus being placed on development of the HIV vaccine and prevention against the virus. Large payments are required for research collaborators to speed up the process of researching and developing this vaccine. Spending has also been allocated to Tuberculosis programmes.

Transfers and subsidies of the department of Health totalled R20 billion for 2010/11 and the programmes in the accompanying graph received allocations.

The Department of Education has also increased its transfers to the various tertiary institutions throughout South Africa.

In the **Finance Cluster**, the National Treasury accounted for R25 billion of total transfers and subsidies. This is over 97 per cent of the transfers and

subsidies in that cluster. The major difference in movement from the prior year is attributable to the large transfer of R20 billion that was made to Eskom.

In 2007, government approved a strategy to create integrated rapid transport networks. The development of a safe, reliable and accessible public transport system remains a key priority. Construction associated with the Gauteng freeway improvement scheme began during the year and these costs are to be recovered over time through toll revenue.

Spending on road infrastructure by the department of Transport over the next three years is expected to be around R10.4 billion. Some significant transfers to various entities have been depicted.

The Department of Housing has also continued to increase grant payments to the provinces as can be seen in the table which follows. The human settlement grant has been increased from R7 billion in 2007/08 to R12.9 billion in 2010/11 to support increased delivery in the housing programme, while a new urban settlements development grant has been created. Investments in the built environment are aimed at expanding access to basic household services and providing infrastructure that links communities to economic opportunities.

A key focus is to support the elimination of informal housing, and the development of sustainable settlements. The aim is to reduce spatial disparities and create safe, vibrant neighbourhoods.

Depart of Transport Transfers to (R' million)	Actual 2009/10	Actual 2010/11
National Sea Rescue Institute	983	1,042
SANTACO	13,952	14,789
International Civil Aviation Organisation	2,821	2,990
Passenger Rail Authority of South Africa	7,482	8,765
South African National Roads Agency	5,815	6,844
<b>Total</b>	<b>31,053</b>	<b>34,430</b>

Housing Transfer to Province (R' million)	Actual 2008/09	Actual 2009/10	Actual 2010/11
Eastern Cape	981	1,313	1,637
Free State	859	963	1,038
Gauteng	2,807	3,187	3,887
Kwazulu-Natal	1,622	2,331	2,768
Limpopo	825	997	1,365
Mpumalanga	697	795	976
Northern Cape	219	325	447
North West	862	1,100	1,188
Western Cape	1,306	1,581	1,869
<b>Total</b>	<b>10,178</b>	<b>12,592</b>	<b>15,175</b>

Since 1994 nearly 3 million houses have been financed by the department of Human Settlements and its predecessor. Over the next three years, a total of R35.8 billion has been allocated for housing needs. To improve inter-governmental co-ordination, systems have been put in place to ensure closer scrutiny of housing delivery and evaluate progress made thus far.

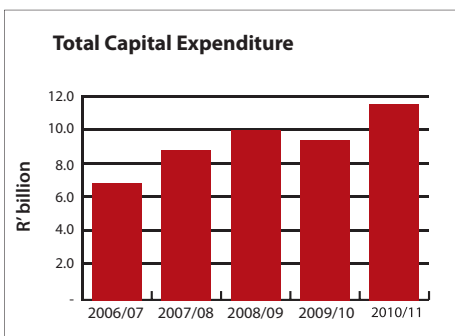


REVIEW OF OPERATING RESULTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

2.2.2 EXPENDITURE FOR CAPITAL ASSETS

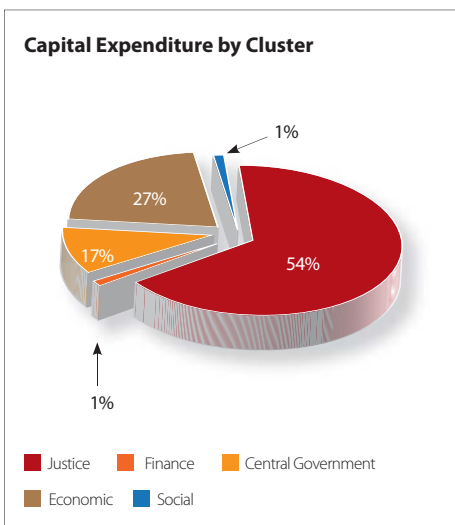
Capital Expenditure R' million	Actual 2006/07	Actual 2007/08	Actual 2008/09	Actual 2009/10	Actual 2010/11
Total capital expenditure	6,355	8,069	9,592	8,705	11,243
% change from prior year	-12%	27%	19%	-9%	29%



Capital expenditure increased by 29 per cent during the current year, from R8.7 billion to R11.2 billion. The majority of capital expenditure was on buildings and other fixed structures which accounted for R5.4 billion or 54 per cent of the total. R4.6 billion went to the purchase of machinery and equipment.

Defence was the largest spender in this area, spending R3.5 billion, followed by Police at R1.4 billion and Correctional Services at R0.6 billion.

Defence's major project was the rebuilding of the runway at the Air Force Base Waterkloof, on which R0.7 billion has been spent to date. Police earmarked its spend on infrastructure mainly for the upgrading of police stations, and an increase on office accommodation in conjunction with the department of Public Works. A forensics laboratory complex has been built in the Western Cape and approximately R0.3 billion has been spent to date.



The department of Water Affairs spent R1.3 billion on buildings and other fixed structures. Some large projects underway include the Mooi-Mgeni transfer scheme phase 2, Komati River water scheme augmentation project, the raising of the Clanwilliam Dam, Mokolo and Crocodile River (West) water augmentation project phase 1 and 2, just to mention a few.

Expenditure by cluster shows that the Justice and Protection Services cluster accounts for 55 per cent of total capital expenditure, followed by the Economic Services cluster and then the Central Government cluster.

Please note that this capital expenditure is only for national departments and excludes the capital expenditure of provinces. Therefore, the capital expenditure by government as a whole exceeds the R11 billion disclosed above

REVIEW OF OPERATING RESULTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

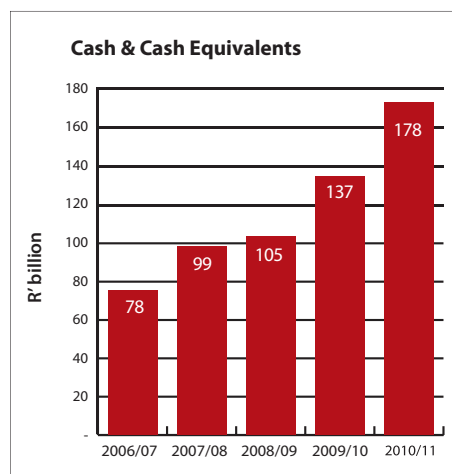
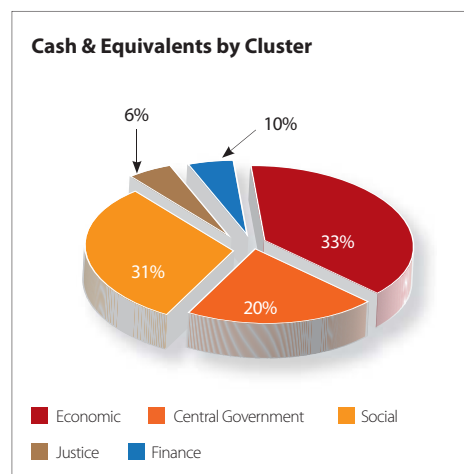
### 3. ASSETS

#### 3.1 CASH & CASH EQUIVALENTS

Cash & cash equivalents R' billion	Actual 2006/07	Actual 2007/08	Actual 2008/09	Actual 2009/10	Actual 2010/11
Cash and equivalents	78	99	105	137	178
% change from prior year	26%	27%	6%	30%	30%

Cash and cash equivalents stands at R178 billion, with the National Revenue Fund holding the bulk of the cash with R170 billion. Government's total cash includes deposits held at the SARB and commercial banks. The SARB uses the deposits that it holds to compensate the excess cash created in the money market when purchasing foreign exchange reserves.

National Revenue Fund holding of cash R'million	2007/08	2008/09	2009/10	2010/11
Commercial Banks	30,497	31,284	38,418	44,256
South African Reserve Bank				
Corporation for Public Deposits	202	3,973	975	
Exchequer account	1	1		
Sterilisation deposits	63,109	66,091	67,157	67,157
Foreign currency deposits			24,749	58,597
Escrow Investment account				146
Other			357	205
US \$ equivalent of foreign cash balances			\$3,4bn	\$8,6bn
<b>Total</b>	<b>93,809</b>	<b>101,349</b>	<b>131,656</b>	<b>170,361</b>



Cash deposits with the Reserve Bank comprise the following:

- Deposits in Rand used to compensate the excess cash created in the money market when buying foreign exchange reserves
- Foreign exchange deposits made from money borrowed in international markets, or from purchases in the local market
- Investments with the Corporation for Public Deposits.

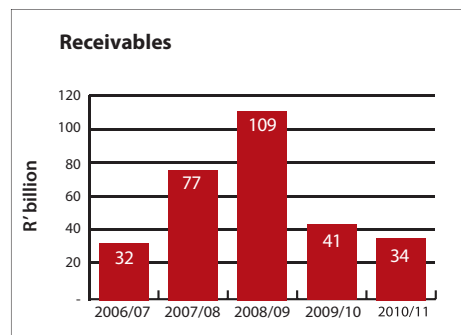
Operational cash available to finance the borrowing requirement is held in the National Treasury tax and loan accounts with the four commercial banks and in foreign currency accounts with the SARB. The level of operational cash is determined by future cash requirements. Sterilisation deposits are not readily available to finance government expenditure in view of their role in managing money market liquidity.

REVIEW OF OPERATING RESULTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

3.2 RECEIVABLES

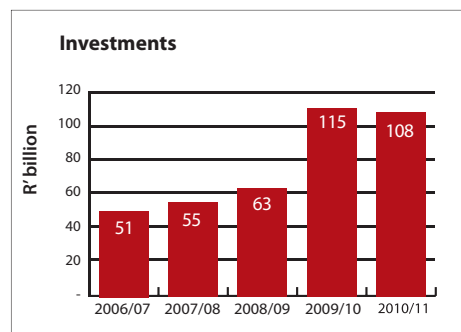
Investments R' billion	Actual 2006/07	Actual 2007/08	Actual 2008/09	Actual 2009/10	Actual 2010/11
Receivables	32	77	109	41	34



This majority of total receivables is made up of a receivable of R28 billion in respect of the Gold and Foreign Exchange Contingency Reserve account (GFECRA). This represents the net of profits and losses arising from exchange forward cover provided by the SARB, as well as from the periodic revaluations of the SARB's foreign exchange reserves, foreign loans and gold reserves, and an exchange margin payable to the SARB on all foreign exchange transactions on behalf of government. Following the agreed settlement methodology between National Treasury and the SARB only transactions with a cash flow impact will be settled. Transactions of a non-cash flow nature, such as revaluation profits and losses, will not be settled.

3.3 INVESTMENTS

Investments R' billion	Actual 2006/07	Actual 2007/08	Actual 2008/09	Actual 2009/10	Actual 2010/11
Investments	51	55	63	115	108
% Increase from prior year	8%	7%	15%	83%	-6%



Total investments decreased to R108 billion for the current year. This represents a 6 per cent decrease from the prior year, approximating R 7 billion. A R7.4 billion decrease in Investments listed at issue price was seen during the current period within the NRF.

The major investments of government are listed in the table which follows. This gives the actual Rand amount of the investments held by government for the past two years. Most investments have remained similar in the current year with little or no movement.

REVIEW OF OPERATING RESULTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

<b>Actual R'million</b>	<b>Actual 2009/10</b>	<b>Actual 2010/11</b>
Alexkor Limited	50	50
Aventura Limited	60	60
Broadband Infraco (Pty) Limited	1,212	1,351
Denel (Pty) Ltd	5,476	5,476
Safcol Limited	318	318
South African Airways (Pty) Ltd	3,598	3,598
Transnet Limited	12,661	12,661
Passenger Rail Authority of South Africa Ltd.	4,248	4,248
South African Express (Pty) Ltd	585	585
Vodacom Group Limited	12,174	12,174
S.A. National Roads Agency Ltd.	1,091	1,091
NHFC	880	880
Telkom SA Limited	2,070	2,070
South African Post Office Limited	201	201
DBSA	200	200
IDC	1,392	0
International Bank for Reconstruction and Development	11,031	11,912
African Development Bank	8,207	8,862
<b>Total</b>	<b>65,454</b>	<b>65,737</b>

**3.4 LOANS**

<b>Total loans R'billion</b>	<b>Actual 2008/09</b>	<b>Actual 2009/10</b>	<b>Actual 2010/11</b>
Loans	11	45	65

Loans have increased by 45 per cent from the prior year which equates to a R20 billion movement. In 2008, government approved a 30-year subordinated loan of R60 billion in support of Eskom's capital expansion programme. During 2010/11, the outstanding R20 billion was drawn against this loan facility. Eskom will be required to repay the loan with interest when its credit matrix improves to an investment grade rating.

REVIEW OF OPERATING RESULTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

## 4. LIABILITIES

### 4.1 CURRENT PAYABLES

Payables R' billion	Actual 2006/07	Actual 2007/08	Actual 2008/09	Actual 2009/10	Actual 2010/11
Payables	3	5	6	8	8
% change from prior year	33%	53%	33%	34%	-10%

Payables have remained at a relatively low value of R8 billion, from the 2009/10 year. The NRF accounts for the majority of the payables at approximately R6 billion. These include R1.4 billion for voted funds to be transferred, R1.9 billion for unauthorised expenditure not funded by the revenue fund and other payables of R2.6 billion.

### 4.2 PROVISIONS

Provisions R' billion	Actual 2006/07	Actual 2007/08	Actual 2008/09	Actual 2009/10	Actual 2010/11
Provisions	44	50	58	76	69
% change from prior year	74%	14%	14%	32%	-10%

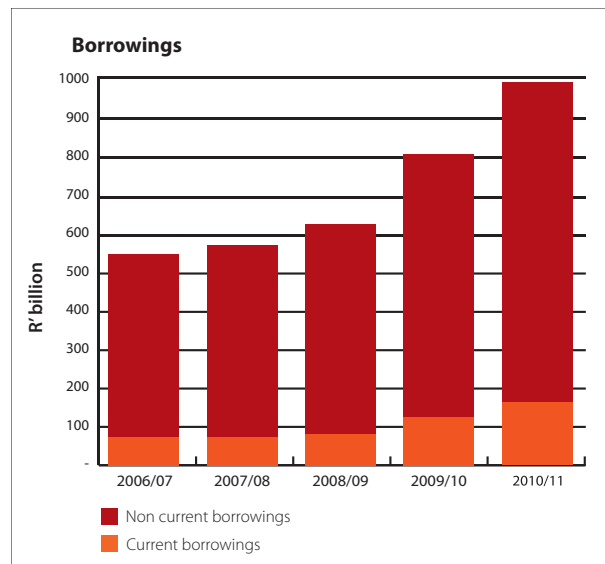
Provisions have decreased by 10 per cent in the current year to R69 billion. The movements arise mainly from decreases in the International Monetary Funds' Securities Account and SDR Allocations of approximately R2.9 billion each. Other major movements arise from decreases in the provisions for the International Bank for Reconstruction and Development R0.8 billion, African Development Bank R0.5 billion and leave credits of approximately R0.5 billion.

### 4.3 CURRENT AND NON-CURRENT BORROWINGS

Borrowings R' billion	Actual 2006/07	Actual 2007/08	Actual 2008/09	Actual 2009/10	Actual 2010/11
Current borrowings	83	83	73	128	170
Non-current borrowings	469	493	552	676	820
Total	552	576	626	804	990
% change from prior year	5%	4%	9%	28%	23%

REVIEW OF OPERATING RESULTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011



Government's gross borrowing requirements are financed through the issuance of domestic short-term, long-term, and foreign loans. Domestic loans consist mainly of Treasury bills, fixed-income and inflation linked bonds. The rise in debt stock since 2009/10 is the result of higher budget deficits because of the global economic downturn. Total debt has increased by 23 per cent for the current year compared to the average rate of 14 per cent for the last three years. The total gross debt figure now stands at R990 billion. Government's debt levels are affected by the net borrowing requirement, discount on loans, increases/decreases due to revaluation of foreign loans and the revaluation of inflation-linked bonds. Total government debt is shown in the following table:

**Total National Government Debt**

R billion	2006/07	2007/08	2008/9	2009/10	2010/11
Domestic debt <sup>1</sup>	469.6	479.4	528.4	704.2	892.2
Foreign debt	82.6	96.2	97.3	99.5	97.9
<b>Gross loan debt</b>	<b>552.2</b>	<b>575.6</b>	<b>625.7</b>	<b>803.7</b>	<b>990.1</b>
Less: National Revenue Fund bank balances	-75.3	-93.8	-101.4	-131.7	-111.4
<b>Net loan debt</b>	<b>476.9</b>	<b>481.8</b>	<b>524.3</b>	<b>672.0</b>	<b>878.7</b>
<i>As percentage of GDP:</i>					
Net loan debt	26.0	23.2	22.6	27.4	32.9
Foreign debt	4.5	4.6	4.2	4.1	3.7

1. Excludes unamortized interest on zero coupon bonds.

Net loan debt consists of total domestic and foreign debt less the cash balances of the NRF. Over the period 2006/07 to 2010/11, net loan debt as a percentage of GDP increased from 26.0 per cent to 32.9 per cent.

REVIEW OF OPERATING RESULTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

**5. NET SURPLUS/ (DEFICIT) RECONCILIATION**

The table below reflects the reconciliation of the deficit per consolidation to the budget review.

RECONCILIATION TO NET SURPLUS/(DEFICIT) AS REFLECTED IN THE Budget Review	Revised Estimate	Actual Outcome	As Published In
R' millions	2010/11	2009/10	2009/10
<b>Surplus/Deficit per Income Statement (NRF)</b>	<b>-153,031</b>	<b>-195,138</b>	<b>-196,106</b>
Add back non-cash movement	8,331	24,944	25,913
(Increase)/Decrease in revenue	-13,357	-5,848	-7,817
Movement in Annual Appropriation: Net Financing	7,455	8,326	6,706
<b>Other receipts:</b>			
Armaments Purchases- Exchange Rate Profit	-	-	-
Exchange rate profit : ECA Loans	-39	-742	-742
Recovery of criminal assets	-50	-52	-52
Surplus: SARB	-	-	-
Surplus: CPD	-	-	-
Surrenders	-1	-165	-165
<b>Extra-ordinary receipts:</b>			
Surplus on Corporation for Public Deposits	-	-6	-6
Premium on issuance bonds for financing	-1,559	-1,631	-1,631
Premium on debt portfolio restructuring	-131	-	-
Penalties on Retail Bonds	-1	-1	-1
Agricultural Debt Account Surrender	-	-	-
Surplus cash from ICASA	-	-9	-9
Vodacom/Vodafone transaction	-	-3,934	-3,934
Special dividends	-362	-538	-538
Liquidation of SASRIA investments	-150	-105	-105
Winding Diabo Share Trust	-	-	-
Penalties on Forfeits from SARB	-	-	-
Saambou Bank Liability	-20	-	-
Equalisation Fund account transfer	-700	-	-
Escrow Investment Account	-1	-	-

REVIEW OF OPERATING RESULTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

RECONCILIATION TO NET SURPLUS/(DEFICIT) AS REFLECTED IN THE Budget Review	Revised Estimate	Actual Outcome	As Published In
R' millions	2010/11	2009/10	2009/10
Profit on Conversion of Foreign currency transactions	-134	-211	-211
<b>Other payments:</b>			
RDP Funds due prior to Amendment Act no. 79 of 1998	-	1	1
RE-Imbursement on Retail Bonds	-	2	2
Recovery of criminal assets	-	4	4
Leave credits	-534	689	689
Premium Paid	227	-	-
Exchange Rate Loss: Escrow Account	1	-	-
Other expenditure	21	5	5
<b>Extra-ordinary payments:</b>			
Premium on debt portfolio restructuring	-	-	-
Premium on Script Lending	-	-	-
Losses on GEFRECA	173	181	181
Loss on conversion of Foreign currency transactions	440	435	435
Appropriation for unauthorised expenditure approved	8,993	6,219	-
Expenditure in terms of an Act of Parliament	-	56	56
<b>Surplus/Deficit per Budget Review</b>	<b>-143,361</b>	<b>-167,518</b>	<b>-177,325</b>
Items as specified above	-9,670	-27,620	-18,781
<b>Surplus per the NRF Statement of Financial Performance</b>	<b>-153,031</b>	<b>-195,138</b>	<b>-196,106</b>
Aggregated surplus/(deficit) of the National Departments	12,706	5,664	6,228
Add back unauthorised, fruitless & wasteful expenditure	-	-	-
<b>Surplus/Deficit per CAFS</b>	<b>-140,325</b>	<b>-189,474</b>	<b>-189,878</b>
<b>Analysis of the aggregated surplus of the National Departments</b>			
Statutory and Voted Funds to be surrendered to NRF	-141,144	-189,613	-190,017
Departmental sourced revenue	95	50	50
Local and foreign aid assistance	724	89	89
	<b>-140,325</b>	<b>-189,474</b>	<b>-189,878</b>



REVIEW OF OPERATING RESULTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

**6. ACTUAL EXPENDITURE VS. ADJUSTED APPROPRIATION 2010/11**

Name of Department	Actual Expenditure Excluding Unauthorised Expenditure funded by NRF/PRF	Adjusted Appropriation	Variance	% Variance
	R'000	R'000	R'000	
<b>Central Government Administration</b>	<b>64,157,801</b>	<b>64,603,398</b>	<b>328,888</b>	<b>0.5%</b>
Presidency	835,891	807,463	-28,428	-3.5%
Parliament	1,201,621	1,201,621	-	0.0%
Cooperative Governance and Traditional Affairs	44,456,410	44,573,119		
Home Affairs	6,521,694	5,834,390	-687,304	-11.8%
International Relations and Cooperation	4,417,183	4,715,818	298,635	6.3%
Public Works	6,615,083	7,364,797	749,714	10.2%
Women Children and People with Disabilities	109,919	106,190	-3,729	-3.5%
<b>Financial and Administrative Services</b>	<b>50,645,747</b>	<b>54,075,179</b>	<b>3,429,432</b>	<b>6.3%</b>
Government Communications and Information Systems	522,329	550,184	27,855	5.1%
National Treasury	47,260,386	50,209,414	2,949,028	5.9%
Public Enterprise	540,001	555,549	15,548	2.8%
Public Service and Administration	628,165	658,653	30,488	4.6%
Statistics S A	1,694,866	2,101,379	406,513	19.3%
<b>Social Services</b>	<b>149,544,195</b>	<b>153,083,331</b>	<b>3,539,136</b>	<b>2.3%</b>
Arts and Culture	2,248,819	2,441,245	192,426	7.9%
Basic Education	5,515,077	6,171,999	656,922	10.6%
Health	20,918,579	21,661,512	742,933	3.4%
Higher Education and Training	23,752,354	23,776,202	23,848	0.1%
Labour	1,826,310	1,835,823	9,513	0.5%
Social Development	94,031,030	95,941,061	1,910,031	2.0%
Sport and Recreation SA	1,252,026	1,255,489	3,463	0.3%

REVIEW OF OPERATING RESULTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

Name of Department	Actual Expenditure Excluding Unauthorised Expenditure funded by NRF/PRF	Adjusted Appropriation	Variance	% Variance
	R'000	R'000	R'000	
<b>Justice and Protection Services</b>	<b>109,484,288</b>	<b>110,318,576</b>	<b>834,288</b>	<b>0.8%</b>
Correctional Services	14,698,843	15,427,465	728,622	4.7%
Defence	30,442,371	30,442,591	220	0.0%
Independent Complaints Directorate	128,444	131,435	2,991	2.3%
Justice and Constitutional Development	10,684,930	10,787,345	102,415	0.9%
Justice	8,189,658	8,278,811	89,153	1.1%
NPA	2,495,272	2,508,534	13,262	0.5%
Police	53,529,700	53,529,740	40	0.0%
<b>Economic Services and Infrastructure Development</b>	<b>81,763,030</b>	<b>84,258,139</b>	<b>2,494,109</b>	<b>3.0%</b>
Agriculture, Forestry and Fisheries	3,850,664	3,953,854	103,190	2.6%
Communications	1,426,477	2,138,001	711,524	33.3%
Economic Development	400,674	449,840	49,166	10.9%
Energy	5,505,386	5,648,664	143,278	2.5%
Environmental Affairs	2,390,023	2,488,514	98,491	4.0%
Human Settlements	16,091,953	16,291,759	199,806	1.2%
Minerals Resources	994,697	995,842	1,145	0.1%
Rural Development and Land Reform	7,122,855	7,293,382	170,527	2.3%
Science and Technology	4,051,902	4,127,983	76,081	1.8%
Tourism	1,143,476	1,183,816	40,340	3.4%
Trade and Industry	5,796,741	6,194,208	397,467	6.4%
Transport	25,075,045	25,289,083	214,038	0.8%
Water Affairs	7,913,137	8,203,193	290,056	3.5%
	<b>455,595,061</b>	<b>466,338,623</b>	<b>10,626,853</b>	<b>2.3%</b>

**nt**  
CONSOLIDATED  
FINANCIAL  
STATEMENTS

For the year ended 31 March 2011

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**NATIONAL DEPARTMENTS**

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NATIONAL DEPARTMENTS



**REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON  
THE CONSOLIDATED FINANCIAL STATEMENTS OF THE NATIONAL  
DEPARTMENTS, THE NATIONAL REVENUE FUND, AND THE STATE DEBT  
AND TAX AND LOAN ACCOUNTS ON VOTE 9 OF THE NATIONAL TREASURY**

FOR THE YEAR ENDED 31 MARCH 2011



**A U D I T O R - G E N E R A L  
S O U T H A F R I C A**

*Auditing to build public confidence*

PUBLISHED BY AUTHORITY



## REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

### INTRODUCTION

1. I have audited the accompanying consolidated financial statements of the national departments, the National Revenue Fund, and the state debt and tax and loan accounts of the National Treasury, which comprise the consolidated statement of financial position as at 31 March 2011, and the consolidated statement of financial performance, statement of changes in net asset and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 40 to 99.

### ACCOUNTING OFFICER'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

2. The accounting officer is responsible for the preparation of these consolidated financial statements in accordance with the Departmental Financial Reporting Framework prescribed by the National Treasury and in the manner required by the Public Finance Management Act of South Africa, 1999 (Act No.1 of 1999) (PFMA) and the Division of Revenue Act of South Africa, 2010 (Act No.1 of 2010, as amended) (DoRA), and for such internal control as management determines necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### AUDITOR-GENERAL'S RESPONSIBILITY

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) and section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these consolidated financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and General Notice 1111 of 2010 issued in Government Gazette 33872 of 15 December 2010. Those standards require that I comply with ethical requirements, plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements in order to design audit procedures that are appropriate in 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 management, as well as evaluating the overall presentation of the consolidated financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

### BASIS FOR QUALIFIED OPINION

#### Immovable tangible capital assets

7. I was unable to obtain sufficient and appropriate audit evidence to satisfy myself as to the completeness, existence, rights, valuation and allocation of properties recorded in the immovable asset relating to Land vested with national government situated in the former Transkei, Bophuthatswana, Vhu-Venda and Ciskei

states and former South African Development Trust . No complete register of all state land situated in same was provided for audit and I could not perform any alternative procedures.

8. The prior year adjustment of R6 091 920 000 in the disclosure note 46 to the financial statements relating to immovable assets was not supported by sufficient and appropriate audit evidence. No supporting documentation was available for the restatement. I was unable to perform alternative audit procedures.

#### **Movable tangible and intangible assets**

9. The movable and immovable tangible capital assets disclosure note 44 to the annual financial statements was adjusted by R76 900 000 000. I was unable to obtain sufficient appropriate audit evidence to support the amount disclosed and the records did not permit the application of alternative procedures.
10. I was unable to obtain sufficient appropriate audit evidence to confirm the validity, accuracy and completeness for an adjustment of R153 700 000 made to other machinery and equipment and an adjustment of R11 300 000 made to computer equipment. No alternative audit procedures could be performed.
11. The capital assets relating to working for water programme transferred to municipalities were not supported by a complete asset register. I was unable to obtain sufficient appropriate audit evidence to satisfy myself of the existence, valuation and completeness of the assets.
12. The major and minor capital assets of R113 634 951 are materially misstated in the consolidated financial statements and were not adjusted.

#### **Contingent liabilities**

13. The contingent liabilities of R235 950 693 as disclosed in the consolidated financial statements in note 30 include obligations in respect of the abandoned mines. The rehabilitation activities in respect of the abandoned mines are conducted in accordance with the National Strategy for the Management of Derelict and Ownerless Mines in South Africa however no provision has been made for this liability. The records did not permit the application of alternative audit procedures regarding the obligation in respect of abandoned mines. Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the existence, completeness and valuation of the contingent liabilities and the corresponding impact on the provision balance.

#### **Accumulation of uncorrected misstatements**

14. The consolidated financial statements as a whole are materially misstated due to the cumulative effect of individually immaterial uncorrected misstatements in the; statement of financial position: cash and cash equivalent R129 900, prepayments and unauthorised expenditure R203 270 074, payables R72 531 323, ; the statement of financial performance: departmental revenue: R342 670 019, aid assistance R883 386, goods and services R3 116 496 120, financial transactions in assets and liabilities R350 535, capital expenditure R2 359 809 and employee costs R219 177 195; and the notes to the financial statements: public, private partnership R19 955 610, commitments R994 707 208, contingent assets R10 130 747, employee benefits R12 872 823, related parties R54 614 490, guarantees R1 752 642, other disclosure notes R4 232 387 and contingent liabilities R123 685 088. These misstatements amount to R5 179 819 427 in aggregate.

#### **Irregular expenditure**

15. Irregular expenditure of R1 175 296 088 was incurred in contravention of section 38(1)(a)(iii) of PFMA which requires that departments must implement and maintain an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective.

#### **Fruitless and wasteful expenditure**

16. Expenditure of R40 025 135 was reported as fruitless and wasteful expenditure. I was unable to obtain sufficient audit evidence to satisfy myself as to the completeness and accuracy of fruitless and wasteful expenditure.

## OPINION

17. In my opinion, except for the possible effects of the matters described in the basis for qualified opinion paragraphs, the consolidated financial statements present fairly, in all material respects, the financial position of the national departments, the National Revenue Fund, and the state debt and tax and loan accounts of the National Treasury as at 31 March 2011, and its financial performance and cash flows for the year then ended in accordance with the Departmental Financial Reporting Framework prescribed by the National Treasury and in the manner required by the PFMA and DoRA.

## EMPHASIS OF MATTER

18. I draw attention to the matters below. My opinion is not modified in respect of these matters :

## RESTATEMENT OF CORRESPONDING FIGURES

19. As disclosed in note 29 to the financial statements, the corresponding figures for 31 March 2010 have been restated as a result of adjustments made during the 2010-11 financial year in the financial statements of national departments at and for the year ended 31 March 2010.

## UNAUTHORISED, IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE

20. The national departments incurred irregular expenditure of R2 155 632 000 as reported in the individual departments' audit reports.
21. The national departments incurred fruitless and wasteful expenditure of R417 261 000 reported in the individual departments' audit reports.
22. National Government incurred unauthorised expenditure of R772 361 000 due to funds expended for purposes which were not in accordance with the vote.

## ADDITIONAL MATTER

23. I draw attention to the matter below. My opinion is not modified in respect of this matter:

## FINANCIAL REPORTING FRAMEWORK

24. The financial reporting framework prescribed and applied by the National Treasury is a compliance framework. Thus my opinion would have reflected that the financial statements had been properly prepared instead of fairly presented as required by section 20(2)(a) of the PAA, which requires me to express an opinion on the fair presentation of the financial statements of the consolidated financial statements of the national departments, the National Revenue Fund and the State Debt and Tax and Loan Accounts of the National Treasury.



## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

25. In accordance with the PAA and in terms of General Notice 1111 of 2010, issued in Government Gazette 33872 of 15 December 2010, I include below my findings material non-compliance with laws and regulations applicable to the consolidated financial statements
26. Section 8(1)(a) of the PFMA requires that the National Treasury prepare consolidated financial statements in respect of the national departments, public entities under the ownership control of the national executive, constitutional institutions, the South African Reserve Bank, the Auditor-General and Parliament. The National Treasury did not prepare such consolidation as envisaged in the PFMA. Two separate consolidations were prepared due to a significantly different basis of accounting being applied.

