

CONSOLIDATED FINANCIAL STATEMENTS

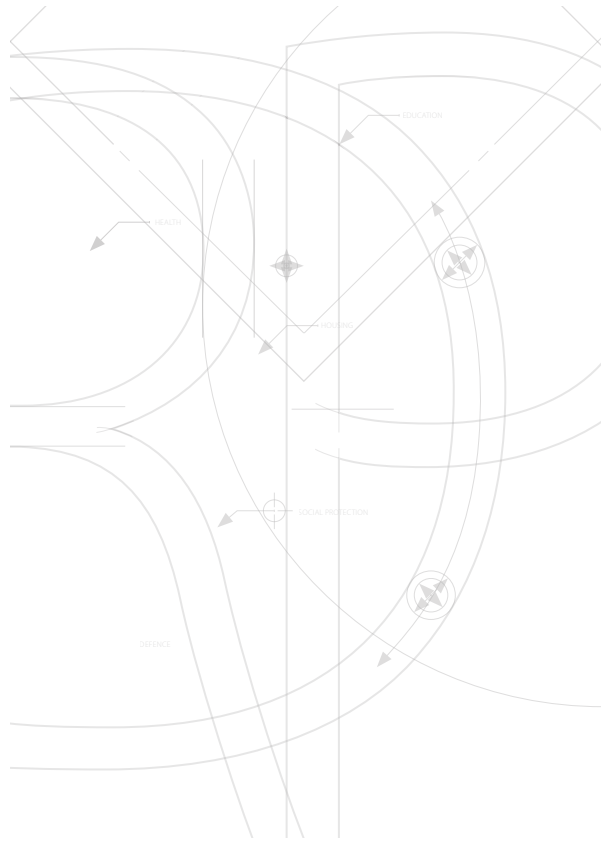
Annual financial statements for the year ended 31 March 2014



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA





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ACCOUNTING OFFICER'S APPROVAL AND REVIEW



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

ACCOUNTING OFFICER'S APPROVAL

For the year ended 31 March 2014

The Consolidated Financial Statements are prepared on the going concern basis. They are based on accounting policies, which have been consistently applied and supported by reasonable and prudent judgements of estimates. The Consolidated Financial Statements have been approved by the Accounting Officer and the Accountant-General on 30 October 2014.



Lungisa Fuzile
Director-General
Accounting Officer



Michael Sass
Accountant-General

ACCOUNTING OFFICER'S REVIEW

For the year ended 31 March 2014

■ 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 2014 as required by section 8(1) (a) of the PFMA as amended is hereby presented.

The Minister of Finance granted exemption in terms of Section 92 of the PFMA to the National Treasury from the provisions of section 8(1) of the PFMA to the extent that it requires preparing one set of consolidated AFS for national departments and public entities. Due to the significantly different accounting bases being applied (modified cash and accrual), the Minister has allowed the National Treasury to prepare separate sets of consolidated financial statements for departments and public entities respectively. National departments and public entities have been subjected to either a full audit or agreed upon procedures by the Auditor General of South Africa (AGSA) in previous years. This year the CFS have been prepared for both the national departments and public entities and submitted for audit ensuring compliance with the principles of GRAP 6 on Consolidated and Separate Financial Statements for the 2014 financial year.

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 unlisted public entities that are accountable to parliament.

On a drive to improve public accountability, National Treasury is facilitating the transition 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 earned or incurred and not when cash is received or paid.

Prior to 2013/14 financial, the departments' accounting framework was set out in the Departmental Financial Reporting Framework Guide (DFRFG) which was prepared updated and published by the OAG on annual basis. The reporting framework comprised of accounting policies for the recognition and measurement of information in the primary statements and the disclosure notes. It also contained the format or the template for the presentation of information in the primary statements, as well as the disclosure notes.

ACCOUNTING OFFICER'S REVIEW

For the year ended 31 March 2014

With effect from 2013/14, and as part of the cash-to-accrual process, the OAG developed and published two separate but related documents. These documents are referred to as the Modified Cash Standard (MCS) and Accounting Manual for departments (AMD).

The MCS sets out the principles of the modified cash framework in a format ordinarily used by other public sector accounting standard setters such as Accounting Standards Board (ASB). The Accounting Manual on the other hand, provides detailed guidance on the principles stated in the MCS.

Modified Cash Standard (MCS) for departments sets out the principles for the recognition, recording, measurement, presentation and disclosure of information required in terms of the prescribed formats. Under the modified cash basis of accounting, only certain elements are recognised in the Statement of Financial Position and Statement of Financial Performance. To ensure a complete view of the financial position and performance of a department for the purposes of fair presentation, and without changing the basis of accounting, this Standard also prescribes disclosure requirements for accrual basis financial information despite these items not qualifying for recognition. In developing the Standard the OAG also considers; best practices, both locally and internationally; the capacity of departments to comply with the reporting requirements; and the systems used by departments in preparing and collating the information required to comply with the reporting requirements.

The principles in the existing accounting standards, such as Generally Recognised Accounting Practice (GRAP), International Public Sector Accounting Standards (IPSAS) or International Financial Reporting Standards (IFRS), were also studied. Where required, the national and provincial legislation was consulted to develop principles and or required disclosures.

The draft Standard was exposed for comment by interested parties including auditors, preparers, standard setters, public sector consultants and individuals in April 2012. The OAG considered all comments received and made modifications where appropriate. Subsequently the standards were republished in April 2013 and introduced through the interim AFS for 2013/2014. Final standard published January 2014. The MCS will be reviewed by the OAG periodically.

Government is also in the process of formalising the accounting reporting framework in terms of section 89 of the PFMA and section 216(1)(a) of the Constitution. Currently there are 27 standards that are effective as approved by the Minister of Finance, with GRAP 25 on Employee benefits becoming effective in the year under review. Recently 7 new standards have been developed by the Accounting Standards Board (ASB), but the effective date was not yet determined by the Minister as at 31 March 2014. 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.

Entities are required to comply with GRAP 24 Presentation of Budget Information in Financial Statements, which requires a comparison of budget amounts and the actual amounts arising from execution of the budget to be included in the financial statements of entities that are required to, or elect to, make publicly available their approved budget(s) and for which they are, therefore, held publicly accountable. As there is no publically available budget that is reconcilable with the group of entities for the purposes of the National Government Department Consolidation, and National Public Entity Consolidation, it is deemed inappropriate to present a comparison between actual and budget information at this level of consolidation. GRAP 24 is therefor not relevant to this set of CFS.

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

ACCOUNTING OFFICER'S REVIEW

For the year ended 31 March 2014

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 review of operating results reflects monetary values presented in the CFS in accordance with Treasury Regulation 18.2. It is also a descriptive report clarifying the amounts presented. The CFS therefore provides 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 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.

2.2 Scope of consolidation

SCOPE

GRAP 6 requires that the entity that prepares consolidated financial statements establishes whether it controls an entity before consolidating it. It uses criteria such as does the consolidated entity benefit from the activities or have the power to govern the financial and operating policies for the other entity. These control indicators must be presently exercisable. For this set of consolidated financial statements, there is no specific identifiable controlling entity as envisaged in GRAP 6.

The motivation behind preparing these financial statements is not to show what is directly controlled, but rather to present a combined view of entities considered to be a part of government as envisaged by the PFMA. In accordance with the definition of a public entity in the PFMA, the Accountant-General has determined that accountability to Parliament (or the legislature) for the use of public funds must be the driver and considers this to be the primary criterion for including entities in the consolidation, with ownership control by government being assumed to exist in such cases. Consequently, if an entity has a legal or constructive obligation to account to Parliament on its finances, it is deemed to also be under the control of the National (Provincial) Executive, and shall be included in the national (provincial) government consolidation. This approach is expected to prudently ensure a more complete consolidation.

ACCOUNTING POLICIES

Accounting policies of entities are adjusted to be on a uniform basis where the effect thereof is deemed to be material to the consolidated financial statements.

ACCOUNTING OFFICER'S REVIEW

For the year ended 31 March 2014

Treatment Of Government Business Enterprise (GBES)

During the previous financial year, the National Treasury changed its accounting policy with regards to the accounting treatment of Government Business Enterprise (GBEs). The previous change in policy (2012/2013 financial year) came about as a result of the National Treasury not being able to exert control over the financial and operating policies of the GBE's. The National Treasury was, however at the time, assessed as being able to exert significant influence over the GBE's in terms of the Generally Recognised Accounting Practice (or GRAP). It was therefore decided to apply the equity basis of accounting in terms of GRAP 7 (Investments in Associates) over the GBE's.

During the 2013/2014 financial year, the National Treasury change in accounting policy to no longer equity account the GBE's, but rather include these GBE's as fully consolidated in the Public Entities Consolidation of the National Treasury in terms of GRAP 6 (Consolidated and Separate Financial Statements).

The reason for the voluntary change in accounting policy is the publication of International Exposure Drafts on Consolidation in the current financial year, namely ED: 49 – Consolidated Financial Statements. The National Treasury has followed guidance provided in these exposure drafts which assists with determining whether the National Treasury is able to exert control over GBE's. Based on the criteria provided in this ED for control, the National treasury believes that GBEs' are controlled by government and should be consolidated in full.

Elimination

All material balances and transactions between entities included in the CFS are eliminated. For departments, the AFS template makes provision in the Annexures for departments to disclose these inter-entity transactions and balances. For public entities, the OAG developed an inter-entity elimination template that each entity completes, authorises and then submits to the National Treasury.

Process

The CFS 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 to comply with the statutory requirements of the PFMA.

The responsibility for the integrity and objectivity of the accompanying CFS for the year ended 31 March 2014, and all information contained in this report rests with the Office of the Accountant General (OAG), a division within the National Treasury as well as the Director-General of 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' and consolidated entities' financial position as at 31 March 2014.

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

ACCOUNTING OFFICER'S REVIEW

For the year ended 31 March 2014

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 fall within the scope based on accountability to parliament, were consolidated (Annexure C).

The OAG is tasked with, amongst others, the responsibility to develop standard reporting formats (including AFS templates), Modified Cash Standards and Accounting Manual for Department 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 sets of statements 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 earlier in the year and training is provided to departments on the AFS template, Modified cash Standards and Accounting Manual 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. A new template for entities was developed during the 2012/13 financial year to facilitate compliance to the consolidation process as required by GRAP 6 and the Position Paper, the template was updated with applicable standards of GRAP during the year under review. 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 and public entities. These qualifications have a material impact on the amounts presented in the CFS and 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. It is in this spirit that the model has been under review for further enhancements thereto.

The NT is grateful for the efforts of the national departments, public entities and the OAG in the preparation of the CFS for 2013/14.



CONSOLIDATED FINANCIAL STATEMENTS

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EXECUTIVE SUMMARY



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

EXECUTIVE SUMMARY

For the year ended 31 March 2014

For five years, government has been budgeting and spending in the context of the global financial crisis and its long-term consequences. Although there are signs that growth will begin to accelerate over the medium term, the risks abound and the world economic outlook remains subdued. South Africa's economy has continued to grow over the past year, but more slowly than anticipated, as a result of both cyclical and structural factors. As a result, revenue has underperformed.

Since 2008, economic activity has remained subdued in many advanced economies. The slowdown in trade and investment has also affected emerging economies such as China, India and Brazil. The South African economy has grown since the 2009 recession, but has not achieved the rate of expansion and broadening participation recorded from 2003 to 2008. GDP growth is estimated to have been 2.7 per cent in 2013 and projected to reach 3.8 per cent in 2015. Strong capital investment by the public sector, the addition of electricity generating capacity, relatively stable inflation and low interest rates will be supportive of improved growth rates. The pace of economic recovery depends critically on the rate at which private investment and exports strengthen. As the policy environment becomes more stable, confidence returns and competitiveness improves, the pace of growth will accelerate.

Short term weakness in the economy is estimated to result in a deficit of 5.2 per cent of GDP in 2012/13. To ensure fiscal sustainability, government has curbed the growth in spending by reducing allocations and the contingency reserve. Revenue collection is expected to improve in line with economic growth, narrowing deficit to 3.1 per cent of GDP by 2015/16.

During the 2013 Budget speech, Minister Pravin Gordhan stated that the revised estimated National budget revenue was expected to be R 782 billion and revised estimated National budget expenditure was R 967 billion. The actual revenue collected by the South African Revenue Services (SARS) was R 807 billion and the actual national expenditure for 2012/13 was R 970 billion.

The 2013 Budget was the first to be tabled within the framework of the National Development Plan (NDP). The NDP sets out an integrated strategy for accelerating growth, eliminating poverty and reducing inequality – recognising that South Africa's urbanising, youthful population is a strength on which to build. It is in this context that strong capital investment by the public sector, the addition of electricity-generating capacity, relatively stable inflation and low interest rates will support improved economic performance. More rapid, inclusive growth requires steps to expand employment, provide greater policy certainty, improve education and training, and accelerate infrastructure investment and strengthen regional linkages.

Continuing its efforts to improve the impact of spending, government will conduct expenditure reviews aimed at reducing waste and improving efficiency. The National Treasury has drafted a long-term fiscal report that considers 15-25 year budgetary projections based on demographic trends and alternative economic scenarios. While the global outlook is not expected to improve markedly, there are many areas of opportunity. A sound fiscal framework supports the sustainable financing of government spending, while progressive alignment between departmental budgets and the objectives of the NDP will bolster government's contribution to development.

For a detailed analysis and interpretation of actual revenue, spending and borrowing for 2012/13, refer to review of the operating results.



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REVIEW OF OPERATING RESULTS

NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND,
STATE DEBT AND LOAN ACCOUNTS



national treasury

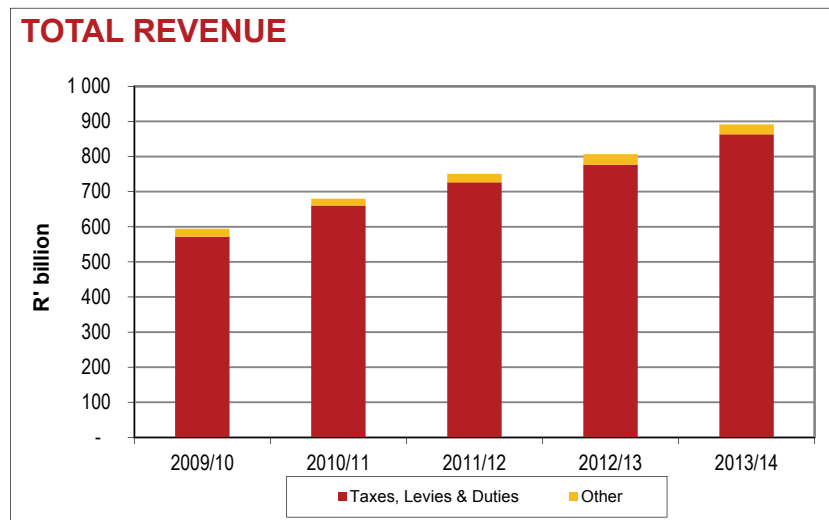
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REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014

Total revenue

Year Ended 31 March R' million	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14
Taxes, Levies & Duties	571 388	660 543	726 634	776 710	863 150
Departmental revenue	8 404	8 483	13 514	11 194	11 412
Local & foreign aid assist.	1 189	-	1 827	2 210	1 928
Other	13 190	10 979	8 601	16 417	15 034
Total Revenue	594 171	680 005	750 576	806 530	891 523
	-4%	14%	10%	7%	11%



Total revenue increased by 11 per cent in 2013/14 against a 7 per cent increase in the prior year. This increase is indicative of the improvement in tax collections.

The bulk of the income is collected by the South African Revenue Services (SARS) in the form of taxes, levies and duties. Other sources of income are departmental revenue and statutory revenue. SARS shows a total balance R941.5 billion for the current year, which represents an increase of 11% from the previous year total revenue of R849.9 billion. The 11% increase reconciles to the increase in Taxes, Levies & Duties of R863.2 billion as follows:

Year Ended 31 March R' million	Actual 2013/14	Actual 2012/13
SARS Revenue	941 476	849 858
Less: South African Customs Union Agreement	43 374	42 151
Less: Payment ito sec 12(3) of the PFMA	3	3
Less: Payment to UIF	14 947	13 372
Less: Payment to RAF	19 651	17 662
Less: Amount payable by SARS to SETA's	-	-
Less: Amount payable by SARS to RAF	351	-40
Net Revenue as reflected by NT	863 150	776 710

During the financial year under review, there continues to be growth, however at a slower rate than expected. This is evidenced by the general increases in the revenues collected by SARS, however at lower rates than was previously estimated. Tax revenues increased during 2013/14 as a result of strong collections of customs duties (12 per cent for both 2012/13 and 2013/14), income tax (2013/14: 10 per cent; 2012/13: 7 per cent) and value-added tax (2013/14: 10 per cent; 2012/13: 11 per cent).

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014

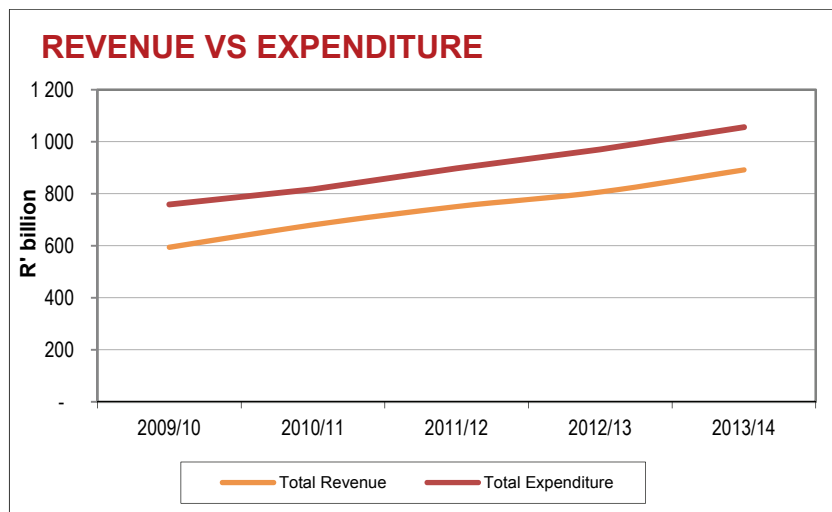
Total Revenue is also represented by Departmental Revenue, which consists of the total actual receipts received by departments. Other revenue increased substantially in the current year compared to the prior year and currently constitutes 0.45% of the Total Revenue compared to 0.17% in the prior year.

Other Receipts are analysed as follows:

Year Ended 31 March R' million	Actual 2013/14	Actual 2012/13
Other Revenue		
Surrenders	-	-
Other	4 024	1 336
Total Other Revenue	4 024	1 336

For the full detailed analysis of what Departmental Revenue consists of, refer to Note 3 of the Notes to the Consolidated Financial Statements. For the detailed analysis of Non-Operating Income, refer to Note 6 of the Notes to the Consolidated Financial Statements.

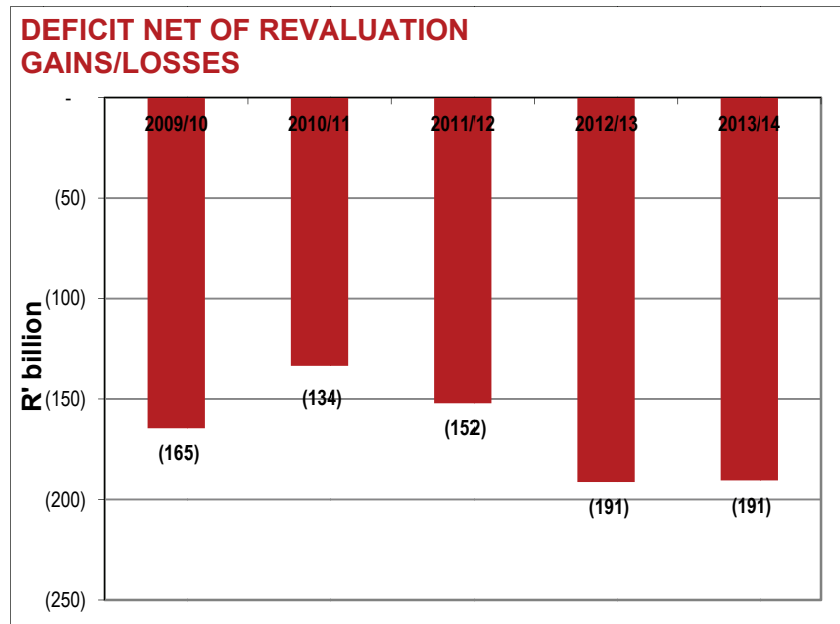
Revenue vs expenditure



Illustrated above is revenue versus expenditure for national government. From the trends in the graph, it can be seen that revenue collection in the 2013/14 is at an even higher level than in the prior 5 years however, government has not been collecting enough revenue to fulfil its expenditure requirements. This is depicted by the graph where the recorded surplus receded into the negative from 2009/08 and has continued into the 2013/14 financial year. Expenditure currently exceeds revenue by approximately R164 billion (2012/13: R163 billion), this is prior to revaluation gains and losses. Although expenditure exceeds revenues, the year-to-year movement of the deficit (after revaluation gains and losses) has improved from 26 per cent increase in 2012/13 to 0.4 per cent decrease in the current year 2013/14; this shows improvement in government spending.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014



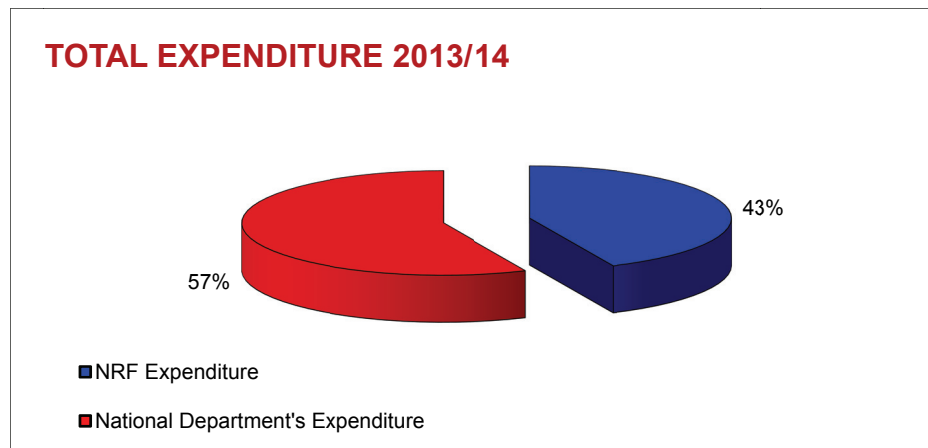
Total expenditure

Year Ended 31 March R' million	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14
National Revenue Fund Expenditure	314 426	350 144	384 853	416 075	457 314
National Department Expenditure	444 275	466 930	512 628	553 928	598 706
Total expenditure	758 701	817 074	897 481	970 002	1 056 020
Movement in expenditure	18%	8%	10%	8%	9%

Total expenditure increased by 9 per cent in 2013/14 (2012/13: 8 per cent), National departments' expenditure has accounted for approximately 57 per cent (average of 58 per cent over the past 5 years) of the total expenditure amount.

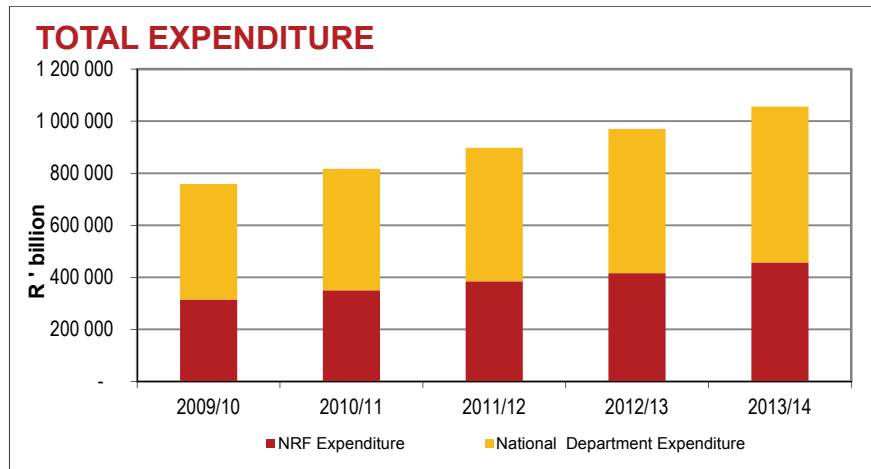
Total expenditure is made up of National department's expenditure plus the National Revenue Fund's (NRF) expenditure. Included in the National departments' expenditure are transfers and subsidies to provinces and municipalities of R150 billion (2012/13: R143 billion), in the form of grants paid to provinces and municipalities. These are further analysed per section Transfers and Subsidies.

The breakdown is disclosed in the graphs alongside and below:



REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014

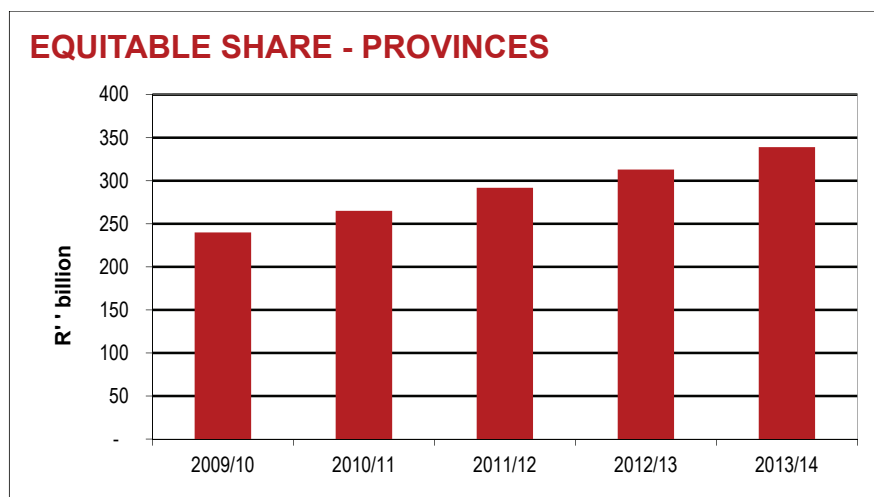


National revenue fund expenditure

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.

Equitable Share to Provinces

Year Ended 31 March R' million	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14
Equitable Shares - Provinces	240 046	265 139	291 736	313 016	338 937
Movement in Equitable Shares	18%	10%	10%	7%	8%



REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014

Provinces received 8 per cent increase in the equitable share, primarily for education, health, social welfare, transport, human settlements and municipal infrastructure. The increase contributes to the three-year public-sector wage settlement, increase employment of social workers and to provide critical welfare support to non-governmental organisation providing critical welfare services. Additional funding was also allocated for teachers in the poorest 20 per cent of schools and grade R classes, and for community library services. Provinces were also funded for an expansion in HIV and Aids programmes and an improved TB diagnosis system.

The equitable share transferred to the provinces increase at a rate of 8 per cent per annum is slightly higher than the prior year's increase of 7 per cent. Provinces therefore accounted for R339 billion in expenditure for the 2013/14 financial year (2012/13: R313 billion). The provincial equitable share accounts for 81.5 per cent of transfers to provinces and was increased by 7.8 per cent between 2012/13 and 2013/14, growing at an average annual rate of 6.6 per cent over the MTEF period.

Debt-service costs

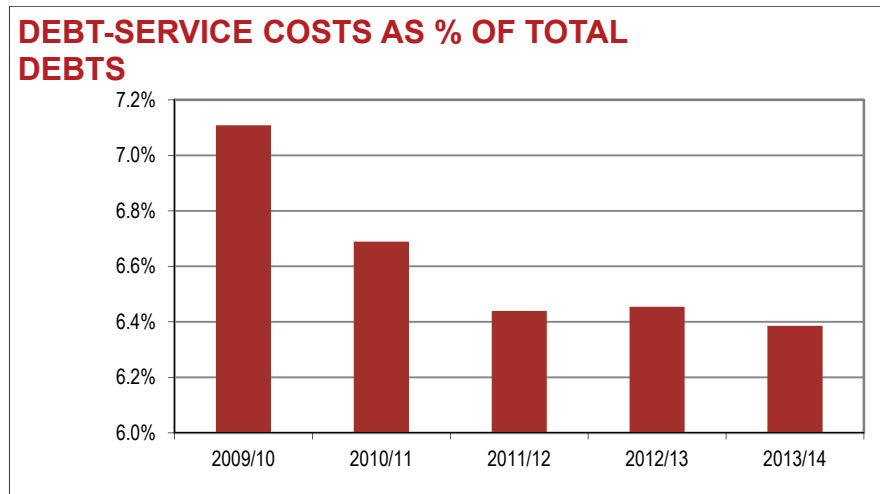
Debt-service costs, mainly interest paid on government debt, account for a significant portion of NRF expenditure and are influenced by the volume of debt, new borrowing and market variables such as interest, inflation and exchange rates. Government's debt management policy focuses on financing the net borrowing requirements at the lowest possible cost within risk benchmarks, and also contributions of broader policy objectives. The accompanying graph and table show the trends in debt-service costs over the period 2009/10 to 2013/14.

Over the period 2009/10, debt-service costs increased due to a weaker fiscal position which resulted from the global financial and economic crisis. For the 2013/14 financial year, debt-service costs of R101 billion were incurred which is R0.7 billion higher than the 2013 Medium Term Budget Policy Statement (MTBPS) estimate mainly due to weaker rand and higher interest rates on short-term loans as a result of not issuing of new foreign loans as originally planned. The percentage movement in debt-service costs as shown on the table below remained unchanged at 15% from 2011/12 to current year. However the debt service cost as a percentage of total debt shows a decline over the period 2009/10 to 2013/14.

<i>R' million</i>	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14
Domestic – Debt	52 170	60 820	70 472	81 337	93 176
Foreign – Debt	4 959	5 407	5 988	6 784	8 009
Total Debt-Service costs	57 129	66 227	76 460	88 121	101 185
Increase in costs	5%	16%	15%	15%	15%

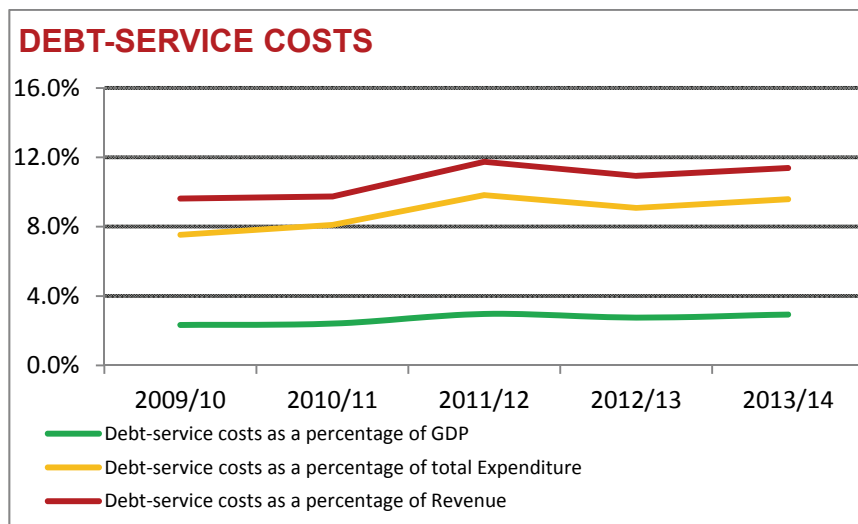
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014



The table and the graph below shows the 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 % of	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14
GDP	2.3%	2.4%	2.6%	2.8%	2.9%
Expenditure	7.5%	8.1%	8.5%	9.1%	9.6%
Revenue	9.6%	9.7%	10.2%	10.9%	11.4%

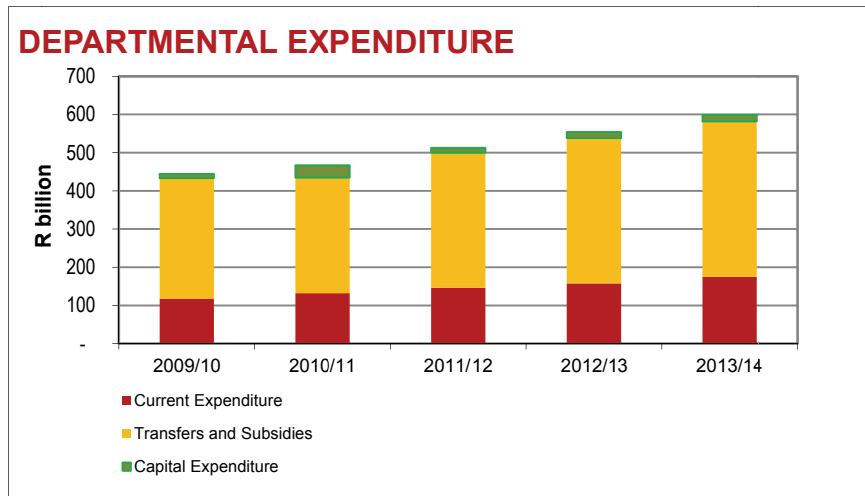


National departments' expenditure

Year Ended 31 March R' million	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14
Current Expenditure	118,072	132,077	146,070	157,595	174,702
Transfers and Subsidies	315,332	302,359	353,497	380,377	406,819
Capital Expenditure	10,870	32,494	13,061	15,956	17,185
Total	444,275	466,930	512,628	553,928	598,706
Movement in expenditure	17%	5%	10%	8%	8%

REVIEW OF OPERATING RESULTS

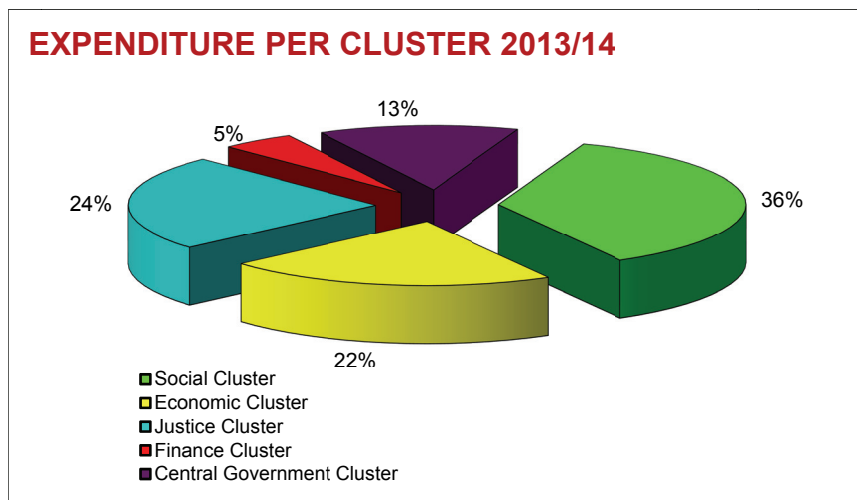
For the year ended 31 March 2014



National department expenditure has increased to R599 billion in the current year (2012/13: R554 billion), this equates to R45 billion increase. However the percentage increase remained 8 per cent as compared to prior year. The movement is attributable mainly to an increase of R26.4 billion in Transfers and Subsidies. Other major movements include an increase of R9.3 billion in Compensation to employees, R7.5 billion in Goods and services, and R1.2 billion in Tangible capital assets. Total national department expenditure has grown by 34.8 per cent from 2009/10 to the current period under review.

National Department Cluster Expenditure R' million	Actual 2013/14	Actual 2012/13
Social Cluster	217,573	203,604
Economic Cluster	130,013	117,185
Justice Cluster	144,361	133,455
Finance Cluster	28,770	25,629
Central Government Cluster	78,674	74,342
Total	599,391	554,215

The national departments are divided into clusters and the table above and graph below illustrate the expenditure per cluster.



REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014

The **Social Cluster** remains the largest spender of all the clusters, with an allocation of R207 billion from the NRF and expenditure of R218 billion. The graph below depicts the level of spending by the different departments within the social cluster, Department of Social development is the largest spender with 54%, followed by Higher Education and Training with 21%, Department of Health with 14% and Basic Education's spending is 8% and with the lowest spenders being Department of Arts and Culture, Department of Labour and Department of Sports and Recreation. Spending on social development, health, education, housing and local amenities has more than doubled in real terms over the past decade and now accounts for almost 60 per cent of public expenditure. The spending by the Department of Social Development is mainly due to increase in social grants. Over the past decade, the number of social-grant beneficiaries has doubled from 7.9 million in 2003/04 to 15.8 million in 2013/14. Most of this increase relates to the expansion of the child support grant and old age grant, there has been strong growth in expenditure on both grants in recent years due to an expansion of eligibility criteria. The Department of Social Development received additional R120 million over the MTEF to support the Zero Hunger and Food for All campaigns. To strengthen provincial social welfare services, 938 million was allocated over the medium term to employ social workers, and R600 million was allocated to NGOs to offset reductions in donor funding. Funds were also made available to absorb social work graduates in response to a nationwide shortage of social workers.

Expenditure from the department of Social Development made transfers of R110 billion to households alone, which increased from the prior period's R104 billion by 5 per cent.

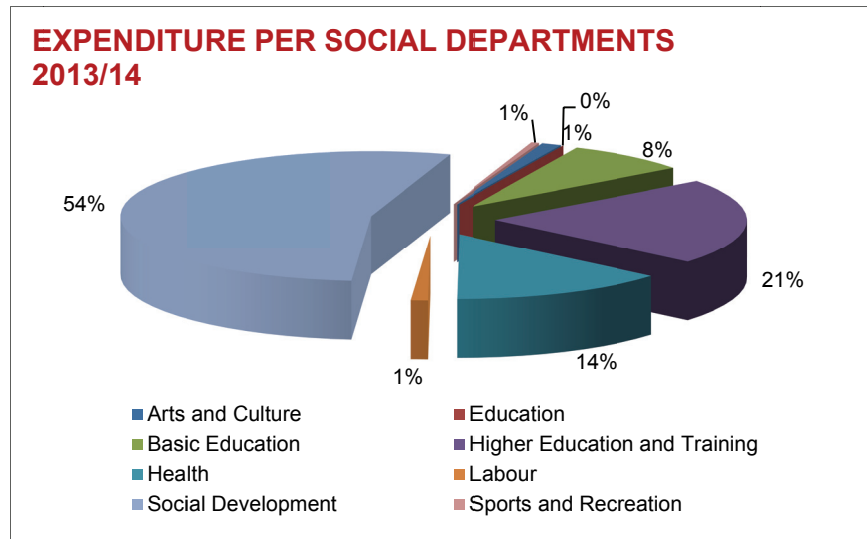
In 2012/13, SASSA implemented a new payment system that reduces the unit cost per payment from as high as R32 to a standard rate of R16. Beneficiaries are now able to receive their grants anywhere in the country and have access to the banking system. During 2012 and 2013, all social grant beneficiaries were required to re-register with South African Social Security Agency (SASSA). The process was intended to eliminate fraud and corruption in the social system and clean up the beneficiary database. The re-registration process included the collection of biometric information for all beneficiaries, including fingerprints and/or voiceprints. This will prevent fraudulent claims in the future. From 1 April 2012 to 31 December 2013, 299 000 grants were voluntarily cancelled by ineligible beneficiaries and by the removal of beneficiaries who had not claimed their grants.

The second highest spending under Social cluster is the Department of Higher Education Training. The increase in the department's spending is as a result of the increase in the number of student enrolled in higher education institutions and additional funding allocated for the construction of new universities in the Northern Cape and Mpumalanga, the universities commenced during the year under review. The spending focus over the medium term will be in the University Education programme which consists mainly of transfers to higher education institutions and the National Student Financial Aid Scheme. This is intended to increase the number of university graduates, particularly in scarce skills areas, and provide access to universities and colleges for poor students by providing loans and bursaries.

Department of health spending constitutes 14% of the Social cluster's spending. Provinces are funded for an expansion in HIV and Aids programmes and an improved TB diagnosis system. The spending focus over the medium term will be on preparing for the implementation of the national health insurance, and providing for the prevention and treatment of HIV and AIDS and tuberculosis. In addition, expenditure over the MTEF period goes towards investments in construction, the maintenance of health infrastructure, establishing the Office of Standards Compliance and strengthening the Medical Research Council. The bulk spending is in the Hospitals, Tertiary Health Services and Human Resource Development programme. Most of this programmes allocation is transferred to provinces as conditional grants: The newly created health facility revitalisation grant, the national tertiary services grant and Health professionals training and development grant.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014



The next cluster in order of expenditure is the **Justice and Protection Services Cluster**, with substantial part of their spending being on compensation of employees. The expenditure focus has been within the department of Police on overall capacity in terms of personnel numbers, physical resources, capital infrastructure, skills development, and technological enhancements related to the information and telecommunications environments, to support the reduction of contact and trio crimes by 4 per cent to 7 per cent per year. The Department of Police reprioritised R2.5 billion over the 2013/14 – 2015/16 MTEF to improve detective and forensic capability. The bulk of spending over this period is in the Visible Policing programme, which accounts for 46.4 per cent of the department's total budget owing to the labour intensive nature of policing. For the next three years, the Department of Police will focus on skills development and management training. Police services will be made more accessible through infrastructure development; a rural safety strategy will be implemented; and the family, child and sexual offences unit will be strengthened.

The department of Defence is the second biggest spender with the Justice and Protection Cluster. The Department has a spending focus on border safeguarding and anti-piracy measures, which account for the increased expenditure of the Landward Defence, Maritime Defence and Force Employment programmes. The significant increase in expenditure on compensation of employees over the last three years is mainly due to the implementation of the military salary dispensation for regular and reserve force members, and the additional personnel required to strengthen border safeguarding. During the year under review, the department also received additional R5 billion on peace-support operations over the medium term. South African troops are supporting peacekeeping operations in the Democratic Republic of the Congo and Sudan, and are participating in anti-piracy operations in the Mozambique Channel. Furthermore a total of R1.5 billion was allocated for the maritime security strategy.

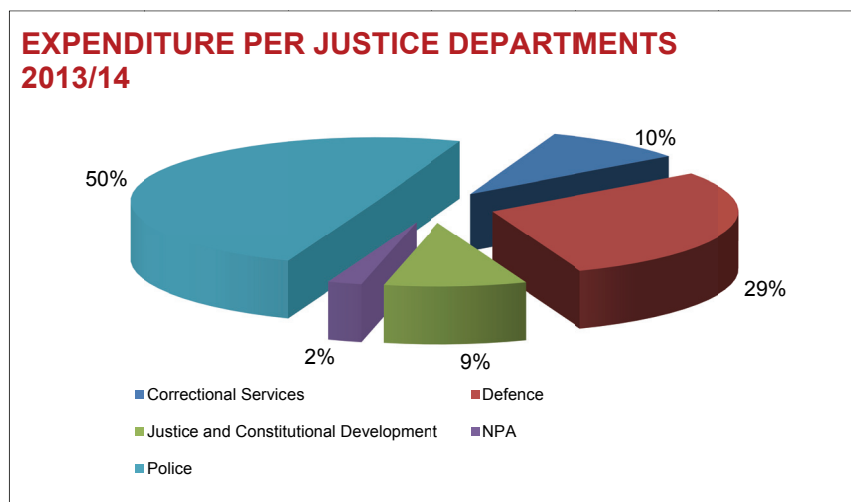
The noticeable increase in departmental personnel over the past 5 years, from 74 560 in 2009/10 to 78264 in 2013/14 is attributed to the increased enlistment of military skills development system graduates into the South African National Defence Force. As a result, the related expenditure on goods and services items, such as inventory of food, fuel and other consumables, increased over the same period.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014

The department of Correctional Services' expenditure was primarily attributed to the compensation of employees and goods and services mainly as a result of the labour intensive nature of its two largest programmes, Administration and Incarceration. The increases in expenditure in the Administration, Incarceration and Social Reintegration programmes were mainly due to additional allocations for improved conditions of service and the implementation of the occupation specific dispensation for correctional officials, as required by resolution 1 of 2007 of the Public Service Coordinating Bargaining Council. Over the same period, significant growth was evident in spending on the Rehabilitation and Care programmes due to allocations for improved conditions of service, and price and tariff increases on food and materials for production workshops and agricultural activities.

The department of Justice and Constitutional Development expenditure was a result of continuation of improvement in services at courts, revamping and renewing state legal services, implementation of new pieces of legislation, construction of the high courts in Polokwane and Nelspruit, and accelerating access to the services of the masters and state attorney offices. Other construction projects include the improvement of courts to make them accessible to people with physical disabilities, the extension to the Johannesburg high court, and the building of new magistrates' offices in Plettenberg Bay in Western Cape and Port Shepstone in kwaZulu Natal. The South Gauteng high court project is due for completion in 2013/14. The largest spending in the Department is with Court Services and National Prosecuting Authority. Additional funding was allocated to the National Prosecuting Authority for the Thuthuzela care Centres (The centres are one-stop facilities that have been introduced as a critical part of South Africa's anti-rape strategy, aiming to reduce secondary trauma for the victim, improve conviction rates and reduce the cycle time for finalising cases). The public Protector of South Africa received funding to increase its investigative capacity and additional funds are also made to Legal Aid South Africa and the South African Human Rights Commission.



The third cluster contributing to the increase in expenditure is the **Economic Cluster**. The department of Transport was the biggest spender in the 2013/14 financial period. The Department's total spending increased from R39 billion in 2012/13 to R43 billion in 2013/14 which represents 9 percent increase. The spending focus has been on maintaining road infrastructure, upgrading rail infrastructure and services, and constructing and operating public transportation infrastructure. The spending on rail infrastructure in particular is expected to increase over the coming years, as the Passenger Rail Agency of South Africa builds depots, starts procuring new trains from 2015/16 onwards and continues to upgrade its signalling infrastructure. Since 2011/12, the department's expenditure increased significantly as a result of increased spending in the Road Transport programme in the form of an additional allocation of R5.8 billion to the South African National Roads Agency. This was due to the delay in implementing the e-tolling on Gauteng's freeways. Spending in the Public Transport programme also increased significantly from 2011/12 due to the public transport infrastructure and systems grant to municipalities.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014

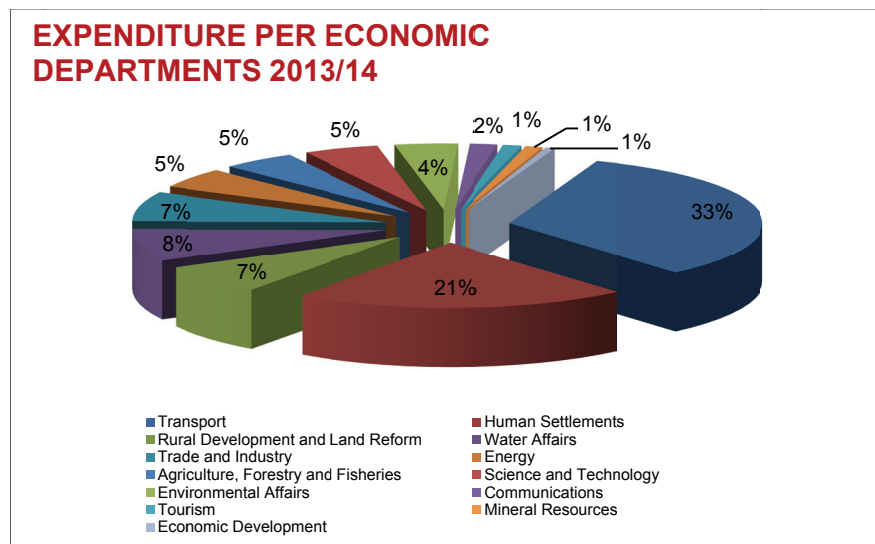
The grant was used to fund public transport networks in cities, including bus rapid transit systems. Since the initiation of the grant in 2005/06 several cities (Johannesburg and Cape Town, with Tshwane, Nelson Mandela Bay, Rustenburg and eThekweni) have advanced significantly in planning their public transport networks; and others have begun building their infrastructure.

During 2013, the department invested in new cranes and terminal reengineering to boost container capacity at the port of Durban by 21 per cent to 2.9 million 20-foot equivalents units. To improve the quality and capacity of its commuter rail services, Passenger Rail Agency of South Africa (PRASA) has begun to a 20-year procurement programme for rolling stock. Transfer from fiscus totalling R4.2 billion have been allocated for this purpose over the next three years, it is expected that the first coaches will be delivered in 2015.

The department of Human Settlements was allocated more funds for transfers to provinces and municipalities under the human settlements development and urban settlement development conditional grants, to accelerate the delivery of low income housing and basic services to households. These transfers are reflected in the Housing Development Finance programme, which is the main proponent of expenditure growth in the department and constitutes 97 per cent of the department's total budget in 2013/14. Spending on buildings and other fixed structures related to the rural sanitation programme ceased in 2012/13 after the rural household infrastructure grant was converted into a direct grant to rural municipalities in the 2013 Budget. The grant was converted to support the local government turnaround strategy to strengthen municipalities' ability to deliver basic services to households. Spending on consultants is related to technical assistance to 49 municipalities with regard to upgrading informal settlements under the national upgrading support programme. The technical assistance includes rapid assessments of informal settlements, and detailed and transformational planning of settlements

Funding for improving human settlements will grow from R26.2 billion to R30.5 billion over the spending period, including R1.1 billion to support the informal settlement upgrading programme in mining towns. The persistent divisions between town and township impose costs on communities, the economy and the fiscus Government's new approach to developing urban centres involves giving large municipalities more authority to coordinate spatial planning, manage land use and lead housing delivery. The cities support programme is coordinating government's promotion of integrated urban development. In addition, grants will be redirected to ensure that housing are associated amenities are delivered in the area where they are needed.

Expenditure on economic services in 2013/14 will amount to R48 million, including 5.3 billion for the manufacturing competitiveness enhancement programme and R2.9 billion for special economic zones.



REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014

Current expenditure

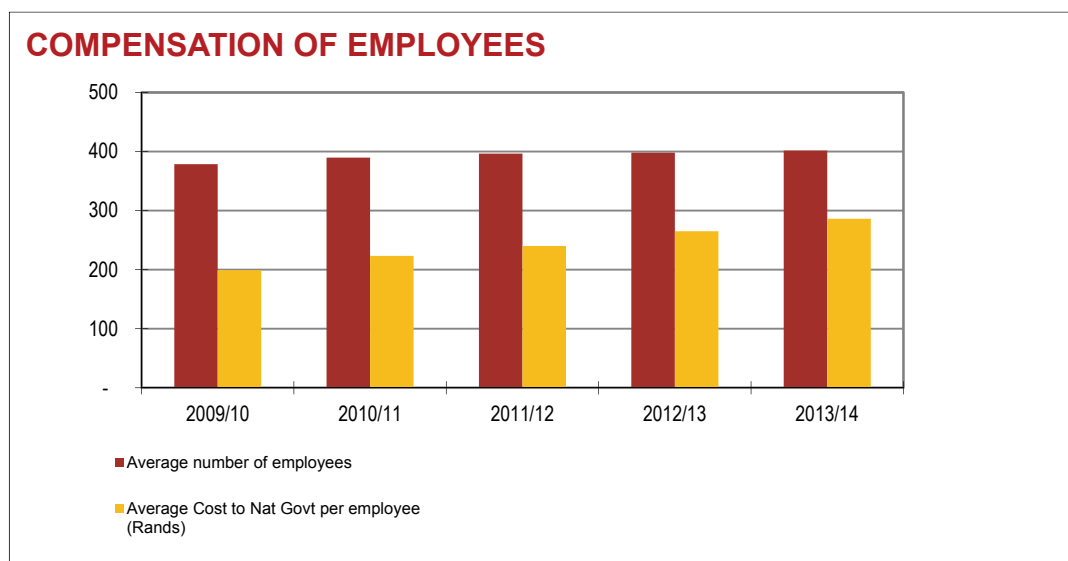
The major items of current expenditure are disclosed in the table below:

Major items of Current Expenditure <i>R' million</i>	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14
Compensation of employees	75,390	87,036	95,188	105,549	114,853
Goods and Services	41,660	44,292	49,841	51,072	58,646

Compensation of employees

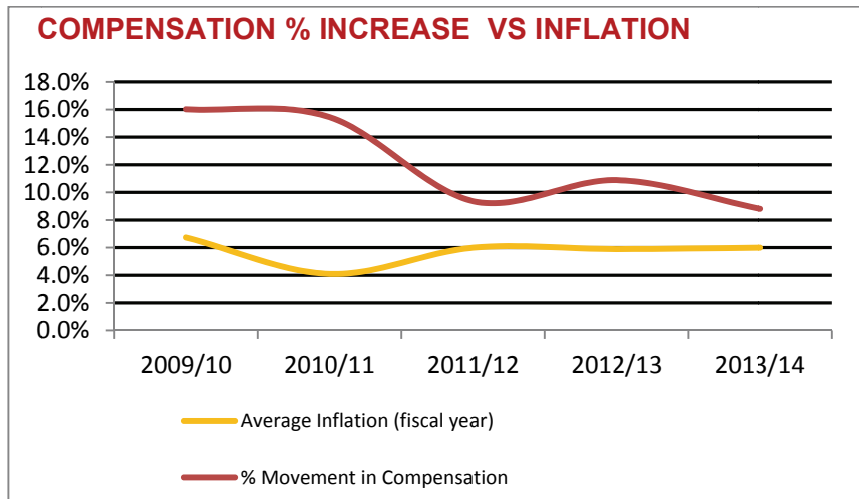
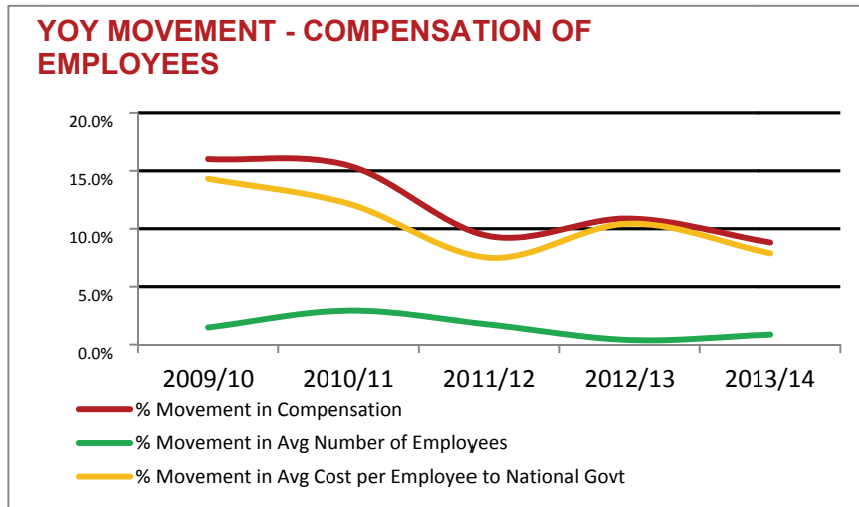
Description	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14
Total Compensations costs (R' million)	75,390	87,036	95,188	105,549	114,853
Average number of employees	378,641	389,764	396,534	398,123	401,571
Average Cost to National Government per employee (Rands)	199,106	223,306	240,051	265,116	286,010

The above information illustrates the costs to national government departments and excludes provincial information. The average number of employees at national departments has marginally increased from 398 123 in 2012/13 to 401 571 in 2013/14 (i.e. 0.9 per cent growth in 2013/14 vs. 0.4% per cent in 2012/13) with Police still employing the largest number of officials, accounting for approximately 50 per cent of the total number nationally. Compensation, in Rand terms, has grown from R75 billion in 2009/10 to R115 billion in 2013/14. Growth in expenditure from the prior year equates to R9.3 billion or 9 per cent (2012/13: R10.4 billion or 11 per cent). The increase in compensation expenditure is slightly less than the prior year increase and this is due to decrease in the number of employees under the Department of Police. The number of employees decreased from 198 132 in 2012/13 to 196 478 in 2013/14, the decrease is mainly attributable to more than 2000 vacant posts in the department as a result of natural attrition. The vacant posts are expected to be filled over the medium term consistent with the department's human resource strategy, to only fill critical posts earmarked for the department's core function.

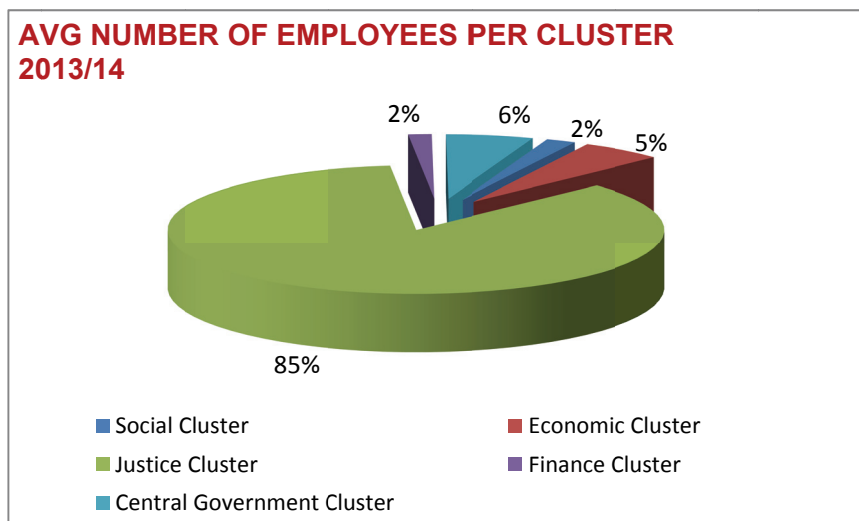


REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014



The graphs above also indicate the percentage movement in compensation of employees against the inflation rate over the same period. It depicts a negative correlation of the two over the past 5 years.



REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014

The majority of national department employees are employed in the **Justice and Protection Services cluster** numbering 343 007 (2012/13: 343 480) which equates to approximately 85 per cent of the total employees for the year under review (2012/13: 86.3 per cent). 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 Department	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14
Department of Police	185,668	190,887	195,584	198,132	196,478
Department of Defence	74,560	77,125	78,824	78,216	78,264
Department of Correctional Services	41,316	40,426	40,043	40,310	41,366

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 R51.2 billion accounting for almost half of total compensation costs.

Department of Correctional Services

Spending on compensation of employees increased at an average rate of 7 per cent between 2012/13 and 2013/14, with a marginal increase in the number of employees from 40 310 to 41 366 in the current year.

Department of Defence

The department's staff compliment has marginally increased by 0.1 per cent from 78 216 in the prior year to approximately 78 264 in 2013/14. Spending on compensation increased with 8 per cent in the current year.

The increase in compensation of employees for the departments above from 2009/10 to 2013/14 forms a substantial part of the increase in general expenditure and is expounded on above.

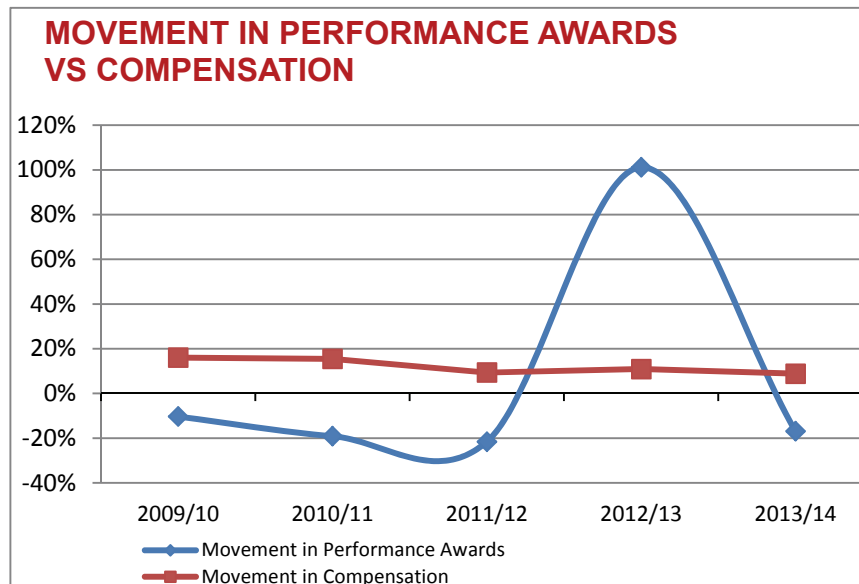
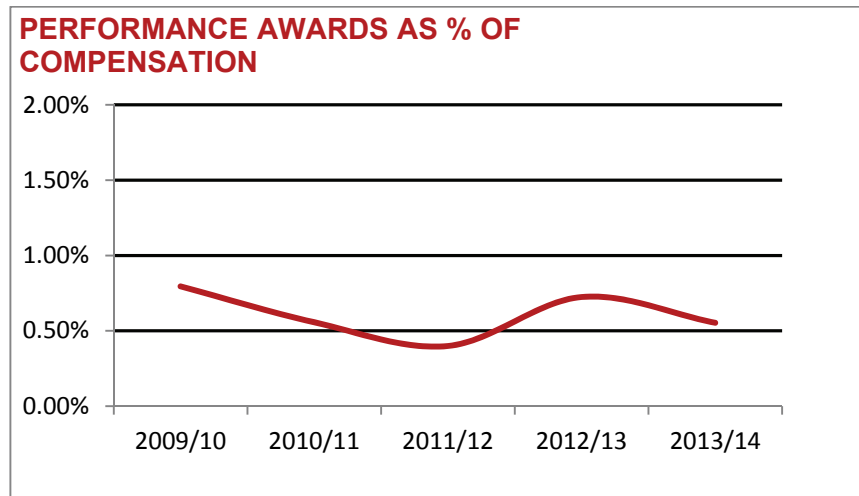
Performance Awards

Performance Awards Information	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14
Performance Awards (R mil)	599	485	380	765	636
Total Compensation of Employees	75,390	87,036	95,188	105,549	114,853
Performance awards as a % of Compensation	0.8%	0.6%	0.4%	0.7%	0.6%
Increase in Performance Awards	-10.3%	-19.1%	-21.6%	101.2%	-16.9%
Increase in Compensation	16.0%	15.4%	9.4%	10.9%	8.8%

Performance awards had been on a downward trend since 2009/10 up until 2011/12, however a significant increase was experienced in 2012/13, the increase was due to implementation of performance awards for regular and reserve force members of Department of Defence. During the 2013/14 financial year, the performance award decreased by 16.9 per cent from R765 million to R636 million in 2013/14. Performance awards make up 0.6 per cent of compensation (0.7 per cent in 2012/13). Refer to the graphs below showing performance awards as a % of compensation and the movement in performance awards versus movement in compensation.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014



Training and staff development costs

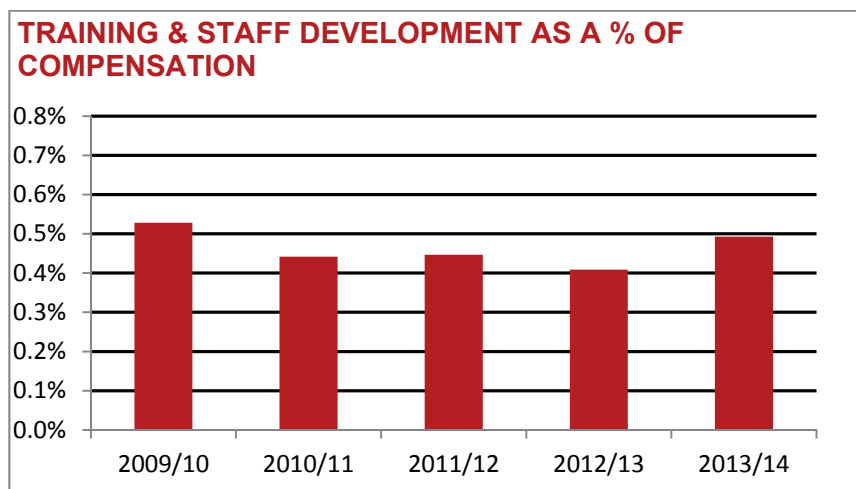
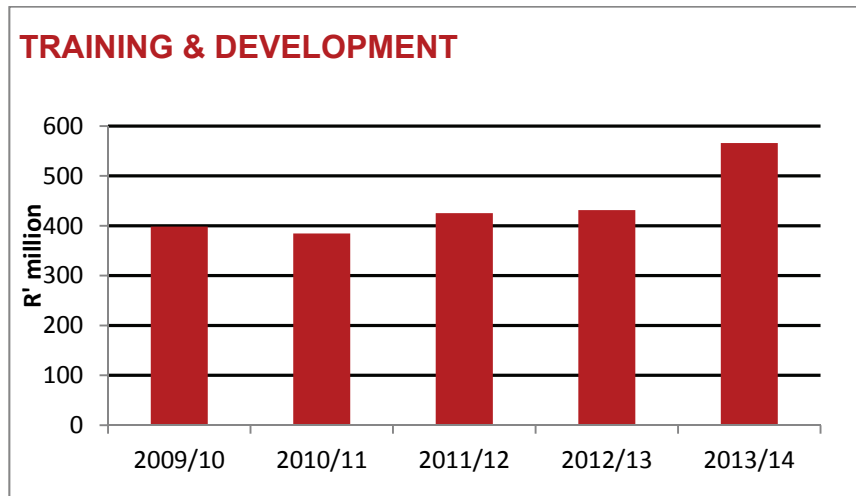
Training and staff development costs are included in the goods and services costs but it is more appropriate to discuss these costs under compensation of employees as they have a direct relation to each other.