*Auditor-General*

Pretoria  
28 October 2011



AUDITOR-GENERAL  
SOUTH AFRICA

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## CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2010/2011 R'000	2009/2010 R'000
<b>OPERATING INCOME</b>		<b>680,583,860</b>	<b>585,745,970</b>
Revenue from Taxes, Levies & Duties	2	660,543,143	571,388,488
Departmental revenue	3	8,643,300	8,403,695
Other Revenue	4	10,979,168	5,888,194
Receipts by National Departments from NRF	5	418,249	65,593
<b>NON-OPERATING INCOME</b>		<b>2,947,370</b>	<b>7,236,200</b>
Non-Operating Income	6	2,947,370	7,236,200
Aid assistance	7	1,475,981	1,189,241
<b>TOTAL REVENUE</b>		<b>685,007,211</b>	<b>594,171,411</b>
<b>REVENUE FUND EXPENDITURE</b>		<b>350,677,739</b>	<b>314,425,799</b>
Appropriated Funds	8	340,288,688	306,841,161
Expenditure in terms of Schedule 5 of PFMA, Act 1 of 1999		8,992,803	6,217,343
Expenditure in terms of an Act of Parliament		-	55,694
Non-operating Expenditure		840,720	617,649
Leave Entitlement		534,073	689,117
Other		21,455	4,835
<b>DEPARTMENTAL EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	9	87,036,909	75,389,561
Goods & Services	10	44,204,418	41,660,090
Interest & Rent on Land	11	365,466	155,914
Aid assistance	7	492,815	866,449
Unauthorised expenditure approved without funding	13	330	-
<b>Total current expenditure</b>		<b>132,099,938</b>	<b>118,072,014</b>
<b>Transfers and subsidies</b>			
Transfers and subsidies	14	302,494,611	315,159,407
Aid assistance	7	206,715	173,082
<b>Total transfers and subsidies</b>		<b>302,701,326</b>	<b>315,332,489</b>

**CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE - *continued***

FOR THE YEAR ENDED 31 MARCH 2011

	2010/2011	2009/2010
Notes	R'000	R'000
<b>Expenditure for capital assets</b>		
Tangible capital assets	12 10,994,605	8,509,163
Software and other intangible assets	12 248,031	195,643
<b>Total expenditure for capital assets</b>	<b>11,242,636</b>	<b>8,704,806</b>
<b>Payments for financial assets</b>	15 21,205,261	2,165,546
<b>TOTAL EXPENDITURE</b>	<b>817,926,900</b>	<b>758,700,654</b>
<b>DEFICIT</b>	<b>(132,919,689)</b>	<b>(164,529,243)</b>
Add back non-cash movement	(8,331,059)	(24,944,481)
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>(141,250,748)</b>	<b>(189,473,724)</b>
<b>Reconciliation of Net Surplus/(Deficit) for the year</b>		
Voted Funds to be surrendered to the revenue fund	(142,069,831)	(189,611,879)
Departmental revenue to be surrendered to the revenue fund	95,483	49,615
Aid assistance	723,600	88,540
<b>DEFICIT FOR THE YEAR</b>	<b>(141,250,748)</b>	<b>(189,473,724)</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2010/2011 R'000	2009/2010 R'000
<b>ASSETS</b>			
<b>Current Assets</b>			
		<b>218,034,521</b>	<b>182,327,290</b>
Unauthorised expenditure	13	2,492,970	1,717,210
Fruitless and wasteful expenditure	16	1,530	18,292
Cash and cash equivalents	17	177,723,445	136,073,864
Prepayments and advances	18	3,702,562	2,903,210
Receivables	19	34,068,765	41,432,842
Loans	20.1	24,228	23,795
Aid assistance receivable	7	21,021	158,077
<b>Non-current assets</b>			
		<b>173,031,924</b>	<b>159,937,776</b>
Investments	21	107,591,157	114,876,349
Loans	20.2	65,438,909	45,058,247
Other financial assets		1,858	3,180
<b>TOTAL ASSETS</b>		<b>391,066,445</b>	<b>342,265,066</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
		<b>255,485,653</b>	<b>218,363,505</b>
Voted funds to be surrendered to the Revenue Fund	22	518,615	(1,145,397)
Direct Exchequer Receipts to be surrendered to the Revenue Fund	23	4,176	-
Bank overdraft	24	6,904,030	6,856,234
Payables	25.1	7,322,819	8,173,023
Borrowings	26.1	170,484,471	127,891,932
Provisions	27	69,495,336	76,250,459
Aid assistance repayable	7	385,450	216,560
Aid assistance unutilised	7	370,756	120,694
<b>Non-current liabilities</b>			
		<b>819,868,858</b>	<b>676,098,388</b>
Payables	25.2	279,141	285,577
Borrowings	26.2	819,589,717	675,812,811
<b>TOTAL LIABILITIES</b>		<b>1,075,354,511</b>	<b>894,461,893</b>
<b>NET ASSETS</b>		<b>(684,288,066)</b>	<b>(552,196,827)</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION - *continued***

FOR THE YEAR ENDED 31 MARCH 2011

	2010/2011	2009/2010
Notes	R'000	R'000
<b>Represented by:</b>		
Capitalisation reserve	47,862,757	47,730,094
Recoverable revenue	65,503,314	45,116,884
Retained funds	(797,654,812)	(645,043,805)
Revaluation reserves	675	-
<b>TOTAL</b>	<b>(684,288,066)</b>	<b>(552,196,827)</b>

**CONSOLIDATED STATEMENT OF CHANGE IN NET ASSETS**

FOR THE YEAR ENDED 31 MARCH 2011

	2010/2011	2009/2010
Notes	R'000	R'000
<b>Capitalisation Reserves</b>		
Opening balance	47,730,094	33,283,320
Transfers:	<b>132,663</b>	<b>14,446,774</b>
Movement in Equity	1,840,645	2,372,610
Movement in Operational Funds	-	(52,114)
Other movements	(1,707,982)	12,126,278
<b>Closing balance</b>	<b>47,862,757</b>	<b>47,730,094</b>
<b>Recoverable revenue</b>		
Opening balance	45,116,884	10,594,156
Transfers	<b>20,386,430</b>	<b>34,522,728</b>
Irrecoverable amounts written off	(29,749)	(13,017)
Debts revised	(39,691)	(80,876)
Debts recovered (included in departmental receipts)	(171,689)	(196,508)
Debts raised	20,627,559	34,813,129
<b>Closing balance</b>	<b>65,503,314</b>	<b>45,116,884</b>
<b>Retained funds</b>		
Opening balance	(645,043,805)	(449,084,968)
Transferred from voted funds to be surrendered (Parliament/Legislatures ONLY)	(153,030,971)	(195,137,863)
Other	419,964	(820,974)
<b>Closing balance</b>	<b>(797,654,812)</b>	<b>(645,043,805)</b>
<b>Revaluation Reserves</b>		
Other	675	-
<b>Closing balance</b>	<b>675</b>	<b>-</b>
<b>TOTAL</b>	<b>(684,288,066)</b>	<b>(552,196,827)</b>

**CONSOLIDATED CASH FLOW STATEMENT**

FOR THE YEAR ENDED 31 MARCH 2011

	2010/2011	2009/2010
Notes	R'000	R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>RECEIPTS DISCLOSED BY THE NATIONAL REVENUE FUND</b>		
	<b>676,805,434</b>	<b>590,651,064</b>
Revenue collected by SARS	661,030,119	571,546,782
Departmental Revenue collected	8,020,060	7,975,243
Non-operating income	3,097,370	7,340,708
CARA Fund assistance	46,579	47,957
Surrenders from departments	4,432,328	3,505,136
Other revenue received by the revenue fund	178,978	235,238
<b>RECEIPTS DISCLOSED BY NATIONAL DEPARTMENTS</b>		
	<b>9,576,286</b>	<b>13,171,781</b>
Annual appropriated funds received	359,199	-
Statutory appropriated funds received	165,237	17
Appropriation for unauthorised expenditure received	(5,898)	(43,191)
Departmental revenue received	7,260,547	7,596,198
Direct Exchequer receipts	371,509	4,481,173
Aid assistance received	1,425,692	1,137,584
<b>PAYMENTS DISCLOSED BY THE NATIONAL REVENUE FUND</b>		
	<b>350,452,003</b>	<b>313,549,497</b>
Annual Appropriation	-	(1)
Statutory Appropriation	349,346,678	312,746,532
CARA Fund assistance	(3,700)	46
Appropriation for unauthorised expenditure	-	107,279
Expenditure in terms of an Act of Parliament	-	55,344
Non-operating expenditure	840,720	617,649
Other	268,305	21,925
RDP Funds due prior to Amendment Act no. 79 of 1998	-	723
Net (increase)/decrease in working capital	(1,815,684)	(2,119,077)
Surrendered to Revenue Fund	(12,981,623)	(15,685,019)
Surrendered to RDP Fund/Donor	(167,582)	(111,799)
Current payments	(131,369,346)	(118,067,047)
Payments for financial assets	(21,205,261)	(2,165,546)
Transfers and subsidies paid	(302,701,326)	(315,332,986)
<b>Net cash flow available from operating activities</b>	<b>28 (134,311,105)</b>	<b>(163,208,126)</b>

**CONSOLIDATED CASH FLOW STATEMENT - *continued***

FOR THE YEAR ENDED 31 MARCH 2011

	2010/2011	2009/2010
Notes	R'000	R'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for capital assets	(11,242,636)	(8,704,806)
Proceeds from sale of capital assets	35,626	38,221
Increase in loans	(20,381,095)	(34,533,345)
Increase in investments	(130,255)	(12,381,322)
Decrease in other financial assets	1,322	232
<b>Net cash flows from investing activities</b>	<b>(31,717,038)</b>	<b>(55,581,020)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Distribution/dividend received	1,197,127	664,768
Increase in net assets	20,512,668	46,608,718
(Decrease)/Increase in non-current payables	(6,436)	260,970
Increase in borrowings	185,926,569	199,181,346
<b>Net cash flows from financing activities</b>	<b>207,629,928</b>	<b>246,715,802</b>
Net increase in cash and cash equivalents	41,601,785	27,926,656
Cash and cash equivalents at beginning of period	129,217,630	101,290,974
<b>Cash and cash equivalent at end of period</b>	<b>170,819,415</b>	<b>129,217,630</b>



# ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

## 1 PRESENTATION OF THE FINANCIAL STATEMENTS

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 2 of 2006.

All departments are controlled by Government. These consolidated financial statements include the financial results of the departments and Parliament.

Inter departmental transactions have not been eliminated thus all departments were consolidated on an aggregation basis. Government Departments apply uniform accounting policies as prescribed by the National Treasury except to the extent that a department has requested a deviation from the Treasury. Departmental revenue is allocated by SARS and directly deposited into the National Revenue Fund which forms part of the overall consolidation revenue, and is accounted for on a modified cash basis. Elimination of revenue shown in departments versus the National Revenue Fund has been done on the consolidation.

### 1.1 BASIS OF PREPARATION

The Consolidated Financial statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid or when the final authorisation for payment is effected on the system (by no later than 31 March of each year). The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, (1 of 1999) (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act.

Inter-entity transactions between the National Revenue Fund (NRF) and the departments are eliminated. PAYE is not eliminated as it is not considered as an interdepartmental transaction. VAT is not eliminated as government does not pay VAT directly to the NRF and government is not a VAT vendor. National Revenue Fund only recognised material provisions that will result in the potential cash outflow to government.

### 1.2 PRESENTATION CURRENCY

All amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.

### 1.3 ROUNDING

Unless otherwise stated all financial figures have been rounded to the nearest one thousand Rand (R'000).

### 1.4 COMPARATIVE FIGURES

**ACCOUNTING POLICIES FOR  
THE CONSOLIDATED FINANCIAL STATEMENTS - *continued***

FOR THE YEAR ENDED 31 MARCH 2011

Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

**1.5 REVENUE****1.5.1 Revenue from Taxes, Levies and Duties**

Taxpayer-assessed revenues including payroll tax and stamp duty, are recognised when funds are received by South African Revenue Services (SARS). Cash in transit or overremitted as at 31 March by the SARS is included in the Statement of Financial Position as other receivables/payables.

**1.5.2 Departmental revenue**

All departmental revenue is paid into the National Revenue Fund when received, unless otherwise stated. Amounts owing to the National Revenue Fund at the end of the financial year are recognised in the statement of financial position. Departmental revenue includes the following:

**1.5.2.1 Sales of goods and services other than capital assets**

The proceeds received from the sale of goods and/or the provision of services is recognised in the statement of financial performance when the cash is received.

**1.5.2.2 Fines, penalties & forfeits**

Fines, penalties & forfeits are compulsory unrequited amounts which were imposed by a court or quasi-judicial body and collected by the department. Revenue arising from fines, penalties and forfeits is recognised in the statement of financial performance when the cash is received.

**1.5.2.3 Interest, dividends and rent on land**

Interest, dividends and rent on land is recognised in the statement of financial performance when the cash is received.

**1.5.2.4 Sale of capital assets**

The proceeds received on sale of capital assets are recognised in the statement of financial performance when the cash is received.

**1.5.2.5 Financial transactions in assets and liabilities**

Repayments of loans and advances previously extended to employees and public corporations for policy purposes are recognised as revenue in the statement of financial performance on receipt of the funds. Amounts receivable at the reporting date are disclosed in the disclosure notes to the annual financial statements. Cheques issued in previous accounting periods that expire before being banked are recognised as revenue in the statement of financial performance when the cheque becomes stale. When the cheque is reissued the payment is made from Revenue.

**ACCOUNTING POLICIES FOR  
THE CONSOLIDATED FINANCIAL STATEMENTS - *continued***

FOR THE YEAR ENDED 31 MARCH 2011

**1.5.2.6 Transfers received**

Transfers received include transfers from Universities and Technikon, Foreign governments, International organisations, Public corporations and private enterprises, Households and non-profit institutions and Other governmental units. Revenue is recognised in the Statement of Financial Performance on receipt of the funds by departments.

**1.5.3 Non-Operating Income**

This includes revenue fund receipts. Revenue is recognised when the cash is received. This revenue represents receipts other than departmental receipts that are not expected to occur frequently. These items are not included in departmental revenue as they are inclined to distort comparative analysis of the revenue figures. Amounts received by revenue funds are recognised in the Statement of Financial Performance.

**1.5.4 CARA Fund assistance**

Funds received derived from the execution of confiscation and forfeiture orders contemplated, in accordance with section 64 of the Prevention of Organized Crime Act, 1998 (Act 121 of 1998). Amounts are recognised by the revenue fund in the Statement of Financial Performance when the cash is received.

**1.5.5 Aid assistance**

Aid assistance is recognised as revenue when received. All in-kind aid assistance is disclosed at fair value on the date of receipt in the annexures to the Annual Financial Statements. The cash payments made during the year relating to aid assistance projects are recognised as expenditure in the statement of financial performance when final authorisation for payments is effected on the system (by no later than 31 March of each year). The value of the assistance expensed prior to the receipt of funds is recognised as a receivable in the statement of financial position. Inappropriately expensed amounts using aid assistance and any unutilised amounts are recognised as payables in the statement of financial position.

**1.6 EXPENDITURE****1.6.1 Appropriated funds**

Appropriated funds include statutory appropriation appropriated in terms of an Act of Parliament. Appropriated funds are recognised in the financial records on the date the appropriation becomes effective. Adjustments to the appropriated funds made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective. The total appropriated funds received during the year are presented in the statement of financial performance.

**1.6.2 Non-operating expenditure**

This includes revenue fund payments. Expenditure is recognised when funds are transferred to the departments. Expenses that arise from events or transactions that are clearly distinct from the ordinary activities of the departments and therefore are not expected to occur frequently. Amounts transferred by revenue funds are recognised in the Statement of Financial Performance when transferred to the departments.

## ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

### 1.6.3 Compensation of employees

#### 1.6.3.1 Short term employee benefits

The cost of short-term employee benefits are expensed in the statement of financial performance when financial authorisation for payment is effected on the system (by no later than 31 March each year). Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts must not be recognised in the statement of financial performance or position.

Employee cost are capitalised to the cost of a capital project when an employee spends more than 50% of his/her time in the project. These payments form part of expenditure for capital assets in the statement of financial performance.

#### 1.6.3.2 Long-term employee benefits

##### *Termination benefits*

Termination benefits such as severance packages are recognised as an expense in the statement of financial performance as a transfer (to households) when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

##### *Post employment retirement benefits*

The Government provides retirement benefits (pension benefits) for certain of its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions.

Employer contributions to the fund are expensed when the final authorisation for payment to the fund is effected on the system (by no later than 31 March of each year). No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the Consolidated financial statements.

The Government provides medical benefits for certain of its employees. Employer contributions to the medical funds are expensed when the final authorisation for payment to the fund is effected on the system (by no later than 31 March of each year).

#### 1.6.3.3 Other long-term employee benefits

Other long-term employee benefits (such as capped leave) are recognised as an expense in the Statement of Financial Performance as a transfer (to households) when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

Long-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts are not recognised in the Statement of Financial Performance or Position.

### 1.6.4 Goods and services

Payments made for goods and/or services are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). The expense is classified as capital if the goods and services were used on a capital project or an asset of R5,000 or more is purchased. All assets costing less than R5,000 will also be reflected under goods and services.

**ACCOUNTING POLICIES FOR  
THE CONSOLIDATED FINANCIAL STATEMENTS - *continued***

FOR THE YEAR ENDED 31 MARCH 2011

**1.6.5 Interest and rent on land**

Interest and rental payments are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). This item excludes rental for the use of buildings or other fixed structures. If it is not possible to distinguish between payment for the use of land and the fixed structures on it, the whole amount should be recorded under goods and services.

**1.6.6 Financial transactions in assets and liabilities**

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or underspending of appropriated funds. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but an estimate is included in the disclosure notes to the financial statements amounts.

All other losses are recognised when authorisation has been granted for the recognition thereof.

**1.6.7 CARA Fund assistance**

CARA Funds expenditure is approved by Cabinet, in accordance with section 65 of the Prevention of Organized Crime Act, 1998 (Act 121 of 1998). Amounts are recognised in the Statement of Financial Performance when approved by Cabinet.

**1.6.8 Transfers and subsidies**

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

**1.6.9 Expenditure for capital assets**

Payments made for capital assets are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

**1.6.10 Non-cash movement**

These statements are prepared on a modified cash basis of accounting. This item is raised to include movement on all non-cash items which are mainly: Foreign borrowings of government that were re-evaluated against the current currency value of the rand and other liabilities undertaken by the Government of South Africa e.g underwriting of GFRECA losses managed by the South African Reserve Bank.

**1.7 ASSETS****1.7.1 Unauthorised expenditure**

When confirmed unauthorised expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

Unauthorised expenditure approved with funding is derecognised from the statement of financial position when the unauthorised expenditure is approved and the related funds are received.

**ACCOUNTING POLICIES FOR  
THE CONSOLIDATED FINANCIAL STATEMENTS - *continued***

FOR THE YEAR ENDED 31 MARCH 2011

**1.7.2 Fruitless and wasteful expenditure**

Fruitless and wasteful expenditure is recognised as expenditure in the statement of financial performance according to the nature of the payment and not as a separate line item on the face of the statement. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

**1.7.3 Irregular expenditure**

Irregular expenditure is recognised as expenditure in the statement of financial performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable.

**1.7.4 Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost. Bank overdrafts are shown separately on the face of the statement of financial position.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

**1.7.5 Other financial assets**

Other financial assets are carried in the statement of financial position at cost.

**1.7.6 Prepayments and advances**

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made and where the goods and services have not been received by year end.

Prepayments and advances outstanding at the end of the year are carried in the statement of financial position at cost.

**1.7.7 Receivables**

Receivables included in the statement of financial position arise from cash payments made that are recoverable from another party or from the sale of goods/rendering of services.

Receivables outstanding at year-end are carried in the statement of financial position at cost plus any accrued interest. Amounts that are potentially irrecoverable are included in the disclosure notes.

**1.7.8 Loans**

Loans are recognised in the statement of financial position when the cash is paid to the beneficiary. Loans that are outstanding at year-end are carried in the statement of financial position at cost plus accrued interest.

Amounts that are potentially irrecoverable are included in the disclosure notes.

**ACCOUNTING POLICIES FOR  
THE CONSOLIDATED FINANCIAL STATEMENTS - *continued***

FOR THE YEAR ENDED 31 MARCH 2011

**1.7.9 Investments**

Capitalised investments are shown at cost in the statement of financial position. Any cash flows such as dividends received or proceeds from the sale of the investment are recognised in the statement of financial performance.

Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any impairment loss is included in the disclosure notes.

**1.7.10 Inventory**

Inventories on hand at the reporting date are disclosed at cost in the disclosure notes. Where inventories are acquired at no cost, or for nominal consideration, their cost shall be their fair value at the date of acquisition.

All inventory items at year-end are reflected using either the weighted average cost or FIFO cost formula.

**1.7.11 Capital assets***Disclosure*

Additions to Capital Assets are disclosed as expenditure in the statement of financial performance and in the disclosure notes on Capital Assets.

**1.7.11.1 Movable assets***Initial recognition*

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the movable capital asset is stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R1.

All assets acquired prior to 1 April 2002 are included in the register at R1.

*Subsequent recognition*

Subsequent expenditure of a capital nature is recorded in the statement of financial performance as "expenditure for capital asset" and is capitalised in the asset register of the department on completion of the project.

Repairs and maintenance is expensed as current "goods and services" in the statement of financial performance.

**1.7.11.2 Immovable assets***Initial recognition*

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the immovable capital asset is stated at R1 unless the fair value for the asset has been reliably estimated.

**ACCOUNTING POLICIES FOR  
THE CONSOLIDATED FINANCIAL STATEMENTS - *continued***

FOR THE YEAR ENDED 31 MARCH 2011

*Subsequent recognition*

Work-in-progress of a capital nature is recorded in the statement of financial performance as "expenditure for capital asset". On completion, the total cost of the project is included in the asset register of the department that legally owns the asset or the national department of public works.

Repairs and maintenance is expensed as current "goods and services" in the statement of financial performance.

**1.8 LIABILITIES****1.8.1 Payables**

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are recognised at historical cost in the statement of financial position.

**1.8.2 Lease commitments****Finance and operating leases**

Lease commitments represent amounts owing from the reporting date to the end of the lease contract.

These commitments are not recognised in the statement of financial position as a liability or expenditure in the statement of financial performance but are included in the disclosure notes.

Finance leases are not recognised as assets and liabilities in the statement of financial position. Finance lease payments are recognised as an expense in the statement of financial performance and are apportioned between the capital and interest portions. The finance lease liability is disclosed in the disclosure note notes to the financial statements.

Operating lease payments are recognised as an expense in the statement of financial performance. The operating lease commitments are disclosed in the disclosure notes to the financial statements.

**1.8.3 Accruals**

Accruals represent goods/services that have been received, but where no invoice has been received from the supplier at the reporting date, or where an invoice has been received but final authorisation for payment has not been effected on the system.

Accruals are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

**1.8.4 Contingent liabilities**

Contingent liabilities are included in the disclosure notes to the financial statements when it is possible that economic benefits will flow from the department, or when an outflow of economic benefits or service potential is probable but cannot be measured reliably.



**ACCOUNTING POLICIES FOR  
THE CONSOLIDATED FINANCIAL STATEMENTS - *continued***

FOR THE YEAR ENDED 31 MARCH 2011

**1.8.5 Contingent assets**

Contingent assets are included in the disclosure notes to the financial statements when it is possible that an inflow of economic benefits will flow to the entity.

**1.8.6 Commitments**

Commitments represent goods/services that have been approved and/or contracted, but where no delivery has taken place at the reporting date.

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

**1.8.7 Employee benefits**

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts are not recognised in the statement of financial performance or the statement of financial position.

**1.8.8 Provisions**

Provisions are disclosed when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

**1.9 NET ASSETS****1.9.1 Capitalisation reserve**

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are transferred to the National Revenue Fund on disposal, repayment or recovery of such amounts.

**1.9.2 Recoverable revenue**

Amounts are recognised as recoverable revenue when a payment made and recognised in a previous financial year becomes recoverable from a debtor.

**1.10 RELATED PARTY TRANSACTIONS**

Related parties are departments that control or significantly influence the department in making financial and operating decisions. Specific information with regards to related party transactions is included in the disclosure notes.

**1.11 KEY MANAGEMENT PERSONNEL**

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department. Compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes.

## ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

### 1.12 PUBLIC PRIVATE PARTNERSHIPS

A public private partnership (PPP) is a commercial transaction between the department and a private party in terms of which the private party:

- Performs an institutional function on behalf of the institution; and/or
- acquires the use of state property for its own commercial purposes; and
- assumes substantial financial, technical and operational risks in connection with the performance of the institutional function and/or use of state property; and
- receives a benefit for performing the institutional function or from utilizing the state property, either by way of:
  - consideration to be paid by the department which derives from a Revenue Fund;
  - charges fees to be collected by the private party from users or customers of a service provided to them; or
  - a combination of such consideration and such charges or fees.

A description of the PPP arrangement, the contract fees and current and capital expenditure relating to the PPP arrangement is included in the disclosure notes.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

	2010/2011	2009/2010
Notes	R'000	R'000
<b>2 Revenue from Taxes, Levies and Duties</b>		
Taxation		
Income tax	379,912,152	358,971,960
Value-added tax / Sales tax	183,571,439	147,941,322
Fuel levy	34,464,283	29,097,507
Excise duties	24,563,842	22,565,219
Customs duties	26,637,438	19,577,114
Other taxes	9,105,371	8,875,878
Unemployment Insurance Fund (UIF)	11,098,707	10,537,637
Skills Development Levy	8,652,339	7,804,829
Electricity Levy	4,996,366	3,341,691
Road Accident Fund	<b>15,737,112</b>	<b>13,026,684</b>
Road Accident Fund Levy	14,500,738	11,996,551
Road Accident Fund (Recoupment)	1,236,374	1,030,133
Mineral and petroleum royalty	3,554,722	-
Air Passenger tax	648,929	580,326
Carbon dioxide vehicle emission tax	625,891	-
Universal Service Fund	255,341	224,774
Plastic bag levy	257,104	110,510
Ordinary levy	29,080	72,888
Incandescent light bulb Levy	151,083	63,880
Turnover Tax	2,802	6,493
Diesel refunds	(1,283,080)	(1,295,104)
<b>Total Taxation</b>	<b>702,980,921</b>	<b>621,503,608</b>
<b>Non-taxation revenue</b>		
Customs miscellaneous revenue	269,304	(294,020)
Provincial administration receipts	19,392	36,709
Mining leases and ownership	930,628	668,890
Non-tax revenue	16,740	(3,773)
<b>Total Non-taxation</b>	<b>1,236,064</b>	<b>407,806</b>
<b>Total Gross Revenue</b>	<b>704,216,985</b>	<b>621,911,414</b>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

	2010/2011	2009/2010
Notes	R'000	R'000
<b>Less</b>		
South African Customs Union Agreement	17,905,679	27,915,405
Payment ito sec 12(3) of the PFMA	20,594	38,027
Payment to UIF	11,018,720	10,583,670
Payment to RAF	14,287,162	11,793,389
Amount payable by SARS to SETA's	228,111	(10,727)
Amount payable by SARS to RAF	213,576	203,162
<b>Total</b>	<b>43,673,842</b>	<b>50,522,926</b>
<b>Total Net Revenue for the Year</b>	<b>660,543,143</b>	<b>571,388,488</b>
<b>3 Departmental Revenue</b>		
Allocated to extra-ordinary receipts	(1,232,333)	(4,585,681)
Sales of goods and services other than capital assets	2,291,670	2,375,282
Fines, penalties and forfeits	1,027,050	800,705
Interest, dividends and rent on land	3,779,509	3,007,850
Sales of capital assets	47,435	43,153
Transactions in financial assets and liabilities	1,203,555	1,939,190
Transfer received	1,526,414	4,823,196
<b>Total revenue collected</b>	<b>8,643,300</b>	<b>8,403,695</b>
<b>4 Other Revenue</b>		
Surrenders	10,800,190	5,652,956
Other	178,978	235,238
<b>Total</b>	<b>10,979,168</b>	<b>5,888,194</b>
<b>5 Receipts by National Departments from NRF</b>		
Annual Appropriation	253,009	-
Statutory appropriation	165,240	65,593
<b>Total</b>	<b>418,249</b>	<b>65,593</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

	2010/2011 R'000	2009/2010 R'000
<b>6 Non-Operating Income</b>		
<b>6.1 Revenue Fund Receipts</b>		
Special restructuring proceeds-Telkom	362,333	4,472,226
ICASA	-	8,947
Exchange Rate Profit	38,802	-
SAMBOU	20,000	-
Equalisation Funds	700,000	-
Exchange Rate Profits ECA Loans	-	741,862
Penalties on Retail Bonds	1,235	648
Premium Received	131,113	-
Premium on Bonds issued	1,558,582	1,343,986
Restructuring of Government debt portfolio	-	287,140
Local Government Surrender	629	164,638
Profit on Conversion of Foreign Loan	133,906	210,846
Escrow Investment Account	770	-
<b>Total</b>	<b>2,947,370</b>	<b>7,230,293</b>
<b>6.2 Non-operating Income Items</b>		
Surplus of the Corporation for Public Deposits	-	5,899
Exchange rate profit : ECA Loans	-	8
<b>Total</b>	<b>-</b>	<b>5,907</b>
<b>Total Non-Operating Income</b>	<b>2,947,370</b>	<b>7,236,200</b>
<b>7 Aid assistance</b>		
<b>7.1 Assistance received in cash from RDP</b>		
<b>Local</b>		
Opening Balance	32,258	33,764
Revenue	5,541	1,522
Expenditure	<b>(5,870)</b>	<b>(724)</b>
Current	(870)	(724)
Transfers	(5,000)	-
Surrendered to the RDP	(56,094)	(3,027)
<b>Closing Balance</b>	<b>(24,165)</b>	<b>31,535</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2010/2011 R'000	2009/2010 R'000
<b>Foreign</b>			
Opening Balance		111,228	131,636
Revenue		1,217,649	1,111,387
Expenditure		<b>(669,351)</b>	<b>(1,027,353)</b>
Current		(465,131)	(841,875)
Capital		(2,572)	(12,396)
Transfers		(201,648)	(173,082)
Surrendered to the RDP		(109,682)	(104,442)
<b>Closing Balance</b>		<b>549,844</b>	<b>111,228</b>
<b>7.2 Assistance Received in Cash from other Sources</b>			
<b>Local</b>			
Opening Balance		16,165	19,504
Revenue		184,253	5,350
Expenditure		<b>(9,359)</b>	<b>(7,064)</b>
Current		(9,359)	(7,064)
Surrendered to the donor		(1,097)	(1,625)
<b>Closing Balance</b>		<b>189,962</b>	<b>16,165</b>
<b>Foreign</b>			
Opening Balance		7,089	1,934
Revenue		18,259	15,625
Expenditure		<b>(17,116)</b>	<b>(7,755)</b>
Current		(17,116)	(7,755)
Surrendered to the donor		(709)	(2,715)
<b>Closing Balance</b>		<b>7,523</b>	<b>7,089</b>
<b>7.3 Assistance received in cash from CARA Fund</b>			
Opening Balance		12,427	15,598
Revenue		50,279	55,357
Expenditure		<b>(406)</b>	<b>(10,617)</b>
Current		(339)	(9,031)
Capital		-	(1,586)
Transfers		(67)	-
<b>Closing Balance</b>		<b>62,300</b>	<b>60,338</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2010/2011 R'000	2009/2010 R'000
<b>Total</b>			
Opening Balance		179,167	202,436
Revenue		1,475,981	1,189,241
Expenditure		<b>(702,102)</b>	<b>(1,053,513)</b>
Current		(492,815)	(866,449)
Capital		(2,572)	(13,982)
Transfers		(206,715)	(173,082)
Surrendered / Transferred to retained funds		(167,582)	(111,799)
<b>Closing Balance</b>		<b>785,464</b>	<b>226,365</b>
<b>Analysis of Balance</b>			
Aid assistance receivable		(21,021)	(158,077)
Aid assistance unutilised		370,756	120,694
Aid assistance repayable		385,450	216,560
CARA funds transferred to Retained Funds		50,279	47,188
<b>Closing Balance</b>		<b>785,464</b>	<b>226,365</b>
<b>8 Appropriated Funds</b>			
Annual Appropriation		(10,751,327)	(9,800,631)
Statutory Appropriation		351,040,015	316,641,792
<b>Total Annual Appropriation</b>		<b>340,288,688</b>	<b>306,841,161</b>
<b>9 Compensation of employees</b>			
<b>Salaries and Wages</b>			
Basic Salary		55,989,991	48,434,040
Performance Award		484,921	599,388
Service Based		272,093	204,836
Compensative/circumstantial		3,517,343	2,908,912
Periodic Payments		112,153	98,285
Other non-pensionable allowances		12,128,195	10,210,188
<b>Total</b>		<b>72,504,696</b>	<b>62,455,649</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2010/2011 R'000	2009/2010 R'000
<b>Social Contributions</b>			
<b>Employer contributions</b>			
Pension		8,331,551	7,391,012
Medical		6,180,209	5,527,592
UIF		2,920	2,092
Bargaining Council		6,739	3,646
Official unions and associations		5,323	5,103
Insurance		5,471	4,467
<b>Total</b>		<b>14,532,213</b>	<b>12,933,912</b>
<b>Total Compensation of employees</b>		<b>87,036,909</b>	<b>75,389,561</b>
<b>Average number of employees</b>		<b>389,764</b>	<b>378,641</b>
<b>10 Goods and services</b>			
Administrative fees		255,322	228,029
Advertising		494,785	476,918
Assets less than R5,000	10.1	665,151	677,066
Bursaries (employees)		49,840	54,099
Catering		186,481	180,391
Communication		1,625,232	1,639,596
Computer services	10.2	5,140,751	5,068,108
Consultants, contractors and agency/outsourced services	10.3	11,012,906	10,825,235
Entertainment		31,578	48,714
Audit cost – external	10.4	417,303	394,414
Fleet services		79,310	30,562
Inventory	10.5	6,510,602	6,289,023
Operating leases		6,060,934	5,376,090
Owned and leasehold property expenditure	10.6	3,834,438	3,174,498
Transport provided as part of the departmental activities		88,243	108,984
Travel and subsistence	10.7	4,955,795	4,662,573
Venues and facilities		402,639	405,433
Training and staff development		384,893	398,179
Other operating expenditure	10.8	2,008,215	1,622,178
<b>Total</b>		<b>44,204,418</b>	<b>41,660,090</b>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

	2010/2011 R'000	2009/2010 R'000
<b>10.1 Assets less than R5,000</b>		
<b>Tangible assets</b>	<b>583,226</b>	<b>580,936</b>
Buildings and other fixed structures	40	173
Biological assets	7,045	5,671
Machinery and equipment	568,609	569,733
Specialised military assets	7,532	5,359
<b>Intangible assets</b>	<b>81,925</b>	<b>96,130</b>
<b>Total</b>	<b>665,151</b>	<b>677,066</b>
<b>10.2 Computer services</b>		
SITA computer services	3,123,843	3,032,820
External computer service providers	2,016,908	2,035,288
<b>Total</b>	<b>5,140,751</b>	<b>5,068,108</b>
<b>10.3 Consultants, contractors and agency/outsourced services</b>		
Business and advisory services	2,613,120	2,550,620
Infrastructure and planning	743,304	846,316
Laboratory services	39,667	32,304
Legal costs	386,217	371,206
Contractors	4,738,558	4,406,245
Agency and support/outsourced services	2,492,040	2,618,544
<b>Total</b>	<b>11,012,906</b>	<b>10,825,235</b>
<b>10.4 Audit cost – external</b>		
Regularity audits	384,467	344,766
Performance audits	6,696	8,570
Investigations	3,166	4,802
Environmental audits	-	-
Other audits	22,974	36,276
<b>Total</b>	<b>417,303</b>	<b>394,414</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2010/2011 R'000	2009/2010 R'000
<b>10.5 Inventory</b>			
Learning and teaching support material		7,039	7,627
Food and food supplies		1,048,823	1,059,204
Fuel, oil and gas		2,141,716	1,960,251
Other consumable materials		784,095	683,973
Maintenance material		740,271	732,717
Stationery and printing		1,176,847	1,126,467
Medical supplies		273,853	469,644
Medicine		194,451	152,639
Military stores		143,507	96,501
<b>Total</b>		<b>6,510,602</b>	<b>6,289,023</b>
<b>10.6 Owned and leasehold property expenditure</b>			
Municipal services		2,318,701	1,872,534
Property management fees		265,097	230,545
Property maintenance and repairs		263,869	180,325
Other		986,771	891,094
<b>Total</b>		<b>3,834,438</b>	<b>3,174,498</b>
<b>10.7 Travel and subsistence</b>			
Local		4,038,264	3,824,522
Foreign		917,531	838,051
<b>Total</b>		<b>4,955,795</b>	<b>4,662,573</b>
<b>10.8 Other operating expenditure</b>			
Learnerships		111,018	2,007
Professional bodies, membership and subscription fees		82,640	88,875
Resettlement costs		148,139	176,532
Other		1,666,418	1,354,764
<b>Total</b>		<b>2,008,215</b>	<b>1,622,178</b>
<b>11 Interest and Rent on Land</b>			
Interest expense		364,633	155,100
Rent on land		833	814
<b>Total interest and rent on land</b>		<b>365,466</b>	<b>155,914</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

	2010/2011 R'000	2009/2010 R'000
<b>12 Expenditure on capital assets</b>		
<b>12.1 Tangible assets</b>	<b>10,994,605</b>	<b>8,509,163</b>
Buildings and other fixed structures	5,488,989	5,167,338
Heritage assets	38,087	478
Machinery and equipment	4,626,260	3,172,266
Specialised military assets	66,760	83,092
Land and subsoil assets	772,438	83,854
Biological assets	2,071	2,135
<b>12.2 Software and other intangible assets</b>	<b>248,031</b>	<b>195,643</b>
Capitalised development costs	8,216	33,207
Computer software	235,511	98,682
Patents, licences, copyright, brand names, trademarks	4	391
Other intangibles	4,300	63,363
<b>Total</b>	<b>11,242,636</b>	<b>8,704,806</b>
<b>Compensation for capital expenditure</b>		
Compensation of employees	17,836	28,919
Goods and services	70,527	34,137
<b>Total</b>	<b>88,363</b>	<b>63,056</b>
<b>Analysis of funds utilised to acquire capital assets</b>		
<b>Tangible assets</b>		
<b>Voted Funds</b>	<b>10,992,108</b>	<b>8,495,777</b>
Buildings and other fixed structures	5,486,814	5,142,042
Heritage assets	38,087	-
Machinery and equipment	4,625,938	3,244,240
Specialised military assets	66,760	-
Land and subsoil assets	772,438	107,360
Biological assets	2,071	2,135
<b>Aid assistance</b>	<b>2,497</b>	<b>13,386</b>
Buildings and other fixed structures	-	1,940
Machinery and equipment	2,497	11,446
<b>TOTAL</b>	<b>10,994,605</b>	<b>8,509,163</b>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2010/2011 R'000	2009/2010 R'000
<b>Software and other intangible assets</b>			
<b>Voted Funds</b>			
		247,956	195,047
Capitalised development costs		8,216	33,207
Computer software		239,136	98,674
Patents, licences, copyright, brand names, trademarks		4	391
Other intangibles		600	62,775
<b>Aid assistance</b>			
		75	596
Computer software		75	8
Other intangibles		-	588
<b>TOTAL</b>		<b>248,031</b>	<b>195,643</b>
<b>13 Unauthorised expenditure</b>			
<b>Reconciliation of unauthorised expenditure</b>			
Opening balance		1,717,210	1,361,147
Unauthorised expenditure - discovered in the current year		772,361	362,394
Less: Amounts approved by Parliament/Legislature without funding and written off in the Statement of Financial Performance		(330)	-
Current		(330)	-
Less: Amounts transferred to receivables for recovery		3,729	(6,331)
<b>Unauthorised expenditure awaiting authorisation / written off</b>		<b>2,492,970</b>	<b>1,717,210</b>
<b>Analysis of unauthorised expenditure awaiting authorisation per economic classification</b>			
Current		2,478,110	1,717,210
Transfers and subsidies		14,860	-
<b>Total</b>		<b>2,492,970</b>	<b>1,717,210</b>
<b>14 Transfers and subsidies</b>			
Provinces and Municipalities		111,097,973	98,838,778
Departmental agencies and accounts		55,674,944	57,169,637
Universities and technikons		17,726,527	15,451,651
Foreign governments and international organisations		1,247,547	1,359,610
Public corporations and private enterprises		20,118,450	51,374,376

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

	2010/2011 R'000	2009/2010 R'000
	<b>Notes</b>	
Non-profit institutions	1,046,306	1,271,356
Households	95,580,593	89,686,832
Gifts, donations and sponsorships made	2,271	7,167
<b>Total</b>	<b>302,494,611</b>	<b>315,159,407</b>
<b>15 Payments for financial assets</b>		
Material losses through criminal conduct	<b>9,196</b>	<b>54,813</b>
Theft	9,100	1,336
Other material losses	96	53,477
Purchase of equity	138,600	1,757,610
Extension of loans for policy purposes	20,746,700	-
Other material losses written off	229,407	117,823
Debts written off	52,452	138,169
Forex losses	28,906	97,131
<b>Total</b>	<b>21,205,261</b>	<b>2,165,546</b>
<b>16 Fruitless and wasteful expenditure</b>		
Reconciliation of fruitless and wasteful expenditure		
Opening Balance	18,292	48,832
Less: Amounts condoned	<b>(14,212)</b>	<b>(30,381)</b>
Current	(14,212)	(30,381)
Less: Amounts transferred to receivables for recovery	(2,550)	(159)
<b>Fruitless and wasteful expenditure awaiting condonement</b>	<b>1,530</b>	<b>18,292</b>
Analysis of awaiting condonement per economic classifications		
Current	1,530	18,292
<b>Total</b>	<b>1,530</b>	<b>18,292</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2010/2011 R'000	2009/2010 R'000
<b>17 Cash and cash equivalents</b>			
Consolidated Paymaster General Account		6,426,522	3,749,859
Cash receipts		2,265	1,117
Disbursements		(92,479)	(30,961)
Cash on hand		60,126	80,620
Cash with commercial banks (Local & Foreign)		45,221,349	39,034,211
Cash with SARB		67,157,404	67,157,404
Foreign Currency Investment		58,597,146	24,749,073
Escrow Investment Account		146,443	-
Other		204,669	357,256
<b>Total Cash and cash equivalents</b>		<b>177,723,445</b>	<b>136,073,864</b>
<b>18 Prepayments and Advances</b>			
Staff advances		4,572	3,113
Travel and subsistence		119,984	151,469
Prepayments		362,855	19,661
Advances paid to other entities		179,987	84,961
SOCPEN advances		3,035,164	2,644,006
<b>Total</b>		<b>3,702,562</b>	<b>2,903,210</b>
<b>19 Receivables</b>			
Claims recoverable		1,914,775	2,401,666
Trade receivables		719	74
Recoverable expenditure		309,119	179,020
Staff debt		437,582	456,323
Other debtors		1,563,892	1,445,766
Unauthorised expenditure to be surrendered		162,706	106,077
Departmental Revenue to be surrendered to the Revenue Fund		119,865	(51,059)
Other		29,560,107	36,894,975
<b>Total</b>		<b>34,068,765</b>	<b>41,432,842</b>
<b>20 Loans</b>			
Public corporations		65,373,156	44,993,586
Universities and technikons		30,384	32,149
Staff loans		59,597	56,307
<b>Total</b>		<b>65,463,137</b>	<b>45,082,042</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

	2010/2011 R'000	2009/2010 R'000
20.1 Less: Current	24,228	23,795
20.2 <b>Total Non-Current</b>	<b>65,438,909</b>	<b>45,058,247</b>
<b>Analysis of Balance</b>		
Opening balance	45,082,042	10,548,697
New Issues	20,431,824	34,594,171
Repayments	(18,580)	(13,036)
Write-offs	(32,149)	(47,790)
<b>Closing balance</b>	<b>65,463,137</b>	<b>45,082,042</b>
<b>21 Investments</b>		
Non-current		
Domestic	59,971,095	67,386,542
Shares and other equity	47,620,062	47,489,807
<b>Total non-current</b>	<b>107,591,157</b>	<b>114,876,349</b>
<b>Major investments per National Department</b>		
<b>Department of Transport</b>		
SA Rail Commuter Corporation	4,248,259	4,248,259
Airports Company Ltd	559,492	559,492
Air Traffic and Navigation Services Company Ltd	190,646	190,646
SA National Roads Agency Ltd	1,091,044	1,091,044
	<b>6,089,441</b>	<b>6,089,441</b>
<b>National Treasury</b>		
Development Bank of Southern Africa	200,000	200,000
Public Investment Corporation Limited	1	1
Land Bank	200,955	200,955
	<b>400,956</b>	<b>400,956</b>
<b>Department of Defence</b>		
Armcor	75,000	75,000
<b>Department of Agriculture</b>		
Ncera investment	1	1
OBP investment	1	1
Abattoir industry fund	17,475	18,599
National Forestry Recreation & Access Trust	4,809	4,528
Forestry Lease Rental Trust Fund	195,744	203,246
	<b>218,030</b>	<b>226,375</b>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

	2010/2011 R'000	2009/2010 R'000
<b>Department of Communications</b>		
Telkom SA Limited	2,070,380	2,070,380
Southern African Post Office Ltd	200,940	200,940
Sentech (Pty) Ltd	1	1
Vodacom Group Limited	12,173,839	12,173,839
	<b>14,445,160</b>	<b>14,445,160</b>
<b>Department of Human Settlements</b>		
NHFC	880,000	880,000
Servcon	604	604
	<b>880,604</b>	<b>880,604</b>
<b>Department of Rural Development and Land Reform</b>		
Inala Farms	16,112	16,112
<b>Department of Trade and Industry</b>		
IDC A Shares	-	1,000
IDC B Shares	-	1,391,969
	<b>-</b>	<b>1,392,969</b>
<b>Department of Public Enterprises</b>		
Alexkor Limited	50,000	50,000
Aventura Limited	60,000	60,000
Broadband Infraco (Pty) Limited	1,351,130	1,212,530
Denel (Pty) Ltd	5,476,376	5,476,376
SAFCOL	318,013	318,013
South African Airways (Pty) Ltd	3,598,080	3,598,080
Transnet Limited	12,660,986	12,660,986
South African Express (Pty) Ltd	585,000	585,000
	<b>24,099,585</b>	<b>23,960,985</b>
<b>Department of Minerals and Energy</b>		
South African Nuclear Energy Corporation	-	2,205



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

	2010/2011 R'000	2009/2010 R'000
<b>National Treasury-Asset and Liability Management Division</b>		
International Finance Corporation	108,326	116,979
International Bank for Reconstruction and Development	11,030,860	11,911,955
Multilateral Investment Guarantee Agency	122,147	131,904
African Development Bank	8,206,855	8,862,381
International Monetary Fund quota subscription	20,696,423	23,690,974
International Monetary Fund SDR Holding	19,806,483	22,672,349
	<b>59,971,094</b>	<b>67,386,541</b>
<b>Number of Shares</b>		
<b>Foreign:</b>		
International Finance Corporation	15,948	15,948
International Bank for Reconstruction and Development	13,462	13,462
Multilateral Investment Guarantee Agency	1,662	1,662
African Development Bank	100,156	100,156
<b>Issue Price per Share</b>		
<b>Foreign:</b>		
<i>Issued in American Dollars</i>		
International Finance Corporation	6,792	7,335
International Bank for Reconstruction and Development	819,407	884,858
Multilateral Investment Guarantee Agency	73,494	79,365
African Development Bank	81,941	88,486
<b>Exchange rates as at year end used to convert issue price</b>		
American dollar (USD)	6.792	7.335
Special Drawing Rights (SDR)	11.076	12.679

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2010/2011 R'000	2009/2010 R'000
<b>22 Voted Funds to be surrendered to the Revenue Fund</b>			
Opening Balance		(1,145,397)	398,174
Transfer from Statement of Financial Performance		4,200,609	1,123,971
Add: Unauthorised expenditure for current year		772,361	362,394
Voted Funds not requested/ not received		(3,413,461)	(2,769,881)
Transferred to retained revenue to defray excess expenditure (Parliament/Legislatures ONLY)		(2)	-
Paid during the year		104,505	(260,055)
<b>Closing Balance</b>		<b>518,615</b>	<b>(1,145,397)</b>
<b>Voted funds/(Excess expenditure) transferred to the retained funds (Parliament/Legislatures ONLY)</b>			
Opening balance		(2)	-
<b>Closing Balance</b>		<b>(2)</b>	<b>-</b>
<b>23 Direct Exchequer receipts to be surrendered to the Revenue Fund</b>			
Opening balance		-	-
Transfer from Statement of Financial Performance		371,509	4,481,173
Paid during the year		(367,333)	(4,481,173)
<b>Closing balance</b>		<b>4,176</b>	<b>-</b>
<b>24 Bank overdraft</b>			
Consolidated Paymaster General Account		6,904,030	5,508,606
Fund requisition account		-	1,347,628
<b>Total</b>		<b>6,904,030</b>	<b>6,856,234</b>
<b>25 Payables</b>			
<b>25.1 Current</b>			
Amounts owing to other entities		458,892	922,403
Advances received		336,947	482,576
Clearing accounts		377,808	252,127
Other payables		652,233	730,540
Voted funds to be transferred		1,371,463	2,866,338
Other		2,642,664	2,155,688
Funds Over/(Under) received from National Government		(5)	(5)
Unauthorised Expenditure NOT funded by Revenue Fund		1,862,472	1,148,909
Unauthorised Expenditure funded by Revenue Fund		(379,655)	(385,553)
<b>Total</b>		<b>7,322,819</b>	<b>8,173,023</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2010/2011 R'000	2009/2010 R'000
<b>25.2 Non-current</b>			
Amounts owing to other entities		961	2,886
Advances received		460	-
Other payables		277,720	282,691
<b>Total</b>		<b>279,141</b>	<b>285,577</b>
<b>26 Borrowings</b>			
<b>26.1 Current</b>			
Domestic		170,443,566	127,823,442
Foreign		40,905	68,490
<b>Total Current Borrowings</b>		<b>170,484,471</b>	<b>127,891,932</b>
<b>Domestic short-term bonds, debentures and other loans</b>			
Debt as at 1 April		13,018,802	2,289,628
Created		1,139,088	4,067,354
Reduced		(14,611,209)	(28,647,780)
Transfer from long term		21,199,248	35,309,600
Treasury bills		136,197,356	114,797,671
Other Loans		13,500,281	6,970
		<b>170,443,566</b>	<b>127,823,442</b>
<b>Foreign short-term bonds, debentures and other loans</b>			
<b>Bonds and debentures</b>			
Debt as at 1 April		67,754	5,287,624
Reduced		(90,690)	(5,219,870)
Transfer from long term		64,323	-
Revaluation of foreign loans		(482)	736
		<b>40,905</b>	<b>68,490</b>
<b>26.2 Non-current</b>			
<b>Long Term</b>			
Domestic		721,779,550	576,427,661
Foreign		97,810,167	99,385,150
<b>Total Long Term Borrowings</b>		<b>819,589,717</b>	<b>675,812,811</b>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

	2010/2011 R'000	2009/2010 R'000
	<b>Notes</b>	
<b>Domestic long-term bonds, debentures and other loans</b>		
<b>Bonds and debentures</b>	<b>712,699,284</b>	<b>567,547,693</b>
Debt as at 1 April	567,547,693	450,710,089
Created	166,882,034	152,612,268
Reduced	(531,195)	(465,064)
Transfer from long term	(21,199,248)	(35,309,600)
Revaluation premium on inflation-linked bonds	9,041,082	8,840,523
Former Regional Authorities	39,184	39,445
	<b>721,779,550</b>	<b>576,427,661</b>
<b>Redemption Analysis</b>		
<b>Financial year(s)</b>	<b>721,740,366</b>	<b>576,388,215</b>
2011-2014	73,191,086	75,211,226
2014-2017	121,091,368	112,050,816
2017-2020	202,729,548	110,674,432
2020-2023	70,371,193	91,383,911
2023-2026	85,455,868	54,523,514
2026-2036	168,901,303	132,544,316
<b>Foreign long term bonds, debentures and other loans</b>		
<b>Bonds and debentures</b>		
Debt as at 1 April	97,291,182	67,801,600
Created	5,658,461	31,877,726
Reduced	(2,348,322)	(2,388,144)
Transfer from long term	(64,323)	-
Revaluation of foreign loans	(2,726,831)	2,093,968
	<b>97,810,167</b>	<b>99,385,150</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2010/2011 R'000	2009/2010 R'000
<b>Redemption Analysis</b>			
<b>Financial year(s)</b>		<b>97,810,167</b>	<b>99,385,150</b>
2011-2014		18,858,387	7,404,215
2014-2017		34,896,189	42,031,634
2017-2020		27,169,800	8,457,209
2020-2023		11,791,453	34,157,111
2023-2041		5,094,338	7,334,981
<b>Currency Analysis</b>			
		<b>97,810,167</b>	<b>99,385,150</b>
British pound		1,146,619	1,179,328
Euro		28,237,172	30,733,110
Gold		-	208,808
Japanese yen		4,999,003	4,817,186
Swedish krone		6,441,785	6,107,174
United States dollar		56,985,588	56,339,544
<b>27 Provisions</b>			
Special Drawing Rights		794,162	794,057
International Monetary Fund- Securities Account		20,678,326	23,672,290
International Monetary Fund- SDR Allocations		19,776,135	22,637,529
Leave credits		10,296,207	9,762,134
International Bank for Reconstruction and Development		10,359,624	11,187,075
Multilateral Investment Guarantee Agency		98,960	106,864
African Development Bank		7,491,922	8,090,510
<b>Total Provisions</b>		<b>69,495,336</b>	<b>76,250,459</b>

Provisions represent the commitments of the National Government of which the long and short term positions cannot be determined

**27.1 Special Drawing Rights**

794,162

794,057

This commitment represents the net balance on the Special Drawing Rights Income and Expenditure Account at the South African Reserve Bank in respect of special drawing rights transactions with the International Monetary Fund

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2010/2011 R'000	2009/2010 R'000
<b>27.2 International Monetary Fund- Securities Account</b>		20,678,326	23,672,290
<p>This commitment represents the balance of securities in the International Monetary Fund's (IMF) General Resources Account held with the South African Reserve Bank.</p>			
<b>27.3 International Monetary Fund- SDR Allocations</b>		19,776,135	22,637,529
<p>The special drawing rights deposit at the South African Reserve Bank is the Rand equivalent of South Africa's special drawing right liability towards the International Monetary Fund, in terms of the Finance and Financial Adjustments Acts, consolidation Act 11 of 1977.</p>			
<b>27.4 International Bank for Reconstruction and Development</b>		10,359,624	11,187,075
<p>This commitment represents the callable portion of a country's subscription available to the International Bank for Reconstruction and Development (IBRD) to meet its obligations for funds borrowed or loans guaranteed by it.</p>			
<b>27.5 Multilateral Investment Guarantee Agency</b>		98,960	106,864
<p>This commitment represent the callable portion of a country's subscription available to the Multilateral Investment Guarantee Agency (MIGA) to meet it's obligations on foreign investment guarantees to investors that are planning investments in developing countries.</p>			
<b>27.6 African Development Bank</b>		7,491,922	8,090,510
<p>This commitment represents the callable portion of a country's subscription available to the African Development Bank to meet it's obligation on borrowing of funds or guarantees chargeable.</p>			
<b>28.7 Leave Credits</b>		10,296,207	9,762,134
<p>Provisions represent the commitments of the National Government of which the long- and short-term portions cannot be determined.</p>			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

	2010/2011 R'000	2009/2010 R'000
<b>28 Net cash flow available from operating activities</b>		
Net deficit as per Statement of Financial Performance	(141,250,748)	(189,473,724)
Add back non cash/cash movements not deemed operating activities	6,939,643	26,265,598
Increase in receivables – current	(6,488,857)	(2,929,918)
Increase in prepayments and advances	(799,352)	(1,624,160)
Decrease in other current assets	19,261	80,062
Increase in payables – current	7,311,026	6,141,217
Proceeds from sale of capital assets	(35,270)	(36,262)
Proceeds from sale of investments	(1,356,161)	(4,947,030)
Increase in Provision	534,073	689,117
Expenditure on capital assets	11,242,636	8,704,806
Surrenders to Revenue Fund	(12,614,290)	(11,205,970)
Surrenders to RDP Fund/Donor	(167,582)	(109,685)
Voted funds not requested/not received	1,460,427	-
Approved Statutory Overdrawn	(9,057,988)	(5,970,946)
Other non-cash items	16,891,720	37,474,367
<b>Net cash flow generated by operating activities</b>	<b>(134,311,105)</b>	<b>(163,208,126)</b>
<b>Reconciliation of cash and cash equivalents for cash flow purposes</b>		
Consolidated Paymaster General Account	(477,508)	(1,758,747)
Fund requisition account	-	(1,347,628)
Cash receipts	2,265	1,117
Disbursements	(92,479)	(30,961)
Cash on hand	60,126	80,620
Cash with commercial banks-Local	841,059	535,694
Cash with commercial banks-Foreign	170,485,952	131,737,535
<b>Total Cash</b>	<b>170,819,415</b>	<b>129,217,630</b>
Less: Bank overdraft	6,904,030	6,856,234
<b>Cash and cash equivalents for cash flow purposes</b>	<b>177,723,445</b>	<b>136,073,864</b>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2010/2011 R'000	2009/2010 R'000
<b>29 Reconciliation of prior year net surplus to current comparatives</b>			
Net surplus as reported in prior year		(189,877,575)	
Less: Restatement of non-cash movement		968,239	
Less: Restatement of Opening balances from departments		(1)	
Add: Fruitless expenditure-DPI		-	
Less: Funds to be surrendered to the revenue fund		(564,387)	
<b>Restated Net Surplus for the Year</b>		<b>(189,473,724)</b>	
 <b>Reconciliation of cash and cash equivalents reported in prior year and Restated cash and cash equivalents in the current year</b>			
Cash and cash equivalents as reported in prior year		136,508,562	
Less: Restatement of Justice Cluster		(7,634)	
Add: Restatement of DPI		(427,064)	
<b>Restated cash and cash equivalents</b>		<b>136,073,864</b>	
 <b>Reconciliation of statement of position reported in prior year and Restated amounts in current year</b>			
<b>ASSETS</b>			
<b>Current assets as reported in prior year:</b>		188,307,658	
Less: Current assets from Justice		(16,209)	
Add: Reallocation of Recoverable Revenue by Economic Service Cluster		1,778	
Unauthorised Expenditure & Receivables		(5,161,359)	
NRF Receivables Restated		(377,514)	
Add: ALM Opening Balance Adjustment		(427,064)	
<b>Restated current assets for the 2009/2010 financial year</b>		<b>182,327,290</b>	
 <b>Non-Current Assets</b>			
Non current assets as reported prior year		136,272,050	
Add: ALM Opening Balance Restatements		23,665,726	
Add: Reallocations		-	
<b>Restated non current assets for the 2009/2010 financial year</b>		<b>159,937,776</b>	



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

	2010/2011 R'000	2009/2010 R'000
	<b>Notes</b>	
<b>LIABILITIES</b>		
Current liabilities as reported in prior year:	200,843,586	
Restated current liabilities by Justice-Safety and security	(16,209)	
Funds to be surrendered to the revenue fund & Payables	(5,161,359)	
Add: ALM Opening Balance Restatements	22,697,487	
<b>Restated current liabilities for the 2009/2010 financial year</b>	<b>218,363,505</b>	
<b>Non-Current Liabilities</b>		
Non-current liabilities as reported prior year	676,098,388	
Add: Restatement by NRF	-	
<b>Restated non current assets for the 2009/2010 financial year</b>	<b>676,098,388</b>	
<b>NET ASSETS/(LIABILITIES)</b>		
Net Liabilities as reported in prior year (Capital Reserves)	47,730,094	
Adjustment and restatement of NRF	-	
<b>Restated net liabilities for the year</b>	<b>47,730,094</b>	
Net Liabilities as reported in prior year (Recoverable Revenue)	45,115,106	
Restatement by Economic Service cluster	1,778	
Adjustment and restatement of NRF	-	
<b>Restated net liabilities for the year</b>	<b>45,116,884</b>	
Net Liabilities as reported in prior year (Retained Earnings)	(645,207,466)	
Adjustment and restatement of NRF	(804,578)	
Non Cash movement restatement	968,239	
<b>Restated net liabilities for the year</b>	<b>(645,043,805)</b>	
Net Liabilities as reported in prior year (Total)	(552,362,266)	
Restatement by Economic Services	1,778	
Adjustment and restatement of NRF	163,661	
Restatement by DPE	-	
<b>Restated net liabilities for the year</b>	<b>(552,196,827)</b>	

## DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2010/2011 R'000	2009/2010 R'000
<b>30 Contingent liabilities and Contingent assets</b>			
<b>30.1 Contingent Liabilities</b>			
Motor vehicle guarantees		2,643	4,774
Housing loan guarantees		124,078	153,359
Other guarantees		149,478,112	128,941,957
Claims against the department		20,612,915	24,063,627
Other departments (interdepartmental unconfirmed balances)		561,601	851,456
Environmental rehabilitation liability		129,372	181,845
Other		1,106,741	246,507
<b>Total</b>		<b>172,015,462</b>	<b>154,443,526</b>
<b>Underwritten by Government</b>			
Guaranteed liabilities		149,596,375	128,879,921
Road Accident Fund		47,647,050	45,365,998
Export Credit Insurance Corporation of SA Ltd		9,613,610	9,190,988
Unemployment Insurance Fund		3,314,819	3,727,909
<b>Other</b>			
South African Reserve Bank		112,434	113,505
Departments		25,666,405	25,687,079
		<b>235,950,693</b>	<b>212,965,400</b>
<b>Underwritten by Government</b>			
<b>Guaranteed liabilities</b>			
Transnet		9,887,123	11,619,849
Development Bank of SA		25,867,583	26,560,227
Trans Caledon Tunnel Authority		18,489,648	20,720,787
Telkom SA		90,332	108,447
South African National Roads Agency Ltd		18,604,630	12,287,427
KOBWA		1,340,192	1,405,744
Industrial Development Corporation of SA		739,530	951,666
Denel		1,850,000	1,850,000

**DISCLOSURE NOTES TO  
THE CONSOLIDATED FINANCIAL STATEMENTS - *continued***

FOR THE YEAR ENDED 31 MARCH 2011

Notes	2010/2011 R'000	2009/2010 R'000
Lesotho Highlands Development Authority	226,964	425,672
Land Bank	1,844,225	2,594,351
Central Energy Fund	-	18,937
SAA	1,915,567	1,351,085
NECSA	20,000	20,000
Tertiary Institutions	32,653	70,891
SABC	1,000,000	1,000,000
Passenger Rail Agency of South Africa	468,390	1,216,776
ESKOM	67,056,783	46,678,062
	<b>149,433,620</b>	<b>128,879,921</b>

The National Government furnishes guarantees to various institutions.

The guarantees furnished to parastatal institutions are disclosed under the relevant functional government departments.

These guarantees will realise as liabilities to the State only if the institutions on who's behalf the guarantees were furnished, are unable to meet their commitments.

It is not possible to determine the portion of these guarantees which will realise as liabilities to the National Government. Amounts guaranteed and the interest thereon if also guaranteed, are disclosed.

**Road Accident Fund**

47,647,050

45,365,998

This represents the underfunding of the Fund's future commitment in respect of claims against the Fund according to the actuarial valuation. Actuarial valuations are conducted every year.

**Export Credit Insurance Corporation of South Africa Ltd**

9,613,699

9,190,988

The Export Credit Insurance Corporation of South Africa Ltd and its predecessor, the Credit Guarantee Insurance Corporation of Africa Ltd, provide export credit and foreign investment cover to South African exporters. In terms of the Export Credit and Foreign Investment Act, 1957, as amended, the Government of South Africa acts as a guarantor for the liabilities of the company. The Government's commitment represents the net of the total underwriting exposure of the company and its total assets.

**South African Reserve Bank (SARB)**

112,434

113,505

This contingent liability in respect of old coinage still in circulation is limited to 73,67% of the net cost of disposal of the old coins when they are returned to the SARB. A portion of the coinage will probably never be returned. The Government's related costs are set-off against surpluses of the SARB paid to Government. The SARB raises the full liabilities for old coinage in their books.

**DISCLOSURE NOTES TO  
THE CONSOLIDATED FINANCIAL STATEMENTS - *continued***

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2010/2011 R'000	2009/2010 R'000
<b>Departments</b>			
Motor Vehicle Guarantees		2,643	4,774
Housing Loan Guarantees		124,133	153,350
Claims		20,612,915	24,174,791
Other Departments (Unconfirmed Balances)		561,601	925,811
Environmental rehabilitation liability		3,258,372	181,845
Other		1,106,741	246,507
		<b>25,666,405</b>	<b>25,687,078</b>
<b>30.2 Contingent Assets</b>			
Contingent asset		22,812	7,225
<b>Total</b>		<b>22,812</b>	<b>7,225</b>
<b>31 Post retirement benefits</b>			
Post retirement medical assistance		-	-
Pension Funds		56,000,000	56,000,000
		<b>56,000,000</b>	<b>56,000,000</b>

**31.1 Post retirement medical assistance**

This contingent liability is the estimated present value of the State's future commitment in respect of government employees; post employment medical assistance (including former members of the National Defence Force, the Police Service and Correctional Services in respect of former service members and on the Finance vote in respect of other government employees.

The State's commitment in respect of post retirement medical scheme assistance is provided for in the annual budget on the votes of the Defence Force, Police Service and Correctional Services in respect of former service members and on the Finance vote in respect of other government employees.

**31.2 Pension Funds**

Government Employees Pension Fund

This commitment represents the underfunding of the pension fund according to the most recent actuarial valuations. Actuarial valuations are conducted every three years. This liability continues to be based on incomplete assessment data.

**DISCLOSURE NOTES TO  
THE CONSOLIDATED FINANCIAL STATEMENTS - *continued***

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2010/2011 R'000	2009/2010 R'000
<b>Funding Levels</b>			
Government Employees Pension Fund		100.0%	100.0%
Temporary Employees Pension Fund		79.0%	132.0%
Associated Institutions Pension Fund		126.4%	118.2%
<b>Valuation Dates</b>			
Government Employees Pension Fund		Mar-08	Mar-08
Temporary Employees Pension Fund		Mar-09	Mar-07
Associated Institutions Pension Fund		Mar-09	Mar-07
<p>Government Employees Pension Fund, Temporary Employees and the Associated Pension Fund are in surplus(deficit) with R11 400 million, R94,7 million and R1 207 million respectively (2009/10: R11 400 million, R80 million, R1 204 million respectively).</p>			
<b>32</b>	<b>Commitments</b>		
	<b>Current Expenditure</b>		
	Approved and contracted	11,572,732	6,643,694
	Approved but not yet contracted	3,448,551	1,929,963
	<b>Total</b>	<b>15,021,283</b>	<b>8,573,657</b>
	<b>Capital Expenditure (including transfers)</b>		
	Approved and contracted	6,024,877	5,384,448
	Approved but not yet contracted	5,565,563	7,366,573
	<b>Total</b>	<b>11,590,440</b>	<b>12,751,021</b>
	<b>Total Commitments</b>	<b>26,611,722</b>	<b>21,324,678</b>
<b>33</b>	<b>Accruals</b>		
	<b>By economic classification</b>		
	Goods and services	2,580,425	1,764,212
	Interest and rent on land	9,735	1,028
	Transfers and subsidies	254,545	120,738
	Capital assets	1,008,769	507,869
	Other	13,893	44,930
	<b>Total</b>	<b>3,867,367</b>	<b>2,438,777</b>

## DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2010/2011 R'000	2009/2010 R'000
<b>34 Employee benefits</b>			
Leave entitlement		3,138,717	2,900,259
Service bonus (Thirteenth cheque)		1,293,311	1,134,696
Performance awards		244,135	226,920
Capped leave commitments		7,692,640	7,515,214
Other		202,411	240,261
<b>Total</b>		<b>12,571,214</b>	<b>12,017,350</b>
<b>35 Lease commitments</b>			
<b>35.1 Operating lease expenditure</b>			
<b>Land</b>			
Not later than 1 year		17,136	15,030
Later than 1 year and not later than 5 years		9,566	9,760
Later than 5 years		2,619	2,201
<b>Total</b>		<b>29,321</b>	<b>26,991</b>
<b>Buildings and other fixed structures</b>			
Not later than 1 year		2,358,786	1,737,376
Later than 1 year and not later than 5 years		5,562,558	4,183,689
Later than 5 years		6,191,061	6,666,440
<b>Total</b>		<b>14,112,405</b>	<b>12,587,505</b>
<b>Machinery and equipment</b>			
Not later than 1 year		119,236	484,484
Later than 1 year and not later than 5 years		79,857	603,880
Later than 5 years		5,000	72,943
<b>Total present value</b>		<b>204,093</b>	<b>1,161,307</b>
<b>Total present value</b>			
Not later than 1 year		2,495,158	2,236,890
Later than 1 year and not later than 5 years		5,651,981	4,797,329
Later than 5 years		6,198,680	6,741,584
<b>Total present value</b>		<b>14,345,819</b>	<b>13,775,803</b>

**DISCLOSURE NOTES TO  
THE CONSOLIDATED FINANCIAL STATEMENTS - *continued***

FOR THE YEAR ENDED 31 MARCH 2011

	2010/2011 R'000	2009/2010 R'000
<b>35.2 Finance lease expenditure</b>		
<b>Land</b>		
Not later than 1 year	20,816	23,930
Later than 1 year and not later than 5 years	27,749	54,319
LESS: finance costs	4,607	10,558
<b>Total present value</b>	<b>43,958</b>	<b>67,691</b>
<b>Buildings and other fixed structures</b>		
Not later than 1 year	66,310	8,030
Later than 1 year and not later than 5 years	318,089	41,773
Later than 5 years	974,302	20,759
LESS: finance costs	842,829	18,381
<b>Total present value</b>	<b>515,872</b>	<b>52,181</b>
<b>Machinery and equipment</b>		
Not later than 1 year	189,618	409,427
Later than 1 year and not later than 5 years	119,342	969,867
LESS: finance costs	29,302	279,284
<b>Total present value</b>	<b>279,657</b>	<b>1,100,010</b>
<b>Total Finance Leases</b>		
Not later than 1 year	276,744	441,387
Later than 1 year and not later than 5 years	465,180	1,065,959
Later than 5 years	974,302	20,759
LESS: finance costs	876,738	308,223
<b>Total present value</b>	<b>839,487</b>	<b>1,219,882</b>
<b>36 Receivables for departmental revenue</b>		
Sales of goods and services other than capital assets	203,742	159,964
Fines, penalties and forfeits	334,532	213,419
Interest, dividends and rent on land	416,043	445,122
Sale of capital assets	25,776	23,112
Transactions in financial assets and liabilities	179,379	261,873
Transfers received (incl conditional grants to be repaid by prov depts)	198,112	160,778
Other	19,333	45,591
<b>Total</b>	<b>1,376,917</b>	<b>1,309,859</b>

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**DISCLOSURE NOTES TO  
THE CONSOLIDATED FINANCIAL STATEMENTS - *continued***

FOR THE YEAR ENDED 31 MARCH 2011

	2010/2011 R'000	2009/2010 R'000
	<b>Notes</b>	
<b>Analysis of receivables for departmental revenue</b>		
Opening balance	1,289,823	1,083,657
Less: Amounts received	964,260	836,052
Add: Amounts recognised	1,051,714	1,070,439
Less: Amounts written-off/reversed as irrecoverable	360	8,185
<b>Closing balance</b>	<b>1,376,917</b>	<b>1,309,859</b>
<b>37 Irregular expenditure</b>		
<b>37.1 Reconciliation of irregular expenditure</b>		
Opening balance	6,055,998	1,058,001
Add: Irregular expenditure - relating to prior year	152,685	2,967,611
Add: Irregular expenditure - relating to current year	2,155,632	2,355,066
Less: Amounts condoned	(5,125,041)	(304,349)
Less: Amounts recoverable (not condoned)	(55,654)	(436)
Less: Amounts not recoverable (not condoned)	(3,307)	(19,895)
<b>Irregular expenditure awaiting condonation</b>	<b>3,180,312</b>	<b>6,055,998</b>
<b>Analysis of awaiting condonation per age classification</b>		
Current Year	1,700,852	1,993,041
Prior Years	1,479,460	4,062,957
<b>Total</b>	<b>3,180,312</b>	<b>6,055,998</b>
<b>38 Fruitless and wasteful expenditure</b>		
<b>38.1 Reconciliation of fruitless and wasteful expenditure</b>		
Opening balance	43,433	30,206
Fruitless and wasteful expenditure – relating to prior year	4,072	156
Fruitless and wasteful expenditure – relating to current year	417,261	14,585
Less: Amounts condoned	(2,905)	(1,039)
Less: Amounts transferred to receivables for recovery	(856)	(475)
<b>Fruitless and wasteful expenditure awaiting condonement</b>	<b>461,005</b>	<b>43,433</b>



**DISCLOSURE NOTES TO  
THE CONSOLIDATED FINANCIAL STATEMENTS - *continued***

FOR THE YEAR ENDED 31 MARCH 2011

	2010/2011 R'000	2009/2010 R'000
	<b>Notes</b>	
<b>Analysis of awaiting condonement per economic classification</b>		
Current Year	452,144	34,461
Prior Years	8,861	8,972
<b>Total</b>	<b>461,005</b>	<b>43,433</b>
<b>39 Related party transactions</b>		
Revenue received (paid)		
Tax revenue/user charges	25,099,182	23,627,771
Fines, penalties and forfeits	489,351	336,296
Interest, dividends and rent on land	58,671	143,551
Transactions in financial assets and liabilities	56,465	60,133
<b>Total</b>	<b>25,703,669</b>	<b>24,167,751</b>
<b>Payments made</b>		
Goods and services	481,552	388,877
Purchases of capital assets	37,424	597
Transactions in financial assets and liabilities	414,060	72,206
Transfers	2,471,519	5,899,250
<b>Total</b>	<b>3,404,555</b>	<b>6,360,930</b>
<b>Year end balances arising from revenue/payments</b>		
Receivables from related parties	313,809	152,974
Payables to related parties	(8,313)	(42,922)
<b>Total</b>	<b>305,496</b>	<b>110,052</b>
<b>Loans to/from related parties</b>		
Non-interest bearing loans to/(from)	323,643	323,643
Interest bearing loans to/(from)	-	71,148
<b>Total</b>	<b>323,643</b>	<b>394,791</b>

**DISCLOSURE NOTES TO  
THE CONSOLIDATED FINANCIAL STATEMENTS - *continued***

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2010/2011 R'000	2009/2010 R'000
<b>Other</b>			
Guarantees issued/received		24,598,385	70,823,727
S.A. National Roads Agency Ltd (NDTrans)		19,484,177	12,934,552
Passenger Rail Authority of South Africa(NDTRANS) & Guarantees issued - NECSA (NDENERGY)		488,390	1,216,776
Guarantees received - Ministry of Finance		7,288	-
<b>Total</b>		<b>44,578,240</b>	<b>84,975,055</b>
<b>40 Key management personnel</b>			
<b>Description</b>			
Political office bearers (provide detail below)		101,555	93,637
Officials:		16,991	11,549
Level 15 to 16		403,236	330,524
Level 14 (incl CFO if at a lower level)		666,267	584,571
Family members of key management personnel		12,278	8,003
<b>Total</b>		<b>1,200,327</b>	<b>1,028,284</b>
<b>Description</b>			
Chief Financial Officer		152	-
Legal Advisor		312	-
<b>Total</b>		<b>463</b>	<b>-</b>
<b>41 Public Private Partnership</b>			
<b>Contract fee received</b>		<b>(146,146)</b>	<b>(146,146)</b>
Unemployment Insurance Fund		(73,073)	(73,073)
Compensation Fund		(73,073)	(73,073)
<b>Contract fee paid</b>		<b>1,525,668</b>	<b>1,302,141</b>
Fixed component		665,348	579,943
Indexed component		860,320	722,198
<b>Analysis of indexed component</b>		<b>860,320</b>	<b>722,198</b>
Goods and Services(excluding lease payments)		728,633	664,128
Operating leases		20,367	16,429
Interest		111,320	41,641

**DISCLOSURE NOTES TO  
THE CONSOLIDATED FINANCIAL STATEMENTS - *continued***

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2010/2011 R'000	2009/2010 R'000
Capital/ (Liabilities)		197,778	194,731
Property		197,778	194,731
<b>Total</b>		<b>2,437,620</b>	<b>2,072,924</b>
<b>42 Impairment and other provisions</b>			
<b>Impairment</b>			
Investments		16,112	678,634
Loans		12,362	12,362
Debtors		250,250	256,621
Other		40,526	50,367
		<b>319,250</b>	<b>997,984</b>
<b>Other provisions</b>			
DRDLR Lease Debtors		21,237	22,822
Agricultural Debt Account, debt which are not written off against savings from the vote.		660,655	790,807
Interest, Dividends and Rent on Land		55,830	74,455
Provision for rehabilitation of ownerless and derelict mines		153,905	148,694
Third Party funds - Revenue		162,724	80,620
Curator expenditure		27,189	4,501
Staff Debt over 3yrs and Deceased		3,049	-
Claims against the Department - Restitution		5,494	-
<b>Total</b>		<b>1,090,083</b>	<b>1,121,899</b>
<b>Total impairment and other provisions</b>		<b>1,409,333</b>	<b>2,119,883</b>
<b>43 Non-adjusting events after reporting date</b>			
Department of Public Works- Office Accomodation		1,028	-
Financial Misconduct		64	-
<b>Total</b>		<b>1,092</b>	<b>-</b>