<i>Training and staff development costs</i>	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14
Training & staff development (R mil)	398	385	425	431	566
Total compensation of employees (R' mil)	75,390	87,036	95,188	105,549	114,853
Training as a % of Compensation	0.53%	0.44%	0.45%	0.41%	0.49%

As can be noted per the graphs below, training and staff development costs have been gradually increasing over the past 3 years since 2011/12. As a component of compensation, the ratio increased slightly from 0.41 per cent to 0.49 per cent. This is attributed to cost cutting measures where training has been offered only when necessary.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014



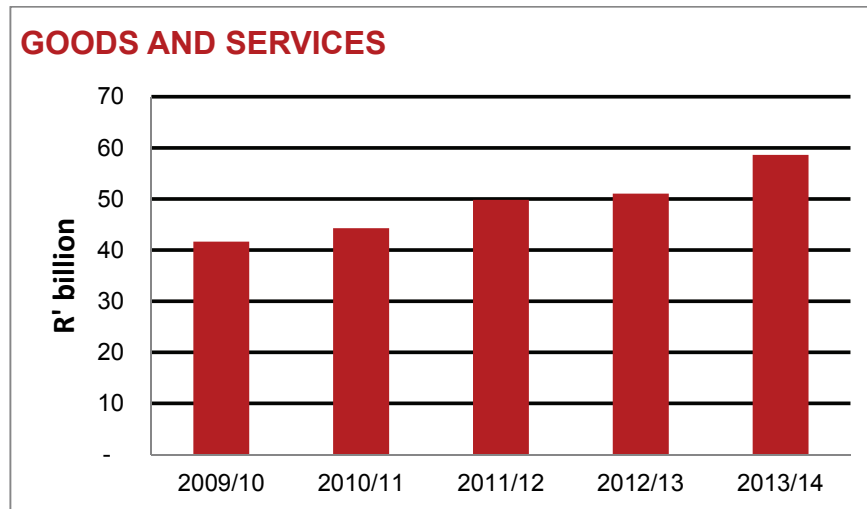
Goods and Services

	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14
R' million					
Goods and Services	41,660	44,292	49,481	51,072	58,646
Movement in expenditure	9%	6%	13%	3%	15%

Goods and services increased by 15 per cent from R51 billion in 2012/13 to R58.6 billion in 2013/14. A substantial part of the increase is due to increased expenditure of 23 per cent in Consultants, contractors and special services, followed by Operating lease, Owned and leasehold property expenditure, Computer service and Travel and subsistence offset by decline in Inventory.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014



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

Major items of Goods and Services R' million	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14
Consultants, contractors and special services	10,825	11,078	12,635	11,264	13,889
Inventory and consumables	6,289	6,511	7,613	8,727	9,466
Operating leases	5,376	6,059	6,264	6,918	8,198
Travel and subsistence	4,663	4,961	5,510	5,475	6,064
Computer Services	5,068	5,141	5,218	5,156	5,673
Owned and leasehold property expenditure	3,174	3,859	4,275	6,163	6,692
Communication	1,640	1,625	1,698	1,677	1,736
Other	4,625	5,060	6,628	5,692	6,929
Total	41,660	44,292	49,841	51,072	58,646

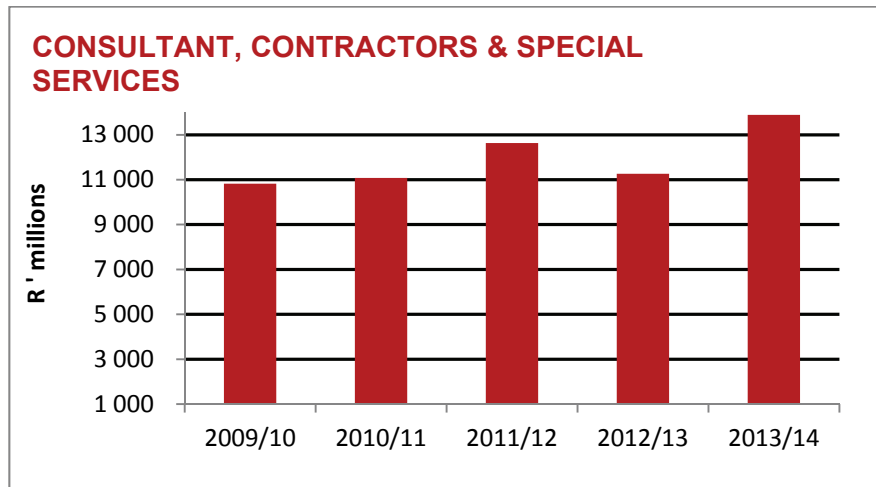
These major items of goods and services have consistently accounted for around 89 per cent of the total goods and services expenditure between 2009/10 – 2010/11. The percentage decreased to 87 per cent in 2011/12 and remained at 88 per cent between 2012/13 and the current year under review.

Consultants, Contractors and Special Services

R' million	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14
Consultants, contractors and special services	10,825	11,078	12,635	11,264	13,889
Movement in expenditure	9%	2%	14%	-11%	23%

REVIEW OF OPERATING RESULTS

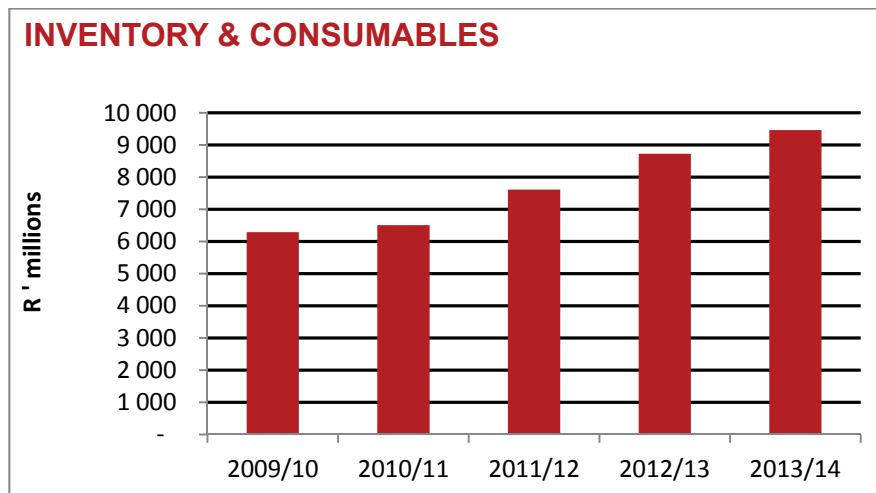
For the year ended 31 March 2014



Payment of consultants, contractors and special services (CCSS) increased by 23 per cent as compared to 11 per cent decrease in 2012/13. The decline in spending primarily related to contractors and agencies, reverting closer to 2010/11 levels. This could be attributed to an increased effort in filling in of vacancies, with the total staff complement having grown by 28% over the past 10 years.

Inventory and Consumables

<i>R' million</i>	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14
Inventory and Consumables	6,289	6,511	7,613	8,727	9,466
Movement in expenditure	2%	4%	17%	15%	8%



REVIEW OF OPERATING RESULTS

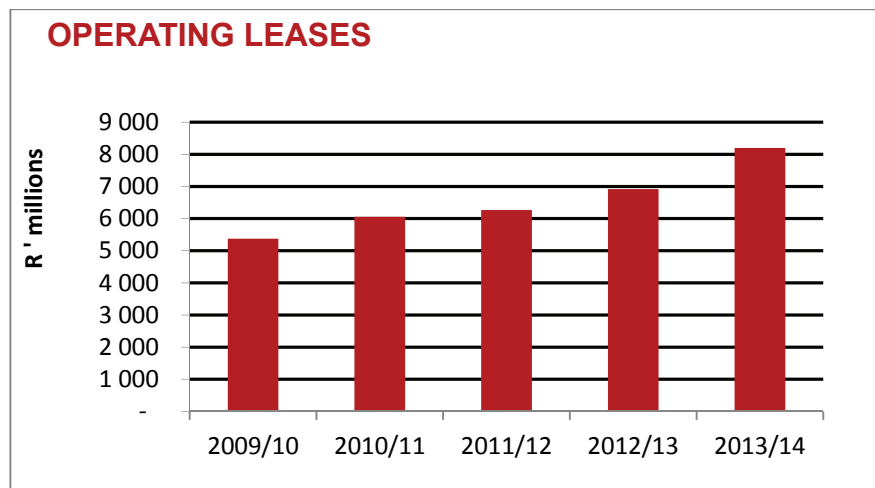
For the year ended 31 March 2014

Inventory and Consumables purchases increased by 8 per cent in the 2013/14 year, the increase are slightly less as compared to the average increase of 15 per cent experienced in the last 2 years.

For the year under review, the **Justice and Protection Services cluster** remains the biggest spender in inventories, with a 10 per cent increase from the prior year. The major purchases of inventory were made by Police (SAPS) of R4 billion which was mainly for the increased spending on fuel, oil and gas in line with the expansion in personnel. Defence spend approximately R2.3 billion.

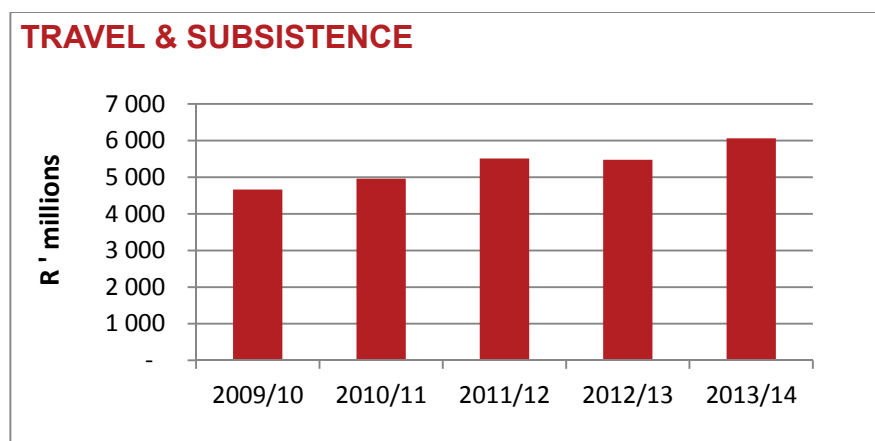
Operating Leases

<i>R' million</i>	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14
Operating leases	5,376	6,059	6,264	6,918	8,198
Movement in expenditure	21%	13%	3%	10%	18%



Travel and Subsistence

<i>R' million</i>	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14
Travel and subsistence	4,663	4,961	5,510	5,475	6,064
Movement in expenditure	-4%	6%	11%	-1%	11%



REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014

Travel and subsistence shows 11 per cent increase, as compared to 1 per cent decrease in the previous year. The **Justice cluster** accounts for R2.4 billion while the **Economic Services and Infrastructure Development cluster** spent R1.7 billion (2012/13: R1.3 billion)

The major spenders within the Justice cluster were again Police and Defence who spent R0.76 billion and R0.87 billion respectively followed by the department of Justice with R0.41 billion.

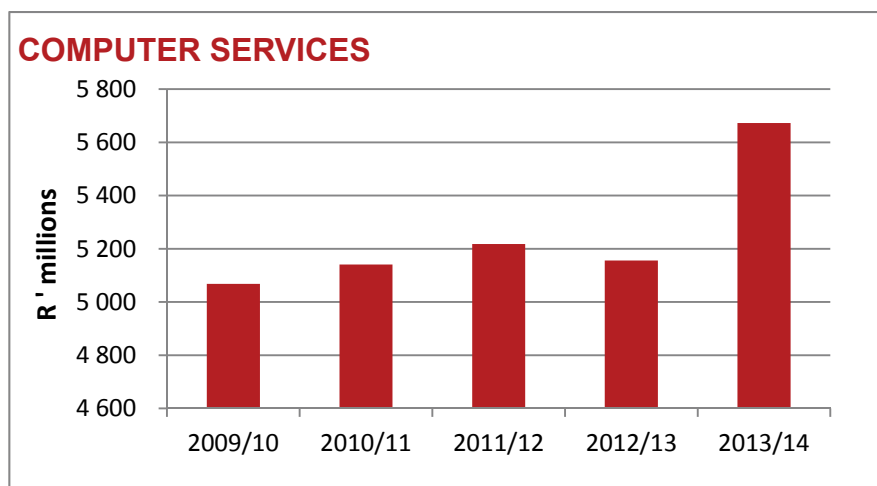
The Central Government Administration cluster spent R1.1 billion, this is slightly higher than prior year spending.

Local travel accounts for the majority (around 81 per cent) of the expenditure on travel across all the clusters, with the exception of the department of International Relations and Cooperation where 78 per cent of travel constitutes foreign travel (compared to 73 per cent in the prior year).

Computer Services

<i>R' million</i>	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14
Computer Services	5,068	5,141	5,218	5,156	5,673
Movement in expenditure	27%	1%	2%	-1%	10%

Computer services' spending increased by 10% as compared to 1 per cent decrease in 2012/13. Police had the biggest expenditure with R2.2 billion mainly in continuing to enhance its information systems and ICT.

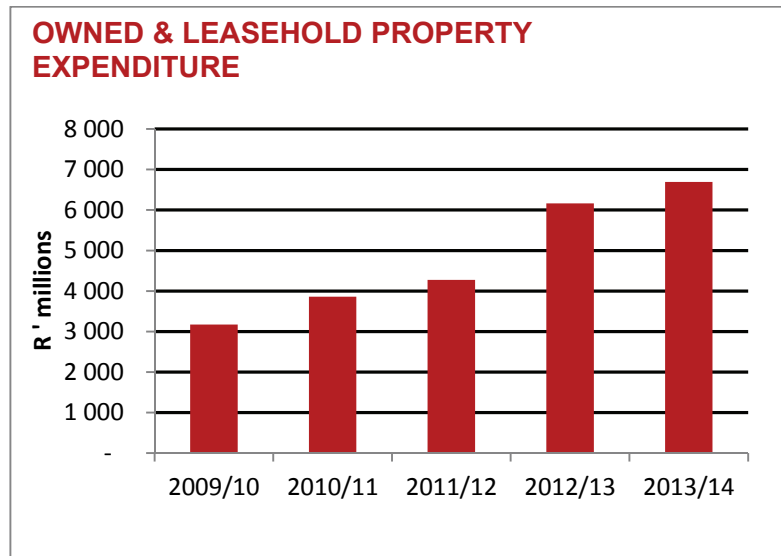


Owned and Leasehold Property Expenditure

<i>R' million</i>	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14
Owned and leasehold property expenditure	3,174	3,859	4,275	6,163	6,692
Movement in expenditure	27%	22%	11%	44%	9%

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014



This expenditure line item has increased in the current year by 9 per cent compared to 44 per cent increase in 2012/13.

The **Justice cluster** accounts for R5.2 of the total expenditure. The major spenders in this area are again Defence at R2.5 billion (2012/13: R2 billion), Police with R0.92 billion (2012/13: R0.93 billion) and Correctional Services R0.85 billion (2012/13: R0.75 billion) while Justice spent approximately R0.75 billion (previously R0.84billion).

The 9 per cent increase in the current year represents the normal increase in property expenditure, following the significant increase of 44 per cent evidenced in 2012/13 that was attributable to Defence as result of SCoA reclassification that took place between 2011/12 and 2012/13. Budget for repairs and maintenance of the Department of Defence facilities was sitting under Contractors and was moved to Property payments.

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

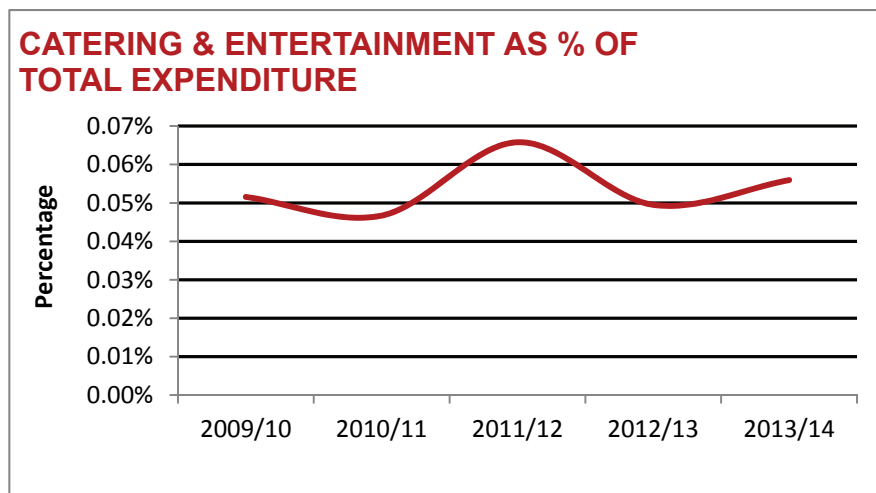
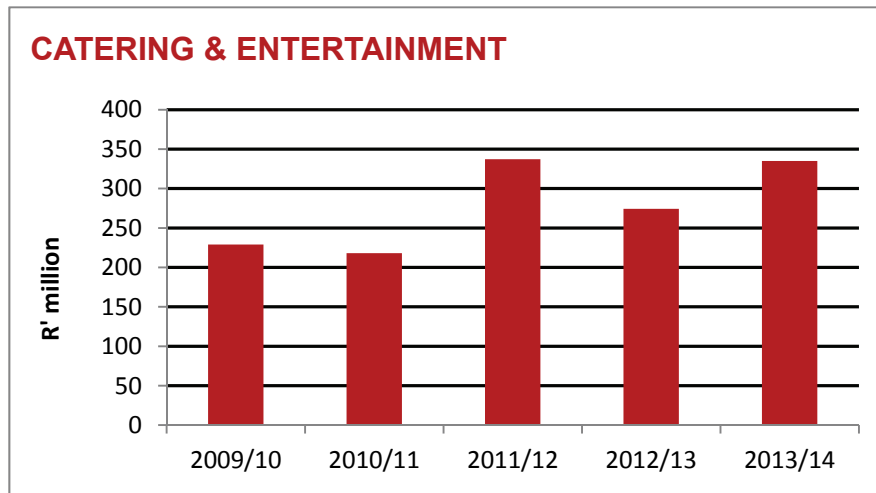
Catering and entertainment

<i>R' million</i>	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14
Catering and entertainment	229	218	337	274	335
Movement in expenditure	7%	-5%	55%	-19%	22%

Catering and entertainment increased by 22 per cent in 2013/114 compared to prior year decline of 19 per cent. The increase is attributable to increase experienced by the Justice Cluster and Central Government Cluster of 32 per cent and 27 per cent respectively. Catering and entertainment now sit at 0.06 per cent of total departmental expenditure, with average of 0.06 per cent over the last five years. The catering and entertainment expenditure is however still insignificant in comparison to total expenditure costs.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014



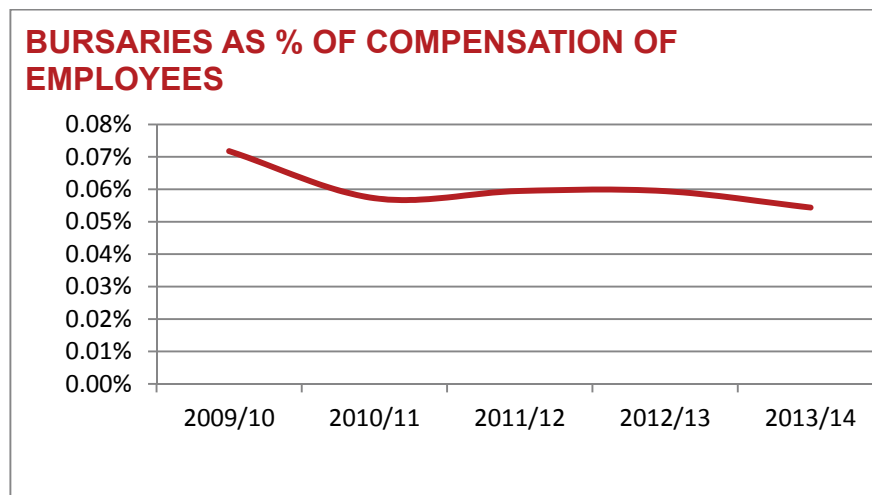
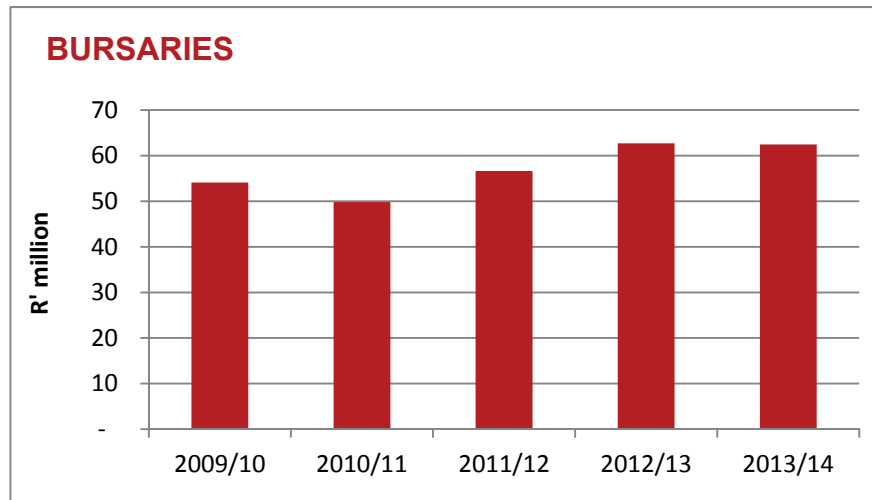
Bursaries

R' million	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2013/13	Actual 2013/14
Bursaries	54	50	57	63	62
Movement in expenditure	1%	-8%	14%	11%	-0.4%

Bursary expenditure decreased by 0.4 per cent in the current year to R62 million compared to R57 million in the prior year as compared to an increase of 11 per cent in 2012/13. The bursary expenditure as a percentage of compensation is still low remaining at 0.05 per cent of total compensation of employees.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014



Transfers and subsidies

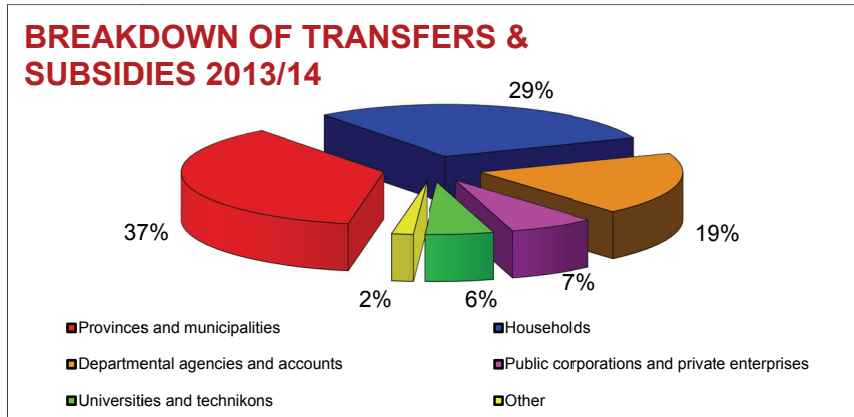
Transfers and Subsidies	Actual	Actual	Actual	Actual	Actual
R' million	2009/10	2010/11	2011/12	2012/13	2013/14
Provinces and municipalities	98 839	111 074	130 490	142 651	150 016
Households	89 687	95 581	105 061	114 232	119 891
Departmental agencies and accounts	57 170	55 357	72 906	73 705	79 058
Public corporations and private enterprises	51 374	20 118	22 426	25 279	28 095
Universities and technikons	15 452	17 727	19 552	21 160	22 596
Other	2 638	2 296	2 663	3 119	6 978
Total	315 159	302 152	353 097	380 146	406 635
Increase from prior year	19%	-4%	17%	8%	7%
As a % of Total revenue	53%	44%	47%	47%	46%
As a % of Total expenditure	42%	37%	39%	39%	39%

Transfers and subsidies have increased by 7 per cent from the previous year, equating to R26 billion year-on-year increase. The significant increases of R7 million and R6 million in transfers were attributable to Provinces and municipalities and Households respectively.

REVIEW OF OPERATING RESULTS

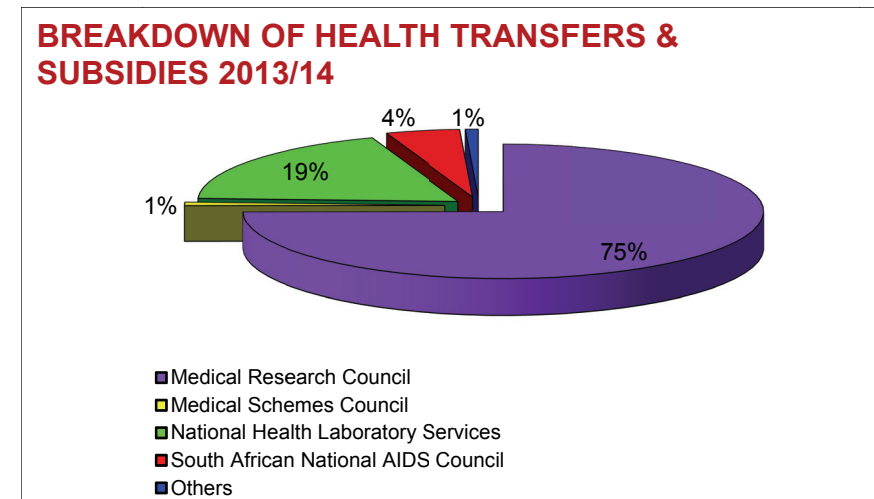
For the year ended 31 March 2014

The **Social Services cluster** is the biggest spender in this area with expenditure of R208 billion, representing a 6 per cent increase from the prior year. The next spenders are the Economic Services and Central Government Administration clusters at R108 billion (a 4 per cent increase from the prior year) and R60 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 R110 billion was paid out by the department of Social Development to households, representing a 7 per cent increase from the prior year. 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, war veterans' grant and the grant in aid and social relief.

Transfers and subsidies of the department of Health totalled R28 billion for 2013/14 and the programmes in the accompanying graph received allocations:



As can be seen in the pie chart above, the Medical Research Council received a large portion 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.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014

The department of Higher Education and Training has increased its transfers to the various tertiary institutions throughout South Africa by 8 per cent from the prior year. The spending focus over the medium term will be on increasing the number of skilled youth by expanding access to higher and further education and training, particularly for poor students. This will be done by providing loans and bursaries.

In the **Finance Cluster**, the National Treasury accounted for R21 billions of total transfers and subsidies, representing a 5 per cent increase from the previous year. This remains at around 95 per cent of the transfers and subsidies in that cluster.

In the **Economic Services and Infrastructure cluster**, the departments of Transport and Human Settlements accounted for R41 billion and R27 billion respectively of total transfers and subsidies, thus constituting 63 per cent of expenditure within the cluster.

The department of Transport transfers and subsidies has increased by 7.8 per cent during 2013/14 from prior the year, driven by the department's priority to invest in road infrastructure, upgrading rail infrastructure and services, and building and operating public transportation infrastructure. The department facilitate the achievement of these objectives by providing transfers, such as the provincial roads maintenance grant to provinces and the public transport infrastructure grant to municipalities, as well as transfers to public entities such as the Passenger Rail Agency of South Africa and the South African Roads Agency. These transfers constituted 95 per cent of the department's total expenditure in 2013/14.

Allocations were made to several entities by the departments of Transport as depicted below.

Department of Transport Transfers (R' million)	Actual 2013/14	Actual 2012/13
SANTACO	17	16
International Civil Aviation Organisation	3	6
Passenger Rail Authority of South Africa	11 159	10 228
South African National Roads Agency	10 497	9 728
Total	21 677	19 978

The department of Human Settlements has also continued to increase grant payments to the provinces and municipalities by 12.5 per cent from the prior year (2012/13: 7 per cent increase). Expenditure increased from R24 billion in 2012/13, to R27 billion in 2013/14. This is mainly due to the spending focus being on making transfers to provinces and municipalities under the human settlements development and urban settlement development conditional grants to accelerate the delivery of low income housing and basic services to households. These transfers are reflected in the Housing Development Finance programme, which is the main proponent of expenditure growth in the department constituting 97.8 per cent of the department's total expenditure. Refer to the table below for transfers to provinces.

Housing Transfers to Province (R' million)	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14
Eastern Cape	1 313	1 638	2 234	2 293	2 524
Free State	963	1 038	958	962	1 351
Gauteng	3 187	3 887	3 805	4 004	4 108
Kwazulu-Natal	2 331	2 634	2 801	2 915	3 333
Limpopo	997	1 365	1 420	1 472	682
Mpumalanga	795	976	917	965	1 126
Northern Cape	325	447	333	340	604
North West	1 100	1 189	1 014	1 051	1 342
Western Cape	1 581	1 869	1 639	1 725	1 959
Total	12 592	15 042	15 122	15 726	17 028

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014

Expenditure for capital assets

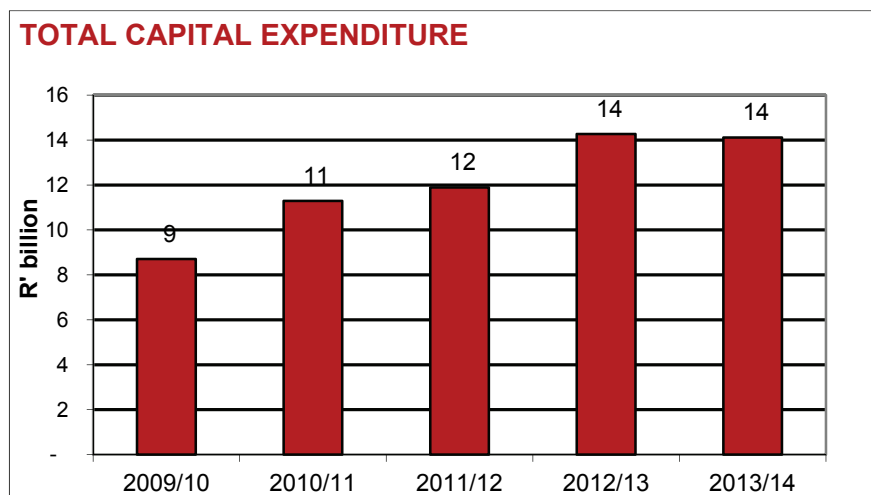
Capital Expenditure R' million	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14
Total capital expenditure	8 705	11 289	11 894	14 269	14 115
Movement in expenditure	-9%	30%	5%	20%	-1%

Capital expenditure has decreased by 1 per cent during the current year from R14.3 billion in 2012/13 to R14.1 billion in 2013/14. The decrease in spending on infrastructure in 2013/14 was due to spending reductions on buildings and other fixed structures as a result of consistent under spending on capital works projects by the departments. The majority of capital expenditure was on buildings and other fixed structures which accounted for R8.9 billion or 63 per cent of the total. R5 billion of the total capital expenditure went to the purchase of machinery and equipment.

Expenditure by cluster shows that the **Justice and Protection Services cluster** accounts for 45 per cent of total capital expenditure, followed by the **Economic Services cluster** and then the **Social Services cluster**.

On Justice and Protection Services cluster, Police was the largest spender in this area, spending R3.2 billion or (50% of the total spending by the Justice and Protection Services cluster followed by Department of Defence at R1.3 billion..

The police's spending on buildings and other fixed structures has slightly decreased in 2013/14 due to the delay in the implementation of the projects for upgrading and building new police stations which was mainly attributable to non-performance of contractors.

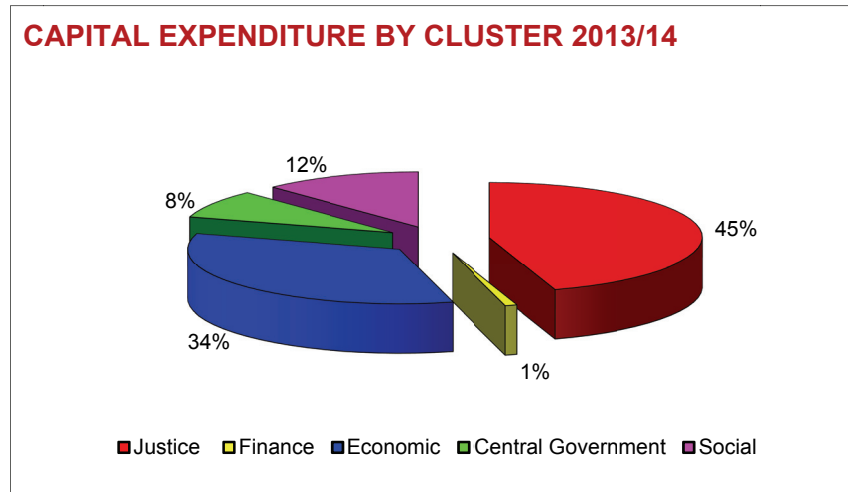


The department of Water Affairs spent R3.7 billion on buildings and other fixed structures during 2013/14 compared to R3.3 billion spent in the prior year, mainly driven by the expenditure on capital assets which has increased significantly due to the implementation of the regional bulk water and wastewater infrastructure projects. These projects include the construction of the De Hoop Dam's regional bulk distribution, Sedibeng bulk water supply, and the OR Tambo district municipality regional bulk water and wastewater infrastructure. Over the medium term, expenditure is expected to grow by 4.5 per cent, driven by expenditure on education, transport, human settlements, and water infrastructure. 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 R14 billion disclosed above.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014

On Social Cluster, the capital expenditure increased by 62% in 2013/14. The main contributors to the increase were Department of Basic Education and Department of Health in order to supplement the infrastructure programme in provinces to accelerate construction, maintenance, upgrading and rehabilitation of new and existing schools infrastructure and buildings of new hospitals and upgrading the existing ones.



Assets

Cash & cash equivalents

Cash & cash equivalents R' million	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14
Cash and equivalents	136 074	177 727	199 548	174 670	194 470
Movement in cash and cash equivalents	30%	31%	12%	-12%	11%

Cash and cash equivalents stands at R206 billion excluding bank overdraft of R11 billion, with the National Revenue Fund holding the bulk of the cash with R197 billion. Government's total cash includes deposits held at the SARB and commercial banks.

National Revenue Fund Holding R' million	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14
Commercial Banks					
Tax and Loan account	38 418	44 256	63 293	27 332	45 262
South African Reserve Bank					
Corporation for public deposits	975	-	-	-	-
Sterilisation deposits	67 157	67 157	67 157	67 157	67 157
Foreign currency deposits	24 749	58 597	67 558	80 256	84 466
Escrow investment account	-	146	51	52	-
Other	357	205	232	169	168
US \$ equivalent of foreign cash balances	\$3.4bn	\$8.6bn	\$8.8bn	\$8.7bn	\$8.0bn
Total per National Revenue Fund	131 657	170 361	198 291	174 966	197 054

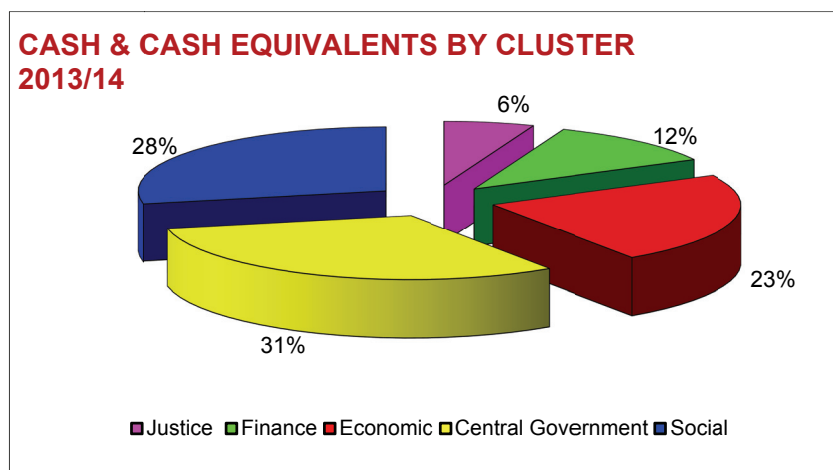
Cash deposits with the Reserve Bank comprise the following:

- Deposits in Rand used to compensate the excess cash created in the money market when buying foreign exchange reserves

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014

- Foreign exchange deposits made from money borrowed in international markets, or from purchases in the local market
 - Investments with the Corporation for Public Deposits.

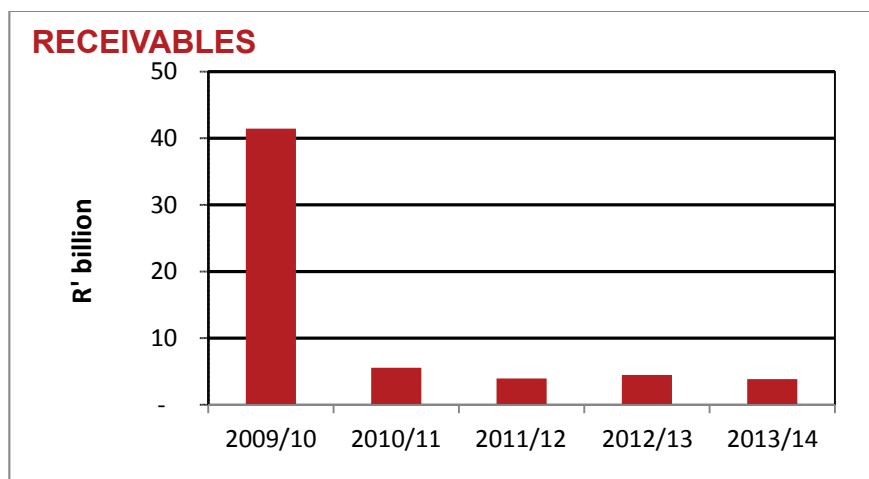


Operational cash available to finance the borrowing requirement is held in the National Treasury's Tax and Loan accounts with the four commercial banks and in foreign currency accounts with the SARB. The level of operational cash is determined by future cash requirements. Sterilisation deposits are not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

Receivables

Receivables R' million	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14
Receivables	41 433	5 549	3 938	4 460	3 850
Movement in receivables	-62%	-87%	-29%	13%	-14%

Receivables decreased by 14 per cent in 2013/14 from R4.5 billion to R3.9 billion mainly attributable to a decrease in other debtors and unauthorised expenditure to be surrounded. Included in Receivables are amounts owed to the government in relation to goods and services and interest receivables. In the 2011/12 year, the Gold and Foreign Exchange Contingency Account was disclosed as a contingent asset in line with accounting policies. This resulted in the restatement comparative amount in 2010/11.



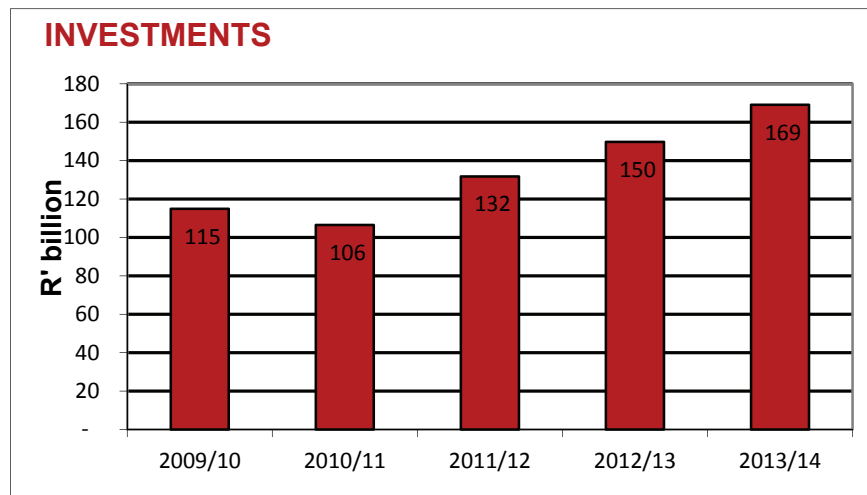
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014

Investments

Investments R' million	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14
Investments	114 876	106 468	131 745	149 786	169 062
Movement in Investments	83%	-7%	24%	14%	13%

Total investments increased to R169 billion for the current year. This represents a 13 per cent increase from the prior year approximating R19 billion.



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, except for exchange rate movements and a 22 per cent increase in shareholding of the International Bank for Reconstruction and Development. During 2013/14 Government increased its stake at Alexkor Limited and African Development Bank to R400 million and R40 billion respectively.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014

Major Investments R' million	Actual 2013/14	Actual 2012/13
Alexkor Limited	400	50
Aventura Limited	60	60
Denel (Pty) Ltd	6 176	6 176
Safcol Limited	318	318
South African Airways (Pty) Ltd	3 598	3 598
Transnet Limited	12 661	12 661
South African Express (Pty) Ltd	585	585
Passenger Rail Authority of South Africa Ltd.	4 248	4 248
Airports Company Ltd.	559	559
Air Traffic and Navigation Services Company Ltd.	191	191
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
Vodacom Group Limited	12 174	12 174
DBSA	200	200
Land Bank	201	201
IDC	1 393	1 393
Armscor	75	75
International Bank for Reconstruction and Development	20 649	16 956
African Development Bank	40 865	35 134
International Monetary Fund – Quota Subscription	30 553	25 745
International Monetary Fund - SDR Holding	29 239	24 638
Other	674	581
Total	169 062	149 786

Loans

Loans R' million	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14
Loans	45 082	65 404	66 825	67 272	66 458
Movement in Loans	327%	45%	2%	0.7%	-1.2%

Majority of the loan represents loans to public corporations. 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. During the year new issuances amounting to R0.4 million were made while repayments amounted to R1.2 billion from the Gautrain loan issued by the National Treasury.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014

Liabilities

Payables

Payables R' million	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14
Payables	8 459	5 324	2 961	3 111	4 428
Movement in Payables	34%	-37%	-44%	5%	42%

Payables have increased significantly in the current year to R4.4 billion from R3.1 billion in the prior year mainly as a result of an increase in other NRF payables. Payables mainly consist of the NRF accounts which account for the majority of the payables in the current year part of which has been offset by amongst other eliminations of unauthorised expenditure funded by Revenue Fund. Payables further consists of amount payables to other entities which has increased by 46 per cent, other payables which increased by 52 per cent and clearing accounts which increased by 15 per cent in the current year.

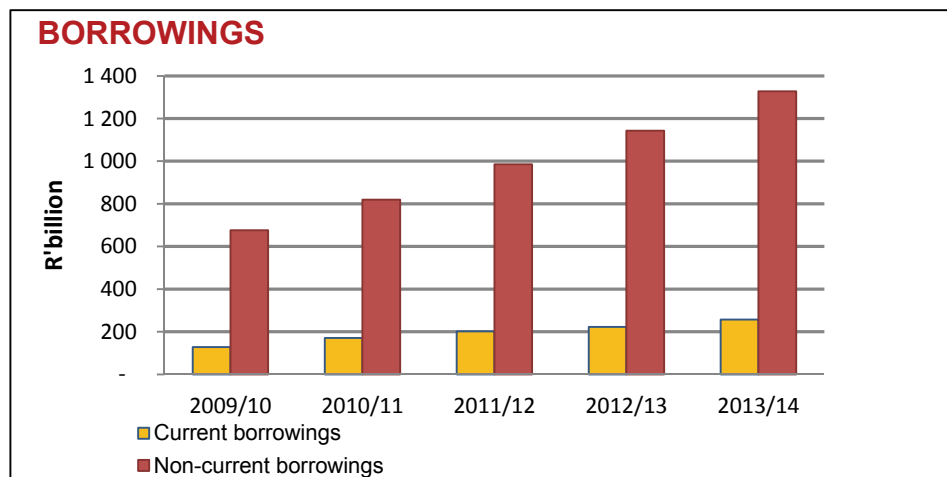
Multilateral institutions

Multilateral Institutions R' million	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14
Multilateral Institutions	76 250	58 078	82 527	99 114	116 321
Movement in Multilateral Institutions	51%	-24%	42%	20%	17%

The balance represents the callable portion of South Africa's subscription in the various multilateral institutions. The balance is comprised of The African Development Bank R38 billion, International Monetary Fund – Securities Account R29.5 billion, International Monetary Fund - SDR Allocations R29.2 billion, International Bank for Reconstruction and Development R19.4 billion plus the Multilateral Investment Guarantee Agency R0.1 billion.

Current and non-current borrowings

Borrowings R' million	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14
Current borrowings	127 892	170 484	201 910	222 325	257 058
Non-current borrowings	675 813	819 590	985 458	1 143 017	1 327 466
Total	803 705	990 074	1 187 368	1 365 341	1 584 524
Movement in Borrowings	28%	23%	20%	15%	16%



REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014

Government incurs debt to finance its borrowing requirement through the issuance of domestic short-term and long-term loans and foreign loans. Domestic loans consist mainly of Treasury bills, fixed-rate and inflation-linked bonds. The total gross debt figure now stands at R1 585 billion. Government's debt stock is affected by the borrowing requirement, discount on loans, currency movements on foreign debt, inflation adjustments on inflation linked bonds and repayment on domestic and foreign loans. Growth in total debt has slightly increased to 16 per cent for the current year compared to 15 per cent in the prior year.

Total National Government Debt

<i>R' million</i>	2009/10	2010/11	2011/12	2012/13	2013/14
Domestic debt ¹	704 266	892 223	1 070 517	1 240 786	1 440 865
Foreign debt	99 454	97 851	116 851	124 555	143 659
Gross loan debt	803 720	990 074	1 187 369	1 365 341	1 584 524
Less: National Revenue Fund bank balances	(131 656)	(170 361)	(198 291)	(174 966)	(197 054)
Net loan debt	672 063	819 713	989 077	1 190 375	1 387 470
<i>As percentage of GDP :</i>					
<i>Net loan debt</i>	27	30	33	37	40
<i>Foreign debt</i>	4	4	4	4	4

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 2009/10 to 2013/14, net loan debt as a percentage of GDP increased from 37 per cent to 40 per cent.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014

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 <i>R' millions</i>	Revised Estimate 2013/14	Actual Outcome 2012/13	As Published In 2012/13
Surplus/(Deficit) per Income Statement (NRF)	(197 817)	(200 519)	(200 477)
Revaluation gains/(losses)	26 025	27 844	27 857
Increase/(Decrease) in revenue	7 721	(6 667)	(7 089)
Movement in Annual Appropriation: Net Financing	11 793	7 250	7 229
Other receipts:			
Exchange rate profit : ECA Loans	-	(3 183)	(3 183)
Recovery of criminal assets	(141)	(35)	(35)
Local Government Surrenders	(260)	(34)	(34)
Extra-ordinary receipts:			
Premium on issuance bonds for financing	(3 008)	(4 589)	(4 589)
Premium on debt portfolio restructuring	(1 621)	(5 953)	(5 953)
Penalties on Retail Bonds	(8)	(3)	(3)
Liquidation of SASRIA investments	(75)	(50)	(50)
Electricity Distribution Industry Holding Company:			
Energy	(37)	(388)	-
Escrow Investment Account	(8)	(1)	(1)
Profit on Foreign currency investment	(5 662)	(938)	(938)
SASSA Indemnity	-	8	8
Book profit	(1)	-	-
Foreign Exchange Rate Profit	(4)	-	-
Voluntary Disclosure Programme	(399)	-	-
Other payments:			
Recovery of criminal assets	46	158	158
Premium Paid	456	2 172	2 172
Exchange Rate Loss: Escrow Account	-	1	1
Extra-ordinary payments:			
Saambou Bank Limited	31	-	-
Losses on GEFRECA	28	152	152
Loss on conversion of Foreign currency transactions	-	262	262
Expenditure in terms of an Act of Parliament	-	21	21
Surplus/Deficit per Budget Review	(162 942)	(184 493)	(184 492)
Surplus per budget review	(162 942)	(184 493)	(184 492)
Items as specified above	(34 875)	(16 026)	(15 985)
Surplus per the NRF Statement of Financial Performance	(197 817)	(200 519)	(200 477)
Aggregated surplus/(deficit) of the National Departments	4 409	9 203	9 716
Surplus/Deficit per CAFS	(193 408)	(191 316)	(190 761)
Analysis of the aggregated surplus of the National Departments			
Statutory and Voted Funds to be surrendered to NRF	(193 884)	(192 381)	(192 714)
Departmental revenue to be surrendered to the revenue fund	65	48	936
Aid assistance	411	1 017	1 017
	(193 408)	(191 316)	(190 761)

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014

Actual Expenditure vs. Adjusted Appropriation 2013/14

Name of Department	Actual expenditure excluding unauthorised expenditure funded by NRF/PRF	Adjusted Appropriation	Variance	% Variance
	R'000	R'000	R'000	
Central Government Administration	78 116 317	80 286 828	2 170 511	2.8%
Presidency	1 030 483	1 092 881	62 398	0.06
Parliament	1 418 584	1 419 359	775	0.1%
Cooperative Governance and Traditional Affairs	56 401 572	58 458 907	2 057 335	3.6%
Home Affairs	6 992 552	6 994 717	2 165	0.0%
International Relations and Cooperation	5 871 296	5 754 646	-116 650	-2.0%
Performance Monitoring and Evaluation	191 727	192 745	1 018	0.5%
Public Works	6 022 654	6 175 261	152 607	2.5%
Women Children and People with Disabilities	187 449	198 312	10 863	5.8%
Financial and Administrative Services	28 357 988	28 534 999	177 011	0.6%
Government Communications and Information Systems	440 913	437 217	-3 696	-0.8%
National Treasury	25 107 057	25 232 266	125 209	0.5%
Public Enterprise	272 468	294 139	21 671	8.0%
Public Service and Administration	809 103	829 731	20 628	2.5%
Statistics S A	1 728 447	1 741 646	13 199	0.8%
Social Services	204 452 802	207 426 445	2 973 643	1.5%
Arts and Culture	2 755 220	2 914 777	159 557	5.8%
Basic Education	17 011 094	17 619 255	608 161	3.6%
Health	29 825 097	30 528 181	703 084	2.4%
Higher Education and Training	34 331 969	34 333 900	1 931	0.0%
Labour	2 371 444	2 445 247	73 803	3.1%
Social Development	117 084 949	118 511 600	1 426 651	1.2%
Sport and Recreation S A	1 073 029	1 073 485	456	0.0%
Justice, Crime Prevention and Security	141 871 904	142 621 572	749 668	0.5%
Correctional Services	18 700 011	18 748 493	48 482	0.3%
Defence	40 447 521	40 658 184	210 663	0.5%
Independent Police Investigative Directorate	193 141	216 991	23 850	12.3%
Justice and Constitutional Development	13 739 833	14 206 478	466 645	3.4%
Justice	10 671 669	11 138 314	466 645	4.4%
NPA	3 068 164	3 068 164	-	0.0%
Police	68 791 398	68 791 426	28	0.0%

Actual Expenditure vs. Adjusted Appropriation 2013/14 (continued)

Name of Department	Actual expenditure excluding unauthorised expenditure funded by NRF/PRF	Adjusted Appropriation	Variance	% Variance
	R'000	R'000	R'000	
Economic Services and Infrastructure	129 812 665	130 156 526	343 861	0.3%
Agriculture, Forestry and Fisheries	6 111 313	6 182 282	70 969	1.2%
Communications	2 362 786	2 372 117	9 331	0.4%
Economic Development	771 395	771 466	71	0.0%
Energy	6 477 063	6 503 244	26 181	0.4%
Environmental Affairs	5 200 307	5 206 842	6 535	0.1%
Human Settlements	27 702 988	28 255 456	552 468	2.0%
Minerals Resources	1 387 219	1 393 849	6 630	0.5%
Rural Development and Land Reform	9 454 056	9 459 740	5 684	0.1%
Science and Technology	6 169 489	6 198 155	28 666	0.5%
Tourism	1 512 667	1 520 574	7 907	0.5%
Trade and Industry	9 380 296	9 515 580	135 284	1.4%
Transport	43 036 844	42 401 667	-635 177	-1.5%
Water Affairs	10 246 242	10 375 554	129 312	1.3%
	582 611 676	589 026 370	6 414 694	1.1%

**CONSOLIDATED
FINANCIAL
STATEMENTS**

Annual financial statements for the year ended 31 March 2014

**REPORT OF THE AUDITOR-GENERAL TO
PARLIAMENT ON THE CONSOLIDATED FINANCIAL
STATEMENTS OF NATIONAL DEPARTMENTS OF
THE NATIONAL TREASURY**

FOR THE YEAR ENDED 31 MARCH 2014



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2014

Report on the consolidated financial statements

Introduction

1. I have audited the consolidated financial statements of the National Departments of the National Treasury set out on pages 49 to 105, which comprise the consolidated statement of financial position as at 31 March 2014, the consolidated statement of financial performance, consolidated statement of changes in net assets and the consolidated cash flow statement for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the consolidated financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Modified Cash Standard and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and Division of Revenue Act of South Africa, 2012 (Act No. 5 of 2012) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

3. My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the General Notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. 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 and fair presentation of the 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.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2014

■ Basis for qualified opinion ■ Emphasis of matters

Commitments

6. I was not able to obtain sufficient appropriate audit evidence in respect of commitments of R8,4 billion (2012-13: R5,9 billion) included in disclosure note 33 to the consolidated financial statements. Alternative procedures could not be performed to determine whether any further adjustments to this note were necessary.

Aggregation of immaterial uncorrected misstatements

7. The consolidated financial statements as a whole are materially misstated due to the cumulative effect of numerous immaterial uncorrected misstatements emanating from the audited financial statements of national departments. These misstatements impact the statement of financial position with R3,4 billion (2012-13: R2,2 billion), the statement of financial performance with R3,1 billion (2012-13: R0,9 billion) and the disclosure notes with R10 billion (2012-13: R3,4 billion).

Qualified opinion

8. In my opinion, except for the 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 of the National Treasury as at 31 March 2014 and its financial performance and cash flows for the year then ended, in accordance with the Modified Cash Standard and the requirements of the PFMA and DoRA.

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

Ministerial exemption in terms of section 92 of the PFMA to not prepare a single set of consolidated financial statements

9. As disclosed in accounting policy note 1 to the consolidated financial statements, the Minister of Finance granted the National Treasury exemption in terms of section 92 of the PFMA from the provisions of sections 8(1) of the same. The exemption applies to the financial periods 2012-2013 to 2016-17 and allows the National Treasury to not prepare a single set of consolidated financial statements for departments and public entities.

Restatement of corresponding figures

10. As disclosed in note 30 to the consolidated financial statements, the corresponding figures for 31 March 2013 have been restated as a result of adjustments made during 2013-14 in the financial statements of national departments at, and for the year ended, 31 March 2013.

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2014

Report on other legal and regulatory requirements

In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to compliance with legislation, as well as internal control. I performed tests to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters:

Compliance with legislation

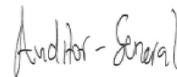
11. The procedures I performed regarding compliance with legislation were limited to the consolidation requirements of the PFMA. I did not identify any instances of material non-compliance with these requirements.

Internal control

I considered internal control relevant to my audit of the consolidated financial statements and compliance with legislation. The matter reported below is limited to the significant internal control deficiencies that resulted in the basis for qualified opinion included in this report.

Financial and performance management

12. The National Treasury's consolidation systems and processes are not at the required level of maturity to enable compliance with the requirements of the PFMA in respect of whole-of-government consolidation.



Pretoria

31 October 2014



CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 March 2014

	<i>Notes</i>	2013/14 R'000	2012/13 R'000
OPERATING INCOME		878 585 353	789 239 272
Revenue from Taxes, Levies & Duties	2	863 149 773	776 710 189
Departmental revenue	3	11 411 508	11 193 514
Other Revenue	4	4 024 072	1 335 569
NON-OPERATING INCOME		12 937 778	17 291 448
Direct Exchequer Receipts	5	11 009 585	15 081 020
Aid assistance	6	1 928 193	2 210 428
TOTAL REVENUE		891 523 131	806 530 720
REVENUE FUND EXPENDITURE		457 313 984	416 074 503
Appropriated Funds	7	456 753 521	413 308 854
Expenditure in terms of an Act of Parliament		-	20 625
CARA Payments	6	45 628	157 827
Direct Exchequer Payments		514 835	2 587 197
DEPARTMENTAL EXPENDITURE			
Current expenditure		174 701 902	157 595 033
Compensation of employees	8	114 853 027	105 548 895
Goods & Services	9	58 646 463	51 072 366
Interest & Rent on Land	10	57 443	92 675
Aid assistance	6	1 144 969	881 097
Transfers and subsidies		406 819 383	380 376 799
Transfers and subsidies	13	406 634 979	380 145 733
Aid assistance	6	184 404	231 066
Expenditure for capital assets		14 114 988	14 268 970
Tangible capital assets	11.1	13 907 546	14 205 878
Software and other intangible assets	11.2	207 442	63 092

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 March 2014

	<i>Notes</i>	2013/14 R'000	2012/13 R'000
Payments for financial assets	<i>14</i>	3 069 899	1 687 314
TOTAL EXPENDITURE		1 056 020 156	970 002 619
SURPLUS/(DEFICIT)		(164 497 025)	(163 471 899)
Add back Revaluation gains/(losses)		(26 025 273)	(27 844 129)
SURPLUS/(DEFICIT) FOR THE YEAR		(190 522 298)	(191 316 028)
Reconciliation of Net Surplus/(Deficit) for the year			
Voted Funds to be surrendered to the revenue fund		(190 998 063)	(192 381 828)
Departmental revenue to be surrendered to the revenue fund		64 778	48 478
Aid assistance		410 987	1 017 322
SURPLUS/(DEFICIT) FOR THE YEAR		(190 522 298)	(191 316 028)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2014

	Notes	2013/14 R'000	2012/13 R'000
ASSETS			
Current Assets		221 942 216	200 637 056
Unauthorised expenditure	12	585 307	660 756
Cash and cash equivalents	15	205 940 698	185 696 172
Other financial assets		16 093	14 168
Prepayments and advances	16	9 972 570	8 616 256
Receivables	17	3 850 436	4 460 059
Loans	18	1 568 803	1 180 101
Aid assistance receivable	6	8 309	9 544
Non-current assets		234 008 852	215 931 301
Investments	19	169 061 655	149 785 508
Loans	18	64 889 411	66 091 985
Other financial assets		57 786	53 808
TOTAL ASSETS		455 951 068	416 568 357
LIABILITIES			
Current liabilities		273 241 380	237 612 141
Voted funds to be surrendered to the Revenue Fund	20	937 758	237 336
Departmental revenue to be surrendered to the Revenue Fund	21	91 491	472 571
Bank overdraft	22	11 470 207	11 026 158
Payables	23.1	3 084 606	2 337 749
Borrowings	24.1	257 057 662	222 324 556
Aid assistance repayable	6	423 557	1 018 848
Aid assistance unutilised	6	176 099	194 923
Non-current liabilities		1 445 131 207	1 242 903 660
Payables	23.2	1 343 838	772 826
Borrowings	24.2	1 327 466 298	1 143 016 765
Multilateral Institutions	25	116 321 071	99 114 069
TOTAL LIABILITIES		1 718 372 587	1 480 515 801
NET ASSETS		(1 262 421 519)	(1 063 947 444)
Represented by:			
Capitalisation reserve		48 503 670	48 155 799
Recoverable revenue		65 578 509	66 590 669
Retained funds		(1 376 503 698)	(1 178 693 912)
TOTAL		(1 262 421 519)	(1 063 947 444)

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 March 2014

<i>Notes</i>	2013/14 R'000	2012/13 R'000
Capitalisation Reserves		
Opening balance	48 155 799	47 474 254
Transfers:	347 871	681 545
Movement in Equity	350 000	700 000
Other movements	(2 129)	(18 455)
Closing balance	48 503 670	48 155 799
Recoverable revenue		
Opening balance	66 589 318	66 070 386
Transfers	(1 012 160)	518 932
Irrecoverable amounts written off	(132 965)	(109 335)
Debts revised	(40 106)	(61 762)
Debts recovered (included in departmental receipts)	(1 591 226)	(288 541)
Debts raised	752 137	978 570
Closing balance	65 577 158	66 589 318
Retained funds		
Opening balance	(1 178 693 912)	(978 384 397)
Transferred from voted funds to be surrendered (Parliament/Legislatures ONLY)	20 027	-
Utilised during the year	(12 617)	(5 646)
Other	(197 817 196)	(200 303 869)
Closing balance	(1 376 503 698)	(1 178 693 912)
Revaluation Reserves		
Opening balance	1 351	1 349
Other	-	2
Closing balance	1 351	1 351
TOTAL	(1 265 421 519)	(1 063 947 444)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2014

<i>Notes</i>	2013/14 R'000	2012/13 R'000
CASH FLOWS FROM OPERATING ACTIVITIES		
RECEIPTS DISCLOSED BY THE NATIONAL REVENUE FUND	897 938 237	812 776 365
Revenue collected by SARS	863 278 654	776 676 313
Departmental Revenue collected	10 820 985	10 299 627
Direct Exchequer Receipts	11 084 585	15 131 020
CARA Receipts	140 766	35 341
Surrenders from departments	8 609 175	9 298 495
Other revenue received by the revenue fund	4 004 072	1 335 569
RECEIPTS DISCLOSED BY NATIONAL DEPARTMENTS	11 184 475	11 178 189
Departmental revenue received	6 784 324	5 750 826
Interest received	2 612 724	3 252 276
Aid assistance received	1 787 427	2 175 087
PAYMENTS DISCLOSED BY THE NATIONAL REVENUE FUND	463 329 840	424 685 845
Annual Appropriation	(775)	(5 384)
Statutory Appropriation	462 760 678	421 737 435
CARA Payments	45 628	157 827
Appropriation for unauthorised expenditure	-	60 917
Direct Exchequer Payments	514 835	2 587 197
Other	9 474	147 853
Net (increase)/decrease in working capital	(1 231 243)	(2 235 723)
Surrendered to Revenue Fund	(19 731 238)	(19 129 794)
Surrendered to RDP Fund/Donor	(1 003 840)	(885 245)
Current payments	(173 731 808)	(157 077 392)
Interest paid	(56 750)	(91 813)
Payments for financial assets	(3 069 899)	(1 686 543)
Transfers and subsidies paid	(406 832 000)	(380 376 769)
Net cash flow available from operating activities 26	(159 863 906)	(162 214 570)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for capital assets	(14 114 988)	(14 269 963)
Proceeds from sale of capital assets	37 110	94 226
(Increase)/decrease in loans	813 872	(446 634)
(Increase)/decrease in investments	(394 308)	(738 360)
(Increase)/decrease in other financial assets	(5 903)	(6 348)
Net cash flows from investing activities	(13 664 217)	(15 367 079)
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution/dividend received	1 939 350	1 873 621
Increase/(decrease) in net assets	(664 289)	1 196 001
Increase/(decrease) in non-current payables	571 012	220 277
Increase/(decrease) in borrowings	191 482 527	149 414 494
Net cash flows from financing activities	193 328 600	152 704 393
Net increase/(decrease) in cash and cash equivalents	19 800 477	(24 877 256)
Cash and cash equivalents at beginning of period	174 670 014	199 547 270
Cash and cash equivalents at end of period	194 470 491	174 670 014

ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

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.

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.

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). Whichever is earlier, under this basis, the revaluation of foreign and domestic investments and loans will also be recognised.

The Minister of Finance granted exemption in terms of Section 92 of the PFMA for the National Treasury from the provisions of section 8(1) of the PFMA to the extent that it requires preparing one set of consolidated AFS for national departments and public entities. The exemption applies to the financial periods 2012-13 to 2016-17 and allows the National Treasury to not prepare a single set of consolidated financial statements for departments and public entities.

Ultimately, it is the intention of the Accounting Officer to prepare a single central government consolidation for all national departments and public entities combined. However, until all the entities are able to report on a substantially similar basis of accounting, it is considered to be impracticable and without benefit to the users to do so. Consequently, until such time as departments are in a position to prepare financial statements on an accrual basis, two separate consolidations are prepared – one for entities reporting on the Modified Cash Basis, and one for entities reporting on an accrual basis.

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-departmental transactions and balances between the departments and the National Revenue Fund (NRF) 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.

ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

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 government.

1.3 Rounding

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

1.4 Comparative figures

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

Appropriated funds include equitable share and conditional grants to entities in terms of an Act of Parliament / Province. 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.