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**DISCLOSURE NOTES TO  
THE CONSOLIDATED FINANCIAL STATEMENTS - *continued***

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2010/2011 R'000	2009/2010 R'000
<b>44 Movable Tangible Capital Assets</b>			
<b>MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011</b>			
<b>Opening Balance</b>			
<b>HERITAGE ASSETS</b>		45,356	44,391
Heritage assets		45,356	44,391
<b>MACHINERY AND EQUIPMENT</b>		16,335,316	15,054,794
Transport assets		8,833,324	8,354,759
Computer equipment		3,385,841	2,967,559
Furniture and office equipment		1,145,779	989,347
Other machinery and equipment		2,970,372	2,743,129
<b>SPECIALISED MILITARY ASSETS</b>		7,356	8,210
Specialised military assets		7,356	8,210
<b>BIOLOGICAL ASSETS</b>		17,165	540,507
Biological assets		17,165	540,507
<b>TOTAL</b>		<b>16,405,193</b>	<b>15,647,902</b>
<b>Current Year Adjustment to prior year Balances</b>			
<b>HERITAGE ASSETS</b>		(2,976)	-
Heritage assets		(2,976)	-
<b>MACHINERY AND EQUIPMENT</b>		38,461,210	-
Transport assets		7,767,144	-
Computer equipment		-	-
Furniture and office equipment		274,390	-
Other machinery and equipment		26,372	-
		30,393,304	-

**DISCLOSURE NOTES TO  
THE CONSOLIDATED FINANCIAL STATEMENTS** - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2010/2011 R'000	2009/2010 R'000
<b>SPECIALISED MILITARY ASSETS</b>		37,749,794	-
Specialised military assets		37,749,794	-
<b>BIOLOGICAL ASSETS</b>		631	-
Biological assets		631	-
<b>TOTAL</b>		<b>76,208,659</b>	<b>-</b>
<b>Additions</b>			
<b>HERITAGE ASSETS</b>		205	965
Heritage assets		205	965
<b>MACHINERY AND EQUIPMENT</b>		4,016,226	2,223,201
Transport assets		2,322,517	1,182,576
Computer equipment		653,464	511,749
Furniture and office equipment		208,676	190,094
Other machinery and equipment		831,569	338,782
<b>SPECIALISED MILITARY ASSETS</b>		35,408	330
Specialised military assets		35,408	330
<b>BIOLOGICAL ASSETS</b>		382,421	6,704
Biological assets		382,421	6,704
<b>TOTAL</b>		<b>4,434,260</b>	<b>2,231,200</b>
<b>Disposals</b>			
<b>HERITAGE ASSETS</b>		810	-
Heritage assets		810	-

**DISCLOSURE NOTES TO  
THE CONSOLIDATED FINANCIAL STATEMENTS - *continued***

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2010/2011 R'000	2009/2010 R'000
<b>MACHINERY AND EQUIPMENT</b>		1,336,710	942,679
Transport assets		986,894	704,011
Computer equipment		138,949	93,467
Furniture and office equipment		65,022	33,662
Other machinery and equipment		145,845	111,539
<b>SPECIALISED MILITARY ASSETS</b>		82,737	1,184
Specialised military assets		82,737	1,184
<b>BIOLOGICAL ASSETS</b>		2,116	530,046
Biological assets		2,116	530,046
<b>TOTAL TANGIBLE ASSETS</b>		<u>1,422,373</u>	<u>1,473,909</u>
<b>Closing balance</b>			
<b>HERITAGE ASSETS</b>		41,775	45,356
Heritage assets		41,775	45,356
<b>MACHINERY AND EQUIPMENT</b>		57,476,042	16,335,316
Transport assets		17,936,091	8,833,324
Computer equipment		4,174,745	3,385,841
Furniture and office equipment		1,315,805	1,145,779
Other machinery and equipment		34,049,399	2,970,372
<b>SPECIALISED MILITARY ASSETS</b>		37,709,821	7,356
Specialised military assets		37,709,821	7,356
<b>BIOLOGICAL ASSETS</b>		398,101	17,165
Biological assets		398,101	17,165
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>		<u>95,625,739</u>	<u>16,405,193</u>

**DISCLOSURE NOTES TO  
THE CONSOLIDATED FINANCIAL STATEMENTS** - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

	2010/2011 R'000	2009/2010 R'000
<b>45 Minor assets</b>		
<b>MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER</b>		
<b>Opening Balance</b>		
Intangible assets	13,230	-
Heritage assets	944	-
Machinery and equipment	4,211,340	-
Biological assets	11,074	-
<b>TOTAL</b>	<b>4,236,588</b>	<b>-</b>
<b>Current Year Adjustment to prior year Balances</b>		
Specialised military assets	2,548,253	-
Intangible assets	211	-
Heritage assets	1	-
Machinery and equipment	5,117,831	-
Biological assets	(452)	-
<b>TOTAL</b>	<b>7,665,844</b>	<b>-</b>
<b>Additions</b>		
Specialised military assets	15,004	-
Intangible assets	1,698	-
Heritage assets	4	-
Machinery and equipment	653,944	-
Biological assets	5,313	-
<b>TOTAL</b>	<b>675,963</b>	<b>-</b>

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**DISCLOSURE NOTES TO  
THE CONSOLIDATED FINANCIAL STATEMENTS - continued**

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2010/2011 R'000	2009/2010 R'000
<b>Disposals</b>			
Specialised military assets		813	-
Intangible assets		350	-
Heritage assets		-	-
Machinery and equipment		354,280	-
Biological assets		4,937	-
<b>TOTAL</b>		<b>360,380</b>	<b>-</b>
<b>Closing balance</b>			
Specialised military assets		2,562,444	-
Intangible assets		14,789	-
Heritage assets		949	-
Machinery and equipment		9,628,835	-
Biological assets		10,998	-
<b>TOTAL MINOR ASSETS</b>		<b>12,218,015</b>	<b>-</b>
<b>Intangible Capital Assets</b>			
<b>MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011</b>			
<b>Opening Balance Cost</b>			
Capitalised development costs		12,489	17,893
Computer software		989,069	963,732
Masterheads and publishing tiles		-	-
Patents, licences, copyright, brand names, trademark		391	5,986
Recipes, formulae, prototypes, designs, models		-	-
Services and operating rights		16,127	16,127
Other intangibles		59,441	3,648
<b>TOTAL INTANGIBLE ASSETS</b>		<b>1,077,517</b>	<b>1,007,386</b>



**DISCLOSURE NOTES TO  
THE CONSOLIDATED FINANCIAL STATEMENTS** - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

	2010/2011 R'000	2009/2010 R'000
	<b>Notes</b>	
<b>Current Year Adjustment to prior year Balances</b>		
Computer software	16,831	-
Patents, licences, copyright, brand names, trademark	135	-
Services and operating rights	(16,104)	-
Other intangibles	342	-
<b>TOTAL INTANGIBLE ASSETS</b>	<b>1,204</b>	<b>-</b>
<b>Additions</b>		
Capitalised development costs	4,486	3,938
Computer software	427,963	52,192
Patents, licences, copyright, brand names, trademark	15	391
Other intangibles	729	55,819
<b>TOTAL INTANGIBLE ASSETS</b>	<b>433,193</b>	<b>112,340</b>
<b>Disposals</b>		
Capitalised development costs	-	9,342
Computer software	81,447	26,855
Patents, licences, copyright, brand names, trademark	-	5,986
Other intangibles	24	26
<b>TOTAL INTANGIBLE ASSETS</b>	<b>81,471</b>	<b>42,209</b>
<b>Closing balance</b>		
Capitalised development costs	16,975	12,489
Computer software	1,352,416	989,069
Patents, licences, copyright, brand names, trademark	541	391
Services and operating rights	23	16,127
Other intangibles	60,488	59,441
<b>TOTAL INTANGIBLE ASSETS</b>	<b>1,430,443</b>	<b>1,077,517</b>

**DISCLOSURE NOTES TO  
THE CONSOLIDATED FINANCIAL STATEMENTS - *continued***

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2010/2011 R'000	2009/2010 R'000
<b>46 Immovable Tangible Capital Assets</b>			
<b>MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER</b>			
<b>Opening Balance</b>			
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>		8,518,984	8,635,545
Dwellings		2,577,931	2,499,876
Non-residential buildings		5,836,952	5,664,806
Other fixed structures		104,101	470,863
<b>HERITAGE ASSETS</b>		186	186
Heritage assets		186	186
<b>LAND AND SUBSOIL ASSETS</b>		280,240	2,722,609
Land		280,240	2,722,609
<b>TOTAL Opening Balance</b>		<u>8,799,410</u>	<u>11,358,340</u>
<b>Current Year Adjustment to prior year Balances</b>			
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>		(99,610)	-
Dwellings		259,332	-
Non-residential buildings		(389,527)	-
Other fixed structures		30,585	-
<b>HERITAGE ASSETS</b>		(186)	-
Heritage assets		(186)	-
<b>LAND AND SUBSOIL ASSETS</b>		715,525	-
Land		715,525	-
<b>TOTAL Current Year Adjustment to prior year Balances</b>		<u>615,729</u>	<u>-</u>

**DISCLOSURE NOTES TO  
THE CONSOLIDATED FINANCIAL STATEMENTS - *continued***

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2010/2011 R'000	2009/2010 R'000
<b>Additions</b>			
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>			
Dwellings		1,477,177	357,845
Non-residential buildings		274,354	78,892
Other fixed structures		1,114,460	635,964
		88,363	(357,011)
<b>HERITAGE ASSETS</b>			
Heritage assets		8,147	-
		8,147	-
<b>LAND AND SUBSOIL ASSETS</b>			
Land		785,577	121,317
		785,577	121,317
<b>TOTAL Additions</b>		<b>2,270,901</b>	<b>479,162</b>
<b>Disposals</b>			
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>			
Dwellings		85,409	474,406
Non-residential buildings		3,972	837
Other fixed structures		39,043	463,818
		42,394	9,751
<b>LAND AND SUBSOIL ASSETS</b>			
Land		18,345	2,563,686
Mineral and similar non-regenerative resources		18,345	2,563,686
		-	-
<b>TOTAL Additions</b>		<b>103,754</b>	<b>3,038,092</b>
<b>Closing balance</b>			
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>			
Dwellings		9,811,142	8,518,984
Non-residential buildings		3,107,645	2,577,931
Other fixed structures		6,522,842	5,836,952
		180,655	104,101

**DISCLOSURE NOTES TO  
THE CONSOLIDATED FINANCIAL STATEMENTS - continued**

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2010/2011 R'000	2009/2010 R'000
<b>HERITAGE ASSETS</b>		8,147	186
Heritage assets		8,147	186
<b>LAND AND SUBSOIL ASSETS</b>		1,762,997	280,240
Land		1,762,997	280,240
<b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b>		<b>11,582,286</b>	<b>8,799,410</b>
<b>47 WORLD CUP EXPENDITURE</b>			
<b>Tickets acquired</b>		<b>4,640</b>	-
<i>Distribution of tickets</i>			
Clients/Stakeholders		93	-
Accounting Authority			
Executive		116	-
Non-executive		23	-
Accounting Officer		46	-
Senior Management		133	-
Other employees		70	-
Other government entities		46	-
<i>Trade Minister of Namibia &amp; Guest speakers for NDScience</i>		54	-
<i>Parliamentarians</i>		70	-
<i>Local and Foreign Investors</i>		4,014	-
<b>Total</b>		<b>4,665</b>	-
<b>Travel costs</b>			
Clients/Stakeholders			
Other employees		706	396
<i>Accommodation</i>		284,090	9
<i>Air Transport (Foreign, Support Staff - DIRCO Employees)</i>		352	-
<i>Daily Allowance</i>		570	-
KM Allowance (Own Trans)		8	-
<i>Car Rental</i>		2,479	-
<b>Total</b>		<b>288,205</b>	<b>405</b>

**DISCLOSURE NOTES TO  
THE CONSOLIDATED FINANCIAL STATEMENTS - *continued***

FOR THE YEAR ENDED 31 MARCH 2011

	2010/2011 R'000	2009/2010 R'000
<b>Purchase of other world cup apparel</b>		
<i>Catering</i>	2,256	3,199
<i>Fuel</i>	128	1,111
<i>Cell phone Exp</i>	107	485
<i>Venues and Facilities</i>	13,803	625
<i>Other</i>	6	-
<b>Total</b>	<b>16,300</b>	<b>5,420</b>
<b>Total world cup expenditure</b>	<b>309,170</b>	<b>5,825</b>
<b>48 Reconciliation of Note 42, 44 &amp; 45 to Expenditure on Capital Assets per Statement of Financial Performance</b>		
Capital expenditure additions per note 44	4,434,259	2,231,200
Capital expenditure additions per note 45	433,193	112,340
Capital expenditure additions per note 46	2,270,901	479,162
<b>Total additions per disclosure notes</b>	<b>7,138,353</b>	<b>2,822,702</b>
<b>Total reconciling items</b>	<b>4,104,283</b>	<b>5,882,104</b>
Non Cash Movement	(1,592,740)	(2,553,290)
Capital Work in Progress-current costs	5,728,370	2,639,167
Received but not paid/ (Paid current year but received prior year)	(82,068)	169,199
Other	50,721	5,627,028
<b>Capital expenditure per statement of financial performance</b>	<b>11,242,636</b>	<b>8,704,806</b>

**SEGMENT REPORTING**

FOR THE YEAR ENDED 31 MARCH 2011

**CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE**

	Economic Services and Infrastructure Development	Financial Administration Services	Justice and Protection Services	Social Services	Central Government Administration	CONS TOTAL EXCL NRF
	2010/2011	2010/2011	2010/2011	2010/2011	2010/2011	2010/2011
<b>OPERATING INCOME</b>	87,501,376	57,676,172	113,755,699	161,567,284	65,872,477	486,373,008
Departmental revenue	2,806,488	3,347,984	1,507,253	59,725	771,850	8,493,300
Receipts by National Departments from NRF	84,694,888	54,328,188	112,248,446	161,507,559	65,100,627	477,879,708
<b>NON-OPERATING INCOME</b>						
Aid assistance	838,116	176,809	52,234	314,446	44,097	1,425,702
<b>TOTAL REVENUE</b>	<b>88,339,492</b>	<b>57,852,981</b>	<b>113,807,933</b>	<b>161,881,730</b>	<b>65,916,574</b>	<b>487,798,710</b>
<b>DEPARTMENTAL EXPENDITURE</b>						
<b>Current expenditure</b>						
Compensation of employees	5,351,142	1,971,554	71,535,716	2,016,663	6,161,834	87,036,909
Goods & Services	6,462,285	1,859,684	27,496,202	2,569,618	5,816,629	44,204,418
Interest & Rent on Land	74,536	1,047	14,943	51,664	223,276	365,466
Aid assistance	162,586	42,409	19,361	244,027	24,432	492,815
Unauthorised expenditure approved without funding	-	-	-	141	189	330
<b>Total current expenditure</b>	<b>12,050,549</b>	<b>3,874,694</b>	<b>99,066,222</b>	<b>4,882,113</b>	<b>12,226,360</b>	<b>132,099,938</b>
<b>Transfers and subsidies</b>						
Transfers and subsidies	66,862,848	26,088,356	6,107,324	153,154,760	50,281,323	302,494,611
Aid assistance	197,427	-	-	9,288	-	206,715
<b>Total transfers and subsidies</b>	<b>67,060,275</b>	<b>26,088,356</b>	<b>6,107,324</b>	<b>153,164,048</b>	<b>50,281,323</b>	<b>302,701,326</b>
<b>Expenditure for capital assets</b>						
Tangible capital assets	3,050,985	83,740	6,034,218	127,572	1,698,090	10,994,605
Software and other intangible assets	13,682	2,211	12,834	2,335	216,969	248,031
<b>Total expenditure for capital assets</b>	<b>3,064,667</b>	<b>85,951</b>	<b>6,047,052</b>	<b>129,907</b>	<b>1,915,059</b>	<b>11,242,636</b>

SEGMENT REPORTING - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

**CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE - continued**

	Economic Services and Infrastructure Development	Financial Administration Services	Justice and Protection Services	Social Services	Central Government Administration	CONS TOTAL EXCL NRF
	2010/2011	2010/2011	2010/2011	2010/2011	2010/2011	2010/2011
Payments for financial assets	13,896	20,889,472	193,631	1,003	107,259	21,205,261
<b>TOTAL EXPENDITURE</b>	<b>82,189,387</b>	<b>50,938,473</b>	<b>111,414,229</b>	<b>158,177,071</b>	<b>64,530,001</b>	<b>467,249,161</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>6,150,105</b>	<b>6,914,508</b>	<b>2,393,704</b>	<b>3,704,659</b>	<b>1,386,573</b>	<b>20,549,549</b>
<b>Reconciliation of Net Surplus/(Deficit) for the year</b>						
Voted Funds to be surrendered to the revenue fund	2,495,108	3,432,929	853,929	3,584,105	595,069	10,961,140
Departmental revenue to be surrendered to the revenue fund	2,806,488	3,347,984	1,507,253	59,725	771,850	8,493,300
Direct Exchequer receipts/payments	371,509	-	-	-	-	371,509
Aid assistance	477,000	133,595	32,522	60,829	19,654	723,600
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>6,150,105</b>	<b>6,914,508</b>	<b>2,393,704</b>	<b>3,704,659</b>	<b>1,386,573</b>	<b>20,549,549</b>

**SEGMENT REPORTING - continued**

FOR THE YEAR ENDED 31 MARCH 2011

**CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE - continued**

	Economic Services and Infrastructure Development	Financial Administration Services	Justice and Protection Services	Social Services	Central Government Administration	CONS TOTAL EXCL NRF
	2009/2010	2009/2010	2009/2010	2009/2010	2009/2010	2009/2010
<b>OPERATING INCOME</b>	84,134,304	73,289,823	105,877,008	142,305,692	55,920,859	461,527,686
Departmental revenue	2,554,006	3,558,350	1,538,925	103,331	544,575	8,299,187
Receipts by National Departments from NRF	81,580,298	69,731,473	104,338,083	142,202,361	55,376,284	453,228,499
<b>NON-OPERATING INCOME</b>						
Aid assistance	581,629	52,014	14,127	451,937	37,877	1,137,584
<b>TOTAL REVENUE</b>	<b>84,715,933</b>	<b>73,341,837</b>	<b>105,891,135</b>	<b>142,757,629</b>	<b>55,958,736</b>	<b>462,665,270</b>
<b>DEPARTMENTAL EXPENDITURE</b>						
<b>Current expenditure</b>						
Compensation of employees	4,600,066	1,757,492	61,671,366	1,764,122	5,596,515	75,389,561
Goods & Services	6,139,961	1,906,789	25,411,366	2,816,187	5,385,787	41,660,090
Interest & Rent on Land	8,002	702	29,743	178	117,289	155,914
Aid assistance	372,294	58,878	34,026	377,836	18,946	861,980
Unauthorised expenditure approved without funding	-	-	-	-	-	-
<b>Total current expenditure</b>	<b>11,120,323</b>	<b>3,723,861</b>	<b>87,146,501</b>	<b>4,958,323</b>	<b>11,118,537</b>	<b>118,067,545</b>
<b>Transfers and subsidies</b>						
Transfers and subsidies	64,070,256	63,840,719	11,371,000	134,956,450	40,920,982	315,159,407
Aid assistance	172,505	-	-	577	-	173,082
<b>Total transfers and subsidies</b>	<b>64,242,761</b>	<b>63,840,719</b>	<b>11,371,000</b>	<b>134,957,027</b>	<b>40,920,982</b>	<b>315,332,489</b>
<b>Expenditure for capital assets</b>						
Tangible capital assets	869,279	76,592	5,672,387	80,564	1,810,341	8,509,163
Software and other intangible assets	11,007	2,889	39,360	6,982	135,405	195,643
<b>Total expenditure for capital assets</b>	<b>880,286</b>	<b>79,481</b>	<b>5,711,747</b>	<b>87,546</b>	<b>1,945,746</b>	<b>8,704,806</b>



**SEGMENT REPORTING** - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

**CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE - continued**

	Economic Services and Infrastructure Development	Financial Administration Services	Justice and Protection Services	Social Services	Central Government Administration	CONS TOTAL EXCL NRF
	2009/2010	2009/2010	2009/2010	2009/2010	2009/2010	2009/2010
Payments for financial assets	110,719	1,789,152	64,221	1,608	199,846	2,165,546
<b>TOTAL EXPENDITURE</b>	<b>76,354,089</b>	<b>69,433,213</b>	<b>104,293,469</b>	<b>140,004,504</b>	<b>54,185,111</b>	<b>444,270,386</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>8,361,844</b>	<b>3,908,624</b>	<b>1,597,666</b>	<b>2,753,125</b>	<b>1,773,625</b>	<b>18,394,884</b>
<b>Reconciliation of Net Surplus/(Deficit) for the year</b>						
Voted Funds to be surrendered to the revenue fund	1,291,512	357,475	80,254	2,586,406	1,210,337	5,525,984
Departmental revenue to be surrendered to the revenue fund	2,554,006	3,558,350	1,538,925	103,331	544,575	8,299,187
Direct Exchequer receipts/payments	4,481,173	-	-	-	-	4,481,173
Aid assistance	35,153	(7,201)	(21,513)	63,388	18,713	88,540
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>8,361,844</b>	<b>3,908,624</b>	<b>1,597,666</b>	<b>2,753,125</b>	<b>1,773,625</b>	<b>18,394,884</b>

**SEGMENT REPORTING - continued**

FOR THE YEAR ENDED 31 MARCH 2011

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Economic Services and Infrastructure Development	Financial Administration Services	Justice and Protection Services	Social Services	Central Government Administration	CONSTOTAL EXCL NRF
	2010/2011	2010/2011	2010/2011	2010/2011	2010/2011	2010/2011
<b>ASSETS</b>						
<b>Current Assets</b>	<b>5,064,191</b>	<b>1,048,112</b>	<b>2,672,592</b>	<b>5,967,293</b>	<b>3,458,132</b>	<b>18,210,320</b>
Unauthorised expenditure	1,263,396	-	545,630	68,642	994,958	2,872,626
Fruitless and wasteful expenditure	608	-	53	323	546	1,530
Cash and cash equivalents	2,410,565	733,667	463,726	2,266,168	1,488,140	7,362,266
Other financial assets	-	-	-	-	-	-
Prepayments and advances	196,593	125,702	117,189	3,064,426	198,652	3,702,562
Receivables	1,180,735	187,570	1,526,182	555,764	775,836	4,226,087
Loans	9,939	-	12,362	1,927	-	24,228
Aid assistance prepayments	-	-	-	-	-	-
Aid assistance receivable	2,355	1,173	7,450	10,043	-	21,021
<b>Non-current assets</b>	<b>23,466,323</b>	<b>89,430,994</b>	<b>75,000</b>	<b>28,457</b>	<b>60,055</b>	<b>113,060,829</b>
Investments	23,044,521	24,500,541	75,000	-	-	47,620,062
Loans	420,402	64,930,453	-	28,457	59,597	65,438,909
Other financial assets	1,400	-	-	-	458	1,858
<b>TOTAL ASSETS</b>	<b>28,530,514</b>	<b>90,479,106</b>	<b>2,747,592</b>	<b>5,995,750</b>	<b>3,518,187</b>	<b>131,271,149</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>	<b>4,827,474</b>	<b>1,045,659</b>	<b>2,353,960</b>	<b>5,947,240</b>	<b>3,224,856</b>	<b>17,399,189</b>
Voted funds to be surrendered to the Revenue Fund	2,019,666	808,667	818,647	2,107,095	1,377,437	7,131,512
Departmental revenue to be surrendered to the Revenue Fund	192,669	8,663	66,765	11,299	497,989	777,385
Direct Exchequer Receipts to be surrendered to the Revenue Fund	4,176	-	-	-	-	4,176
Bank overdraft	1,793,288	1,862	1,164,831	3,334,763	609,286	6,904,030
Payables	387,641	80,127	258,951	417,903	681,258	1,825,880
Aid assistance repayable	278,206	21,167	16,726	69,351	-	385,450
Aid assistance unutilised	151,828	125,173	28,040	6,829	58,886	370,756

SEGMENT REPORTING - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION - *continued***

	Economic Services and Infrastructure Development	Financial Administration Services	Justice and Protection Services	Social Services	Central Government Administration	CONS TOTAL EXCL NRF
	2010/2011	2010/2011	2010/2011	2010/2011	2010/2011	2010/2011
Non-current liabilities	218,123	1,421	-	-	59,597	279,141
Payables	218,123	1,421	-	-	59,597	279,141
<b>TOTAL LIABILITIES</b>	<b>5,045,597</b>	<b>1,047,080</b>	<b>2,353,960</b>	<b>5,947,240</b>	<b>3,284,453</b>	<b>17,678,330</b>
<b>NET ASSETS</b>	<b>23,484,917</b>	<b>89,432,026</b>	<b>393,632</b>	<b>48,510</b>	<b>233,734</b>	<b>113,592,819</b>
<b>Represented by:</b>						
Capitalisation reserve	23,256,832	24,500,541	75,000	30,384	-	47,862,757
Recoverable revenue	228,085	64,931,485	318,632	17,451	7,661	65,503,314
Retained funds	-	-	-	-	226,073	226,073
Revaluation reserves	-	-	-	675	-	675
<b>TOTAL</b>	<b>23,484,917</b>	<b>89,432,026</b>	<b>393,632</b>	<b>48,510</b>	<b>233,734</b>	<b>113,592,819</b>

**SEGMENT REPORTING - continued**

FOR THE YEAR ENDED 31 MARCH 2011

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued**

	Economic Services and Infrastructure Development	Financial Administration Services	Justice and Protection Services	Social Services	Central Government Administration	CONSTOTAL EXCL NRF
	2009/2010	2009/2010	2009/2010	2009/2010	2009/2010	2009/2010
<b>ASSETS</b>						
<b>Current Assets</b>	<b>4,183,851</b>	<b>404,602</b>	<b>2,371,451</b>	<b>4,677,486</b>	<b>2,468,087</b>	<b>14,105,477</b>
Unauthorised expenditure	1,248,536	-	545,630	27,014	281,584	2,102,764
Fruitless and wasteful expenditure	1,145	-	3,771	345	13,031	18,292
Cash and cash equivalents	1,696,025	217,852	232,022	1,347,152	923,439	4,416,490
Other financial assets	-	-	-	-	-	-
Prepayments and advances	79,855	5,526	145,895	2,657,304	14,630	2,903,210
Receivables	1,005,209	174,314	1,424,023	643,900	1,235,403	4,482,849
Loans	9,667	-	12,362	1,766	-	23,795
Aid assistance prepayments	-	-	-	-	-	-
Aid assistance receivable	143,414	6,910	7,748	5	-	158,077
<b>Non-current assets</b>	<b>23,480,872</b>	<b>68,908,652</b>	<b>75,000</b>	<b>30,383</b>	<b>56,327</b>	<b>92,551,234</b>
Investments	23,052,866	24,361,941	75,000	-	-	47,489,807
Loans	424,846	44,546,711	-	30,383	56,307	45,058,247
Other financial assets	3,160	-	-	-	20	3,180
<b>TOTAL ASSETS</b>	<b>27,664,723</b>	<b>69,313,254</b>	<b>2,446,451</b>	<b>4,707,869</b>	<b>2,524,414</b>	<b>106,656,711</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>	<b>3,943,306</b>	<b>400,650</b>	<b>2,066,537</b>	<b>4,660,228</b>	<b>2,220,262</b>	<b>13,290,983</b>
Voted funds to be surrendered to the Revenue Fund	1,529,649	321,065	80,254	1,918,842	(710,513)	3,139,297
Departmental revenue to be surrendered to the Revenue Fund	381,546	5,265	58,670	46,791	78,280	570,552
Direct Exchequer Receipts to be surrendered to the Revenue Fund	-	-	-	-	-	-
Bank overdraft	1,476,571	-	1,744,580	2,276,421	1,358,662	6,856,234
Payables	368,679	54,896	168,279	341,191	1,454,601	2,387,646
Aid assistance repayable	143,738	942	1,545	70,335	-	216,560
Aid assistance unutilised	43,123	18,482	13,209	6,648	39,232	120,694

**SEGMENT REPORTING - continued**

FOR THE YEAR ENDED 31 MARCH 2011

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued**

	Economic Services and Infrastructure Development	Financial Administration Services	Justice and Protection Services	Social Services	Central Government Administration	CONS TOTAL EXCL NRF
	2009/2010	2009/2010	2009/2010	2009/2010	2009/2010	2009/2010
<b>Non-current liabilities</b>	226,384	2,886	-	-	56,307	285,577
Payables	226,384	2,886	-	-	56,307	285,577
<b>TOTAL LIABILITIES</b>	4,169,690	403,536	2,066,537	4,660,228	2,276,569	13,576,560
<b>NET ASSETS</b>	23,495,033	68,909,718	379,914	47,641	247,845	93,080,151
<b>Represented by:</b>						
Capitalisation reserve	23,261,004	24,361,941	75,000	32,149	-	47,730,094
Recoverable revenue	234,029	44,547,777	304,914	15,492	14,672	45,116,884
Retained funds	-	-	-	-	233,173	233,173
Revaluation reserves	-	-	-	-	-	-
<b>TOTAL</b>	23,495,033	68,909,718	379,914	47,641	247,845	93,080,151

## ANNEXURE NAMES OF DEPARTMENTS

FOR THE YEAR ENDED 31 MARCH 2011

### LIST OF GOVERNMENT DEPARTMENTS PER CLUSTER

#### CENTRAL GOVERNMENT ADMINISTRATION

	: The Presidency
	: Parliament
DHA	: Department of Home Affairs
DPW	: Department of Public Works
COGTA	: Co-operative Governance and Traditional Affairs
DIRCO	: Department of International Relation and Co-operation
DPWCPD	: Department of Women, Children and People with disabilities

#### FINANCIAL AND ADMINISTRATIVE SERVICES

GCIS	: Government Communication Information Services
NT	: The National Treasury
DPE	: Department of Public Enterprises
DPSA	: Department of Public Service and Administration
PSC	: Public Service Commission
PALAMA	: Public Administration of the Leadership and Management Academy
STATSSA	: Statistics South Africa

#### SOCIAL SERVICES CLUSTER

DAC	: Department of Arts and Culture
DOE	: Department of Education
DHET	: Department of Higher Education and Training
DBE	: Department of Basic Education
DOL	: Department of Labour
DOH	: Department Health
DSD	: Department of Social Development
SRSA	: Sport and Recreation South Africa

#### JUSTICE AND PROTECTION SERVICES

CORR	: Department of Correctional Services
DOD	: Department of Defence
ICD	: Independent Complaints Directorate
DOJ & CD	: Department of Justice and Constitutional Development
NPA	: National Prosecuting Agency
SAPS	: Department of Police

#### ECONOMIC SERVICES AND INFRASTRUCTURE DEVELOPMENT

NDAFF	: Department of Agriculture, Forestry and Fisheries
NDCOMM	: Department of Communications
NDENV	: Department of Environmental Affairs
NDHS	: Department of Human Settlement
NDECON	: Department of Economic Development
NDMINERAL	: Department of Minerals Resource
NDSCIENCE	: Department of Science and Technology
NDTRADE	: Department of Trade and Industry
NDTRANS	: Department of Transport
NDWATER	: Department of Water Affairs
NDENERGY	: Department of Energy
NDTOUR	: Department of Tourism
NDRDRLR	: Department of Rural Development and Land Reform

**nt**

CONSOLIDATED  
FINANCIAL  
INFORMATION

For the year ended 31 March 2011

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**PUBLIC ENTITIES**

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PUBLIC ENTITIES





## REVIEW OF OPERATING RESULTS

FOR THE YEAR ENDED 31 MARCH 2011

### PUBLIC ENTITIES

The Consolidated Financial Information (CFI) incorporates the financial statements of the national public entities including entities and enterprises under the ownership control of government, constitutional institutions, and trading entities as listed in the schedules to the Public Finance Management Act (PFMA), Act 1 of 1999. Where entities are discovered during the year, but not yet listed, these unlisted entities are also consolidated.

The CFI for public entities has been prepared on the basis of aggregation for the following reasons:

- The various public entities have applied different accounting policies for the year under review. This results in differing approaches to accounting and disclosure of financial information. National Treasury (NT) is currently in the process of prescribing standard accounting policies to be applied by all public entities for consolidation purposes; and
- Inter-entity transactions and balances between entities are not eliminated. Elimination has only been done at entity level when consolidating its subsidiaries. The entities' current systems are not geared for the identification of such balances and transactions.

The approach used by NT is as follows:

- NT develops a consolidation template in Microsoft Excel format.
- This template is sent to the public entities for completion.
- The Auditor General (AG) reviews the templates to ensure that the figures on the template agree to the figures published in the entities annual report, prior to submission.
- Where this process has not been performed by the AG, the templates received from the entity are considered draft templates. The details of these templates are listed in the various annexures to the CFI.
- NT then uses these templates as a source to the consolidation model.

### CONSOLIDATION STATISTICS

In terms of S47(1)(a) and (b) of the PFMA, the Minister, by notice in the national Government Gazette, must amend Sch 3 to include all public entities not listed and make technical changes to the list. Furthermore per S47(2), the accounting authority for a public entity that is not listed in either Sch 2 or 3, must without delay notify the National Treasury in writing that the public entity is not listed. As a result, all listed entities were identified as per the Gazette and have thus been consolidated, except for those listed as per Annexure D which were not yet operational in the current year.

The updated list of entities consolidated is in the PFMA as updated and published on the Treasury website as at 31 March 2011. As mentioned above, the CFI also includes some entities not listed on the PFMA Schedules but known to NT. Confirmation is sent annually to all departments to confirm the entities belonging to the departments. There has once again been an improvement in the number of entities that have submitted their templates and subsequently consolidated in the current year compared to prior years. NT continued to strive for a 100% consolidation of all listed and known public entities and the OAG placed an extra emphasis on a proactive approach in collecting templates and assisting entities with completing the consolidation templates.

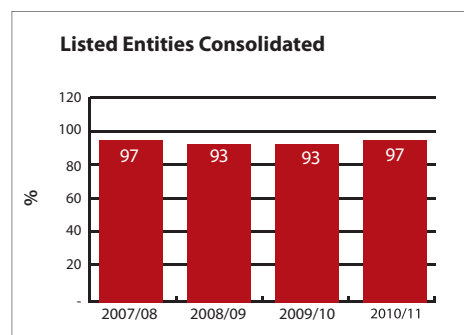
REVIEW OF OPERATING RESULTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

The following is a statistical consolidation summary:

Listed Operational Entities	Number of listed entities as at 31 March 2011	Percentage Variance
- Consolidated	202	5%
- Not Consolidated	6	-60%

Comparison with prior years	2010/11	2009/10	2008/09	2007/08
- Consolidated	97%	93%	93%	97%
- Not Consolidated	3%	7%	7%	3%
Unlisted entities				
- Consolidated	31	31	33	39



A total of 202 (97%) of listed entities were consolidated in 2010/11 which is a slight increase if compared to the 2009/10 year, when 192 listed entities were consolidated. A total of 31 unlisted entities were consolidated in 2010/11 which is the same amount as that achieved in 2009/10. In general, there has been a slight increase in the number of listed entities consolidated.

Certain entities did not submit their AFS consolidation template within the prescribed timeframes to allow them being consolidated. The main reasons for non-submission was a lack of capacity and key personnel leaving the entities around the submission deadlines. These entities are disclosed in Annexure D and E.

**CONSISTENCY IN THE ENTITIES BEING CONSOLIDATED**

Achieving consistency in the entities being consolidated every year is a challenge, as some entities were consolidated in the current year but not in the previous year and by the same token some were consolidated in the previous year but not in the current year. It will be realised that more entities were consolidated in 2010/11 (233) than in 2009/10 (223). This inconsistency contributes to the variance in the opening balances or prior year figures as compared to figures published in the 2009/10 financial year.

**REVIEW OF OPERATING RESULTS - *continued***

FOR THE YEAR ENDED 31 MARCH 2011

Below is a list of annexures to the CFI that gives a comparative breakdown of entities consolidated, those not consolidated, and other information to illustrate inconsistencies in the number of entities consolidated and challenges related.

- **Annexure A** – Lists all the public entities consolidated in the current and comparative years.
- **Annexure B** – Lists all the public entities consolidated using draft financial statements. This means that the entity did not submit their final audited financial figures to NT within the prescribed time frames for consolidation due to delays experienced.
- **Annexure C** – Lists all the public entities consolidated that are not included in the PFMA listings which appear on the NT website.
- **Annexure D** – Lists all the public entities not consolidated that are included in the PFMA listings which appear on the NT website.
- **Annexure E** – Lists all the public entities not consolidated and not listed in the PFMA listings which appear on the NT website.
- **Annexure F** – Lists all the public entities consolidated but audited by other auditors (not the Auditor General)
- **Annexure G** – Lists all the public entities consolidated which have a different year end than 31 March 2011. These are mainly the water boards that have year ends which coincide with local government year ends.

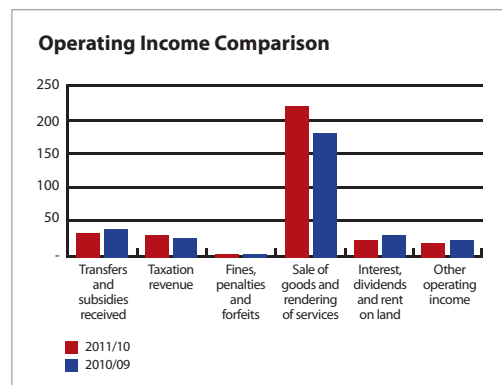
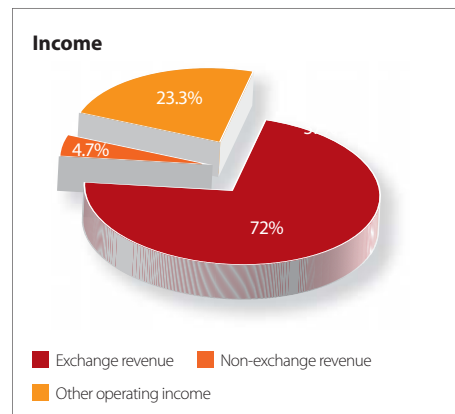
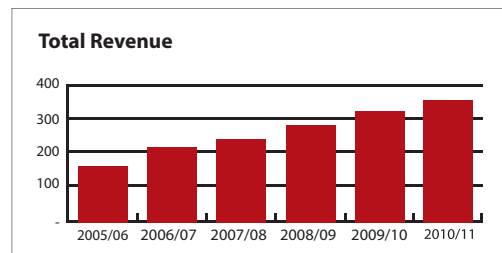
## 1. TOTAL REVENUE

Total revenue for the year under review increased by 9.3% compared to the previous year, currently standing at R364 billion, the increase is attributed mainly to increased revenue from sale of goods and rendering of services. The main source of income is from the exchange revenue category (72%), followed by non-exchange revenue at 23%. The sale of goods and rendering of services in the exchange category, constitute 63% of the total revenue.

R'billion	Actual 2010/11	Actual 2009/10
<i>Non-exchange revenue</i>		
Transfers and subsidies received	47	49
Taxation revenue	37	34
Fines, penalties and forfeits	1	1
	85	84
<i>Exchange revenue</i>		
Sale of goods and rendering of services	230	196
Interest, dividends and rent on land	32	34
Profit on disposal of assets	0	2
	262	232
Other operating income	17	18
<b>Total Revenue</b>	<b>364</b>	<b>334</b>

REVIEW OF OPERATING RESULTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011



There is a steady increase, with changes ranging between 4% and 17%. Revenue from sale of goods and rendering of services increased by 17.4% which translates to a R34 billion increase.

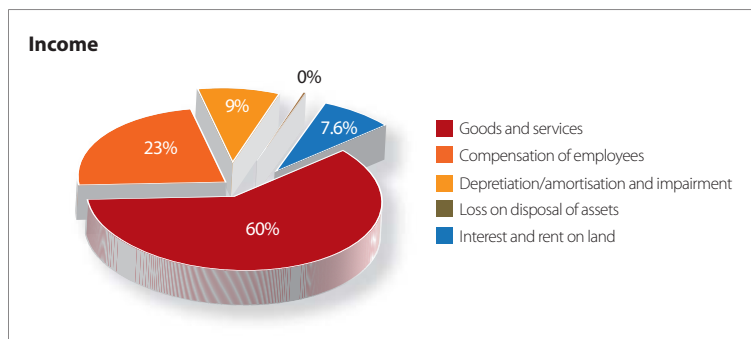
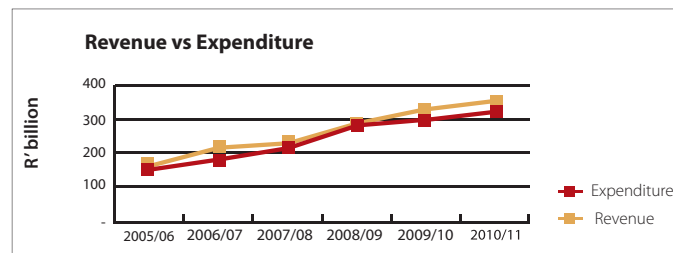
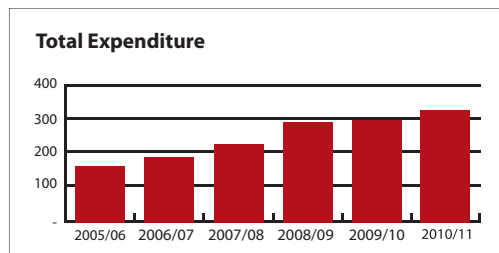
The Schedule 2 entities contributed towards 59% of the total revenue received by the national public entities. National government owns a 100% stake in all, except one (TelkomSA Ltd 39%) of these entities. The objective of these entities is to operate as business enterprises and they have been assigned financial operational authority by government to carry on a business activity. The Telkom holding is being equity accounted in the consolidated financial information.

**2. TOTAL EXPENDITURE**

EXPENDITURE R'billion	2010/11	2009/10
Compensation of employees	76	70
Goods and services	195	184
Interest and rent on land	25	22
Depreciation/amortisation and impairment	28	24
<b>Total</b>	<b>324</b>	<b>300</b>

REVIEW OF OPERATING RESULTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011



Total expenditure amounted to R324 billion for the current year; this represents a 8.4% increase, which translates to an increase of R24 billion. Goods and services contributed towards 60% of the total expenditure, they increased by R11 billion, close to half of the total increase; while being followed by compensation of employees, including employee benefits, contributing 24% to total expenditure. Due to the improving economic conditions entities are seen to increase their expenditures, however in a very cautious manner as there are still uncertainties in the economy.

The below table shows comparative revenue,expenditure and resultant surplus for the last five financial years.

Revenue vs Expenditure R'billions	2006/07	2007/08	2008/09	2009/10	2010/11
Revenue	216	232	280	333	364
Expenditure	186	218	291	299	324
Surplus/(Deficit) from operations	30	14	(11)	34	40

A major portion of the increase in total revenue and expenditure can be attributed to the following public entities:

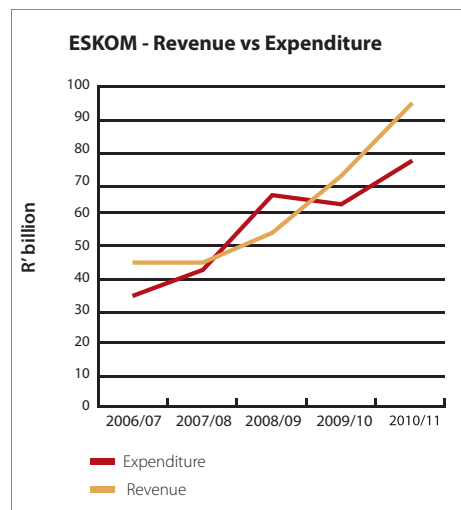
REVIEW OF OPERATING RESULTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

**ESKOM**

As a State Owned Entity (SOE), Eskom's sole shareholder is the South African government. Eskom's primary mandate is to ensure the security of electricity supply for industrial and household needs in South Africa. It generates approximately 95% of South Africa's electricity.

Eskom Summary R' billion	Actual 2006/07	Actual 2007/08	Actual 2008/09	Actual 2009/10	Actual 2010/11
Revenue	45	45	54	72	95
Expenditure	34	42	67	65	78
Surplus/(Deficit) from Operations	11	3	-13	7	17
Change in surplus/(deficit)	22%	-73%	-533%	-155%	143%



The graph depicts Eskom's gradual increase in profitability, recording a second successive year of profitability.

Eskom's profitability can be attributed to a 29% increase in revenue. The large part of the increase in revenue was due to the tariff increase granted in April 2010 of 24.8% with the remainder being due to increase in sales volumes.

Expenditure increased by 20% in the current year. The increase was driven by primary energy costs and staff costs.

Eskom has managed to secure about 71% of its funding plan for the capital expansion programme of R300 billion. The funding will support the construction of three large power stations.

Eskom's return to profitability in the past two years bodes well with the company's ambitious capital expansion plan as surpluses are reinvested in the expansion programme. The trend in increasing revenue is expected to continue for the next two financial years as a result of the tariff increases granted by National Energy Regulator of South Africa as part of the Multi Year Price Determination (MYPD).

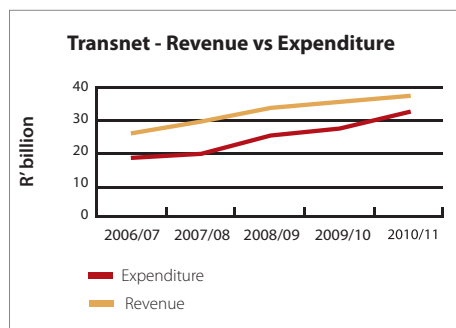
REVIEW OF OPERATING RESULTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

**TRANSNET**

Transnet is a focused operator of a network of rail freight, underground petroleum and gas pipelines and commercial ports throughout the country. It is mandated to assist in the lowering of the cost of doing business in South Africa, enabling economic growth and security of supply through providing appropriate port, rail and pipeline infrastructure as well as operations in a cost effective and efficient manner, within acceptable benchmark standards.

Transnet Summary R' billion	Actual 2006/07	Actual 2007/08	Actual 2008/09	Actual 2009/10	Actual 2010/11
Revenue	26.9	30.1	33.6	35.7	38.0
Expenditure	18.9	20.5	26.0	28.3	33.0
Surplus/(Deficit) from Operations	8.0	9.6	7.7	7.4	5.0



Transnet's operating surplus continued to decrease in the current period amid a slow global and local economic growth. Revenue for the year increased by 6.6%. The increase in revenue was driven by increase in general freight and container volumes and export coal tariffs. However, operating costs increased by a moderate 4.7% amid a series of costs saving measures and significant increases in inputs costs like electricity costs which increased by 25%.

Transnet plans on spending (R25.9 billion) in the following period on the infrastructure investment programme.

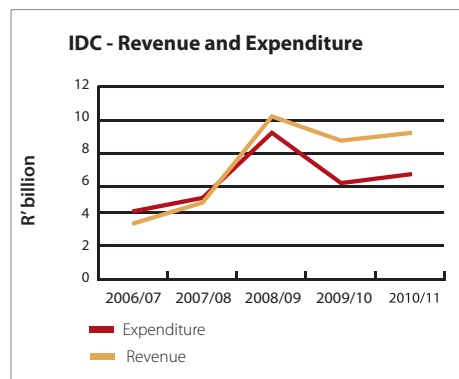
REVIEW OF OPERATING RESULTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

**INDUSTRIAL DEVELOPMENT CORPORATION OF SOUTH AFRICA (IDC)**

The IDC is a self-financing national development finance institution that provides finance to promote industrial and entrepreneurial development. Its primary objectives are to contribute to balanced sustainable economic growth in Africa and to the economic empowerment of the South African population, thereby promoting the economic prosperity of all citizens of the African continent.

IDC Summary R' billion	Actual 2006/07	Actual 2007/08	Actual 2008/09	Actual 2009/10	Actual 2010/11
Revenue	3.4	5.2	9.7	8.5	9.1
Expenditure	4.0	5.4	9.2	6.5	6.9
Surplus/(Deficit) from Operations	-0.6	-0.2	0.5	-2	2.2



The total revenue of IDC increased by R0.6 billion or 7.05 per cent during the year as depicted above. This was driven mainly by the increase in revenue from farming manufacturing and mining income of R1.1 billion, from R4 billion in 2009/10 to R 5.1 billion 2010/11.

During the current financial year, the IDC generated a surplus depicted above as a result of improved performance of Foskor, an IDC subsidiary, lower impairments and containment of operating expenses. These results are noteworthy given that the local economy has experienced a modest recovery during the year.

IDC continues to positively contribute to the unemployment challenge in the country through approvals that are expected to have an impact on employment of 31,300 jobs, with 19,650 full time jobs expected to be created and an additional 11,650 jobs to be preserved.

The value of net approvals amounted to just over R8.7 billion, a slight decline of 7.2% relative to R9.4 billion in the previous year. However, net funding approvals for the South-African based development stood at its highest level ever of R8.4 billion at the end of the year. This reflects a 40% increase relative to the previous financial year. The beneficiaries included both new and existing business enterprises, some having experienced financial difficulties due to a challenging operating environment.

Its capital and reserves increased by 17% from R79 billion to R93 billion, thereby providing a solid financial platform from which to deliver on its developmental strategies going forward.

The IDC plans to contribute approximately R102 billion to private sector investments over the next five years. Its financial strength and under-gearred status provide a solid foundation for achieving the set investment goals.



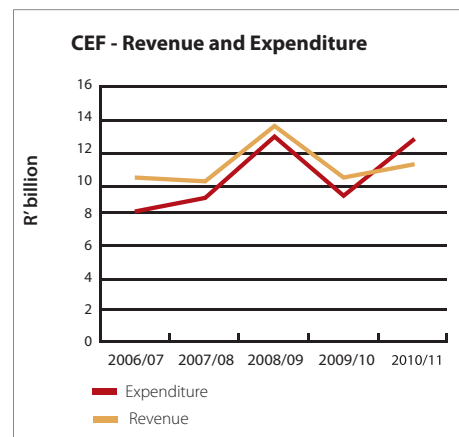
REVIEW OF OPERATING RESULTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

**CENTRAL ENERGY FUND (CEF)**

The objective of the CEF is to pursue economically viable opportunities in oil, gas, coal and renewable energy resources and to provide access to sustainable and affordable energy. The CEF does not receive any revenue from the fiscus. Revenue required for infrastructure development and operations is raised through debt funding, dividends from its subsidiaries, fuel levies and from reserves.

CEF Summary R' billion	Actual 2006/07	Actual 2007/08	Actual 2008/09	Actual 2009/10	Actual 2010/11
Revenue	10.6	10.5	13.8	9.9	12.6
Expenditure	8.1	9.6	13.3	10.9	11.6
Surplus/(Deficit) from Operations	2.5	0.9	0.5	-1	1



The CEF revenue increased by R2.7 billion or 21 per cent from the previous year largely contributed by the subsidiaries SFF and PetroSA. The increase in revenue is also impacted by higher average crude oil prices (\$116.25 compared with \$78.96 in 2010) and increased demand for storage space. However, a 7% stronger average rand/US dollar exchange rate (R6.78/US\$ in 2011 compared with R7.32/US\$ in 2010) partially offset the benefits of the higher average crude oil prices.

Total expenditure for the year also increased by R 0.7 billion or 6% from the previous year.

This increase in the costs was mainly due to higher average crude oil prices.

The swing to a net profit of R1 billion from the loss incurred in the previous financial year of (R1 billion) is a result of a combination of factors including: higher revenue driven by higher average crude oil prices, cost reduction initiatives and the costs associated with the drilling campaign incurred in the previous financial year in Egypt which was not repeated in the current financial year.

REVIEW OF OPERATING RESULTS - *continued*

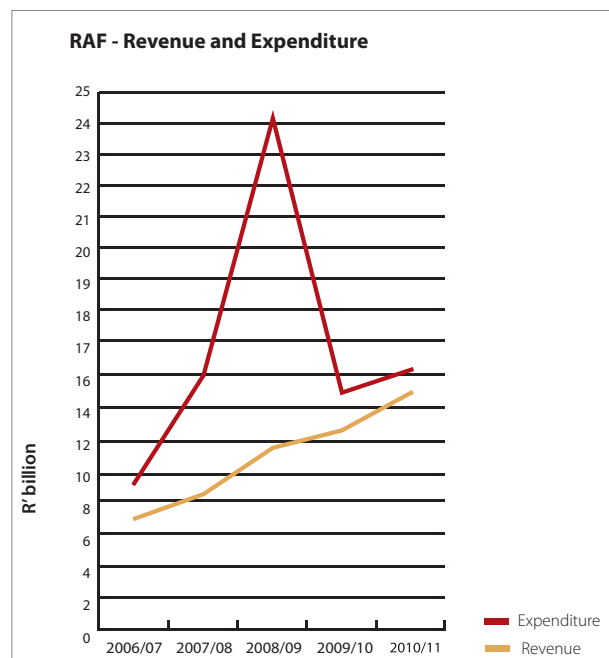
FOR THE YEAR ENDED 31 MARCH 2011

**ROAD ACCIDENT FUND (RAF)**

The RAF is mandated by the RAF Act (1996) and provides compensation for personal injury claims arising from the negligent actions of another driver. The fund has developed a new claims management system and implemented an ICT strategy to improve performance in its core operations. These initiatives are currently being implemented and have resulted in noticeable improvements in operating performance, especially in processing efficiency.

During the financial year under review, the RAF was unable to reduce the backlog of outstanding claims. The backlog increased by an additional 35 465 claims (or 17%) to 244 651 from 209186 last year. RAF believes that for as long as the entity is not funded in line with the proposed RRM, the Fund will continue to face liquidity and solvency problems and will be hampered in paying claimants on time.

RAF Summary R' billion	Actual 2006/07	Actual 2007/08	Actual 2008/09	Actual 2009/10	Actual 2010/11
Revenue	7.0	8.2	11.9	12.6	14.5
Expenditure	9.1	16.0	24.1	15.1	16.1
Surplus/(Deficit) from Operations	-2.1	-7.8	-12.2	-2.5	-1.6



The revenue increase for the RAF equates to R1.8 billion or 14.2%. This can be mainly attributed to the 8c per litre increase in RAF Fuel Levy and 17.5% per litre increase in the previous financial year. Net fuel levies accounted for more than 99% of total revenue.

The expenditure for the RAF decreased by R1 billion (or 6%) from the previous year. This is due to a reduction in the processing of claims relative to the prior year and a related decrease in the claims provision. Total claims expenditure increased by 13% to R12.9 billion (previously R11.4 billion). Staff costs increased by about 5% and administration and other expenses increased by 20%.

The RAF requested an increase of 23.5 cents per litre in the fuel levy. The actual increase awarded to the RAF by the Minister of Finance was only 8 cents per litre.

REVIEW OF OPERATING RESULTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

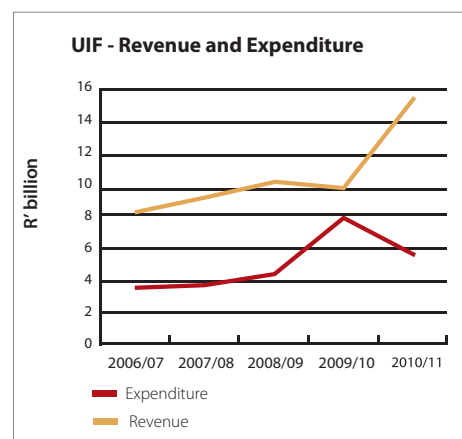
**UNEMPLOYMENT INSURANCE FUND (UIF)**

The UIF provides short-term unemployment insurance to qualifying workers in cases of unemployment, illness, maternity, adoption of a child or death. The March 2008 actuarial valuation indicated that the UIF is in a position to meet its cash flow requirements over the next 10 years for a wide range of possible scenarios.

Unemployment in South Africa decreased from 25.2% in the first quarter of 2010 to 25.0% in the first quarter of 2011 as per Statistics South Africa. The Fund has experienced a stabilization in the demand for unemployment benefits and paid R5 382 million in benefits for the year under review compared to R5 710 million for the previous year. The number of unemployed claims received for the 2010/11 year has also decreased from 628 595 to 578 266.

Funding agreements to the total of R21.961 million were entered into of which R6.3 million was paid during the year under review to address the structural unemployment predicament facing the country by improving the skills levels of South African workforce. Funding agreements are entered into with companies that had applied for financial assistance to train their employees rather than to retrench them.

UIF Summary R' billion	Actual 2006/07	Actual 2007/08	Actual 2008/09	Actual 2009/10	Actual 2010/11
Revenue	8.1	9.2	10.3	14.7	15.5
Expenditure	3.3	4.0	4.7	7.9	6.0
Surplus/(Deficit) from Operations	4.8	5.2	5.6	6.8	9.5



The revenue increase for the year totals only R0.8 billion or 5%. The Fund has been able to maintain a consistent growth in contribution revenue over the past six years.

The surplus increased by 38% to R9.5 billion (previously R6.8 billion). This was mainly due to the contribution and investment revenue, including a positive fair value adjustment on investment assisted by a decrease in benefit payments and changes in benefit payables.

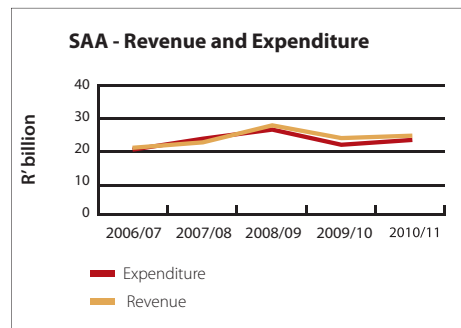
REVIEW OF OPERATING RESULTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

**SOUTH AFRICAN AIRWAYS (SAA)**

SAA is a consolidated airline Group operating in a highly competitive global market, domestically, regionally and internationally. SAA's core business is the provision of passenger airline and cargo transport services. SAA operates to 35 destinations across the continent and provides a competitive, quality air transport service within South Africa, as well as to major cities in the world.

SAA Summary	Actual	Actual	Actual	Actual	Actual
R' billion	2006/07	2007/08	2008/09	2009/10	2010/11
Revenue	20.5	22.2	26.4	22.5	22.9
Expenditure	21.1	23.2	26.0	21.1	22.0
Surplus/(Deficit) from Operations	-0.6	-1.0	0.4	1.4	0.9



The table above depicts SAA's gradual increase in profitability over the past three financial years. The increase in profitability is driven by the increase in revenue and the containment of costs over the reported period.

Revenue increased by 6.2 per cent. The increase in the revenue was driven by the increase in the number of international passengers of 3.6 per cent due to the 2010 soccer world cup and the increase in cargo tons flown. The increase in revenue was achieved despite a decrease of 4.9 per cent in domestic and regional passenger numbers.

Operating costs excluding fuel costs increased by only 1 per cent, while total operating costs increased by 5 per cent. The main driver of the increase in operating costs is the energy costs as a result of the Brent price increasing on average by 25 per cent year-on-year. The increase of 1 per cent of operating costs excluding costs indicates that the company is keeping tight control over controllable expenses.

SAA took delivery of the first two new Airbus A330-200s in line with its fleet modernisation plan in the year under review. Two more Airbus A330-200s were delivered subsequent to year end.

SAA will continue to face a very competitive environment in the industry, but its performance in the past three financial years has indicated its ability to operate profitably in the competitive environment. However, the Brent prices continue to pose a risk to SAA's constantly improving profitability.

REVIEW OF OPERATING RESULTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

REVENUE AND EXPENDITURE CONTRIBUTIONS PER ENTITY CATEGORY

The income contribution analysis below per entity demonstrates the income in terms of which schedule an entity belongs to. The entities are listed under one of the following:

**Schedule 1** – These entities are Constitutional Institutions that are required per section 181(1) of the Constitution of South Africa to strengthen constitutional democracy in the Republic. These institutions include amongst others The Commission for Gender Equality, The Human Rights Commission, The Financial and Fiscal Commission etc. (The Auditor General is not listed but included here for analysis purposes).

**Schedule 2** – These entities are the major public entities and include ACSA, CEF, ESKOM, IDC, Transnet, SABC, Land Bank etc. The main driver of these Entities is to function as businesses and be independent of major government funding.

**Schedule 3** – This schedule is for other public entities which are fully or substantially funded either from National Revenue Fund or by way of tax, levy or other money imposed in terms of national legislature and includes the following:

**PART A** – National Public Entities which include the All SETAS, CCMA, Competition Commission, HSRC, Market Theatre Foundation,, National Parks Board, RAF etc.

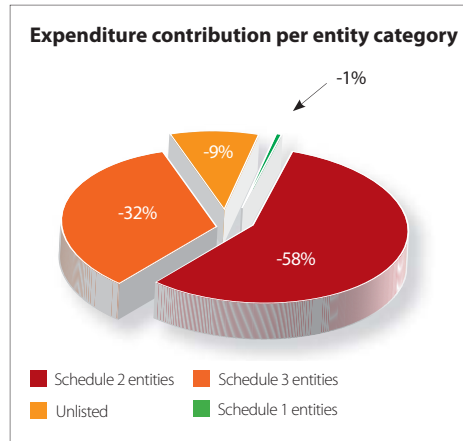
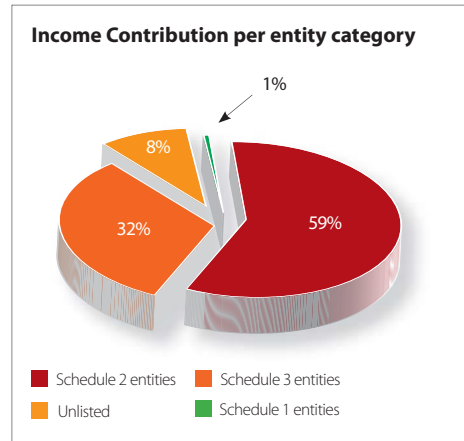
**PART B** – National Government Business Enterprises which includes:  
PIC, Khula Enterprises, CSIR, Water Boards, SA Rail Commuter Corporation Limited etc.

**Unlisted** – These are entities not included in the PFMA, but are required to be consolidated and include, National Skills Fund, Compensation Fund, CCOD etc

Total Revenue	2010/11 R'billion	2009/10 R'billion	Total Expenditure	2010/11 R'billion	2009/10 R'billion
Schedule 1 entities	2	2	Schedule 1 entities	(2)	(2)
Schedule 2 entities	214	186	Schedule 2 entities	(188)	(167)
Schedule 3 entities	119	108	Schedule 3 entities	(104)	(98)
Unlisted	29	37	Unlisted	(30)	(32)
	<b>364</b>	<b>333</b>		<b>-324</b>	<b>-299</b>

REVIEW OF OPERATING RESULTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011



The Schedule 2 entities contributed approximately 59% or R214 billion of the total income for the current year. This can be attributed to the fact that the larger public entities make-up the schedule 2 listing e.g. Eskom, Transnet, Denel, IDC etc.

The Schedule 2 entities also contributed approximately 58% or R 188 billion of the total expenditure for the current year. In the prior year this contribution was 56% of total expenditure.

**REVIEW OF OPERATING RESULTS - continued**

FOR THE YEAR ENDED 31 MARCH 2011

**LOSS / DEFICIT MAKING PUBLIC ENTITIES:**

The following is a list of the entities which have disclosed losses/deficits for the current year:

Name of Entity	2010/11 R'000	2009/10 R'000	Net movement in loss R'000
<b>Schedule 1</b>			
Independent Communications Authority of South Africa	(10,973)	(4,770)	(6,203)
The Financial and Fiscal Commission	(1,655)	(512)	(1,143)
The Pan South African Language Board	(8,555)	(1,110)	(7,445)
The Public Protector of South Africa	(12,223)	(6,132)	(6,091)
The South African Human Rights Commission	(1,680)	(1,597)	(83)
	<b>(35,086)</b>	<b>(14,121)</b>	<b>(20,965)</b>
<b>Schedule 2</b>			
Airports Company of South Africa Ltd	(220,531)	900,783	(1,121,314)
Broadband Infraco	(206,932)	(28,312)	(178,620)
Independent Development Trust	(243,545)	(316,033)	72,488
SAFCOL	(79,136)	(468,865)	389,729
South African Broadcasting Corporation Limited	(214,450)	(486,030)	271,580
	<b>(964,594)</b>	<b>(398,457)</b>	<b>(566,137)</b>
<b>Schedule 3B</b>			
Bloem Water	(9,154)	52,298	(61,452)
Botshelo Water	(5,514)	2,626	(8,140)
Bushbuckridge Water Board	(16,168)	8,354	(24,522)
Khula Enterprises	(83,510)	10,761	(94,271)
Namaqua Water Board	(2,341)	(10,736)	8,395
Passenger Rail Agency of South Africa	(1,019,151)	(1,269,131)	249,980
	<b>(1,135,838)</b>	<b>(1,205,828)</b>	<b>69,990</b>

REVIEW OF OPERATING RESULTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

Name of Entity - continued	2010/11 R'000	2009/10 R'000	Net movement in loss R'000
<b>Schedule 3A</b>			
Africa Institute of SA	(4,586)	(3,733)	(853)
Agricultural SETA	(30,228)	(11,997)	(18,231)
Accounting Standard Board	(569)	653	(1,222)
Boxing South Africa	(2,706)	2,176	(4,882)
Co-operatives Banks Development Agency	(398)	-	(398)
Council for Medical Schemes	(11,822)	2,764	(14,586)
Council for Mineral Technology	(2,721)	1,434	(4,155)
Council for the Built Environment	(3,910)	(9,158)	5,248
Cross-Border Road Transport Agency	(9,194)	3,047	(12,241)
Ditsong Museums of SA	(18,729)	597	(19,326)
EDI Holdings (Pty) Ltd	31,488	(13,254)	44,742
Food and Beverages Manufacturing Industry Sector Education and Training Authority	(3,570)	7,027	(10,597)
Forest Industries Sector Education and Training Authority	(13,127)	(20,450)	7,323
Housing Development Agency	(91,142)	19,650	(110,792)
Information Systems, Electronics and Telecommunications Technologies Training Authority	(11,135)	68,969	(80,104)
Iziko Museums of Cape Town	(6,638)	(4,495)	(2,143)
Local Government, Water and Related Services Sector Education and Training Authority	(13,718)	7,049	(20,767)
Marine Living Resources Fund	(57,922)	(6,805)	(51,117)
Market Theatre Foundation	(1,817)	1,735	(3,552)
Natal Museum	(193)	(797)	604
National Agricultural Marketing Council	(998)	1,380	(2,378)
National Development Agency	(30,044)	(1,278)	(28,766)
National Economic, Development and Labour Council	(383)	2,674	(3,057)
National Electronic Media Institute of South Africa	(4,289)	(4,472)	183
National Energy Regulator of South Africa	(2,360)	(7,515)	5,155
National Gambling Board of South Africa	(292)	(261)	(31)



REVIEW OF OPERATING RESULTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

Name of Entity - continued	2010/11 R'000	2009/10 R'000	Net movement in loss R'000
<b>Schedule 3A - continued</b>			
National Library of South Africa	(5,294)	(4,115)	(1,179)
National Metrology Institute of South Africa (NMISA)	(2,033)	(4,079)	2,046
National Museum, Bloemfontein	(1,020)	(4,573)	3,553
Nelson Mandela National Museum	(1,564)	361	(1,925)
Private Security Industry Regulatory Authority	(23,750)	(2,259)	(21,491)
Road Accident Fund	(1,671,743)	(2,493,505)	821,762
Road Traffic Management Corporation	(80,755)	(162,858)	82,103
Robben Island Museum	(1,616)	10,008	(11,624)
SA Diamond and Precious Metals Regulator	(3,429)	5,797	(9,226)
Safety and Security SETA	(63,277)	(35,405)	(27,872)
Services Sector Education and Training Authority	(51,143)	(32,807)	(18,336)
SETA for Finance, Accounting, Management Consulting and Other Financial Services	13,049	(30,290)	43,339
Small Enterprise Development Agency	(13,533)	(36,677)	23,144
Social Housing Foundation	(272)	-	(272)
South African Civil Aviation Authority	3,872	(9,318)	13,190
South African Heritage Resources Agency	(3,543)	374	(3,917)
South African Local Government Association	(8,281)	741	(9,022)
South African National Biodiversity Institute	(2,273)	(10,817)	8,544
South African Tourism Board	(21,684)	13,352	(35,036)
Special Investigation Unit	(23,177)	(6,229)	(16,948)
The National English Literary Museum	(571)	(420)	(151)
uMalusi Council for Quality Assurance in General and Further Education and Training	(3,687)	53	(3,740)
Universal Service and Access Agency of South Africa	(2,429)	3,356	(5,785)
Universal Service and Access Fund	(12,499)	15,384	(27,883)
War Museum of the Boer Republics	(889)	(470)	(419)
Water Research Commission	(9,619)	(1,474)	(8,145)
	<b>(2,345,475)</b>	<b>(2,539,851)</b>	<b>194,376</b>

**REVIEW OF OPERATING RESULTS - continued**

FOR THE YEAR ENDED 31 MARCH 2011

Name of Entity - continued	2010/11 R'000	2009/10 R'000	Net movement in loss R'000
<b>Unlisted Entities</b>			
Academy of Science of SA	(1)	1,286	(1,287)
Deeds Registration Trading Account	(24,392)	(1)	(24,391)
National Lottery Distribution Fund	(923,349)	(1,239,834)	316,485
PDF	(6,316)	(14,618)	8,302
Property Management Trading Entity	(41,335)	(175,032)	133,697
Represented Political Parties Fund	(950)	(730)	(220)
South African Reserve Bank	(1,092,916)	(880,042)	(212,874)
Sheltered Employment Factories	(2,075)	(2,578)	503
Special Defence Account	(1,779,677)	6,055,586	(7,835,263)
Water Trading Account	(727,053)	(961,454)	234,401
	<b>(4,598,064)</b>	<b>2,782,583</b>	<b>(7,380,647)</b>

**2. TOTAL ASSETS**

Assets R'billion	2010/11	2009/10
Non-current Assets	1048	882
Assets classified as held for sale	7	5
Current Assets	646	578
<b>Total Assets</b>	<b>1701</b>	<b>1465</b>

Total assets increased by R237 billion, this major increase can be attributed to the following entities:

Eskom:

Total assets increased by R62 billion during the year under review. This increase is mainly attributable to an increase in its property, plant and equipment and also investments in securities which stood at an increase of R50 billion and R32 billion respectively. The increase in property, plant and equipment was due to the construction work on the Medupi and Ingula power stations that are aimed at improving Eskom's electricity generation capacity.

IDC:

Investments increased by approximately of R12.1 billion driven mainly by an increase the fair value adjustments of the investments in listed equities of approximately R11.8 billion. This increase in the value of the listed investments was in line with the recovery, albeit slow, of the local and global economy. The increase in loans and advances along with a slight decline in impairment loss on the loans and advances led to a positive effect of around R2 billion on total assets.

REVIEW OF OPERATING RESULTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

SANRAL:

The total assets of SANRAL increased by R34.1 billion during the financial year ended 31 March 2010/11. The majority of this increase is attributable to revaluation adjustments on their infrastructure that amounted to R24 billion. The additional R10.1 billion was as a result of additional infrastructure acquired and/or constructed by SANRAL during the current financial year.

SARB:

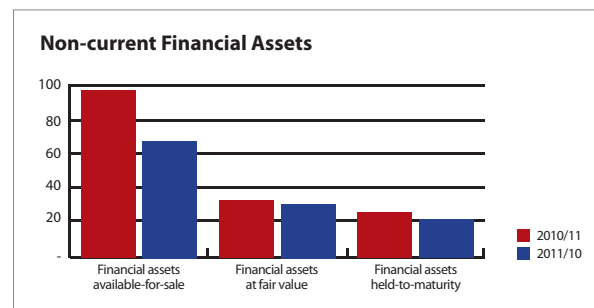
The bank's total assets increased by R32.2 billion during the year under review. An increase of R26.8 billion in gross gold and foreign assets, while domestic assets increased by R5.4 billion. Owing to the appreciation of the rand, the balance on the gold and foreign exchange contingency reserves account (used for currency revaluation of the gross gold and foreign assets and liabilities which is for the account of government) decreased by R7.3 billion.

Transnet:

Transnet had an increase of R25 billion in its non-current assets. The increase in non-current assets is attributable to the increase in property, plant and equipment, this included land, buildings, permanent railway ways and works (rail road tracks), railway stock and containers. Capital expenditure of R21.5 billion which was undertaken in line with the company's capital investment programme aimed at increasing capacity ahead of demand. The capital investment programme is supported by a comprehensive funding programme which raised R18.4 billion to fund the expenditure. There was also a revaluation of port facilities that amounted to R8 billion.