Total funds appropriated during the financial year are represented in the Statement of Financial Performance.

The net amounts of surrenders consist of unexpended appropriated funds which are surrendered to the National Revenue Fund less exceeding of approved statutory appropriation. Amounts owing to the National Revenue Fund at the end of the financial year are recognised as receivables in the Statement of Financial Position and exceeding of approved statutory appropriation are recognised as a payable in the Statement of Financial Position.

1.5.1 Revenue from taxes, levies and duties

Taxpayer-assessed revenues are recognised when funds are received by South African Revenue Services (SARS). Cash in transit or over remitted as at 31 March by the SARS is included in the Statement of Financial Position as other receivables/payables.

All transfers, duties, fees and other moneys collected by the South African Revenue Services (SARS) for a province are deposited into the National Revenue Fund and then transferred to the respective provincial revenue fund. These are recognised when instructed by SARS.

1.5.2 Departmental revenue

All departmental revenue is recognised in the Statement of Financial Performance when received and is subsequently paid into the National Revenue Fund, unless otherwise stated. Any amount owing to the National Revenue Fund at the end of the financial year is recognised as a payable in the Statement of Financial Position. No accrual is made for amounts receivable from the last receipt date to the end of the reporting period. These amounts are however disclosed in the disclosure note to the annual financial statements. Departmental revenue includes the following:

ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

1.5.2.1 Sales of goods and services other than capital assets

This comprises the proceeds from the sale of goods and/or services produced by the departments. Revenue is recognised in the Statement of Financial Performance on receipt of the funds by departments.

1.5.2.2 Fines, penalties & forfeits

Fines penalties and forfeits are compulsory receipts imposed by court or quasi-judicial body. Revenue is recognised in the Statement of Financial Performance on receipt of the funds from the departments.

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 from the departments.

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 from departments.

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 from departments.

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.

Forex gains and losses are recognised on settlement of loans.

1.5.2.6 Transfers received

Transfers received include transfers from Universities and Technikons, 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 from the departments.

1.5.3 Gifts, donations and sponsorships (transfers received)

All cash gifts, donations and sponsorships are paid into the National/Provincial Revenue Fund and recorded as revenue in the Statement of Financial Performance on receipts of the funds from the departments. Amounts in transit are recognised as revenue and a receivable at the reporting date.

1.5.4 Cara receipts

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) are recognised by the revenue fund in the Statement of Financial Performance when the cash is received.

ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

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.

1.5.6 Direct Exchequer receipts

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.

Other expenditure and RDP funds due prior to amendment Act no. 79 of 1998

Expenditure is recognised when payment becomes payable.

Loans and advances to employees and Public Corporations are recognised as expense when paid.

1.6 ASSETS

1.6.1 Cash and cash equivalents

Domestic 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.

Foreign cash and cash equivalents are carried in the Statement of Financial Position at the closing rate of 31 March. Gains and losses on revaluation are recognised in the Statement of Financial Performance.

1.6.2 Other financial assets

Other financial assets are carried in the Statement of Financial Position at cost.

1.6.3 Prepayments and advances

Amounts prepaid or advanced are recognised in the Statement of Financial Position when the payments are made and are derecognised as and when the goods/services are received or the funds are utilised.

Prepayments and advances outstanding at the end of the year are carried in the Statement of Financial Position at cost.

ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

1.6.4 Receivables

Receivables included in the Statement of Financial Position arise from cash payments made that are recoverable from another party (including departmental employees) and are derecognised upon recovery or write-off.

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.

1.6.5 Other receivables

The net of profits and losses arising from exchange forward cover provided by the South African Reserve Bank; including the periodic revaluation of the Reserve Bank's foreign exchange reserves, foreign loans and gold reserves are included in other receivables.

1.6.6 Loans

Loans are recognised in the Statement of Financial Position when the cash is paid to the lender. 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.

1.6.7 Settlement period of assets and liabilities

1.6.7.1 Current and non-current assets

This represents domestic and foreign assets and should be classified as a current asset, when it:

- Is expected to be realised in, or is held for sale or consumption in the normal course of the operating cycle; or
- Is held primarily for trading purposes or for the short-term and expected to be realised within 12 months of the reporting date; or
- Is a Cash and cash equivalent asset.

All other assets with a remaining term longer than one year are classified as non-current assets.

1.6.7.2 Current and non-current liabilities

This represents domestic and foreign liabilities and should be classified as a current liability, when it:

- Is expected to be settled in the normal course of the entity's operating cycle; or
- Is due to be settled within twelve months of the reporting date.

All other liabilities with a remaining term longer than one year are classified as non-current liabilities

ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

1.6.8 Investments

Domestic investments are recognised and measured at face value in the Statement of Financial Position.

Foreign investments represent South Africa's membership/ shareholding in the African Development Bank, the International Bank for Reconstruction and Development, the International Finance Corporation and Multilateral Investment Guarantee Agency. These investments are initially recognised at face value (i.e the issue price) and are subsequently revalued using the closing exchange rate at 31 March.

The International Monetary Fund (IMF) quota represents South Africa's membership subscription to the IMF. The investment is denominated in Special Drawing Rights (SDR) and is recognised in the Statement of Financial Position in Rand, converted at the closing SDR exchange rate published by the IMF at the year end.

Any gains and or losses on the revaluation of investments and financial liabilities 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.

1.6.9 Inventory

Inventories that qualify for recognition must be initially reflected at cost. 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.

1.6.10 Capital assets

1.6.10.1 Disclosure

Additions to Capital Assets are disclosed as expenditure in the Statement of Financial Performance and in the disclosure notes on Capital Assets.

1.6.11 Movable assets

1.6.11.1 Initial recognition

A capital asset is recorded in the asset register 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.

1.6.11.2 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 Statement of Financial Position and recorded 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.

ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

1.6.12 Immovable assets

1.6.12.1 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.

1.6.12.2 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 is accountable for the asset.

Repairs and maintenance is expensed as current “goods and services” in the Statement of Financial Performance.

1.6.13 Intangible assets

1.6.13.1 Initial recognition

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

All intangible assets acquired prior to April 2002 can be included in the asset register at R1.

1.6.13.2 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.

Maintenance is expensed as current “goods and services” in the Statement of Financial Performance.

1.7 Liabilities

1.7.1 Payables

Recognised payables mainly comprise of amounts owing to other governmental entities, cancelled out on consolidation. These payables are carried at cost in the Statement of Financial Position.

1.7.2 Lease commitments

Finance lease

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 notes to the financial statements.

Operating lease

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 statement.

ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

1.7.3 Accruals

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.

1.7.4 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 the National Revenue Fund, or when an outflow of economic benefits or service potential is probable but cannot be measured reliably.

1.7.5 Contingent assets

Contingent assets are included in the disclosure notes to the financial statements when it is probable that an inflow of economic benefits will flow to the National Revenue Fund. Contingent assets include the Gold and Foreign Exchange Contingency Reserve Account that is initially measured at cost as it does not have a fixed maturity date, and is subsequently revalued with the profits and losses incurred on gold and foreign exchange transactions.

1.7.6 Commitments

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.

1.7.7 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.

1.7.8 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.

1.7.9 Multilateral institutions

The callable portions of South Africa's subscription in the African Development bank, the International Bank for Reconstruction and Development, the International Finance Corporation and Multilateral Investment Guarantee Agency are recognised as a financial liability and are initially measured at face value (i.e. the issue price) and are subsequently revalued using the closing exchange rate at 31 March

ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

1.8 Borrowings

1.8.1 Domestic borrowings

Domestic current borrowings consist mainly of Treasury bills with a term-to-maturity varying between 91 to 365 days. Treasury bills are recognised at face value.

Domestic non-current borrowings consist of fixed-rate-, inflation-linked-, retail- and zero coupon bonds. All these instruments except for inflation-linked- and zero coupon bonds are recognised at face value. Inflation-linked bonds and zero coupon bonds are recognised at transaction amount. Inflation-linked bonds have been revalued using the relevant “reference CPI” at year end (settlement value). Zero coupon bonds are recognised at amortised costs.

The face value and / or settlement value represents the amount that will be paid to the bond holder at maturity of the instrument.

1.8.2 Foreign loans and bonds

Foreign loans and bonds are initially recognised at face value and subsequently revalued to rand using the closing exchange rates as at 31 March. Foreign loans are not hedged against foreign currency movements.

1.8.3 Foreign loans

Foreign loans are uncovered and converted to rand using the closing exchange rates as at 31 March.

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 recognised in the capitalisation reserves when identified in the current period and are transferred to the National Revenue Fund when the underlying asset is disposed and the related funds are received.

1.9.2 Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National Revenue Fund when recovered or are transferred to the Statement of Financial Performance when written-off.

1.10 Related party transactions

Specific information with regards to related party transactions is included in the disclosure notes.

1.11 Key management personnel

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

For the year ended 31 March 2014

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.

1.13 Restatements and adjustments

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.

1.14 Events after the reporting date

Subsequent events that are both favourable and unfavourable which occurred between the reporting date and the date when the financial statements are authorised for issue, are included as a disclosure note to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2013/14 R'000	2012/13 R'000
Revenue from Taxes, Levies and Duties		
2 Taxation		
Income tax	507 757 904	457 313 238
Value-added tax / Sales tax	237 666 579	215 023 035
Fuel levy	63 646 632	58 031 812
Excise duties	31 402 779	30 609 652
Customs duties	44 178 728	38 997 934
Other taxes	10 518 720	8 645 705
Unemployment Insurance Fund (UIF)	14 957 404	13 381 984
Skills Development Levy	12 475 597	11 378 478
Environmental levy	10 771 154	9 838 931
Air Passenger tax	878 697	873 060
Universal Service Fund	126 852	155 084
Diamond export levy	93 406	55 375
Small business tax amnesty	1 250	597
Turnover Tax	17 461	11 319
Total Taxation	934 493 163	844 316 204
Non-taxation revenue		
Departmental receipts	460 037	495 813
Customs miscellaneous revenue	2 586	2 652
Provincial administration receipts	6 439 251	5 015 037
Mining leases and ownership	99 777	11 107
Non-tax revenue	(19 097)	17 206
Total Non-taxation	6 982 554	5 541 815
Total Gross Revenue	941 475 717	849 858 019
Less		
South African Customs Union Agreement	43 374 384	42 151 276
Payment to sec 12(3) of the PFMA	2 562	2 657
Payment to UIF	14 946 525	13 372 473
Payment to RAF	19 651 219	17 661 919
Amount payable by SARS to RAF	351 254	(40 495)
Total	78 325 944	73 147 830
Total Net Revenue for the Year	863 149 773	776 710 189

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2013/14 R'000	2012/13 R'000
3 Departmental Revenue		
Tax revenue	4 228	3 719
Allocated to extra-ordinary receipts	(37 000)	-
Sales of goods and services other than capital assets	3 360 466	4 244 824
Fines, penalties and forfeits	2 912 448	1 980 514
Interest, dividends and rent on land	(1 920 870)	(464 682)
Sales of capital assets	74 168	188 310
Financial transactions in assets and liabilities	6 051 655	3 325 052
Transfer received	966 413	1 915 777
Total revenue collected	<u>11 411 508</u>	<u>11 193 514</u>
Less: Own revenue included in appropriation	-	-
Total	<u>11 411 508</u>	<u>11 193 514</u>
4 Other Revenue		
Other	4 024 072	1 335 569
Total	<u>4 024 072</u>	<u>1 335 569</u>
5 Non-Operating Income		
5.1 DIRECT EXCHEQUER RECEIPTS		
Revenue Fund Receipts: Exchange Rate Profit	-	3 183 164
Revenue Fund Receipts: SASRIA Special Restructuring Proceeds	75 000	50 000
Revenue Fund Receipts: Electricity Distribution Industry Holding Company: Energy	(38 000)	(50 000)
Revenue Fund Receipts: Penalties on Retail Bonds	8 346	2 637
Revenue Fund Receipts: Premium Received	1 621 034	5 952 690
Revenue Fund Receipts: Premium on Bonds issued	3 008 096	4 589 277
Revenue Fund Receipts: SASSA Indemnity	-	(7 675)
Revenue Fund Receipts: Local Government Surrender	259 726	34 303
Revenue Fund Receipts: Profit on Foreign Currency Investment	5 662 125	937 971
Revenue Fund Receipts: Book profit	1 422	-
Revenue Fund Receipts: Profit on script lending	1	-
Revenue Fund Receipts: Foreign Exchange Rate Profit	4 052	-
Revenue Fund Receipts: Voluntary Disclosure Programme	399 268	-
Revenue Fund Receipts: Mineral royalties	16	-
Revenue Fund Receipts: Energy (EDIH Programme)	-	387 618
Total	<u>11 001 086</u>	<u>15 079 985</u>
5.2 Non-operating Income Items		
Exchange rate profit : Escrow Investment Account	8 499	1 035
Total	<u>8 499</u>	<u>1 035</u>
Total Non-Operating Income	<u>11 009 585</u>	<u>15 081 020</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2013/14 R'000	2012/13 R'000
6 Aid assistance		
6.1 Assistance received in cash from RDP		
Local		
Opening Balance	10 258	10 258
Revenue	-	29 600
Expenditure	-	(29 600)
Current	-	(3 000)
Transfers	-	(26 600)
Closing Balance	10 258	10 258
Foreign		
Opening Balance	970 589	927 203
Revenue	1 736 515	1 979 897
Expenditure	(1 287 192)	(1 067 296)
Current	(1 112 817)	(830 879)
Capital	(41 324)	(45 602)
Transfers	(133 051)	(190 815)
Surrendered to the RDP	(1 006 314)	(869 215)
Closing Balance	413 598	970 589
6.2 Assistance Received in Cash from other Sources		
Local		
Opening Balance	159 068	135 719
Revenue	20 084	55 965
Expenditure	(53 288)	(16 609)
Current	(7 322)	(16 609)
Transfers	(45 966)	-
Prepayments	-	-
Surrendered to the donor	2 474	(16 007)
Closing Balance	128 338	159 068
Foreign		
Opening Balance	17 469	9 992
Revenue	-	31 825
Expenditure	(8 752)	(24 325)
Current	(8 752)	(10 674)
Transfers	-	(13 651)
Surrendered to the donor	-	(23)
Closing Balance	8 717	17 469

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2013/14 R'000	2012/13 R'000
6.3 Assistance received in cash from CARA Fund		
Opening Balance	46 843	11 778
Revenue	171 594	113 141
Expenditure	(72 836)	137 892
Current	(61 706)	137 892
Capital	(5 743)	-
Transfers	(5 387)	-
Transferred to retained funds	(20 027)	(22 800)
Closing Balance	125 574	240 011
Total		
Opening Balance	1 204 227	1 094 950
Revenue	1 928 193	2 210 428
Expenditure	(1 422 068)	(1 315 592)
Current	(1 190 597)	(1 038 924)
Capital	(47 067)	(45 602)
Transfers	(184 404)	(231 066)
Surrendered / Transferred to retained funds	(1 023 867)	(908 045)
Closing Balance	686 485	1 081 741
Analysis of Balance		
Aid assistance receivable	(8 309)	(9 544)
Aid assistance unutilised	176 099	194 923
Aid assistance repayable	423 557	1 018 848
CARA funds unutilised	-	(22 800)
CARA funds transferred to retained income	95 138	(99 686)
Closing Balance	686 485	1 081 741
7 Appropriated Funds		
Annual Appropriation	(6 430 080)	(7 898 189)
Statutory Appropriation	463 183 601	421 207 043
Total Annual Appropriation	456 753 521	413 308 854
8 Compensation of employees		
Salaries and Wages		
Basic Salary	74 751 755	68 109 721
Performance Award	635 584	764 764
Service Based	393 296	259 017
Compensative/circumstantial	4 322 652	4 536 409
Periodic Payments	129 707	139 697
Other non-pensionable allowances	14 991 547	14 067 844
Total	95 224 541	87 877 452

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

		2013/14 R'000	2012/13 R'000
Social Contributions			
Employer contributions			
Pension		11 242 368	10 108 620
Medical		8 365 235	7 544 081
UIF		2 529	2 259
Bargaining Council		7 963	6 804
Official unions and associations		6 935	5 747
Insurance		3 456	3 932
Total		19 628 486	17 671 443
Total Compensation of employees		114 853 027	105 548 895
Average number of employees		401 571	398 123
9 Goods and services			
Administrative fees		274 203	225 478
Advertising		658 025	564 367
Assets less than R5,000	9.1	821 562	718 021
Bursaries (employees)		62 450	62 714
Catering		300 461	240 589
Communication		1 736 371	1 676 754
Computer services	9.2	5 672 831	5 156 157
Consultants, contractors and agency/outsourced services	9.3	13 889 036	11 264 118
Entertainment		34 442	33 664
Audit cost – external	9.4	559 680	494 873
Fleet services		650 364	474 971
Inventory	9.5	3 812 795	3 901 173
Consumables	9.6	5 653 468	4 826 111
Housing		14 546	-
Operating leases		8 197 719	6 917 711
Property payments	9.7	6 691 584	6 162 724
Rental and hiring		52 127	24 395
Transport provided as part of the departmental activities		121 242	117 335
Travel and subsistence	9.8	6 063 650	5 475 181
Venues and facilities		654 587	523 560
Training and staff development		566 001	431 252
Other operating expenditure	9.9	2 159 319	1 781 218
Total		58 646 463	51 072 366

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2013/14 R'000	2012/13 R'000
9.1 Minor Assets		
Tangible assets	531 981	551 552
Buildings and other fixed structures	60	115
Biological assets	3 771	2 443
Heritage assets	59	129
Machinery and equipment	520 900	543 368
Transport assets	248	282
Specialised military assets	6 943	5 215
Intangible assets	289 581	166 469
Total	821 562	718 021
9.2 Computer services		
SITA computer services	3 626 093	3 401 404
External computer service providers	2 046 738	1 754 753
Total	5 672 831	5 156 157
9.3 Consultants, contractors and agency/outsourced services		
Business and advisory services	4 116 373	3 124 210
Infrastructure and planning	220 879	204 827
Laboratory services	54 308	38 720
Legal costs	787 780	588 411
Contractors	6 000 451	4 436 567
Agency and support/outsourced services	2 709 245	2 871 383
Total	13 889 036	11 264 118
9.4 Audit cost – external		
Regularity audits	536 680	486 123
Performance audits	1 310	2 800
Investigations	10 522	493
Environmental audits	1	-
Computer audits	11 167	5 457
Total	559 680	494 873
9.5 Inventory		
Clothing material and accessories	217 872	285 050
Farming supplies	183 302	174 271
Food and food supplies	1 192 445	1 081 727
Fuel, oil and gas	706 366	605 912
Learning and teaching support material	614 494	10 324
Materials and supplies	223 420	922 056
Medical supplies	158 330	191 351
Medicine	280 634	298 369
Other supplies	235 932	332 113
Total	3 812 795	3 901 173

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2013/14 R'000	2012/13 R'000
9.5.1 Other Supplies		
Ammunition and security supplies	87 432	67 513
Assets for distribution	4 673	-
Other	143 827	264 600
Total	235 932	332 113
9.6 Consumables		
Consumable supplies	4 170 392	3 568 355
Uniform and clothing	29 379	45 403
Household supplies	330 309	223 859
Building material and supplies	592 552	524 590
Communication accessories	711	98
IT consumables	33 121	13 429
Other consumables	3 184 320	2 760 976
Stationery, printing and office supplies	1 483 076	1 257 756
Total	5 653 468	4 826 111
9.7 Property payments		
Municipal services	3 388 854	3 195 603
Property management fees	436 160	361 457
Property maintenance and repairs	1 939 426	1 653 833
Other	927 144	951 831
Total	6 691 584	6 162 724
9.8 Travel and subsistence		
Local	4 922 476	4 379 895
Foreign	1 141 174	1 095 286
Total	6 063 650	5 475 181
9.9 Other operating expenditure		
Professional bodies, membership and subscription fees	116 730	98 070
Resettlement costs	130 461	140 323
Gifts	1 924	250
Other	1 910 204	1 542 575
Total	2 159 319	1 781 218
10 Interest and Rent on Land		
Interest expense	56 750	91 813
Rent on land	693	862
Total interest and rent on land	57 443	92 675

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2013/14 R'000	2012/13 R'000
11 Expenditure on capital assets		
11.1 Tangible assets	13 907 546	14 205 878
Buildings and other fixed structures	8 877 998	8 861 845
Heritage assets	39	45
Machinery and equipment	4 944 571	5 223 362
Specialised military assets	21 964	22 642
Land and subsoil assets	58 208	91 760
Biological assets	4 766	6 224
11.2 Software and other intangible assets	207 442	63 092
Capitalised development costs	-	-
Computer software	207 442	62 527
Patents, licences, copyright, brand names, trademarks	-	565
Total	14 114 988	14 268 970
Compensation for capital expenditure		
Compensation of employees	13 812	-
Goods and services	18 288	13 913
Total	32 100	13 913
Analysis of funds utilised to acquire capital assets		
Tangible assets		
Voted Funds	13 860 479	14 160 276
Buildings and other fixed structures	8 901 489	8 861 843
Heritage assets	39	45
Machinery and equipment	4 874 013	5 177 762
Specialised military assets	21 964	22 642
Land and subsoil assets	58 208	91 760
Biological assets	4 766	6 224
Aid assistance	47 067	45 602
Buildings and other fixed structures	5 743	-
Machinery and equipment	41 324	45 602
TOTAL	13 907 546	14 205 878
Voted Funds	207 442	63 092
Computer software	207 442	62 527
Mastheads and publishing titles	-	-
Patents, licences, copyright, brand names, trademarks	-	369
TOTAL	207 442	63 092

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2013/14 R'000	2012/13 R'000
12		
Unauthorised expenditure		
Reconciliation of unauthorised expenditure		
Opening balance	660 756	556 781
Prior year error	-	-
As restated	660 756	556 781
Unauthorised expenditure - discovered in the current year	-	124 601
Reversal of transfers due to departments	(75 449)	
Less: Amounts approved by Parliament/Legislature with funding	-	(20 626)
Unauthorised expenditure awaiting authorisation / written off	585 307	660 756
Analysis of unauthorised expenditure awaiting authorisation per economic classification		
Current	361 898	473 911
Capital	172 586	166 371
Transfers and subsidies	50 823	20 474
Total	585 307	660 756
13		
Transfers and subsidies		
Provinces and Municipalities	150 016 200	142 651 352
Departmental agencies and accounts	79 058 419	73 704 518
Universities and technikons	22 596 300	21 159 964
Foreign governments and international organisations	2 243 809	1 743 366
Public corporations and private enterprises	28 094 946	25 278 557
Non-profit institutions	4 727 399	1 371 490
Households	119 891 013	114 232 060
Gifts, donations and sponsorships made	6 893	4 426
Total	406 634 979	380 145 733
14		
Payments for financial assets		
Material losses through criminal conduct	4 942	2 253
Theft	4 922	232
Other material losses	20	2 021
Purchase of equity	-	1 050 000
Extension of loans for policy purposes	2 905 000	200 000
Other material losses written off	73 759	199 848
Debts written off	81 823	234 349
Forex losses	4 375	864
Total	3 069 899	1 687 314

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2013/14 R'000	2012/13 R'000
15	Cash and cash equivalents	
	Consolidated Paymaster General Account	7 799 631
	Cash receipts	211
	Disbursements	(63 515)
	Cash on hand	127 322
	Investments (Domestic)	45 969 072
	Cash with SARB	67 157 404
	Foreign Currency Investment	84 466 333
	Investments (International)	316 613
	Escrow Investment Account	-
	Other	167 627
	Total Cash and cash equivalents	205 940 698
16	Prepayments and Advances	
	Staff advances	29 125
	Travel and subsistence	110 639
	Prepayments	202 825
	Advances paid to other entities	718 748
	SOCPEN advances	8 911 233
	Total	9 972 570
17	Receivables	
	Claims recoverable	1 890 076
	Trade receivables	604
	Recoverable expenditure	190 699
	Staff debt	577 779
	Fruitless and wasteful expenditure	674
	Other debtors	1 102 433
	Departmental Revenue to be surrendered to the Revenue Fund	-
	Unauthorised expenditure to be surrendered	13 218
	Other	74 953
	Total	3 850 436
18	Loans	
	Public corporations	66 433 967
	Universities and technikons	24 247
	Total	66 458 214
	Less: Current	(1 568 803)
	Total Non-Current	64 889 411
		9 856 978
		10 468
		(31 705)
		74 338
		27 921 281
		67 157 404
		80 255 760
		230 795
		52 047
		168 806
		185 696 172
		46 702
		160 521
		116 594
		945 240
		7 347 199
		8 616 256
		1 971 458
		198
		168 657
		596 056
		1 225
		1 548 318
		-
		173 374
		773
		4 460 059
		67 245 710
		26 376
		67 272 086
		(1 180 101)
		66 091 985

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2013/14 R'000	2012/13 R'000
Analysis of Balance		
Opening balance	67 272 086	66 825 452
New Issues	394 189	455 136
Repayments	(1 166 464)	(8 502)
Write-offs	(41 597)	-
Closing balance	66 458 214	67 272 086
19 Investments		
Non-current		
Foreign	121 680 722	102 798 883
Shares and other equity	47 380 933	46 986 625
Total non-current	169 061 655	149 785 508
Investments are revalued at closing exchange rate as at 31 March.		
Major investments per National Department		
Department of Transport		
Passenger Rail Authority of South Africa Ltd.	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
	6 089 441	6 089 441
National Treasury		
Development Bank of Southern Africa	200 000	200 000
Public Investment Corporation Limited	1	1
Land Bank	200 955	200 955
	400 956	400 956
Department of Defence		
Armsscor	75 000	75 000
Department of Agriculture, Forestry and Fisheries		
Ncera Farms (Pty) Ltd	1	1
Onderstepoort Biological Products (Pty) Ltd	1	1
Abattoir industry fund	16 372	16 430
National Forestry Recreation & Access Trust	5 627	5 345
Forestry Lease Rental Trust Fund	258 030	213 946
	280 031	235 723
Department of Communications		
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
	14 445 160	14 445 160

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2013/14 R'000	2012/13 R'000
Department of Human Settlements		
NHFC	880 000	880 000
Servcon	604	604
	880 604	880 604
Department of Rural Development and Land Reform		
Inala Farms (Pty) Ltd	16 112	16 112
	16 112	16 112
Department of Economic Development		
IDC A Shares	1 000	1 000
IDC B Shares	1 391 969	1 391 969
	1 392 969	1 392 969
Department of Public Enterprises		
Alexkor Limited	400 000	50 000
Aventura Limited	60 000	60 000
Denel (Pty) Ltd	6 176 376	6 176 376
SAFCOL	318 013	318 013
South African Airways (Pty) Ltd	3 598 080	3 598 080
Transet Limited	12 660 986	12 660 986
South African Express (Pty) Ltd	585 000	585 000
	23 798 455	23 448 455
Department of Minerals and Energy		
South African Nuclear Energy Corporation	2 205	2 205
	2 205	2 205
	47 380 933	46 986 625
National Treasury-Asset and Liability Management Division		
International Finance Corporation	184 269	160 209
International Bank for Reconstruction and Development	20 649 269	16 955 624
Multilateral Investment Guarantee Agency	190 244	165 404
African Development Bank	40 864 749	35 134 126
International Monetary Fund Quota Subscription	30 552 777	25 745 314
International Monetary Fund SDR Holding	29 239 414	24 638 206
	121 680 722	102 798 883
Number of Shares		
Foreign:		
International Finance Corporation	17 418	17 418
International Bank for Reconstruction and Development	16 180	15 281
Multilateral Investment Guarantee Agency	1 662	1 662
African Development Bank	320 201	316 641

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2013/14 R'000	2012/13 R'000
Special Drawing Rights (SDR)		
International Monetary Fund Quota Subscription	1 868 500	1 868 500
International Monetary Fund SDR Holding	1 788 179	1 788 150
Issue Price per Share		
Foreign:		
<i>Issued in American Dollars</i>		
International Finance Corporation	10 579	9 198
International Bank for Reconstruction and Development	1 276 222	1 109 589
Multilateral Investment Guarantee Agency	114 467	99 521
African Development Bank	127 622	110 959
Exchange rates as at year end used to convert issue price		
American dollar (USD)	10.5792	9.1979
Special Drawings Rights (SDR)	16.3515	13.7786
20 Voted Funds to be surrendered to the Revenue Fund		
Opening Balance	227 862	77 637
Prior period errors	(49 027)	244 312
As restated	178 835	321 949
Transfer from Statement of Financial Performance	(724 773)	(401 032)
Add: Unauthorised expenditure for current year	913 344	425 636
Voted Funds not requested/ not received	554 943	(59 041)
Transferred to retained revenue to defray excess expenditure (Parliament/Legislatures ONLY)	-	173
Paid during the year	15 409	(50 349)
Closing Balance	937 758	237 336
Voted funds/(Excess expenditure) transferred to the retained funds (Parliament/Legislatures ONLY)		
Opening balance	-	-
Transfer from the statement of financial performance	-	-
Transfer from Departmental Revenue to defray excess expenditure	-	-
Closing Balance	-	-
20.1 Prior period error (affecting Voted funds to be surrendered)		
Nature of prior period error		
Relating to 2013/14		
Rental Deposits	-	99 409
Error-amount owed to National Treasury	-	144 903
Total	-	244 312

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2013/14 R'000	2012/13 R'000
21 Departmental revenue and NRF receipts to be surrendered to the Revenue Fund		
Opening balance	472 571	102 976
Prior period error	-	-
As restated	472 571	102 976
Transfer from Statement of Financial Performance	101 778	(124 495)
Paid during the year	(482 858)	494 090
Closing balance	91 491	472 571
21.1 Prior period error (affecting Voted funds to be surrendered)		
Nature of prior period error		
Relating to 2013/14	-	(29 383)
Forex Gains restatement	-	(29 383)
Relating to 2012/13	-	1 517
Change in policy restatement	-	1 517
Total	-	(27 866)
22 Bank overdraft		
Consolidated Paymaster General Account	11 470 183	11 026 156
Overdraft with commercial banks (Local)	24	2
Total	11 470 207	11 026 158
23 Payables-Current		
23.1 Amounts owing to other entities	489 238	578 866
Advances received	477 670	449 808
Clearing accounts	742 525	645 921
Other payables	1 185 331	656 374
Other	189 842	6 780
Unauthorised Expenditure NOT funded by Revenue Fund	(41 770)	(41 770)
Unauthorised Expenditure funded by Revenue Fund	41 770	41 770
Total	3 084 606	2 337 749
23.2 Payables-Non-current		
Amounts owing to other entities	358 087	-
Advances received	17 500	8 155
Other payables	968 251	764 671
Total	1 343 838	772 826
24 Borrowings		
24.1 Current		
Domestic	246 159 305	207 604 468
Foreign	10 898 357	14 720 088
Total Current Borrowings	257 057 662	222 324 556

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2013/14 R'000	2012/13 R'000
Domestic short-term bonds, debentures and other loans		
Debt as at 1 April	16 627 622	9 132 387
Created	1 918 358	(9 915 132)
Reduced	(29 122 922)	(24 547 120)
Transfer from long term	42 711 103	31 957 487
Treasury bills	192 253 059	172 032 209
Other Loans	21 772 085	18 944 637
	246 159 305	207 604 468
Composition of short-term bonds, treasury bills and other loans		
1-day Treasury bills	47 359	47 359
91-day Treasury bills	42 891 000	45 348 750
182-day Treasury bills	42 358 000	38 244 000
273-day Treasury bills	49 253 000	43 860 000
365-day Treasury bills	57 703 700	44 532 100
CPD borrowing	21 765 119	18 937 671
Fixed-rate bonds	32 081 973	16 585 672
Zero coupon bonds	52 188	41 950
Other	6 966	6 966
	246 159 305	207 604 468
Foreign short-term bonds, debentures and other loans		
Bonds and debentures		
Debt as at 1 April	10 637 500	10 998 080
Reduced		(10 998 080)
	(11 062 527)	
Transfer from long term	7 087 267	10 637 500
Revaluation of foreign loans	4 236 117	4 082 588
	10 898 357	14 720 088

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2013/14 R'000	2012/13 R'000
24.2 Non-current		
Long Term		
Domestic	1 194 705 448	1 033 181 445
Foreign	132 760 850	109 835 320
Total Long Term Borrowings	1 327 466 298	1 143 016 764
Domestic long-term bonds, debentures and other loans		
Bonds and debentures		
Debt as at 1 April	1 016 845 005	868 840 599
Created	194 986 322	184 649 786
Reduced	(4 829 049)	(4 687 893)
Transfer to short-term	(42 711 103)	(31 957 487)
Revaluation premium on inflation-linked bonds	30 375 263	16 297 463
Former Regional Authorities	39 010	38 977
	1 194 705 448	1 033 181 445
Composition of long-term bonds and other loans		
Fixed-rate bonds	885 842 037	776 772 400
Inflation-linked bonds	298 664 773	244 496 850
Zero coupon bonds	636 795	606 135
Retail bonds	9 522 833	11 267 083
Other	39 010	38 977
	1 194 705 448	1 033 181 445
Redemption Analysis		
Financial year(s)		
2014-2017	86 944 977	78 274 353
2017-2020	255 822 379	216 042 470
2020-2023	169 435 281	207 541 826
2023-2026	131 280 227	92 935 146
2026-2029	136 599 648	162 205 221
2029-2051	414 583 926	276 143 452
	1 194 666 438	1 033 142 468
Foreign long term bonds and other loans		
Bonds and debentures		
Debt as at 1 April	85 515 777	99 146 360
Created	19 933 700	60 570
Reduced	(2 513 942)	(3 053 653)
Transfer from long term	(7 087 267)	(10 637 500)
Revaluation of foreign loans	36 912 582	24 319 543
	132 760 850	109 835 320

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2013/14 R'000	2012/13 R'000
Redemption Analysis		
Financial year(s)		
2014-2017	13 876 648	9 657 826
2017-2020	35 965 166	27 555 250
2020-2023	37 957 436	42 650 975
2023-2026	37 027 200	9 275 994
2029-2051	7 934 400	20 695 275
	132 760 850	109 835 320
Currency Analysis		
British Pound	1 083 098	1 151 215
Euro	16 102 584	6 409 507
Japanese Yen	6 219 836	5 937 469
Swedish Krone	6 786 180	6 854 172
United States Dollar	102 569 152	89 482 957
	132 760 850	109 835 320
25 Multilateral Institutions		
International Monetary Fund- Securities Account	29 503 479	25 719 744
International Monetary Fund- SDR Allocations	29 194 216	24 600 521
International Bank for Reconstruction and Development	19 406 570	15 935 033
Multilateral Investment Guarantee Agency	154 129	134 005
African Development Bank	38 062 677	32 724 766
Total	116 321 071	99 114 069
<p>These liabilities in Multi-Lateral Institutions are revalued at closing exchange rate as at 31 March.</p>		
25.1 International Monetary Fund- Securities Account	29 503 479	25 719 744
<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>		
25.2 International Monetary Fund- SDR Allocations	29 194 216	24 600 521
<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>		
25.3 International Bank for Reconstruction and Development	19 406 570	15 935 033
<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>		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2013/14 R'000	2012/13 R'000
25.4 Multilateral Investment Guarantee Agency	154 129	134 005
<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 member countries.</p>		
25.5 African Development Bank	38 062 677	32 724 766
<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>		
26 Net cash flow available from operating activities		
Net surplus/(deficit) as per Statement of Financial Performance	(190 522 299)	(191 316 028)
Add back non cash/cash movements not deemed operating activities	30 658 393	29 101 458
(Increase)/decrease in receivables – current	9 132 822	8 817 155
(Increase)/decrease in prepayments and advances	(1 342 996)	(1 765 379)
(Increase)/decrease in other current assets	(351 338)	(956 436)
Increase/(decrease) in payables – current	550 477	394 646
Proceeds from sale of capital assets	(36 894)	(93 986)
Proceeds from sale of investments	(1 708 130)	(1 666 721)
(Increase)/decrease in other financial assets	(663)	-
Expenditure on capital assets	14 114 988	14 269 963
Surrenders to Revenue Fund	(19 731 238)	(19 129 794)
Surrenders to RDP Fund/Donor	(1 016 457)	(878 944)
Voted funds not requested/not received	(6 429 305)	(7 898 933)
Approved Statutory Overdrawn	422 923	(530 565)
Other non-cash items	37 054 203	38 540 452
Net cash flow generated by operating activities	(159 863 906)	(162 214 570)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2013/14 R'000	2012/13 R'000
Reconciliation of cash and cash equivalents for cash flow purposes		
Consolidated Paymaster General Account	(3 670 552)	(1 169 178)
Cash receipts	211	10 468
Disbursements	(63 515)	(31 705)
Cash on hand	127 322	74 338
Cash with commercial banks (Local)	706 690	588 883
Cash with commercial banks (Foreign)	197 370 335	175 197 208
Total Cash	194 470 491	174 670 014
Cash and cash equivalents for cash flow purposes	194 470 491	174 670 014
27 Reconciliation of prior year net surplus to current comparatives		
Net surplus as reported in prior year	(190 760 636)	
Restatement of prior year journals	129 723	
Less: Restatement of Opening balances from departments	(830 736)	
Add: Funds to be surrendered to the revenue fund	145 621	
Restated Net Surplus for the Year	(191 316 028)	
Reconciliation of cash and cash equivalents reported in prior year and Restated cash and cash equivalents in the current year		
Cash and cash equivalents as reported in prior year	185 699 240	
Less: Restatement of Justice Cluster	(3 068)	
Restated cash and cash equivalents	185 696 172	
Reconciliation of statement of position reported in prior year and Restated amounts in current year		
ASSETS		
Current assets as reported in prior year:		
Restatement of prior year journals	(143 870)	
Restatement by Central, Social and Economic Services Clusters	26 429	
Add: Current assets from Justice	(151 798)	
Less: NRF Receivables Restated	328 000	
Restated current assets for the financial year	200 637 056	
Non-Current Assets		
Non current assets as reported prior year	215 931 300	
Restatement by NRF	1	
Restated non current assets for the financial year	215 931 301	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2013/14 R'000	2012/13 R'000
LIABILITIES		
Current liabilities as reported in prior year:	237 691 642	
Restatement of prior year journals	(262 479)	
Restated current liabilities by Economic Justice and Central Clusters	193 225	
Less: Restatement by NRF	(10 247)	
Restated current liabilities for the 2013/2014 financial year	237 612 141	
Non-Current Liabilities		
Non-current liabilities as reported prior year	1 243 104 589	
Add: Restatement by NRF & Departments	(200 929)	
Restated non current assets for the 2013/2014 financial year	1 242 903 660	
NET ASSETS/(LIABILITIES)		
Net Liabilities as reported in prior year (Capital Reserves)	48 155 799	
Restated net liabilities for the year	48 155 799	
Net Liabilities as reported in prior year (Recoverable Revenue)	66 588 598	
Restatement by Finance & Central Cluster	2 071	
Restated net liabilities for the year	66 590 669	
Net Liabilities as reported in prior year (Retained Earnings)	(1 179 031 033)	
Restatement by Central - Parliament	485 380	
Restatement by Justice- CARA	(148 259)	
Restated net liabilities for the year	(1 178 693 912)	
Net Liabilities as reported in prior year (Total)	(1 064 286 636)	
Restatement by Finance & Central Cluster	147 994	
Adjustment and restatement of NRF	338 289	
Restatement by Justice - CARA	(147 091)	
Restated net liabilities for the year	(1 063 947 444)	

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2013/14 R'000	2012/13 R'000
28 Contingent liabilities and Contingent assets		
28.1 Contingent Liabilities		
Motor vehicle guarantees	135	394
Housing loan guarantees	25 930	46 919
Other guarantees	209 233 334	180 764 374
Claims against the department	46 346 435	43 627 810
Other departments (interdepartmental unconfirmed balances)	181 363	538 510
Environmental rehabilitation liability	2 789 684	2 504 239
Other	1 388 875	828 143
	259 965 755	228 310 390
Other		
Road Accident Fund	69 435 000	60 296 000
Export Credit Insurance Corporation of SA Ltd	13 780 013	12 481 655
Unemployment Insurance Fund	3 610 609	3 240 803
South African Reserve Bank	112 270	112 270
	86 937 892	76 130 728
Underwritten by Government		
Guaranteed liabilities		
Transnet	3 757 096	3 757 096
Development Bank of SA	25 746 947	25 621 327
Trans Caledon Tunnel Authority	20 515 760	20 460 120
Telkom SA	110 912	90 078
South African National Roads Agency Ltd	23 866 100	19 482 407
KOBWA	1 094 584	1 189 671
Industrial Development Corporation of SA	503 538	575 448
Denel	1 850 000	1 850 000
Lesotho Highlands Development Authority	113 125	131 445
Land Bank and Agriculture Development of South Africa	1 097 411	892 728
SA Express	539 000	539 000
SAA	5 010 000	2 238 000
NECSA	20 000	20 000
Tertiary Institutions	2 557	9 362
SABC	-	166 667
Passenger Rail Agency of South Africa	92 438	133 252
ESKOM	125 126 553	103 554 286
SA Institute of Architecture	-	1 766
Total	209 446 021	180 712 653

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.

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2013/14 R'000	2012/13 R'000
Road Accident Fund	69 435 000	60 296 000
<p>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.</p>		
Export Credit Insurance Corporation of South Africa Ltd	13 780 013	12 481 655
<p>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.</p>		
South African Reserve Bank (SARB)	112 270	112 270
<p>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 coins held by the Bank and not yet issued into circulation.</p>		
28.2 Contingent Assets		
Other	1 028 968	700 615
Gold and Foreign Exchange Contingency Reserve Account (GFECRA)	177 913 406	125 551 618
Total	178 942 374	126 252 233
<p>The GFECRA, which is operated in terms of section 28 of the SARB Act, represent net revaluation profits and losses incurred on gold and foreign-exchange transactions, which are for the account of the South African government.</p>		
29 Post-retirement benefits		
Post-employment Health Care Fund	65 347 919	65 347 919
29.1 Post-retirement medical assistance		
<p>This contingent liability is the estimated present value of the State's future commitment in respect of government employees; post-employment medical assistance (including all active employees and Continuation and Widower members). It is important to note that Polmed members have been excluded from the actuarial valuation.</p>		
29.2 Pension Funds		
Government Employees Pension Fund		
<p>This commitment represents the funding of the pension fund according to the most recent actuarial valuations. Actuarial valuations are conducted at least every three years.</p>		
Funding Levels		
Government Employees Pension Fund	100%	100%
Temporary Employees Pension Fund	34%	121%
Associated Institutions Pension Fund	125%	114%

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2013/14 R'000	2012/13 R'000
Valuation Dates		
Government Employees Pension Fund	Mar 10	Mar 10
Temporary Employees Pension Fund	Mar 12	Mar 12
Associated Institutions Pension Fund	Mar 12	Mar 12
Government Employees Pension Fund, Temporary Employees and the Associated Pension Fund are in surplus(deficit) with R64 282 million, (R94.7 million) and R2 674.3 million respectively.		
30 Commitments		
Current Expenditure		
Approved and contracted	17 595 384	13 111 249
Approved but not yet contracted	4 165 687	3 810 387
Total	21 761 071	16 921 636
Capital Expenditure (including transfers)		
Approved and contracted	10 664 067	9 823 615
Approved but not yet contracted	9 277 686	8 343 198
Total	19 941 753	18 166 813
Total Commitments	41 702 824	35 088 449
31 Accruals		
By economic classification		
Goods and services	2 349 833	2 975 336
Interest and rent on land	53	10 869
Transfers and subsidies	83 841	115 978
Capital assets	1 543 049	726 904
Other	210 490	34 696
Total	4 187 266	3 863 783
32 Employee benefits		
Leave entitlement	4 817 021	4 262 461
Service bonus (Thirteenth cheque)	1 666 071	1 529 157
Performance awards	340 791	349 702
Capped leave commitments	8 086 682	8 053 870
Other	194 347	168 767
Total	15 104 912	14 363 957
33 Lease Commitments		
33.1 Operating lease expenditure		
Land		
Not later than 1 year	10 324	11 050
Later than 1 year and not later than 5 years	7 221	9 594
Later than 5 years	142 421	53 308
Total	159 966	73 952
Buildings and other fixed structures		
Not later than 1 year	4 810 664	4 091 864
Later than 1 year and not later than 5 years	9 383 806	7 339 343
Later than 5 years	2 316 576	1 908 419
Total	16 511 046	13 339 626

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2013/14	2012/13
	R'000	R'000
Machinery and equipment	154 632	138 109
Later than 1 year and not later than 5 years	91 752	88 761
Later than 5 years	713	55
Total present value	247 097	226 925
Total present value		
Not later than 1 year	4 975 620	4 241 023
Later than 1 year and not later than 5 years	9 482 779	7 437 698
Later than 5 years	2 459 710	1 961 782
Total present value	16 918 109	13 640 503
33.2 Finance lease expenditure		
Buildings and other fixed structures		
Not later than 1 year	13 025	66 864
Later than 1 year and not later than 5 years	21 374	246 898
Later than 5 years	-	910 135
Total present value	34 399	1 223 897
Machinery and equipment		
Not later than 1 year	216 310	250 970
Later than 1 year and not later than 5 years	177 928	151 969
Later than 5 years	54	18
Total present value	394 292	402 956
Total Finance Leases		
Not later than 1 year	229 335	317 834
Later than 1 year and not later than 5 years	199 302	398 867
Later than 5 years	54	910 153
Total present value	428 691	1 626 853
33.3 Operating lease revenue		
Buildings and other fixed structures		
Not later than 1 year	-	16 849
Later than 1 year and not later than 5 years	-	35 662
Later than 5 years	-	23 125
Total	-	75 636
Total present value		
Not later than 1 year	-	16 849
Later than 1 year and not later than 5 years	-	35 662
Later than 5 years	-	23 125
Total operating lease revenue receivable	-	75 636

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2013/14 R'000	2012/13 R'000
34 Accrued departmental revenue		
Sales of goods and services other than capital assets	277 531	315 958
Fines, penalties and forfeits	61 405	852 226
Interest, dividends and rent on land	523 111	517 904
Sale of capital assets	13 877	25 297
Transactions in financial assets and liabilities	96 982	140 014
Transfers received (incl conditional grants to be repaid by prov depts)	186 070	270 902
Other	41 756	26 907
Total	1 200 732	2 149 208
Analysis of receivables for departmental revenue		
Opening balance	2 057 882	2 023 876
Less: Amounts received	(996 887)	(1 924 229)
Add: Amounts recognised	971 060	2 050 686
Less: Amounts written-off/reversed as irrecoverable	(831 323)	(1 125)
Closing balance	1 200 732	2 149 208
35 Irregular expenditure		
35.1 Reconciliation of irregular expenditure		
Opening balance	6 146 778	4 959 626
Add: Irregular expenditure - relating to prior year	831 391	626 635
Add: Irregular expenditure - relating to current year	4 133 530	2 167 694
Less: Prior year amounts condoned	(2 438 100)	(181 684)
Less: Current year amounts condoned	(146 618)	(570 433)
Less: Amounts recoverable (not condoned)	(2)	(19 602)
Less: Amounts not recoverable (not condoned)	(1 308 845)	(835 422)
Irregular expenditure awaiting condonation	7 218 133	6 146 814
Analysis of awaiting condonation per age classification		
Current Year	3 731 895	1 801 036
Prior Years	3 486 238	4 345 778
Total	7 218 133	6 146 814
36 Fruitless and wasteful expenditure		
36.1 Reconciliation of fruitless and wasteful expenditure		
Opening balance	663 181	572 077
Fruitless and wasteful expenditure – relating to prior year	32 156	44 027
Fruitless and wasteful expenditure – relating to current year	324 190	98 673
Less: Amounts condoned	(123 338)	(48 102)
Less: Amounts transferred to receivables for recovery	(1 043)	(3 494)
Fruitless and wasteful expenditure awaiting condonement	895 146	663 181
Analysis of awaiting condonement per economic classification		
Current Year	812 238	606 489
Prior Year	56 920	56 569
Transfers and subsidies	25 988	123
Total	895 146	663 181

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2013/14 R'000	2012/13 R'000
37 Related party transactions		
Revenue received (paid)		
Tax revenue/user charges	4 983	39 651 265
Sales of goods and services other than capital assets	96 707	63 356
Fines, penalties and forfeits	1 037 064	617 344
Interest, dividends and rent on land	60 652	60 922
Transactions in financial assets and liabilities	48 873	29 827
Transfers	57 250	-
Total	1 305 529	40 422 714
Payments made		
Goods and services	824 823	601 923
Interest and rent of land	-	2
Purchases of capital assets	16	109 047
Transactions in financial assets and liabilities	7 750	1 594 001
Transfers	802 277	1 172 818
Total	1 634 866	3 477 791
Year end balances arising from revenue/payments		
Receivables from related parties	401 785	359 113
Payables to related parties	(191 610)	(315 006)
Total	210 175	44 107
Loans to/from related parties		
Non-interest bearing loans to/(from)	12 362	12 362
Total	12 362	12 362
Other		
Guarantees issued/received	35 019 086	29 171 414
Compensation of employees	25 508 821	19 895 993
PRASA/NECSA	112 438	153 252
Other	-	(7 288)
Total	60 640 345	49 213 371
38 Key management personnel		
Description		
Political office bearers (provide detail below)	133 100	125 672
Officials:	16 804	14 622
Level 15 to 16	601 393	524 222
Level 14 (incl CFO if at a lower level)	1 088 295	985 055
Family members of key management personnel	17 574	15 557
Total	1 857 166	1 665 128

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2013/14 R'000	2012/13 R'000
Key management personnel (Parliament/the Legislature)		
Description	No of Individuals	No of Individuals
Legal Advisors	96 707	63 356
Total	96 707	63 356
Description		
Speaker to Parliament/the Legislature	8 426	8 025
Secretary to Parliament/ the Legislature	2 546	2 711
Deputy Secretary	1 245	2 129
Chief Financial Officer	1 614	2 340
Legal Advisor	1 544	2 257
Total	15 375	17 462
39 Public Private Partnership		
Contract fee received	74	(102 130)
Unemployment Insurance Fund	37	(51 065)
Compensation Fund	37	(51 065)
Contract fee paid	1 699 555	1 872 883
Fixed component	620 148	849 239
Indexed component	1 079 407	1 023 644
Analysis of indexed component	1 079 407	1 023 644
Goods and Services(excluding lease payments)	1 004 582	979 116
Operating leases	38 870	17 539
Interest	35 955	26 989
Capital/ (Liabilities)	1 744 900	1 749 505
Tangible rights	1 497	6 102
Property	1 685 933	1 685 933
Plant and equipment	57 470	57 470
Other	45 873	54 508
Other Obligations	45 873	54 508
40 Impairment		
Impairment		
Debtors	54 558	56 463
Lease debtors/Investments/Loans	2 356 438	2 005 805
Interest due	112 060	799 861
Transport payments suspense	1 112	18 536
Transport payments suspense	4 425	3 516
Damage to property	5 900	5 022
	2 534 493	2 889 203

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2013/14 R'000	2012/13 R'000
Provisions		
Debtors	301 241	241 877
Injury on Duty/Rehab. Liability	3 620 807	3 933 082
Military Pension/ Vat Vendors	345 719	367 888
Claims under investigations	360 210	643 266
Admin Expense Claim	130 732	175 925
Special Pension	47 475	107 924
Post-Retirement Medical Benefits	340	279
Government Employee Pension Fund (GEPF)	3 536 500	5 901 790
Adam Smith International Claim	626	281
SARS claim/ Services not rendered	12 729	116
Unlawful blacklisting claim/ Performance bonuses	9 800	4 339
	8 366 179	11 384 767
Total	10 900 672	14 273 970
41 Non-adjusting events after reporting date		
IT Assets written off in the 2014/15 Financial year	3 469	-
Assets written off in the 2014/15 Financial year	1 344	-
National Career Advice Portal	11 175	-
Salaries of migrated SEF staff to DoL with effect from 1 April 2014	27 098	-
Receivables	3 021	-
Tender cost for warehousing	41 317	-
Total	87 424	-
42 Movable Tangible Capital Assets		
MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH		
OPENING BALANCE		
Heritage assets	138 728	98 446
Heritage assets	138 728	98 446
Machinery and equipment	28 981 596	22 291 842
Transport assets	15 552 686	12 822 415
Computer equipment	5 829 438	4 372 155
Furniture and office equipment	1 785 539	1 415 803
Other machinery and equipment	5 813 933	3 681 469
Specialised military assets	42 806 490	18 070 520
Specialised military assets	42 806 490	18 070 520
Biological assets	618 464	474 402
Biological assets	618 464	474 402
TOTAL OPENING BALANCE	72 545 278	40 935 210

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2013/14 R'000	2012/13 R'000
CURRENT YEAR ADJUSTMENT TO PRIOR YEAR BALANCES		
Heritage assets	20 591	37 410
Heritage assets	20 591	37 410
Machinery and equipment	1 490 089	2 400 150
Transport assets	(189 068)	61 931
Computer equipment	(86 050)	2 276 288
Furniture and office equipment	(52 487)	61 931
Other machinery and equipment	1 817 694	-
Specialised military assets	2 105 811	1 618 840
Specialised military assets	2 105 811	1 618 840
Biological assets	(14 287)	19 409
Biological assets	(14 287)	19 409
TOTAL ADJUSTMENT	3 602 204	4 075 809
ADDITIONS		
Heritage assets	60	4 451
Heritage assets	60	4 451
Machinery and equipment	4 156 634	5 757 288
Transport assets	1 988 620	3 596 943
Computer equipment	1 127 436	1 167 023
Furniture and office equipment	235 517	175 424
Other machinery and equipment	805 061	817 898
Specialised military assets	26 661	23 117 130
Specialised military assets	26 661	23 117 130
Biological assets	9 539	130 044
Biological assets	9 539	130 044
TOTAL ADDITIONS	4 192 894	29 008 913
DISPOSALS		
Heritage assets	5 989	1 579
Heritage assets	5 989	1 579
Machinery and equipment	1 359 897	1 343 822
Transport assets	875 359	928 603
Computer equipment	326 971	225 330
Furniture and office equipment	36 803	40 497
Other machinery and equipment	120 764	149 392
Specialised military assets	13 464	-
Specialised military assets	13 464	-

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2013/14 R'000	2012/13 R'000
Biological assets	7 680	5 391
Biological assets	7 680	5 391
TOTAL DISPOSALS	1 387 030	1 350 792
CLOSING BALANCE		
Heritage assets	153 390	138 728
Heritage assets	153 390	138 728
Machinery and equipment	33 268 422	28 981 596
Transport assets	16 476 879	15 552 686
Computer equipment	6 543 853	5 829 438
Furniture and office equipment	1 931 766	1 785 539
Other machinery and equipment	8 315 924	5 813 933
Specialised military assets	44 925 498	42 806 490
Specialised military assets	44 925 498	42 806 490
Biological assets	606 036	618 464
Biological assets	606 036	618 464
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	78 953 346	72 545 278
43 Minor assets		
MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER		
OPENING BALANCE		
Intangible assets	10	10
Heritage assets	14 549	14 374
Machinery and equipment	5 802	1 335
Biological assets	4 027 044	4 193 537
TOTAL OPENING BALANCE	4 047 405	4 209 256
CURRENT YEAR ADJUSTMENT TO PRIOR YEAR BALANCES		
Intangible assets	(10)	-
Heritage assets	(3 617)	(256)
Machinery and equipment	1 392	4 356
Biological assets	45 087	(232 267)
TOTAL ADJUSTMENTS	42 852	(228 167)
ADDITIONS		
Heritage assets	1 364	1 371
Machinery and equipment	235	264
Biological assets	241 174	245 980
TOTAL ADDITIONS	242 774	247 615

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2013/14 R'000	2012/13 R'000
DISPOSALS		
Heritage assets	995	940
Machinery and equipment	102	153
Biological assets	229 990	180 206
TOTAL DISPOSALS	231 087	181 299
CLOSING BALANCE		
Intangible assets	-	10
Heritage assets	11 301	14 549
Machinery and equipment	7 327	5 802
Biological assets	4 083 315	4 027 044
TOTAL MINOR ASSETS	4 101 944	4 047 405
44 Intangible Capital Assets		
MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH		
OPENING BALANCE COST		
Computer software	1 527 993	1 497 268
Patents, licences, copyright, brand names, trademark	153 532	2 750
Recipes, formulae, prototypes, designs, models	392 693	-
Services and operating rights	740	763
TOTAL OPENING BALANCE	2 074 958	1 500 781
CURRENT YEAR ADJUSTMENT TO PRIOR YEAR BALANCES		
Computer software	347 284	114 981
Patents, licences, copyright, brand names, trademark	(1 644)	132 288
Recipes, formulae, prototypes, designs, models	-	392 693
Services and operating rights	-	228
TOTAL ADJUSTMENTS	345 640	640 190
ADDITIONS		
Computer software	193 213	93 220
Masterheads and publishing tiles	131	-
Patents, licences, copyright, brand names, trademark	66 528	21 179
Recipes, formulae, prototypes, designs, models	520 212	-
TOTAL ADDITIONS	780 084	114 399

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2013/14 R'000	2012/13 R'000
DISPOSALS		
Computer software	416 815	2 984
Services and operating rights	228	23
TOTAL DISPOSALS	417 043	3 007
Closing balance		
Computer software	1 651 675	1 740 562
Masterheads and publishing tiles	131	-
Patents, licences, copyright, brand names, trademark	218 416	156 217
Recipes, formulae, prototypes, designs, models	912 905	392 693
Services and operating rights	512	968
TOTAL INTANGIBLE ASSETS	2 783 638	2 290 440
45 Immovable Tangible Capital Assets		
MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER		
OPENING BALANCE		
Buildings and other fixed structures	21 541 492	24 939 646
Dwellings	3 097 390	3 257 590
Non-residential buildings	14 155 519	21 327 280
Other fixed structures	4 288 583	354 776
Heritage assets	2 771 074	8 147
Heritage assets	2 771 074	8 147
Land and subsoil assets	14 617 856	13 071 802
Land	14 617 856	13 071 802
TOTAL OPENING BALANCE	38 930 423	38 019 595
CURRENT YEAR ADJUSTMENT TO PRIOR YEAR BALANCES		
Buildings and other fixed structures	(1 102 006)	(4 606 991)
Dwellings	(9 907)	(141 131)
Non-residential buildings	(138 840)	(7 353 626)
Other fixed structures	(953 259)	2 887 766
Heritage assets	-	2 762 927
Heritage assets	-	2 762 927
Land and subsoil assets	143 366	1 554 528
Land	143 366	1 554 528
TOTAL ADJUSTMENTS	(958 640)	(289 536)

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2013/14 R'000	2012/13 R'000
ADDITIONS		
Buildings and other fixed structures	3 354 596	1 904 514
Dwellings	53 117	1 176
Non-residential buildings	1 146 078	822 498
Other fixed structures	2 155 401	1 080 840
Land and subsoil assets	141 336	107 894
Land	141 336	107 894
TOTAL ADDITIONS	3 495 932	2 012 408
DISPOSALS		
Buildings and other fixed structures	4 400 655	912 863
Dwellings	356 483	1 328
Non-residential buildings	3 879 277	633 025
Other fixed structures	164 895	278 510
Land and subsoil assets	396 419	117 262
Land	396 419	117 262
TOTAL DISPOSALS	4 797 074	1 030 125
CLOSING BALANCE		
Buildings and other fixed structures	19 393 427	21 324 306
Dwellings	2 784 117	3 116 307
Non-residential buildings	11 283 480	14 163 127
Other fixed structures	5 325 830	4 044 872
Heritage assets	2 771 074	2 771 074
Heritage assets	2 771 074	2 771 074
Land and subsoil assets	14 506 139	14 616 962
Land	14 506 139	14 616 962
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	36 670 641	38 712 343

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2013/14 R'000	2012/13 R'000
46 Reconciliation of Note 47 & 48 to Expenditure on Capital Assets per Statement of Financial Performance		
Capital expenditure additions per note 42	4 192 894	29 008 913
Capital expenditure additions per note 44	780 084	114 399
Capital expenditure additions per note 45	3 495 932	2 012 408
Total additions per disclosure notes	8 468 910	31 135 720
Total reconciling items	5 646 078	(16 866 750)
Non Cash Movement	(3 088 690)	(24 124 893)
Capital Work in Progress-current costs	8 997 457	7 685 277
Received but not paid/ (Paid current year but received prior year)	(423 863)	(698 953)
Other	161 174	271 819
Capital expenditure per statement of financial performance	14 114 988	14 268 970
47 Agent-principal arrangements		
47.1 Department acting as the principal		
Government Pensions Administration Agency (GPAA)/ GCIS		7 113 266
Coega Development Corporation		727 828
Commission for Conciliation Mediation and Arbitration (CCMA)		721 581
Development Bank of Southern Africa		112 221
Productivity South Africa (PSA)		96 891
The Mvula Trust		32 925
Mhiathuze Water		488
SAB & T		32 989
Workshops for the Blind		6 911
Work centres for the Disabled		104 087
Total		8 949 187
47.2 Department acting as the agent		
Revenue received for agency activities		
NRF/ Department of Trade and Industry		144 647
South African Revenue Services		3 293
Department of Transport		36 023
Department of Social Development		(21 570)
Eastern Cape Department of Education		29 903
Limpopo Provincial Treasury (Department of Education)		4 782
Limpopo Provincial Treasury (Department of Health)		6 663
Total		203 741

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2013/14 R'000	2012/13 R'000
48		
Prior period errors		
Correction of prior period error for secondary information		
The comparative amounts in Note 27, 30, 33, 34 & 36 were restated as follows:		
Irregular Expenditure		4 314 117
Accruals		(1 280 341)
Impairments		387 824
Net effect on the note		3 421 600
The comparative amounts in Note 27, 34 & 36 were restated as follows:		
Accrued Departmental Revenue		661 968
Provisions		12 657 775
Operating Leases		2 844 250
Net effect on the note		16 163 993
49		
Departures and exemptions		

The Consolidated departmental annual financial statements are prepared in terms of the Modified Cash Standard (MCS). Under this Standard, a department may, in extremely rare circumstances, and with approval of the Accountant-General in terms of Section 79 of the PFMA, or the approval of the Minister of Finance in terms of Section 92 of the PFMA, depart from a requirement of the MCS.

The Accountant-General and Minister have very strict criteria for evaluating such departure requests, and would only in very rare circumstances grant a department a deviation from the MCS. A departure or exemption would always be approved to enhance fair presentation.

For the 2013/14 financial year, the following departures and exemptions were granted by the National Treasury and therefore the effect of applying these departures are included in the consolidated financial statements.

The reason for all departures and exemptions granted was to achieve fair presentation, and Management has concluded that the consolidated financial statements fairly present the primary and secondary information as required by the MCS.

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

Department	Nature of Departure	Requirement departed from
Justice & Constitutional Development (DOJCD)	<p>Departure granted for the National Prosecuting Authority (NPA) that is a programme within the DOJCD to prepare separate annual financial statements.</p> <p>Fines and monies collected by the state attorney via the Third Party Funds can be recognised in the financial statements of the Third Party Funds until 2015/16.</p>	<p>A department should present AFS for all programmes within the vote, but due the significance of NPA, this is presented separately.</p> <p>Departmental revenue should be recognised when funds are received and must subsequently be paid into the National Revenue Fund.</p>
Department of Defence	<p>The department are allowed to not disclose minor assets in its secondary information to the AFS and record all minor assets purchased before 31 March 2013 at R1 in its register and all minor assets after this date must be recorded at cost.</p>	<p>Secondary information on Minor Assets does not need to be disclosed in terms of the Modified Cash Standard.</p>
	<p>Capital components and technical publications may be disclosed as Inventory until such time that an international study on the disclosure of such items is completed.</p>	<p>All items that meet the definition of a capital asset should be disclosed as such in the AFS. The DOD is allowed to classify capital components and technical publications as inventory irrespective of its nature.</p>
Environmental Affairs	<p>A departure was granted to allow the department to classify capital asset work in progress under Transfers and subsidies in the Statement of Financial Performance in line with budget requirements for the Expanded Public Works Programme (EPWP).</p>	<p>Capital Work in Progress should be recorded in the statement of financial performance as “expenditure for capital asset” and not Transfers and subsidies.</p>
Tourism	<p>A departure was granted to allow the department to classify capital asset work in progress under Transfers and subsidies in the Statement of Financial Performance in line with budget requirements for the Expanded Public Works Programme (EPWP).</p>	<p>Capital Work in Progress should be recorded in the statement of financial performance as “expenditure for capital asset” and not Transfers and subsidies.</p>
Trade and Industry	<p>A departure was granted for 2013/14 for the department to record the penalties imposed by the National Credit Regulator as revenue in the DTI's AFS. This is to ensure that the accounting records are in line with the Estimates of National Expenditure (ENE).</p>	<p>Departmental Revenue should only be recognised to the extent that it results in an increase in net assets. As DTI only acts as an agent to collect the revenue on the National Revenue Fund's behalf, the revenue would not ordinarily be recorded. On consolidation there was no duplication of this revenue.</p>
Economic Development (EDD)	<p>A departure was granted for 2013/14 for the department to record penalties imposed by the Competition Tribunal as revenue in the EDD's records. This is to ensure that the accounting records are in line with the Estimates of National Expenditure (ENE).</p>	<p>Departmental Revenue should only be recognised to the extent that it results in an increase in net assets. As EDD only acts as an agent to collect the revenue on the National Revenue Fund's behalf, the revenue would not ordinarily be recorded. On consolidation there was no duplication of this revenue.</p>

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

Department	Nature of Departure	Requirement departed from
Public Service & Administration (DPSA)	Ministerial Exemption to not prepare separate AFS for a small government component, namely Centre for Public Service Innovation (CPSI). The transactions and balances are included in the accounting records of DPSA.	S 40 (1) of PFMA to prepare separate AFS for CPSI.
Cooperative Governance & Traditional Affairs (COGTA)	Ministerial Exemption to not prepare separate AFS for a government component, namely Municipal Infrastructure Support Agency (MISA). The transactions and balances are included in the accounting records of COGTA for 2012/13 only.	S 40 (1) of PFMA to prepare separate AFS for MISA. Only relevant to comparative 2012/13 AFS.
Home Affairs (DHA)	A departure was obtained for the following: For moveable assets acquired after 1 April 2002 for which the department did not have the supporting documentation to verify the cost (approximately 15% of the value and 67% in number of assets, DHA ring-fenced these assets and recorded it in the asset register based on the 2012/13 financial year asset register amounts.	The MCS requires that: For the sale of goods and services, departmental revenue should be recognised on receipt of the funds by the department
	Foreign departmental revenue is only recognised if complete, accurate and valid supporting documents are obtained from DIRCO; AND cash is received.	Moveable assets acquired after 1 April 2002 should be recorded at the total cost of the acquisition, where this cannot be determined, fair value should be used, and where fair value cannot be determined, is should be recorded at R1.

50 Subsequent event

50.1 Department of Agriculture, Forestry and Fisheries

Veld fires occurred at Forestry plantations in the Eastern Cape Province after the reporting date. Veld fires destroyed a total of 60.6 hectares of the Etwa, Nkobongo, Mthintloni, Mnyameni, Amanzamnyama and Gomo plantations.

Department of Basic Education

There has been an allegation of possible collusive bidding between two companies with the same Director of which one of the companies was appointed as the successful bidder to build the schools. The matter has been referred to the Competition Commission to pronounce whether there has been a failure on the part of both companies to declare their interest of possible collusive bidding

3 337

A tender was advertised for warehousing, packaging and distribution of LTSM. Although the supply chain management processes were followed, it is alleged that the appointed service provider may have had an advantage over other possible service providers because the service provider in question performed a similar service for the Department in previous years and un-utilised LTSM materials from the previous year are still in the service provider's warehouse. The Department referred the matter to the Competition Commission to establish whether the service provider in question had an unfair advantage over other service providers

41 317

Subtotal

44 654

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

Department of Higher Education and Training

National Career Advice Portal: This Portal was made available in March 2014 by SAQA who developed the software for the Department but it was only formally transferred in May 2014.

	10 960
Subtotal	10 960

Department of Labour

IT Assets written off in the 2014/15 Financial year (Note 39)	26
Transport Assets written off in the 2014/15 Financial year (Note 39)	1 344
Expenditure for Deputy Minister appointed on 26 May 2014	215
Salaries of migrated SEF staff to DoL with effect from 1 April 2014	27 098
Subtotal	28 683

Women, Children and People with Disabilities

The balance of assets as at 31 March 2014 includes an estimated amount of R 106 000 worth of assets that were stolen in the burglary of 21 April 2014.	106
In the Receivables Note, Note 10, the amount of R3,0 million under recoverable expenditure was subsequently confirmed that it must be refunded back to the department.	3 021
Subtotal	3 127

Total	87 424
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50.2 SA's sovereign credit ratings came under pressure in 2012/13. Whilst SA's sovereign credit ratings were downgraded by major credit rating agencies in 2012/13, alongside many developed and emerging economies, the ratings stabilised in 2013/14. In the latter part of 2013, Moody's Investors Service (Moody's), Ratings and Investment Information, Inc. (R&I), Fitch Ratings (Fitch) and Standard & Poor's (S&P), affirmed SA's credit ratings. However, Moody's and S&P retained the negative credit outlooks on SA. More recently, on 13 June 2014, S&P downgraded SA's credit rating to 'BBB-' with a stable outlook, while Fitch revised the outlook to negative from stable, affirming the 'BBB' credit rating.

During September 2014, Government has decided to expand the support to Eskom. The existing support comprises of a R60 billion subordinate loan that was provided to Eskom between 2008/09 and 2010/11 and a R350 billion guarantee facility of which Eskom had utilised [R125 billion] as at 31 March 2014. In addition to this existing support, Government will be providing Eskom with funding [totalling R23 billion] during 2015/16 and 2016/17. This funding allocation will be funded through the liquidation of non-strategic assets held by the state.

Having delegated the primary responsibility of financial stability to the Reserve Bank (2010), the Government has provided a guarantee facility totalling R7 billion requested by the Reserve Bank, in line with executing its mandate to maintain financial stability. The Reserve Bank indicated the necessity of the provided guarantee to prevent or reducing the imminent risk of a systemic event occurring in the financial sector as a result of the failure of African Bank. In utilising the guarantee, the Reserve Bank will be required to adhere to a number of principles including the "Key Attributes of Effective Resolution Regimes for Financial Institutions" issued by the Financial Stability Board in line with internationally-recognised best practices.

The national government's gross loan debt amounts to R1 584 billion comprising of domestic debt of R1 440 billion and foreign debt of R144 billion. The domestic debt includes inflation-linked bonds of R299 billion.

Government's debt portfolio is exposed to currency and inflation risk. Fluctuations in exchange and inflation rates between financial year end and 31 August 2014 would have resulted in a net increase in gross government debt of R10.7 billion or 0.7 per cent.

51 Financial Risk Management

During 2013/14, the National Treasury under the World Bank Government Debt and Risk Management Programme has modified its basket of strategic risk benchmarks with a view to improve the management of refinancing, inflation and currency risks. The table below list the new risk benchmarks.

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

New risk benchmarks

Description	Range or limit
Share of debt maturing within a year (Treasury bills)	Limit to 15% of total domestic debt Previous: inflation-linked bonds and Treasury bills not exceeding 30% of domestic debt
Share of debt maturing in 5 years (fixed-rate and inflation-linked bonds)	Limit to 25% of total domestic debt
Average term-to-maturity of fixed-rate bonds and Treasury bills	Range of 10-14 years
Average term-to-maturity of inflation-linked bonds	Range of 14-17 years
Share of inflation-linked bonds as % of domestic debt	Range of 20-25% Previous: inflation-linked bonds and Treasury bills not exceeding 30% of domestic debt
Share of foreign currency debt as % of total debt	Limit of 15% Previous: range of 20-25%

Government's gross loan debt of R1 585 billion consist of domestic (R1 441 billion) and foreign debt (R144 billion). Domestic debt comprises short-term debt (Treasury bills and borrowing from the Corporation for Public Deposits) and long-term debt (fixed-rate-, inflation-linked-, retail- and zero coupon bonds, and other loans). For purposes of calculating the risk benchmarks borrowing from the CPD, retail bonds, zero coupon bonds and other loans amounting to R32 billion were excluded from gross loan debt.

Inflation risk

Inflation risk is the risk that adverse changes in inflation might result in increases in the outstanding amount of inflation-linked bonds and higher borrowing costs. This risk is managed by setting a benchmark for the share of inflation-linked bonds (ILB) as a per cent of total domestic debt between 20 to 25 per cent. Domestic debt includes Treasury bills, fixed-rate - and inflation-linked bonds. As at the end of March 2014, the share of inflation-linked bonds as a per cent of total domestic debt was at the lower end of the range of 20 – 25 per cent.

Share of inflation-linked bonds

Indicator	31 March 2014	31 March 2013
Domestic debt	R 1 408, 8 mil	R 1 209, 8 mil
Inflation-linked bonds	R 298,7 mil	R 244, 5 mil
Share of ILBs as % of total debt	21%	20%

Currency risk

Currency risk arises from the change in price of one currency against another and impacts on the rand value of interest and redemption amounts on foreign loans. This risk is managed by setting a limit of 15 per cent for the share of foreign currency debt as per cent of total debt. The change in the price of the currency also impacts on the Rand value of government's foreign currency deposits with the Reserve Bank. Government monitors its net foreign debt exposure, the difference between gross foreign debt and foreign currency deposits. Although government does not enter into hedge transactions to limit its exposure to foreign currency volatility, foreign currency cash deposits provide a natural hedge to a portion of the foreign debt portfolio. Foreign currency deposits are held in US dollar.

Composition of foreign debt

Indicator	31 March 2014	31 March 2013
As % of total debt		
- Gross foreign debt	9.3%	9.3%
- Net foreign debt	4.4%	3.9%
Currency composition		
- US Dollar	78.8%	64.8%
- Euro	11.4%	24.1%
- Yen	4.3%	4.8%
- GBP	0.8%	0.9%
- Swedish krona	4.7%	5.5%

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

Refinancing risk

Refinancing risk is the possibility that money cannot be borrowed to refinance maturing debt or that these borrowings take place at unfavourable rates. This risk is manifested in the concentration of large volumes of debt that needs to be repaid. Refinancing risk is managed by setting benchmarks for the following:

- The share of debt maturing within a year (Treasury bills) to 15 per cent of total domestic debt;
- The share of debt maturing in 5 years (fixed-rate and inflation-linked bonds) to 25 per cent of total domestic debt;
- Average term-to-maturity of fixed-rate bonds and Treasury bills within a range of 10 to 14 years, and
- Average term-to-maturity of inflation-linked bonds within a range of 14 to 17 years.

One of the aims of government's debt management strategy is to maintain a smooth debt maturity profile. Refinancing risk is reduced through an active switch programme whereby short dated bonds are exchanged for longer term bonds.

Refinancing risk benchmarks

Indicator	31 March 2014	31 March 2013
Share of debt maturing within a year (Treasury bills)	13.60%	14.2%
The share of debt maturing in 5 years (fixed-rate and inflation-linked bonds)	22.7%	20.9%
Average term-to-maturity of fixed-rate bonds and Treasury bills	10.0 years	9.6 years
Average term-to-maturity of inflation-linked bonds	14.9 years	14.6 years
Bonds switched during a year	R10.6 bn	R37.4 bn

Credit risk

Credit risk is the risk of loss of principal or loss of a financial reward stemming from a borrower's failure to repay a loan or otherwise meet a contractual obligation. Government's credit risk arises from the investment of surplus cash with commercial banks and the issue of guarantees to state-owned companies. Total cash invested at the end of 2013/14 amounted to R205 billion of which R151 billion was with the Reserve Bank and R54 billion with commercial banks. National Treasury's policy is to deposit cash with banks that meets a certain criteria. The criteria include the capacity to accommodate large amounts of deposits on call, a minimum capital adequacy ratio and the credit rating. These banks must also participate in the collection of tax revenue and be a holder of a tax and loan deposit account. Government's investments are subject to benchmark investment ratios and total limits per counterparty. Cash invested at commercial banks is limited to 50 per cent of banks' capital and reserves. Investments are monitored and spread daily between counterparties in line with approved investment ratios. Settlement risk arises when a primary dealer buys a bond and promise to pay within three days of the auction date. Any failure by the primary dealers to settle their accounts will result in National Treasury's inability to meet its cash objectives. There is minimal settlement risk exposure for the National Treasury. This is determined by analysing the financial performance of the primary dealers through monitoring the annual results and auction participations. In addition, National Treasury manages and monitors the risks emanating from its implicit and explicit contingent liabilities by setting a benchmark for total net government debt, provisions (multilateral institution liabilities) and contingent liabilities to 50 per cent of the gross domestic product (GDP). This is lower than the Southern African Development community's macroeconomic convergence target of 60 per cent of GDP. On 31 March 2014, net debt, provisions and contingent liabilities amounted to 55.3 per cent compared to 52.1 per cent on 31 March 2013. Furthermore, counterparties to which government has a guarantee exposure are analysed to determine their ability to meet their financial obligations. This is done through an analysis of business risk and financial risk indicators to ultimately gauge the quality of government's contingent liability exposure.

Country Risk

Country risk can be defined as an adverse change in the political system and business environment that can negatively affect operations and value of assets in a country. The willingness and ability to honour debt obligations is considered when assessing the sovereign risk of a country.

In order to analyse and measure the sovereign risk - willingness or ability to pay debt obligations – the credit rating agencies constantly rate the South African government. This is performed by assessing the government's ability to service its current level of debt and how sustainable future levels of debt are under the current economic and political policy environment, i.e. the assessment of both the quantitative and qualitative factors based on the rating methodologies of the rating agencies which are more or less aligned.

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

Long-term ratings rate the future ability of government to repay its long-term debt obligations, while short-term ratings apply to government's ability to repay all short-term obligations.

South Africa has solicited credit ratings from four major credit rating agencies, namely, Moody's Investors Service (Moody's), Standard and Poor's (S&P), Fitch Ratings (Fitch) and Rating and Investment Information, Inc. (R&I).

SA's sovereign credit ratings came under pressure in 2012/13. Whilst SA's sovereign credit ratings were downgraded by major credit rating agencies in 2012/13, alongside many developed and emerging economies, the ratings stabilised in 2013/14. In the latter part of 2013, Moody's Investors Service (Moody's), Ratings and Investment Information, Inc. (R&I), Fitch Ratings (Fitch) and Standard & Poor's (S&P), affirmed SA's credit ratings. However, Moody's and S&P retained the negative credit outlooks on SA.

Credit rating agencies have continued to highlight weaknesses in the country's internal and external sectors, citing that such weaknesses are threatening SA's rating trajectory, thereby exposing SA to increased domestic and exogenous vulnerabilities.

However, government remains committed to addressing factors that constrain the sovereign credit ratings.

		Moody's	S&P	Fitch	R&I
Lower Risk	Investment Grade	Aaa	AAA	AAA	AAA
		Aa1	AA+	AA+	AA+
		Aa2	AA	AA	AA
		Aa3	AA-	AA-	AA-
		A1	A+	A+	A+
		A2	A	A	A
		A3	A-	A-	A- (stable outlook)
		Baa1 (negative outlook)	BBB+	BBB+	BBB+
		Baa2	BBB (negative outlook)	BBB (stable outlook)	BBB
		Baa3	BBB-	BBB-	BBB-
High Risk	Speculative Grade / Non - Investment Grade	Ba1	BB+	BB+	BB+
		Ba2	BB	BB	BB
		Ba3	BB-	BB-	BB-
		B1	B+	B+	B+
		B2	B	B	B
		B3	B-	B-	B-
		Caa1	CCC+	CCC+	CCC+
		Caa2	CCC	CCC	CCC
		Caa3	CCC-	CCC-	CCC-
		Ca	CC	CC	CC
		C	C	C	C
		D	D	D	D
		Current rating			
Rating prior to the downgrade					
1st credit rating assigned to RSA:					
Moody's, S&P and Fitch - 1994					
R&I - 1998					

Source: National Treasury

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

South Africa's sovereign credit ratings by major credit rating agencies

The rating agencies have welcomed the outcome of SA's national elections, which were declared free and fair by the African Union. The positive outcome has alleviated investor concerns that prevailed prior to the elections, regarding uncertainties on policy continuity and political stability. The 2014 Budget has re-affirmed commitment to fiscal discipline, debt sustainability, and the prioritisation of the implementation of the National Development Plan (NDP). Effective implementation of the NDP is crucial in growing the productive capacity of the economy and addressing SA's socio-economic challenges, while simultaneously maintaining fiscal sustainability.

52 Departments excluded from Consolidation

52.1 State Security Agency

Due to "the inherent sensitive nature of the financial information contained in the State Security Agency annual financial statements, this department was excluded from the consolidated financial statements for 2013/14 and 2012/13."

UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

For the year ended 31 March 2014

Consolidated statement of financial performance

DEPARTMENT NAME	Notes	Central Government Administration		Financial Administration Services	Social Services	Justice and Protection Services	Economic Services and Infrastructure Development
		2013/14	2013/14				
DEPARTMENT NAME		2013/14	2013/14	2013/14	2013/14	2013/14	2013/14
OPERATING INCOME		81 631 629	32 559 795	2 19 739 695	147 322 162	134 953 582	
Departmental revenue	3	888 218	3 691 734	223 064	1 773 436	4 797 056	
Receipts by National Departments from NRF	5	80 743 411	28 868 061	219 516 631	145 548 726	130 156 526	
Aid assistance	7.1	85 458	127 675	1 274 065	33 667	266 562	
TOTAL REVENUE		81 717 087	32 687 470	221 013 760	147 355 829	135 220 144	
DEPARTMENTAL EXPENDITURE							
Current expenditure							
Compensation of employees	9	8 124 448	2 427 783	2 782 689	93 970 545	7 547 562	
Goods & Services	10	8 795 493	2 078 548	4 081 045	34 532 196	9 159 181	
Interest & Rent on Land	11	51	-	50 290	890	6 212	
Aid assistance	7.2	34 584	76 316	967 583	27 966	38 520	
Total current expenditure		16 954 576	4 582 647	7 881 607	128 531 597	16 751 475	
Transfers and subsidies							
Transfers and subsidies	14	60 540 804	21 151 618	207 930 888	9 407 515	108 288 647	
Aid assistance	7.3	1 705	-	21 259	-	161 440	
Total transfers and subsidies		60 542 509	21 151 618	207 952 147	9 407 515	108 450 087	
Expenditure for capital assets							
Tangible capital assets	12	1 080 303	124 995	1 694 839	6 332 508	4 674 901	
Software and other intangible assets	12	87 781	2 686	14 409	28 592	73 974	
Total expenditure for capital assets		1 168 084	127 681	1 709 248	6 361 100	4 748 875	

UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

For the year ended 31 March 2014

Consolidated statement of financial performance (continued)

DEPARTMENT NAME	Notes	Central Government Administration		Financial Administration Services		Social Services		Justice and Protection Services		Economic Services and Infrastructure Development	
		2013/14	2013/14	2013/14	2013/14	2013/14	2013/14	2013/14	2013/14	2013/14	2013/14
Payments for financial assets	15	8 943	2 908 148	29 736	60 817	62 255					
Direct Exchequer Payments		-	-	-	-	-					
TOTAL EXPENDITURE		78 674 112	28 770 094	217 572 738	144 361 029	130 012 692					
SURPLUS/(DEFICIT)		3 042 975	3 917 376	3 441 022	2 994 800	5 207 452					
SURPLUS/(DEFICIT) FOR THE YEAR		3 042 975	3 917 376	3 441 022	2 994 800	5 207 452					
Reconciliation of Net Surplus/(Deficit) for the year											
Voted Funds to be surrendered to the revenue fund	22	2 105 714	174 506	2 973 643	1 221 406	343 861					
Departmental revenue to be surrendered to the revenue fund	23	888 218	3 691 734	223 064	1 773 436	4 797 056					
Direct Exchequer receipts/payments	24	-	-	-	-	-					
Aid assistance	7.4	49 043	51 136	244 315	(42)	66 535					
SURPLUS/(DEFICIT) FOR THE YEAR		3 042 975	3 917 376	3 441 022	2 994 800	5 207 452					

UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

For the year ended 31 March 2014

Consolidated statement of financial position

DEPARTMENT NAME	Notes	Central Government Administration		Financial Administration Services		Social Services		Justice and Protection Services		Economic Services and Infrastructure Development	
		2013/14	2013/14	2013/14	2013/14	2013/14	2013/14	2013/14	2013/14	2013/14	2013/14
ASSETS											
Current Assets		5 294 932	2 695 553	13 442 117	2 100 656	4 467 574					
Unauthorised expenditure	13	1 634 968	17 383	26 873	891	2 036 492					
Fruitless and wasteful expenditure	16	-	-	-	-	-					
Cash and cash equivalents	17	2 772 956	1 023 558	2 513 834	520 060	2 056 568					
Other financial assets		15 430	-	-	-	663					
Prepayments and advances	18	54 272	8 108	9 565 223	241 407	172 769					
Receivables	19	811 493	95 442	1 333 896	1 325 936	195 498					
Loans	20	-	1 551 037	2 291	12 362	3 113					
Aid assistance prepayments	7	-	-	-	-	-					
Aid assistance receivable	7	5 813	25	-	-	2 471					
Non-current assets		55 047	89 029 242	21 956	75 000	23 146 885					
Investments	21	-	24 199 411	-	75 000	23 106 522					
Loans	20	-	64 829 831	21 956	-	37 624					
Other financial assets		55 047	-	-	-	2 739					
TOTAL ASSETS		5 349 979	91 724 795	13 464 073	2 175 656	27 614 459					
LIABILITIES											
Current liabilities		4 824 883	1 129 958	12 719 775	1 664 208	4 384 630					
Voted funds to be surrendered to the Revenue Fund	22	2 621 309	191 889	2 958 578	1 221 406	1 030 674					
Departmental revenue to be surrendered to the Revenue Fund	23	249 642	590 135	128 855	158 422	538 708					
Direct Exchequer Receipts to be surrendered to the Revenue Fund	24	-	-	-	-	-					
Bank overdraft	25	529 375	6 734	9 118 432	161 032	1 654 634					
Payables	26	1 340 884	172 282	254 513	85 336	1 110 958					
Aid assistance repayable	7	75 219	47 003	253 322	7 074	40 939					
Aid assistance unutilised	7	8 454	121 915	6 075	30 938	8 717					

UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

For the year ended 31 March 2014

Consolidated statement of financial position (continued)

DEPARTMENT NAME	Notes	Central Government Administration		Financial Administration Services		Social Services		Justice and Protection Services		Economic Services and Infrastructure Development	
		2013/14	2013/14	2013/14	2013/14	2013/14	2013/14	2013/14	2013/14	2013/14	2013/14
Non-current liabilities		358 360	11 988	692 916							280 574
Payables	26	358 360	11 988	692 916							280 574
TOTAL LIABILITIES		5 183 243	1 141 946	13 412 691			1 664 208				4 665 204
NET ASSETS		166 736	90 582 849	51 382			511 448				22 949 255
Represented by:											
Capitalisation reserve		-	25 550 541	24 247			75 000				22 853 882
Recoverable revenue		17 455	65 032 308	7 108			426 265				95 373
Retained funds		149 281	-	20 027			10 183				-
TOTAL		166 736	90 582 849	51 382			511 448				22 949 255

UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

For the year ended 31 March 2014

Consolidated statement of financial performance (prior year)

DEPARTMENT NAME	Notes	Central Government Administration		Financial Administration Services		Social Services		Justice and Protection Services		Economic Services and Infrastructure Development	
		2012/13	2012/13	2012/13	2012/13	2012/13	2012/13	2012/13	2012/13	2012/13	2012/13
OPERATING INCOME		77 292 484	29 997 414	205 683 899	136 569 784	122 621 734					
Departmental revenue	3	830 612	4 207 066	123 371	1 971 086	3 838 814					
Receipts by National Departments from NRF	5	76 461 872	25 790 348	205 560 528	134 598 698	118 782 920					
Aid assistance	7.1	3 721	75 339	1 277 135	66 973	751 919					
TOTAL REVENUE		77 296 205	30 072 753	206 961 034	136 636 757	123 373 653					
DEPARTMENTAL EXPENDITURE											
Current expenditure											
Compensation of employees	9	7 351 831	2 294 637	2 527 075	86 200 354	7 174 998					
Goods & Services	10	7 318 441	1 899 147	3 720 148	31 156 453	6 978 177					
Interest & Rent on Land	11	41	203	51 488	1	40 942					
Aid assistance	7.2	31 955	74 937	667 581	31 435	75 189					
Total current expenditure		14 702 268	4 268 924	6 966 292	117 388 243	14 269 306					
Transfers and subsidies											
Transfers and subsidies	14	58 491 028	19 791 689	195 540 193	8 837 417	97 771 907					
Aid assistance	7.3	1 638	-	17 607	-	211 821					
Total transfers and subsidies		58 492 666	19 791 689	195 557 800	8 837 417	97 983 728					
Expenditure for capital assets											
Tangible capital assets	12	1 127 774	143 084	1 053 473	7 066 848	4 814 699					
Software and other intangible assets	12	12 537	17 758	4 449	11 559	16 789					
Total expenditure for capital assets		1 140 311	160 842	1 057 922	7 078 407	4 831 488					

UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

For the year ended 31 March 2014

Consolidated statement of financial performance (prior year) (continued)

DEPARTMENT NAME	Notes	Central Government Administration		Financial Administration Services	Social Services	Justice and Protection Services	Economic Services and Infrastructure Development
		2012/13	2012/13				
Payments for financial assets	15	6 414	1 407 739	21 992	151 179	99 990	
TOTAL EXPENDITURE		74 341 659	25 629 194	203 604 006	133 455 246	117 184 512	
SURPLUS/(DEFICIT)		2 954 546	4 443 559	3 357 028	3 181 511	6 189 141	
SURPLUS/(DEFICIT) FOR THE YEAR		2 954 546	4 443 559	3 357 028	3 181 511	6 189 141	
Reconciliation of Net Surplus/(Deficit) for the year							
Voiced Funds to be surrendered to the revenue fund	22	2 153 806	236 175	2 687 193	1 174 887	1 885 453	
Departmental revenue to be surrendered to the revenue fund	23	830 612	4 207 066	123 371	1 971 086	3 838 814	
Aid assistance	7.4	(29 872)	318	546 464	35 538	464 874	
SURPLUS/(DEFICIT) FOR THE YEAR		2 954 546	4 443 559	3 357 028	3 181 511	6 189 141	

UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

For the year ended 31 March 2014

Consolidated statement of financial position (prior year)

DEPARTMENT NAME	Notes	2012/13				
		Central Government Administration	Financial Administration Services	Social Services	Justice and Protection Services	Economic Services and Infrastructure Development
ASSETS		2012/13	2012/13	2012/13	2012/13	2012/13
Current Assets		5 398 444	1 752 206	13 066 333	2 155 704	5 348 843
Unauthorised expenditure	13	1 512 103	-	26 873	891	1 263 396
Cash and cash equivalents	17	3 070 810	452 572	4 334 699	544 052	2 327 626
Other financial assets		14 168	-	-	-	-
Prepayments and advances	18	56 566	84 396	7 763 067	313 753	481 001
Receivables	19	736 693	55 293	939 565	1 284 646	1 269 715
Loans	20	-	1 159 567	2 129	12 362	6 043
Aid assistance receivable	7	8 104	378	-	-	1 062
Non-current assets		50 602	89 838 809	24 247	75 000	23 143 760
Investments	21	-	23 849 411	-	75 000	23 062 214
Loans	20	-	65 989 398	24 247	-	78 340
Other financial assets		50 602	-	-	-	3 206
TOTAL ASSETS		5 449 046	91 591 015	13 090 580	2 230 704	28 492 603
LIABILITIES		5 239 014	583 406	12 519 261	1 617 355	5 203 537
Current liabilities		3 048 927	236 175	2 636 163	1 174 887	1 816 899
Voted funds to be surrendered to the Revenue Fund	22	847 969	12 187	29 693	150 093	556 155
Departmental revenue to be surrendered to the Revenue Fund	23	17 753	58 277	9 114 530	65 334	1 770 264
Bank overdraft	25	1 286 052	155 929	185 495	188 758	597 262
Payables	26	38 313	5 049	517 872	12 126	445 488
Aid assistance repayable	7	-	115 789	35 508	26 157	17 469
Aid assistance unutilised	7	-	-	-	-	-

UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

For the year ended 31 March 2014

Consolidated statement of financial position (prior year) (continued)

DEPARTMENT NAME	Notes	Central Government Administration		Financial Administration Services	Social Services	Justice and Protection Services	Economic Services and Infrastructure Development
		2012/13	2012/13				
Non-current liabilities		15	7 761	529 295	-	235 755	
Payables	26	15	7 761	529 295	-	235 755	
Multilateral Institutions	28						
TOTAL LIABILITIES		5 239 029	591 167	13 048 556	1 617 355	5 439 292	
NET ASSETS		210 017	90 999 848	42 024	613 349	23 053 311	
Represented by:							
Capitalisation reserve		-	25 200 541	26 376	75 000	22 853 882	
Recoverable revenue		60 736	65 799 307	15 648	515 549	199 429	
Retained funds		149 281	-	-	22 800	-	
TOTAL		210 017	90 999 848	42 024	613 349	23 053 311	

ANNEXURES: NAMES OF GOVERNMENT DEPARTMENTS

For the year ended 31 March 2014

Central government administration		Justice and protection services	
	The Presidency	CORR:	Department of Correctional Services
	Parliament	DOD:	Department of Defence
DHA:	Department of Home Affairs	ICD:	Independent Complaints Directorate
DPW:	Department of Public Works	DOJ&CD:	Department of Justice and Constitutional Development
COGTA:	Co-operative Governance and Traditional Affairs	NPA:	National Prosecuting Authority
DIRCO:	Department of International Relation and Co-operation	SAPS:	South African Police Services
DPWCPD:	Department of Women, Children and People with disabilities	DMV:	Department of Military Veterans
DPME:	Department of Performance, Monitoring		
Financial and administration services		Economic development and infrastructure development	
GCIS:	Government Communication Information System	DAFF:	Department of Agriculture, Forestry And Fisheries
NT:	National Treasury	DCO:	Department of Communications
DPE:	Department of Public Enterprise	DEA:	Department of Environmental Affairs
DPSA:	Department of Public Service and Administration	DHS:	Department of Human Settlement
DTI:	Department of Trade and Industry	DED:	Department of Economic development
PSC:	Public Service Commission	DMR:	Department of Minerals Resources
PALAMA:	Public Administration of the Leadership And Management Academy	DST:	Department of Science and Technology
STATSSA:	Statistics South Africa	DOT:	Department of Transport
		DWA:	Department of Water Affairs
		DOE:	Department of Energy
		TOURISM:	Department of Tourism
		DRDLR:	Department of Rural Development and Land Reform
Social Services			
DAC:	Department of Arts and Culture		
DHET:	Department of Higher Education and Training		
DBE:	Department of Basic Education		
DOL:	Department of Labour		
DOH:	Department of Health		
DSD:	Department of Social Development		
SRSA:	Sport and Recreation South Africa		

CONSOLIDATED FINANCIAL STATEMENTS

Annual financial statements for the year ended 31 March 2014

REVIEW OF OPERATING RESULTS

CONSTITUTIONAL INSTITUTIONS,
SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES
AND TRADING ACCOUNTS



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014

Public entities

The Consolidated Financial Statements incorporate 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 identified during the year, but not yet listed, these unlisted entities are also included in the Consolidated Financial Statements.

The Consolidated Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP), as issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act, (Act No 1 of 1999). In particular, the principles of GRAP 6: Consolidated and Separate Financial Statements have been applied to the development of the accounting policies supporting this consolidation. A specific policy statement has been developed for this set of consolidated financial statements and entities are required to convert to the GRAP reporting framework and follow the National Treasury accounting policies. The consolidated financial statements have been prepared on the accrual basis of accounting and incorporate the historical cost conventions as the basis of measurement, except where specified otherwise.

The approach used by NT is as follows:

- NT develops a standard template in Microsoft Excel format for use in the consolidation process.
- This template is sent to the public entities for completion.
- The auditors review and sign the templates off to ensure that the figures on the template agree to the figures published in the entities' that conversion journals were passed where applicable and that inter-entity worksheets were completed.
- Where this process has not been performed by the auditors, the templates received from the entity are considered draft templates. The details of these templates are listed in the various annexures to the consolidated financial statements.
- NT then uses these templates as a source to the consolidation model.

During the 2013/2014 financial year, the National Treasury reassessed the National Treasury's position on the GBE's. The findings of the reassessment indicated that the National Treasury is in fact able to exert control over the financial and operating policies of the GBE's and that these GBE's should be fully consolidated according to GRAP 6 (Consolidated and Separate Financial Statements).

Thus, a change in accounting policy has been implemented to no longer equity account the GBE's, but rather include these GBE's as fully consolidated in the Public Entities Consolidation of the National Treasury in terms of GRAP 6 (Consolidated and Separate Financial Statements).

This change in accounting policy is applied retrospectively and would result in changes in the comparative (2012/2013) figures of the Public Entities Consolidation

Consolidations 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 C.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014

The updated list of entities consolidated is published on the Treasury website as at 15 May 2014. As mentioned above, the consolidated financial statements also include some entities not listed on the PFMA Schedules but falling within the criteria to consolidate. Confirmation is sent annually to all departments to confirm the entities belonging to the departments. 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 financial information and assisting entities with completing the consolidation templates. In certain circumstances listed national entities and known unlisted entities that must be consolidated, are excluded if no templates are forwarded for reasons beyond the OAG's intervention.

The following is a statistical consolidation summary:

Entities in 2013 /2014	Listed entities	Non Listed entities
- Total	208	20
- Consolidated	198	19
- Not Consolidated(including 5 discontinued entities)	10	1

Entities in 2012/2013	Listed entities	Non Listed entities
- Total	208	20
- Consolidated	195	18
- Not Consolidated(including 5 discontinued entities)	13	2

A total of 198 (95 %) of listed entities are consolidated in 2013/14, which is a slight increase from 2012/13, where 195 listed entities were consolidated. The total number of listed entities in the current year from and prior year remain to be 208. A total of 19 unlisted entities were consolidated in 2013/14.

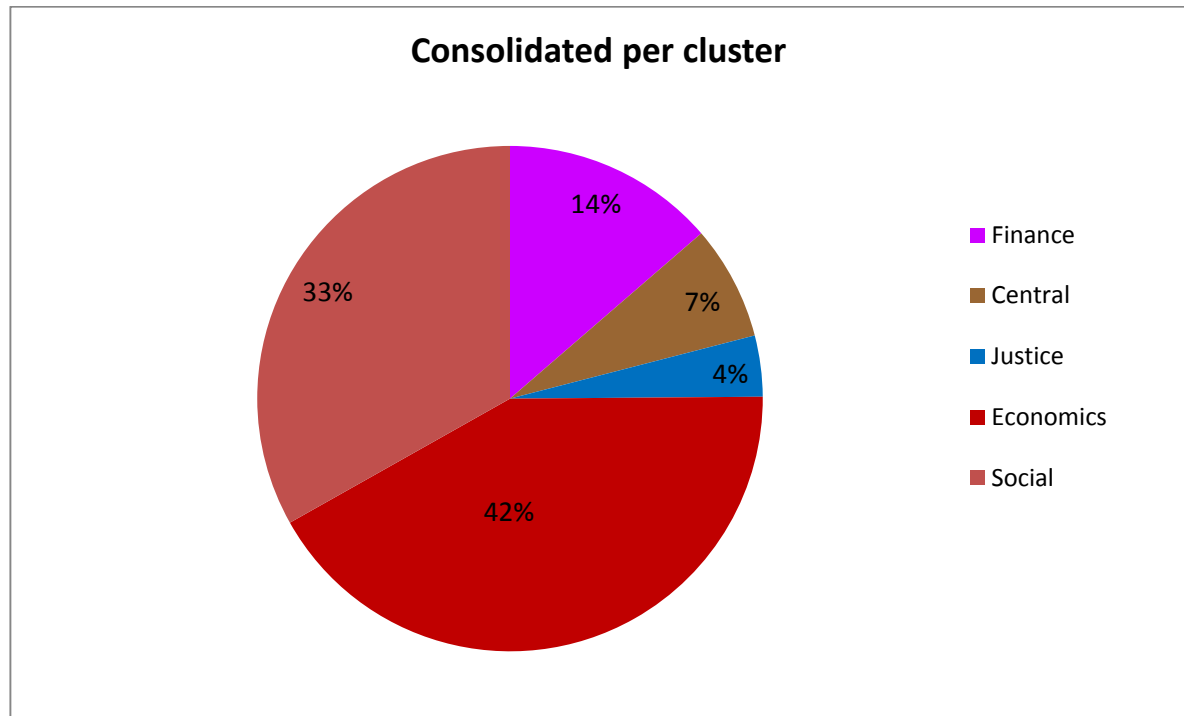
The five discontinued entities referred to above are no longer in operation therefore discontinued. However they are still waiting to be delisting, the entities are EDI Holdings (Pty) Ltd, Inala Farms (Pty) Ltd, Khula Enterprises Finance Limited, Namaqua Water Board and Urban Transport Fund.

The percentage of listed entities that were not consolidated in 2013/14 due to either late submission or non-submission of their AFS consolidation templates within the prescribed timeframes has decreased from 6% in 2012/13 to 5% in 2013/14. The reasons for non-submission are attributed to audit extensions and entities not responding to treasury on consolidation, two entities did not keep proper financial records in the current financial year to allow them to submit a full set of financial statement to Treasury for consolidation. These entities that are not consolidated are disclosed in Annexure C.

The Economic and Infrastructure Services cluster contributes the biggest slice (42%) of total number of entities consolidated, followed by the Social Services cluster (33%), Finance Services cluster (14%), Central Services cluster (7%) and lastly the Justice and Protection Services cluster (4%).

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014



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 noted that more entities were consolidated in 2013/14 (217) compared to 2012/13 (213). This inconsistency contributes to the variance in the opening balances or prior year figures as compared to figures published in the 2013/14 financial year.

Below is a list of annexures to the consolidated financial statements 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** – List of entities consolidated
- **Annexure B** – List of entities not consolidated but included in the PFMA list
- **Annexure C** – List of entities consolidated with year ends other than 31 March 2014

Financial Performance

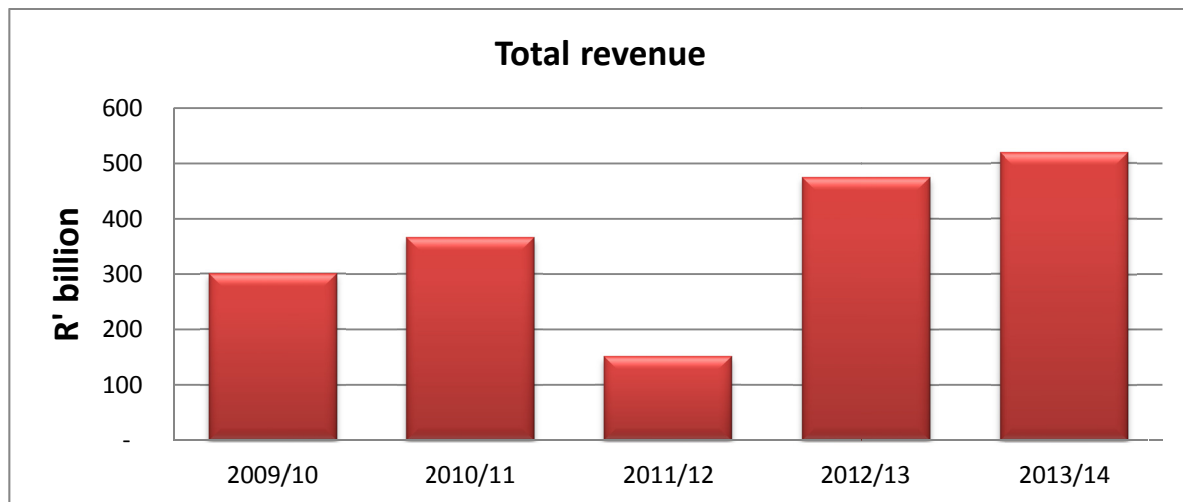
Total revenue

Total revenue for the year under review increased by 7 per cent, with the current total being R522 billion. Non - exchange revenue consisting of Public contributions and donations, Transfer and sponsorships, Fines, Penalties and Forfeits, Licences and permits, Government grants and subsidies, Legislative and Oversight functions and Taxation revenue, and accounts for the largest portion of total revenue at 21 per cent. Government grants and subsidies and Legislative and oversight functions in the non-exchange category, constitute 64 per cent of the non-exchange revenue and 14 per cent of total revenue. The major contributor of total revenue is exchange revenue contributing 77 per cent in current year and 78 per cent prior year, most of that amount emanating from sales of goods & services.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014

Revenue R' million	Actual 2013/14	Actual 2012/13
Non-exchange revenue		
Public contributions and donations	1 536	2 484
Transfers and Sponsorships	25 184	21 764
Fines, Penalties and Forfeits	351	841
Licenses and permits	930	916
Government grants and subsidies	51 328	48 787
Legislative and Oversight functions	21 388	17 942
Taxation revenue	11 884	12 247
	112 602	104 981
Exchange revenue		
Sale of Goods & Rendering of Services	314 141	298 923
Rental of facilities and equipment	13 098	10 006
Interest earned - external investments	31 278	32 888
Interest earned - outstanding receivables	2 002	1 918
Other income	49 434	39 988
	409 952	383 723
Total Revenue	522 554	488 704



*The inconsistency in the graph for the 2011/12 financial year's figures is due to the exclusion of GBE's as these were equity accounted for then.

The Finance cluster is the largest contributor of revenue, followed by the Economic cluster. Entities falling under the economic cluster which contributed the most to revenue include; Road Accident Fund and SANRAL and for both entities the largest revenue source being non-exchange revenue.

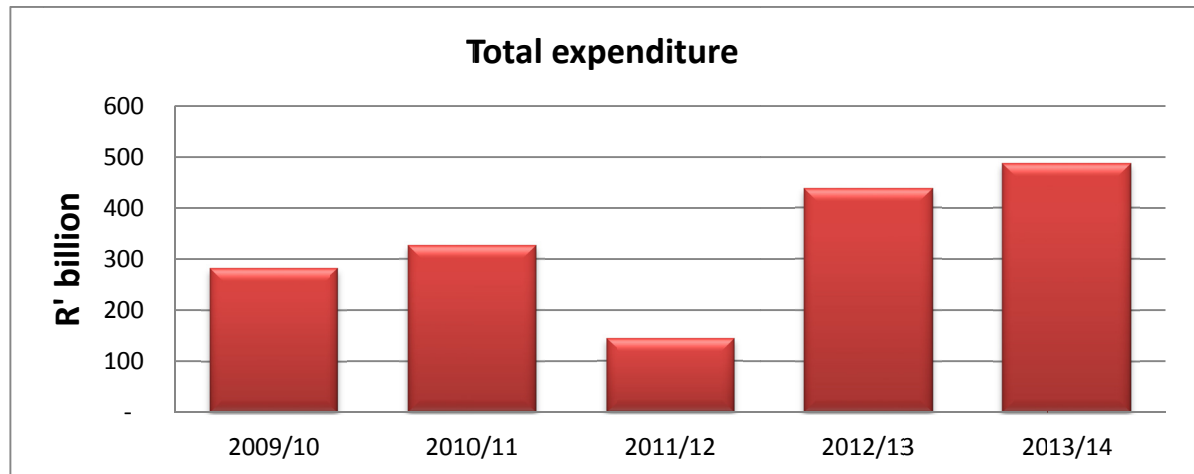
It should be appreciated that Total Revenue for 2012/13 and 2013/14 has grown by 7 per cent, with the growth coming from exchange revenue which grew by 7 per cent and also making up 77 per cent of total revenue. The major contributors of total revenue in the current year are Eskom (40 %), South African Airways (8 %) and Transnet (16 %). Sale of goods and rendering of services, accounts for the largest portion of revenue at 78 % and 78 % of exchange revenue.

REVIEW OF OPERATING RESULTS

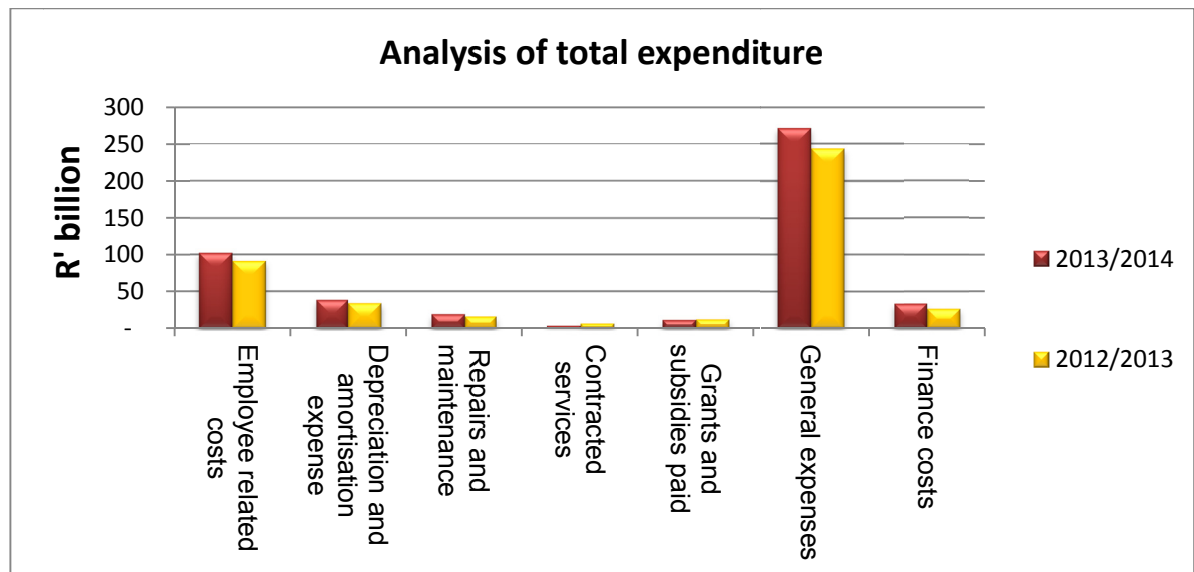
For the year ended 31 March 2014

Total expenditure

Expenditure	2013/14 R' million	2012/13 R' million
Employee related costs	102 242	91 405
Bad debts	5 568	3 807
Depreciation and amortisation expense	38 917	34 637
Repairs and maintenance	19 661	16 545
Contracted services	3 987	7 088
Grants and subsidies paid	11 719	12 692
General expenses	270 935	243 745
Finance costs	33 706	26 855
Non Profit institutions and donor project expenses	835	1 489
Total expenditure	487 569	438 263



*The inconsistency in the graph for the 2011/12 financial year's figures is due to the exclusion of GBE's as these were equity accounted for then.



REVIEW OF OPERATING RESULTS

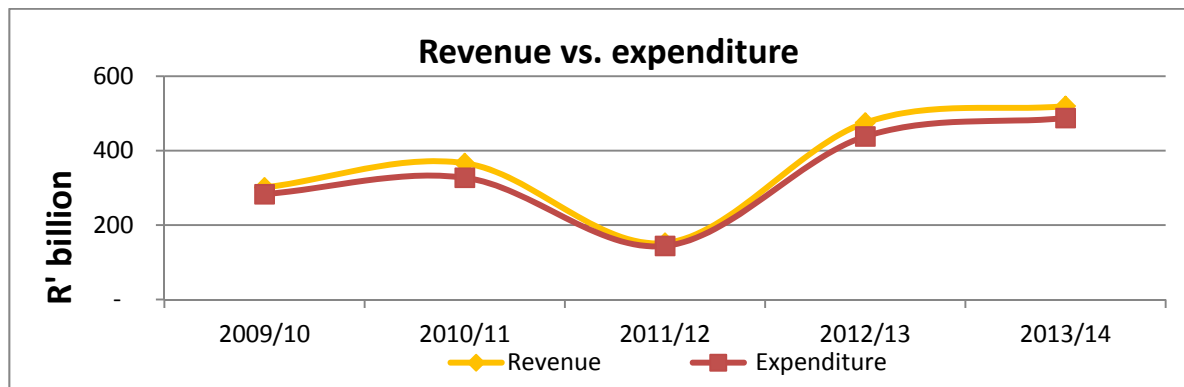
For the year ended 31 March 2014

Total expenditure amounted to R487 billion for the current year; this represents a 10 per cent increase from the prior year's total of R438 billion. General expenses and Employee related costs accounted for 76 per cent of the total expenditure, with general expenses contributing 55 per cent and employee related costs 21 per cent of total expenditure.

The Finance cluster is the largest contributor of expenditure at R258 billion in the current year, with Transnet and SAA contributing R50.1 billion and R32.2 billion respectively in the Financial cluster.

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

Revenue vs. Expenditure R' million	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14
Revenue	300 998	366 374	151 823	488 704	522 554
Expenditure	282 958	327 208	143 990	438 263	487 569
Surplus/(Deficit) from operations	18 040	39 166	7 833	50 441	34 986



*The inconsistency in the graph for the 2011/12 financial year's figures is due to the exclusion of GBE's as these were equity accounted for then.

A surplus from operations was realised in the current year of R 35 billion (2012/13: R50 billion), which reflects a decrease on the prior year surplus of 30 per cent.

As can be seen above, over the past four years from 2009/10 since the global economic downturn in 2008/09, revenue has been covering expenditure with a slight dip in 2011/12 with clear margins. The margin between revenue and expenditure has declined in the current year by R15 billion.

Loss / Deficit making Public Entities

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

Schedule 1	2013/14 R'000	2012/13 R'000	Movement in loss R'000
Public Protector of South Africa	(20,450)	4,112	(24,562)

Name of Entity Schedule 2	2013/14 R'000	2012/13 R'000	Movement in loss R'000
Broadband Infrastructure Company (Pty) Ltd	(143,484)	(174,339)	30,855
CEF (Pty) Ltd	(1,290,586)	1,161,486	(2,452,072)
South African Airways (Pty) Ltd	(2,553,321)	(1,169,820)	(1,383,501)
South African Post Office Limited	(361,205)	(226,885)	(134,320)
Trans-Caledon Tunnel Authority	(1,977,817)	(208,926)	(1,768,890)
	(6,326,413)	(618,484)	(5,707,929)

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014

Schedule 3A	2013/14	2012/13	Movement in loss
	R'000	R'000	R'000
Brand SA	(10,523)	(2,429)	(8,094)
Breede River Catchment Management Agency	(2,279)	(4,030)	1,750
Chemical Industries Education and Training Authority	(75,316)	6,415	(81,731)
Competition Tribunal	(3,679)	(1,452)	(2,227)
Council on Higher Education	(2,904)	4,871	(7,775)
Cross-Border Road Transport Agency	(46,516)	34,498	(81,014)
Die Afrikaanse Taal Museum	(33)	(24)	(10)
Financial and Accounting Services SETA	(13,664)	54,211	(67,874)
Housing Development Agency	(19,562)	1,771	(21,333)
Ingonyama Trust Board	(3,836)	13,121	(16,957)
Inkomati Catchment Management Agency	(6,500)	(12,510)	6,010
International Trade Administration Commission	(890)	1,931	(2,821)
Isimangaliso Wetland Park	(20,813)	(9,725)	(11,088)
Iziko Museums of Cape Town	(6,055)	3,141	(9,196)
Kwa-Zulu Natal Museum	(473)	296	(769)
Marine Living Resources Fund	(10,402)	4,219	(14,621)
Municipal Demarcation Board	(1,582)	6,973	(8,555)
National Arts Council of South Africa	(8,064)	15,639	(23,703)
National Consumer Tribunal	(1,463)	2,480	(3,942)
National Credit Regulator	(26,043)	(15,772)	(10,271)
National Development Agency	(19,484)	(4,626)	(14,857)
National Gambling Board of South Africa	(4,050)	(4,850)	799
National Health Laboratory Service	(148,572)	(64,064)	(84,508)
National Heritage Council of South Africa	(17,942)	(2,227)	(15,715)
National Lotteries Board	(194,287)	(93,327)	(100,960)
National Youth Development Agency	(32,291)	(41,158)	8,867
Office of the Ombud for Financial Services Providers	(2,642)	(2,415)	(227)
Performing Arts Council of the Free State	(6,008)	(10,933)	4,925
Perishable Products Export Control Board	(2,397)	(1,242)	(1,154)
Ports Regulator of South Africa	(151)	1,278	(1,428)
Road Accident Fund	(17,299,566)	(8,465,438)	(8,834,128)
South African Diamond and Precious Metals Regulator	(4,825)	(2,098)	(2,728)
South African Heritage Resources Agency	(7,565)	4,964	(12,529)
South African Institute for Drug-Free Sport	(183)	(1,420)	1,237
South African Library for the Blind	(616)	3,405	(4,021)
South African Maritime Safety Authority	(134,647)	(61,640)	(73,006)
South African State Theatre	(7,334)	(2,359)	(4,975)
Technology Innovation Agency	(18,626)	(49,120)	30,494
Thubelisha Homes	(391)	(1,541)	1,150
Universal Service and Access Agency of South Africa	(2,347)	(260)	(2,087)
War Museum of the Boer Republics	(1,161)	(232)	(929)
Water Research Commission	(1,806)	(3,380)	1,573
Windybrow Theatre	(1,272)	(2,686)	1,414
	(18,168,757)	(8,701,745)	(9,467,012)

Schedule 3B	2013/14	2012/13	Movement in loss
	R'000	R'000	R'000
Lepelle Northern Water	(10,255)	55,860	(66,115)
Onderstepoort Biological Products Limited	(8,583)	(21,440)	12,857
	(18,838)	34,420	(53,258)

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014

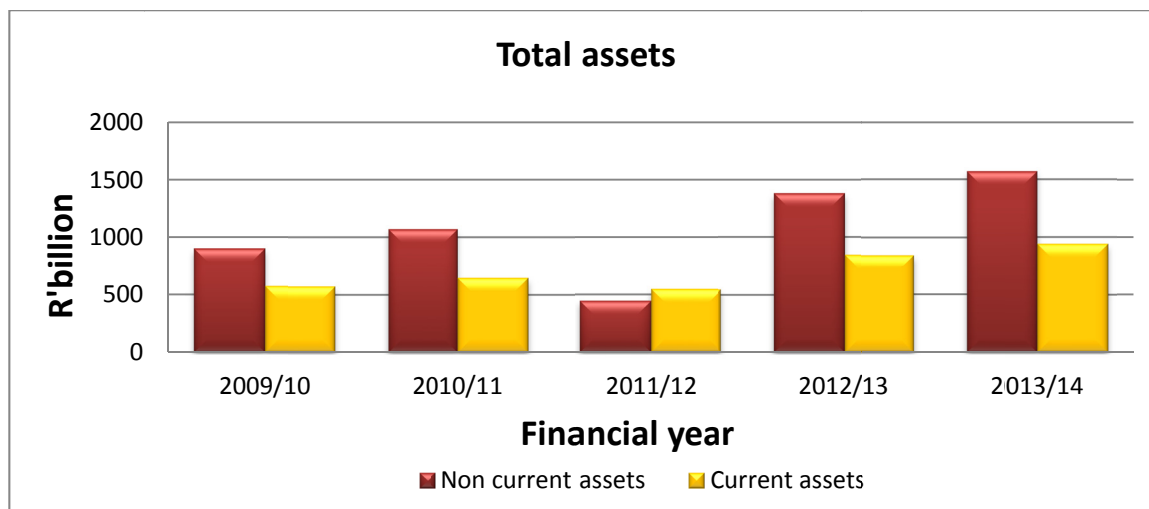
Unlisted Entities	2013/14	2012/13	Movement in loss
	R'000	R'000	R'000
South African Reserve Bank	(1,317,423)	(1,250,140)	(67,283)
Technical Assistance Unit	(1,499)	355	(1,854)
	(1,318,922)	(1,249,785)	(69,137)
Totals	(25,853,381)	(10,531,482)	(15,321,899)

Financial position

Total assets

Assets	2013/14	2012/13
	R' million	R' million
Non-current assets	1 572 192	1 380 983
Current assets	942 663	845 464
Total Assets	2 514 856	2 226 447

Total assets increased by R288 million in the current year and this major increase can be attributed to increases across all asset balances, with a noted increase of 14 per cent for Non-current assets.



The largest portion of total assets for the current year is Non-current assets at R 1.572 billion, and this constitutes 63 per cent of total assets. The major contributor of Non-current assets are Eskom (R 428 million), SANRAL (R 305million) Transnet (R225 million) and IDC (R 117 million), the four entities combined contribute 70 per cent of the total Non-current assets. While the greatest contributors of current assets are SARB (R587 million), Eskom (R76.5 million) and UIF (R35.4 million), the three entities combined contribute about 84 per cent of the total current asset.

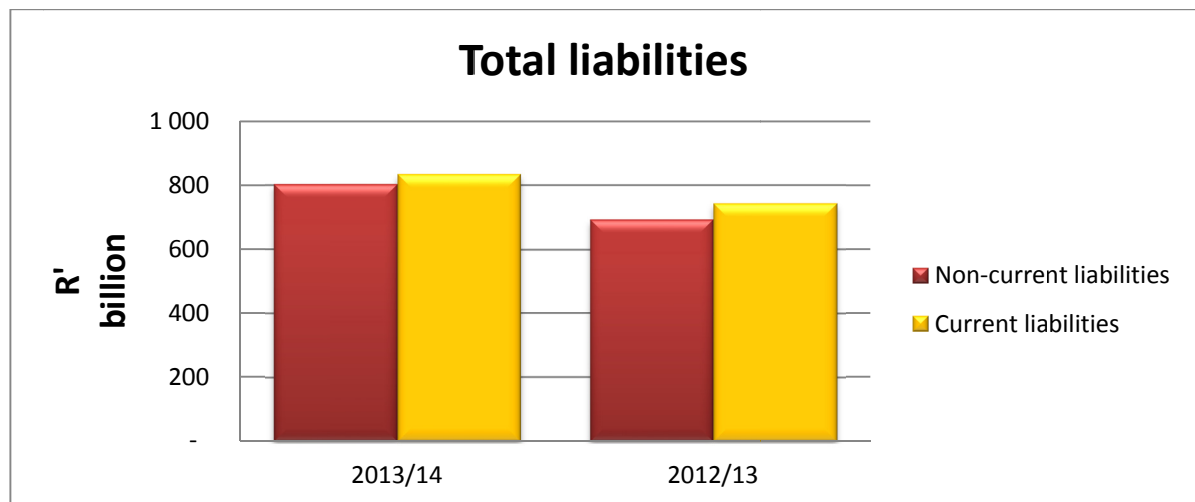
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014

Total liabilities

Liabilities	2013/14 R' million	2012/13 R' million
Non-current liabilities	803 519	693 095
Current liabilities	834 533	743 154
Total liabilities	1 638 053	1 436 249

Total liabilities increased by R202 billion (14 per cent) in the current year. The increase can be attributed to a 16 per cent increase in Non-current liabilities and a 12 per cent increase in current liabilities. 51 per cent (2012/13: 52 per cent) of total liabilities is categorised as current in the current year. SARB and Eskom are the major contributors of total liabilities, together they make up 60 per cent of total liabilities (R 979 billion).

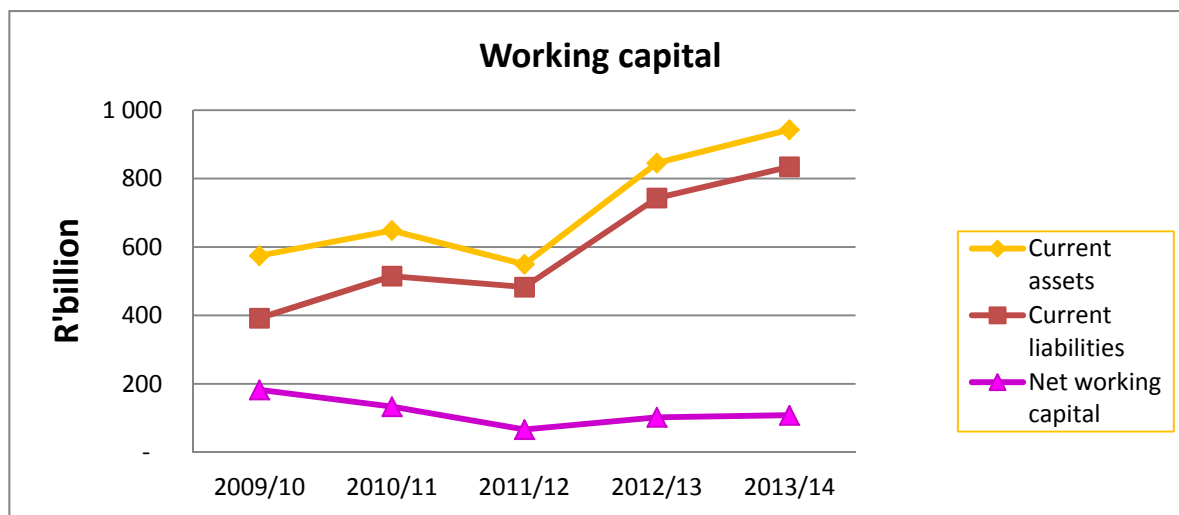


Working Capital

Working Capital	2009/10 R' million	2010/11 R' million	2011/12 R' million	2012/13 R' million	2013/14 R' million
Current assets	576 712	651 401	549 569	845 464	942 663
Current liabilities	392 690	516 710	482 944	743 154	834 533
Working capital	184 022	134 690	66 625	102 310	108 130

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014



*The 2011/12 financial year's figures exclude GBE's as these were equity accounted for then.

The working capital graph illustrates that, generally, the entities appear to be liquid i.e. the entities are able to meet their current obligations, as they arise, through their current assets.

Eskom

As a State Owned Company (SOC), Eskom is answerable to the government, represented by the Minister of Public Enterprises. Eskom is South Africa's primary electricity supplier. Eskom generates, transmits and distributes electricity to industrial, mining, commercial, agricultural and residential customers. It also sells electricity to municipalities, which in turn redistribute to businesses and households within their areas.

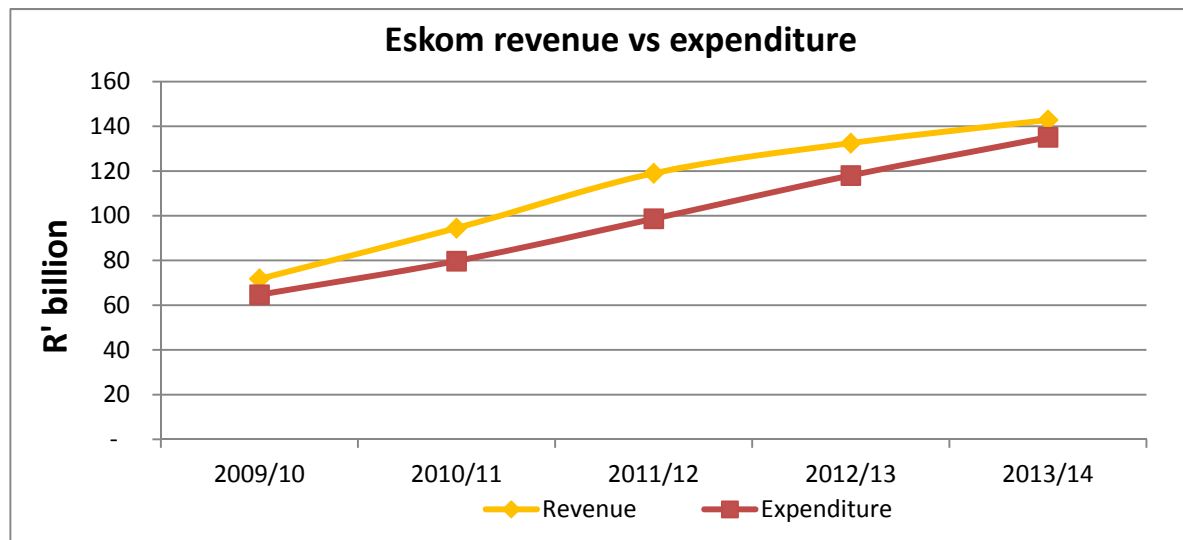
Eskom Summary	Actual	Actual	Actual	Actual	Actual
R' million	2009/10	2010/11	2011/12	2012/13	2013/14
Revenue	71,757	94,470	118,985	132,491	142,807
Expenditure	64,679	79,744	98,658	118,021	135,118
Surplus/(Deficit) from Operations	7,078	14,726	20,327	14,470	7,690
Change in surplus/(deficit)	155%	108%	38%	-29%	-47%

Eskom's revenue is comprised mostly of electricity revenue (98%) and the increase in total revenue of 8 per cent in the current year is attributable to the increase in electricity revenue. Interest from investments decreased further from the prior year to the current year by 11 per cent or R 321 million, (20% or R723m in 2012/13) and this decrease can be mainly attributable to the use of operating cash flows to finance capital expenditures. Eskom's R142 billions total revenue represents 27 per cent of total public entities revenues

Expenditure increased by 14 per cent or R 17 billion in the current year (20% or R19 billion), mainly as a result of a 8 per cent or R9 billion) increase in general expenses (38% or R21billion in 2012/13) in primary energy costs. Also an 8 per cent or R 2 billion increase in employee related costs (16% or R 3 billion in 2012/13). Cost of Sales at Eskom contributes 56 per cent of general expenses in the current year.

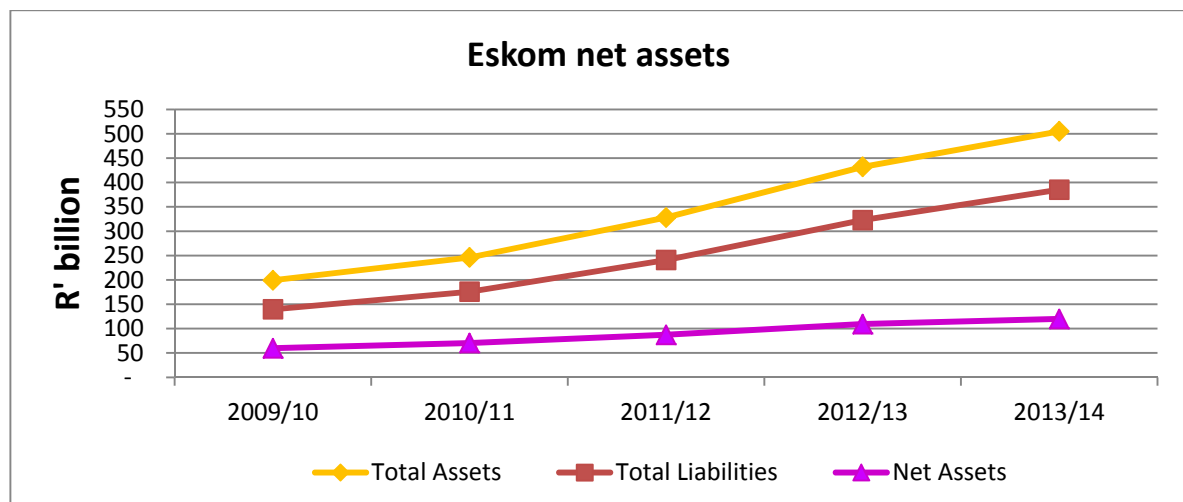
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014



The operating profit for the year fell further by 47 per cent, and this continued reduction is due to NERSA's granting Eskom a significantly reduced tariff increase of only 8 per cent for the first year 2013/14 to 2017/18 Multi Year Price Determination (MYPD) 3 as opposed to the 25 per cent it had been granted previously.

Eskom Assets vs. liabilities	Actual	Actual	Actual	Actual	Actual
R' million	2009/10	2010/11	2011/12	2012/13	2013/14
Total Assets	246,047	328,086	382,368	432,022	504,993
Total Liabilities	175,825	240,827	279,264	322,882	385,209
Net Assets	70,222	87,259	103,104	109,140	119,784



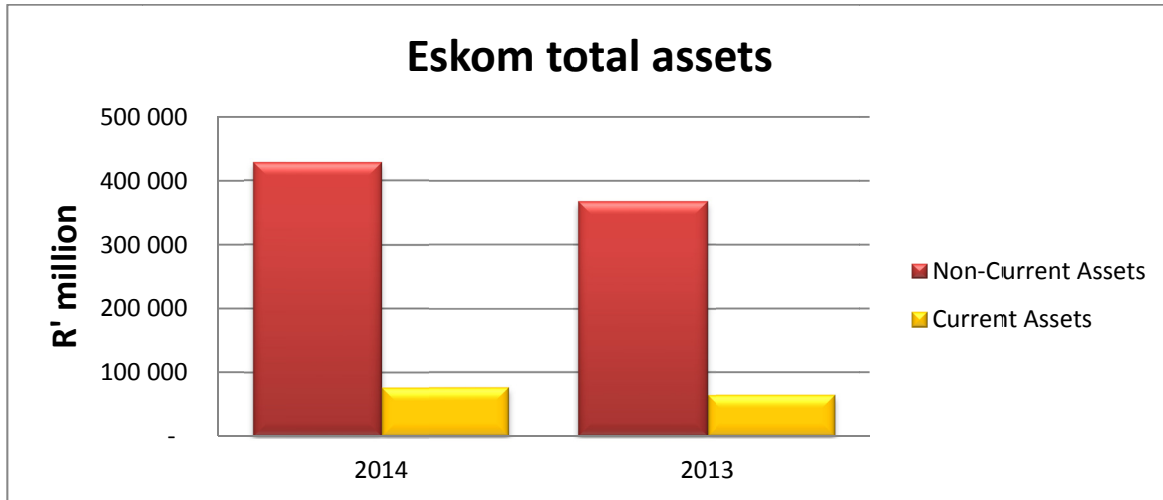
The trend over the last four years since 2009/10 has seen a steady increase in total assets and total liabilities, with the resultant net assets doubling from 2009/10 to 2012/14, R120 billion in 2013/14 as against R109 billion in 2009/10.

Eskom contributes 21 per cent of the total national public entities assets of R 2, 43 trillion, with 85 per cent of total assets of the entity being non-current assets. Eskom's total assets increased by 17 per cent or R 73 billion to R505 billion in the current year, mainly due to an increase in property plant and equipment of 18 per cent or R60 billion. Current assets increased as well in the current year by 18 per cent or R12 billion.

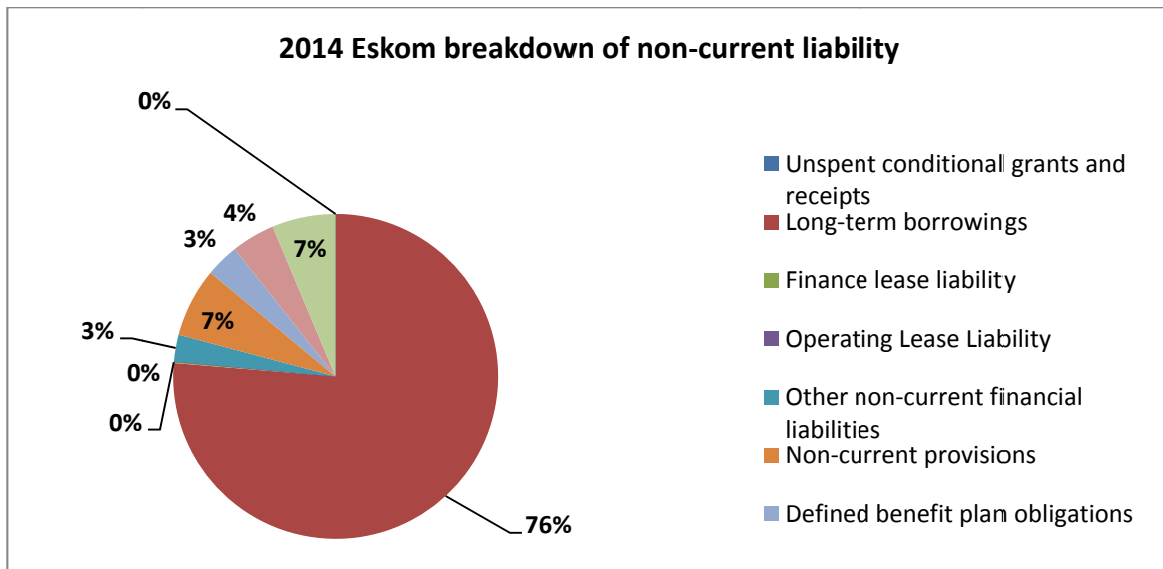
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014

The increase in non-current assets as mentioned above is mainly attributable to the increase in property, plant and equipment in the current year of R60 billion due to continued capital expansion programme that the entity is embarking on up to the completion of the Kusile power station. Cash and cash equivalents increased by R 9 billion or 90 per cent.



Eskom total liabilities increased by 19 per cent in the current year to R385 billion (2012/3: 323 billion), contributing 23 per cent of total national public entities liabilities. The increase is highly attributable to a R56 billion increase in non-current liabilities. Long term borrowings increased by R52 billion to R234 billion, deferred income increased by R 57 billion or 23 per cent in the current year.



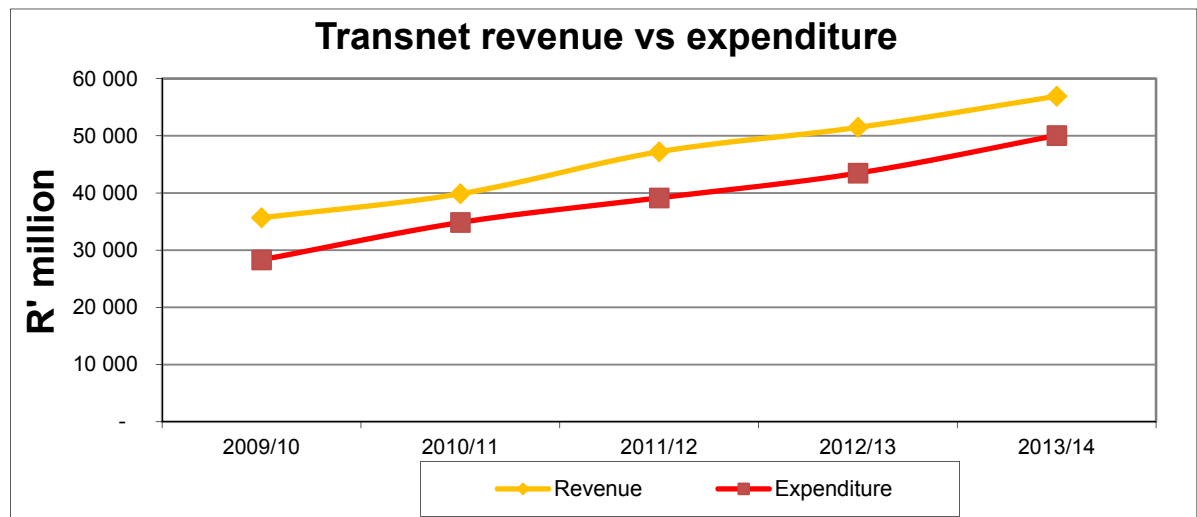
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014

Transnet

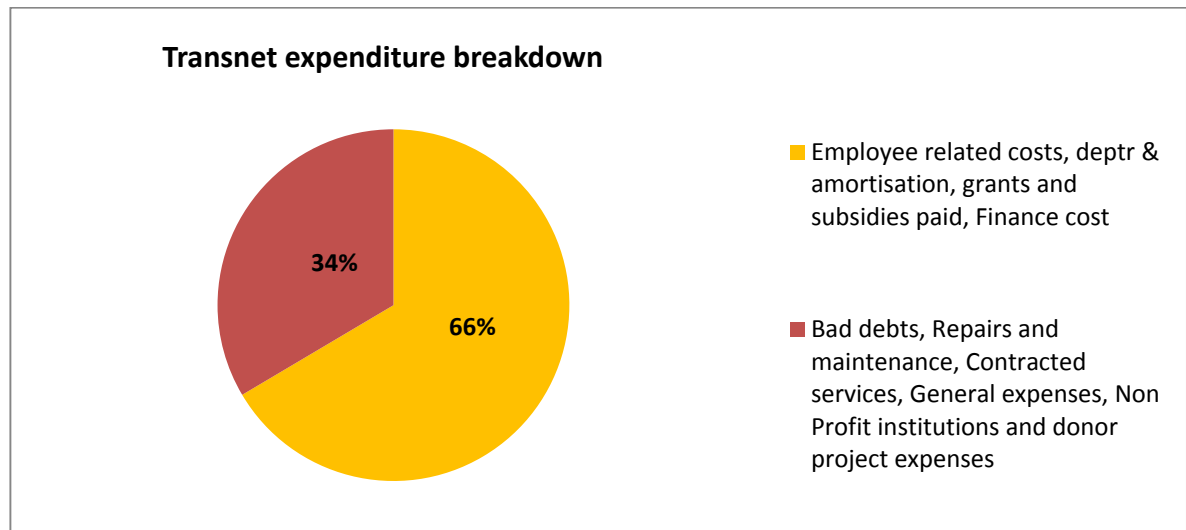
Transnet is a State-owned company (SOC), wholly owned by the Government of the Republic South Africa and is the custodian of the country's rail, ports and pipelines. Transnet is mandated to assist in lowering the cost of doing business in South Africa, enabling economic growth and ensuring security of supply through providing appropriate port, rail and pipeline infrastructure in a cost-effective and efficient manner, within acceptable benchmarks.

Transnet Summary R' million	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14
Revenue	35 673	39 856	47 210	51 466	56 918
Expenditure	28 311	34 847	39 148	43 468	50 058



Transnet's operating surplus decreased slightly in the current year by 17 per cent to R 6.9 billion.

Revenue increased by 11 per cent in the current year to R 57 billion, mainly as a result of a 11 per cent increase in rendering of services. Total freight rail volumes and price increases are the contributing factors to the increase. Revenue from exchange revenue contributes 100 per cent (R 57 billion) of total revenue in the current year.



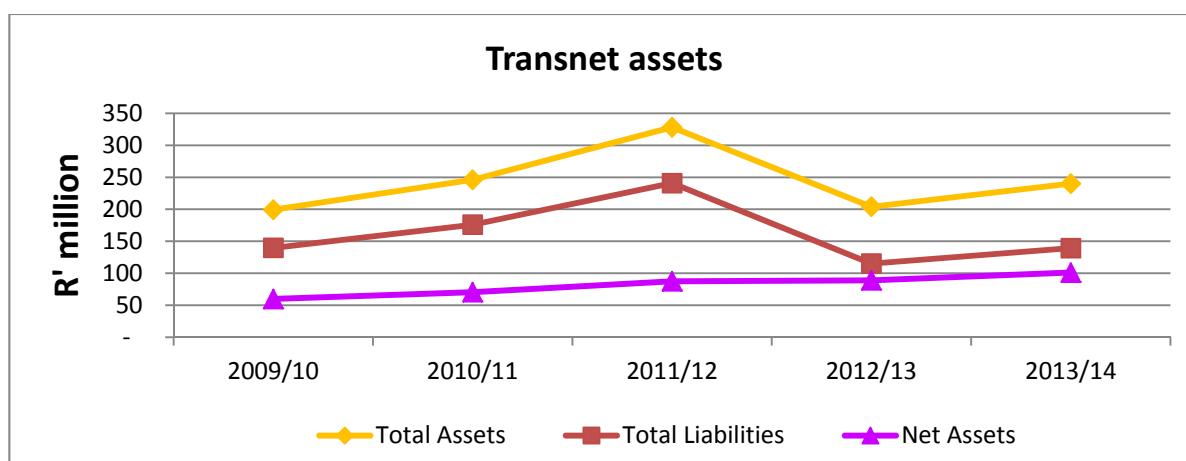
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014

Transnet's expenditure increased in the current year by 15 per cent (R 6.5 billion) to R 50 billion, with major increases noted for general expenses (R2.7 billion), finance costs (R371 million) and depreciation and amortisation (R 1,5 billion). Employee related costs are the major contributor to total expenditure at 33 per cent (R 16.6 billion) and an increase of 14 per cent is noted in the current year. The increase in employee related costs is due to an average wage increase during the year as well as an increase in headcount and training costs.

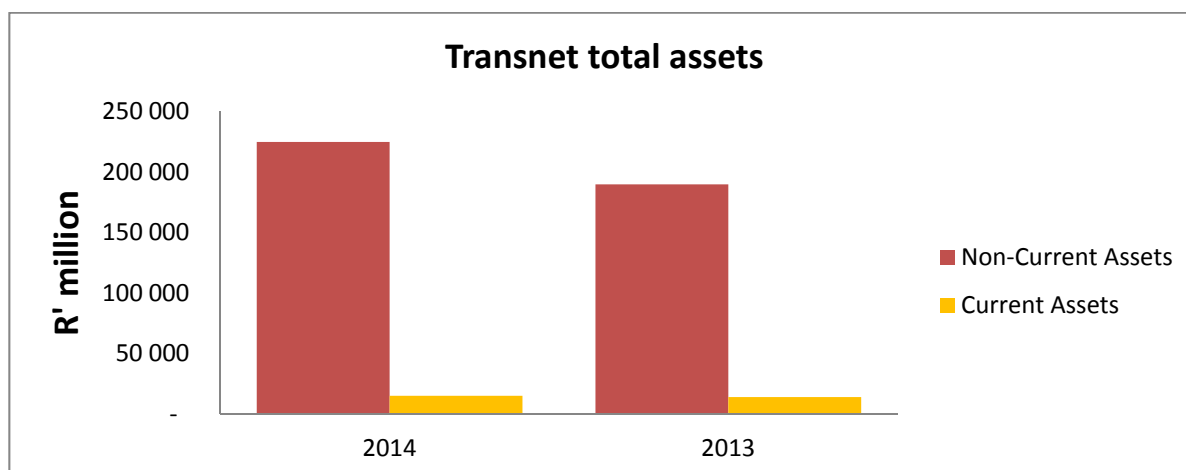
Transnet Assets V.S Liabilities

R 'million	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14
Total Assets	138 885	167 070	178 005	203 896	240 073
Total Liabilities	75 538	93 404	95 993	115 095	139 166
Net Assets	63 347	73 666	82 012	88 801	100 907



Net assets have increased gradually over the past five years, with a 14 per cent increase in net assets in the current year.

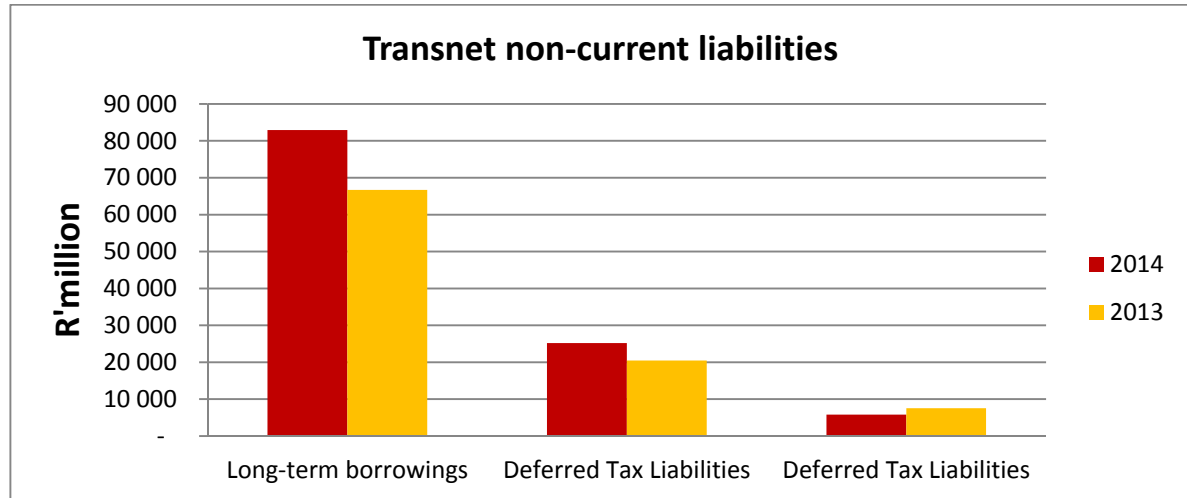
Transnet contributes 18 per cent of the total assets of the GBE's with 94 per cent of total assets of the entity being classified as non-current assets. Total assets increased in the current by 18 per cent or from R 204 billion to R240 billion. The rise in total assets is highly attributable to a R30.4 billion increase in property, plant and equipment resulting from various capital expansions in infrastructure and maintenance of existing capacity. Cash and cash equivalents increased by R 1 billion and Trade and other receivables from exchange transactions increased by R1.5 billion.



REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014

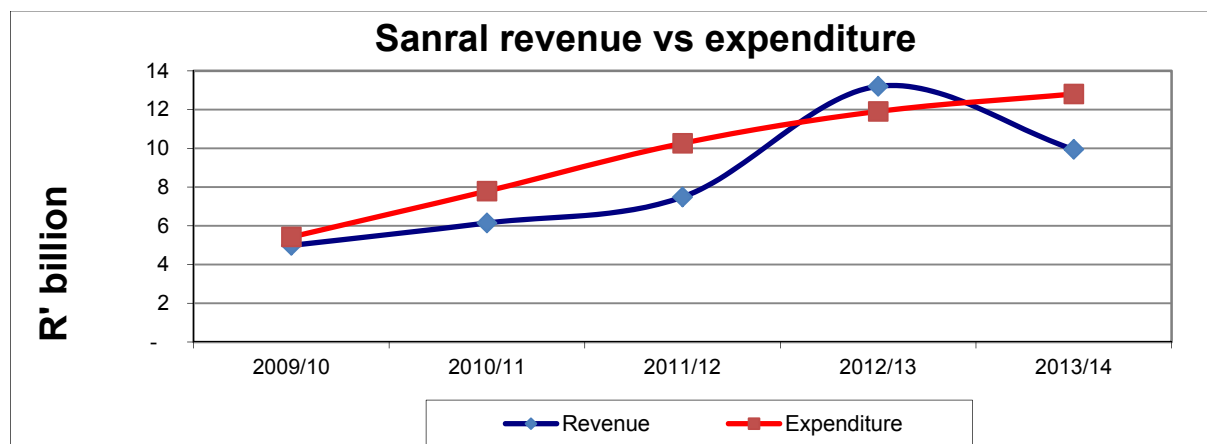
Transnet contributes 15 per cent of total GBEs liabilities, with 82 per cent of total liabilities of R95 billion being non-current liabilities. Total liabilities increased in the current year by R24 billion or 21 per cent and the increase is highly attributable to an R16 billion increase in long-term borrowings to R82.9 billion. Long term borrowings contribute 60 per cent of total liabilities of Transnet.



The South African National Roads Agency Soc Limited (SANRAL)

SANRAL is an independent company with its shareholder solely being the South African Government, represented by the Minister of Transport. SANRAL has a distinct mandate – to finance, improve, manage and maintain the national road network of South Africa.

SANRAL Summary R' million	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14
Revenue	4 984	6 142	7 484	13 203	9 943
Expenditure	5 412	7 789	10 264	11 909	12 805
Surplus/(Deficit) from Operations	(427)	(1 648)	(2 779)	1 294	(2 862)



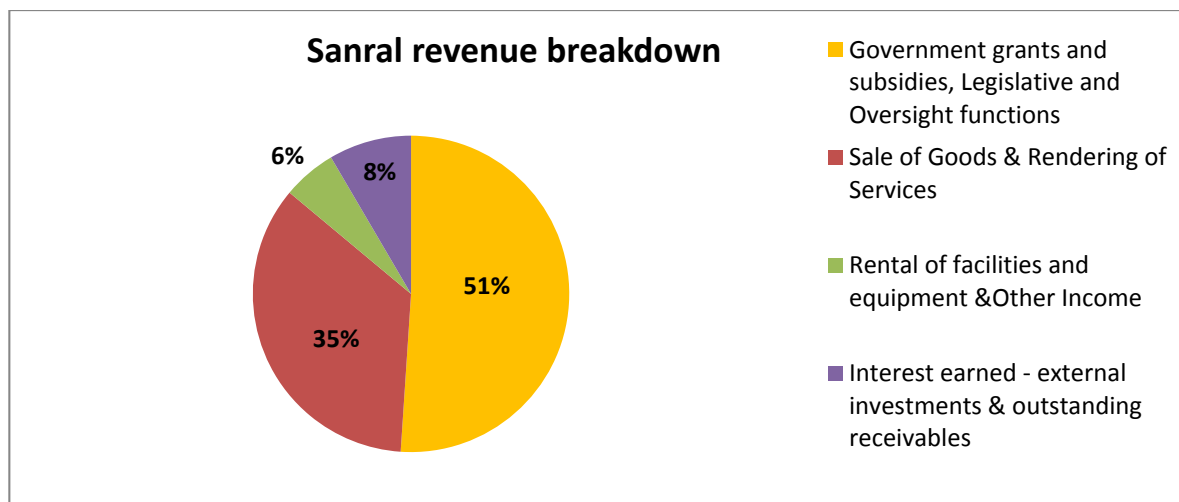
SANRAL's operating deficits have gone up to R2.9 billion from last year's R1.2 billion reported surplus. The deficit is mainly due to finance cost R3.5 billion, repair and maintenance R6 billion and Depreciation and amortisation expense R2.2 billion the 3 expense account combined account to 92 per cent or R11.7 billion of total expense. The subsidy from government funds the operations of the non-tolled roads which account for 84.2 per cent of the national road network.

REVIEW OF OPERATING RESULTS

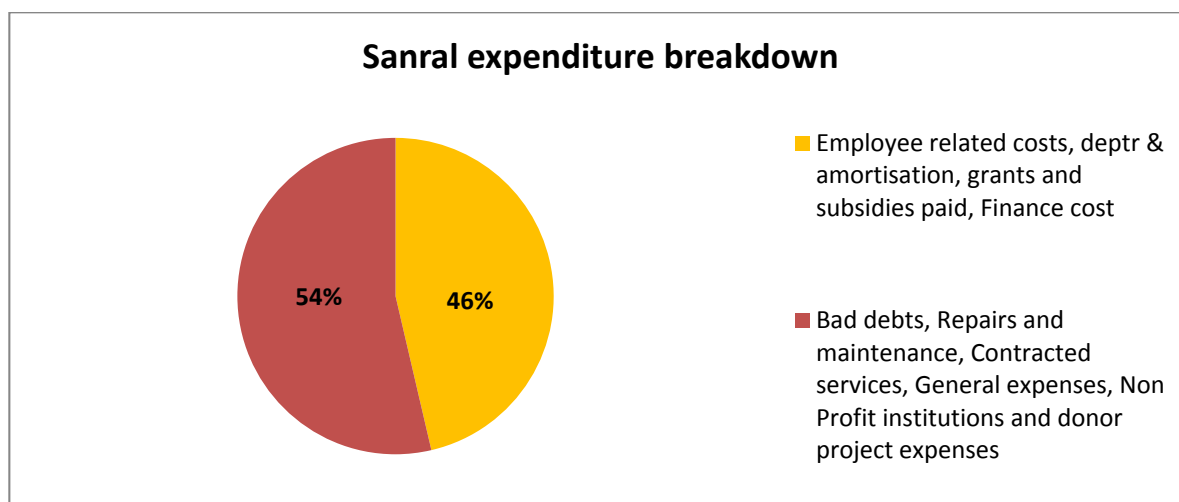
For the year ended 31 March 2014

Revenue declined in the current year by 33 per cent or R 3.2 billion. The decrease is mainly as a result of an R 3.5 or 101 per cent billion decrease in Sale of Goods & Rendering of Services in the current year.

Government grant and subsidies represent 51 per cent of total revenue of SANRAL. Below is the revenue breakdown of SANRAL.



Expenditure increased in the current year by 7 per cent or R1 billion to R12.8 billion. The increase is high attributable to an increase in depreciation and amortisation of R225 million, repairs and maintenance of R629 million and General expenses of R118 million. The highest contributors to the R12.8 billion expenditure in 2014 are repairs and maintenance and finance costs at R6 billion and R3.5 billion respectively.

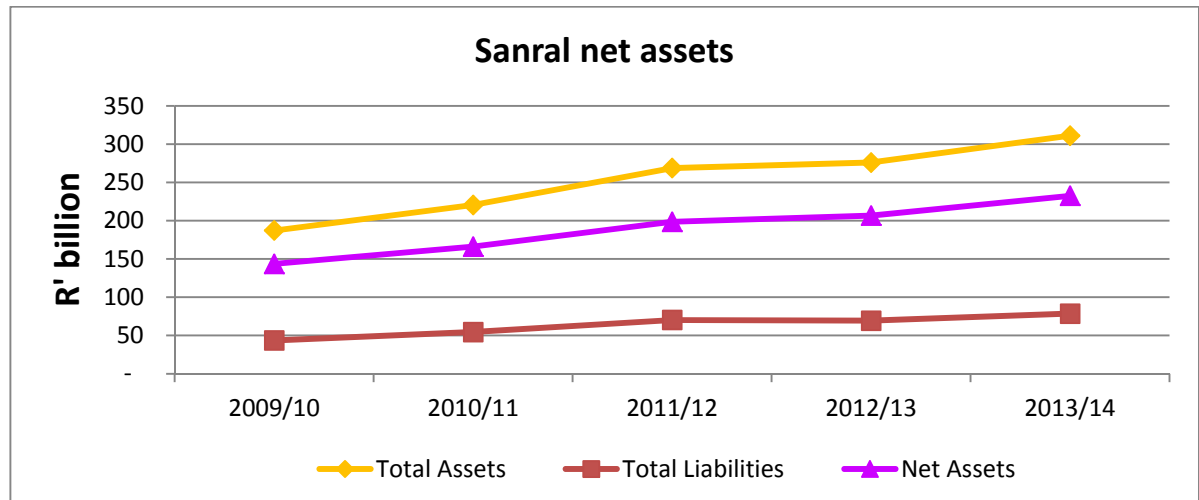


Sanral Assets vs. liabilities

R 'million	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14
Total Assets	187 084	220 490	268 714	276 296	310 992
Total Liabilities	43 514	54 399	70 232	69 340	75 459
Net Assets	143 570	166 091	198 482	206 956	232 532

REVIEW OF OPERATING RESULTS

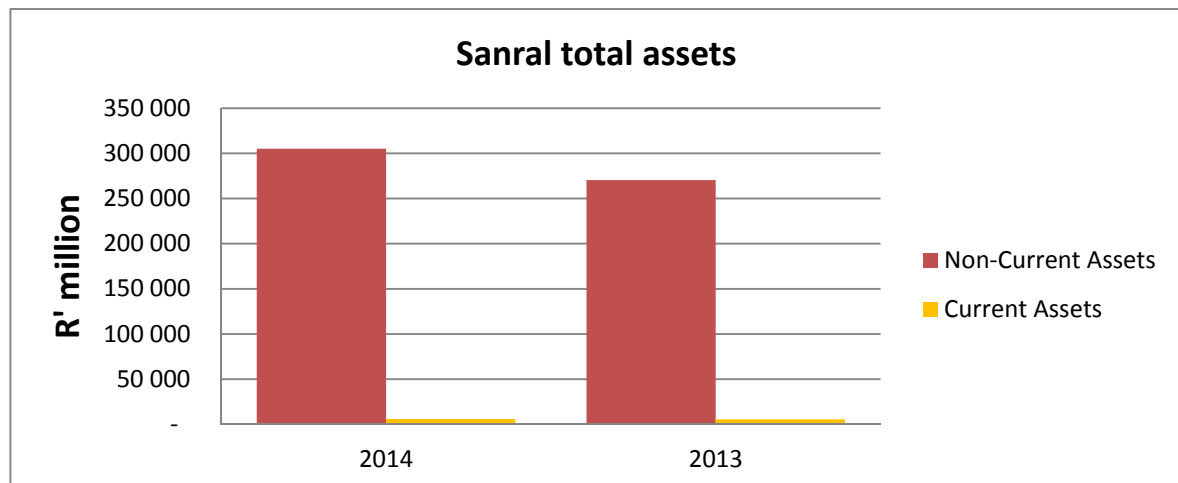
For the year ended 31 March 2014



The net asset value of SANRAL has increased steadily from 2009/10 to the current year. The increase in assets was initially triggered in 2009/10 when the entity changed its accounting policy of subsequently measuring property, plant and equipment from the historical cost less depreciation and impairment to currently carrying them at depreciated replacement cost, resulting in an increase in its total assets.

SANRAL's total assets increased by 13 per cent or R35 billion in the current year to R311 billion. Non-Current assets constitute 98 per cent of the total assets of the entity, with property plant equipment contributing 99 per cent or R303 billion of the total assets of the entity. SANRAL is also the highest contributor of property, plant equipment for the Non-GBEs.

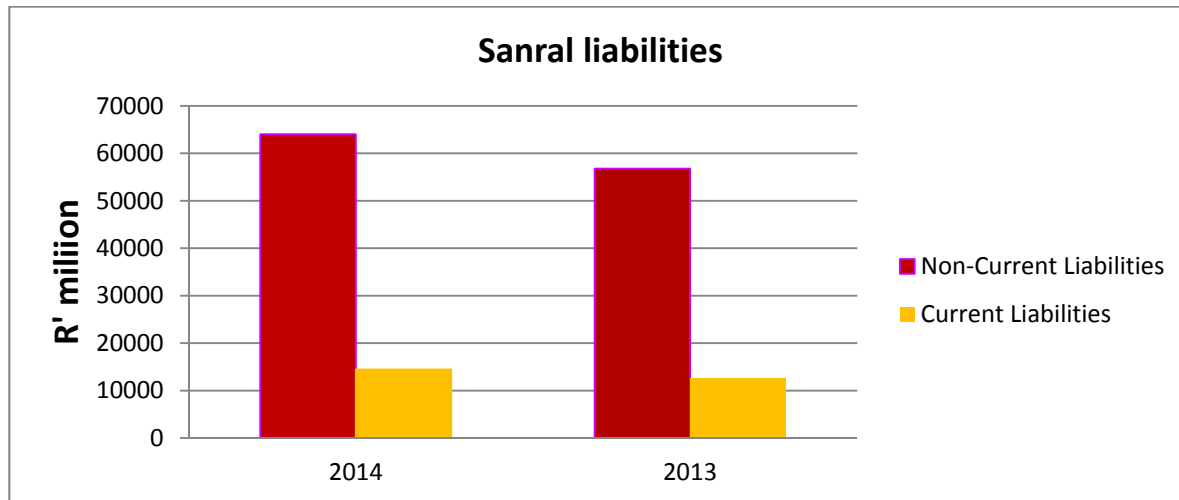
The R35 billions increase in total assets is due largely to a R34 billions increase property, plant and equipment in the current year. This increase was as a result of a revaluation of R25 billions of which R22 billion is attributable to road. Cash and cash equivalents decreased in the current year by R268 millions. The reduction in cash and cash equivalents is as a result of a lack of toll income and the limited ability to borrow, therefore cash reserves being utilised to service and repay debt.



Total liabilities increased by R9.1 billion or 13 per cent to R75 billion. The increase in liabilities is as a result of an increase in Deferred Income of R5.1 billion and Unspent conditional grants and receipts of R2 billion in the current year.

REVIEW OF OPERATING RESULTS

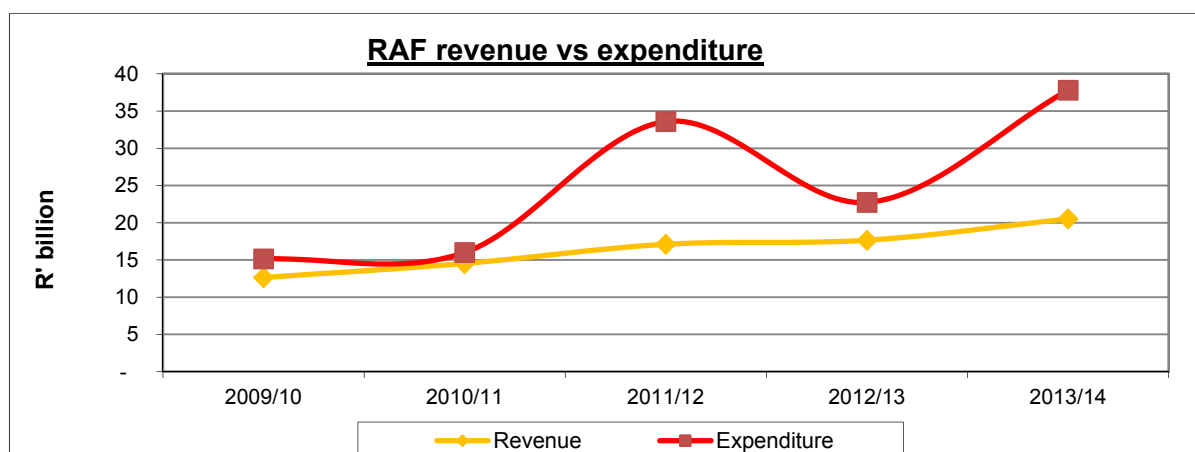
For the year ended 31 March 2014



Road Accident Fund

The Road Accident Fund (RAF) is responsible for providing compulsory social insurance cover to all users of the South African roads; to rehabilitate and compensate persons injured as a result of negligence driving of motor vehicles, in a timely and caring manner; and to actively promote the safe use of South African roads. The RAF provides two types of cover, namely personal insurance cover to accident victims or their families, and indemnity cover to wrongdoers.

RAF Summary R' million	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14
Revenue	12 635	14 526	17 104	17 646	20 516
Expenditure	15 136	15 998	33 592	22 726	37 815
Surplus/(Deficit) from Operations	(2 501)	(1 472)	(16 488)	(5080)	(17 299)



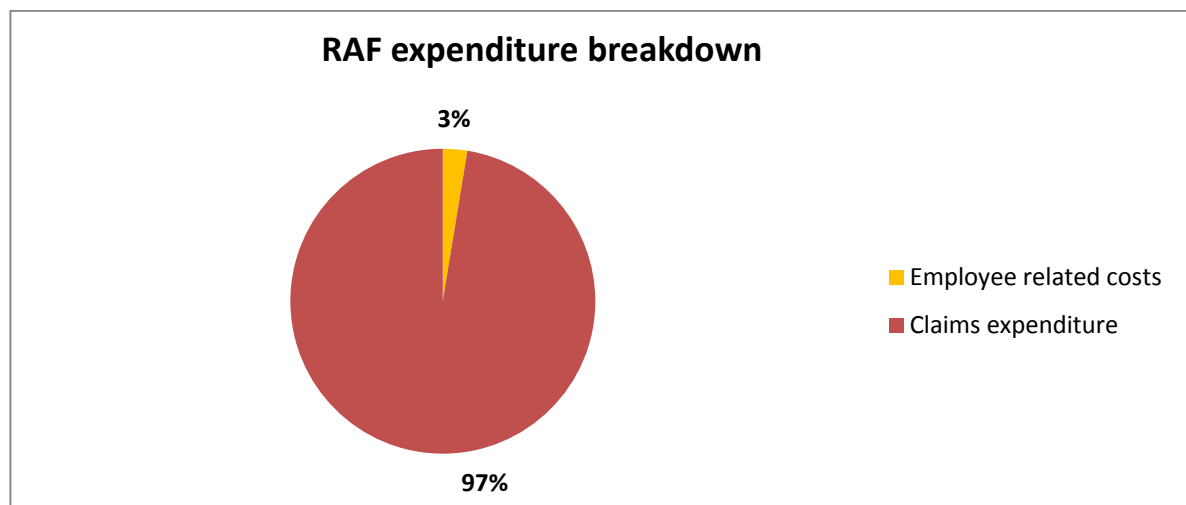
The RAF remains in a deficit position. Whilst revenues are increasing year-on-year, expenditure increased at a faster rate and in the current year increased by 11.2 billion.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014

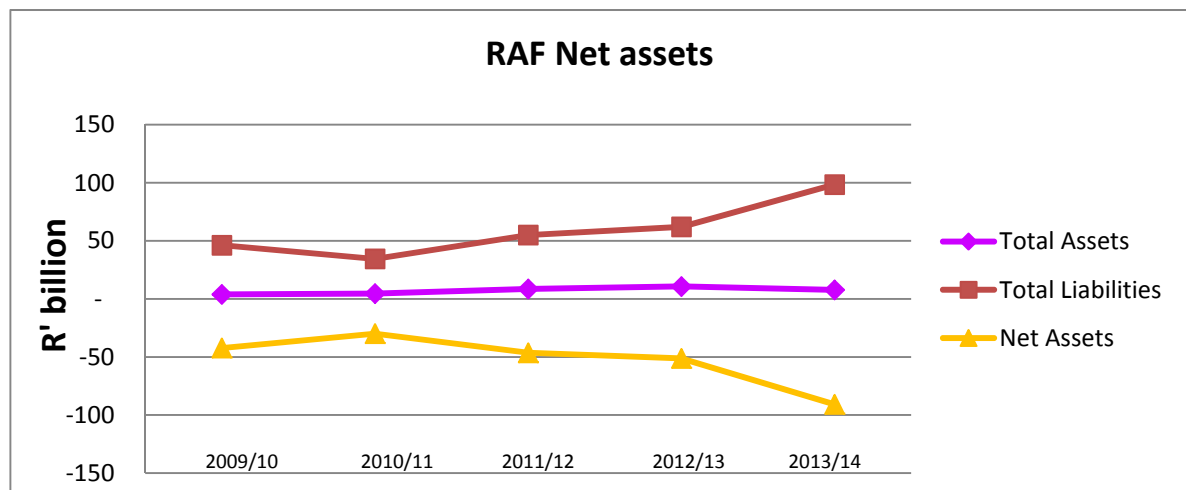
Total revenue has increased over the years and for the current year grew by 11.6 per cent from R18.1 billion to R20.5 billion. The increase is mainly as a result of 8 cents per litre increase in the RAF Fuel Levy, despite a moderate decrease in the volume of fuel sold over the year. Net fuel levies (legislative and oversight function) account for 99 per cent or R20.3 billion of total revenue.

Expenditure increased by 29.7 per cent or R11.2 billion in the current year to R37.8 billion, and the increase is highly attributable to a R3.7 billion or 15.5 per cent increase in the provision for outstanding claims. Actual claims expenditure increased by 30 per cent or R 11 billion owing to the higher cost of claims in the current year. Total claims expenditure inclusive of the provision for outstanding claims accounts for 95 per cent of total expenditure. Employee related costs account for 3 per cent of the total expenditure and in the current year realised a 16 per cent or R144 million increase due to staff numbers increasing.



RAF Assets vs. Liabilities

RAF Assets vs liabilities R' million	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14
Total Assets	3 879	4 567	8 572	10 717	7 694
Total Liabilities	46 209	34 482	54 972	62 181	98 492
Net Assets	(42 330)	(29 915)	(46 400)	(51 464)	(90 798)



REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014

The RAF remains grossly under-capitalised with liabilities exceeding assets by R91 billion. Net assets have deteriorated further in the current year by R 17.3 billion.

Total assets decreased by 28 per cent or R3 billion to R7.7 billion in the current year. The decrease is due to R3.6 billion decrease in cash and cash equivalents and R615 million increase in other receivables from non-exchange transactions (net fuel receivables) respectively. Current asset contribute 97 per cent of total assets.

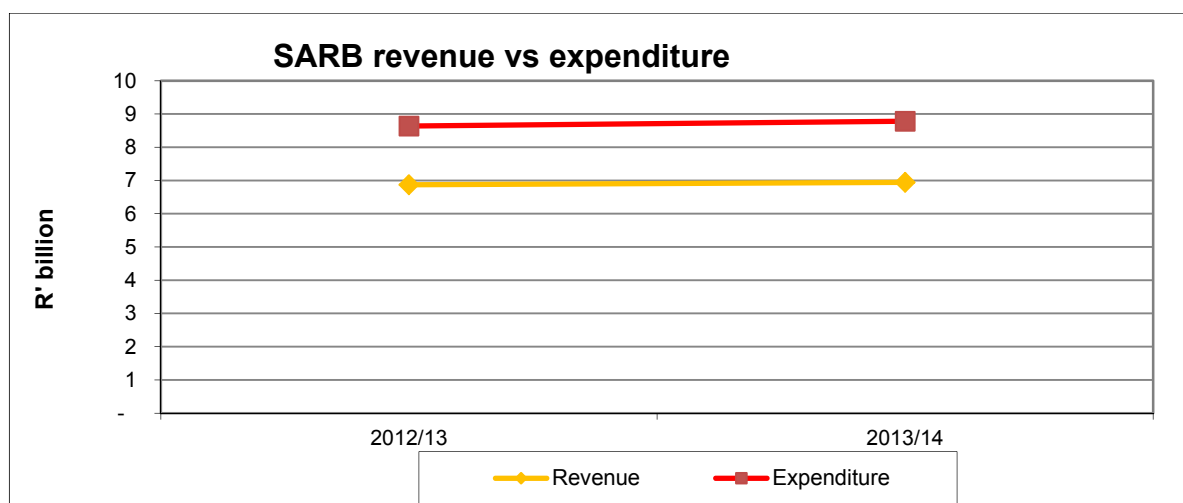
Total liabilities increased by 14.5 per cent or R14.3 billion in the current year. The increase is highly attributable to an increase in provisions for outstanding claims from R21.2 billion to R24.9 billion in the current year. Non-current liabilities constitute 74 per cent of total liabilities.

South African Reserve Bank

The South African Reserve Bank is the central bank of the Republic of South Africa. The primary purpose of the Bank is to achieve and maintain price stability in the interest of balanced and sustainable economic growth in South Africa. Together with other institutions, it also plays a pivotal role in ensuring financial stability in the country. The bank was established in 1921 after Parliament passed an act, the "Currency and Bank Act of 10 August 1920," as a direct result of the abnormal monetary and financial conditions which World War I had brought. Some of the Functions of the Bank are

- Issuing banknotes and coin;
- Formulating and implementing monetary policy
- Managing official gold and foreign-exchange reserves;
- Acting as banker to the government;
- Supervising the banking system;
- Acting as lender of last resort in exceptional circumstances to financial institutions

SARB Performance Summary R' million	Actual 2013/14	Actual 2012/13
Revenue	6 942	6 869
Expenditure	8 782	8 639
Surplus/(Deficit) from Operations	(1 840)	(1 770)

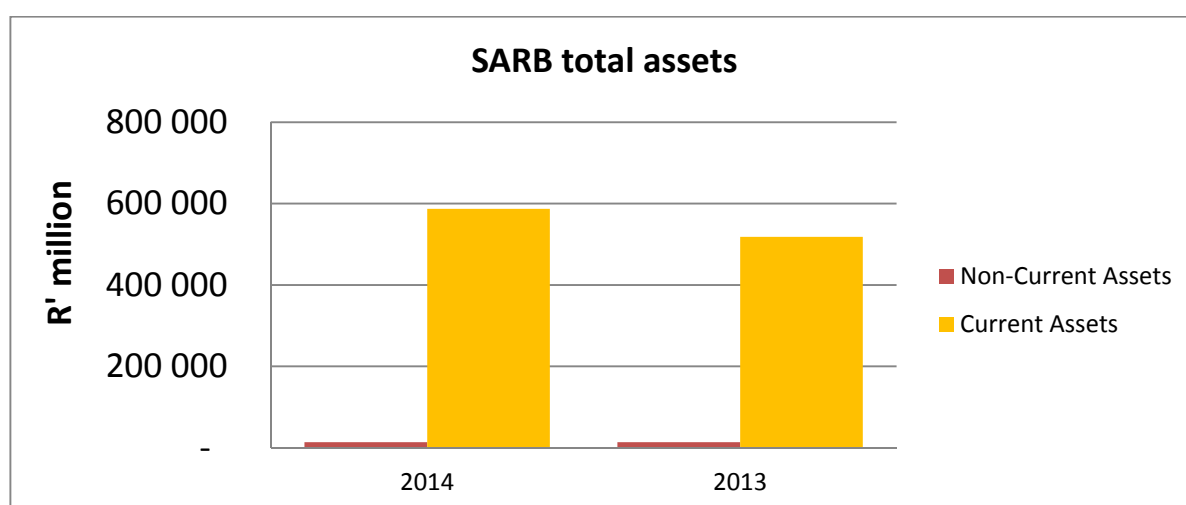


REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014

SARB continued to realise a deficit in the current year of R1 840 billion (2012/13 R1 770 billion) which is an increased deficit by 4% compared to 2012/13. Both revenue and expenditure increased slightly in the current year by R 73 million and R143 million or 1 per cent and 2 per cent respectively. The reason for the continued deficit can be ascribed to the aftermath of the global financial crisis of since seven years ago. The Bank's revenue is derived mainly from foreign investments, due to low yielding environment, was insufficient to cover its operational costs in the year under review.*

SARB Performance Summary R' million	Actual 2013/14	Actual 2012/13
Non-Current assets	13 560	13 700
Current assets	534 029	587 189
Surplus/(Deficit) from Operations	632 016	600 089



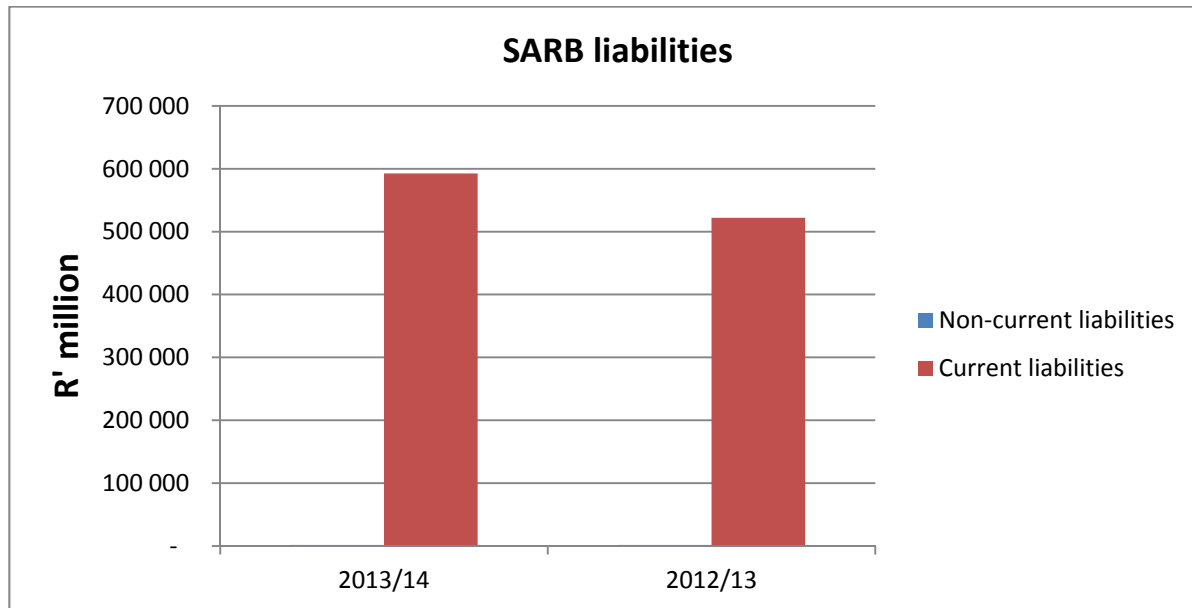
Current assets of SARB constitute about 98 per cent of total assets. There has been a 10 per cent or R53 160 billion increase in current asset to R 587 189 (2012/13 R534 029). Gold and foreign exchange made up about 87 per cent of total Current assets, There was a R63 145 billion or 14 per cent increase in the Gold and foreign exchange in the current year to R 522 731 billion from R 459 586 billion in 2012/13. The increase is as a result of the depreciation of the South African rand against major foreign currencies, offset by a decrease in in the price of gold.

SARB Performance Summary R' million	Actual 2013/14	Actual 2012/13
Non-Current Liabilities	1 810	1 836
Current Liabilities	522 079	592 665
Surplus/(Deficit) from Operations	523 889	594 501

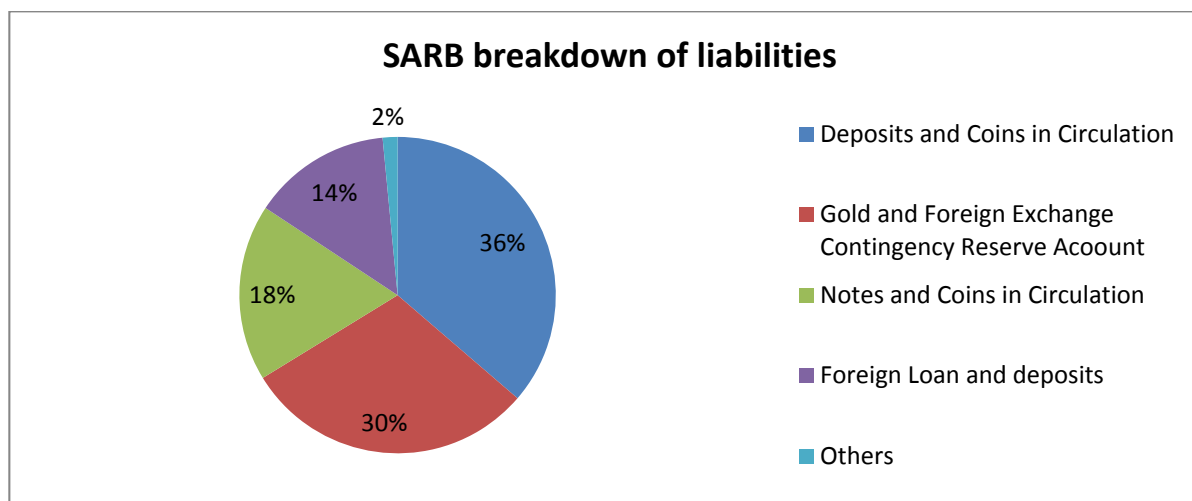
Current liabilities like current assets make up almost 100 per cent of total liabilities for current and prior year of assessment. Total liabilities increased by R70.6 billion or 13 per cent to R594 billion. The increase in liabilities is as a result of an increase in Gold and Foreign exchange contingencies reserves of R52 billion Deposits account of R13 billion in the current year.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014



SARB Liability R' million	Actual 2013/14	Actual 2012/13
Deposits and Coins in Circulation	215 825	202 502
Gold and Foreign Exchange Contingency Reserve Account	177 913	125 552
Notes and Coins in Circulation	107 385	103 136
Foreign Loan and deposits	84 354	80 264
Others	9 023	12 436
Total Liability	594 500	523 890



The greatest contributors of total liabilities is Deposit account contributing 36% to the total liabilities whiles the second largest contributor being Gold and foreign contingencies reserves make up 30% of the total liabilities whiles.

**CONSOLIDATED
FINANCIAL
STATEMENTS**

Annual financial statements for the year ended 31 March 2014

**REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON
THE CONSOLIDATED FINANCIAL STATEMENTS OF
NATIONAL PUBLIC ENTITIES OF THE NATIONAL TREASURY**

FOR THE YEAR ENDED 31 MARCH 2014



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2014

■ Report on the consolidated financial statements

Introduction

1. I have audited the consolidated financial statements of the National Public Entities of the National Treasury set out on pages 152 to 235, which comprise the consolidated statement of financial position as at 31 March 2014, the consolidated statement of financial performance, consolidated statement of changes in net assets and the consolidated cash flow statement for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the consolidated financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the basis of preparation, as set out in accounting policy note 1 to the consolidated financial statements and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as the accounting officer determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

3. My responsibility is to express an opinion on the consolidated financial statements based on conducting the audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA),

the General Notice issued in terms thereof and International Standards on Auditing. Because of the matters described in the Basis for disclaimer of opinion paragraphs, however, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

■ Basis for disclaimer of opinion

Revenue from exchange transactions

4. Revenue from the sale of water services was not recognised in accordance with GRAP 9: Revenue from exchange transactions in the current and prior year. I was thus not able to obtain sufficient appropriate audit evidence concerning revenue from exchange transactions totalling R7,3 billion (2012-13: R6,5 billion). The entities' records did not permit the application of alternative procedures. Consequently, I was unable to determine whether any further adjustments to the sale of water services were necessary.

Revenue from non-exchange transactions

5. I was not able to obtain sufficient appropriate audit evidence concerning revenue from non-exchange transactions totalling R8,2 billion (2012-13: R7,2 billion) due to entities not maintaining proper accounting records and inadequate controls over assessment revenue. In addition, revenue received as service in kind was not recognised in accordance with GRAP 23: Revenue from non-exchange transactions (taxes and transfers) in the current and prior year. The entities' records did not permit the application of alternative auditing procedures. Consequently, I was unable to determine whether any further adjustments to revenue from non-exchange transactions were necessary.

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2014

General expenses

6. I was not able to obtain sufficient appropriate audit evidence concerning general expenses totalling R8,5 billion (2012-13: R6,7 billion) included in note 43 to the consolidated financial statements due to the status of the accounting records of entities. Consequently, I could not confirm by alternative means, whether any further adjustments to general expenses were necessary.

Provisions

7. Provisions was not reviewed and reassessed at reporting date and adjusted to reflect the best estimate in accordance with GRAP 19: *Provisions, contingent liabilities and contingent assets* in the current and prior year. I was thus not able to obtain sufficient appropriate audit evidence concerning provision balances totalling R18,4 billion (2012-13: R8,2 billion) included in note 29 to the consolidated financial statements. The entities' records did not permit the application of alternative auditing procedures. Consequently, I was unable to determine whether any further adjustments to provisions balances were necessary.

Capital commitments – operating leases - lessee

8. I was not able to obtain sufficient appropriate audit evidence concerning operating lease commitments totalling R7,1 billion (2012-13: R7,4 billion) included in note 58 to the consolidated financial statements due to the status of the accounting records of entities. Consequently, I could not confirm by alternative means, whether any further adjustments to operating lease commitments balances were necessary.

Capital commitments – operating leases - lessor

9. I was not able to obtain sufficient appropriate audit evidence concerning operating lease commitments totalling R7,2 billion (2012-13: R7,4 billion)

included in note 58 to the consolidated financial statements due to the status of the accounting records of entities. Consequently, I could not confirm by alternative means, whether any further adjustments to operating lease asset commitments balances were necessary.

Irregular expenditure

10. I was not able to obtain sufficient appropriate audit evidence concerning irregular expenditure balances totalling R37,9 billion (2012-13: R5,9 billion) included in note 57 to the consolidated financial statements due to inadequate systems in place to maintain complete accounting records. Consequently, I could not confirm by alternative means, whether any further adjustments to irregular expenditure balances were necessary.

Basis of preparation

11. I was not able to obtain sufficient appropriate audit evidence as to the completeness and accuracy of the elimination of inter-entity transactions and balances in respect of the current and prior year, due to government's systems and process not being at a level of maturity that would enable credible whole-of-government consolidation. Alternative procedures could not be performed to obtain reasonable assurance that inter-entity transactions and balances were eliminated in full.

12. I was not able to obtain sufficient appropriate audit evidence in respect of a number of National Government Business Enterprises (GBEs) and two major public entities whose unaudited financial information was included for consolidation, due to the audits of these entities not being finalised in time for the finalisation of the consolidated financial statements. Consequently, I could not confirm by alternative means, whether any further adjustments to these GBEs' and public entities' consolidated financial information were necessary.

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2014

Aggregation of immaterial uncorrected misstatements

13. The consolidated financial statements as a whole are materially misstated due to the cumulative effect of numerous immaterial uncorrected misstatements emanating from the audited financial statements of national public entities. These misstatements impact the statement of financial position with R17,4 billion (2012-13: R1,8 billion), the statement of financial performance with R5,4 billion (2012-13: R4,6 billion) and the disclosure notes with R8,3 billion (2012-13: R1,2 billion).

Disclaimer of opinion

14. Because of the significance of the matters described in the Basis for disclaimer of opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the consolidated financial statements.

Emphasis of matters

I draw attention to the matters below:

Ministerial exemption in terms of section 92 of the PFMA to not prepare a single set of consolidated financial statements

15. As disclosed in accounting policy note 1 to the consolidated financial statements, the Minister of Finance granted the National Treasury exemption in terms of section 92 of the PFMA from the provisions of sections 8(1) of the same. The exemption applies to the financial periods 2012-2013 to 2016-17 and allows the National Treasury to not prepare a single set of consolidated financial statements for departments and public entities.

Restatement of corresponding figures

16. As disclosed in note 55 to the consolidated financial statements, the corresponding figures for 31 March 2013 have been restated as a result of adjustments made during 2013-14 in the financial statements of national public entities at, and for the year ended, 31 March 2013.

Report on other legal and regulatory requirements

In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to compliance with legislation, as well as internal control. I performed tests to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters:

Compliance with legislation

17. The consolidated financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 8(1) of the PFMA. The auditors identified material misstatements in the submitted consolidated financial statements affecting the statement of financial position, which management subsequently corrected.

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2014

Internal control

I considered internal control relevant to my audit of the consolidated financial statements and compliance with legislation. The matter reported below is limited to the significant internal control deficiencies that resulted in the basis for qualified opinion included in this report.

Financial and performance management

18. The National Treasury's systems and processes are not at the required level of maturity to enable compliance with the requirements of the PFMA in respect of whole-of-government consolidation.

Auditor-General

Pretoria
31 October 2014



ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

Annexure A

List of entities consolidated:

31 March 2014		31 March 2013	
1	Academy of Science of South Africa	1	Academy of Science of South Africa
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	4	African Renaissance International Cooperation
5	Agricultural Land Holding Account	5	Agricultural Land Holding Account
6	Agricultural Research Council	6	Agricultural Research Council
7	Agricultural Sector Education and Training Authority	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 Ltd	9	Airports Company of South Africa Ltd
10	Alexkor Limited	10	Alexkor Limited
11	Amatola Water Board	11	Amatola Water Board
12	Armaments Corporation of South Africa Limited (ARSMCOR)	12	Armaments Corporation of South Africa Limited (ARSMCOR)
13	Artscape	13	Artscape
14	Auditor General of South Africa	14	Auditor General of South Africa
15	Banking Sector Education and Training Authority	15	Banking Sector Education and Training Authority
16	Bloem Water	16	Bloem Water
17	Botshelo Water	17	Botshelo Water
18	Boxing South Africa	18	Boxing South Africa
19	Brand SA	19	Brand SA
20	Breede River Catchment Management Agency	20	Breede River Catchment Management Agency
21	Broadband Infrastructure Company (Pty) Ltd	21	Broadband Infrastructure Company (Pty) Ltd
22	Bushbuckridge Water Board	22	Castle Control Board
23	Castle Control Board	23	CEF (Pty) Ltd
24	CEF (Pty) Ltd	24	Chemical Industries Education and Training Authority
25	Chemical Industries Education and Training Authority	25	Commission for Conciliation, Mediation & Arbitration
26	Commission for Conciliation, Mediation & Arbitration	26	Commission for Gender Equality (CGE)
27	Commission for Gender Equality (CGE)	27	Companies and Intellectual Property Commission
28	Community Schemes Ombud Services	28	Companies Tribunal
29	Companies and Intellectual Property Commission	29	Competition Commission
30	Companies Tribunal	30	Competition Tribunal
31	Compensation Fund, including Reserve Fund	31	Construction Education and Training Authority
32	Competition Commission	32	Construction Industry Development Board

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

31 March 2014	31 March 2013
33 Competition Tribunal	33 Co-Operatives Banks Development Agency
34 Construction Education and Training Authority	34 Council for Geoscience
35 Construction Industry Development Board	35 Council for Medical Schemes
36 Co-Operatives Banks Development Agency	36 Council for Mineral Technology
37 Council for Geoscience	37 Council for Scientific and Industrial Research
38 Council for Medical Schemes	38 Council for the Built Environment
39 Council for Mineral Technology	39 Council on Higher Education
40 Council for Scientific and Industrial Research	40 Cross-Border Road Transport Agency
41 Council for the Built Environment	41 Culture, Arts, Tourism, Hospitality and Sport Education and Training Authority
42 Council on Higher Education	42 Deeds Registration Trading Account
43 Cross-Border Road Transport Agency	43 DENEL (Pty) Ltd
44 Culture, Arts, Tourism, Hospitality and Sport Education	44 Development Bank of Southern Africa
45 Deeds Registration Trading Account	45 Development Bank of Southern Africa
46 DENEL (Pty) Ltd	46 Die Afrikaanse Taal Museum
47 Development Bank of Southern Africa	47 Ditsong: Museums of Africa
48 Die Afrikaanse Taal Museum	48 Driving License Card Trading Account
49 Ditsong: Museums of Africa	49 Education and Labour Relations Council
50 Driving License Card Trading Account	50 Education, Training and Development Practices SETA
51 Education and Labour Relations Council	51 Energy & Water Sector Education and Training Authority
52 Education, Training and Development Practices SETA	52 Equalisation Fund
53 Energy & Water Sector Education and Training Authority	53 ESKOM
54 Equalisation Fund	54 Estate Agency Affairs Board
55 ESKOM	55 Export Credit Insurance Corporation of South Africa Limited
56 Estate Agency Affairs Board	56 Fibre Processing Manufacturing SETA
57 Export Credit Insurance Corporation of South Africa Limited	57 Film and Publication Board
58 Fibre Processing Manufacturing Sector Education and Training	58 Financial & Fiscal Commission
59 Film and Publication Board	59 Financial and Accounting Services SETA
60 Financial & Fiscal Commission	60 Financial Intelligence Centre
61 Financial and Accounting Services SETA	61 Financial Services Board
62 Financial Intelligence Centre	62 Food and Beverages Manufacturing Industry SETA
63 Financial Services Board	63 Freedom Park Trust
64 Food and Beverages Manufacturing Industry SETA	64 Government Pensions Administration Agency
65 Freedom Park Trust	65 Government Printing Works
66 Government Pensions Administration Agency	66 Health and Welfare Sector Education and Training Authority
67 Government Printing Works	67 Housing Development Agency
68 Health and Welfare Sector Education and Training Authority	68 Human Sciences Research Council

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

31 March 2014		31 March 2013	
69	Housing Development Agency	69	Independent Communications Authority of South Africa
70	Human Sciences Research Council	70	Independent Development Trust
71	Independent Communications Authority of South Africa	71	Independent Electoral Commission
72	Independent Development Trust	72	Independent Regulatory Board for Auditors
73	Independent Electoral Commission	73	Industrial Development Corporation of South Africa Limited
74	Independent Regulatory Board for Auditors	74	Ingonyama Trust Board
75	Industrial Development Corporation of South Africa Limited	75	Inkomati Catchment Management Agency
76	Ingonyama Trust Board	76	Insurance Sector Education and Training Authority
77	Inkomati Catchment Management Agency	77	International Trade Administration Commission
78	Insurance Sector Education and Training Authority	78	Isimangaliso Wetland Park
79	International Trade Administration Commission	79	Iziko Museums of Cape Town
80	Isimangaliso Wetland Park	80	Kwa-Zulu Natal Museum
81	Iziko Museums of Cape Town	81	LANDBANK
82	Kwa-Zulu Natal Museum	82	Legal Aid South Africa
83	LANDBANK	83	Lepelle Northern Water
84	Legal Aid South Africa	84	Local Government Education and Training Authority
85	Lepelle Northern Water	85	Luthuli Museum
86	Local Government Education and Training Authority	86	Magalies Water
87	Luthuli Museum	87	Manufacturing Engineering and Related SETA
88	Magalies Water	88	Marine Living Resources Fund
89	Manufacturing Engineering and Related Services Education Tra	89	Market Theatre Foundation
90	Marine Living Resources Fund	90	Media Development Diversity Agency
91	Market Theatre Foundation	91	Media, Information and Communication Technologies SETA
92	Media Development Diversity Agency	92	Medical Research Council of South Africa
93	Media, Information and Communication Technologies Sector Edu	93	Mhlathuze Water
94	Medical Research Council of South Africa	94	Mine Health and Safety Council
95	Mhlathuze Water	95	Mining Qualifications Authority
96	Mine Health and Safety Council	96	Municipal Demarcation Board
97	Mining Qualifications Authority	97	Municipal Infrastructure Support Agency
98	Municipal Demarcation Board	98	National Agricultural Marketing Council
99	Municipal Infrastructure Support Agency	99	National Arts Council of South Africa
100	National Agricultural Marketing Council	100	National Consumer Commission
101	National Arts Council of South Africa	101	National Consumer Tribunal
102	National Consumer Commission	102	National Credit Regulator
103	National Consumer Tribunal	103	National Development Agency
104	National Credit Regulator	104	National Economic Development and Labour Council
105	National Development Agency	105	National Electronic Media Institute of South Africa

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

31 March 2014		31 March 2013	
106	National Economic Development and Labour Council	106	National Empowerment Fund
107	National Electronic Media Institute of South Africa	107	National Energy Regulator of South Africa
108	National Empowerment Fund	108	National English Literary Museum
109	National Energy Regulator of South Africa	109	National Film and Video Foundation of South Africa
110	National English Literary Museum	110	National Gambling Board of South Africa
111	National Film and Video Foundation of South Africa	111	National Health Laboratory Service
112	National Gambling Board of South Africa	112	National Heritage Council of South Africa
113	National Health Laboratory Service	113	National Home Builders Registration Council
114	National Heritage Council of South Africa	114	National Library of South Africa
115	National Home Builders Registration Council	115	National Lotteries Board
116	National Housing Finance Corporation Limited	116	National Metrology Institute of South Africa
117	National Library of South Africa	117	National Museum, Bloemfontein
118	National Lotteries Board	118	National Nuclear Regulator
119	National Lottery Distribution Fund	119	National Regulator for Compulsory Specifications
120	National Metrology Institute of South Africa	120	National Research Foundation
121	National Museum, Bloemfontein	121	National Skills Fund
122	National Nuclear Regulator	122	National Student Financial Aid Scheme
123	National Regulator for Compulsory Specifications	123	National Urban Reconstruction and Housing Agency
124	National Research Foundation	124	National Youth Development Agency
125	National Skills Fund	125	Ncera Farms (Pty) Ltd
126	National Student Financial Aid Scheme	126	Office of the Ombud for Financial Services Providers
127	National Urban Reconstruction and Housing Agency	127	Office of the Pension Fund Adjudicator
128	National Youth Development Agency	128	Onderstepoort Biological Products Limited
129	Ncera Farms (Pty) Ltd	129	Overberg Water
130	Nelson Mandela National Museum	130	PALAMA
131	Office of the Ombud for Financial Services Providers	131	Pan South African Language Board
132	Office of the Pension Fund Adjudicator	132	Passenger Rail Agency of South Africa
133	Onderstepoort Biological Products Limited	133	Pelladrift Water Board
134	Overberg Water	134	Performing Arts Council of the Free State
135	PALAMA	135	Perishable Products Export Control Board
136	Pan South African Language Board	136	Playhouse Company
137	Passenger Rail Agency of South Africa	137	Ports Regulator of South Africa
138	Performing Arts Council of the Free State	138	President's Fund
139	Perishable Products Export Control Board	139	Private Security Industry Regulatory Authority
140	Playhouse Company	140	Productivity SA
141	Ports Regulator of South Africa	141	Project Development Facility
142	President's Fund	142	Property Management Trading Entity
143	Private Security Industry Regulatory Authority*	143	Public Investment Corporation Limited

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

31 March 2014		31 March 2013	
144	Productivity SA	144	Public Protector of South Africa
145	Project Development Facility	145	Public Service Sector Education and Training Authority
146	Property Management Trading Entity	146	Quality Council for Trades and Occupations
147	Public Investment Corporation Limited	147	Railway Safety Regulator
148	Public Protector of South Africa	148	Rand Water
149	Public Service Sector Education and Training Authority	149	Road Accident Fund
150	Quality Council for Trades and Occupations	150	Road Traffic Infringement Agency
151	Railway Safety Regulator	151	Road Traffic Management Corporation
152	Rand Water	152	Robben Island Museum
153	Road Accident Fund	153	Rural Housing Loan Fund
154	Road Traffic Infringement Agency	154	Safety and Security Education and Training Authority
155	Road Traffic Management Corporation	155	Sasria Limited
156	Robben Island Museum	156	Sentech Limited
157	Rural Housing Loan Fund	157	Sheltered Employment Factories
158	Safety and Security Education and Training Authority	158	Small Enterprise Development Agency
159	Sasria Limited	159	Social Housing Foundation
160	Sedibeng Water	160	Social Housing Regulatory Authority
161	Sentech Limited	161	South African Airways (Pty) Ltd
162	Services Sector Education and Training Authority	162	South African Broadcasting Corporation Limited
163	Sheltered Employment Factories	163	South African Bureau of Standards
164	Small Enterprise Development Agency	164	South African Civil Aviation Authority
165	Social Housing Regulatory Authority	165	South African Council for Educators
166	South African Airways (Pty) Ltd	166	South African Diamond and Precious Metals Regulator
167	South African Broadcasting Corporation Limited	167	South African Express (Pty) Ltd
168	South African Bureau of Standards	168	South African Forestry Company Limited
169	South African Civil Aviation Authority	169	South African Heritage Resources Agency
170	South African Council for Educators	170	South African Human Rights Commission
171	South African Diamond and Precious Metals Regulator	171	South African Institute for Drug-Free Sport
172	South African Forestry Company Limited	172	South African Library for the Blind
173	South African Heritage Resources Agency	173	South African Local Government Association
174	South African Human Rights Commission	174	South African Maritime Safety Authority
175	South African Institute for Drug-Free Sport	175	South African National Accreditation System
176	South African Library for the Blind	176	South African National Biodiversity Institute
177	South African Local Government Association	177	South African National Energy Development Institute
178	South African Maritime Safety Authority	178	South African National Parks
179	South African National Accreditation System	179	South African National Roads Agency Limited
180	South African National Biodiversity Institute	180	South African National Space Agency

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

31 March 2014		31 March 2013	
181	South African National Energy Development Institute	181	South African Nuclear Energy Corporation Limited
182	South African National Parks	182	South African Post Office Limited
183	South African National Roads Agency Limited	183	South African Qualifications Authority
184	South African National Space Agency	184	South African Reserve Bank
185	South African Nuclear Energy Corporation Limited	185	South African Revenue Services (SARS)
186	South African Post Office Limited	186	South African Social Services Agency
187	South African Qualifications Authority	187	South African State Theatre
188	South African Reserve Bank	188	South African Tourism
189	South African Revenue Services (SARS)	189	South African Weather Service
190	South African Social Services Agency	190	Special Defence Account
191	South African State Theatre	191	Special Investigation Unit
192	South African Tourism	192	State Diamond Trader
193	South African Weather Service	193	State Information Technology Agency
194	Special Defence Account	194	Technical Assistance Unit
195	Special Investigation Unit	195	Technology Innovation Agency
196	State Diamond Trader	196	Telkom SA Limited
197	State Information Technology Agency	197	The Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities
198	Technical Assistance Unit	198	Thubelisha Homes
199	Technology Innovation Agency	199	Trans-Caledon Tunnel Authority
200	Telkom SA Limited	200	Transnet Limited
201	The Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities	201	Transport Education and Training Authority
202	Thubelisha Homes	202	uMalusi Council for Quality Assurance in General and Further Education and Training
203	Trans-Caledon Tunnel Authority	203	Umgeni Water
204	Transnet Limited	204	uMsunduzi Museum (Includes Voortrekker Museum)
205	Transport Education and Training Authority	205	Unemployment Insurance Fund
206	uMalusi Council for Quality Assurance in General and Further	206	Universal Service and Access Agency of South Africa
207	Umgeni Water	207	Universal Service and Access Fund
208	uMsunduzi Museum (Includes Voortrekker Museum)	208	War Museum of the Boer Republics
209	Unemployment Insurance Fund	209	Water Research Commission
210	Universal Service and Access Agency of South Africa	210	Water Trading Account
211	Universal Service and Access Fund	211	Wholesale and Retail Sector Education and Training Authority
212	War Museum of the Boer Republics	212	William Humphreys Art Gallery
213	Water Research Commission	213	Windybrow Theatre
214	Water Trading Account		

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	31 March 2014	31 March 2013
215	Wholesale and Retail Sector Education and Training Authority	
216	William Humphreys Art Gallery	
217	Windybrow Theatre	

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

■ Annexure B

Entities not consolidated that are included in the PFMA listing:

31 March 2014	31 March 2013
1 EDI Holdings (Pty) Ltd	1 Community Schemes Ombud Services
2 Inala Farms (Pty) Ltd	2 Bushbuckridge Water Board
3 Khula Enterprises Finance Limited	3 EDI Holdings (Pty) Ltd
4 Namaqua Water Board	4 Inala Farms (Pty) Ltd
5 Urban Transport Fund	5 Khula Enterprises Finance Limited
6 Pelladrift Water Board	6 Namaqua Water Board
7 Servcon Housing Solutions (Pty) Ltd	7 National Housing Finance Corporation Limited
8 Social Housing Foundation	8 National Lottery Distribution Fund
9 Development Bank of SA Development Fund	9 Sedibeng Water
10 South African Express (Pty) Ltd	10 Servcon Housing Solutions (Pty) Ltd
11 Compensation Commissioner for Occupational Diseases	11 Urban Transport Fund
	12 Compensation Commissioner for Occupational Diseases
	13 Compensation Fund, including Reserve Fund
	14 Nelson Mandela National Museum
	15 Services Sector Education and Training Authority

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

■ Annexure C

List of entities consolidated with year ends other than 31 March:

31 March 2014	31 March 2013
1 Amatola Water Board	1 Amatola Water Board
2 Bloem Water	2 Bloem Water
3 Botshelo Water	3 Botshelo Water
4 Bushbuckridge Water Board	4 Lepelle Northern Water
5 Lepelle Northern Water	5 Magalies Water
6 Magalies Water	6 Mhlathuze Water
7 Mhlathuze Water	7 Overberg Water
8 Overberg Water	8 Pelladrift Water Board
9 Rand Water	9 Rand Water
10 Sedibeng Water	10 Umgeni Water
11 Umgeni Water	

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 March 2014

	Note	2013/14 R '000	2012/13 R '000
REVENUE			
REVENUE FROM NON-EXCHANGE TRANSACTIONS		112 602 386	104 980 988
Public contributions and donations	34	1 536 130	2 483 901
Transfers and Sponsorships	35	25 184 441	21 763 976
Fines, Penalties and Forfeits	37	351 485	840 524
Licences and permits		930 403	916 127
Government grants and subsidies	33	51 328 240	48 787 478
Legislative and Oversight functions		21 387 882	17 941 544
Taxation revenue	36	11 883 804	12 247 438
REVENUE FROM EXCHANGE TRANSACTIONS		409 952 131	383 722 992
Sale of Goods & Rendering of Services	34	314 140 849	298 923 074
Rental of facilities and equipment	30	13 097 521	10 005 706
Interest earned - external investments	31	31 277 698	32 888 235
Interest earned - outstanding receivables	32	2 002 213	1 918 475
Other income	34	49 433 850	39 987 501
TOTAL REVENUE		522 554 517	488 703 980
EXPENSES			
Employee related costs	38	102 241 632	91 404 674
Bad debts		5 567 534	3 806 758
Depreciation and amortisation expense	41	38 916 758	34 636 735
Repairs and maintenance	40	19 660 852	16 545 320
Contracted services	49	3 987 148	7 087 948
Grants and subsidies paid	50	11 719 426	12 692 456
General expenses	43	271 185 556	243 745 240
Finance costs	42	33 825 624	26 854 823
Non Profit institutions and donor project expenses		834 876	1 489 029
TOTAL EXPENSES		487 939 404	438 262 983
OTHER GAINS / LOSSES		35 873 212	4 423 843
Gain / Loss on sale of assets	44	248 446	477 544
Gain / Loss on fair value adjustment	46	15 793 929	349 480
Gain / Loss on Revaluation of Assets		29 558 493	10 132 752
Inventories: Reversal of write-down to net realisable value		1 273	1 351
Impairment Loss / Reversal of impairment loss	45	(9 714 995)	(6 259 418)
Inventories: Write-down to net realisable value		(13 934)	(277 866)
Share of surplus/ deficit of associate		200 212	(157 577)
Share of surplus/ deficit of joint venture using equity method.		39 884	33 255
Surplus / (Deficit) for the period before tax		70 728 421	54 740 518
Taxation	51	1 816 772	3 579 123
Surplus / (Deficit) for the period		68 911 649	51 161 395

STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2014

	Note	2013/14 R '000	2012/13 R '000
ASSETS			
Current assets		942 663 209	845 463 998
Cash and cash equivalents	1	132 423 376	121 253 219
Trade and other receivables from exchange transactions	2	60 952 009	53 507 855
Other receivables from non-exchange transactions, including taxes, fines and transfers	3	9 182 472	9 471 231
Other current financial assets	5	620 272 865	549 122 169
Current portion of non-current receivables	10	3 123 544	4 045 916
VAT receivable	22	1 458 308	1 117 153
Inventories	6	29 965 148	28 661 155
Prepayments	7	23 590 230	19 437 561
Current Investments	8	59 702 953	57 059 000
Construction contracts and receivables	11	1 229 646	1 137 960
Non-current assets held for sale	19	949 723	694 949
Current Assets Classified as Held for Sale		356 481	459 762
Finance Lease Receivable	9	54 782	52 763
Income tax receivable	51	(598 329)	(556 695)
Non-current assets		1 572 192 459	1 380 982 961
Non-current receivables from exchange transactions	10	36 857 589	36 845 765
Non-Current Investments	12	289 858 461	259 388 209
Non-Current Finance Lease Receivable	9	604 027	624 553
Other non-current financial assets	4	41 286 683	33 070 752
Investments in Subsidiary		3 114	1 000
Investments in Joint Ventures	48	448 072	401 152
Investments in Associates	48	17 999 771	14 583 155
Intangible assets	15	26 074 136	26 585 108
Investment property	16 & 17	22 010 801	16 079 706
Biological assets	18	3 728 223	3 007 380
Defined benefit plan assets	47	258 638	216 058
Deferred Tax Assets	69	4 834 747	3 408 556
Property, plant and equipment	13	1 127 910 220	986 485 419
Heritage assets	14	317 977	286 148
TOTAL ASSETS		2 514 855 668	2 226 446 959

STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2014

	Note	2013/14 R '000	2012/13 R '000
LIABILITIES			
Current liabilities		834 903 846	743 154 236
Trade and other payables from exchange transactions	20	100 411 615	100 642 480
VAT payable	21	2 072 960	1 384 367
Income Tax Payable	51	565 154	383 116
Taxes and transfers payable	23	214 143	497 730
Current provisions	24	53 266 788	44 937 447
Bank overdraft	1	3 161 188	4 061 995
Current portion of unspent conditional grants and receipts	25	10 001 783	6 369 927
Current portion of long-term borrowings	26	28 082 541	27 104 481
Other current financial liabilities		636 925 194	557 606 184
Current portion of finance lease liability	27	202 480	166 509
Non-current liabilities		803 519 153	693 246 385
Unspent conditional grants and receipts	25	29 692 158	24 711 777
Long-term borrowings	26	479 091 785	394 164 395
Finance lease liability	27	705 182	885 302
Operating Lease Liability		400 841	381 193
Other non-current financial liabilities	28	39 940 623	44 718 078
Non-current provisions	29	127 026 802	115 609 851
Defined benefit plan obligations	47	22 008 374	21 960 082
Deferred Income		50 014 376	43 911 236
Deferred Tax Liabilities	69	54 639 012	46 904 471
TOTAL LIABILITIES		1 638 422 998	1 436 400 620
NET ASSETS		876 432 669	790 046 338
Ordinary Shares		35 504 100	35 504 101
Preference Shares		1 300 000	1 300 000
Capital contributed by other Government entities		49 404 197	45 998 601
Reserves		399 063 091	333 826 266
Accumulated surplus / (deficit)		391 161 281	373 417 370
TOTAL NET ASSETS AND LIABILITIES		2 514 855 668	2 226 446 959

STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 March 2014

	Ordinary Shares R '000	Preference Shares R '000	Revaluation Reserve R '000	Contributed Capital R '000	Other reserves R '000	Accumulated Surplus/ (Deficit) R '000	Total: Net Assets R '000
Balance at 31 March 2012	35 154 093	1 300 000	292 800 702	45 471 738	25 361 606	328 658 825	728 746 964
Changes in accounting policy			131 591		624 982	17 547 311	18 303 884
Correction of prior period error			1 360		(1 406)	(17 774 906)	(17 774 952)
Balance at 1 April 2012 - Restated balance	35 154 093	1 300 000	292 933 653	45 471 738	25 985 183	328 431 230	729 275 896
Surplus / (deficit) on revaluation of property of property, plant and equipment			1 378 806				1 378 806
Gross			1 389 776				
Deferred Tax			(10 970)				
Surplus / (deficit) on revaluation of intangible assets							
Gross							
Deferred Tax							
Surplus / (deficit) on revaluation of heritage assets			170				170
Gross			170				
Deferred Tax							
Surplus / (Deficit) on Revaluation of Investments available for sale			3 090				3 090
Gross			3 464				
Deferred Tax			(374)				
Currency Translation Differences							
Gross							
Deferred Tax							
Transfers to / from accumulated surplus/(deficit)	1		7 980 163	192 470	4 983 027	(11 825 978)	1 329 684
Transfers to / from other reserves			1	2 602	(2 172 758)	4 981 978	2 811 822
Increase / (Decrease) in Share Capital / Capital Contributions	350 007			331 975			681 982
Surplus / (deficit) for the period			1 202 001		1 557 208	51 256 549	54 015 758
Balance at 31 March 2013	35 504 101	1 300 000	303 497 883	45 998 785	30 352 659	372 843 780	789 497 207
Changes in accounting policy					17	(1 079)	(1 062)
Correction of prior period error			(1 053)	(183)	(23 240)	574 666	550 190

STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 March 2014

	Ordinary Shares R '000	Preference Shares R '000	Revaluation Reserve R '000	Contributed Capital R '000	Other reserves R '000	Accumulated Surplus/ (Deficit) R '000	Total: Net Assets R '000
Balance at 1 April 2013 - Restated balance	35 504 101	1 300 000	303 496 830	45 998 602	30 329 436	373 417 367	790 046 336
Surplus / (deficit) on revaluation of property of property, plant and equipment Gross			51 275 48 620 2 655				51 275
Deferred Tax							
Surplus / (deficit) on revaluation of intangible assets Gross							
Deferred Tax							
Surplus / (deficit) on revaluation of heritage assets Gross			2 098 2 098				2 098
Deferred Tax							
Surplus / (Deficit) on Revaluation of Investments available for sale Gross			1 292 1 292				1 292
Deferred Tax							
Currency Translation Differences Gross							
Deferred Tax							
Transfers to / from accumulated surplus/(deficit)			39 230 259 3 895 977	109 362 (1 558)	18 352 843 151 589	(50 850 505) 2 135 236	6 841 959 6 181 244
Transfers to / from other reserves							
Increase / (Decrease) in Share Capital / Capital Contributions				2 992 176 5 616	3 524 925	68 836 501 (2 372 177) (2 372 177)	2 992 176 72 362 893 (2 372 177)
Surplus / (deficit) for the period			(4 149)				
Dividends Gross							
STC							
Cash flow hedges			17 864		11 031	4	28 899
Contributions introduced				300 000	1 821	(5 147)	296 674
Insurance claims processed.							
Balance at 31 March 2014	35 504 101	1 300 000	346 691 446	49 404 198	52 371 644	391 161 279	876 432 668

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2014

	Note	2013/14 R '000	2012/13 R '000
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS			
		534 707 503	485 510 397
Transfers and Subsidies		63 082 636	57 826 190
Taxation Revenue		27 750 999	24 032 089
Sale of goods and rendering of services		319 853 714	295 580 686
Other Operating Revenue		35 713 687	27 422 843
Service charges		735 193	881 313
Grants		34 210 172	32 808 802
Interest, Dividends and Rent on land		27 194 087	26 024 877
Fines, penalties and forfeits		1 110 039	691 353
Other Receipts		25 056 974	20 242 244
PAYMENTS			
		(449 542 124)	(393 205 373)
Compensation of Employees		(98 557 945)	(89 402 157)
Goods and Services		(225 673 235)	(207 483 648)
Interest and Rent on land		(28 940 753)	(26 456 754)
Taxation Paid		(2 299 588)	(1 403 792)
Other payments		(94 070 603)	(68 459 022)
Net cash flows from operating activities	52	85 165 379	92 305 024
CASH FLOWS FROM INVESTING ACTIVITIES			
		(135 354 149)	(148 614 715)
Purchase of assets		(119 958 904)	(116 037 290)
Proceeds from sale of assets		2 126 823	650 601
Purchase of available-for-sale financial assets		(806 852)	(3 279 220)
Proceeds from sale of Investments		32 801 854	35 845 397
Purchase of other intangible assets		(4 213 208)	(6 875 132)
Purchase of controlled entity (net of cash acquired)		(156 528)	(101 264)
Dividend income		828 256	496 744
Movement in pension assets / liabilities		(102 384)	(68 257)
Loans granted to associates / other economic entities		(1 019 926)	(1 576 972)
Loan repayments received from associates / other economic entities		426 579	289 136
Borrowing costs capitalised		(1 283 929)	(1 052 795)
Additional movements		4 708 386	4 180 929
Acquisition of investments		(48 704 318)	(61 086 593)
Net cash flows from investing activities.		(135 354 149)	(148 614 715)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2014

	Note	2013/14 R '000	2012/13 R '000
CASH FLOWS FROM FINANCING ACTIVITIES		62 259 733	39 866 370
Proceeds from borrowings		1 03 243 487	70 136 571
Repayment of borrowings		(49 533 606)	(37 776 939)
Proceeds from issuance of ordinary shares / contributed capital		2 871 900	1 374 069
Proceeds from issuance of redeemable preference shares		(1)	1
Purchase of treasury shares		5 736 819	5 850 360
Repayment / issuance of financial guarantee contracts		762 657	1 013 704
Finance lease payments		(183 660)	(240 877)
Distribution / dividends paid		(637 862)	(490 519)
Net cash flows from financing activities		62 259 733	39 866 370
Net increase/(decrease) in cash and cash equivalents		12 070 963	(16 443 321)
Cash and cash equivalents at the beginning of the year		117 191 224	133 634 545
Cash and cash equivalents at the end of the year	53	129 262 188	117 191 224

ACCOUNTING POLICIES

For the year ended 31 March 2014

■ Basis of preparation

The National (Provincial) Public Entity Consolidated Annual Financial Statements are prepared in accordance with the principles of GRAP. In particular, the principles of GRAP 6: Consolidated and Separate Financial Statements have been applied to the development of the accounting policies supporting the consolidation. More information is provided in the accounting policies in this regard. In the absence of an identifiable reporting entity, the scope of the consolidation has been determined with reference to the requirements of the Public Finance Management Act, read with GRAP 6.

The public entities' annual financial statements included in this set of consolidated annual financial statements have been prepared in accordance with South African Standards of Generally Recognised Accounting Practice (GRAP), as issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act, (Act No 1 of 1999). Entities reporting on accounting frameworks other than GRAP were adjusted accordingly to ensure uniform accounting policies for like transactions in similar circumstances.

The annual financial statements have been prepared on an accrual basis of accounting and incorporate the historical cost conventions as the basis of measurement, except where specified otherwise.

The different accounting bases for departments and public entities (modified cash versus accrual) necessitates the preparation of two separate consolidations, one for government departments and one for public entities. Government is however in the process of implementing systems that will eventually enable consistent reporting across these two groups, and consequently the preparation of a single consolidation of national (provincial) government accounts based on Standards of GRAP.

The principal accounting policies, applied in the preparation of these annual financial statements, are set out below. These accounting policies are consistent with those applied in the preparation of the prior year annual financial statements, unless specified otherwise.

Determining the basis of preparation

The Accounting Officer is required to prepare financial statements based on Standards of GRAP. For the purposes of Departmental financial statements, the Modified Cash Basis of Accounting is currently considered to be an appropriate form of generally recognised accounting practice, whereas for public entities, constitutional institutions, and certain legislatures, the Standards of GRAP issued by the ASB shall apply. Government Business Enterprises (GBEs) currently prepare the financial statements on either SA GAAP or IFRS.

The Minister of Finance granted exemption in terms of Section 92 of the PFMA for the National Treasury from the provisions of section 8(1) of the PFMA to the extent that it requires preparing one set of consolidated AFS for national departments and public entities. The exemption applies to the financial periods 2012-13 to 2016-17 and allows the National Treasury to not prepare a single set of consolidated financial statements for departments and public entities.

Ultimately, it is the intention of the Accounting Officer to prepare a single central government consolidation for all national departments and public entities combined. However, until all the entities are able to report on a substantially similar basis of accounting, it is considered to be impracticable and without benefit to the users to do so. Consequently, until such time as departments are in a position to prepare financial statements on an accrual basis, two separate consolidations are prepared – one for entities reporting on the Modified Cash Basis, and one for entities reporting on an accrual basis.

Accounting policies of entities are adjusted to be on a uniform basis where the effect thereof is deemed to be material to the consolidated financial statements.

ACCOUNTING POLICIES

For the year ended 31 March 2014

Scope of consolidation

There is no specific identifiable controlling entity as envisaged in GRAP 6. The motivation behind preparing these financial statements is not to show what is directly controlled, but rather to present a combined view of entities considered to be a part of government as envisaged by the PFMA. The decision to include or exclude entities cannot be based solely on an analysis of control where this would deviate from the objectives of the consolidation, and hence the users' needs; it must therefore be further based on some other suitable criteria that are in line with the needs of users. In accordance with the definition of a public entity in the PFMA, the Accountant-General has determined that accountability to Parliament for the use of public funds must be the primary driver and considers this to be the primary criterion for including entities in the consolidation, with ownership control by government being assumed to exist in such cases.

Consequently, if an entity has a legal obligation to account to Parliament on its finances, it is deemed to also be under the control of the National Executive, and shall be included in the national public entity consolidation. This approach is expected to prudently ensure a more complete consolidation.

Treatment of Departmental Trading Entities and Other Unlisted Entities, Trusts and Funds

It is the policy of the Accountant-General to treat trading entities on a similar basis to ordinary public entities for the purposes of this consolidation, where such entities operate on a similar basis in the normal course of business and where they prepare separate financial statements based on Standards of GRAP.

Similarly, unlisted public entities, trusts and funds that meet the criteria as set out in the scope of the consolidation shall also be included in the consolidation.

Budget information

As there is no publically available budget that is reconcilable with the group of entities for the purposes of the National Government Department Consolidation, and National Public Entity Consolidation, it is deemed inappropriate to present a comparison between actual and budget information at this level of consolidation.

■ Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity.

■ Going concern assumption

These annual financial statements were prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

ACCOUNTING POLICIES

For the year ended 31 March 2014

■ Comparative information

Prior year comparatives

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and / or restatement is not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

The presentation and classification of items in the current year is consistent with prior periods.

Standards, amendments to standards and interpretations issued but not yet effective

The following Standards of GRAP and / or amendments thereto have been issued by the Accounting Standards Board, but will only become effective in future periods or have not been given an effective date by the Minister of Finance. The entity has not early-adopted any of these new Standards or amendments thereto, but has referred to them for guidance in the development of accounting policies in accordance with GRAP 3 as read with Directive 5:

GRAP 18 segment reporting:

The standard requires the identification and aggregation of the operating segments of the entity into reportable segments. For each of the reportable segments identified details of the financial performance and financial position will be disclosed. The precise impact of this on the financial statements of the entity is still being assessed but it is expected that this will only result in additional disclosures without affecting the underlying accounting. This standard does not yet have an effective date.

Significant judgements and estimates

The use of judgment, estimates and assumptions is inherent to the process of preparing annual financial statements. These judgements, estimates and assumptions affect the amounts presented in the annual financial statements. Uncertainties about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the relevant asset or liability in future periods.

Judgements

In the process of applying these accounting policies, management has made the following judgements that may have a significant effect on the amounts recognised in the financial statements.

Estimates

Estimates are informed by historical experience, information currently available to management, assumptions, and other factors that are believed to be reasonable under the circumstances. These estimates are reviewed on a regular basis. Changes in estimates that are not due to errors are processed in the period of the review and applied prospectively.

In the process of applying the entity's accounting policies the following estimates, were made:

ACCOUNTING POLICIES

For the year ended 31 March 2014

Other provisions

Provisions are measured as the present value of the estimated future outflows required to settle the obligation. In the process of determining the best estimate of the amounts that will be required in future to settle the provision management considers the weighted average probability of the potential outcomes of the provisions raised. This measurement entails determining what the different potential outcomes are for a provision as well as the financial impact of each of those potential outcomes. Management then assigns a weighting factor to each of these outcomes based on the probability that the outcome will materialise in future. The factor is then applied to each of the potential outcomes and the factored outcomes are then added together to arrive at the weighted average value of the provisions.

Pension and other post-employment benefits

Post-employment benefits offered by the entity take the form of defined benefit plans.

The cost of defined benefit pension plans, other post-employment medical benefits, and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Depreciation and amortisation

Depreciation and amortisation recognised on property, plant and equipment and intangible assets are determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on management's estimation of the asset's condition, expected condition at the end of the period of use, its current use, and expected future use and the entity's expectations about the availability of finance to replace the asset at the end of its useful life.

In evaluating the how the condition and use of the asset informs the useful life and residual value management considers the impact of technology and minimum service requirements of the assets.

Allowance for doubtful debts

The measurement of receivables is derived after consideration of the allowance for doubtful debts. Management makes certain assumptions regarding the categorisation of debtors into groups with similar risk profiles so that the effect of any impairment on a group of receivables would not differ materially from the impairment that would have been determined had each debtor been assessed for impairment on an individual basis. The determination of this allowance is predisposed to the utilisation of estimates, assumptions and management judgements. In determining this allowance the estimates are made about the probability of recovery of the debtors based on their past payment history and risk profile.

Fair value determination of properties (excluding heritage assets)

In determining the fair value of investment property (and / or property, plant and equipment) the entity applies a valuation methodology to determine the fair value of the properties based on any one of, or a combination of the following factors:

- The market related selling price of the property; or
- The market related rental that can be earned for the property; or
- The market related selling price of similar properties in the area; or
- The rentals currently or previously earned by the property.

Heritage assets

Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated due to the uncertainty regarding their estimated useful lives. The valuation of heritage assets is dependent on the type of the asset and the availability of reliable information. Management makes estimates and assumptions about factors such as the restoration cost, replacement cost and cash flow generating ability in estimating fair value.

ACCOUNTING POLICIES

For the year ended 31 March 2014

Impairments of non-financial assets

In testing for, and determining the value-in-use of non-financial assets, management is required to rely on the use of estimates about the asset's ability to continue to generate cash flows (in the case of cash-generating assets). For non-cash-generating assets, estimates are made regarding the depreciated replacement cost, restoration cost, or service units of the asset, depending on the nature of the impairment and the availability of information.

Financial instruments

Initial recognition

The entity recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, the entity becomes a party to the contractual provisions of the instrument. This is achieved through the application of trade date accounting.

Upon initial recognition the entity classifies financial instruments or their component parts as a financial liabilities, financial assets or residual interests in conformity with the substance of the contractual arrangement and to the extent that the instrument satisfies the definitions of a financial liability, a financial asset or a residual interest.

Financial instruments are evaluated, based on their terms, to determine if those instruments contain both liability and residual interest components (i.e. to assess if the instruments are compound financial instruments). To the extent that an instrument is in fact a compound instrument, the components are classified separately as financial liabilities and residual interests as the case may be.

Initial measurement

When a financial instrument is recognised, the entity measures it initially at its fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement

Subsequent to initial recognition, financial assets and financial liabilities are measured at fair value, amortised cost or cost.

All financial assets and financial liabilities are measured after initial recognition using the following categories:

Financial instruments at fair value.

- Derivatives.
- Compound instruments that are designated at fair value i.e. an instrument that includes a derivative and a non-derivative host contract.
- Instruments held for trading.
- Non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition.
- An investment in a residual interest for which fair value can be measured reliably.

Financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Financial instruments at amortised cost

Non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that the entity designates at fair value at initial recognition or are held for trading.

ACCOUNTING POLICIES

For the year ended 31 March 2014

Financial instruments at cost

Investments in residual interests, which do not have quoted market prices and for which fair value cannot be determined reliably.

The entity assesses which instruments should be subsequently measured at fair value, amortised cost or cost, based on the definitions of financial instruments at fair value, financial instruments at amortised cost or financial instruments at cost as set out above.

Concessionary loans

The part of the concessionary loan that is a social benefit or non-exchange revenue is determined as the difference between the fair value of the loan and the loan proceeds, either paid or received.

After initial recognition, an entity measures concessionary loans in accordance with the subsequent measurement criteria set out for all financial instruments.

Derecognition

A financial asset is derecognised at trade date, when: The cash flows from the asset expire, are settled or waived; a) Significant risks and rewards are transferred to another party; or b) Despite having retained significant risks and rewards, the entity has transferred control of the asset to another entity.

A financial liability is derecognised when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where the terms of an existing financial liability are modified, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired or through the amortisation process.

Offsetting

The entity does not offset financial assets and financial liabilities in the Statement of Financial Position unless a legal right of set-off exists and the parties intend to settle on a net basis.

Impairments

All financial assets measured at amortised cost, or cost, are subject to an impairment review. The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

For financial assets held at amortised cost:

The entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If the entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment

ACCOUNTING POLICIES

For the year ended 31 March 2014

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

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 (such as an improvement in the debtor's credit rating), the previously recognised impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

For financial assets held at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Policies relating to specific financial instruments

Investments at amortised cost

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks are categorised as financial instruments at amortised cost and are subsequently measured at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

Investments at fair value

Investments, which represent investments in residual interest for which fair value can be measured reliably, are subsequently measured at fair value.

Gains and losses in the fair value of such investments are recognised in the Statement of Financial Performance.

Investments at cost

Investments at cost, which represent investments in residual interest for which there is no quoted market price and for which fair value cannot be measured reliably, are subsequently measured at cost.

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost.

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks.

ACCOUNTING POLICIES

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Trade and other receivables

Trade and other receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition and subsequently stated at amortised cost, less provision for impairment. All trade and other receivables are assessed at least annually for possible impairment. Impairments of trade and other receivables are determined in accordance with the accounting policy for impairments. Impairment adjustments are made through the use of an allowance account.

Bad debts are written off in the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the reporting date are classified as current. Interest is charged on overdue accounts.

Trade and other payables

Trade payables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost using the effective interest rate method.

Inventories

Initial recognition and measurement

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the entity for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Subsequent measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress (WIP) and finished goods (FG), are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. The basis of determining cost is the weighted-average method.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

A provision is maintained for obsolete or damaged inventory. The level of the provision for obsolete inventory is equivalent to the value of the difference between the cost of the inventory and its net realisable value or current replacement cost at financial year-end.

Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction of inventories recognised as an expense in the period in which the reversal occurs.

Derecognition

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

ACCOUNTING POLICIES

For the year ended 31 March 2014

■ Non-current assets held for sale

Recognition

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Measurement

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

Derecognition

Non-current assets and disposal groups held for sale are derecognised upon disposal of the item or where no further economic benefits or service potential is expected to flow from the asset or disposal group. Gains / losses that result from the derecognition of non-current assets or disposal groups held for sale are recognised in surplus / deficit in the period of the derecognition.

■ Property, plant and equipment

Initial recognition and measurement

Property, plant and equipment are tangible non-current assets including infrastructure assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes and are expected to be used during more than one year.

Items of property, plant and equipment are recognised as assets when it is probable that future economic benefits or service potential associated with the item will flow to the entity and the cost or fair value of the item can be measured reliably.

Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost where acquired through exchange transactions. However, when items of property, plant and equipment are acquired through non-exchange transactions, those items are initially measured at their fair values as at the date of acquisition.

The cost of an item of property, plant and equipment is the purchase price and other costs directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the entity. Trade discounts and rebates are deducted in arriving at the cost at which the asset is recognised. The cost also includes the estimated costs of dismantling and removing the asset and restoring the site on which it is operated.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. These major components are depreciated separately over their useful lives.

ACCOUNTING POLICIES

For the year ended 31 March 2014

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the entity expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

Subsequent measurement

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Subsequent to initial recognition, certain classes of property, plant and equipment are measured using the revaluation model. Application of the revaluation model results in carrying classes of property, plant and equipment at re-valued amounts. Depreciation for these classes of property, plant and equipment is adjusted proportionately for the revaluation increases and decreases upon revaluation of the items of property, plant and equipment. Revaluation increases / decreases are recognised in the revaluation reserve within the Statement of Changes in Net Assets. Where the revaluation model is applied, it is done so consistently for the entire class of assets. The following classes of property, plant and equipment are measured using the revaluation model:

Subsequent expenditure

Where the entity replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequent expenditure including major spare parts and servicing equipment qualify as property, plant and equipment if the recognition criteria are met.

Depreciation

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciable amount is determined after taking into account an assets' residual value, where applicable entity

The assets' residual values, useful lives and depreciation methods are reviewed at each financial year-end and adjusted prospectively, if appropriate.

ACCOUNTING POLICIES

For the year ended 31 March 2014

The annual depreciation rates are based on the following estimated asset useful lives:

CATEGORY OF ASSET	USEFUL LIFE RANGE IN YEARS
Land & Buildings	
<i>Buildings</i>	15 - 50
<i>Land</i>	<i>Indefinite Life</i>
Infrastructure Assets	
<i>Roads, Sidewalks & Storm water Networks</i>	5 - 100
<i>Beach Developments</i>	30 - 50
<i>Electricity Reticulation & Supply</i>	10 - 80
<i>Sewerage Mains & Purification Works</i>	15 - 80
<i>Waste Disposal Facilities</i>	20 - 100
<i>Water Supply & Reticulation</i>	10 - 50
<i>Dams & Treatment Works</i>	25 - 100
Other Assets	
<i>Bins & Containers</i>	10
<i>Emergency & Medical Equipment</i>	15
<i>Vehicles & Plant</i>	30
<i>Office Furniture & Fittings</i>	10
<i>Landfill Sites</i>	50
<i>Security Systems</i>	5 - 15
<i>Tip Sites</i>	30
<i>Computer Hardware</i>	4 - 8
Community Assets	
<i>Libraries</i>	15 - 50
<i>Fire Stations</i>	15 - 50
<i>Cemeteries</i>	15 - 50
<i>Clinics</i>	15 - 50
<i>Community Centres</i>	15 - 50
<i>Public Conveniences</i>	15 - 50
<i>Swimming Pools</i>	15 - 50
<i>Recreational Facilities</i>	15 - 50
<i>Selling & Letting Schemes</i>	15 - 50

Impairments

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

ACCOUNTING POLICIES

For the year ended 31 March 2014

Heritage assets

Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated due to the uncertainty regarding their estimated useful lives, as reflected in the table on the next page:

CATEGORY OF HERITAGE ASSET	USEFUL LIFE RANGE IN YEARS
<i>Memorials & Statues</i>	<i>Indefinite Life</i>
<i>Heritage Sites</i>	<i>Indefinite Life</i>
<i>Museums</i>	<i>Indefinite Life</i>
<i>Art Works</i>	<i>Indefinite Life</i>
<i>Collections (Rare books, coins, stamps, etc)</i>	<i>Indefinite Life</i>

Intangible assets

Initial recognition and measurement

An intangible asset is an identifiable non-monetary asset without physical substance. The entity recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- The entity intends to complete the intangible asset for use or sale.
- It is technically feasible to complete the intangible asset.
- The entity has the resources to complete the project.
- It is probable that the entity will receive future economic benefits or service potential.
- The entity has the ability to measure reliably the expenditure during development.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the entity for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Subsequent measurement

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments.

The cost of an intangible asset is amortised over the useful life where that useful life is finite. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Financial Performance in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life assumption continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in Statement of Financial Performance in the expense category consistent with the function of the intangible asset. During the period of development, the asset is tested for impairment annually.

ACCOUNTING POLICIES

For the year ended 31 March 2014

Amortisation and impairment

Amortisation is charged to write off the cost of intangible assets over their estimated useful lives using the straight-line method.

The annual amortisation rates are based on the following estimated average asset lives:

CATEGORY OF INTANGIBLE ASSET	USEFUL LIFE RANGE IN YEARS
<i>Computer Software</i>	3 – 5

Impairments

The entity tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is performed at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Derecognition

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Investment property

Initial recognition and measurement

Investment property includes property held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services or the sale of an asset in the ordinary course of operations.

Investment Property is initially recognised when future economic benefits or service potential are probable and the cost or fair value can be determined reliably.

At initial recognition, the entity measures investment property at cost including transaction costs once it meets the definition of investment property.

Where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property (property, plant and equipment), the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the entity accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

The cost of day to day servicing of investment property is recognised in the Statement of Financial Performance as incurred.

ACCOUNTING POLICIES

For the year ended 31 March 2014

Subsequent measurement

Cost model

Investment property is measured using the cost model. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment. Land is not depreciated. Investment properties are written down as a result of impairment, where considered necessary.

Depreciation begins when the asset is available for use. Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

CATEGORY OF INVESTMENT PROPERTY	USEFUL LIFE RANGE IN YEARS
<i>Investment Property</i>	<i>Indefinite Life</i>
<i>Land</i>	<i>15 - 50</i>

The investment property's residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate, at each financial year-end.

Fair value model

Investment property is measured using the fair value model. This entails determining the fair value of investment properties on a regular basis. To the extent that the fair value model is applied investment property is not depreciated. Fair value gains / losses that result from the revaluation are recognised in the Statement of Financial Performance.

Impairments

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an Investment Property is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

Derecognition

An Investment Property is derecognised when there is a disposal or no future economic benefits or service potential are to be derived from the property. All gains or losses, which result from the derecognition, are recognised in the Statement of Financial Performance.

■ Biological assets

Recognition

Biological assets that are not managed as part of an agricultural activity are accounted for as property, plant and equipment where they are expected to be used for longer than 12 months (refer to accounting policy for property, plant and equipment).

Biological assets that are managed as part of an agricultural activity, and agricultural produce are recognised when:

- The entity controls the asset; and
- Future economic benefits or service potential from the asset is probable; and
- The fair value or cost of the asset can be determined.

ACCOUNTING POLICIES

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Measurement

Biological assets are measured at fair value less estimated point-of-sale costs at initial recognition as well for subsequent reporting periods. Agricultural produce (as harvested from biological assets) are recognised at the point of harvest. Accordingly, agricultural produce is measured at fair value less point-of-sale costs at the point of harvest. When this agricultural produce is transferred to inventory (for the purpose of consumption or resale) the fair value less point-of-sale costs, becomes the cost of the agricultural produce inventory.

Where there is no active market for biological assets and it is not possible to determine the fair value of the biological assets reliably through the use of other valuation techniques, the biological assets are measured at cost less accumulated depreciation and accumulated impairment losses. Should the fair value of the biological asset become available or reliably determinable in subsequent periods, the biological asset will be measured at its fair value less point-of-sale costs.

When measuring the biological asset at fair value less point-of-sale costs at initial recognition a gain arises on that asset. This gain is recognised in surplus or deficit for the period during which the biological asset was initially recognised. Any subsequent changes to the fair value less point-of-sale costs (which arise as a result of re-measurements at subsequent reporting dates) are also recognised in the surplus or deficit for the period.

The gain or loss that arises on the initial recognition of agricultural produce at fair value less point-of-sale costs is also recognised in surplus or deficit in the period that it arises.

Derecognition

Agricultural produce is derecognised at the point of reclassification to inventory. As the fair value less point-of-sale costs becomes the cost of the inventory, no gain or loss is derecognised at the point of reclassification.

Biological assets are derecognised when the entity disposes thereof or when it is no longer probable that future economic benefits or service potential will be generated from the biological asset. Any gain or loss that arises at the point of derecognition is recognised in surplus or deficit at the point of derecognition.

■ Impairment of non-financial assets

Recognition

The entity assesses at each reporting date whether there is an indication that an asset may be impaired. Where the carrying amount of an asset exceeds its recoverable amount (or recoverable service amount in the case of non-cash-generating assets), the asset is considered impaired and is written down to its recoverable amount (or recoverable service amount). An assets recoverable amount (or recoverable service amount) is the higher of the fair value less costs to sell, and the value-in-use of the asset).

Measurement

An asset's recoverable amount (or recoverable service amount) is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use. This recoverable amount (or recoverable service amount) is determined for individual assets, unless those individual assets are part of a larger cash generating unit, in which case the recoverable amount (or recoverable service amount) is determined for the whole cash generating unit.

An asset is part of a cash generating unit where that asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

In determining the recoverable amount (or recoverable service amount) of an asset the entity evaluates the assets to determine whether the assets are cash generating assets or non-cash generating assets.

For cash generating assets the value in use is determined as a function of the discounted future cash flows from the asset.

ACCOUNTING POLICIES

For the year ended 31 March 2014

Where the asset is a non-cash generating asset the value in use is determined through one of the following approaches:

- Depreciated replacement cost approach – The current replacement cost of the asset is used as the basis for this value. This current replacement cost is depreciated for a period equal to the period that the asset has been in use so that the final depreciated replacement cost is representative of the age of the asset.
- Restoration cost approach - Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment.
- Service units approach - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state.

The decision as to which approach to use is dependent on the nature of the identified impairment.

In assessing value-in-use for cash-generating assets, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, other fair value indicators are used.

Impairment losses of continuing operations are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Entity makes an estimate of the assets or cash-generating unit's recoverable amount.

Reversal of impairment losses

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Employee benefits

Short term employee benefits

Short term employee benefits encompasses all those benefits that become payable in the short term, i.e. within a financial year or within 12 months after the financial year. Therefore, short term employee benefits include remuneration, compensated absences and bonuses.

Short term employee benefits are recognised in the Statement of Financial Performance as services are rendered, except for non-accumulating benefits, which are recognised when the specific event occurs. These short term employee benefits are measured at their undiscounted costs in the period the employee renders the related service or the specific event occurs.

Post-employment benefits

The entity provides post-employment benefits for its officials. These benefits are provided as either defined contribution plans or defined benefit plans. The entity identifies as defined contribution plans any post-employment plan in terms of which it has no obligation to make further contributions to the plan over and above the monthly contributions payable on behalf of employees (for example in the event of a funding shortfall). Any other plans are considered to be defined benefit plans.

ACCOUNTING POLICIES

For the year ended 31 March 2014

Defined contribution plans

Contributions made towards the fund are recognised as an expense in the Statement of Financial Performance in the period that such contributions become payable. This contribution expense is measured at the undiscounted amount of the contribution paid or payable to the fund. A liability is recognised to the extent that any of the contributions have not yet been paid. Conversely an asset is recognised to the extent that any contributions have been paid in advance.

Defined benefit plans

Pursuant to the entity's obligation to fund the post-employment benefits provided through a defined benefit plan, the entity recognises a defined benefit obligation or asset with reference to the fund's financial position. To the extent that the future benefits payable under the fund exceeds the value assets held to finance those benefits, the entity recognises as defined benefit obligation. To the extent that the value of plan assets exceeds the future benefits payable by the fund the entity recognises as defined benefit asset. Plan assets are assets that are held by long-term employee benefit funds or qualifying insurance policies. Plan assets are not available to the creditors of the entity nor can they be paid directly to the entity.

The defined benefit asset or obligation recognised is recognised as the net difference between the value of the plan assets and plan liabilities and also taking past service cost into consideration (further detail is available in Note 47 Post-employment benefits)

Plan assets included in the defined benefit plan asset or liabilities recognised are measured at their fair values. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of any defined benefit asset recognised is limited to the sum of any past service costs and actuarial gains and losses not yet recognised and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

The plan liabilities are measured at the present value of the future benefits payable. This present value of the plan liabilities is determined through actuarial valuation techniques.

The entity operates a number of defined benefit pension plans, all of which require contributions to be made to separately administered funds. The cost of providing benefits under the defined benefit plans is determined separately for each plan, using the projected unit credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries for each plan. Actuarial gains and losses are recognised in full in the Statement of Financial Performance in the year that they occur.

The past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits have already vested, immediately following the introduction of, or changes to, a pension plan, past service costs are recognised immediately.

Leases

The entity as lessee

Recognition

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the entity through the lease agreement. Assets

Subject to finance leases are recognised in the Statement of Financial Position at the inception of the lease, as is the corresponding finance lease liability.

Assets subject to operating leases, i.e. those leases where substantially all of the risks and rewards of ownership are not transferred to the lessee through the lease, are not recognised in the Statement of Financial Position. The operating lease expense is recognised over the course of the lease arrangement

ACCOUNTING POLICIES

For the year ended 31 March 2014

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date; namely whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005, in accordance with the transitional requirements of iGRAP 3.

Measurement

Assets subject to a finance lease, as recognised in the Statement of Financial Position, are measured (at initial recognition) at the lower of the fair value of the assets and the present value of the future minimum lease payments. Subsequent to initial recognition these capitalised assets are depreciated over the contract term.

The finance lease liability recognised at initial recognition is measured at the present value of the future minimum lease payments. Subsequent to initial recognition this liability is carried at amortised cost, with the lease payments being set off against the capital and accrued interest. The allocation of the lease payments between the capital and interest portion of the liability is effected through the application of the effective interest method.

The finance charges resulting from the finance lease are expensed, through the Statement of Financial Performance, as they accrue. The finance cost accrual is determined using the effective interest method.

The lease expense recognised for operating leases is charged to the Statement of Financial Performance on a straight-line basis over the term of the relevant lease. To the extent that the straight-lined lease payments differ from the actual lease payments the difference is recognised in the Statement of Financial Position as either lease payments in advance (operating lease asset) or lease payments payable (operating lease liability) as the case may be. This resulting asset and / or liability is measured as the undiscounted difference between the straight-line lease payments and the contractual lease payments.

Derecognition

The finance lease liabilities are derecognised when the entity's obligation to settle the liability is extinguished. The assets capitalised under the finance lease are derecognised when the entity no longer expects any economic benefits or service potential to flow from the asset.

The operating lease liability is derecognised when the entity's obligation to settle the liability is extinguished. The operating lease asset is derecognised when the entity no longer anticipates economic benefits to flow from the asset.

The entity as lessor

Recognition

For those leases that meet the definition of a finance lease, where the entity is the lessor, the entity derecognises the asset subject to the lease at the inception of the lease. Along with the derecognition of the asset the entity recognises a finance lease receivable. Finance lease income is allocated to between the finance lease receivable and finance income using the effective interest rate method and the resulting finance income is recognised in the Statement of Financial Performance as it accrues.

For those leases classified as operating leases the asset subject to the lease is not derecognised and no lease receivable is recognised at the inception of the lease. Lease payments received under an operating lease are recognised as income, in the Statement of Financial Performance, in the period that the income accrues.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date; namely, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of iGRAP 3.

ACCOUNTING POLICIES

For the year ended 31 March 2014

Measurement

Finance lease receivables are recognised at an amount equal to the entity's net investment in the lease. This net investment in the lease is calculated as the sum of the minimum future lease payments and unguaranteed residual value discounted over the lease term at the rate implicit in the lease.

Rental Income from operating leases is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined lease payments and the contractual lease payments are recognised as either an operating lease asset or operating lease liability. An operating lease liability is raised to the extent that lease payments are received in advance (i.e. the straight-line lease payments are more than the contractual lease payments). The operating lease asset and / or operating lease liability are measured as the undiscounted difference between the straight-line lease receipts and the contractual lease receipts.

Derecognition

Finance lease receivables are derecognised when the entity's right to the underlying cash flows expire or when the entity no longer expects economic benefits to flow from the finance lease receivable.

Operating lease liabilities are derecognised when the entity's obligation to provide economic benefits or service potential under the lease agreement expires. Operating lease assets are derecognised when the entity's right to the underlying cash flows expire or the entity no longer expects economic benefits to flow from the operating lease asset.

Revenue

Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrues to the entity directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable, excluding indirect taxes, rebates and discounts.

Recognition

Revenue from exchange transactions is only recognised once all of the following criteria have been satisfied:

- a) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- b) The amount of revenue can be measured reliably; and
- c) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue arising out of situations where the entity acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the entity as compensation for executing the agreed services.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset and there is not a corresponding liability in respect of related conditions.

Measurement

An asset that is recognised as a result of a non-exchange transaction is recognised at its fair value at the date of the transfer. Consequently, revenue arising from a non-exchange transaction is measured at the fair value of the asset received, less the amount of any liabilities that are also recognised due to conditions that must still be satisfied.

Where there are conditions attached to a grant, transfer or donation that gave rise to a liability at initial recognition, that liability is transferred to revenue as and when the conditions attached to the grant are met.

ACCOUNTING POLICIES

For the year ended 31 March 2014

Grants without any conditions attached are recognised as revenue in full when the asset is recognised, at an amount equalling the fair value of the asset received.

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor.

Expenditure relating to non-exchange transactions

The accounting policy for expenditure arising from non-exchange transactions is similar to policy for non-exchange revenue.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The entity ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capitals asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

Foreign currency transaction

Transactions in foreign currencies are initially accounted for at the rate of exchange ruling on the date of the transaction. Exchange differences arising on the settlement of creditors or on reporting of creditors at rates different from those at which they were initially recorded are expensed.

Transactions in foreign currency are accounted for at the spot rate of the exchange ruling on the date of the transaction.

Gains and losses arising on the translation are dealt with in the Statement of Financial Performance in the year in which they occur.

Surplus or deficit

Gains and losses

Gains and losses arising from fair value adjustments on investments and loans, and from the disposal of assets, are presented separately from other revenue in the Statement of Financial Performance.

Income, expenditure, gains and losses are recognised in surplus or deficit except for the exceptional cases where recognition directly in net assets is specifically allowed or required by a Standard of GRAP.

Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Public Finance Management Act (PFMA) or is in contravention of the entity's supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

ACCOUNTING POLICIES

For the year ended 31 March 2014

■ Recovery of irregular, fruitless & wasteful expenditure

The recovery of irregular and fruitless and wasteful expenditure is based on legislated procedures, and is recognised when the recovery thereof from the responsible officials is probable. The recovery of irregular and fruitless and wasteful expenditure is treated as other income.

■ Post-reporting date events

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amounts recognised in the financial statements to reflect adjusting events after the reporting date once the event has occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

■ Related parties

The entity has processes and controls in place to aid in the identification of related parties. A related party is a person or an entity with the ability to control or jointly control the other party or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Related party relationships where control exists are disclosed regardless of whether any transactions took place between the parties during the reporting period.

Where transactions occurred between the entity and any one or more related parties, and those transactions were not within:

- normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances; and
- terms and conditions within the normal operating parameters established by the reporting entity's legal mandate;

Further details about those transactions are disclosed in the notes to the financial statements.

Information about such transactions is disclosed in the financial statements.

ACCOUNTING POLICIES

For the year ended 31 March 2014

■ Investment in an associate

The Entity's investment in its associate is accounted for using the equity method. An associate is an entity in which the Entity has significant influence.

Under the equity method, the investment in the associate is carried on the Statement of Financial Position at cost plus post acquisition changes in the Entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The Statement of Financial Performance reflects the Entity's share of the results of operations of the associate. When there has been a change recognised directly in the net assets of the associate, the Entity recognises its share of any changes and discloses this, when applicable, in the statement of changes in net assets.

Unrealised gains and losses resulting from transactions between the Entity and the associate are eliminated to the extent of the interest in the associate.

The Entity's share of the net surplus or deficit of an associate is shown on the face of the Statement of Financial Performance. This is the surplus attributable to holders of the residual interest in the associate and, therefore, is surplus after tax and minority interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Entity. When necessary, adjustments are made to bring the accounting policies in line with those of the Entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2014 R '000	2013 R '000
1 Cash and Cash Equivalents		
Cash and cash equivalents consist of the following:		
Cash on hand	4 854 831	4 848 968
Cash at bank	64 650 073	55 814 840
Call deposits	61 735 504	59 200 845
Call investments	1 182 969	1 388 567
	132 423 376	121 253 219
Total cash and cash equivalents	132 423 376	121 253 219
Total bank overdraft	3 161 188	4 061 995

	Gross Balances R '000	Provision for Doubtful Debts R '000	Net Balance R '000
2 Trade and Other Receivables from Exchange Transactions			
Balance as at 31 March 2014			
Recoveries of staff expenses	20 983	(1 300)	19 683
Other receivables	67 282 980	(11 013 544)	56 269 436
Employee advances	76 003	(7)	75 996
Provincial Government	5 034 126	(2 122 911)	2 911 215
National Government	2 013 109	(337 427)	1 675 682
Total Trade and other receivables as at 31 March 2014	74 427 201	(13 475 190)	60 952 011

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	Gross Balances	Provision for Doubtful Debts	Net Balance
Balance as at 31 March 2013	R '000	R '000	R '000
Recoveries of staff expenses	29 358	(1 654)	(27 705)
Other receivables	59 752 589	(10 115 780)	49 636 809
Employee advances	12 945	(1)	12 944
Provincial Government	3 256 890	(1 228 323)	2 028 567
National Government	2 125 927	(324 096)	1 801 831
Total Trade and other receivables as at 31 March 2013	65 177 709	(11 669 854)	53 507 856

Summary of Debtors by Customer Classification	Consumers	Industrial / Commercial	National Government	Provincial Government
	R '000	R '000	R '000	R '000
Balance as at 31 March 2014				
Current (0 – 30 days)	10 937 889	12 084 038	2 311 824	1 992 674
31 - 60 Days	2 404 775	853 681	205 039	474 921
61 - 90 Days	3 786 665	399 900	233 964	119 198
91 - 120 Days	154 674	3 363 997	24 347	735 939
121 - 365 Days	259 002	36 448	565 143	1 049 608
+ 365 Days	4 105	8 814	597 101	1 525 363
Sub-total	17 547 110	16 746 879	3 937 418	5 897 703
Less: Provision for doubtful debts	(3 514 663)	(1 964 273)	(290 471)	(1 907 640)
Total debtors by customer classification	14 032 447	14 782 606	3 646 948	3 990 063

Summary of Debtors by Customer Classification	Consumers	Industrial / Commercial	National Government	Provincial Government
	R '000	R '000	R '000	R '000
Balance as at 31 March 2013				
Current (0 – 30 days)	10 464 321	10 806 647	2 171 695	1 527 900
31 - 60 Days	1 103 728	855 997	102 189	349 839
61 - 90 Days	3 617 653	350 017	104 324	100 842
91 - 120 Days	116 617	1 922 801	16 011	164 922
121 - 365 Days	252 741	34 284	368 686	457 131
+ 365 Days	36 442	7 644	321 531	1 495 542
Sub-total	15 591 502	13 977 390	3 084 436	4 096 175
Less: Provision for doubtful debts	(2 993 919)	(996 869)	(295 138)	(1 065 140)
Total debtors by customer classification	12 597 584	12 980 521	2 789 298	3 031 036

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2014 R '000	2013 R '000
2.1 Reconciliation of the doubtful debt provision		
Balance at beginning of the year	7 867 833	5 761 982
Contributions to provision	3 172 424	2 632 449
Doubtful debts written off against provision	(354 141)	(484 387)
Reversal of provision	(122 739)	(94 128)
Amounts used	(66 594)	22 621
Increase/ (Decrease) due to change in estimate	11 468	55 722
Change due to correction of errors	-	(26 427)
Balance at end of year	10 508 251	7 867 833

Trade and other receivables past due but not impaired

The ageing of amounts past due but not impaired is as follows:

Neither past due nor impaired	21 591 629	19 934 887
Less than 30 days	2 536 292	2 786 182
31 to 60 days	1 505 766	822 973
61 to 90 days	1 638 653	990 966
91 to 120 days	1 742 688	1 242 582
Greater than 120 days	1 530 346	433 586
	30 545 375	26 211 175

Trade and other receivables impaired

The ageing of these receivables is as follows:

1 to 3 months past due	12 962 133	9 784 899
3 to 6 months past due	361 067	576 738
6 to 9 months past due	813 013	737 522
More than 9 months past due	3 514 492	2 665 397
	17 650 705	13 764 555

2.2 Credit quality of trade and other receivables from exchange transactions

The entity determines the credit quality of its trade and other receivables from exchange transactions.

2.2.1 Method of determining credit quality of trade and other receivables from exchange transactions:

The credit quality of trade and other receivables from exchange transactions are determined and monitored with reference to credit ratings obtained, for the customers included in the balance, from external credit ratings agencies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

2.2.2 The credit quality of trade and other receivables from exchange transactions

The credit quality of trade and other receivables from exchange transactions	Internally determined credit quality (weighted average credit quality of the balance)	Externally determined credit quality (weighted average credit quality of the balance)
Recoveries of staff expenses	2 122	(1)
Other receivables	9 662	538 685
Employee advances	4 014	1 108
Provincial Government	19 423	18 849
National Government	1 015	-
	36 236	558 641

	2014 R '000	2013 R '000
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3 Other Receivables from Non-Exchange Transactions

Insurance claims	1 125	1 435
Subsidies	40 539	47 419
Unauthorized expenditure	(1 604)	(1 362)
Other debtors	3 417 619	4 730 819
Provincial Government	7 010	12 354
National Government	5 381 487	4 187 986
Prepayments (if not material)	336 297	492 578
Total Other Debtors	9 182 472	9 471 231

4 Other Non-Current Financial Assets

Other non-current financial assets	41 286 683	33 070 752
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5 Other Current Financial Assets

Other current financial assets	620 272 865	549 122 169
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2014 R '000	2013 R '000
6 Inventories		
Carrying value of inventory	29 965 148	28 661 155
Consumable stores	1 784 977	1 662 242
Raw Materials	15 241 575	9 193 229
Work in Progress	1 414 377	1 365 863
Finished Goods	5 132 351	4 533 682
Maintenance materials	2 814 069	8 743 273
Spare parts	841 648	968 106
Other goods held for resale	2 736 150	2 194 761
	2014 R '000	2013 R '000
6.1 Amounts recognised as an expense		
The following amounts, related to inventory, were recognised in the statement of financial performance during the year:		
Cost of inventory sold and included in cost of sales expense line item for the year	53 929 121	34 934 432
Cost of inventory used to conduct maintenance during the year and included in the repairs and maintenance expense line item	5 868 451	6 088 445
Cost of inventory consumed in the ordinary course of business and recognised in the consumables expense line item during the year	4 164 548	3 514 872
Cost of fuel and oil inventory utilised during the year and recognised in the fuel and oil expense line item during the year	7 792	8 848
Cost of inventory consumed in the ordinary course of business and recognised in the cleaning expense line item during the year	222	127
Cost of inventory consumed in the ordinary course of business and recognised in the printing and stationary expense line item during the year	89 743	78 777
Cost of inventory consumed in the ordinary course of business and recognised in the sewerage treatment expense line item during the year	111	42
Cost of inventory consumed in the ordinary course of business and recognised in the water and sanitation expense line item during the year	1 479	1 661
Cost of inventory consumed in the ordinary course of business and recognised in the stocks and material expense line item during the year	3 251	2 140
Amount of inventories recognised as an expense in the period as part of impairment	214 466	85 962
Write down of inventory to fair value less cost to sell and recognised in the impairment expense line item for the year	1 953	297 678
Total amount of Inventories recognised in the statement of financial performance during the year	64 281 138	45 012 983

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2014 R '000	2013 R '000
6.2 Reversals of write-downs previously recognised		
During the year write-downs to the value of inventory, recognised in previous periods, were reversed. The details of these write downs are as follows:		
Consumable stores	(47 439)	60
Raw Materials	1 058	6 227
Finished Goods	4 774	3 375
Maintenance materials	5 135	4 093
Other goods held for resale	13 000	51 001
Total	(23 472)	64 756

7 Prepayments

Prepaid expenses	23 590 230	19 437 561
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8 Investments

Deposits	41 760 048	44 515 637
Equity investments	17 942 906	12 543 362
	59 702 953	57 059 000

9 Finance Lease Receivables

2014	Minimum Lease Receivable	Future Finance Charges	Present Value of Minimum Lease Receipts
Amounts payable under finance leases	R '000	R '000	R '000
Within one year	131 174	(76 392)	54 782
Within two to five years	436 684	(273 076)	163 607
Later than five years	756 673	(316 253)	440 421
	1 324 531	(665 721)	658 810
Less: Amount due within 12 months (current portion)	(131 174)	76 392	(54 782)
	1 193 357	(589 329)	604 028
2013	Minimum Lease Receivable	Future Finance Charges	Present Value of Minimum Lease Receipts
Amounts payable under finance leases	R '000	R '000	R '000
Within one year	129 843	(77 080)	52 763
Within two to five years	416 775	(268 996)	147 779
Later than five years	849 880	(373 106)	476 774
	1 396 497	(719 182)	677 315
Less: Amount due within 12 months (current portion)	(129 843)	77 080	(52 763)
	1 266 654	(642 102)	624 553

The average lease term is 5 years and the average effective borrowing rate is 10%. Interest rates are not fixed. Some leases have fixed repayment terms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2014 R '000	2013 R '000
10 Non-Current Receivables		
Other non-current receivables	36 857 589	36 845 765
	36 857 589	36 845 765
Less : Current portion transferred to current receivables	3 123 554	4 045 926
Car loans	6	6
Staff loans	4	4
Housing selling scheme loans	2 968	3 253
Other non-current receivables	3 120 576	4 042 663
Total	33 734 034	32 799 839
11 Construction Contract Receivables		
Contracts in progress at reporting date:		
Construction contract receivables	1 229 646	1 137 960
12 Non-Current Investments		
Financial Instruments		
Fixed Deposits	398 686	431 248
Listed Investments	65 230 490	56 972 119
Other Investments	169 167 547	151 258 537
Loans Granted	50 220 849	42 152 447
Debt Securities	4 840 889	8 573 858
	289 858 461	259 388 209

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

13 Property, Plant and Equipment

13.1.1 Reconciliation of Carrying Value

	2014			2013		
	Cost R '000	Accumulated Depreciation & Impairment R '000	Carrying Value R '000	Cost R '000	Accumulated Depreciation & Impairment R '000	Carrying Value R '000
Land	35 210 919	(52 828)	35 158 091	32 935 059	(46 012)	32 889 047
Buildings	72 996 873	(15 939 514)	57 057 359	61 939 595	(13 638 938)	48 300 657
Vehicles	10 591 333	(5 307 417)	5 283 917	9 885 358	(4 513 280)	5 372 077
Infrastructure	634 867 944	(180 837 879)	454 030 065	561 718 163	(151 912 496)	409 805 667
Capital Work in Progress	307 701 235	(1 361 330)	306 339 905	250 072 211	(1 102 321)	248 969 891
Finance Lease Assets	738 912	(492 838)	246 075	735 449	(480 198)	255 250
Furniture & Fittings	6 526 146	(3 364 363)	3 161 783	4 757 331	(2 841 609)	1 915 721
Plant, Machinery & Equipment	330 787 207	(133 558 973)	197 228 234	302 332 254	(123 635 854)	178 696 400
Office Equipment	1 875 439	(889 421)	986 018	1 480 023	(807 976)	672 047
Computer Equipment	10 341 122	(6 809 702)	3 531 420	9 049 258	(6 298 096)	2 751 162
Aircraft	10 581 279	(6 866 436)	3 714 843	10 086 097	(5 682 852)	4 403 245
Ships	2 931 572	(815 609)	2 115 963	2 791 751	(675 333)	2 116 418
Other Assets	89 757 264	(30 700 715)	59 056 549	74 017 499	(23 679 662)	50 337 836
Total	1 514 907 245	(386 997 025)	1 127 910 220	1 321 800 046	(335 314 627)	986 485 419

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

13.1.2 Reconciliation of Property Plant and Equipment - 2014

	Carrying Value Opening Balance	Additions	Disposals	Transfers	Depreciation impairment	Re-Discontinued valuation Operations	Prior Year Errors	Carrying Value Closing Balance
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Land	32 938 231	1 152 158	(4 512)	(173 907)	(1 771)	1 303 289	-	35 158 091
Buildings	48 446 898	7 000 799	(77 469)	3 918 625	(25 523)	180 270	-	57 057 359
Vehicles	5 351 761	701 987	(63 549)	207 131	(6 092)	137	-	5 283 917
Infrastructure	409 738 337	3 164 345	(104 486)	14 864 344	(73 733)	35 728 690	-	454 030 065
Capital Work in Progress	249 244 432	118 063 478	(32 133)	(60 868 587)	(171 195)	200 011	-	306 339 905
Finance Lease Assets	268 497	33 182	(1 886)	(11 350)	(29)	-	350	246 075
Furniture & Fittings	1 875 335	625 700	(23 287)	1 297 697	(13 095)	747	(10)	3 161 783
Plant, Machinery & Equipment	180 130 929	6 578 531	(290 573)	26 787 685	(775 502)	(847)	4	197 228 234
Office Equipment	572 259	376 076	(11 654)	198 477	(660)	132	(3)	986 018
Computer Equipment	2 488 612	1 856 330	(63 308)	416 598	(1 154 955)	1 878	1	3 531 420
Aircraft	4 403 968	2 598 753	(1 695 000)	1 313	(443 467)	(279)	-	3 714 843
Ships	2 116 805	17 968	-	122 815	(141 127)	(498)	-	2 115 962
Other Assets	48 909 366	5 705 868	(69 610)	13 729 773	(2 858 489)	(374 221)	1	59 056 550
Total	986 485 429	147 875 177	(2 437 468)	490 614	(5 091 699)	37 039 309	342	1 127 910 220
						(89 007)		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

13.1.3 Reconciliation of Property Plant and Equipment - 2013

	Carrying Value Opening Balance R '000	Additions R '000	Disposals R '000	Transfers R '000	Depreciation R '000	Impairment R '000	Revaluation R '000	Discontinued Operations R '000	Prior Year Errors R '000	Carrying Value Closing Balance R '000
Land	26 823 052	3 549 717	(6 201)	(37 556)	-	(17 689)	2 555 799	(151)	22 075	32 889 047
Buildings	45 133 422	3 017 260	(282 339)	2 258 575	(2 253 047)	(134 715)	559 370	5 743	(3 613)	48 300 657
Vehicles	4 762 235	1 011 811	(58 097)	392 176	(719 216)	(6 389)	1 245	-	(11 687)	5 372 077
Infrastructure	391 734 825	2 972 337	(17 149)	15 965 148	(8 051 580)	(636 416)	7 922 879	-	(84 378)	409 805 667
Capital Work in Progress	210 157 885	70 534 899	(63 324)	(31 609 901)	-	(74 539)	79 790	-	(54 919)	248 969 891
Finance Lease Assets	274 009	43 303	(3 455)	(13 459)	(47 104)	-	-	2 339	(381)	255 250
Furniture & Fittings	2 170 846	562 850	(38 758)	(217 078)	(557 308)	(2 448)	14 08	(70)	(3 721)	1 915 721
Plant, Machinery & Equipment	149 263 133	41 929 661	(360 673)	549 340	(12 723 013)	15 960	103 629	(8 079)	(73 556)	178 696 400
Office Equipment	585 101	129 459	(11 359)	107 009	(132 557)	(1 819)	349	567	(4 703)	672 047
Computer Equipment	2 903 349	1 027 373	(432 056)	257 394	(990 934)	(8 315)	258	3 429	(9 335)	2 751 162
Aircraft	4 550 716	427 778	(163 182)	7 277	(441 821)	(1 463)	23 939	-	-	4 403 245
Ships	2 196 152	38 080	-	6 614	(137 729)	(1 000)	14 301	-	-	2 116 419
Other Assets	38 867 534	5 057 695	(324 508)	11 622 158	(5 104 290)	(77 351)	656 287	(360 396)	707	50 337 836
Total	879 422 259	130 302 222	(1761 100)	(712 304)	(31 158 600)	(946 184)	11 919 255	(356 618)	(223 510)	986 485 419

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2014 R '000	2013 R '000
13.2 Property, plant and equipment pledged as security		
13.2.1 Details of property		
Buildings		
Purchase price	89 647 468	37 853 855
Additions since purchase	2 178 344	2 173 553
Capitalised expenditure	13 022 407	12 479 269
	104 848 219	52 506 677
13.3 Capitalised expenditure		
Capitalised expenditure	5 931 423	5 175 360
	5 931 423	5 175 360
13.4 Other information		
Fair value of property, plant and equipment carried at cost	1 928 179 370	1 730 596 320
	1 928 179 370	1 730 596 320
13.5 Contractual commitments for the acquisition of property, plant and equipment		
By the date that the financial statements were authorised for issue the following contractual commitments for the acquisition of property, plant and equipment existed:		
Purchase of new property, plant and equipment	139 451 446	451 158 649
Finance leases of new property, plant and equipment	840 171 856	950 292 231
Construction of new property, plant and equipment	54 206	65 145
Improvement of existing property, plant and equipment	41 435	121 834
Total	979 718 943	1 401 637 859
13.6 Compensation from third parties for losses		
Insurance pay outs to compensate for damaged of PPE	73 009	7 305
Insurance pay outs to compensate for the theft of PPE	449	627
Recoveries from employees for damage of PPE	964	33
Recoveries from third parties for PPE given-up	1 478	1 590
Total	75 899	9 555

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2014			2013		
	Cost R '000	Accumulated Impairment R '000	Carrying Value R '000	Cost R '000	Accumulated Impairment R '000	Carrying Value R '000
14 Heritage Assets						
14.1.1 Reconciliation of Carrying Value						
Art Collections	18 656	(105)	18 551	13 820	(105)	13 715
Stamp Collections	18 318	-	18 318	-	-	-
Collections of rare books or manuscripts	3 757	-	3 757	134	-	134
Historical Buildings	260 741	-	260 741	257 171	-	257 171
Other Assets	16 610	-	16 610	15 128	-	15 128
Total	318 083	(105)	317 977	286 253	(105)	286 148

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

14.1.2 Reconciliation of Heritage Assets - 2014

	Carrying Value Opening Balance	Additions	Disposals	Transfers	Impairment	Revaluation	Other	Discontinued Operations	Carrying Value Closing Balance
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Art Collections	13 715	4 894	(415)	-	-	226	-	-	18 420
Stamp Collections	-	18 318	-	-	-	-	-	-	18 318
Collections of rare books or manuscripts	134	1 515	-	-	-	2 098	-	-	3 747
Historical Buildings	257 171	1 637	-	1 934	-	-	-	-	260 742
Other Assets	15 128	1 623	-	-	-	-	-	-	16 752
Total	286 148	27 986	(415)	1 934	-	2 324	-	-	317 977

14.1.3 Reconciliation of Heritage Assets - 2013

	Carrying Value Opening Balance	Additions	Disposals	Transfers	Impairment	Revaluation	Other	Discontinued Operations	Carrying Value Closing Balance
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Art Collections	10 689	1 427	-	(13)	-	170	-	-	12 273
Stamp Collections	-	-	-	-	-	-	-	-	-
Collections of rare books or manuscripts	-	134	-	-	-	-	-	-	134
Historical Buildings	254 655	2 418	-	318	-	-	-	-	257 391
Other Assets	16 256	94	-	-	-	-	-	-	16 350
Total	281 601	4 073	-	305	-	170	-	-	286 148

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

15 Intangible Assets

15.1.1 Reconciliation of Carrying Value

	2014			2013		
	Cost R '000	Accumulated Amortisation & Impairment R '000	Carrying Value R '000	Cost R '000	Accumulated Amortisation & Impairment R '000	Carrying Value R '000
Computer Software	12 838 721	(8 417 409)	4 421 312	11 396 777	(7 149 998)	4 246 779
Copy rights	87 754	(9 573)	78 181	87 754	(7 122)	80 631
Internally Generated Software	445 729	(200 381)	245 348	268 227	(21 576)	246 652
Licenses	1 667 647	(1 290 320)	377 326	1 672 456	(1 115 487)	556 968
Servitudes	1 809 653	(225 407)	1 584 247	1 584 017	(224 661)	1 359 357
Patents and models	711 232	(67 635)	643 597	72 290	(64 680)	7 609
Trademarks	260	(106)	154	260	(33)	227
Other	23 721 684	(4 997 714)	18 723 970	23 396 679	(3 309 793)	20 086 886
Total	41 282 680	(15 208 545)	26 074 136	38 478 459	(11 893 351)	26 585 108

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

15.1.2 Reconciliation of Intangible Assets - 2014

	Carrying Value Opening Balance	R '000	Additions	R '000	Disposals	R '000	Transfers	R '000	Amortisation	R '000	Impairment	Revaluation	R '000	Internally Developed	R '000	Discontinued Operations	R '000	Carrying Value Closing Balance	R '000
Computer Software	4 246 779		704 782		(14 987)		(351 553)		(683 684)		(81)	753		539 365		(20 063)		4 421 312	
Copy rights and Trademarks	80 631		20 200		-		(21 871)		(779)		-	-		-		-		78 181	
Internally Generated Software	246 652		60 832		481		(786)		(3 262)		(178 156)	-		119 588		-		245 348	
Licenses	556 968		15 391		(10)		(186 801)		(8 222)		-	-		-		-		377 326	
Servitudes	1 359 357		9 630		-		-		(680)		-	-		215 940		-		1 584 247	
Patents and models	7 609		493 728		-		(33 440)		(604)		-	-		176 303		-		643 597	
Research assets	227		-		-		(73)		-		-	-		-		-		154	
Other	20 086 886		1 674 286		(145 243)		(1 603 110)		(1 373 547)		(9 978)	42 909		51 768		-		18 723 970	
Total	26 585 108		2 978 849		(159 759)		(2 197 634)		(2 070 779)		(188 215)	43 662		1 102 964		(20 063)		26 074 136	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

15.1.3 Reconciliation of Intangible Assets - 2013

	Carrying Value Opening Balance	R '000	Additions	R '000	Disposals	R '000	Transfers	R '000	Amortisation	R '000	Impairment	Revaluation	R '000	Internally Developed	R '000	Discontinued Operations	R '000	Carrying Value Closing Balance	R '000
Computer Software	1 755 879	2 263 307	(38 801)	(647 628)	(900 370)	(29 679)	511	1 869 171	(25 611)	4 246 779									
Copy rights Internally Generated Software	11 313	73 583	-	(3 557)	(707)	-	-	-	-	80 632									
Licenses	42 156	77 062	372	(169)	(3 570)	(81)	-	130 881	-	246 652									
Servitudes	595 141	4 878	-	(41 363)	(1 689)	-	-	-	-	556 968									
Patents and models	12 218	950 272	-	-	(625)	-	-	397 491	-	1 359 356									
Trademarks	8 117	271	-	-	(1 384)	(239)	-	844	-	7 609									
Other	233	-	-	-	(6)	-	-	-	-	227									
	17 685 056	3 847 947	-	(36 928)	(1 429 502)	(8 188)	8 026	20 474	-	20 086 886									
Total	20 110 113	7 217 321	(38 429)	(729 645)	(2 337 851)	(38 187)	8 537	2 456 998	(25 611)	26 585 108									

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2014 R '000	2013 R '000
15.2 Intangible assets with indefinite useful lives:		
Carrying Amount:	<u>210 866</u>	<u>207 075</u>
15.3 Contractual commitments for the acquisition of intangible assets		
By the date that the financial statements were authorised for issue the following contractual commitments for the acquisition of intangible assets existed:		
Purchase of new intangible assets	104 362	107 214
Total	<u>104 362</u>	<u>107 214</u>

16 Investment Property Carried at Cost

16.1.1 Reconciliation of carrying value

	2014			2013		
	Cost R '000	Accumulated Depreciation R '000	Carrying Value R '000	Cost R '000	Accumulated Depreciation R '000	Carrying Value R '000
	4 250 318	(77 624)	4 172 694	309 330	(69 076)	240 254
Total	<u>4 250 318</u>	<u>(77 624)</u>	<u>4 172 694</u>	<u>309 330</u>	<u>(69 076)</u>	<u>240 254</u>

16.1.2 Reconciliation of Investment Property Carried at Cost - 2014

	Carrying Value Opening Balance R '000	Additions R '000	Disposals R '000	Transfers R '000	De- preciation R '000	Im- pairment R '000	Re- valuation R '000	Carrying Value Closing Balance R '000
	240 254	3 947 674	(40)	(8 541)	(7 993)	(560)	1 900	4 172 694
Total	<u>240 254</u>	<u>3 947 674</u>	<u>(40)</u>	<u>(8 541)</u>	<u>(7 993)</u>	<u>(560)</u>	<u>1 900</u>	<u>4 172 694</u>

16.1.3 Reconciliation of Investment Property Carried at Cost - 2013

	Carrying Value Opening Balance R '000	Additions R '000	Dis- posals R '000	Transfers R '000	De- preciation R '000	Im- pairment R '000	Re- valuation R '000	Carrying Value Closing Balance R '000
	223 618	2 440	-	22 002	(7 212)	(594)	-	240 255
Total	<u>223 618</u>	<u>2 440</u>	<u>-</u>	<u>22 002</u>	<u>(7 212)</u>	<u>(594)</u>	<u>-</u>	<u>240 255</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2014 R '000	2013 R '000
16.3 Contractual commitments for the acquisition of investment property		
Fair value of investment property carried at cost:	716 008 608	335 958 985
Rental income from investment property	1 994 544	1 852 706
Direct operating expenses from rental generating property	386 010	362 392
Direct operating expenses from non-rental generating property	1 200	83

17 Investment Property Carried at Fair Value

17.1.1 Reconciliation of Investment Property Carried at Fair Value - 2014

	Carrying Value Opening Balance R '000	Additions R '000	Disposals R '000	Transfers R '000	Fair Value Adjustment R '000	Carrying Value Closing Balance R '000
	15 839 450	503 896	(39 886)	164 403	1 370 242	17 838 105
Total	15 839 450	503 896	(39 886)	164 403	1 370 242	17 838 105

17.1.2 Reconciliation of Investment Property Carried at Fair Value - 2013

	Carrying Value Opening Balance R '000	Additions R '000	Disposals R '000	Transfers R '000	Fair Value Adjustment R '000	Carrying Value Closing Balance R '000
	13 467 097	248 826	(58 010)	127 564	2 053 973	15 839 450
Total	13 467 097	248 826	(58 010)	127 564	2 053 973	15 839 450

	2014 R '000	2013 R '000
Rental income from investment property	1 991 323	1 852 512
Direct operating expenses from rental generating property	386 687	367 807
Direct operating expenses from non-rental generating property	1 416	687

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

18 Biological Assets - From Farming Activities

18.1.1 Reconciliation of Carrying Value

	2014			2013		
	Cost R '000	Accumulated Depreciation and Impairment R '000	Carrying Value R '000	Cost R '000	Accumulated Depreciation and Impairment R '000	Carrying Value R '000
Trees in plantation	3 713 913	-	3 713 913	2 994 155	-	2 994 155
Maize	9 000	-	9 000	8 000	-	8 000
Other Assets	5 130	-	5 130	5 225	-	5 225
Total	3 728 223	-	3 728 223	3 007 380	-	3 007 380

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

18.1.2 Reconciliation of Biological Assets - 2014

	Carrying Value Opening Balance	Purchases	Decrease due to harvest/sales	Gains/losses from changes in fair value less estimated point of sales costs	Depreciation	Impairment Reversal of impairment loss	Other movements	Carrying Value Closing Balance
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Trees in plantation	2 994 155	16 000	(167 222)	-	-	-	870 980	3 713 913
Maize	8 000	1 000	-	-	-	-	-	9 000
Other Assets	5 225	2 000	(133)	475	-	-	(2 257)	5 310
Total	3 007 380	19 000	(167 355)	475	-	-	868 723	3 728 223

18.1.3 Reconciliation of Biological Assets - 2013

	Carrying Value Opening Balance	Purchases	Decrease due to harvest/sales	Gains/losses from changes in fair value less estimated point of sales costs	Depreciation	Impairment Reversal of impairment loss	Other movements	Carrying Value Closing Balance
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Trees in plantation	2 926 755	7 000	(116 719)	-	-	-	177 119	2 994 155
Maize	8 000	8 000	(1 000)	(7 000)	-	-	-	8 000
Other Assets	6 223	-	(198)	(273)	-	(160)	(367)	5 225
Total	2 940 978	15 000	(117 917)	(7 273)	-	(160)	176 752	3 007 380

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2014 R '000	2013 R '000
19 Non-Current Assets Held for Sale		
Property, plant and equipment	307 175	191 427
Investment property	83 500	103 500
Other assets	559 048	400 021
	949 723	694 949
20 Trade and Other Payables from Exchange Transactions		
Trade creditors	45 066 328	49 505 986
Payments received in advance	8 864 837	7 632 270
Retentions	4 006 599	2 911 210
Staff leave accrual	2 287 201	2 120 030
Accrued interest	639 105	2 085 967
Other creditors	39 547 545	36 387 017
Total creditors	100 411 615	100 642 480
21 VAT Payable		
VAT payable	2 072 960	1 384 367
VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.		
22 VAT Receivable		
VAT receivable	1 458 308	1 117 153
VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.		
23 Taxes and Transfers Payable (Non-Exchange)		
Taxes and transfers payable (Non-Exchange)	1 052 566	1 216 115
Taxes and transfers payable (Exchange)	(838 423)	(718 386)
Total Taxes and transfers payable	214 143	497 730

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

24 Current Provisions

24.1.1 Reconciliation of Movement in Provision - 2014

	Performance Bonus	Provision for Leave Pay	Current portion of Long Service Awards	Current Portion of Re-habilitation of Landfill sites	Other	Current portion of Other Non-Current Provision
	R '000	R '000	R '000	R '000	R '000	R '000
Opening Balance	3 811 474	3 504 398	2 215	44 736	8 976 006	24 906 382
Provisions Raised	5 295 036	1 402 666	-	-	4 433 635	-
Unused Amounts Reversed	(400 425)	(46 852)	(99)	(518)	(176 163)	2 960
Unwinding of Time Value of Money	-	(187)	-	-	38 799	991 000
Amounts Used	(4 127 583)	(1 103 932)	(373)	(14 115)	(4 141 369)	(5 881 781)
Exchange differences	-	(478)	-	-	-	-
Settlement of Provision without cost to entity	-	(496)	-	-	(532)	-
Transfer from Non-Current Provision	-	-	10 405	(14 000)	-	2 926 650
Change in Provision due to Estimation inputs	12 655	4 526	-	-	3 693	(4 308)
Other Movements	64 362	54 313	-	-	422 151	12 271 937
Closing Balance	4 655 520	3 813 958	12 148	16 103	9 556 219	35 212 839

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

24.1.2 Reconciliation of Movement in Provision - 2013

	Performance Bonus	Provision for Leave Pay	Current portion of Long Service Awards	Current Portion of Rehabilitation of Landfill sites	Other	Current portion of Other Non-Current Provision
	R '000	R '000	R '000	R '000	R '000	R '000
Opening Balance	3 848 350	3 169 760	14 738	66 804	6 654 957	22 739 860
Provisions Raised	4 070 251	1 510 324	-	9 218	5 331 750	-
Unused Amounts Reversed	(264 680)	(33 272)	-	(42 676)	(151 764)	(84 464)
Unwinding of Time Value of Money	-	156	-	-	5 791	(602)
Amounts Used	(3 898 878)	(1 156) 298	(12 523)	11 389	(3 289 267)	(4 047 615)
Exchange differences	-	(826)	-	-	-	-
Settlement of Provision without cost to entity	(296)	(358)	-	-	-	-
Transfer from Non-Current Provision	-	-	11 003	174 000	-	3 498 018
Change in Provision due to change in Estimation inputs	8 704	2 679	-	-	4 692	2 546
Other Movements (Detailed Below)	48 022	12 234	-	9 218	419 847	6 296 657
Closing Balance	3 811 474	3 504 398	13 218	227 954	8 976 006	28 404 399

	2014	2013
	R '000	R '000
25 Unspent Conditional Grants and Receipts		
25.1 Unspent Conditional Grants from other spheres of Government		
Other	35 814 471	28 661 826
25.2 Other Unspent Conditional Grants and Receipts		
Other	3 879 470	2 419 878
Total Unspent Conditional Grants and Receipts	39 693 941	31 081 704
Non-current unspent conditional grants and receipts	29 692 158	24 711 777
Current portion of unspent conditional grants and receipts	10 001 783	6 369 927

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2014 R '000	2013 R '000
26 Borrowings		
Local Registered Stock Loans	94 442 365	79 358 901
Annuity Loans	782	9 319
Government Loans : Other	24 420 373	22 386 608
Other borrowings	388 310 806	319 514 049
	507 174 326	421 268 876
Less : Current portion transferred to current liabilities	28 082 541	27 104 481
Government Loans : Other	751 636	204 354
Other borrowings	27 330 905	26 900 127
Total Long-Term Non-Current Borrowings	479 091 785	394 164 395

27 Finance Lease Liability			
2014	Minimum lease payment	Future finance charges	Present value of minimum lease payments
Amounts payable under finance leases	R '000	R '000	R '000
Within one year	320 859	(118 380)	202 479
Within two to five years	616 451	(353 815)	262 637
Later than five years	1 000 122	(557 575)	442 547
	1 937 432	(1 029 770)	907 663
Less: Amount due for settlement within 12 months (current portion)	(320 859)	118 380	(202 479)
	1 616 573	(911 390)	705 183

The average lease term is 4 years and the average effective borrowing rate is 10%. Interest rates are not fixed. No arrangements have been entered into for contingent rent.

2013			
Amounts payable under finance leases	Minimum lease payment	Future finance charges	Present value of minimum lease payments
Amounts payable under finance leases	R '000	R '000	R '000
Within one year	293 725	(127 217)	166 509
Within two to five years	842 325	(398 173)	444 152
Later than five years	1 076 623	(635 473)	441 150
	2 212 673	(1 160 863)	1 051 810
Less: Amount due for settlement within 12 months (current portion)	-293 725	127 217	(166 509)
	1 918 948	(1 033 646)	885 302

The average lease term is 4 years and the average effective borrowing rate is 10%. Interest rates are not fixed. No arrangements have been entered into for contingent rent.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2014 R '000	2013 R '000
28 Other Financial Liabilities		
28.1 Other non-current financial liabilities		
Other non-current financial liabilities	39 940 623	44 718 078

29 Non-Current Provisions

Reconciliation of Movement in Provision - 2014

	Provision for rehabilitation of landfill sites R '000	Provision for long-service awards R '000	Other R '000
Opening Balance	2 875 499	1 656 553	111 077 799
Provisions Raised	106 050	517 306	35 765 830
Unused Amounts Reversed	-	(210)	(188 037)
Unwinding of Time Value of Money	17 408	-	1 915 869
Amounts Used	(74 375)	(464 844)	(22 796 099)
Exchange differences	-	171 000	220 387
Transferred to disposal group/classified as held for sale	-	-	(10 000)
Transfer to Current Provision	14 000	(10 405)	(2 926 650)
Change in Provision due to change in Estimation inputs	15 937	-	(1 039 714)
Other Movements	-	37 505	145 993
Closing Balance	2 954 519	1 906 905	122 165 378

Reconciliation of Movement in Provision - 2013

	Provision for rehabilitation of landfill sites R '000	Provision for long-service awards R '000	Other R '000
Opening Balance	2 702 877	2 030 621	97 024 796
Provisions Raised	385 164	317 877	32 060 949
Unused Amounts Reversed	(4 445)	(318 164)	(240 530)
Unwinding of Time Value of Money	16 719	-	1 538 861
Amounts Used	(155 000)	(803 090)	(18 610 576)
Exchange differences	-	364 000	(5 051)
Transferred to disposal group/classified as held for sale	-	-	-
Transfer to Current Provision	(174 000)	(11 003)	(3 498 018)
Change in Provision due to change in Estimation inputs	35 182	-	2 089 013
Other Movements	69 002	76 312	718 354
Closing Balance	2 875 499	1 656 553	111 077 799

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2014 R '000	2013 R '000
30 Rental of Facilities and Equipment		
Rental of facilities	11 515 148	8 546 709
- Straight-lined operating lease receipts	11 506 056	8 540 318
- Contingent rentals	9 092	6 391
Rental of equipment	145	199
- Straight-lined operating lease receipts	145	199
- Contingent rentals	-	-
Other rentals	1 582 228	1 458 798
Total rentals	13 097 521	10 005 706

	2014 R '000	2013 R '000
31 Interest Earned - External Investments		
Bank	4 978 543	5 158 824
Financial assets	25 534 149	26 226 330
Other	765 006	1 503 081
Total interest	31 277 698	32 888 235

32 Interest Earned - Outstanding Receivables		
Receivables	2 002 213	1 918 475
Total interest	2 002 213	1 918 475

33 Government Grants and Subsidies

Reconciliation of Movement in Grant - 2014

	Balance unspent at beginning of year R '000	Current year receipts R '000	Conditions met - transferred to revenue R '000	Conditions still to be met - remain liabilities R '000
Other Government Grants and Subsidies	-	43 579 005	51 328 239	(7 749 234)
Total Government Grant and Subsidies	-	43 579 005	51 328 239	(7 749 234)
Other Government Grants and Subsidies	597 418	41 083 697	48 787 478	(7 106 363)
Total Government Grant and Subsidies	597 418	41 083 697	48 787 478	(7 106 363)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2014 R '000	2013 R '000
34 Sale of Goods and Services, Other Income, Public Contributions and Donations		
Revenue from Exchange Transactions - Sale of goods and services	314 140 849	298 923 074
34.1 Other income		
Other income	26 573 771	19 092 714
Revenue from Exchange Transactions - Sundry income	17 520 057	17 520 057
Investment income	5 286 818	5 562 055
Insurance commissions	25 094	113 829
Bad debt recoveries	(619)	(2 683)
Recovery of irregular, fruitless and wasteful expenditure	28 729	28 729
Total Other Income	49 433 850	39 987 501
34.2 Public contributions and donations		
Public contributions - Conditional	1 463 255	1 133 247
Public contributions - Unconditional	3 929	1 322 567
Donations	68 947	28 087
Total public contributions and donations	1 536 130	2 483 901
Reconciliation of conditional contributions		
Balance unspent at beginning of year	2 421 023	1 304 154
Current year receipts	3 392 866	2 464 673
Conditions met - transferred to revenue	(3 362 998)	(1 735 279)
Conditions still to be met - remain liabilities	2 450 891	2 033 548
35 Transfers and Sponsorships		
Transfer payment from controlling entity	3 450 576	2 652 211
Transfer payment from other departments/entities	661 420	569 697
Local and foreign aid assistance	16 408	29 878
Gifts, donations and sponsorships received	733 133	581 100
Other	20 322 904	17 931 090
Total	25 184 441	21 763 976
36 Taxation Revenue		
Taxes on income and profits	(2 814 568)	(114 562)
Taxes on payroll and workforce (including SDL)	14 698 372	12 362 000
Total	11 883 804	12 247 438
37 Fines, Penalties and Forfeits		
Fines	37 455	21 414
Penalties	314 030	819 110
Forfeits	-	-
Total	351 485	840 524

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2014 R '000	2013 R '000
38 Employee Related Costs		
Salaries and Wages	74 386 037	66 974 884
Contributions for UIF, pensions and medical aids	10 375 622	9 845 968
Travel, motor car, accommodation, subsistence and other allowances	4 247 015	4 081 643
Housing benefits and allowances	1 591 032	1 482 582
Overtime payments	5 030 010	4 901 008
Performance and other bonuses	7 389 657	5 408 963
Long-service awards	(17 157)	(18 921)
Other employee related costs	(760 584)	(1 271 453)
Employee Related Costs	102 241 632	91 404 674
39 Debt Impairment		
Contributions to debt impairment provision	3 172 424	2 632 449
40 Repairs and Maintenance		
Repairs and maintenance during the year	19 660 852	16 545 320
41 Depreciation and Amortisation Expense		
Property, plant and equipment	35 772 890	31 724 672
Intangible assets	3 132 461	2 901 678
Investment property carried at cost	11 386	10 355
Biological assets carried at cost	21	30
Total Depreciation and Amortisation	38 916 758	34 636 735
42 Finance Costs		
Borrowings	14 940 280	7 664 872
Finance leases	143 331	148 916
Other financial liabilities	17 600 550	16 571 158
Trade and other payables	1 037 430	2 354 352
Bank overdrafts	104 032	115 525
Total Finance Costs	33 825 624	26 854 823

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2014 R '000	2013 R '000
43 General Expenses		
Included in general expenses are the following:-		
Advertising	2 239 947	2 266 114
Admin fees	39 431 673	28 243 123
Audit fees	945 804	806 618
Bank charges	375 681	398 078
Bursaries	6 178 400	5 458 957
Cleaning	654 275	626 808
Conferences and delegations	320 789	281 814
Connection charges	106 105	97 118
Consulting fees	4 577 966	5 144 593
Consumables	471 240	387 898
Cost of sales	127 127 263	107 693 886
Debt collection commission	105 472	103 620
Departmental consumption	8 442	7 594
Entertainment	123 258	111 270
Electricity	7 268 208	6 634 594
Financial management grant	87 577	72 117
Fuel and oil	13 993 703	12 157 957
Insurance	1 406 802	1 382 442
Legal expenses	1 013 947	880 184
Levies paid	3 020 288	2 620 272
Licence fees - vehicles	55 813	50 770
Licence fees - computers	647 483	603 517
Membership fees	112 281	90 153
Movement in other provisions	98 151	81 530
Movement in provision for rehabilitation of landfill sites	15 937	10 737
Parking	31 238	31 795
Postage	183 220	154 063
Printing and stationery	873 274	792 252
Professional fees	3 911 859	3 367 981
Rental of buildings	6 626 196	5 858 476
Rental of office equipment	293 871	298 376
Rental of computer equipment	100 648	136 232
Other rentals	2 237 646	2 751 349
Security costs	1 489 785	1 365 706
Skills development levies	282 093	230 732
Stocks and material	6 400 335	12 610 534
Subscription & publication	123 162	132 283
Telephone cost	1 408 187	1 324 978
Training	898 575	926 684
Transport claims	636 217	517 975
Travel and subsistence - Local	5 438 932	5 828 882
Travel and subsistence - Foreign	359 599	289 966
Uniforms & overalls	63 119	76 934
Valuation costs	246 202	206 663
Water	509 583	485 640
Other	28 685 312	30 145 974
	271 185 556	243 745 240

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2014 R '000	2013 R '000
44 Gain / (Loss) on Sale of Assets		
Property, plant and equipment	(85 384)	(133 345)
Intangible assets	(408)	(2 006)
Investment property	(3 629)	-
Biological assets	204	(12)
Other financial assets	337 663	612 908
Total Gain / (Loss) on Sale of Assets	248 446	477 544
45 Impairment Loss / (Reversal of Impairment Loss)		
Property, plant and equipment	(5 240 810)	(665 554)
Intangible assets	(184 668)	(28 440)
Investment property	(560)	(594)
Biological assets	-	(160)
Other financial assets	(4 288 916)	(5 564 670)
Total Impairment loss / (Reversal of Impairment Loss)	(9 714 995)	(6 259 418)
46 Profit / (Loss) on Fair Value Adjustment		
Investment property carried at fair value	183 938	386 984
Biological assets carried at fair value	699 597	60 613
Other financial assets	11 374 197	6 789 628
Other financial liabilities	3 536 197	(6 887 745)
Gain/ (loss) on revaluation of heritage assets	17 864	-
Gain/ (loss) on revaluation of property, plant and equipment	29 185 520	9 849 333
Gain/ (loss) on revaluation of investment property	287 229	222 119
Gain/ (Loss) on revaluation on other financial assets	71 351	67 900
Total Profit / (Loss) on Fair Value Adjustment	45 355 893	10 488 832
47 Employee Benefits		
47.1 Defined Benefit Plans		
Statement of Financial Position		
Pension benefits	3 255 612	3 522 447
Post-employment medical benefits	16 320 518	16 093 218
Other long-term employee benefits	2 173 606	2 128 359
Total	21 749 736	21 744 024

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2014 R '000	2013 R '000
Statement of Financial Performance		
Pension benefits	12 240 035	9 578 964
Post-employment medical benefits	1 803 173	1 523 631
Other long-term employee benefits	61 371	87 307
Defined contribution fund expenses	6 385 729	7 870 117
Total	20 490 308	19 060 019
Actuarial losses recognised in the statement changes in net assets for the period (before tax)	(13 309 010)	7 505 345
Cumulative actuarial losses recognised in the statement changes in net assets (before tax)	1 627 943	2 704 182

	2014	2013	2012	2011
Pension benefits				
Present value of unfunded obligations	860 217	710 835	(244 804)	2 941
Present value of funded obligations	(7 514 003)	(5 255 238)	(5 142 622)	(5 520 955)
Total present value of obligations	(6 653 786)	(4 544 402)	(5 387 426)	(5 518 014)
Fair value of plan assets	9 417 948	6 812 972	7 755 670	6 827 114
Unrecognised past service costs	134 854	189 641	(623 060)	13 628
(Asset)/Liability for defined benefit obligations in the statement of financial position	2 899 016	2 458 210	1 745 184	1 322 728

	2014	2013	2012	2011
Medical benefits				
Present value of unfunded obligations	10 723 239	10 240 802	-	-
Present value of funded obligations	2 514 894	1 670 121	-	-
Total present value of obligations	13 238 133	11 910 923	-	-
Fair value of plan assets	80 558	1 250 134	-	-
Unrecognised past service costs	-	(155 798)	-	-
(Asset)/Liability for defined benefit obligations in the statement of financial position	13 318 691	13 005 259	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

Changes in the present value of the defined benefit obligation are as follows:

	Pension Plan 1	Pension Plan 2	Medical Plan 1
Defined benefit obligation as at 1 April 2014	14 672 291	773 762	13 966 106
Current service costs	464 582	7 617	658 032
Interest costs	1 155 610	59 658	1 193 121
Contributions by plan participants	124 114	1 688	(29 663)
Actuarial losses/(gains)	587 958	125 817	(922 541)
Exchange differences	-	58 000	-
Benefits paid	(719 185)	(69 987)	(535 729)
Past Service Cost	(3 804)	-	(3 676)
Liabilities acquired in an entity combination	-	-	-
Curtailments	-	-	(5 601)
Settlements	(14 080)	-	(16 231)
Other	(844 555)	-	(168 461)
Defined benefit obligation as at 31 March 2014	15 422 931	956 555	14 135 358

	Pension Plan 1	Pension Plan 2	Medical Plan 1
Defined benefit obligation as at 1 April 2013	11 779 461	185 000	12 112 760
Current service costs	375 643	3 000	526 342
Interest costs	1 057 265	9 000	1 075 102
Contributions by plan participants	108 522	-	(32 789)
Actuarial losses/(gains)	1 629 104	27 000	1 068 110
Exchange differences	-	31 000	-
Benefits paid	(872 777)	(9 000)	(692 583)
Past Service Cost	2 622	-	(6 949)
Liabilities acquired in an entity combination	712 000	-	-
Curtailments	-	-	7 201
Settlements	(35 462)	-	(62 907)
Other	(42 977)	-	24 798
Defined benefit obligation as at 31 March 2013	14 713 401	246 000	14 019 085

Changes in the fair value of plan assets are as follows:

	Pension Plan 1	Pension Plan 2	Medical Plan 1
Fair value of plan assets as at 1 April 2014	14 309 398	1 103 458	2 038 719
Expected return on plan assets	1 342 217	90 210	71 260
Actuarial losses/(gains)	419 857	(9 624)	(108 748)
Exchange differences	-	52 000	-
Employer contributions	229 945	4 168	(416)
Employee contributions	85 401	-	-
Benefits paid	(755 085)	(70 987)	(33 616)
Entity combinations	(1 217)	-	-
Other	(356 001)	3 000	297 490
Balance as at 31 March 2014	15 274 515	1 172 225	2 264 689

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	Pension Plan 1	Pension Plan 2	Medical Plan 1
Fair value of plan assets as at 1 April 2013	11 629 611	191 000	1 826 549
Expected return on plan assets	1 125 505	8 000	193 778
Actuarial losses/(gains)	425 082	10 000	178 983
Exchange differences	-	31 000	-
Employer contributions	197 686	-	(5 523)
Employee contributions	72 406	-	-
Benefits paid	(691 941)	(8 000)	(34 690)
Entity combinations	921 038	-	-
Other	650 593	2 000	(120 378)
Balance as at 31 March 2013	14 329 979	234 000	2 038 719
	Pension Plan 1	Pension Plan 2	Medical Plan 1
Current service costs	418 104	7 617	107 249
Interest costs	389 781	59 658	302 766
Expected return on plan assets	(1319 808)	(90 210)	(2 856)
Expected return on any reimbursement right recognised as an asset	29 264	(2 480)	-
Actuarial gains and losses	426 433	116 442	(99 677)
Past service costs	(3 804)	-	(200)
Losses on curtailments	-	-	-
Other (please specify)	172 405	(85 052)	(59 702)
Total Expense for 2014	112 374	5 975	247 581
	Pension Plan 1	Pension Plan 2	Medical Plan 1
Current service costs	330 479	3 000	(311 141)
Interest costs	447 314	9 000	(433 080)
Expected return on plan assets	(1102 509)	(8 000)	1 165 616
Expected return on any reimbursement right recognised as an asset	449	-	(155 998)
Actuarial gains and losses	1 432 091	-	206 821
Past service costs	(419)	-	193
Losses on curtailments	(724 683)	-	-
Other (please specify)	99 535	-	(47 257)
Total Expense for 2013	482 256	4 000	425 154

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2014 R '000	2013 R '000
Principal actuarial assumptions:		
Discount rate	7.5% to 9%	7.5% to 9%
How was the discount rate determined:		
Increase in health care cost	-	-
Expected rates of salary increase	5% to 9%	6.63% to 9%
Active members expected to continue after retirement	100%	100%
Average retirement age	60 to 65	60 to 65
Mortality pre-retirement		
Male	SA8590L (ULT)	SA8590L (ULT)
Female	55% SA8590L (ULT)	55% SA8590L (ULT)
Mortality post-retirement		
Male	PA(90)M less 3 years	PA(90)M less 3 years
Female	PA (90) F less 1 year	PA (90) F less 1 year

47.2 Defined contribution plans:

Other employee benefits

Liability for long-service leave	5 091 854	2 396 499
Termination benefits	6 606 613	5 964 382
Other	1 174 697	1 313 397
Total	12 873 164	9 674 278

48 Investments in Associates and Controlled Entities

48.1 Investments in Joint Venture

Share of the joint venture's statement of financial position:

Current Assets	39 222	36 854
Non-current assets	519 295	478 259
Current liabilities	(1 213)	(972)
Non-current liabilities	(109 232)	(112 989)
Equity	448 072	401 152

Share of the joint venture's revenue and profit:

Revenue	40 245	60 111
Cost of sales	(2 092)	(2 146)
Administrative expenses	(4 181)	(18 201)
Finance cost	6 005	
Profit before tax	41 057	32 851
Income tax expense	-	-
Profit for the year from continuing operations	81 034	72 615

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2014 R '000	2013 R '000
48.2 Investments in Associates		
Share of the associate's statement of financial position:		
Current Assets	16 618 084	12 908 896
Non-current assets	15 302 963	12 846 596
Current liabilities	(3 039 396)	(3 387 353)
Non-current liabilities	(10 881 880)	(7 784 985)
Equity	17 999 772	14 583 154
Share of the associate's revenue and profit:		
Revenue	14 337 258	12 177 144
Cost of sales	(6 253 742)	(6 143 876)
Administrative expenses	(1 960 499)	(950 505)
Finance cost	2 771	(77 455)
Profit before tax	5 154 440	4 915 009
Income tax expense	(1 596 748)	(1 365 886)
Profit for the year from continuing operations	9 683 480	8 554 431
49 Contracted Services		
Consultants on various projects	3 921 371	6 970 280
Agency fees	44 583	90 840
Research	21 196	26 829
	3 987 149	7 087 949
50 Grants and Subsidies Paid		
Total grants and subsidies paid	11 719 425	12 692 456
	11 719 425	12 692 456
51 Taxation		
Income tax		
South African normal taxation	(1 538 488)	286 040
- Current Year	(1 518 216)	248 179
- Prior Year	(20 272)	37 861
Deferred taxation (see note 69)	3 353 261	3 259 084
- Current Year	3 470 284	3 493 402
- Prior Year	(6 217)	(131 909)
- Release of deferred taxation	(110 806)	(102 409)
Capital Gains taxation	-	-
- Current Year	-	-
Foreign taxation	2 000	34 000
- Current Year	2 000	34 000
Total income tax	1 816 773	3 579 124

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2014 R '000	2013 R '000
51.1 Income tax reconciliation		
Current Income Tax:		
Current income tax charge	2 531 072	1 849 144
Adjustments in respect of current income tax of previous year	(20 756)	58 875
Deferred Tax:	124 801	168 569
Relating to origination and reversal of temporary differences	2 271 770	1 459 509
Income tax expense reported in the income statement	4 906 887	3 536 096
Deferred tax related to items charged or credited directly to equity during the year:		
Net gain/(loss) on revaluation of cash flow hedges	1 077 706	428 775
Unrealised gain/(loss) on available-for-sale financial assets	(249 699)	(133 381)
Net loss on revaluation of land and buildings	(2 177)	232 170
Exchange differences on translation of foreign operations	(2 147 088)	(362 114)
Net loss on hedge of net investment	(25 278)	56 734
Net (loss)/gain on actuarial gains and losses	119 495	(163 205)
Deferred tax charged directly to equity	(1 227 042)	58 979
Accounting profit before tax from continuing operations	20 038 418	17 045 175
Profit/(Loss) before tax from a discontinued operation	(9 362)	(74)
Accounting profit before income tax	17 074 055	15 108 111
Income tax at a rate of 28%	5 041 091	4 236 818
Adjustments in respect of current income tax of previous years	1 197	89 381
Government grants exempt from tax	(827 084)	(320 391)
Utilisation of previously unrecognised tax losses	377 237	(318 674)
Non-deductible expenses for tax purposes	489 432	678 516
Impairment of Goodwill	317	(745)
Change in contingent consideration on acquisition	392 396	257 328
Other non-deductible expenses	(130 088)	(10 670)
Effect of higher tax rates	(8 935)	14 758
At the effective tax rate of %	2 027 681	1 957 736
Income tax expense reported in the consolidated income statement	2 666 314	2 404 162
Income tax attributable to a discontinued operation	1 213	5 040

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2014 R '000	2013 R '000
52 Cash flows from operating activities		
Surplus/(deficit) for the year from:	32 780 290	47 039 167
Continuing operations	4 634 672	1 144 341
Discontinued operations	(39 009)	(38 164)
Adjustment for -		
Depreciation	36 663 532	32 486 457
Amortisation	2 934 975	266 741
Increase in provision for post-retirement benefit obligation	1 584 752	2 214 776
Movement in provisions	6 926 909	15 389 159
Security of supply of petroleum levy	(9 635)	1 300 465
Unrealised foreign exchange losses/(gains)	279 277	1 833 375
Discount on bonds amortised	6 633 736	5 014 182
Interest received-Held-to-maturity	19 509	(3 437)
Net foreign exchange losses on translation	140 988	45 505
Provision for inventory obsolescence	(71 545)	278 620
Release of firm commitments	(28 527)	134 407
(Gain) / loss on sale of assets	830 388	646 638
Fair value losses on financial instruments	(1701 036)	6 720 701
Contribution to provisions - non-current	(120 042)	(7 508)
Contribution to provisions - current	63 243	343 522
Share of (income)/loss from associates and Joint Ventures	(5 264 329)	(2 302 640)
Foreign exchange (gains)/losses on operating activities	(4 320 170)	(3 233 932)
Finance Income	(3 118 388)	(5 207 997)
Fair value adjustments	(4 450 300)	(7 772 807)
Dividend Income	(747 135)	(1 446 203)
Impairment loss / (reversal of impairment loss)	13 801 081	9 930 644
Other non-cash item	(11 735 840)	(15 327 727)
Operating surplus before working capital changes:	75 687 395	89 448 284
(Increase)/decrease in inventories	(2 597 626)	(5 741 331)
(Increase)/decrease in trade and other receivables	(12 152 070)	(9 282 116)
(Increase)/decrease in VAT receivable	404 797	(55 920)
Increase/(decrease) in conditional grants and receipts	1 110 183	786 345
Increase/(decrease) in trade and other payables	5 118 260	16 452 094
Increase/(decrease) in consumer deposits	44 233	375
Increase/(decrease) in VAT payable	371 126	(221 163)
Movements in payments made and received in advance	(1 121 064)	1 050 325
Increase/(Decrease) in deferred income	320 843	(7 014 246)
Other working capital movements	17 979 304	6 882 378
Net cash flows from operating activities	85 165 380	92 305 025

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2014 R '000	2013 R '000
53 Cash and Cash Equivalents		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Bank balances and cash	132 423 376	121 253 219
Bank overdrafts	(3 161 188)	(4 061 995)
Net cash and cash equivalents (net of bank overdrafts)	129 262 188	117 191 224

54 Change in Accounting Policy

Treatment of Government Business Enterprises (GBEs)

For the financial year ending 31 March 2014, the National Treasury has voluntarily changed its accounting policy for the accounting of Government Business Enterprises (GBEs) from equity accounting in terms of GRAP 7 Investment in Associate to full consolidation in terms of the principles of GRAP 6 Consolidated and Separate Financial Statements.

The reason for the voluntary change in accounting policy is to ensure a more relevant and reliable consolidated set of financial statements for national public entities. In addition to this, the publication of International Exposure Drafts on Consolidation in the current financial year, namely ED: 49 – Consolidated Financial Statements, provided further guidance on government consolidations. The National Treasury has followed guidance provided in this exposure draft which assists with determining whether the National Treasury is able to exert control over GBEs. Based on the criteria provided in this ED for control, the National treasury believes that GBEs are controlled by government and should be consolidated in full.

The change in accounting policy is applied retrospectively and the effect of this change is disclosed below for the current financial year 2013/2014 and the prior financial year comparative figures 2012/2013:

	2014 R'000	2013 R'000
	Increase / (Decrease) effect on amounts after change in accounting policy	Increase / (Decrease) effect on amounts after change in accounting policy
Impact of the change in accounting policy in the statement of financial performance		
Revenue	351 930 288	317 424 554
Non-exchange revenue	10 698 611	10 896 531
Public contributions and donations	4 093	1 319 255
Transfers and Sponsorships	479 629	394 421
Fines, Penalties and Forfeits	20	802
Licences and permits	927 948	913 899
Government grants and subsidies	7 143 300	6 166 449
Legislative and Oversight functions	836 079	892 054
Taxation revenue	1 307 542	1 209 650

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2014 R'000	2013 R'000
	Increase / (Decrease) effect on amounts after change in accounting policy	Increase / (Decrease) effect on amounts after change in accounting policy
Exchange revenue	341 231 677	306 528 023
Sale of Goods & Rendering of Services	294 465 235	267 454 578
Rental of facilities and equipment	3 474 481	3 250 514
Interest earned - external investments	14 679 488	14 498 738
Interest earned - outstanding receivables	1 646 358	1 609 991
Other income	26 966 114	20 493 514
Expenditure	328 504 800	288 752 739
Employee related costs	72 295 854	64 734 394
Bad debts	1 748 233	1 274 207
Depreciation and amortisation expense	31 557 897	27 498 131
Repairs and maintenance	12 557 608	10 118 063
Contracted services	419 700	395 263
Grants and subsidies paid	37 868	154 608
General expenses	184 738 120	168 477 834
Finance costs	25 147 671	16 100 239
Non Profit institutions and donor project expenses	1 849	-
Other gains / losses	(17 388 404)	(25 644 616)
Gain / Loss on sale of assets	241 539	528 003
Gain / Loss on fair value adjustment	13 618 979	(5 016 492)
Gain / Loss on Revaluation of Assets	773 187	3 084 812
Inventories: Reversal of write-down to net realisable value	1 028	1 330
Impairment Loss / Reversal of impairment loss	(5 887 342)	(2 668 387)
Inventories: Write-down to net realisable value	(13 358)	(10 177)
Share of surplus/ deficit of associate	(26 162 320)	(21 596 961)
Share of surplus/ deficit of joint venture using equity method	39 884	33 255
Surplus / (Deficit) for the period before tax	6 037 083	3 027 199
Taxation	6 037 083	5 259 118
Surplus / (Deficit) for the period	-	(2 231 920)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2014 R'000	2013 R'000
	Increase / (Decrease) effect on amounts after change in accounting policy	Increase / (Decrease) effect on amounts after change in accounting policy
Impact of the change in accounting policy in the statement of financial position		
Total assets	787 043 069	655 737 173
Current assets	208 971 576	186 664 186
Cash and cash equivalents	72 547 726	63 677 809
Trade and other receivables from exchange transactions	48 735 747	41 544 872
Other receivables from non-exchange transactions, including taxes, fines and transfers	189 888	308 759
Other current financial assets	15 826 836	14 355 549
Current portion of non-current receivables	1 756 641	2 597 253
VAT receivable	1 258 046	1 106 863
Inventories	28 618 464	27 690 106
Prepayments	19 018 100	15 565 174
Current Investments	18 462 308	17 915 395
Construction contracts and receivables	1 229 646	788 684
Non-current assets held for sale	917 432	672 714
Current Assets Classified as Held for Sale	248 569	285 669
Finance Lease Receivable	19 225	21 042
Income tax receivable	142 949	134 295
Non-current assets	578 071 493	469 072 988
Non-current receivables from exchange transactions	26 320 106	28 722 772
Non-Current Investments	195 102 777	177 496 594
Non-Current Finance Lease Receivable	521 999	541 358
Other non-current financial assets	32 404 064	24 107 997
Investments in Subsidiary	-	1 000
Investments in Joint Ventures	448 072	401 152
Investments in Associates	(429 185 959)	(411 086 647)
Intangible assets	7 827 969	8 690 219
Investment property	16 310 410	14 429 634
Biological assets	3 727 155	3 006 244
Defined benefit plan assets	245 043	207 915
Deferred Tax Assets	2 259 859	1 572 922
Property, plant and equipment	722 059 377	620 981 828
Heritage assets	21 965	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2014 R'000	2013 R'000
	Increase / (Decrease) effect on amounts after change in accounting policy	Increase / (Decrease) effect on amounts after change in accounting policy
Total liabilities	787 034 414	675 642 617
Current liabilities	166 426 945	150 745 338
Trade and other payables from exchange transactions	80 948 710	80,372,414
VAT payable	1 703 253	889,097
Income Tax Payable	561 180	375,540
Taxes and transfers payable	-	-
Current provisions	19 684 138	15,646,135
Bank overdraft	2 728 001	2,659,325
Current portion of unspent conditional grants and receipts	3 444 231	1,788,857
Current portion of long-term borrowings	27 955 109	26,806,689
Other current financial liabilities	29 254 270	22,102,909
Current portion of finance lease liability	148 054	104,372
Non-current liabilities	620 607 468	524 897 278
Unspent conditional grants and receipts	29 244 447	24,335,708
Long-term borrowings	448 332 608	365,590,786
Finance lease liability	624 272	796,526
Operating Lease Liability	78 216	49,267
Other non-current financial liabilities	13 895 571	15,597,712
Non-current provisions	37 854 824	36,703,754
Defined benefit plan obligations	18 596 201	18,870,233
Deferred Income	17 346 188	16,066,908
Deferred Tax Liabilities	54 635 141	46,886,383
Total Net Assets	26 343 290	1 540 312
Ordinary Shares	34 622 096	34,622,097
Preference Shares	1 300 000	1,300,000
Capital contributed by other Government entities	44 949 517	41,684,928
Reserves	124 644 699	107,689,500
Accumulated surplus / (deficit)	(179 173 022)	(183,756,212)

Impact of the change in accounting policy in notes to the consolidated financial statements

Taxation

Income tax		
South African normal taxation	2 099 030	1 668 654
- Current Year	2 120 362	1 643 296
- Prior Year	(21 332)	25 358
Deferred taxation (see note 69)	1 797 476	3 558 667
- Current Year	1 906 006	3 792 986
- Prior Year	2 276	(131 909)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2014 R'000	2013 R'000
	Increase / (Decrease) effect on amounts after change in accounting policy	Increase / (Decrease) effect on amounts after change in accounting policy
- Release of deferred taxation	(110 806)	(102 409)
Capital Gains taxation	-	-
- Current Year	-	-
Foreign taxation	2 000	30 000
- Current Year	2 000	34 000
	3 898 506	5 257 321

Cash flows from operating expenditure

Surplus/(deficit) for the year from:	11 987 872	18 246 263
Continuing operations	1 097 257	3 238 902
Discontinued operations	(39 009)	(38 164)
Adjustment for :		
Depreciation	17 975 179	25 101 151
Amortisation	1 733 046	2 361 770
Increase in provision for post-retirement benefit obligation	496 492	1 797 573
Movement in provisions	(441 124)	6 997 003
Security of supply of petroleum levy	10 427	1 312 038
Unrealised foreign exchange losses/(gains)	276 071	1 829 497
Discount on bonds amortised	3 132 541	1 272 731
Interest received-Held-to-maturity	170 361	164 331
Net foreign exchange losses on translation	140 981	45 747
Provision for inventory obsolescence	(82 233)	10 970
Release of firm commitments	(30 804)	131 761
(Gain) / loss on sale of assets	531 844	431 185
Fair value losses on financial instruments	(1 875 508)	5 093 174
Contribution to provisions - non-current	(121 817)	(25 427)
Contribution to provisions - current	43 743	282 763
Share of (income)/loss from associates and Joint Ventures	(1 988)	286 191
Foreign exchange (gains)/losses on operating activities	(5 008 415)	(3 727 128)
Finance Income	(1 036 199)	(3 305 304)
Fair value adjustments	(3 535 519)	(2 347 864)
Dividend Income	(3 694)	(962 994)
Impairment loss / (reversal of impairment loss)	6 928 404	5 764 706
Other non-cash item	(3 845 735)	(12 959 127)
Operating surplus before working capital changes:	28 502 173	51 001 747
(Increase)/decrease in inventories	(2 039 651)	(4 653 676)
(Increase)/decrease in trade and other receivables	(5 693 983)	(6 220 341)
(Increase)/decrease in VAT receivable	(19 956)	144 715
Increase/(decrease) in conditional grants and receipts	496 414	-
Increase/(decrease) in trade and other payables	9 408 863	14 699 587
Increase/(decrease) in consumer deposits	-	249 475
Increase/(decrease) in VAT payable	(34 457)	(113 635)
Movements in payments made and received in advance	(300 075)	796 199

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For the year ended 31 March 2014

	2014 R'000	2013 R'000
	Increase / (Decrease) effect on amounts after change in accounting policy	Increase / (Decrease) effect on amounts after change in accounting policy
Increase/(Decrease) in deferred income	508 029	(326 432)
Other working capital movements	4 174 755	9 265 613
Net cash flows from operating activities	35 002 111	64 843 253
<u>Correction of error</u>		
Expenditure	5 984	289 002
Depreciation	11 698	7 719
Net effect on surplus/(deficit) for the year	17 682	296 721
Property, plant and equipment	(906 973)	8 202 068
VAT receivable not previously recognised	59 098 525	25 816 612
Non current receivables incorrectly recognised	44 110 765	53 634 486
Accruals understated due to lack of year-end accrual	10 681 297	10 452 659
Staff leave accrual	(78 335 860)	(57 560 218)
Net effect on Statement of Financial Position	34 647 754	40 545 607
Net effect on Accumulated surplus opening balance	34 630 072	40 248 886
<u>Fruitless & Wasteful Expenditure and Irregular Expenditure</u>		
Fruitless and Wasteful Expenditure		
Reconciliation of fruitless and wasteful expenditure:		
Opening balance -	89 138	72 292
Fruitless and wasteful expenditure current year	166 073	142 989
Condoned or written off by relevant authority	(36 542)	(115 925)
Transfer to receivables for recovery	(13 201)	(67)
Fruitless and wasteful expenditure closing balance	205 468	99 289
Irregular Expenditure		
Reconciliation of irregular expenditure:		
Opening balance	14 810 016	415 355
Irregular expenditure current year	5 519 920	2 811 462
Condoned or written off by relevant authority	(1 812 769)	(2 827 920)
Transfer to receivables for recovery – not condoned	(4 441)	1 113 128
Irregular expenditure awaiting condonement	18 512 726	1 512 025

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2014	2013
	R'000	R'000
	Increase / (Decrease) effect on amounts after change in accounting policy	Increase / (Decrease) effect on amounts after change in accounting policy
Capital Commitments		
Commitments in respect of capital expenditure		
- Approved and contracted for	170 243 676	101 372 180
Infrastructure	168 095 252	99 655 088
Community	2 014	2 013
Other	2 146 410	1 715 079
- Approved but not yet contracted for	189 282 147	155 149 276
Infrastructure	184 263 068	442 097 796
Heritage	2 014	2 013
Other	5 017 065	5 851 467
Total	359 525 823	549 323 456
This expenditure will be financed from:		
- External Loans	108 972 355	255 559 342
- Government Grants	266 323	613 670
- Own resources	225 256 687	277 795 126
	334 495 365	533 968 138
Related Parties		
Related party balances	13 506 109	145 888 889
Departments	13 484 477	33 993 990
Entities	21 632	111 894 899
Related party transactions	31 703 729	80 583 089
Departments	7 993 252	56 569 614
Entities	10 010 142	9 307 194
Directors and key management	13 700 335	14 706 281
Deferred taxation		
Deferred taxation liabilities/(assets)	25 343 054	41 540 491
- Opening balance	26 059 106	40 243 027
- Recognised in taxation	(94 356)	1 562 076
- Raised in other comprehensive income	(621 696)	(264 612)
Analysis of temporary differences		
Deferred taxation assets	2 243 826	1 851 774
- Provisions	677 053	684 053
- Employee benefit obligations	790 965	790 965

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2014 R'000	2013 R'000
	Increase / (Decrease) effect on amounts after change in accounting policy	Increase / (Decrease) effect on amounts after change in accounting policy
- Revenue received in advance and deferred income	72 619	72 619
- Capitalised lease liability	288	288
- Doubtful debts	104	104
- Other	702 797	303 745
Deferred taxation liabilities	31 777 256	47 582 641
Deferred expenditure	6 546 000	6 546 000
Property, Plant and Equipment	27 301 602	59 734 602
Future expenditure allowance	42 792	42 792
Other	(2 113 138)	(18 740 753)
Net deferred taxation liability/(asset)	29 533 430	45 730 867

	2014 R '000	2013 R '000
55 Correction of Error		
The comparative amount has been restated as follows:		
Expenditure	(695 962)	46 735 626
Depreciation	8 270	(38 858 989)
Net effect on surplus/(deficit) for the year	(670 858)	9 035 273
Property, plant and equipment	(3 531 151)	(5 771 174)
Other Assets	59 110 615	25 435 834
Non-current receivables incorrectly recognised	44 002 860	105 684 436
Accruals were understated due to lack of year-end accrual	10 646 077	(1 607 383)
Staff leave accrual	(78 896 724)	(59 703 701)
Net effect on Statement of Financial Position	8 443 679	39 525 878
Net effect on Accumulated surplus opening balance	111 816 891	122 894 790

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

56 Change in Estimate

During the year the following changes were made to the estimations employed in the accounting for transactions, assets, liabilities, events and circumstances:

	Value derived using the original estimate	Value derived using amended estimate	R-value impact of change in estimate
Change in depreciation / amortisation resulting from reassessment of useful lives. The following categories are affected:	27 820 300	1 163 138 968	910 339 739
Buildings	1 506	491 313 491	448 041 797
Infrastructure assets	550 781	1 574 358	(42 560 420)
Community assets	5 112	38 195 378	22 005 053
Machinery	15 419	(145 693 319)	(137 723 013)
Office equipment	4 847 803	717 477 476	607 739 386
Furniture	3 419 112	41 650 350	(9 391 981)
Vehicles	5 839 182	5 277 648	3 704 228
Computer equipment	8 772 050	8 306 776	18 269 203
Computer software	1 011 604	1 093 250	(1 686 295)
Other intangible asset	386 805	260 960	2 681 104
Biological asset at cost	2 970 925	3 682 600	(704 117)
Investment property at cost	-	-	(35 207)

	Value derived using the original estimate	Value derived using amended estimate	R-value impact of change in estimate
Change in depreciation resulting from reassessment of residual values. The following categories are affected:	26 224 584	777 614	27 089 935
Buildings	-	-	72 578
Infrastructure assets	-	-	1 033 290
Community assets	5 622 000	(869 000)	4 753 000
Machinery	12 967 000	(2 440 000)	10 538 931
Office equipment	(13)	-	1 458 372
Furniture	3 788 941	240 416	3 392 228
Vehicles	3 831 508	3 856 000	2 876 316
Computer equipment	(8)	(8 243)	160
Computer software	2 927	2 927	2 968 055
Other intangible asset	-	(605)	1 860
Biological asset at cost	12 229	(3 881)	(3 400)
Investment property at cost	-	-	(1 455)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	Value derived using the original estimate	Value derived using amended estimate	R-value impact of change in estimate
Change in depreciation / amortisation resulting from a change in the depreciation / amortisation method. The following categories are affected:	358 501	332 158	9 442
Buildings	303 576	332 158	9 442
Infrastructure assets	5 069	-	-
Computer equipment	1 879	-	-
Computer software	20 045	-	-
Other intangibles asset	8 212	-	-
Biological assets at cost	(555)	-	-
Investment property at cost	17 113	-	-
Computer equipment	3 163	-	-
Change in estimate resulting from the re-evaluation of the inputs in the calculation of provisions:			
Rehabilitation provision	186	18	13
- Discount period change	186	18	13
Leave pay	13 835 172	10 944 886	2 015 891
- Discount period change	-	317	-
- Projection rate change	-	155	317
- Provision period	13 835 172	10 944 414	2 015 574
Bonus Provision	1 726 606	780 882	70 540
- Discount rate change	262 642	192 102	70 540
- Interest rate change	220 768	100 124	-
- Discount period change	136 400	73 133	-
- Projection rate change	1 030 189	371 159	-
- Provision period	76 608	44 363	-
Other provision	(22 510 538)	19 017 678	11 854
- Discount rate change	(22 510 538)	19 015 664	9 870
- Provision period	-	-	-

	2014 R '000	2013 R '000
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57 Fruitless & Wasteful Expenditure and Irregular Expenditure

57.1 Fruitless and Wasteful Expenditure

Reconciliation of fruitless and wasteful expenditure

Opening balance -	1 550 201	2 322 947
Fruitless and wasteful expenditure current year	1 501 474	306 744
Condoned or written off by relevant authority	29 335 731	19 222 933
Transfer to receivables for recovery	1 806	(67 735)
Fruitless and wasteful expenditure closing balance	32 389 212	21 784 890

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2014 R '000	2013 R '000
57.2 Irregular Expenditure		
Reconciliation of irregular expenditure		
Opening balance	100 378 584	57 133 220
Irregular expenditure current year	42 407 162	33 026 694
Condoned or written off by relevant authority	(65 189 408)	(36 863 091)
Transfer to receivables for recovery – not condoned	33 273 922	1 180 065
Irregular expenditure awaiting condonement	110 870 261	54 476 889

58 Capital Commitments

58.1 Commitments in respect of capital expenditure

- Approved and contracted for	249 554 067	109 266 980
Infrastructure	242 023 568	105 061 361
Community	70 297	90 719
Heritage	6 120	5 977
Other	7 454 081	4 108 923
- Approved but not yet contracted for	325 354 476	453 478 367
Infrastructure	300 591 844	442 663 678
Community	14 358 187	3 811 527
Heritage	76 590	47 832
Other	10 327 855	6 955 330
Total	574 908 543	562 745 347

This expenditure will be financed from:

- External Loans	226 055 563	255 569 342
- Government Grants	10 615 214	2 160 214
- Own resources	289 844 788	283 294 348
- District Council Grants	3 940 263	3 517
	530 455 828	541 027 421

58.2 Operating leases

At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

Operating lease arrangements

Lessee

At the reporting date the entity had outstanding commitments under non-cancellable operating leases, which fall due as follows:

Up to 1 year	108 763 346	92 491 852
1 to 5 years	248 202 743	227 840 914
More than 5 years	90 993 186	89 787 232
	447 959 274	410 119 997

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2014 R '000	2013 R '000
Lessor		
At the reporting date the entity had contracted with tenants for the following future minimum lease payments:		
Up to 1 year	52 784 627	48 495 081
1 to 5 years	5 404 964	5 564 774
More than 5 years	6 011 358	8 288 848
	64 200 949	62 348 704
59 Revaluation reserve		
The surplus arising from the revaluation of land is credited to a non-distributable reserve. On disposal, the net revaluation surplus is transferred to the accumulated surplus/ (deficit) while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance. Any impairment loss of a revalued asset shall be treated as a revaluation decrease. To the extent that the impairment loss exceeds the revaluation surplus for the same asset, the impairment loss is recognised in the accumulated surplus/ (deficit).		
Opening balance	433 537 730	423 838 392
Contributions	41 132 757	9 669 280
	474 670 487	433 507 672
60 Contingent Liabilities		
60.1 Claim for damages	303 176 487	470 757 625
60.2 Performance bonus dispute – Legal fees	28 756 551	13 050 642
61 Contingent Assets		
None		
62 In-Kind Donation and Assistance		
None		
63 Related Parties		
Related party balances		
Departments	43 681 435	40 160 196
Entities	1 756 681 587	1 773 837 513
Related party transactions		
Departments	346 267 544	286 719 594
Entities	65 565 998	255 321 778
Directors and key management	37 847 853	35 197 873

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

64 Events after the Reporting Date

64.1 Adjusting subsequent events

Reserve Bank

On 1 October 2014 the Supreme Court of Appeal of South Africa ruled against the Reserve Bank in a matter against applicant Mark Shuttleworth. The court ordered Reserve Bank to repay R250 474 893.50 with interest at prescribed rate from 13 April 2012 to date of payment. Payment is yet to be made to the applicant.

As at 31 March 2014, the Reserve bank did not disclose any contingent liability or provision in relation to this case of appeal. Subsequent to the ruling, the Consolidated financial statements were adjusted by raising a current provision and expenditure for R 370 million (R 250 million claim and R120 million interest calculated at 15.5% p.a).

64.2 Non-adjusting subsequent events

Reserve Bank

Earlier this year, African Bank Limited, which accounted for 2 per cent of banking assets, began to founder. The Reserve Bank acted to forestall contagion of the broader banking system, and the Minister of Finance placed African Bank under curatorship. The restructuring, which involves the private sector, is proceeding well. Government has not provided any funds to bail out African Bank, but has provided a R7 billion backstop to the Reserve Bank in line with international practice. It is unlikely that the Reserve Bank will draw on this facility, and no costs to the taxpayer are expected.

ESKOM

A strong, sustainable electricity generation sector is necessary for the economy to grow more rapidly. Over the medium term, significant improvements to the reliability and performance of the distribution, transmission and generation system are being made, and additional power is being procured. Government's financial support to Eskom will take several forms:

- A direct allocation to the utility of at least R20 billion, raised through the sale of non-strategic state assets. This will have no impact on the budget deficit; funds will be appropriated as they are realised.
- National government will work with municipalities to ensure that the equitable share is targeted to help poor households cope with increased electricity tariffs.
- Eskom's additional borrowing, expected to be about R50 billion over the medium term, will be accommodated within the existing guarantee facility. No new guarantees will be issued. In the short term, greater priority will be given to cogeneration to relieve pressure on the grid. The successful execution of maintenance and refurbishment plans, timely completion of power stations under construction and the transition to a more efficient business backed by cost-reflective tariffs are needed to secure and sustain electricity supply. Government will closely monitor Eskom's financial position and, if necessary, could consider providing additional support to the utility by converting its existing subordinated loan to equity. Steps will also be taken to expand private investment in electricity.

Central Energy Fund (CEF)

On 3 July 2014, PetroSA Equatorial Guinea received a letter (dated 10 June 2014) to terminate the Block Q Licence from the Ministry of Mines, Industry and Energy of Equatorial Guinea. This will impact the potential liability (estimated at \$60 million) that would have arisen as a penalty had PetroSA Equatorial Guinea retained the licence up to December 2014. Enquiries are currently being made from the country manager in Equatorial Guinea as well as from our own parent Ministry to seek further clarification in the matter. In terms of the CEF group reorganisation CEF will examine the equitable manner in which iGas and PetroSA, as CEF subsidiaries, can be merged. This will need to include the appropriate approvals from third parties. CEF share in Phillips Lighting Maseru was sold to Kroninklijke Phillips N.V on 6 June 2014 for amount of USD 994 434.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

Passenger Rail Agency of South Africa (PRASA)

Financial closure for the R51 billion contract to manufacture the new rolling stock was reached with Gibela after year end. The authority required in terms of S66(3)(b) of the PFMA was gazetted on 26 April 2014 by The Minister of Finance.

South African National Roads Agency Limited (SANRAL)

The department of transport issued government gazette no.37637 on 12 May 2014, which had an effect of extending the grace period for unregistered GORT users. The gazette allowed GORT users who register and pay their GORT debts before 30 June 2014 to pay the standard toll tariff and not the alternate toll tariff for invoices relating to the period 03 December 2013 to 28 February 2014. Moody's Investor Services upgrade SANRAL rating outlook from negative to stable based on good e-toll collections and future projected toll collections.

Medium term Budget Policy Statement (MTBPS)

On 22 October 2014, Finance Minister Nhlamhla Nene delivered the MTBPS speech in Parliament. The Minister announced amongst others the revised economic outlook, fiscal policy, expenditure provisions and division of revenue over the medium term.

He further announced that over the medium term, any funding of state-owned companies will be contingent on the implementation of sound restructuring plans with strong government oversight. Given fiscal constraints over the next two years, capitalisation will only be funded by the sale of non-strategic state assets, and will not be drawn from tax revenue or added to the debt of national government. Government policy remains that state-owned companies should operate on the strength of their balance sheets. In line with the successful restructuring of the Development Bank of Southern Africa, reforms are being undertaken at South African Airways, South African Express, the South African Post Office and the Land Bank.

65 Restatement of Comparative Information

Provision for leave and bonuses has been reclassified as accruals. The effect of the restatement is summarised below:

Statement of Financial Position:

Provisions	(21 613 349)
Accruals - leave	31 977 600
Accruals - bonuses	19 053 123
	29 417 374

66 Risk Management

Risks associated with the financial instruments of the public entities included in this consolidation are managed on an individual entity level in line with the requirements of the PFMA. In this note we describe the general high-level practices employed by entities in managing the risks that they are exposed to as a result of their financial instrument holdings.

Maximum credit risk exposure

The public entities included in this consolidation are exposed to credit risk mainly as a result of holding cash equivalents, long term receivables, finance lease receivables and trade receivables. To manage the credit risk that the entities are exposed to as a result of holding these classes of financial assets the following steps are generally taken. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

A. CASH AND CASH EQUIVALENTS

Public entities bank with major banks with high credit standing. Furthermore, the cash holdings with banks are spread amongst a variety of banks to reduce the concentration of their credit risk exposure. The minimum counterparty credit rating for placing deposits and investing in government bonds is 'A' by Standard & Poor's or its Moody's or Fitch's rating equivalents, while the minimum rating for investments

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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in corporate bonds is 'AA-'. The rating of certain investment securities were below 'A' at year-end due to downgrading of instruments or institutions by the rating agencies and due to the tightening of investment guidelines by the Bank, which resulted in passive breaches on some of the financial assets in the Bank's portfolios.

B. TRADE RECEIVABLES

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the individual boards of directors of each of the public entities. The utilisation of credit limits is regularly monitored. Credit guarantee insurance is purchased when deemed appropriate.

C. FINANCE LEASE RECEIVABLES

The exposure to credit risk arising from finance lease receivables is limited by using the underlying assets of the finance leases as collateral. Also, finance lease receivables comprise a widespread customer base to reduce the concentration of credit risk exposure.

D. LONG TERM RECEIVABLES

Long term receivables consist exclusively of loans and advances made to the employees of participating public entities. Repayment of these receivables is ensured through properly authorised payroll deductions. Where an employee leaves the services of the public entity the remaining balance is deducted from the employee benefits payable to the employee in accordance with the loan agreements signed with the employees.

The financial assets carried at amortised cost expose the entity to credit risk. The value of the maximum exposure to credit risk are as follows for each of classes of financial assets at amortised cost:

	2014 R '000	2013 R '000
Cash and cash equivalents	6 953 119 395	7 225 228 811
Trade and other receivables from exchange transactions	3 355 847 004	3 592 513 327
Other current financial assets	90 169 037	76 957 141
Current Investments	3 533 359 886	4 039 966 362
Construction contracts and receivables	652 213	2 510 000
Non-current receivables from exchange transactions	39 252 795	41 056 629
Non-Current Investments	178 277 356	249 634 614
Other non-current financial assets	56 392 917	49 958 869

66.1.1 Collateral held and other credit enhancements

The credit risk exposure, as posed by the financial assets held at amortised cost detailed above, is further mitigated by the collateral held in relation to these instruments:

Bank A - collateral held	1 002 320	2 014 320
Bank B - collateral held	26 195 455	25 981 870
Financial guarantees	25 081 375	25 114 100
Trade and other receivables	6 175 761	5 199 312
Other item	9 673 683	10 096 948

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For the year ended 31 March 2014

66.2 Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

2014	Not later than one month	Later than one month and not later than three months
Gross finance lease obligations	3 447 818	3 583 771
Borrowings	25 219	26 910 594
Trade and other payables	1 157 958 154	1 164 162 460
Bank overdraft	357 655	2 009 254
Other	593 024 739	78 052 001
2014	Later than three months and not later than one year	Later than one year and not later than five years
Gross finance lease obligations	18 633 479	12 051 738
Borrowings	422 751 035	2 313 867 165
Trade and other payables	306 530 336	2 193 400 719
Bank overdraft		
Other	145 034 546	12 984 272
2013	Not later than one month	Later than one month and not later than three months
Gross finance lease obligations	2 180 721	943 689
Borrowings	(60 414)	533 362 077
Trade and other payables	670 082 645	1 119 936 643
Bank overdraft	11	
Other	512 302 257	30 055 842
	2 180 721	943 689
2013	Later than three months and not later than one year	Later than one year and not later than five years
Gross finance lease obligations	10 689 591	10 970 551
Borrowings	137 585 337	2 226 574 301
Trade and other payables	317 825 626	2 141 089 364
Bank overdraft	283	-
Other	151 192 495	17 000 268

66.2.1 Collateral held and other credit enhancements

The entity holds the following collateral and / or credit enhancements that aid in the mitigation of the liquidity risk it is exposed to:

Pledged collateral	298 285 445	315 408 740
Pledged collateral	633 048	428 069

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

66.3 Interest rate risk

The public entities included in this consolidation are exposed to interest rate risk as a result of interest bearing bank accounts. At year end, financial instruments exposed to interest rate risk were as follows:

Call deposits: With the exception of South African Government bonds, the rand-denominated financial assets and liabilities of the Bank respectively earn and bear interest at rates linked to South African money-market rates. The level of these rates is closely linked to the Bank's repurchase (repo) rate, which is set by the Monetary Policy Committee (MPC). The re-pricing of these assets and liabilities, therefore, occurs at approximately the same time as changes to the repo rate are announced by the MPC.

Notice deposits: The Bank is exposed to interest rate risk in respect of its foreign investments. The risk tolerance and return expectations in respect of these financial instruments are embodied in the strategic asset allocation approved by the Reserves Management Committee (Resmanco) and the risk budget approved by the GEC.

Finance lease obligations: The majority of the finance leases entered into by the public entities is subject to variable interest rates linked to the prime rate of interest in South Africa.

Long term loans: These loans are obtained from a variety of sources and consist of a mixture of variable interest rate loans and fixed rate loans. This mixture of fixed and variable rate loans are intended to offset the overall exposure to variability in interest rates on an entity-by-entity basis.

Bank overdraft: These borrowings are obtained exclusively at variable interest rates from the major banks in South Africa.

66.4 Credit quality of financial assets carried at amortised cost

66.4.1 Method of determining credit quality of other non-current financial assets

The credit quality of trade and other receivables from exchange transactions are determined and monitored with reference to credit ratings obtained, for the customers included in the balance, from external credit ratings agencies.

The credit quality of trade and other receivables from exchange transactions are determined and monitored with reference to historical payment trends. Accordingly the credit quality of the customers included in the balance of trade and other receivables from exchange transactions is determined internally through application of the entity's own credit policy. Based on the evaluation of the historical payment trends, customers included in the balance are categorised into the following:

High credit quality - Customers included in this category have evidenced no defaults or breaches in the contractual repayments.

Medium credit quality - Customers included in this category are prone to late payments, but seldom default on the entire balance owing.

Low credit quality - Customers included in this balance includes customers that frequently default on their outstanding balances and breach contract.

Other method - Provide a description of the other method applied to evaluate the credit quality

	2014	2013
	R '000	R '000
67 Contributed capital		
The reserve consists of funds directly paid to the entity for the purpose of funding the net assets of the entity.		
Opening balance	318 661 067	38 531 092
Contributions	61 368 085	1 551 885
	380 029 152	40 082 976

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2014 R '000	2013 R '000
68 Discontinued operations		
The surplus / (deficit) from discontinued operations, including loss on disposal of discontinued and impairments comprises:		
Surplus / (deficit) from discontinued operations	88 002	38 403
Impairments	1 241	(1 284)
	89 243	37 119
68.1 Surplus / (deficit) from discontinued operations		
Revenue	130 666	12 814
Net operating expenses excluding depreciation and amortisation	(89 330)	(12 892)
Surplus / (deficit) from operations before other items	41 336	(78)
Depreciation and amortisation	(8 719)	(108)
Reversal of impairment of assets	1 241	(1 284)
Finance costs	27 526	38 468
Finance Income	28 398	-
Loss before taxation	89 782	36 998
Taxation	(540)	-
Surplus / (deficit) for the year	89 242	36 998
68.2 Surplus / (deficit) on disposal of discontinued operations net of taxation		
Surplus / (deficit) on disposal of discontinued operations	(7)	1
Surplus / (deficit) on disposal of other operations	-	-
Surplus / (deficit) on disposal of discontinued operations net of taxation	(7)	1
69 Deferred taxation		
Deferred taxation liabilities/(assets)	51 684 313	39 329 062
- Opening balance	45 043 251	38 523 271
- Recognised in taxation	3 528 893	1 072 615
- Raised in other comprehensive income	3 112 169	(266 824)
Analysis of temporary differences		
Deferred taxation assets	6 855 780	4 110 284
- Provisions	713 987	696 428
- Employee benefit obligations	1 395 724	1 346 610
- Revenue received in advance and deferred income	1 380 409	72 619
- Capitalised lease liability	1 002	2 401
- Doubtful debts	469	(396)
- Other	3 364 189	1 992 623
Deferred taxation liabilities	56 660 046	47 606 201
Deferred expenditure	5 647 625	6 546 156
Property, Plant and Equipment	70 840 968	59 765 323
Future expenditure allowance	24 781	42 792
Other	(19 853 329)	(18 748 070)
Net deferred taxation liability/(asset)	49 804 265	43 495 917

CONSOLIDATED FINANCIAL STATEMENTS

Annual financial statements for the year ended 31 March 2014

NATIONAL REVENUE FUND

FOR THE YEAR ENDED 31 MARCH 2014



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

ACCOUNTING OFFICER'S APPROVAL

For the year ended 31 March 2014

The National Revenue Fund Financial Statements are prepared on the going concern basis. They are based on accounting policies, which have been consistently applied and supported by reasonable and prudent judgements of estimates. The National Revenue Fund Financial Statements have been approved by the Accountant-General on 23 October 2014.

A handwritten signature in black ink, appearing to read 'Sass', with a stylized flourish extending from the bottom left.

Michael Sass
Accountant-General
Accounting Officer

ACCOUNTING OFFICER'S REVIEW

For the year ended 31 March 2014

Mandate

In terms of section 11 of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) the National Treasury is responsible for the National Revenue Fund and must enforce compliance with the provisions of section 213 of the Constitution, namely that-

- a. All money received by the national government must be paid into the fund, except money reasonable excluded by this Act or another Act of Parliament; and
- b. No money may be withdrawn from the Fund except-
 - i. in terms of an appropriation by an Act of Parliament; or
 - ii. as a direct charge against the Fund, provided for in the Constitution or the Act, or in any other Act of Parliament provided the direct charge in such a case is listed in Schedule 5.

Section 11(3) of the PFMA, requires money that must be paid into the National Revenue Fund is paid into the Fund by depositing it into a bank account of the Fund in accordance with the requirements that may be prescribed. In this regard Tax and Loan accounts are held at the Commercial Banks and at other accounts at the South African Reserve Bank.

Revenue

Section 12 of the PFMA, requires the South African Revenue Services must promptly deposit into the National Revenue Fund all taxes, levies, duties, fees and other moneys collected by it in accordance with a framework determined by the National Treasury.

South Africa's tax system forms part of the foundation of the country's public finances. Over the past two decades South Africa has built a progressive tax system founded on the principles of equity, efficiency, simplicity, transparency and certainty.

Road Accident Fund, Unemployment Insurance Fund and SETA funds are collected by SARS and are refunded to the institutions on a monthly basis.

Transfers to a member of the South African Customs Union are made on a quarterly basis. This is shared between South Africa, Botswana, Lesotho, Namibia and Swaziland.

Other sources of revenue are departmental receipts known as departmental revenue, extra ordinary receipts and other revenue which mainly consists of unused conditional grants and revenue received from entities.

Expenditure

Section 15(1) of the PFMA states that only the National Treasury may withdraw money from the National Revenue Fund, and may do so only-

- a. to provide funds that may have been authorised-
 - i. in terms of an appropriation by an Act of Parliament; or
 - ii. as a direct charge against the National Revenue Fund provided for in the constitution or this Act, or in any other Act of Parliament provided the direct charge is such a case is listed in Schedule 5;
- b. to refund money invested by a province in the National Revenue Fund; or
- c. to refund money incorrectly paid into, or which is not due to, the National Revenue Fund.

In terms of section 27(1) the Minister must table the annual budget for a financial year in the National Assembly before the start of the financial year or, in exceptional circumstances, on a date as soon as possible after the start of that financial year as the Minister may determine.

The medium-term expenditure framework establishes a predictable budget process that is open to public scrutiny. Over this period government is preparing the ground between the rate of economic growth and the affordability of social programmes.

ACCOUNTING OFFICER'S REVIEW

For the year ended 31 March 2014

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.

■ Funding of the deficit

Section 11(5) of the PFMA, requires the National Treasury to ensure that there is at all times sufficient money in the National Revenue Fund. In this regard the deficit is funded in terms of section 66(2)(a) of the PFMA by the Asset and Liability section within the National Treasury.

Government's flexible debt management strategy ensures that additional borrowing minimises interest and repayment risks. These considerations are necessary to maintain a stable debt portfolio and avoid burdening the country with repayment obligations for many years to come.

South Africa's borrowing strategy is sufficiently responsive to withstand long-term adjustments in global and domestic capital allocations and short term market shocks. Debt levels remain sustainable with a long maturity structure and exposure to foreign currency liabilities remains low, reducing the impact on global volatility.

■ Accounting standards

On a 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 provision is made in the annual financial statements (AFS) for provisions, accruals, contingent liabilities and so on.

With effect from 2013/14, as part of the cash-to-accrual process, the OAG developed and published the Modified Cash Standard (MCS)

which sets out the principles of the modified cash framework in a format ordinarily used by other public sector accounting standard setters such as Accounting Standards Board (ASB). The National Treasury guide on accounting for the Revenue Fund provides detailed guidance on the principles stated in the MCS.

MCS sets out the principles for the recognition, recording, measurement, presentation and disclosure of information required in terms of the prescribed formats. Under the modified cash basis of accounting, only certain elements are recognised in the Statement of Financial Position and Statement of Financial Performance. To ensure a complete view of the financial position and performance of a department for the purposes of fair presentation, and without changing the basis of accounting, this Standard also prescribes disclosure requirements for accrual basis financial information despite these items not qualifying for recognition. In developing the Standard the OAG also considers; best practices, both locally and internationally; the capacity of departments to comply with the reporting requirements; and the systems used by departments in preparing and collating the information required to comply with the reporting requirements.

This Accounting Officer's Review includes an Executive Summary and Review of Operating Results. The review of operating results reflects monetary values presented in accordance with Treasury Regulation 18.2. It is also a descriptive report clarifying the amounts presented.

EXECUTIVE SUMMARY

For the year ended 31 March 2014

For the past five years, government has been budgeting and spending in the context of the global financial crisis and its long-term consequences. Although there are signs that growth will begin to accelerate over the medium term, the risks abound and the world economic outlook remains subdued. South Africa's economy has continued to grow over the past year, but more slowly than anticipated, as a result of both cyclical and structural factors. As a result, revenue has underperformed.

Since 2008, economic activity has remained subdued in many advanced economies. The slowdown in trade and investment has also affected emerging economies such as China, India and Brazil. The South African economy has grown since the 2009 recession, but has not achieved the rate of expansion and broadening participation recorded from 2003 to 2008. GDP growth is estimated to have been 2.7 per cent in 2014 and projected to reach 3.8 per cent in 2015. Strong capital investment by the public sector, the addition of electricity generating capacity, relatively stable inflation and low interest rates will be supportive of improved growth rates. The pace of economic recovery depends critically on the rate at which private investment and exports strengthen. As the policy environment becomes more stable, confidence returns and competitiveness improves, the pace of growth will accelerate.

Short term weakness in the economy is estimated to result in a deficit of 5.8 per cent of GDP in 2013/14. To ensure fiscal sustainability, government has curbed the growth in spending by reducing allocations and the contingency reserve. Revenue collection is expected to improve in line with economic growth, reaching 26.5 per cent of GDP by 2016/17.

During the 2014 Budget speech, Minister Pravin Gordhan stated that the revised estimated National budget revenue was expected to be R 874 billion and revised estimated National budget expenditure was R 1 049 billion. The actual revenue collected by the South African Revenue Services (SARS) was R 941 billion and the actual national expenditure for 2013/14 was R 1 061 billion.

The 2013/14 Budget was the first to be tabled within the framework of the National Development

Plan (NDP). The plan aims to accelerate growth to eliminate poverty and reduce inequality by 2030. Together with the New Growth Path and Industrial Policy Action Plan, the NDP lays the basis for economic transformation, stressing that change is required on many fronts to modernise the economy, address development challenges and improve the lives of South Africans. The plan's success depends on partnerships between business, labour, government and civil society.

South Africa's fiscal framework is grounded in a sustainable approach for the management of revenue and expenditure. In the current economic climate government will balance continued support for economic recovery and fiscal consolidation. From 2009 the budget balance declined from a surplus to a deficit which resulted in a sharp rise in South Africa's debt-to-GDP ratio. The National Treasury has taken several complementary steps to restrain expenditure. Together with the expected growth in the economy, net debt is projected to stabilise at 44.3 per cent of the GDP in 2016/17.

For a detailed analysis and interpretation of actual revenue, spending and borrowing for 2013/14, refer to review of the operating results.

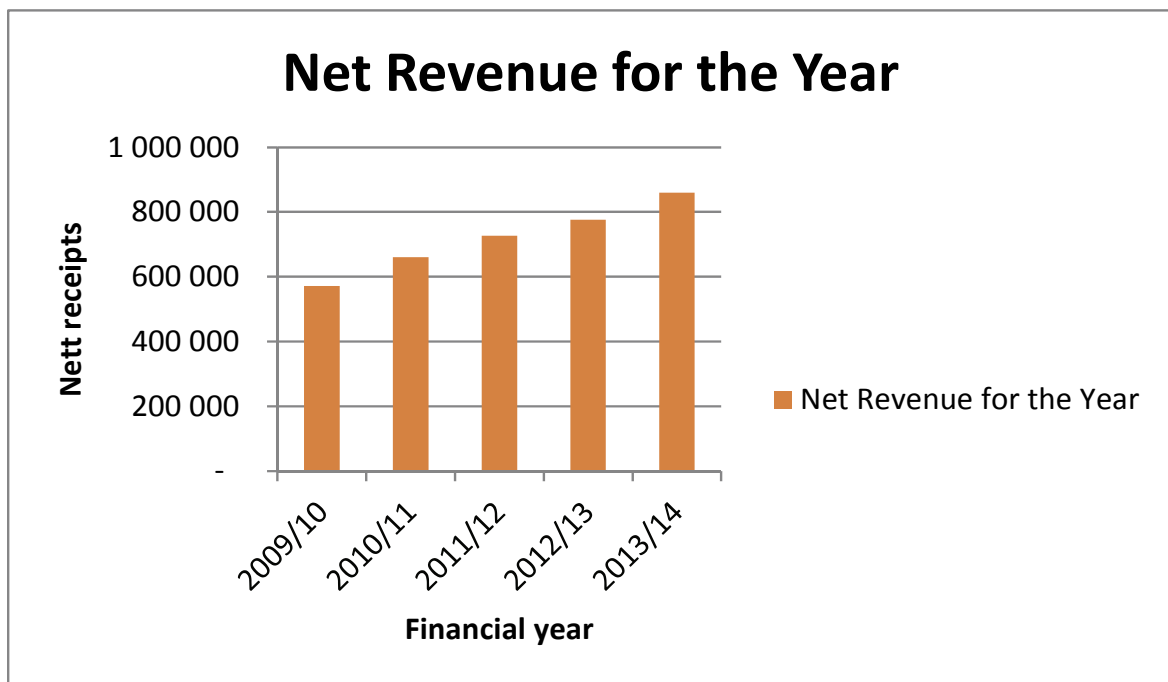
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014

Revenue

Year Ended 31 March <i>R million</i>	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14
Taxes, Levies & Duties	621,911	704,217	777,157	849,858	941,476
Less: South African Customs Union Agreement	27,915	17,906	21,760	42,151	43,374
Less: Payment ito sec 12(3) of the PFMA	38	21	3	3	3
Less: Payment to UIF	10,584	11,019	12,131	13,372	14,947
Less: Payment to RAF	11,793	14,287	16,371	17,662	19,651
Less: Amount payable by SARS to RAF	203	214	257	-40	351
Net Revenue for the Year	571,378	660,770	726,635	776,710	863,150
Movement in SARS revenue	-4%	16%	10%	7%	11%

South African Revenue Services (SARS) income increased by 11 per cent in 2013/14 against a 7 per cent increase in the prior year. This increase is indicative of the improvement in the economy although at a slower rate than anticipated.

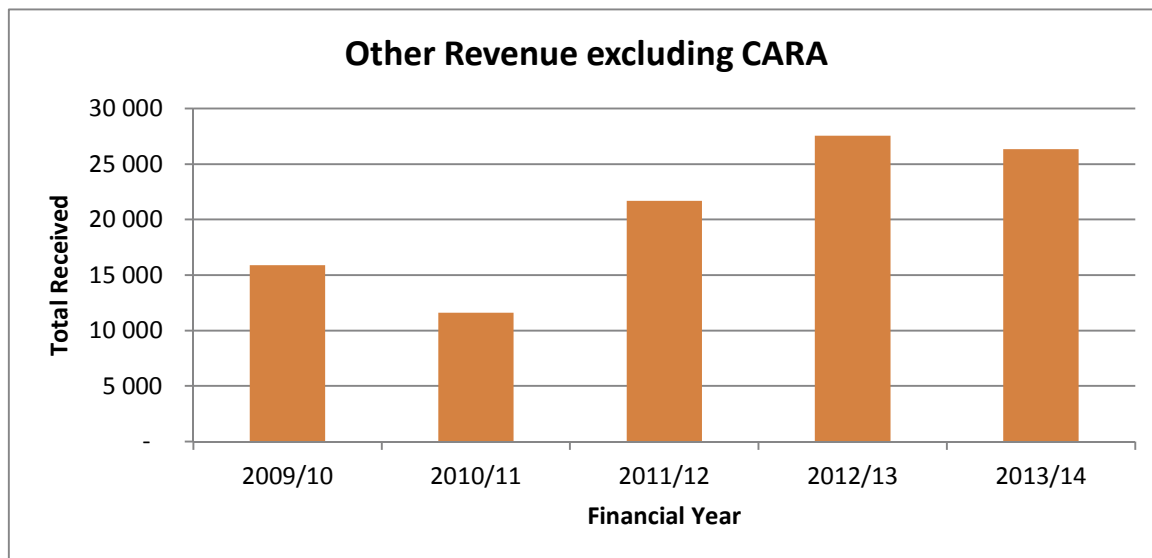


Other main sources of income are departmental revenue and extra ordinary receipts which in total amounts to R22 billion for the 2013/14 financial year. For the full detailed analysis of what departmental revenue and extra ordinary receipts consists of, refer to notes 1.2 and 1.4 of the Notes to the Annual Financial Statements for the National Revenue Fund.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014

Year Ended 31 March <i>R million</i>	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14
Departmental revenue	8,410	8,483	13,626	11,095	11,272
Extra Ordinary receipts	7,230	2,947	7,693	15,131	11,084
Other surrenders	238	179	350	1,330	2,333
Other revenue received	-	-	-	6	1,691
Total revenue	15,879	11,609	21,669	27,562	26,379
Movement in other revenue	-22%	-27%	87%	27%	-4%



Expenditure

Total expenditure increased by 9 per cent in 2013/14 (2012/13: 7 per cent). Below find a breakdown in the voted expenditure per cluster.

Year Ended 31 March <i>R million</i>	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14
Voted Funds	438,881	461,465	508,510	538,481	582,596
Statutory Funds	316,642	360,098	402,180	435,736	478,306
Total Expenditure	755,523	821,563	910,690	974,217	1,060,902
Movement in expenditure	2%	9%	11%	7%	9%

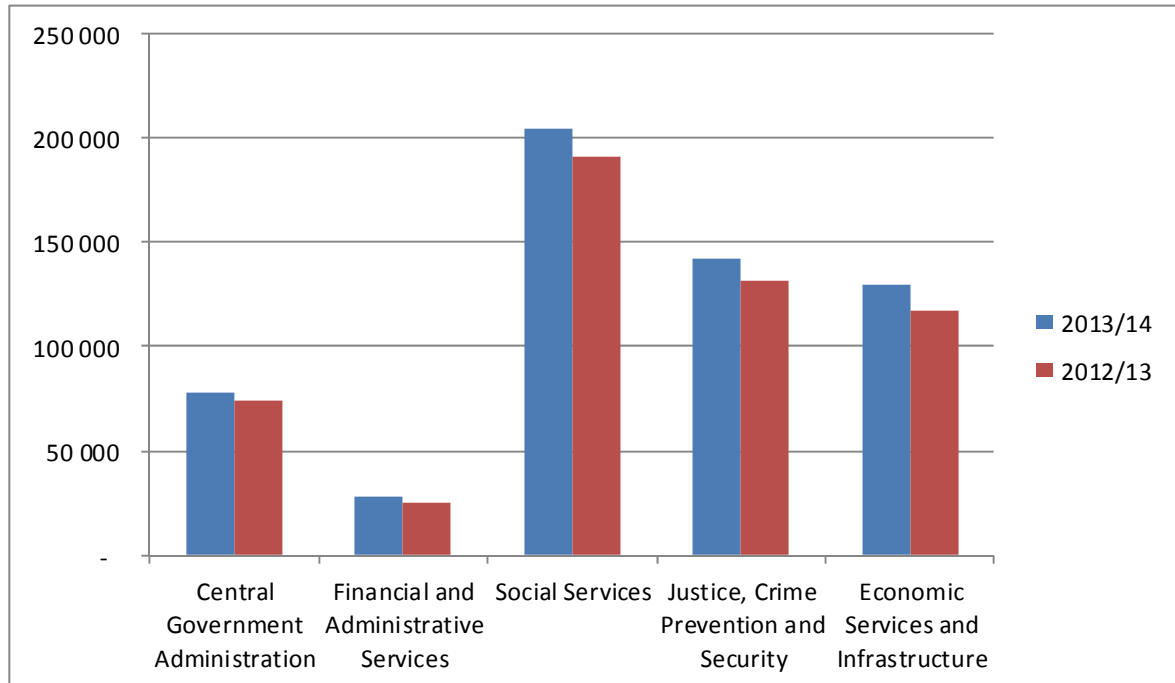
Voted funds

Voted Funds Expenditure per cluster	2013/14	2012/13
Central Government Administration	78,110	73,722
Financial and Administrative Services	28,358	25,269
Social Services	204,453	191,228
Justice, Crime Prevention and Security	141,863	131,364
Economic Services and Infrastructure	129,813	116,897
Total	582,597	538,481

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014

The highest expenditure was in the Social Services cluster which amounts to 35 per cent in 2013/14 (2012/13: 36 per cent). For the full detailed analysis of what actual expenditure consists of, refer to notes 3 and 4 of the Notes to the Annual Financial Statements for the National Revenue Fund.



Statutory funds

Statutory Funds	2013/14	2012/13
Equitable share	338,937	313,016
State Debt	114,911	99,494
Other	24,459	23,227
Total	139,369	122,720

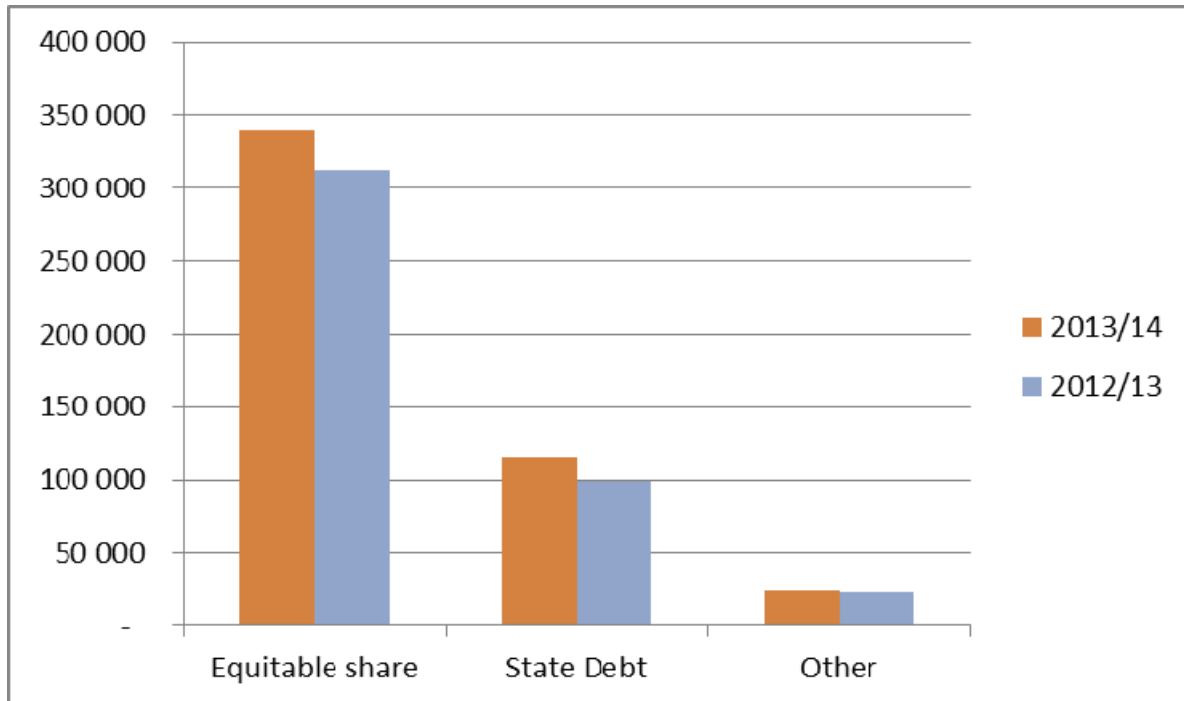
Statutory expenditure includes items as equitable share to provinces, debt service cost and other salaries that are a direct charge against the National Revenue Fund.

The equitable share is transferred to provinces to perform their functions at the provincial sphere of government. This amounts to 71 per cent in 2013/14 (2012/13: 72 per cent) of the total statutory budget.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014

Debt service cost consists mainly of interest paid on government debt. This amounts to 24 per cent in 2013/14 (2012/13: 23 per cent) of the total statutory budget.



Assets

Cash and cash equivalents

Cash and Cash Equivalent R million	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14
Cash and equivalent	132,084	170,361	198,291	174,966	197,054
Movement in cash and cash equivalent	30%	29%	16%	-12%	13%

Cash and cash equivalents amounts to R 197 billion. Total cash includes deposits held at South African Reserve Bank (SARB) and commercial banks. Operational cash to finance the borrowing requirement is held in the tax and loan accounts with the four commercial banks and in the foreign currency accounts with the SARB. The table below reflects the breakdown:

Break down of cash balances R million	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14
Commercial banks					
Tax and Loan account	38,418	44,256	63,293	27,332	45,262
South African Reserve Bank					
Cash with SARB	93,309	67,157	67,157	67,157	67,157
Foreign Currency Investment	-	58,597	67,558	80,256	84,466
Foreign Currency Purchases	-	-	-	-	-
Escrow Investment Account	-	146	51	52	-
Other	357	205	232	169	168
Total Cash and cash equivalents	132,084	170,361	198,291	174,966	197,054

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014

Investments

Investments <i>R million</i>	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14
Investments	43,721	58,848	85,497	102,799	121,681
Movement in Investments	46%	35%	45%	20%	18%

Total investments increased to R122 billion for the current year. This is an 18% increase for 2013/14 against 20% increase in the prior year. The table below reflects the investments held by government for the past two years:

Investments <i>R million</i>	Actual 2013/14	Actual 2012/13
International Bank for Reconstruction and Development	20,649	16,956
African Development Bank	40,865	35,134
International Monetary Fund quota subscription	30,553	25,745
International Monetary Fund SDR Holding	29,239	24,638
Other	375	326
Total	121,681	102,799

Liabilities

Multilateral institutions

Multilateral Institutions <i>R million</i>	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14
Multilateral Institutions	53,553	58,078	82,527	99,114	116,321
Movement in Multilateral Institutions	-7%	8%	42%	20%	17%

The balance presents the callable portion of South Africa's subscription in the various multilateral institutions. Total liabilities in multilateral institutions increased to R116 billion for the current year. This is a 17% increase for 2013/14 against a 20% increase in the prior year. The table below reflects the investments held by government for the past two years:

Multilateral Institutions <i>R million</i>	Actual 2013/14	Actual 2012/13
IMF-Securities Account	29,503	25,720
IMF-SDR Allocations	29,194	24,601
International Bank for Reconstruction and Development	19,407	15,935
Multi- Lateral investment Guarantee Agency	154	134
African Development Bank	38,063	32,725
Total	116,321	99,114

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014

Current and non-current borrowings

Borrowings <i>R million</i>	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14
Current Borrowings	127,892	170,484	201,910	222,325	257,058
Non-Current Borrowings	675,813	819,590	985,458	1,143,017	1,327,466
Total	803,705	990,074	1,187,368	1,365,341	1,584,524
Movement in Borrowings	28%	23%	20%	15%	16%

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 rate and inflation linked bonds. The total gross debt figure increased to R 1 584 billion for the current year. This is a 16% increase for 2013/14 against a 15% increase in the prior year. The table below reflects the breakdown between local and foreign debt:

National Government Debt <i>R million</i>	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14
Domestic debt	704,266	892,223	1,070,517	1,240,786	1,440,865
Foreign debt	99,454	97,851	116,851	124,555	143,659
	803,720	990,074	1,187,368	1,365,341	1,584,524

Net surplus/(deficit) reconciliation

The table below reflects the reconciliation of the deficit per National revenue Fund to the budget review.

Reconciliation to Deficit as reflected in 2014 Budget Review	2013/14	2012/13	As Published In 2012/13
R' millions			
Surplus/(Deficit) per Income Statement (NRF)	(197,817)	(200,519)	(200,477)
Revaluation gains/(losses)	26,025	27,844	27,857
Increase/(Decrease) in revenue	7,721	(6,667)	(7,089)
Movement in Annual Appropriation: Net Financing	11,793	7,250	7,229
Other receipts:			
Exchange rate profit : ECA Loans	-	(3,183)	(3,183)
Recovery of criminal assets	(141)	(35)	(35)
Local Government Surrenders	(260)	(34)	(34)
Extra-ordinary receipts:			
Premium on issuance bonds for financing	(3,008)	(4,589)	(4,589)
Premium on debt portfolio restructuring	(1,621)	(5,953)	(5,953)
Penalties on Retail Bonds	(8)	(3)	(3)
Liquidation of SASRIA investments	(75)	(50)	(50)
Electricity Distribution Industry Holding Company: Energy	(37)	(388)	-
Escrow Investment Account	(8)	(1)	(1)
Profit on Foreign currency investment	(5,662)	(938)	(938)
SASSA Indemnity	-	8	8
Book Profit	(1)	-	-
Foreign Exchange Rate Profit	(4)	-	-
Voluntary Disclosure Programme	(399)	-	-
Other payments:			
Recovery of criminal assets	46	158	158
Premium Paid	456	2,172	2,172
Exchange Rate Loss: Escrow Account	-	1	1

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014

Reconciliation to Deficit as reflected in 2014 Budget Review	2013/14	2012/13	As Published In 2012/13
R' millions			
Extra-ordinary payments:			
Saambou Bank Limited	31	-	-
Losses on GEFECRA	28	152	152
Loss on conversion of Foreign currency transactions	-	262	262
Expenditure in terms of an Act of Parliament	-	21	21
Surplus/(Deficit) per Budget Review	(162,942)	(184,493)	(184,492)
Surplus/(Deficit) as percentage of GDP	(5.8)	(6.2)	(6.2)

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014

■ Financial risk management

Government's debt management policies are aimed at meeting government's financing requirement at the lowest possible cost within prudent risk levels, while also supporting government's broader economic policies. Government's debt portfolio and debt operations are exposed to inflation -, refinancing -, currency -, credit - and country risks. During 2013/14, the National Treasury under the World Bank Government Debt and Risk Management Programme has modified its basket of strategic risk benchmarks with a view to improve the management of refinancing, inflation and currency risks.

Inflation risk

Inflation risk is managed by setting a benchmark for the share of inflation-linked bonds (ILB) as a per cent of total domestic debt between 20 to 25 per cent. As at the end of March 2014, the share of inflation-linked bonds as a per cent of total domestic debt was at the lower end of the range of 20 – 25 per cent.

Currency risk

Currency risk is managed by setting a limit of 15 per cent for the share of foreign currency debt as per cent of total debt. As at the end of March 2014, gross foreign debt was 9.3 per cent of total debt. The change in the price of the currency also impacts on the Rand value of government's foreign currency deposits with the Reserve Bank. Government monitors its net foreign debt exposure, the difference between gross foreign debt and foreign currency deposits. Although government does not enter into hedge transactions to limit its exposure to foreign currency volatility, foreign currency cash deposits provide a natural hedge to a portion of the foreign debt portfolio.

Refinancing risk

Refinancing risk is managed by setting benchmarks for the share of debt maturing within a year (Treasury bills) to 15 per cent of total domestic debt (outcome – 13.6 per cent); the share of debt maturing in 5 years (fixed-rate and inflation-linked bonds) to 25 per cent of total domestic debt (outcome – 22.7 per cent); average term-to-maturity of fixed-rate bonds and Treasury bills within a range of 10 to 14 years (outcome – 10 years), and average term-to-maturity of inflation-linked bonds within a range of 14 to 17 years (outcome – 14.9 years). Refinancing risk is also reduced through an active switch programme whereby short dated bonds are exchanged for longer term bonds.

Credit risk

Government's credit risk arises from the investment of surplus cash with commercial banks and the issue of guarantees to state-owned companies. Government's investments are subject to benchmark investment ratios and total limits per counterparty. Cash invested at commercial banks are limited to 50 per cent of banks' capital and reserves. In addition, National Treasury manages and monitors the risks emanating from its implicit and explicit contingent liabilities by setting a benchmark for total net government debt, provisions (multilateral institution liabilities) and contingent liabilities to 50 per cent of the gross domestic product (GDP). On 31 March 2014, net debt, provisions and contingent liabilities amounted to 55.3 per cent compared to 52.1 per cent on 31 March 2013.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2014

Country Risk

South Africa has solicited credit ratings from four major credit rating agencies, namely, Moody's Investors Service (Moody's), Standard and Poor's (S&P), Fitch Ratings (Fitch) and Rating and Investment Information, Inc. (R&I).

SA's sovereign credit ratings came under pressure in 2012/13. Whilst SA's sovereign credit ratings were downgraded by major credit rating agencies in 2012/13, alongside many developed and emerging economies, the ratings stabilised in 2013/14. In the latter part of 2013, Moody's Investors Service (Moody's), Ratings and Investment Information, Inc. (R&I), Fitch Ratings (Fitch) and Standard & Poor's (S&P), affirmed SA's credit ratings. However, Moody's and S&P retained the negative credit outlooks on SA.



**CONSOLIDATED
FINANCIAL
STATEMENTS**

Annual financial statements for the year ended 31 March 2014

**REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT
ON THE NATIONAL REVENUE FUND**



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2014

■ Report on the financial statements

Introduction

1. I have audited the financial statements of the National Revenue Fund set out on pages 252 to 274, which comprise the statement of financial position as at 31 March 2014, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the Modified Cash Standard and the requirements of the public Finance Management Act of South Africa, 1999 (Act No.1 of 1999) (PFMA) and the Division of Revenue Act of South Africa, 2012 (Act No.5 of 2012) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the 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 financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

REPORT OF THE AUDITOR-GENERAL

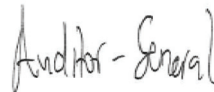
For the year ended 31 March 2014

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Revenue Fund as at 31 March 2014 and its financial performance and cash flows for the year then ended, in accordance with the Modified Cash Standard and the requirements of the PFMA and DoRA.

Internal control

9. I considered internal control relevant to my audit of the financial statements and compliance with legislation. I did not identify any significant deficiencies in internal control.



Pretoria

31 October 2014

Report on other legal and regulatory requirements

In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings on non-compliance with legislation, as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters:



Compliance with legislation

8. I performed procedures to obtain evidence that the entity had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS

For the year ended 31 March 2014

The Financial Statements have been prepared in accordance with the following accounting 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 2009.

1. Presentation of the Financial Statements

1.1 Reporting Entity

The National Revenue Fund was established in terms of the Constitution of the Republic of South Africa (Section 213 of Act No. 108, 1996) into which all money received by the national government must be paid except money reasonably excluded by an Act of Parliament. Money may be withdrawn from the National Revenue Fund only in terms of an appropriation by an Act of Parliament or as a direct charge against the National Revenue Fund, when it is provided for in the Constitution or an Act of Parliament. A province's equitable share of revenue raised nationally is a direct charge against the National Revenue Fund.

1.2 Going concern

Reliance is placed upon the fact that the financial statements of National Fund are prepared on a going concern basis. The Revenue Fund was established in terms of the Constitution of the Republic of South Africa, 1996 and is therefore seen as an going concern.

1.3 Basis of preparation

The Financial Statements have been, unless otherwise indicated, prepared on the modified cash basis of accounting in accordance with the

under mentioned policies which have been applied consistently in all material respects. The modified cash basis of accounting for the Revenue Fund comprise the Modified Cash Standard which includes a chapter on Treasury Financial Instruments.

Near-cash balances are all recognised, as well as the revaluation of foreign and domestic investments and loans and the recognition of resulting revaluation gains and losses.

In addition supplementary information is provided in the disclosure notes to the financial statements where it is deemed to be useful to the users of the financial statements.

Unless otherwise stated, accounting policies adopted are consistent with those of the previous financial year.

1.4 Rounding and Presentation currency

All amounts are rounded to the nearest one thousand rands (R'000). All amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the revenue fund.

1.5 Comparative Figures

Prior period comparative information has been presented in the current year's financial statements.

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS

For the year ended 31 March 2014

1.6 Settlement period of assets and liabilities

1.6.1 Current and Non-Current Assets

This represents domestic and foreign assets and should be classified as a current asset, when it:

- Is expected to be realised in, or is held for sale or consumption in the normal course of the operating cycle; or
- Is held primarily for trading purposes or for the short-term and expected to be realised within 12 months of the reporting date; or
- Is a Cash and cash equivalent asset.

All other assets with a remaining term longer than one year are classified as non-current assets.

1.6.2 Current and Non-Current Liabilities

This represents domestic and foreign liabilities and should be classified as a current liability, when it:

- Is expected to be settled in the normal course of the entity's operating cycle; or
- Is due to be settled within twelve months of the reporting date.

All other liabilities with a remaining term longer than one year are classified as non-current liabilities.

1.7 Restatements and Adjustments

Where necessary figures included in the prior period financial statements have been reclassified/adjusted to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements. This includes prior years errors detected by NRF.

2. Revenue

2.1 Appropriated Funds

Appropriated funds include equitable share and conditional grants to entities in terms of an Act of Parliament / Province in order to be utilised for the necessities of business operations, however unspent funds are surrendered to the relevant revenue fund. 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.

Conditional grants appropriation is reduced with amount withheld by the National departments.

2.2 SARS Revenue / Provincial Taxes / Revenue in terms of Section 12(3) of the PFMA

2.2.1 SARS

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.

2.2.2 Revenue in terms of Section 12(3) of the PFMA

All transfers, duties, fees and other moneys collected (Sec 12(3)) by the South African Revenue Services (SARS) for a province are deposited into the national revenue fund and then transferred to the respective provincial revenue fund is recognised when instructed by SARS.

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS

For the year ended 31 March 2014

2.3 Departmental Revenue

All departmental revenue is recognised in the Statement of Financial Performance when received by the Revenue Fund, unless stated otherwise. Any amounts owing to National/Provincial Revenue Fund at the end of the financial year are recognised as receivables in the Statement of Financial Position.

The main categories of Departmental Revenue are listed below together with the short definition:

2.3.1 Sale of goods and services other than capital assets

This comprises the proceeds from the sale of goods and/or services produced by the departments.

2.3.2 Transfers received

Transfers received comprise of all unrequited, voluntary receipts from other parties. This includes gifts, donations and sponsorships.

2.3.3 Fines, penalties and forfeits

Fines penalties and forfeits are compulsory receipts imposed by court or another judicial body or agreed upon by parties as an out of court settlement.

2.3.4 Interest, dividends and rent on land

Interest is revenue associated with the ownership of interest bearing financial instruments, such as bank deposits, loans extended to others and bills and bonds issued by others.

Dividends are revenue associated with ownership of shares in a company whether fully or partially government owned. Gains or losses associated with buying or selling of shares do not belong to this line item.

Rent on land includes revenue and due to the ownership of land.

2.3.5 Sale of capital assets

The proceeds from the sale of capital assets includes compensation received from the sale of capital assets. A capital asset is an item of property, plant and or equipment that costs more than R5 000 (all inclusive). This also comprise of intangible items as computer software with a cost exceeding R5 000 (all inclusive).

2.3.6 Financial transactions in assets and liabilities

This includes receipts associated with certain transactions in financial assets and liabilities such as:

Repayments of loans and advances previously extended to employees and public corporations for policy purposes and forex gains and losses on settlement of loans.

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.

2.3.7 Taxation revenue

This is compulsory, unrequited revenue collected by a government unit. Taxes are compulsory because the other party is required by law to pay them in certain circumstances and under certain conditions. Taxes are unrequited, which means that the government does not give any particular goods or service directly in return for paying taxes.

2.4 CARA receipts

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.

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS

For the year ended 31 March 2014

2.5 Direct Exchequer receipts

These are not expected to occur frequently and are inclined to distort comparative analysis of the departmental revenue figures. Therefore direct exchequer receipts when received as departmental revenue from the department is subsequently journalised to direct Exchequer receipts when the detailed information is obtained from the department. Any amount owing to the Revenue Fund at the end of the financial year is recognised as a receivable in the Statement of Financial Position.

If exchange rate profit is not received in cash it is recognised during the financial year once the information by means of a journal is obtained from the Assets and Liability Management section (ALM).

2.6 Other revenue

Surrenders for appropriated funds are recognised when amounts become payable by departments at the end of the reporting date. Other surrenders are recognised when cash is received from the departments.

Amounts owing to the Revenue Fund at the end of the financial year are recognised as receivables in the Statement of Financial Position and exceeding of approved statutory appropriation are recognised as a payable in the Statement of Financial Position.

3. Expenditure

3.1 Actual Expenditure

Appropriated funds include annual appropriation, statutory appropriation, conditional grant and own funds appropriated to entities in order to be utilised for the necessities of business operations. Appropriated funds are recognised in the financial records when approved by Parliament.

Expenses incurred but the funds not requested against the appropriation are reflected as a payable in the Statement of Financial Position.

Funds appropriated for annual appropriation during the financial year excluding unexpended funds and unauthorised expenditure funded by the Revenue Fund are represented in the Statement of Financial Performance.

Total statutory appropriations less unexpended funds plus actual expenditure in excess of the statutory appropriation are presented in the statement of financial performance.

3.2 Other expenditure and RDP Funds due prior to Amendment Act no. 79 of 1998

Expenditure is recognised on receipt of a request and the payment becomes payable.

3.3 Unauthorised expenditure approved (with funding) by an Act of Parliament and expenditure in terms of an Act of Parliament

Expenditure is recognised when an Act has been approved (with funding) by Parliament. Unauthorised expenditure approved with funding, but not yet requested is recognised as a payable.

3.4 CARA payments

Cara money is not appropriated as such and funds are transferred to department when approved by Cabinet in accordance with section 65 of the Prevention of Organized Crime Act, 1998 (Act 121 of 1998). Amounts transferred by the revenue fund are recognised in the Statement of Financial Performance when approved by Cabinet. Funds not requested are recognised as a payable by the Revenue Fund in the Statement of Financial Position.

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS

For the year ended 31 March 2014

3.5 Direct Exchequer Payments

This includes revenue fund 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. Expenditure is recognised when funds are transferred to the departments. Funds requested but not transferred are recognised as a payable by the Revenue Fund in the Statement of Financial Position.

3.6 Revaluation Gains/Losses

Foreign liabilities, foreign investments and Multilateral Institutions liabilities are re-valued at the closing exchange rate of 31 March. Associated gains and losses are recognised in the Statement of Financial Performance. Gains and losses due to the revaluation of inflation-linked bonds are also included in the Statement of Financial Performance.

4. Assets

4.1 Cash and cash equivalents

Domestic cash and cash equivalents are recognised in the Statement of Financial Position at cost.

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

Foreign cash and cash equivalents are carried in the statement of finance position at the closing rate of 31 March. Gains and losses on revaluation are recognised in the statement of financial performance.

4.2 Receivables

Receivables included in the Statement of Financial Position comprise of payments due at financial year end by departments and local and foreign aid which have not yet been received. Any unspent

CARA fund assistance to departments does not need to be surrendered to the National Revenue Fund.

Receivables outstanding at year-end are carried at cost.

4.3 Investments

Domestic investments are recognised and measured at face value in the Statement of Financial Position.

Foreign investments represent South Africa's membership/shareholding in the African Development Bank, the International Bank for Reconstruction and Development, the International Finance Corporation and Multi-lateral Investment Guarantee Agency. These investments are initially recognised at face value (i.e the issue price) and are subsequently revalued using the closing exchange rate at 31 March.

The International Monetary Fund (IMF) quota represents South Africa's membership subscription to the IMF. The investment is denominated in special drawing rights (SDR) and is recognised in the Statement of Financial Position in Rand, converted at the closing SDR exchange rate published by the IMF at the year end.

Any gains and or losses on the revaluation of investments and financial liabilities are recognised in the Statement of Financial Performance.

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS

For the year ended 31 March 2014

■ 5. Liabilities

5.1 Payables

Recognised payables mainly comprises of amounts owing by the Revenue fund to other governmental entities and SARS. These payables are carried at cost in the statement of financial position.

5.2 Multi-Lateral Institutions

The callable portions of South Africa's subscription in the African Development bank, the International Bank for Reconstruction and Development, the International Finance Corporation and Multilateral Investment Guarantee Agency are recognised as a financial liability and are initially measured at face value (i.e the issue price) and are subsequently revalued using the closing exchange rate at 31 March.

The International Monetary Fund's securities account and SDR allocations represents South Africa's liability to the fund.

5.3 Borrowings

5.3.1 Domestic Borrowings

Domestic current borrowings consist mainly of Treasury bills with a term-to-maturity varying between 91 to 365 days. Treasury bills are recognised at face value.

Domestic non-current borrowings consist of fixed rate, inflation-linked-, retail- and zero coupon bonds. All these instruments except for inflation-linked- and zero coupon bonds are recognised at face value. Inflation-linked bonds and zero coupon bonds are recognised at transaction amount. Inflation-linked bonds have been revalued using the relevant "reference CPI" at year end (settlement value). Zero coupon bonds are recognised at amortised costs.

The face value and / or settlement value represents the amount that will be paid to the bond holder at maturity of the instrument.

5.3.2 Foreign Loans and Bonds

Foreign loans and bonds are initially recognised at face value and subsequently revalued to rand using the closing exchange rates as at 31 March. Foreign loans are not hedged against foreign currency movements.

■ 6. Contingent liabilities and contingent assets

6.1 Contingent liability

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

6.2 Contingent asset

Contingent assets are included in the disclosure notes to the financial statements when it is probable that an inflow of economic benefits will flow to the National revenue fund. Contingent assets include the Gold and Foreign Exchange Contingency Reserve Account that is initially measured at cost as it does not have a fixed maturity date, and is subsequently revalued with the profits and losses incurred on gold and foreign exchange transactions.

■ 7. Events after the reporting date

Subsequent events that are both favourable and unfavourable which occurred between the reporting date and the date when the financial statements are authorised for issue, are included as a disclosure note to the financial statements.

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 March 2014

	Note	2013/14 R'000	2012/13 R'000
REVENUE			
Revenue collected	1	885 646 854	802 971 586
By SARS		863 149 773	776 710 189
Departmental Revenue		11 271 730	11 095 036
CARA Receipts		140 766	35 341
Direct Exchequer Receipts		11 084 585	15 131 020
Other Revenue	2	4 024 072	1 335 569
Other		4 024 072	1 335 569
TOTAL REVENUE		889 670 926	804 307 155
EXPENDITURE			
Actual Expenditure		1 060 902 383	974 216 719
Annual Appropriation	3	582 596 290	538 480 533
Statutory Appropriation	4	478 306 093	435 736 186
CARA Payments	5	45 628	157 827
Expenditure in terms of a separate Act of Parliament	6	-	20 625
Direct Exchequer Payments	7	514 835	2 587 197
TOTAL EXPENDITURE		1 061 462 846	976 982 368
SURPLUS/(DEFICIT)		(171 791 920)	(172 675 213)
Foreign Exchange Revaluation	8	(26 025 274)	(27 844 127)
SURPLUS/(DEFICIT) FOR THE YEAR		(197 817 194)	(200 519 340)

STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2014

	Note	2013/14 R'000	2012/13 R'000
ASSETS			
Current assets			
Cash and cash equivalents	9	197 053 722	174 966 413
Receivables	10	9 448 730	9 982 862
Funds to be surrendered to the Revenue Fund:			
Voted Funds		7 786 288	8 685 189