2.1 NON-CURRENT FINANCIAL ASSETS

Financial Assets R'billion	2010/11	2009/10
<b>Non-Current Financial Assets</b>		
Financial assets available-for-sale	92	67
Financial assets at fair value	36	32
Financial assets held-to-maturity	23	20
	<b>151</b>	<b>119</b>



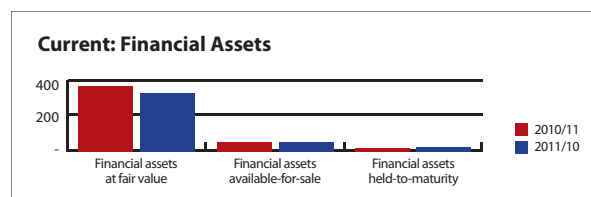
Total non-current financial assets have increased by R31 billion (or 26%), the increase is mainly due to the increase in financial assets available-for-sale by R25 billion (or 37%) in the current year. The contributors to this increase are mainly Eskom and IDC. Eskom had an R11 billion increase in its financial assets available-for-sale, in the form of an investment in securities. IDC had an increase of R13 billion in its financial assets available for sale, of this amount, investments increased by approximately of R12.1 billion. The fair value adjustments of the investments in listed equities is ascribed to their increase.

REVIEW OF OPERATING RESULTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

2.2 CURRENT FINANCIAL ASSETS

Financial Assets R'billion	2010/11	2009/10
<b>Current: Financial Assets</b>		
Financial assets at fair value	378	347
Financial assets available-for-sale	45	23
Financial assets held-to-maturity	11	14
	<b>434</b>	<b>384</b>



Total current assets have increased by 13%, R51 billion. This was mainly due to an increase in financial assets at fair value held by SARB and the financial assets available for sale held by Eskom of R31 billion and R22 billion respectively

3. TOTAL LIABILITIES

Liabilities R'billion	2010/11	2009/10
Non-current liabilities	722	593
Liabilities of assets classified as held for sale	2	1
Current liabilities	305	291
<b>Total Liabilities</b>	<b>1029</b>	<b>885</b>

Total liabilities increased by R144 billion. The increase in total liabilities can mainly be attributed to the increase in borrowings for most of the business enterprises. There was an increase of R112 billion in non-current loans and borrowing and this accounts for the majority of the increase.

Total liabilities have increased by R144 billion and the bulk of this increase is accounted for by the following public entities:

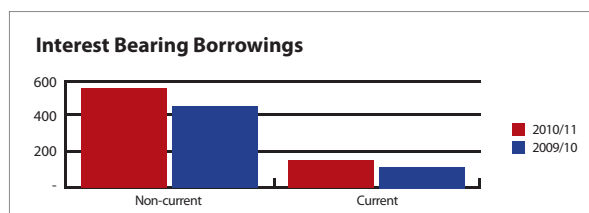
Year Ended 31 March	Change R'billion
Eskom	65
South African National Roads Agency Limited (SANRAL)	10
Transnet	17
IDC	5
SARB	36
Passenger Rail Authority of South Africa (PRASA)	5
<b>Total</b>	<b>138</b>

REVIEW OF OPERATING RESULTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

3.1 INTEREST BEARING BORROWINGS

Interest bearing borrowings	2010/11	2009/10
Non-current	588	476
Current	189	179
	777	655



Interest bearing borrowings have increased R122 billion or 19%, in the current year. The major part of the increase is due to the following entities:

Year Ended 31 March	Change R'billion
Eskom	55
South African National Roads Agency Limited (SANRAL)	10
Transnet	13
SARB	35
Total	113

Eskom:

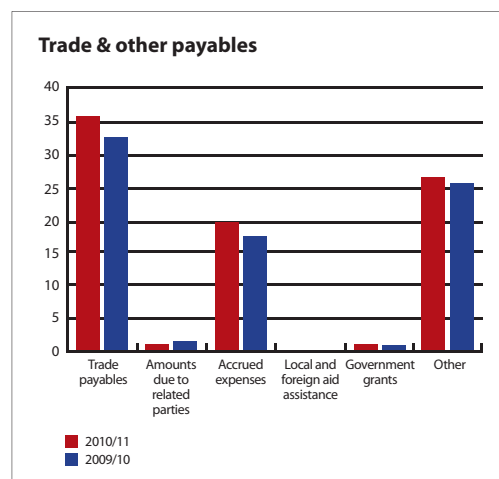
Net increase in borrowings of Eskom was R55.2 billion in the financial year ended 31 March 2010/11. The increase in borrowings was in line with the seven year funding plan which has been designed in order to meet their requirements for the R450 billion to R500 billion capital investment programme over the next six years. This programme that started in 2005 includes investment in new generation capacity.

REVIEW OF OPERATING RESULTS - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

3.2 TRADE & OTHER PAYABLES

Trade and other payables R'billion	2010/11	2009/10
Trade payables	36	33
Amounts due to related parties	1	2
Accrued expenses	20	18
Government grants	2	2
Other	27	25
<b>Total</b>	<b>86</b>	<b>80</b>



Total trade and other payables have increased by approximately R5 billion during the current year. This reflects a general trend across all the enterprises with no specific enterprise of which the increase could be attributed to. These figures remained stable from last year, despite the improvement in the performance of public entities.

**REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT  
ON FACTUAL FINDINGS OF THE CONSOLIDATED FINANCIAL  
INFORMATION OF CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A  
AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS**

FOR THE YEAR ENDED 31 MARCH 2011



**A U D I T O R - G E N E R A L  
S O U T H A F R I C A**

*Auditing to build public confidence*

PUBLISHED BY AUTHORITY



**REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON FACTUAL FINDINGS OF THE CONSOLIDATED FINANCIAL INFORMATION OF CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS (ENTITIES) FOR THE YEAR ENDED 31 MARCH 2011**

FOR THE YEAR ENDED 31 MARCH 2011

Section 8(1) of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) requires the National Treasury to prepare consolidated annual financial statements in accordance with generally recognised accounting practice. Separate consolidated financial information has been prepared annually since the inception of the PFMA for national departments and entities, respectively, and has been subjected to agreed-upon procedures reviewed by the Auditor-General South Africa. The National Treasury has continued to prepare aggregated financial information for entities due to the differing accounting policies being applied. These matters are dealt with in more detail in paragraph 3 of the accounting officer's review.

I have performed the procedures agreed with the accounting officer of the National Treasury as described below with respect to the consolidated financial information (CFI) of constitutional institutions, schedule 2, 3A and 3B public entities and trading entities as at 31 March 2011 set out on pages 151 to 192. My engagement was undertaken in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements. With reference to the basis of consolidation, as set out in the accounting policies to the CFI, my procedures were performed solely in respect of the aggregation of the financial information as submitted by the entities consolidated.

The procedures are summarised as follows:

1. I obtained the consolidation templates submitted by the entities consolidated and agreed the information therein with the CFI.
2. I compared the lists of entities consolidated as set out in annexures A, B, C, F and G to the CFI with the templates submitted as well as the PFMA.
3. I compared the list of entities not consolidated as set out in annexures D and E to the CFI to the previous years' listing as well as the PFMA.
4. I checked all the castings of the CFI and agreed the notes to the CFI with the consolidated statement of financial position, statement of financial performance, cash flow statement and statement of changes in net assets.
5. I agreed the opening balances and corresponding figures with the CFI of the previous year.

I report my findings below:

1. With respect to item 1, the information in the CFI agrees with the templates submitted.
2. With respect to item 2, the entities listed in annexures A, B, C, F and G agree with the templates submitted and the PFMA.
3. With respect to item 3, annexure D was found to be complete but I could not establish the completeness of annexure E.
4. With respect to item 4, the castings of the CFI are correct and the notes to the CFI agree with the consolidated statement of financial position, statement of financial performance, cash flow statement and statement of changes in net assets.
5. With respect to item 5, the figures in the current year's CFI agree with the figures in the previous year's CFI as a reconciliation was performed to balance the opening figures.

Because the above procedures do not constitute either an audit or a review performed in accordance with statements of International Standards on Auditing or International Standards on Review Engagements, I do not express any assurance on the CFI as at 31 March 2011.

Had I performed additional procedures or had I performed an audit or review of the CFI in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to my attention that would have been reported to you.



My report is solely for the purpose set out in the first paragraph of this report. The CFI presented does not address or make provision for the following:

- Share capital was not set off against the cost of the investment.
- No adjustment has been made for minority shareholdings.
- Inter-entity transactions and balances affecting the consolidated statement of financial position and consolidated statement of financial performance were not eliminated.
- The disclosed accounting policies in the CFI were not consistently applied by the individual entities.

*Auditor General*

Pretoria  
27 October 2011



*Auditing to build public confidence*

## ANNEXURES TO THE CONSOLIDATED FINANCIAL INFORMATION

FOR THE YEAR ENDED 31 MARCH 2011

### ANNEXURE LEAD SCHEDULE 2010/11

<b>Annexure A</b>	List of entities consolidated
<b>Annexure B</b>	List of entities consolidated using draft financial statements
<b>Annexure C</b>	List of entities that have not been included in the PFMA listing but have been consolidated
<b>Annexure D</b>	List of entities not consolidated that have been included in the PFMA listing
<b>Annexure E</b>	List of entities not consolidated and not included in the PFMA listing
<b>Annexure F</b>	List of entities consolidated but audited by other auditors
<b>Annexure G</b>	List of entities consolidated with year ends other than 31 March

**ANNEXURES  
TO THE CONSOLIDATED FINANCIAL INFORMATION - continued**

FOR THE YEAR ENDED 31 MARCH 2011

**ANNEXURE A**

List of entities consolidated at:

31 March 2011		31 March 2010	
1	Academy of Science of SA	1	Academy of Science of SA
2	Accounting Standards Board	2	Accounting Standards Board
3	Africa Institute of South Africa	3	Africa Institute of South Africa
4	African Renaissance International Cooperation Fund	4	African Renaissance and International Cooperation Fund
5	Agricultural Land Holding Account	5	Agricultural Land Holding Account
6	Agricultural Sector Education and Training Authority	6	Agricultural Research Council
7	Agricultural Research Council	7	Agricultural Sector Education and Training Authority
8	Air Traffic and Navigation Services Company Limited	8	Air Traffic and Navigation Services Company Limited
9	Airports Company of South Africa Limited	9	Airports Company of South Africa Limited
10	Alexkor Limited	10	Albany Coast Water Board
11	Amatola Water Board	11	Alexcor Limited
12	Armaments Corporation of South Africa Limited	12	Amatola Water Board
13	Artscape	13	Armaments Corporation of South Africa Limited
14	Auditor General South Africa	14	Artscape
15	Banking Sector Education and Training Authority	15	Auditor General South Africa
16	Bloem Water	16	Banking Sector Education and Training Authority
17	Botshelo Water	17	Bloem Water
18	Boxing South Africa	18	Botshelo Water
19	Breede-Overberg Catchment Management Agency	19	Boxing South Africa
20	Broadband Infrastructure Company (Pty) Ltd	20	Breede River Catchment Management Agency
21	Bushbuckridge Water Board	21	Broadband Infrastructure Company (Pty) Ltd
22	Castle Control Board	22	Bushbuckridge Water Board
23	CEF (Pty) Ltd	23	Castle Control Board
24	Chemical Industries Education and Training Authority	24	CEF (Pty) Ltd
25	Clothing, Textiles, Footwear and Leather Sector Education and Training Authority	25	Chemical Industries Education and Training Authority
26	Commission for conciliation, Mediation and Arbitration (CCMA)	26	Clothing, Textiles, Footwear and Leather Sector Education and Training Authority
27	Companies and Intellectual Property Commission	27	Commission for Conciliation, Mediation & Arbitration
28	Compensation Commissioner for Occupational Diseases	28	Companies and Intellectual Property Registration Office (CIPRO)
29	Compensation Fund, including Reserve Fund	29	Compensation Commissioner for Occupational Diseases
30	Competition Commission	30	Compensation Fund, including Reserve Fund

**ANNEXURES**  
**TO THE CONSOLIDATED FINANCIAL INFORMATION** - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

**ANNEXURE A** - *continued*

List of entities consolidated at:

31 March 2011		31 March 2010	
31	Competition Tribunal	31	Competition Commission
32	Construction Education and Training Authority	32	Competition Tribunal
33	Construction Industry Development Board (CIDB)	33	Construction Education and Training Authority
34	Council for Geoscience	34	Construction Industry Development Board (CIDB)
35	Council for Medical Schemes	35	Council for Geoscience
36	Council For Mineral Technology	36	Council for Medical Schemes
37	Council for Scientific and Industrial Research	37	Council for Mineral Technology
38	Council for the Built Environment (CBE)	38	Council for Scientific and Industrial Research (CSIR)
39	Council on Higher Education	39	Council for the Built Environment (CBE)
40	Credit Card Driving Licence Trading account	40	Council on Higher Education
41	Cross-Border Road Transport Agency	41	Cross-Border Road Transport Agency
42	Deeds Registration Trading Account	42	Deeds Registration Trading Account
43	DENEL (Pty) Ltd	43	DENEL (Pty) Ltd
44	Development Bank of SA Development Fund	44	Development Bank of SA Development Fund
45	Development Bank of Southern Africa	45	Development Bank of Southern Africa
46	Die Afrikaanse Taal Museum	46	Die Afrikaanse Taal Museum
47	Disaster Relief Fund	47	Disaster Relief Fund
48	Ditsong Museums of South Africa	48	Ditsong: Museums of South Africa
49	Education Labour Relations Council	49	Driving Licence Card Trading Account
50	Education, Training and Development Practices Sector Education & Training Authority	50	EDI Holdings (Pty) Ltd
51	EDI Holdings (Pty) Ltd	51	Education Labour Relations Council
52	Energy Sector Education and Training Authority	52	Education, Training and Development Practices Sector Education & Training Authority
53	Equalisation Fund	53	Energy Sector Education and Training Authority
54	ESKOM	54	Equalisation Fund
55	Estate Agency Affairs Board	55	ESKOM
56	Export Credit Insurance Corporation of South Africa Limited	56	Estate Agency Affairs Board
57	Film and Publication Board (FPB)	57	Export Credit Insurance Corporation of South Africa Limited
58	Financial Intelligence Centre	58	Film and Publications Board (FPB)
59	Financial Services Board	59	Financial Intelligence Centre
60	Food and Beverages Manufacturing Industry Sector Education & Training Authority	60	Financial Services Board
61	Forest Industries Sector Education and Training Authority	61	Food and Beverages Manufacturing Industry Sector Education & Training Authority

**ANNEXURES  
TO THE CONSOLIDATED FINANCIAL INFORMATION - continued**

FOR THE YEAR ENDED 31 MARCH 2011

**ANNEXURE A - continued**

List of entities consolidated at:

31 March 2011		31 March 2010	
62	Freedom Park Trust	62	Forest Industries Sector Education and Training Authority
63	Government Pension Administration Agency	63	Freedom Park Trust
64	Government Printing Works (GPW)	64	Government Printing Works
65	Health and Welfare Sector Education and Training Authority	65	Health and Welfare Sector Education and Training Authority
66	High School Vorentoe Disaster Fund	66	High School Vorentoe Disaster Fund
67	Housing Development Agency	67	Housing Development Agency
68	Human Sciences Research Council	68	Human Sciences Research Council
69	Independent Development Trust (IDT)	69	Independent Development Trust (IDT)
70	Independent Regulatory Board for Auditors (IRBA)	70	Independent Regulatory Board of Auditors (IRBA)
71	Industrial Development Corporation of South Africa Limited	71	Industrial Development Corporation of South Africa Limited
72	Information Systems, Electronics & Telecommunications Technologies Training Authority	72	Information Systems, Electronics & Telecommunications Technologies Training Authority
73	Ingonyama Trust Board	73	Ingonyama Trust Board
74	Inkomati Catchment Management Agency	74	Inkomati Catchment Management Agency
75	Insurance Sector Education and Training Authority	75	Insurance Sector Education and Training Authority
76	International Marketing Council	76	International Marketing Council
77	International Trade Administration Commission	77	International Trade Administration Commission
78	Isimangaliso Wetland Park Authority	78	iSimangaliso Wetland Park
79	Iziko Museums of Cape Town	79	Iziko Museums of Cape Town
80	Khula Enterprises Finance Limited	80	Khula Enterprises Finance Limited
81	King George V Silver Jubilee Fund for Tuberculosis	81	King George V Silver Jubilee Fund for Tuberculosis
82	Land and Agricultural Development Bank of South Africa	82	Land and Agricultural Development Bank of South Africa
83	Legal Aid South Africa	83	Legal Aid Board
84	Lepelle Northern Water	84	Lepelle Northern Water
85	Local Government, Water and Related Services Sector Education & Training Authority	85	Local Government, Water and Related Services Sector Education & Training Authority
86	Luthuli Museum	86	Luthuli Museum
87	Magalies Water	87	Manufacturing, Engineering and Related Services Sector Education & Training Authority
88	Manufacturing, Engineering and Related Services Education and Training Authority	88	Marine Living Resources Fund
89	Marine Living Resources Fund	89	Market Theatre Foundation
90	Market Theatre Foundation	90	Media Development Diversity Agency
91	Media Development Diversity Agency	91	Media, Advertising, Publishing, Printing and Packaging Sector Education and Training Authority

**ANNEXURES  
TO THE CONSOLIDATED FINANCIAL INFORMATION** - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

**ANNEXURE A** - *continued*

List of entities consolidated at:

31 March 2011		31 March 2010	
92	Media, Advertising, Publishing, Printing and Packaging Sector Education and Training Authority	92	Medical Research Council of South African
93	Medical Research Council of South Africa	93	Mhlathuze Water
94	Mhlathuze Water	94	Mine Health and Safety Council
95	Mine Health and Safety Council	95	Mining Qualifications Authority
96	Mining Qualifications Authority	96	Natal Museum
97	Namaqua Water Board	97	National Agricultural Marketing Council
98	Natal Museum	98	National Arts Council of South Africa
99	National Agricultural Marketing Council	99	National Consumer Tribunal
100	National Arts Council of South Africa	100	National Credit Regulator
101	National Consumer Tribunal	101	National Development Agency
102	National Credit Regulator	102	National Economic Development and Labour Council
103	National Development Agency	103	National Electronic Media Institute of South Africa
104	National Economic, Development and Labour Council	104	National Empowerment Fund
105	National Electronic Media Institute of South Africa	105	National Energy Regulator of South Africa
106	National Empowerment Fund	106	National Film and Video Foundation of South Africa
107	National Energy Regulator of South Africa	107	National Gambling Board of South Africa
108	National Film and Video Foundation of South Africa	108	National Health Laboratory Service
109	National Gambling Board of South Africa	109	National Heritage Council of South Africa
110	National Health Laboratory Service	110	National Home Builders Registration Council
111	National Heritage Council of South Africa	111	National Housing Finance Corporation Limited
112	National Home Builders Registration Council	112	National Library of South Africa
113	National Housing Finance Corporation Limited	113	National Lotteries Board
114	National Library of South Africa	114	National Lottery Distribution Fund
115	National Lotteries Board	115	National Metrology Institute of South Africa (NMISA)
116	National Lottery Distribution Fund	116	National Museum, Bloemfontein
117	National Metrology Institute of South Africa(NMISA)	117	National Nuclear Regulator
118	National Museum, Bloemfontein	118	National Regulator for Compulsory Specifications
119	National Nuclear Regulator	119	National Research Foundation
120	National Regulator for Compulsory Specifications	120	National Skills Fund
121	National Research Foundation	121	National Student Financial Aid Scheme

**ANNEXURES  
TO THE CONSOLIDATED FINANCIAL INFORMATION - continued**

FOR THE YEAR ENDED 31 MARCH 2011

**ANNEXURE A - continued**

List of entities consolidated at:

31 March 2011		31 March 2010	
122	National Skill Fund	122	National Supplies Procurement Fund
123	National Student Financial Aid Scheme	123	National Urban Reconstruction and Housing Agency
124	National Urban Reconstruction Housing Agency	124	National Youth Commission (NYC)
125	National Youth Development Agency (NYDA)	125	Ncera Farms (Pty) Ltd
126	Ncera Farms (Pty) Ltd	126	Nelson Mandela National Museum
127	Nelson Mandela National Museum	127	Office of the Ombud for Financial Service Providers
128	Office of the Ombud for Financial Services Providers	128	Office of The Pension Funds Adjudicator
129	Office of The Pension Funds Adjudicator	129	Onderstepoort Biological Products Limited
130	Onderstepoort Biological Products Limited	130	Passenger Rail Agency of South Africa
131	Overberg Water	131	Pebble Bed Modular Reactor
132	PALAMA Trading Entity	132	Pelladriфт Water Board
133	Passenger Rail Agency of South Africa	133	Performing Arts Council of the Free State
134	Pebble Bed Modular Reactor	134	Perishable Products Export Control Board
135	Pelladriфт Water Board	135	Ports Regulator of South Africa
136	Performing Arts Council of the Free State (PACOFs)	136	Private Security Industry Regulatory Authority
137	Perishable Products Export Control Board	137	Productivity SA
138	Ports Regulator of South Africa	138	Project Development Facility
139	President's Fund	139	Public Investment Corporation Limited
140	Private Security Industry Regulatory Authority	140	Public Management Trading Entity (PMTE)
141	Productivity South Africa	141	Public Sector Education and Training Authority
142	Project Development Facility	142	Railway Safety Regulator
143	Public Investment Corporation Limited	143	Rand Water
144	Public Management Trading Entity (PMTE)	144	Refugee Relief Fund
145	Public Sector Education and Training Authority	145	Represented Political Parties Fund
146	Quality Council for Trades and Occupations	146	Road Accident Fund
147	Railway Safety Regulator	147	Robben Island Museum
148	Rand Water	148	Rural Housing Loan Fund
149	Refugee Relief Fund	149	SA Bureau of Standards (SABS)
150	Represented Political Parties Fund	150	SA National Aids Trust
151	Road Accident Fund	151	SA Reserve Bank
152	Road Traffic Infringement Agency	152	SA Special Risk Insurance Association Limited

**ANNEXURES  
TO THE CONSOLIDATED FINANCIAL INFORMATION** - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

**ANNEXURE A** - *continued*

List of entities consolidated at:

31 March 2011		31 March 2010	
153	Road Traffic Management Corporation	153	Safety and Security Sector Education Training Authority
154	Robben Island Museum	154	Sedibeng Water
155	Rural Housing Loan Fund	155	Sentech Limited
156	SA Bureau of Standards	156	Servcon Housing Solutions (Pty) Ltd
157	SA National Aids Trust	157	Services Sector Education and Training Authority
158	SA Reserve Bank	158	SETA for Finance, Accounting, Management Consultation and Other Financial Services
159	Safety and Security Sector Education and Training	159	Sheltered Employment Factories
160	Sasria Limited	160	Small Enterprise Development Agency
161	Sedibeng Water	161	Social Housing Foundation
162	Sentech Limited	162	Social Relief Fund
163	Servcon Housing Solution (Pty) Ltd	163	South African Airways (Pty) Limited
164	Services Sector Education and Training Authority	164	South African Broadcasting Corporation Limited
165	SETA for Finance, Accounting, Management consulting and other financial Services	165	South African Civil Aviation Authority
166	Sheltered Employment Factories	166	South African Council for Educators
167	Small Enterprise Development Agency	167	South African Diamond and Precious Metals Regulator
168	Social Housing Foundation	168	South African Express (Pty) Limited
169	Social Relief Fund	169	South African Forestry Company Limited
170	South African Airways (Pty) Limited	170	South African Heritage Resources Agency
171	South African Broadcasting Corporation Limited	171	South African Library for the Blind
172	South African Cities Network	172	South African Local Government Association (SALGA)
173	South African Civil Aviation Authority	173	South African Maritime Safety Authority
174	South African Council for Educators	174	South African Micro Finance Apex Fund
175	South African Diamond and Precious Metals Regulator	175	South African National Accreditation System
176	South African Express (Pty) Limited	176	South African National Biodiversity Institute
177	South African Forestry Company Limited	177	South African National Parks
178	South African Heritage Resources Agency	178	South African Nuclear Energy Corporation Limited
179	South African Library for the Blind	179	South African Post Office Limited
180	South African Local Government Association (SALGA)	180	South African Qualifications Authority
181	South African Maritime Safety Authority	181	South African Revenue Service (SARS)
182	South African Micro-Finance Apex Fund	182	South African Social Security Agency



**ANNEXURES  
TO THE CONSOLIDATED FINANCIAL INFORMATION - continued**

FOR THE YEAR ENDED 31 MARCH 2011

**ANNEXURE A - continued**

List of entities consolidated at:

31 March 2011		31 March 2010	
183	South African National Accreditation System	183	South African Tourism
184	South African National Biodiversity Institute	184	South African Weather Services
185	South African National Parks	185	Special Defence Account
186	South African National Space Agency	186	Special Investigation Unit
187	South African Nuclear Energy Corporation Limited	187	State Diamond Trader
188	South African Post Office Limited	188	State Information Technology Agency
189	South African Qualifications Authority	189	State President Fund
190	South African Revenue Service (SARS)	190	Telkom SA Limited
191	South African Social Security Agency	191	The Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities
192	South African Tourism	192	The Commission on Gender Equality
193	South African Weather Services	193	The Financial and Fiscal Commission
194	Special Defence Account	194	The Independent Communications Authority of South Africa
195	Special Investigation Unit	195	The Independent Electoral Commission (IEC)
196	State Diamond Trader	196	The Municipal Demarcation Board
197	State Information Technology Agency	197	The National English Literary Museum
198	State President Fund	198	The Pan South African Language Board
199	Technology Innovation Agency	199	The Playhouse Company
200	Telkom SA Limited	200	The Public Protector of South Africa
201	The Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities	201	The SAMDI Trading Entity
202	The Commission on Gender Equality (CGE)	202	The South African Human Rights Commission
203	The Co-operatives Banks Development Agency	203	The South African Institute for Drug-free Sport
204	The Financial and Fiscal Commission	204	The South African National Roads Agency Limited
205	The Independent Communication Authority of South Africa (ICASA)	205	The South African State Theatre
206	The Independent Electoral Commission (IEC)	206	Tourism, Hospitality & Sport Education and Training Authority
207	The Municipal Demarcation Board (MDB)	207	Trans-Caledon Tunnel Authority
208	The National English Literary Museum	208	Transnet Limited
209	The Pan South African Language Board	209	Transport Education and Training Authority
210	The Playhouse Company	210	Tshumisano Trust
211	The Public Protector of South Africa	211	uMalusi Council for Quality Assurance in General and Further Education & Training

**ANNEXURES**  
**TO THE CONSOLIDATED FINANCIAL INFORMATION** - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

**ANNEXURE A** - *continued*

List of entities consolidated at:

31 March 2011		31 March 2010	
212	The Social Housing Regulatory Authority	212	Umgeni Water
213	The South African Human Rights Commission	213	Umsombomvu Youth Fund
214	The South African Institute for Drug-free Sport	214	Unemployment Insurance Fund
215	The South African National Roads Agency Limited	215	Universal Service and Access Agency of South Africa
216	The South African State Theatre	216	Universal Service and Access Fund
217	Thubelisha Homes	217	Voortrekker Museum
218	Tourism, Hospitality and Sports Education and Training Authority	218	War Museum of the Boer Republics
219	Trans-Caledon Tunnel Authority	219	Water Research Commission
220	Transnet Limited	220	Water Trading Account
221	Transport Education and Training Authority	221	Wholesale and Retail Sector Education and Training Authority
222	uMalusi Council for Quality Assurance in General and Further Education & Training	222	William Humphreys Art Gallery
223	Umgeni Water	223	Windybrow Theatre
224	Unemployment Insurance Fund		
225	Universal Service and Access Agency of South Africa		
226	Universal Service and Access Fund		
227	Voortrekker Museum		
228	War Museum of the Boer Republics		
229	Water Research Commission		
230	Water Trading Account		
231	Wholesale and Retail Sector Education and Training Authority		
232	William Humphreys Art Gallery		
233	Windybrow Theatre		

**ANNEXURES  
TO THE CONSOLIDATED FINANCIAL INFORMATION - continued**

FOR THE YEAR ENDED 31 MARCH 2011

**ANNEXURE B**

List of entities consolidated using draft financial statements at:

31 March 2011		31 March 2010	
1	Bloem Water	1	Air Traffic and Navigation Services Company
2	Botshelo Water	2	Broadband Infracore
3	Boxing South Africa	3	Bushbuckridge Water Board
5	Bushbuckridge Water Board	4	Inkomati Catchment Management Agency
6	Compensation Fund, including Reserve Fund	5	King George V Silver Jubilee
7	Lepelle Northern Water	6	Mhlathuze Water
8	Magalies Water	7	National Development Agency
9	Media, Advertising, Publishing, Printing and Packaging Sector Education and Training Authority	8	National Student Financial Aid Scheme
10	Mhlathuze Water	9	Passenger Rail Agency of South Africa
11	Mine Health and Safety Council	10	Pelladriфт Water Board
12	Namaqua Water	11	Rand Water
13	National Youth Development Agency (NYDA)	12	Represented Political Parties Fund
14	Nelson Mandela Museum	13	Robben Island Museum, Cape Town
16	Onderstepoort Biological Products Limited	14	SA Civil Aviation Authority
17	Overberg Water	15	SA National Aids Trust
18	Pelladriфт Water Board	16	SA Revenue Services
19	Ports Regulator of South Africa	17	Sasria Limited
20	Public Management Trading Entity (PMTE)	18	Sedibeng Water
21	Quality Council for Trade and Occupations	19	Social Services Agency South Africa
22	Rand Water	20	South African Local Government Association
24	Represented Political Parties Fund	21	State Information Technology Agency
25	SA National Aids Trust	22	The Commission on Gender Equality
26	Sasria Limited	23	The Financial and Fiscal Commission
27	Sedibeng Water	24	Umgeni Water
28	South African Cities Network	25	Umsombomvu Youth Fund
29	Special Defence Account		
30	Technology Innovation Agency		
31	The South African Institute for Drug-Free Sport		
32	Thubelisha Homes		
33	Umgeni Water		

**ANNEXURES**

**TO THE CONSOLIDATED FINANCIAL INFORMATION - continued**

FOR THE YEAR ENDED 31 MARCH 2011

**ANNEXURE C**

Entities consolidated that are not included in the PFMA listing at:

31 March 2011		31 March 2010	
1	Academy of Science of SA	1	Academy of Science of SA
2	Agricultural Land Holding Account	2	Agricultural Land Holding Account
3	Auditor General South Africa	3	Auditor General South Africa
4	Compensation Commissioner for Occupational Diseases	4	Companies and Intellectual Property Registration Office (CIPRO)
5	Credit Card Driving Licence Trading account	5	Compensation Commissioner for Occupational Diseases
6	Deeds Registration Trading Account	6	Deeds Registration Trading Account
7	Development Bank of SA Development Fund	7	Development Bank of SA Development Fund
8	Disaster Relief Fund	8	Disaster Relief Fund
9	Equalisation Fund	9	Driving Licence Card Trading Account
10	Government Pension Administration Agency	10	Equalisation Fund
11	Government Printing Works (GPW)	11	Government Printing Works (GPW)
12	High School Vorentoe Disaster Fund	12	High School Vorentoe Disaster Fund
13	King George V Silver Jubilee Fund for Tuberculosis	13	King George V Silver Jubilee Fund for Tuberculosis
14	National Lottery Distribution Fund	14	National Lottery Distribution Fund
15	National Skills Fund	15	National Skills Fund
16	PALAMA Trading Entity	16	National Supplies Procurement Fund
17	Pebble Bed Modular Reactor	17	PALAMA Trading Entity
18	President's Fund	18	Pebble Bed Modular Reactor
19	Project Development Facility	19	Project Development Facility
20	Public Management Trading Entity (PMTE)	20	Public Management Trading Entity
21	Refugee Relief Fund	21	Refugee Relief Fund
22	Represented Political Parties Fund	22	Represented Political Parties Fund
23	SA Micro-Finance Apex Fund	23	SA Micro-Finance Apex Fund
24	SA National Aids Trust	24	SA National Aids Trust
25	SA Reserve Bank	25	SA Reserve Bank
26	Sheltered Employment Factories	26	Sheltered Employment Factories
27	Social Relief Fund	27	Social Relief Fund
28	South African Cities Network	28	Special Defence Account
29	Special Defence Account	29	State President Fund
30	State President Fund	30	Tshumisano Trust
31	Water Trading Account	31	Water Trading Account

**ANNEXURES**  
**TO THE CONSOLIDATED FINANCIAL INFORMATION - continued**

FOR THE YEAR ENDED 31 MARCH 2011

**ANNEXURE D**

Entities not consolidated that are included in the PFMA listing at:

<b>31 March 2011</b>		<b>31 March 2010</b>	
1	Companies Tribunal	1	Electronic Communications Security (Pty) Ltd
2	Inala farms (Pty)Ltd	2	Ikangala Water
3	Municipal Infrustructure Investment Unit	3	Inala Farms (Pty) Ltd
4	National Consumer Commission	4	Magalies Water
5	South African National Energy Development Institute	5	Municipal Infrustructure Investment Unit
6	Urban Transport Fund	6	Namaqua Water Board
		7	National Consumer Commission
		8	National Youth Development Agency (NYDA)
		9	Overberg Water
		10	Road Traffic Management Cooperattion
		11	South African National Space Agency
		12	Technology Innovation Agency
		13	The Co-Operatives Banks Development Agency
		14	Thubelisha Homes
		15	Urban Transport Fund

**ANNEXURES**  
**TO THE CONSOLIDATED FINANCIAL INFORMATION** - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

**ANNEXURE E**

Entities not consolidated and not included in the PFMA listing at:

<b>31 March 2011</b>		<b>31 March 2010</b>	
1	Guardians Fund	1	Cooperative Banks Development Agency
2	Technical Assistance Unit	2	Corporation for Public Deposits
3	Third Party Funds	3	Government Employee Pension Fund
		4	Guardians Fund
		5	South African Cities Network
		6	Third Party Funds

**ANNEXURES  
TO THE CONSOLIDATED FINANCIAL INFORMATION - continued**

FOR THE YEAR ENDED 31 MARCH 2011

**ANNEXURE F**

List of entities consolidated but audited by other auditors at:

31 March 2011			31 March 2010		
1	Academy of Science of SA	Douglas & Velich CA (SA)	1	Academy of Science of SA	Douglas & Velich CA (SA)
2	Accounting Standards Board	SAB&T	2	Accounting Standards Board	Xabiso Chatered Accountants
3	Air Traffic and Navigation Services Company Limited	Ernest & Young	3	Air Traffic and Navigation Services Company Limited	Ernst & Young
4	Airports Company of South Africa Limited	PriceWaterhouse Coopers & Ngubane & Co.	4	Airports Company of South Africa Limited	PriceWaterhouse Coopers & Ngubane & Co.
5	Alexkor Limited	PriceWaterHouse Coopers	5	Albany Coast Water Board	KPMG
6	Amatola Water Board	KPMG	6	Alexkor Limited	PriceWaterHouse Coopers
7	Auditor General	Kwinana and Associates Inc.	7	Amatola Water Board	KPMG
8	Bloem Water	Ernst & Young	8	Bloem Water	Ernst & Young
9	Breede-Overberg Catchment Management Agency	SAB&T	9	Breede River Catchment Management Agency	SAB&T
10	Broadband Infraco	KPMG	10	Broadband Infraco	KPMG
11	Broadband Infrastructure Company (Pty) Ltd	KPMG	11	Bushbuckridge Water Board	Stabilis Inc
12	Bushbuckridge Water Board	Stabilis Inc	12	Competition Tribunal	SAB&T
13	Council for Scientific and Industrial Reasearch	KPMG / AGSA	13	Council for Mineral technology (Mintek)	Rakoma & Associates
14	DENEL(PTY) Ltd	Ernest & Young	14	DENEL (PTY) Ltd	Ernst & Young
15	Development Bank of SA Development Fund	Gobodo Inc./KPMG	15	Development Bank of SA Development Fund	Gobodo Inc./KPMG
16	Development Bank of Southern Africa	KPMG	16	Development Bank of Southern Africa	KPMG
17	ESKOM	SizweNtsaluba VSP and KPMG	17	ESKOM	SizweNtsaluba VSP
18	Estate Agency Affairs Board	Kiwana & Associates	18	Estate Agency Affairs Board	Kwinana & Associates
19	Export Credit Insurance Corporation of South Africa Limited	KPMG	19	Export Credit Insurance Corporation of South Africa Limited	KPMG
20	Housing Development Agency	Ernest & Young	20	FAIS Ombud	Not indicated
21	Industrial Development Corporation of South Africa Limited	Sizwe Ntsaluba	21	Industrial Development Corporation of South Africa Limited	SizweNtsaluba VSP
22	Inkomati Catchment Management Agency	PWC	22	Inkomati Catchment Management Agency	PriceWaterhouse Coopers
23	Khula Enterprises Finance Limited	Sizwe Ntsaluba	23	Khula Enterprises Finance Limited	SizweNtsaluba VSP
24	Legal Aid South Africa	Ramathe Inc.	24	Legal Aid Board	Ramathe Inc
25	Lepelle Northern Water	Kwinana and Associates Inc.	25	Lepelle Northern Water	KPMG

**ANNEXURES**  
**TO THE CONSOLIDATED FINANCIAL INFORMATION** - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

**ANNEXURE F - continued**

List of entities consolidated but audited by other auditors at:

31 March 2011			31 March 2010		
26	Mhlathuze Water	Gobodo Inc	26	Mhlathuze Water	Not indicated
27	National Consumer Tribunal	Nkonki	27	National Agricultural Marketing Council	PriceWaterhouse Coopers
28	National Economic Development and Labour Council	Gobodo Inc.	28	National Credit Regulator	PriceWaterhouse Coopers
29	National Empowerment Fund	PriceWaterHouse Coopers	29	National Economic Development and Labour Council	Gobodo Inc.
30	National Health Laboratory Service	Gobodo Inc.	30	National Empowerment Fund	PriceWaterhouse Coopers
31	National Housing Finance Corporation Limited	Ernest & Young	31	National Health Laboratory Service	PriceWaterhouse Coopers
32	National Metrology Institute of South Africa	PriceWaterHouse Coopers	32	National Housing Finance Corporation Limited	Ernst & Young
33	National Urban Reconstruction Housing Agency	NKONKI	33	National Metrology Institute of SA (NMISA)	PriceWaterhouse Coopers
34	Ncera Farms (Pty) Ltd	PWC	34	National Research Foundation	Ernst & Young
35	Overberg Water Board	Moore Stephens Chartered Accountants	35	National Urban Reconstruction and Housing Agency	Nkonki Inc.
36	Pebble Bed Modular Reactor	KPMG	36	Onderstepoort Biological Products Limited	PriceWaterhouse Coopers
37	Pelladrift Water Board	Claassen & Stone	37	Pebble Bed Modular Reactor	KPMG
38	Perishable Products Export Control Board	PriceWaterhouse Coopers	38	Pelladrift Water Board	Deloitte & Touche
39	Productivity SA	SizweNtsaluba VSP	39	Perishable Products Export Control Board	Ramathe
40	Public Investment Corporation Limited	Nkonki Inc.	40	Productivity SA	SizweNtsaluba VSP
41	Rand Water	SAB&T	41	Railway Safety Regulator	Not indicated
42	Rural Housing Loan Fund	Gobodo Inc	42	Rand Water	SAB&T
43	SA Reserve Bank	PriceWaterhouse Coopers	43	Rural Housing Loan Fund	Gobodo Inc
44	Sasria Limited	PriceWaterHouse Coopers	44	SA Civil Aviation Authority	Deloitte & Touche
45	Sedibeng Water	PriceWaterhouse Coopers	45	SA Library for The Blind, Grahamstown	HLB Burnett Chown Inc
46	Sentech Limited	KPMG	46	SA Micro-Finance Apex Fund	Ernst & Young
47	Servcon Housing Solution (Pty) Ltd	SAB&T	47	SA National Biodiversity Institute	Ernst & Young
48	Small Enterprise Development Agency	PKF Chartered Accountants & Buss Advisors	48	SA Nuclear Energy Corporation	Deloitte & Touche
49	Social Housing Foundation	PriceWaterHouse Coopers	49	SA Reserve Bank	audit report outstanding
50	South African Airways (Pty) Limited	Deloitte & Touche	50	Sasria Limited	PriceWaterHouse Coopers
51	South African Broadcasting Corporation Limited	KPMG & Ngubane & Co	51	Sedibeng Water	PriceWaterhouse Coopers



**ANNEXURES  
TO THE CONSOLIDATED FINANCIAL INFORMATION - continued**

FOR THE YEAR ENDED 31 MARCH 2011

**ANNEXURE F - continued**

List of entities consolidated but audited by other auditors at:

31 March 2011			31 March 2010		
52	South African Council for Educators	N.M.N Chartered Accountants (SA)	52	Sentech Limited	KPMG Inc.
53	South African Express (Pty) Limited	Nkonki Inc.	53	Servcon Housing Solutions (Pty) Ltd	SAB&T
54	South African Forestry Company Limited	PriceWaterhouseCoopers	54	Small Enterprise Development Agency	Deloitte
55	South African National Accreditation System	SAB&T	55	Social Housing Foundation	PriceWaterhouse Coopers
56	South African National Space Agency	KPMG / AGSA	56	South African Airways (Pty) Limited	Deloitte & Touche
57	South African Post Office Limited	Deloitte & Gobodo Inc	57	South African Broadcasting Corporation Limited	KPMG Inc., Kwinana and Associates & Ngubane and Co
58	Special Investigation Unit	Gobodo Inc	58	South African Council for Educators	PriceWaterhouseCoopers
59	State Diamond Trader	KPMG	59	South African Express (Pty) Limited	Nkonki Inc.
60	Technology Innovation Agency	KPMG	60	South African Forestry Company Limited	PriceWaterhouseCoopers
61	Telkom SA Limited	Ernst & Young	61	South African National Accreditation System	SAB&T
62	The Co-operative Banks Development Agency	Faitz Chartered Accountants Inc.	62	South African Post Office Limited	Deloitte & Touche and Gobodo Inc.
63	The Social Housing Regulatory Authority	PriceWaterHouse Coopers	63	State Diamond Trader	KPMG
64	Thubelisha Homes	Deloitte & Touche	64	The Housing Development Agency	Ernst & Young
65	Trans-Caledon Tunnel Authority	Deloitte & Touche	65	Trans-Caledon Tunnel Authority	Deloitte & SizweNtsaluba VSP
66	Transnet Limited	Deloitte & Touche	66	Transnet Limited	Deloitte & Touche
67	uMalusi Council for Quality Assurance in General and Further Education and Training	Sizwe Ntsaluba	67	Tshumisano Trust	PriceWaterhouseCoopers
68	Umngeni Water	Deloitte & Touche	68	uMalusi Council for Quality Assurance in General and Further Education and Training	Sizwe Ntsaluba
69	Water Research Commission	Gobodo Inc	69	Umngeni Water	Deloitte & Touche
			70	Umsobomvu Youth Fund	Ernst & Young
			71	Universal Service Agency	Gobodo Inc
			72	Universal Service Fund	Gobodo Inc
			73	Water Research Commission	Gobodo Inc

**ANNEXURES  
TO THE CONSOLIDATED FINANCIAL INFORMATION** - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

**ANNEXURE G**

Entities consolidated with year ends other than 31 March as at:

31 March 2011		31 March 2010	
1	Amatola Water Board	1	Albany Coast Water
2	Bloem Water	2	Amatola Water Board
3	Botshelo Water	3	Bloem Water
4	Bushbuckridge Water Board	4	Botshelo Water
5	Lepelle Northern Water	5	Breede River Catchment Agency
6	Magalies Water	6	Bushbuckridge Water Board
7	Mhlathuze Water	7	Inkomati Catchment Management Agency
8	Namaqua Water	8	Lepelle Northern Water
9	Overberg Water	9	Mhlathuze Water
10	Pelladriфт Water Board	10	Pelladriфт Water Board
11	Rand Water	11	Rand Water
12	Sedibeng Water	12	Sedibeng Water
13	Umgeni Water	13	Umgeni Water
		14	Water Trading Account

**STATEMENT OF FINANCIAL PERFORMANCE**

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	31 March 2011 R'000	31 March 2010 R'000
<b>Revenue</b>			
<i>Non-exchange revenue</i>			
		84,946,048	83,089,609
Transfers and subsidies	21	46,685,698	48,788,832
Taxation revenue	22	37,256,314	33,690,677
Fines, penalties and forfeits	23	1,004,036	610,100
<i>Exchange revenue</i>			
		279,406,527	249,861,561
Sale of goods and rendering of services	24	229,935,148	195,901,166
Interest, dividends and rent on land	25	32,040,900	34,007,641
Other operating revenue		17,224,485	18,213,103
Profit on disposal of assets		205,994	1,739,651
		<u>364,352,575</u>	<u>332,951,170</u>
<b>Expenditure</b>			
Compensation of employees	26	(76,181,661)	(69,681,961)
Goods and services	27	(195,266,651)	(184,039,194)
Interest and rent on land	28	(24,515,997)	(21,578,964)
Loss on disposal of assets		(171,806)	(149,919)
Depreciation/amortisation and impairment		(27,772,730)	(24,005,955)
		<u>(323,908,845)</u>	<u>(299,455,993)</u>
Gains/losses on revaluation of assets/liabilities		19,886,133	140,332,338
Share of profit of associates	7	1,489,107	341,237
<b>Surplus before tax</b>		<b>61,818,970</b>	<b>174,168,752</b>
Income tax expense	29	(4,963,014)	(3,754,455)
<b>Surplus from continuing operations</b>		<b>56,855,956</b>	<b>170,414,297</b>
Deficit for the year from discontinued operations		(201,812)	(443,461)
<b>SURPLUS FOR THE YEAR</b>		<b>56,654,144</b>	<b>169,970,836</b>
<b>Attributable to:</b>			
Owners of the controlling entity		56,696,508	170,053,370
Minority interests		(42,364)	(82,534)

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**STATEMENT OF FINANCIAL POSITION**

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	31 March 2011 R'000	31 March 2010 R'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	748,830,477	639,865,772
Investment property	3	14,708,349	11,505,342
Biological assets	4	2,806,049	2,887,865
Intangible assets	5	19,525,688	18,973,132
Trade and other receivables	6	82,062,367	69,620,879
Investments in associates and controlled entities	7	26,552,266	16,697,252
Other investments	8	150,959,640	119,477,271
Finance lease receivables	9	603,674	554,842
Deferred tax assets	10	1,803,090	2,362,254
Employee Benefits	17	365,930	452,866
		<u>1,048,217,530</u>	<u>882,397,475</u>
<b>Current assets</b>			
Trade and other receivables	6	77,443,295	71,145,715
Finance lease receivables	9	214,933	21,087
Other investments	8	434,842,083	383,793,544
Inventories	11	23,176,308	20,041,834
Cash and cash equivalents	12	110,762,720	103,343,040
		<u>646,439,339</u>	<u>578,345,220</u>
		-	-
Assets classified as held for sale	13	6,851,161	4,563,409
		<u>653,290,500</u>	<u>582,908,629</u>
		-	-
<b>TOTAL</b>		<u><b>1,701,508,030</b></u>	<u><b>1,465,306,104</b></u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	14	587,914,145	475,837,343
Financial guarantee contracts		71,788	72,718
Finance lease obligations	15	1,299,007	1,434,636
Derivatives	16	10,035,576	7,461,709
Employee benefits	17	17,353,325	16,623,878
Provisions	18	73,869,416	66,354,034
Deferred tax liabilities	10	31,268,203	25,078,954
		<u>721,811,460</u>	<u>592,863,272</u>

**STATEMENT OF FINANCIAL POSITION- *continued***

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	31 March 2011 R'000	31 March 2010 R'000
<b>Current liabilities</b>			
Loans and borrowings	14	188,937,752	179,015,409
Trade and other payables	19	84,803,566	79,817,426
Finance lease obligations	15	204,245	215,266
Current income tax liabilities		(643,549)	(454,221)
Derivatives	16	3,225,914	5,394,891
Provisions	18	28,914,742	27,715,994
		<u>305,442,670</u>	<u>291,704,765</u>
Liabilities of assets classified as held for sale	13	1,684,040	544,166
		<u>307,126,710</u>	<u>292,248,931</u>
<b>TOTAL LIABILITIES</b>		<b><u>1,028,938,170</u></b>	<b><u>885,112,203</u></b>
<b>Net Assets</b>			
Ordinary shares		21,484,169	21,484,169
Share premium		7,365,633	7,365,633
Contributed capital		24,318,668	24,049,260
Other reserves	20	402,925,668	354,592,350
Accumulated surplus/deficit		216,447,680	172,717,865
		<u>672,541,818</u>	<u>580,209,277</u>
Minority interest		28,042	(15,376)
<b>TOTAL NET ASSETS</b>		<b><u>672,569,860</u></b>	<b><u>580,193,901</u></b>
		<u>-</u>	<u>-</u>
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<b><u>1,701,508,030</u></b>	<b><u>1,465,306,104</u></b>

**STATEMENT OF CHANGES IN NET ASSETS**

FOR THE YEAR ENDED 31 MARCH 2011

	Share capital (Contribution from Owners)	Share premium	Contributed capital	Convertible bond	Hedging reserve	Available for sale investments	Revaluation reserve	Translation Reserve	Other reserves	Accumulated surplus/ deficit	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>Balance at 1 April as originally stated</b>	21,484,169	7,365,633	21,906,907	356,955	5,189,529	33,332,714	85,590,430	1,271,702	60,964,650	146,738,924	384,201,613
- correction of prior period error	-	-	(6)	-	-	(5,608)	(1,310,892)	-	(1,359,732)	648,117	(2,028,122)
- change in accounting policy	-	-	-	-	-	-	-	-	(17,368)	13,179	(4,189)
<b>As restated</b>	21,484,169	7,365,633	21,906,901	356,955	5,189,529	33,327,106	84,279,538	1,271,702	59,587,550	147,400,220	382,169,303
Surplus / (deficit) for the year	-	-	-	-	-	-	-	-	-	170,053,370	170,053,370
Depreciation transfer on property, plant and equipment	-	-	-	-	-	-	(1,331,260)	-	-	1,488,315	157,055
Dividends paid	-	-	-	-	-	-	-	-	-	(432,111)	(432,111)
Actuarial loss/gain on post employment benefit obligations net of tax	-	-	-	-	-	-	-	-	-	(253,000)	(253,000)
Other movements	-	-	593,438	-	(5,922,000)	(68,565)	(250,612)	(197,244)	163,903,877	(145,942,721)	12,116,173
Proceeds from shares issued	-	-	1,548,921	-	-	-	-	-	-	-	1,548,921
Gains on revaluation of property, plant and equipment	-	-	-	-	-	-	2,997,642	-	-	-	2,997,642
Currency translation differences	-	-	-	-	-	-	-	(1,077,925)	-	-	(1,077,925)
Revaluation of available-for-sale investments	-	-	-	-	-	12,521,589	-	-	170	-	12,521,759
Movement in cash flow hedges	-	-	-	-	(29,427)	-	-	-	-	-	(29,427)
<b>Balance at 1 April as originally stated</b>	21,484,169	7,365,633	24,049,260	356,955	(761,898)	45,780,130	85,695,308	(3,467)	223,491,597	172,314,073	579,771,760
- correction of prior period error	-	-	-	-	-	-	10,259	-	58,321	405,449	474,029
- change in accounting policy	-	-	-	-	(34,855)	-	-	-	-	(1,657)	(36,512)
<b>As restated</b>	21,484,169	7,365,633	24,049,260	356,955	(796,753)	45,780,130	85,705,567	(3,467)	223,549,918	172,717,865	580,209,277
Surplus / (deficit) for the year	-	-	-	-	-	-	-	-	-	56,195,930	56,195,930
Depreciation transfer on property, plant and equipment	-	-	-	-	-	-	(1,381,565)	-	-	1,407,177	25,612
Dividends paid	-	-	-	-	-	-	-	-	-	(304,648)	(304,648)
Value of employee services (IFRS 2) & tax credit on share option schemes	-	-	-	-	-	-	-	-	-	4	4
Actuarial loss/gain on post employment benefit obligations net of tax	-	-	-	-	-	-	-	-	-	261,000	261,000
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	1	1
Other movements	-	-	82,111	-	(231,000)	177,738	6,376,226	36,462	32,152,014	(13,829,649)	24,763,902
Proceeds from shares issued	-	-	187,297	-	-	-	-	-	-	-	187,297
Gains on revaluation of property, plant and equipment	-	-	-	-	-	-	-	(444,728)	-	-	(444,728)
Equity component of convertible bond	-	-	-	-	-	11,617,579	-	-	522	-	11,618,101
Share of available-for-sale financial asset reserve of associates	-	-	-	-	30,070	-	-	-	-	-	30,070
	21,484,169	7,365,633	24,318,668	356,955	(997,683)	57,575,447	90,700,228	(411,733)	255,702,454	216,447,680	672,541,818

**CASH FLOW STATEMENT**

FOR THE YEAR ENDED 31 MARCH 2011

	31 March 2011	31 March 2010
Notes	R'000	R'000
<b>Cash flow from operating activities</b>		
<i>Cash receipts</i>	345,773,868	314,176,767
Transfers and subsidies	49,052,366	51,461,341
Taxation revenue	35,772,995	31,241,071
Fines, penalties and forfeits	1,385,331	847,246
Sale of goods and rendering of services	224,828,959	193,922,465
Interest, dividends and rent on land	25,175,152	27,051,299
Other operating revenue	9,559,065	9,653,345
<i>Cash payments</i>	(281,069,499)	(278,943,487)
Compensation of employees	(72,258,526)	(65,807,670)
Goods and services	(183,834,205)	(189,922,013)
Interest and rent on land	(23,364,746)	(21,201,015)
Taxation paid	(1,612,022)	(2,012,789)
Net cash generated from operating activities	30 64,704,369	35,233,280
<b>Cash flow from investing activities</b>		
Acquisition of controlled entity (net of cash acquired)	(5,914,245)	(794,583)
Purchase of assets	(103,313,071)	(107,723,803)
Proceeds from the sale of assets	6,648,394	4,289,839
Purchase of available-for-sale financial assets	(35,529,850)	(2,117,112)
Movement in pension assets / liabilities	(270,902)	(164,950)
Loans granted to associates/other economic entities	(9,963,321)	(7,823,023)
Loan repayments received from associates/other economic entities	594,131	571,137,967
Net cash used in investing activities	(147,748,864)	456,804,335

**CASH FLOW STATEMENT - *continued***

FOR THE YEAR ENDED 31 MARCH 2011

	31 March 2011	31 March 2010
Notes	R'000	R'000
<b>Cash flow from financing activities</b>		
Proceeds from issuance of ordinary shares / contributed capital	17,732,181	22,558,793
Purchase of treasury shares	(22,269)	(14,119)
Repayment/issuance of financial guarantee contracts	(2,474,129)	(1,088,310)
Dividends paid	(187,702)	(489,085)
Proceeds from issuance of redeemable preference shares	5,038	(1,360)
Proceeds from borrowings	120,592,122	105,535,125
Repayments of borrowings	(43,564,427)	(49,163,118)
Net cash used in financing activities	<u>92,080,814</u>	<u>77,337,926</u>
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	9,036,319	(977,299)
Cash, cash equivalents and bank overdrafts at beginning of the year	101,339,587	101,762,842
Exchange gains/(losses) on cash and bank overdrafts	(902,051)	554,044
Cash, cash equivalents and bank overdrafts at end of the year	12 <u>109,473,855</u>	<u>101,339,587</u>



## ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2011

### 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are the principle accounting policies of the Constitutional Institutions, National Public Entities and Trading accounts which are, in all material respects, consistent with those applied in the previous year, except as otherwise indicated.

#### 1,1 BASIS OF CONSOLIDATION

The consolidation has been prepared on the accrual basis of accounting and is presented as consolidated financial information as opposed to consolidated financial statements. Entities do not apply the same accounting policies and inter-entity transactions and balances have not been eliminated. Where an accounting policy is consistent in all entities the policy is mentioned below without an alternative.

The CFI incorporates the financial statements of the national public entities including entities and enterprises under their control ownership, constitutional institutions and trading entities.

Water Boards have a year end other than 31 March and have been consolidated based on twelve months management accounts.

#### 1,2 CURRENCY

This financial information is presented in South African Rands.

#### 1,3 REVENUE RECOGNITION

Revenue is recognised when it is probable that future economic benefits will flow to the enterprise and these benefits can be measured reliably.

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to the buyer.

Revenue arising from the rendering of services is based on the stage of completion determined by reference to the physical amount of work performed in relation to the total project when the outcome can be estimated reliably.

Revenue arising from licence fees is recognised on an accrual basis in accordance with the substance of the relevant agreements.

Interest income is accrued on a time proportion basis, taking into account the principal outstanding and the effective interest rate over the period to maturity.

Dividend income from investments is recognised when the right to receive payment has been established.

Government grants herein termed transfers and subsidies are recognised at fair value where there is reasonable assurance that the grant will be received and all suspensive conditions will be complied with.

## ACCOUNTING POLICIES - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

### 1,4 IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with a requirement of any applicable legislation, including:

- The PFMA,
- Supply chain management framework, or
- Any provincial legislation providing for procurement procedures in that provincial government.

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised. All irregular and fruitless and wasteful expenditure is charged against income in the period in which they are incurred.

### 1,5 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until the assets are substantially ready for their intended use or sale. Qualifying assets are assets that necessarily take a substantial period to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets. All other borrowing costs are charged against income in the period in which they are incurred.

### 1,6 FOREIGN CURRENCIES

Transactions in currencies other than the Entities' reporting currency (rand) are initially recorded at the rates of exchange ruling on the dates of the transactions. Gains and losses arising from the settlement of such transactions are recognised in the income statement.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange ruling on the balance sheet date. Unrealised differences on monetary assets and liabilities are recognised in the income statement in the period in which they occurred.

In order to hedge their exposure to foreign exchange risks, the Entities enter into forward contracts and options. Unrealised gains and losses arising on currency forward contracts and options designated as hedges of identified exposures are deferred and matched against gains and losses arising from the specified transactions.

### 1,7 RETIREMENT BENEFIT COSTS

The Entities operate both defined contribution and defined benefit plans, the assets of which are generally held in separate trustee-administered funds. The plans are generally funded by payments from the Entities and employees, taking account of the recommendations of independent qualified actuaries. For defined benefit plans the defined benefit obligation, the related current service cost, and where applicable, the past service cost are determined by using the projected unit credit method.

A portion of actuarial gains and losses is recognised as income or expense if the net cumulative unrecognised actuarial gains and losses at the end of the previous reporting period exceed the greater of:

- 10% of the present value of the defined benefit obligation at the date before deducting plan assets, or
- 10% of the fair value of any plan assets at that date.

**ACCOUNTING POLICIES - continued**

FOR THE YEAR ENDED 31 MARCH 2011

The portion of actuarial gains and losses to be recognised is the excess referred to above, divided by the expected average remaining working lives of the employees participating in the plan.

Payments to defined contribution retirement benefit plans are charged to the income statement in the year to which they relate.

**1.8 TAXATION**

The charge for current tax is the amount of income taxes payable in respect of the taxable profit (tax loss) for the current period. It is calculated by using tax rates that have been enacted or substantially enacted on the balance sheet date.

Deferred tax is accounted for by using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of an asset or liability that affects neither accounting profit nor taxable profit at the time of the transaction.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in the Statement of Financial Performance, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

**1.9 PROPERTY, PLANT AND EQUIPMENT****Land and buildings**

Land, buildings, plant and equipment are stated in the balance sheet at either their revalued amounts, being their fair value on the basis of their existing use at the date of revaluation, or carried at cost plus additions less any subsequent accumulated depreciation. Revaluations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined by using fair values at the balance sheet date.

Any revaluation increase arising from the revaluation of land and buildings or plant and equipment is credited to the properties revaluation reserve, except where it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising from the revaluation of land and buildings or plant and equipment is charged as an expense where it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve is transferred to the income statement.

**Properties in the course of construction**

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying value. Cost includes professional fees, and for qualifying assets, borrowing costs

## ACCOUNTING POLICIES - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

dealt with in accordance with the Entities' accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

### **Other property, plant and equipment**

Other items of property, plant and equipment are stated at cost less accumulated depreciation.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

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

### **1.10 INVESTMENT PROPERTY**

Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at its fair value at the balance sheet date or at cost less accumulated depreciation. The fair value is determined by an independent sworn appraiser or management valuation based on market evidence of the most recent prices achieved in arm's length transactions of similar properties in the same area. Gains or losses arising from changes in the fair value of investment property are included in net profit or loss for the period in which they arise.

### **1.11 INTANGIBLE ASSETS**

Intangible assets are measured initially at cost and amortised on a straight-line basis over their estimated useful lives, which is on average 10 years. Management assesses the carrying value of each intangible asset annually and revisions are made where it is considered necessary.

#### **Internally generated intangible assets (Research and development costs)**

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from the Entities' e-business developments is recognised only if all of the following conditions are met:

- An asset is created that can be identified (such as software and new processes)
- It is probable that the asset created will generate future economic benefits
- The development cost of the asset can be measured reliably

Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred. Internally generated intangible assets are amortised on a straight-line basis over their useful lives, which is usually no more than five years.

**ACCOUNTING POLICIES - continued**

FOR THE YEAR ENDED 31 MARCH 2011

**1.12 IMPAIRMENT**

At each balance sheet date, the Entities review the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount for an individual asset, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are immediately recognised as an expense, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under the standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that other standard.

Impairment test is performed annually on goodwill and intangible assets with indefinite useful life.

**1.13 GOODWILL**

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Entities' interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition.

Goodwill arising from the acquisition of an associate is included within the carrying amount of the associate. Goodwill arising from the acquisition of subsidiaries and jointly controlled entities is presented separately in the balance sheet.

On disposal of a subsidiary, associate or a jointly controlled entity, the attributable amount of unamortised goodwill is included in the determination of the profit or loss on disposal.

**1.14 SUBSIDIARIES**

Subsidiaries are entities under the ownership control of government. Control exists when government has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Typically this will be where government has more than 50% of the voting power. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account. The CFI include the results of governments subsidiaries, from the effective dates of acquisition.

**ACCOUNTING POLICIES - continued**

FOR THE YEAR ENDED 31 MARCH 2011

**1.15 INVESTMENTS IN ASSOCIATES**

An associate is an enterprise in which the Entities have significant influence, through participation in the financial and operating policy decisions of the investee, but not control, and which it intends to hold as long-term investment.

The results and financial position of associates are incorporated in this financial information by using the equity method of accounting, from the effective dates of their acquisition until the effective dates of their disposal. The carrying amount of such investments is reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

**1.16 INTERESTS IN JOINT VENTURES**

A joint venture is a contractual arrangement whereby the Entities and other parties undertake an economic activity that is subject to joint control.

**Jointly controlled operations**

The Entities' share of income from the sale of goods or services resulting from joint operations is recognised when it is probable that the economic benefits associated with the transactions will flow to the Entities and the amount can be measured reliably.

**Jointly controlled assets**

Where Entities undertake activities under joint venture arrangements directly, the Entities' share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant Entities and classified according to their nature. Liabilities and expenses incurred directly in respect of jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Entities' share of the output of jointly controlled assets, and their share of joint venture expenses, is recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Entities and the amount can be measured reliably.

**Jointly controlled entities**

Joint venture arrangements, which involve the establishment of a separate entity in which each venturer has an interest, are referred to as jointly controlled entities. Investments in jointly controlled entities are accounted for by way of either the proportionate consolidation method or the equity method. The proportionate consolidation method requires that the Entities' proportionate share of the assets, liabilities, income and expenses of joint ventures are combined, on a line by line basis with similar items in the financial statements of the entities.

Under the equity method of accounting the investment is initially recognised at cost and adjusted thereafter for the post acquisition change in the entity's share of net assets of the Joint venture. The income statement (statement of financial performance) reflects the reporting entity's share of the result of operations of the associate.

**ACCOUNTING POLICIES - continued**

FOR THE YEAR ENDED 31 MARCH 2011

**1.7 LEASING**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

**The Entities as a lessor**

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Entities' net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return to the Entities' net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

**The Entities as a lessee**

Assets held under finance leases are recognised as assets of the Entities at their fair value at the date of acquisition. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of interest on the remaining balance of the obligations for each accounting period.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

**1.18 INVENTORIES**

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price in the ordinary course of business less any costs of completion and costs to be incurred in marketing, selling and distribution.

Cost is determined on the following bases:

Raw materials and consumable stores are valued at weighted average cost.

Finished goods and work in progress are valued at raw material cost plus labour cost and an appropriate portion of related fixed and variable manufacturing overhead expenses based on normal capacity.

**1.19 LONG-TERM CONSTRUCTION CONTRACTS**

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. The stage of completion is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of the construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred and probably recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is immediately recognised as an expense.

**ACCOUNTING POLICIES - continued**

FOR THE YEAR ENDED 31 MARCH 2011

**1.20 FINANCIAL INSTRUMENTS**

Financial assets and financial liabilities are recognised on the Entities' balance sheet when the Entities become a party to the contractual agreement of the instrument.

**Trade receivables**

Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

**Investments**

All investments are initially recognised at cost, transaction costs included.

At subsequent reporting dates the following categories of investments are measured at amortised cost by using the effective interest rate method if they have a fixed maturity, or at cost if there is no fixed maturity:

- Loans and receivables originated by the Entities and not held for trading
- Held to maturity investments
- An investment in a financial asset that does not have a quoted market price in an active market and whose fair value cannot be measured reliably."

Cost and amortised cost are inclusive of any impairment loss recognised to reflect irrecoverable amounts. The financial assets are subject to review for impairment at each balance sheet date.

The annual amortisation of any discount or premium on the acquisition of a held-to-maturity security is aggregated with other investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment.

Investments other than held-to-maturity debt securities are classified as available-for-sale investments and trading investments and are measured at subsequent reporting dates at fair value without any deduction for transaction costs that may be incurred on sale or other disposal. Where securities are held for trading purposes, unrealised gains and losses are included in net profit or loss for the period. For available-for-sale investments, unrealised gains and losses are dealt with in equity, until the security is disposed of or is determined to be impaired, at which time the net profit or loss is included in the net profit or loss for the period.

**Equity instruments**

Equity instruments are recorded at the proceeds received, net of direct issue costs.

**Borrowings**

In terms of section 32.1.1 of the Treasury Regulations, a Public Entity may borrow money for bridging purposes with the approval of the Minister of Finance, subject to certain conditions.

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.



**ACCOUNTING POLICIES - continued**

FOR THE YEAR ENDED 31 MARCH 2011

**Convertible debentures**

Convertible debentures are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible debentures and the fair value assigned to the liability component is assigned to the equity component of the instrument, representing the embedded option to convert the liability into equity of the Entities.

The interest expense on the liability component is calculated by applying the prevailing market interest rate for similar non-convertible debt to the instrument. The difference between this amount and the interest paid is added to the carrying value of the convertible debenture.

**Trade payables**

Trade and other payables are stated at their nominal value (amortized cost).

**Derivative financial instruments**

Derivative financial instruments, principally interest rate swap contracts and forward foreign exchange contracts, are used by the Entities in their management of financial risks. The risks being hedged are exchange losses due to unfavourable movements between the rand and the foreign currency.

Derivative financial instruments are initially recorded at cost and are re-measured to fair value at subsequent reporting dates.

Gains and losses arising from cash flow hedges are recognised directly in equity, while gains and losses arising from fair value hedges are recognised in the income statement as they arise. Amounts deferred in equity are recognised in the income statement in the same period in which the hedged firm commitment or forecasted transaction affects net profit or loss.

Payments and receipts under interest rate swap contracts are recognised in the income statement on a basis consistent with corresponding fluctuations in the interest payments on floating rate financial liabilities. The carrying amounts of interest rate swaps, which comprise net interest receivables and payables accrued, are included in assets or liabilities, respectively.

**Impairment of financial assets**

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment allowance is raised when there is an indication of impairment and a write-off is only effected when the debtor is deemed to be fully impaired and not recoverable.

For all other financial assets, including finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

## ACCOUNTING POLICIES - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

### **Effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial asset/liability and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset/liability, or, where appropriate, a shorter period.

Interest Income/expense is recognised on an effective interest basis for instruments other than those designated as at fair value through profit or loss.

## **1.21 PROVISIONS**

Provisions are recognised when the Entities have a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be estimated reliably.

Provisions for restructuring costs are recognised when the Entities have a detailed formal plan for the restructuring and the Entities have raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it. Restructuring provisions only include those direct expenditure that are necessarily entailed by the restructuring and not associated with the ongoing activities of the enterprise.

Provision was made for the Entities' estimated liability on all products still under warranty at balance sheet date. This is based on service histories.

The Entities are exposed to environmental liabilities relating to its operations. Provision for the cost of environmental and other remedial work such as reclamation costs, close down and restoration costs and pollution control is made when such expenditure is probable and the cost can be estimated with a reasonable range of possible outcomes.

**ACCOUNTING POLICIES** - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

**1.22 GOVERNMENT GRANTS**

Government grants are recorded as deferred income when they become receivable and are then recognised as income on a systematic basis over the period necessary to match the grants with the related costs which they are intended to compensate.

**1.23 COMPARATIVE FIGURES**

Where necessary, comparative figures have been adjusted to conform to the changes in the presentation made in the current year. The comparative figures for the current year will not agree to the prior year audited CFI due to the following reasons:

- The template used in the current year has reclassified some of the line items from the prior year's CFI, thus resulting in some differences.
- The number of entities consolidated in the current year is not the same as used in last year's CFI.
- Some entities might have been consolidated last year and are not consolidated this year and vice versa.

**NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION**

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	31 March 2011 R'000	31 March 2010 R'000
<b>2 Property, plant and equipment</b>			
<b>Opening net carrying amount</b>		<b>102,312,793</b>	<b>98,043,298</b>
Cost or valuation		117,962,924	110,262,113
Accumulated depreciation and impairment		(15,650,131)	(12,218,815)
Additions		4,241,182	4,300,062
Disposal		(259,276)	(214,447)
Depreciation charge		(3,277,326)	(2,891,004)
Transfer from/(to) asset held for sale or disposal group classified as held for sale		176,751	(100,058)
Transfer from/(to) inventories and/or investment property		5,010,684	(346,913)
Work-in-progress		2,215,832	3,157,595
Assets acquired through a business/entity combination		17,000	103,439
Impairment deficit recognised		(10,933)	(540,312)
Revaluation adjustments		11,244,940	806,601
Borrowing costs capitalised		9,000	23,000
Other		(6,124)	(28,468)
<b>Closing net carrying amount 31 March</b>		<b>121,674,523</b>	<b>102,312,793</b>
Cost or valuation		140,612,913	117,962,924
Accumulated depreciation and impairment		(18,938,390)	(15,650,131)
<b>Machinery and equipment</b>			
<b>Opening net carrying amount</b>		<b>131,831,227</b>	<b>114,674,434</b>
Cost or valuation		231,295,122	205,696,473
Accumulated depreciation and impairment		(99,463,895)	(91,022,039)
Additions		22,605,971	24,594,688
Disposal		(763,470)	(530,458)
Depreciation charge		(11,094,836)	(9,680,964)
Transfer from/(to) asset held for sale or disposal group classified as held for sale		12,710	(69)
Transfer from inventories and/or investment property		4,721,406	413,793
Work-in-progress		500,468	2,421,269
Assets acquired through a business/entity combination		42,000	401,620
Impairment deficit (recognised)/reversed		(119,162)	1,239,108
Borrowing costs capitalised		7,000	15,000
Exchange differences		127	(1,116,634)
Other		1,275,624	(600,560)
<b>Closing net carrying amount 31 March</b>		<b>148,929,060</b>	<b>131,831,227</b>
Cost or valuation		259,606,953	231,295,122
Accumulated depreciation and impairment		(110,677,893)	(99,463,895)

**NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION - continued**

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	31 March 2011 R'000	31 March 2010 R'000
<b>Vehicles</b>			
<b>Opening net carrying amount</b>		<b>4,155,124</b>	<b>2,661,411</b>
Cost or valuation		7,091,421	5,249,135
Accumulated depreciation and impairment		(2,936,297)	(2,587,724)
Additions		1,387,998	1,908,838
Disposal		(519,416)	(90,840)
Depreciation charge		(361,405)	(453,090)
Transfer from/(to) asset held for sale or disposal group classified as held for sale		1,210	(5,520)
Transfer from inventories and/or investment property		8,871	25,964
Work-in-progress		21,070	72,837
Assets acquired through a business/entity combination		-	36,627
Impairment deficit (recognised)/reversed		(11,328)	104,517
Exchange differences		-	7
Other		4,790	(105,627)
<b>Closing net carrying amount 31 March</b>		<b>4,686,914</b>	<b>4,155,124</b>
Cost or valuation		7,995,944	7,091,421
Accumulated depreciation and impairment		(3,309,030)	(2,936,297)
<b>Office furniture and fittings</b>			
<b>Opening net carrying amount</b>		<b>6,395,198</b>	<b>6,833,673</b>
Cost or valuation		14,637,116	13,867,915
Accumulated depreciation and impairment		(8,241,918)	(7,034,242)
Additions		870,459	751,589
Disposal		(110,616)	(18,890)
Depreciation charge		(1,058,616)	(1,114,424)
Transfer (to)/from asset held for sale or disposal group classified as held for sale		(981)	75
Transfer from inventories and/or investment property		36,734	26,068
Work-in-progress		3,707	2,842
Assets acquired through a business/entity combination		-	24,295
Impairment deficit recognised		(38,978)	(93,252)
Borrowing costs capitalised		127	-
Exchange differences		(1)	100
Other		(3,325)	(16,878)

## NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION - continued

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	31 March 2011 R'000	31 March 2010 R'000
<b>Closing net carrying amount 31 March</b>		<b>6,093,708</b>	<b>6,395,198</b>
Cost or valuation		15,433,220	14,637,116
Accumulated depreciation and impairment		(9,339,512)	(8,241,918)
<b>Other</b>			
<b>Opening net carrying amount</b>		<b>395,171,430</b>	<b>181,627,967</b>
Cost or valuation		444,448,682	223,544,409
Accumulated depreciation and impairment		(49,277,252)	(41,916,442)
Additions		62,587,470	61,153,910
Disposal		(280,895)	(190,362)
Depreciation charge		(8,285,970)	(6,689,680)
Transfer to asset held for sale or disposal group classified as held for sale		(1,460,112)	(342,281)
Transfer to inventories and/or investment property		(10,838,043)	(4,720,312)
Work-in-progress		(2,228,386)	6,524,996
Impairment deficit recognised		(262,699)	(671,129)
Borrowing costs capitalised		10,451,708	9,810,222
Exchange differences		(1)	5
Other		22,591,771	148,668,094
<b>Closing net carrying amount 31 March</b>		<b>467,446,273</b>	<b>395,171,430</b>
Cost or valuation		525,272,193	444,448,682
Accumulated depreciation and impairment		(57,825,920)	(49,277,252)
<b>Total property, plant and equipment</b>			
<b>Opening net carrying amount</b>		<b>639,865,772</b>	<b>403,840,783</b>
Cost or valuation		815,435,265	558,620,045
Accumulated depreciation and impairment		(175,569,493)	(154,779,262)
Additions		91,693,080	92,709,087
Disposal		(2,023,678)	(1,044,997)
Depreciation charge		(24,078,154)	(20,829,162)
Transfer to asset held for sale or disposal group classified as held for sale		(1,270,422)	(447,853)
Transfer to inventories and/or investment property		(1,060,348)	(4,601,400)
Work-in-progress		512,691	12,179,539
Assets acquired through a business/entity combination		59,000	565,981

**NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION - continued**

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	31 March 2011 R'000	31 March 2010 R'000
Impairment deficit reversed		63,260,478	65,785,675
Revaluation adjustments		1	1
Exchange differences		125	(1,116,522)
Other		23,862,736	147,916,561
<b>Closing net carrying amount 31 March</b>		<b>748,830,477</b>	<b>639,865,772</b>
Cost or valuation		948,921,223	815,435,265
Accumulated depreciation and impairment		(200,090,746)	(175,569,493)
<b>3 Investment property</b>			
<b>Opening net carrying amount</b>		<b>11,505,342</b>	<b>10,468,869</b>
Additions		667,632	10,037
Disposals		(77,140)	(18,963)
Fair value adjustment during the year		1,351,276	441,462
Transfer (to)/from asset held for sale or disposal group classified as held for sale		(89,100)	76,437
Transfers from inventories and owner-occupied property		1,427,462	472,714
Other		(77,123)	54,786
<b>Closing net carrying amount 31 March</b>		<b>14,708,349</b>	<b>11,505,342</b>
<b>4 Biological assets</b>			
Immature consumable biological assets		10,203	10,165
<b>Total consumable biological assets</b>		<b>10,203</b>	<b>10,165</b>
Mature bearer biological assets		940	593
<b>Total bearer biological assets</b>		<b>940</b>	<b>593</b>
Reconciliation of changes in the carrying amount:			
<b>Carrying amount at the beginning of the year</b>		<b>2,887,865</b>	<b>3,228,296</b>
(Deficit) /Surplus arising from changes in fair value less estimated point-of-sale costs		(584)	1,185
- Attributable to physical changes		126,658	207,191
- Attributable to price changes		(668,244)	(390,776)
Increases due purchases		54	2,025
Other		460,299	(160,056)
<b>Carrying amount at the end of the year</b>		<b>2,806,049</b>	<b>2,887,865</b>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	31 March 2011 R'000	31 March 2010 R'000
<b>5 Intangible assets</b>			
Goodwill			
Opening net carrying amount		17,415	27,101
Cost or valuation		750,287	737,735
Accumulated impairment		(723,186)	(723,186)
Arising from a business/entity combination		202,000	12,552
Impairment deficit recognised		(210,645)	-
Other		(1,041)	-
Closing net carrying amount 31 March		17,415	27,101
Cost or valuation		951,246	750,287
Accumulated impairment		(933,831)	(723,186)
<b>Computer software, licences and trademarks, and other assets</b>			
Computer software			
Opening net carrying amount		3,002,092	2,455,280
Gross carrying amount		7,875,322	6,412,203
Accumulated amortisation and impairment		(4,873,230)	(3,956,923)
Additions		1,128,963	1,261,570
Transfer from asset held for sale or disposal group classified as held for sale		468,897	111,664
Work-in-progress		251	-
Assets acquired through a business/entity combination		(3,671)	2,380
Disposals		(269,658)	3,716
Amortisation		(815,815)	(897,047)
Impairment deficit recognised		(64,012)	(19,260)
Exchange differences		5,266	-
Other		7,366	83,789
Closing net carrying amount 31 March		3,459,679	3,002,092
Gross carrying amount		9,212,736	7,875,322
Accumulated amortisation and impairment		(5,753,057)	(4,873,230)



**NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION - continued**

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	31 March 2011 R'000	31 March 2010 R'000
<b>Licences and trademarks</b>			
<b>Opening net carrying amount</b>		<b>1,004,413</b>	<b>1,215,497</b>
Gross carrying amount		6,182,335	4,733,117
Accumulated amortisation and impairment		(5,177,922)	(3,517,620)
Revaluation adjustments		-	937
Additions		1,709,184	1,448,306
Transfer to asset held for sale or disposal group classified as held for sale		-	(25)
Work-in-progress		153	-
Disposals		(3)	-
Amortisation		(1,603,909)	(1,589,818)
Impairment deficit recognised		(80,121)	(70,484)
<b>Closing net carrying amount 31 March</b>		<b>1,029,717</b>	<b>1,004,413</b>
Gross carrying amount		7,891,669	6,182,335
Accumulated amortisation and impairment		(6,861,952)	(5,177,922)
<b>Other</b>			
<b>Opening net carrying amount</b>		<b>14,939,526</b>	<b>14,677,879</b>
Gross carrying amount		15,678,074	15,354,346
Accumulated amortisation and impairment		(738,548)	(676,467)
Additions		161,111	327,603
Transfer to asset held for sale or disposal group classified as held for sale		(2,521)	(7,512)
Assets acquired through a business/entity combination		-	7,123
Disposals		(19,168)	(28,768)
Amortisation		(46,509)	(53,286)
Impairment deficit recognised		(12,943)	(8,795)
Other		(618)	25,282
<b>Closing net carrying amount 31 March</b>		<b>15,018,878</b>	<b>14,939,526</b>
Gross carrying amount		15,816,878	15,678,074
Accumulated amortisation and impairment		(798,000)	(738,548)

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	31 March 2011 R'000	31 March 2010 R'000
<b>Total intangible assets</b>			
<b>Opening net carrying amount</b>		<b>18,973,132</b>	<b>18,363,205</b>
Gross carrying amount		30,486,018	27,237,401
Accumulated amortisation and impairment		(11,512,886)	(8,874,196)
Revaluation adjustments		-	937
Additions		2,999,258	3,037,479
Transfer from asset held for sale or disposal group classified as held for sale		466,376	104,127
Work-in-progress		404	-
Assets acquired through a business/entity combination		198,329	22,055
Disposals		(288,829)	(25,052)
Amortisation		(2,466,233)	(2,540,151)
Impairment deficit recognised		(367,721)	(98,539)
Exchange differences		5,266	-
Other		5,706	109,071
<b>Closing net carrying amount 31 March</b>		<b>19,525,688</b>	<b>18,973,132</b>
Gross carrying amount		33,872,528	30,486,018
Accumulated amortisation and impairment		(14,346,840)	(11,512,886)
<b>6 Trade and other receivables</b>			
Trade receivables		64,198,705	58,846,030
Less: provision for impairment of trade receivables		(13,523,280)	(12,868,565)
<b>Trade receivables - net</b>		<b>50,675,425</b>	<b>45,977,465</b>
Prepayments		10,725,943	10,115,096
Receivables from related parties		2,143,955	2,356,519
Loans to related parties		7,903,041	5,708,141
PPP/Service concession receivables		10,488	8,003
Construction WIP		767,646	566,396
Loans, ST insurance assets & other trade & receivables		14,569,344	12,619,596
Accrued interest income, staff loans and development loans		37,895,924	33,034,786
Other		34,813,896	30,380,592
		<b>159,505,662</b>	<b>140,766,594</b>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	31 March 2011 R'000	31 March 2010 R'000
<i>Analysis for reporting purposes:</i>			
Non-current		159,505,662	140,766,594
Current		82,062,367	69,620,879
		77,443,295	71,145,715
<b>Movement in the provision for impairment of trade receivables</b>			
<b>Balance at 1 April</b>		<b>12,868,565</b>	<b>9,930,362</b>
Provision for receivables impairment		1,603,532	2,957,564
Receivables written off during the year as uncollectible		(754,687)	63,498
Unused amounts reversed		(193,946)	(82,859)
Unwinding of discount		(184)	-
<b>Balance at 31 March</b>		<b>13,523,280</b>	<b>12,868,565</b>
<b>7 Investments in associates and controlled entities</b>			
<b>Balance at 1 April</b>		<b>16,697,252</b>	<b>15,631,067</b>
Acquisitions		1,467,355	1,396,912
Disposals		(179,613)	(61,669)
Share of surplus		988,529	341,237
Exchange difference		(194,415)	(337,668)
Impairment loss		(49,794)	(361,097)
Other		7,822,952	88,470
<b>Balance at 31 March</b>		<b>26,552,266</b>	<b>16,697,252</b>
<b>8 Other investments</b>			
<b>Non-current investments</b>			
Held-to-maturity investments		23,431,131	20,135,105
Financial assets designated at fair value through surplus/deficit		35,989,155	31,942,668
Available-for-sale financial assets		91,518,354	67,381,205
Derivatives used for hedging		21,000	18,293
<b>Balance at 31 March</b>		<b>150,959,640</b>	<b>119,477,271</b>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	31 March 2011 R'000	31 March 2010 R'000
<b>Current investments</b>			
<b>Held-to-maturity investments</b>		11,284,110	14,179,714
Financial assets designated at fair value through profit or loss		378,257,599	346,883,234
Available-for-sale financial assets		45,023,233	22,586,964
Derivatives used for hedging		277,141	143,632
<b>Balance at 31 March</b>		<b>434,842,083</b>	<b>383,793,544</b>
<b>9 Finance lease receivables</b>			
Reconciliation between the total gross investment in the lease and the present value of the minimum lease payments:			
Gross investment in finance lease		-	-
No later than 1 year		106,966	94,784
Later than 1 year and no later than 5 years		384,831	352,589
Later than 5 years		981,456	980,550
		<u>1,473,253</u>	<u>1,427,923</u>
Unearned future finance income		(654,646)	(851,994)
<b>Net investment in finance leases</b>		<b>818,607</b>	<b>575,929</b>
<i>Analysis for reporting purposes:</i>			
Non-current		603,674	554,842
Current		214,933	21,087
<b>10 Deferred tax</b>			
Deferred tax asset		(1,803,090)	(2,362,254)
Deferred tax liability		31,268,203	25,078,954
<b>Deferred tax liabilities (net)</b>		<b>29,465,113</b>	<b>22,716,700</b>
<i>Movement in deferred income tax assets and liabilities during the year:</i>			
<b>Balance at 1 April</b>		<b>22,716,700</b>	<b>18,493,018</b>
Charged/(credited) to the statement of financial performance		3,253,664	3,121,770
Charged directly to net assets		3,814,323	2,809,886
Acquired in entity combination		479	-
Other		(320,053)	(1,707,974)
<b>Balance at 31 March</b>		<b>29,465,113</b>	<b>22,716,700</b>

**NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION - continued**

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	31 March 2011 R'000	31 March 2010 R'000
<b>11 Inventories</b>			
Raw materials		3,742,698	3,635,709
Work in progress		739,069	781,517
- construction work in progress		585,078	657,266
- other		153,991	124,251
Finished goods		5,865,269	5,256,662
Consumable		1,911,885	1,678,762
(Write-down)/reversal in inventory aglances		(425,696)	(487,379)
Other		11,343,083	9,176,563
<b>Total</b>		<b>23,176,308</b>	<b>20,041,834</b>
<b>12 Cash and cash equivalents</b>			
Bank balances and cash on hand		68,677,684	60,614,835
Call deposits		42,085,036	42,728,205
<b>Total</b>		<b>110,762,720</b>	<b>103,343,040</b>
<b>Cash and cash equivalents in the statement of cash flows</b>			
Cash and cash equivalents		110,762,720	103,343,040
Bank overdrafts		(1,288,865)	(2,003,453)
		<b>109,473,855</b>	<b>101,339,587</b>
<b>13 Assets classified as held for sale and discontinued operations</b>			
Operating cash flows		(8,621)	(59,648)
Investing cash flows		193,618	235,837
Financing cash flows		42,952	23,941
		<b>227,949</b>	<b>200,130</b>
<i>Assets of a disposal group classified as held for sale</i>			
Property, plant and equipment		1,845,959	849,067
Investment property		252,695	99,248
Inventory		10,604	23,353
Quoted in active market, money market fund and fair value		2,376,639	2,030,254
Other		2,365,264	1,561,487
<b>Total</b>		<b>6,851,161</b>	<b>4,563,409</b>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	31 March 2011 R'000	31 March 2010 R'000
<i>Liabilities of a disposal group classified as held for sale</i>			
Trade and other payables		732,167	417,562
Other current liabilities		823,873	122,604
Provisions		128,000	4,000
<b>Total</b>		<b>1,684,040</b>	<b>544,166</b>
<i>Analysis of the result of discontinued operations, and the result recognised on the remeasurement of assets or disposal group, is as follows:</i>			
Revenue		790,135	1,418,531
Expenses		(735,457)	(1,557,854)
<b>Surplus/(deficit) before tax of discontinued operations</b>		<b>54,678</b>	<b>(139,323)</b>
Taxation		(226,490)	(317,138)
<b>Deficit after tax of discontinued operations</b>		<b>(171,812)</b>	<b>(456,461)</b>
Pre-tax (loss)/gain recognised on the remeasurement of assets of a disposal group		(30,000)	13,000
Taxation		-	-
After tax (loss)/gain on the remeasurement of assets of a disposal group		(30,000)	13,000
<b>Deficit for the year from discontinued operations</b>		<b>(201,812)</b>	<b>(443,461)</b>
<b>14 Loans and borrowings</b>			
<b>Non-current</b>			
Secured bank loans		25,240,371	18,425,870
Unsecured bond issues		61,143,145	51,039,352
Convertible notes		3,981,000	4,162,000
Loan from associate		11,824	14,097
Debt securities issued		156,171,000	100,986,000
Foreign loans, deposits and deposit accounts		218,255,071	190,976,507
Other		123,111,734	110,233,517
<b>Total Non-current</b>		<b>587,914,145</b>	<b>475,837,343</b>

**NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION - continued**

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	31 March 2011 R'000	31 March 2010 R'000
<b>Current</b>			
Bank overdraft		1,288,865	2,003,453
Secured bank loans		5,075,197	4,946,051
Unsecured bond issues		44,375,439	26,983,829
Notes and coins in circulation, other liabilities and GFECRA		106,813,149	111,507,098
Other		31,385,102	33,574,978
<b>Total Current</b>		<b>188,937,752</b>	<b>179,015,409</b>
<b>Total loans and borrowings</b>		<b>776,851,897</b>	<b>654,852,752</b>
<b>15 Finance lease obligations</b>			
Reconciliation of total minimum lease payments and the present value of minimum lease payments:			
No later than 1 year		372,732	426,786
Later than 1 year and no later than 5 years		1,012,281	1,232,829
Later than 5 years		1,460,559	1,788,089
		<u>2,845,572</u>	<u>3,447,704</u>
Future finance charges on finance leases		(1,342,320)	(1,797,802)
Present value of finance lease obligations		<u>1,503,252</u>	<u>1,649,902</u>
<i>Analysis for reporting purposes:</i>			
Non-current		1,299,007	1,434,636
Current		204,245	215,266
<b>16 Derivatives</b>			
<b>Non-current</b>			
Interest rate swaps		615,173	102,621
Forward exchange contracts		121,438	115,978
Embedded derivative liability		5,357,000	4,583,000
Derivatives held for risk management		4,576,000	4,644,000
Interest rates		(517,077)	(584,090)
Foreign exchange		(557,086)	(597,055)
Other		440,128	(802,745)
<b>Total</b>		<b>10,035,576</b>	<b>7,461,709</b>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	31 March 2011 R'000	31 March 2010 R'000
<b>Current</b>			
Interest rate swaps		83,522	78,030
Forward exchange contracts		1,021,829	324,671
Derivatives held for risk management		1,409,000	4,644,000
Other		711,563	348,190
<b>Total</b>		<b>3,225,914</b>	<b>5,394,891</b>
<b>17 Employee benefits</b>			
<b>Statement of Financial Position</b>			
Pension benefits		2,332,785	2,412,067
Post employment medical benefits		11,436,016	10,487,985
Other long-term employee benefits		3,218,594	3,270,960
<b>Total</b>		<b>16,987,395</b>	<b>16,171,012</b>
<b>Statement of Financial Performance charges</b>			
Pension benefits		39,900	122,924
Post employment medical benefits		1,669,970	1,195,322
Other long-term employee benefits		7,960	8,883
<b>Total</b>		<b>1,717,830</b>	<b>1,327,129</b>
Actuarial losses recognised in the statement changes in net assets for the period (before tax)		(247,875)	368,435
Cumulative actuarial losses recognised in the statement changes in net assets (before tax)		(45,219)	345,973
<b>Pension benefits</b>			
Present value of unfunded obligations		(600,985)	(583,276)
Present value of funded obligations		(11,300,741)	(13,194,171)
Total present value of obligations		(11,901,726)	(13,777,447)
Fair value of plan assets		(30,045,041)	(30,147,169)
Unrecognised past service costs		44,279,552	46,336,683
<b>(Asset)/Liability for defined benefit obligations in the statement of financial position</b>		<b>2,332,785</b>	<b>2,412,067</b>



**NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION - continued**

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	31 March 2011 R'000	31 March 2010 R'000
<i>Movement in the defined benefit obligation for the year:</i>			
<b>Balance at 1 April</b>		(13,777,447)	(12,539,146)
Current service costs		191,877	189,437
Interest costs		(881,615)	(939,628)
Contributions by plan participants		26,967	32,009
Actuarial (gains)/losses		(582,238)	1,470,106
Exchange differences		3,000	46,000
Benefits paid		2,457,726	1,959,651
Settlements		(1,534)	(4,132,989)
Other		661,538	137,113
<b>Balance at 31 March</b>		<b>(11,901,726)</b>	<b>(13,777,447)</b>
<i>Movement in the fair value of the plan assets for the year:</i>			
<b>Balance at 1 April</b>		30,147,169	29,165,822
Expected return on plan assets		2,317,293	2,217,727
Actuarial losses		716,131	1,726,644
Exchange differences		4,000	45,000
Employer contributions		88,129	116,997
Employee contributions		53,160	55,450
Benefits paid		(3,225,585)	(2,832,776)
Other		(55,256)	(347,695)
<b>Balance at 31 March</b>		<b>30,045,041</b>	<b>30,147,169</b>
<i>Amounts recognised in statement of financial performance:</i>			
Current service costs		(164,618)	(96,058)
Interest costs		(1,997,634)	(2,031,641)
Expected return on plan assets		2,230,534	2,133,790
Past service costs		20,488	100,905
Losses on curtailments		8,097	(1,113)
Other		(56,967)	17,041
<b>Total</b>		<b>39,900</b>	<b>122,924</b>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	31 March 2011 R'000	31 March 2010 R'000
<b>Medical benefits</b>			
Present value of unfunded obligations		2,878,835	2,582,495
Present value of funded obligations		9,143,224	8,400,125
Total present value of obligations		<u>12,022,059</u>	<u>10,982,620</u>
Fair value of plan assets		<u>(586,043)</u>	<u>(494,635)</u>
<b>Liability for defined benefit obligations in the statement of financial position</b>		<b><u>11,436,016</u></b>	<b><u>10,487,985</u></b>
<i>Movement in the defined benefit obligation for the year:</i>			
<b>Balance at 1 April</b>		<b>10,982,620</b>	<b>9,509,229</b>
Current service costs		525,533	444,653
Interest costs		967,517	797,149
Contributions by plan participants		163,195	207,591
Actuarial (gains)/losses		(29,245)	541,863
Exchange differences		(1,230)	(998)
Benefits paid		(481,326)	(397,821)
Liabilities acquired in an entity combination		-	5,000
Curtailments		-	(55,000)
Settlements		(44,421)	(3,121)
Other		(60,584)	(65,925)
<b>Balance at 31 March</b>		<b><u>12,022,059</u></b>	<b><u>10,982,620</u></b>
<i>Movement in the fair value of the plan assets for the year:</i>			
<b>Balance at 1 April</b>		<b>494,635</b>	<b>395,012</b>
Expected return on plan assets		50,627	127,100
Actuarial losses/(gains)		32,400	(19,600)
Employer contributions		24,500	21,200
Benefits paid		(14,288)	(30,518)
Other		(1,831)	1,441
<b>Balance at 31 March</b>		<b><u>586,043</u></b>	<b><u>494,635</u></b>

**NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION - continued**

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	31 March 2011 R'000	31 March 2010 R'000
<b>Amounts recognised in statement of financial performance:</b>			
Current service costs		453,539	357,903
Interest costs		1,020,607	796,530
Expected return on plan assets		(14,673)	(31,798)
Other		210,497	72,687
<b>Total</b>		<b>1,669,970</b>	<b>1,195,322</b>
<b>Other employee benefits</b>			
Liability for long-service leave		699,210	660,047
Termination benefits		1,953,000	2,022,000
Other		566,384	588,913
<b>Total</b>		<b>3,218,594</b>	<b>3,270,960</b>
<b>18 Provisions</b>			
Environmental restoration		21,468,491	17,034,031
Restructuring provision		101,509	137,267
Legal claims		48,267,912	46,000,435
Bonuses		5,382,222	4,768,760
Warranties		4,278,154	4,723,413
Onerous contracts		7,866,706	6,271,758
Contingent liability arising on an entity combination		15,419,164	15,134,364
<b>Total</b>		<b>102,784,158</b>	<b>94,070,028</b>
<i>Analysis for reporting purposes:</i>			
Non-current		73,869,416	66,354,034
Current		28,914,742	27,715,994
<i>Movement in balance:</i>			
<b>Balance at 1 April</b>		<b>94,070,028</b>	-
Charged/(credited) to the statement of financial performance			
Additional provisions		30,660,605	-
Unused amounts reversed		(898,773)	-
Unwinding of discount		1,551,790	-

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	31 March 2011 R'000	31 March 2010 R'000
Used during the year		(23,626,691)	-
Exchange differences		(649)	-
Transferred to disposal group/classified as held for sale		(253,000)	-
Other		1,280,848	-
<b>Balance at 31 March</b>		<b>102,784,158</b>	<b>-</b>
<b>19 Trade and other payables</b>			
Trade payables		35,697,983	32,749,111
Amounts due to related parties		1,363,452	2,057,871
Accrued expenses		19,542,985	18,005,105
Local and foreign aid assistance		6,373	541
Government grants		1,563,049	1,520,215
Other		26,629,723	25,484,583
<b>Total</b>		<b>84,803,566</b>	<b>79,817,426</b>
<b>20 Other reserves</b>			
Convertible bond reserve		356,955	356,955
Land and buildings revaluation reserve		90,700,228	85,705,567
Hedging reserve		(997,683)	(796,753)
Available-for-sale investments		57,575,447	45,780,130
Translation reserve		(411,733)	(3,467)
Other reserves		255,702,454	223,549,918
<b>Balance at 31 March</b>		<b>402,925,668</b>	<b>354,592,350</b>
<b>21 Transfers and subsidies</b>			
Transfer payment from controlling entity		18,005,926	16,628,195
Transfer payment from other departments/entities		23,013,757	20,938,059
Local and foreign aid assistance		13,942	11,852
Gifts, donations and sponsorships received		172,424	169,178
Other		5,479,649	11,041,548
		<b>46,685,698</b>	<b>48,788,832</b>

**NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION - continued**

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	31 March 2011 R'000	31 March 2010 R'000
<b>22 Taxation revenue</b>			
Taxes on income and profits		6,400,684	5,669,208
Taxes on payroll and workforce		16,091,908	15,183,952
Domestic taxes on goods and services		14,474,058	12,562,660
Other taxes (stamp duties and fees)		289,664	274,857
		<u>37,256,314</u>	<u>33,690,677</u>
<b>23 Fines, penalties and forfeits</b>			
Fines		407,614	96,422
Penalties		595,466	512,626
Forfeits		956	1,052
		<u>1,004,036</u>	<u>610,100</u>
<b>24 Sale of goods and rendering of services</b>			
Administrative fees		1,856,880	2,247,035
Licences and permits		1,185,547	1,148,764
Registration fees		510,033	956,472
Inspection fees		161,300	141,799
Services rendered		87,185,585	79,535,965
Sale of goods		136,697,664	110,398,458
Rental on movable assets		4,195,019	3,719,708
		<u>229,935,148</u>	<u>195,901,166</u>
<b>25 Interest, dividends and rent on land</b>			
Interest		27,679,763	30,183,608
Short-term bank deposits		5,197,622	5,999,118
Available-for-sale financial assets		2,478,600	2,079,618
Loans		8,908,165	9,634,273
Other		11,095,376	12,470,599
Dividends		2,779,271	2,275,189
Rent on land		1,581,866	1,548,844
		<u>32,040,900</u>	<u>34,007,641</u>

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NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	31 March 2011 R'000	31 March 2010 R'000
<b>26 Compensation of employees</b>			
Salaries and wages		67,751,084	62,293,683
Executive director's emoluments		941,656	875,064
Social contributions		4,732,792	4,205,439
Defined benefit plan expense		39,900	122,924
Defined contribution plan expense		1,038,299	980,646
Other post employment benefits		1,677,930	1,204,205
		<b>76,181,661</b>	<b>69,681,961</b>
<b>27 Goods and services</b>			
Administrative fees		8,172,198	8,392,814
Advertising		689,121	610,739
Assets less than capitalisation threshold		71,689	84,118
Audit cost		743,183	636,806
agd debts written off		2,659,403	1,842,599
Bursaries (employees)		206,250	179,025
Communication		1,460,338	1,329,153
Computer services		2,538,991	1,825,330
Consultants, contractors and agenbk/outsourced services		8,782,524	8,678,533
Courier and delivery costs		219,119	172,073
Entertainment		174,422	192,908
Inventory consumed		19,874,366	18,422,738
Maintenance, repairs and running costs		12,509,871	12,166,312
Operating leases		8,971,370	8,006,308
Owned and leasehold property expenditure		1,927,110	1,454,749
Transport costs		3,402,962	3,361,726
Travel and subsistence		2,845,529	2,530,807
Training and staff development		734,918	781,148
Venues and facilities		1,287,613	1,328,729
Other operating expenditure		117,995,674	112,042,581
		<b>195,266,651</b>	<b>184,039,194</b>

**NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION - continued**

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	31 March 2011 R'000	31 March 2010 R'000
<b>28 Interest and rent on land</b>			
Bank borrowings		7,040,963	6,933,836
Dividend on redeemable preference shares		(499)	38,998
Convertible bonds		745,016	934,662
Finance lease liabilities		178,686	191,833
Provisions: unwinding of discount		1,542,922	1,443,812
Other		15,008,909	12,035,823
		<u>24,515,997</u>	<u>21,578,964</u>
<b>29 Income tax expense</b>			
Current tax:			
Current tax on surplus for the year		1,982,213	1,218,388
Adjustments in respect of prior years		(272,863)	(585,703)
<b>Total current tax</b>		<u>1,709,350</u>	<u>632,685</u>
Deferred tax		3,253,664	3,121,770
Origination and reversal of temporary differences		3,258,346	3,123,104
Impact of change in tax rate		(4,682)	(1,334)
		<u>4,963,014</u>	<u>3,754,455</u>
<b>Reconciliation between tax expense and accounting surplus/deficit</b>			
Surplus/deficit before tax		61,318,392	174,168,752
Tax calculated on accounting profit		6,032,103	4,213,546
Tax effects of:			
Associates' results reported net of tax		254,685	174,508
Revenue not subject to tax		(976,127)	(779,288)
Expenses not deductible for tax purposes		469,240	108,255
Utilisation of previously unrecognised tax losses		(149,137)	(6,848)
Tax losses for which no deferred income tax asset was recognised		157,949	168,047
Remeasurement of deferred tax (rate change)		65,440	(173,274)
Adjustment in respect of prior years		(891,139)	49,510
		<u>4,963,014</u>	<u>3,754,455</u>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	31 March 2011 R'000	31 March 2010 R'000
<b>30 Net cash generated from operating activities</b>			
Surplus before tax including discontinued operations		61,373,070	174,029,429
Adjustments for:			
Depreciation		24,078,154	20,829,162
Amortisation		2,466,233	2,540,151
Impairment		810,821	59,607
Loss/(Profit) on disposal of assets		39,244	(835,654)
Fair value losses on financial instruments		4,057,609	3,414,943
Finance costs		79,912	81,696
Share of surplus from associate		(988,529)	(341,237)
Foreign exchange (gains)/losses on operating activities		(277,267)	239,854
Dividend income		13,821	5,676
Changes in working capital		(4,357,422)	(9,687,943)
Decrease in trade and other payables		(17,438,240)	(146,308,423)
(Increase)/decrease in trade and other receivables		(40,385,018)	4,233,767
(Increase)/decrease in inventory		(28,660,609)	54,012
Movements in payments made and received in advance		72,214,532	156,003
(Decrease)/Increase in deferred income		(599,688)	1,454,982
Other working capital movements		(7,722,254)	(14,692,745)
		<b>64,704,369</b>	<b>35,233,280</b>
<b>31 Contingent liabilities</b>			
Legal claims and other disputes		7,770,621	4,608,416
Service providers		135,576	171,138
Housing and other guarantees		22,583	125,552
SARS (custom duty & PAYE)		771,424	534,331
Accumulated surplus not approved		131,446	42,581
Future grant commitments awarded		1,603,356	1,698,780
Other		866,152	806,004
		<b>11,301,158</b>	<b>7,986,802</b>



**NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION - continued**

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	31 March 2011 R'000	31 March 2010 R'000
<b>32 Operating lease arrangements</b>			
Lessee			
Up to 1 year		6,575,071	5,130,589
1 to 5 years		15,878,712	12,006,396
More than 5 years		8,970,709	7,634,980
		<b>31,424,491</b>	<b>24,771,964</b>
Up to 1 year		575,257	529,542
1 to 5 years		876,124	776,354
More than 5 years		30,695,488	30,687,578
		<b>32,146,869</b>	<b>31,993,474</b>
Up to 1 year		228,107	169,838
1 to 5 years		264,891	108,265
More than 5 years		-	-
		<b>492,998</b>	<b>278,103</b>
Total			
Up to 1 year		7,378,434	5,829,968
1 to 5 years		17,019,727	12,891,015
More than 5 years		39,666,197	38,322,558
		<b>64,064,358</b>	<b>57,043,542</b>
Lessor			
Up to 1 year		5,235,989	4,910,891
1 to 5 years		12,181,827	11,237,945
More than 5 years		9,405,460	6,615,297
		<b>26,823,276</b>	<b>22,764,133</b>
Up to 1 year		182,268,266	159,893,453
1 to 5 years		360,424	361,272
More than 5 years		540,000	630,000
		<b>183,168,690</b>	<b>160,884,725</b>

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NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	31 March 2011 R'000	31 March 2010 R'000
Up to 1 year		-	-
1 to 5 years		-	-
More than 5 years		-	-
		-	-
<b>Total</b>			
Up to 1 year		5,350,837	5,025,740
1 to 5 years		12,542,251	11,599,217
More than 5 years		9,945,460	7,245,297
		27,838,548	23,870,254
<b>33 Capital commitments</b>			
<b>Commitments for the acquisition of property, plant and equipment</b>		<b>483,281,175</b>	<b>421,493,869</b>
- Contracted for but not provided in the financial statements		172,230,637	194,697,304
- Authorised but not contracted for		311,050,538	226,796,565
<b>Commitments for the acquisition of investment property</b>		<b>6,822</b>	<b>22,246</b>
- Contracted for but not provided in the financial statements		6,822	22,246
<b>Commitments for the acquisition of biological assets</b>		<b>5,000,000</b>	<b>-</b>
- Authorised but not contracted for		5,000,000	-
<b>Commitments for the acquisition of intangible assets</b>		<b>10,450,376</b>	<b>11,993,899</b>
- Contracted for but not provided in the financial statements		10,443,030	11,989,911
- Authorised but not contracted for		7,346	3,988
<b>Total future capital commitments</b>		<b>498,738,373</b>	<b>433,510,014</b>
The capital expenditure is to be financed as follows:			
- Internally generated funds		37,219,661	44,344,864
- Existing credit facilities		22,843,105	26,551,903
Pension fund commitments:			
- unfunded actuarial liabilities, to be paid in annual installments of Rx over the next ten years		21,849	5,103

**NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION - continued**

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	31 March 2011 R'000	31 March 2010 R'000
<b>34 Events after reporting date</b>		4,575,130	5,518,275
<b>35 Change in Accounting policy</b>			
Items in Statement of Financial Position			
(Increase)/decrease in net assets		(1,657)	13,179
<b>36 Prior Period Error</b>			
Items in Statement of Financial Position			
Increase in tax payable		-	(49,770)
Decrease in net assets		-	474,029
Attributable to minority shareholders		-	780,215
<b>37 Related Party transactions</b>			
Departments (sales, grants, deferred revenue)		8,782,633	8,077,699
State owned entities		13,534,502	5,651,442
Directors & key management		769,613	740,235
Controlled entities		82,951	158,347
Other entities		26,419,829	23,334,653
		<b>49,589,528</b>	<b>37,988,132</b>
<b>38 Reconciliation of budget surplus/deficit with Statement of Financial Performance</b>			
Net surplus per Statement of Financial Performance		56,153,566	169,970,836
Adjusted for:		(33,018,619)	(157,130,810)
Fair value adjustments		40,881	(473,324)
Impairments reversed/(recognised)		74,038	(142,655)
Deficit on sale of assets		(42,007)	(68,598)
(Decrease)/increase in provisions		(299,516)	2,063,784
Other		(32,792,015)	(158,510,017)
Net surplus per approved budget		<b>23,134,947</b>	<b>12,840,026</b>

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NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION - *continued*

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	31 March 2011 R'000
<b>39 Reconciliation of opening balances for public entities for the financial year ended 31 March 2010</b>		<b>Total Entities</b>
		R'000
Surplus after tax-prior year (published)		22 915 840
Telkom		1 605 134
Minority Shareholders		87 065
Surplus after tax before adjustments		24 608 039
Adjusted by restated figures in entities		145 347 534
<b>Restated surplus after tax as per the AFS of the entities</b>		<b>169 955 573</b>
<b>Total assets-prior year (published)</b>		<b>1 475 020 011</b>
Telkom		(8 767 272)
Taxation receivable adjustment		(475 786)
Total assets before adjustments		1 465 776 953
Adjusted by restated figures in entities		396 082 780
<b>Restated total assets as per the AFS of the entities</b>		<b>1 861 859 733</b>
<b>Total liabilities-prior year (published)</b>		<b>889 534 609</b>
Taxation receivable		(475 786)
Total liabilities before adjustment		889 058 823
Adjusted by restated figures in entities		373 230 585
<b>Restated total liabilities as per the AFS of the entities</b>		<b>1 262 289 408</b>
<b>Total net assets-prior year (published)</b>		<b>585 485 402</b>
Telkom		(8 767 272)
Total net assets before adjustments		576 718 130
Adjusted by restated figures in entities		22 852 197
<b>Restated net assets as per the AFS of the entities</b>		<b>599 570 327</b>







**nt**  
CONSOLIDATED  
FINANCIAL  
INFORMATION

For the year ended 31 March 2011

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**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA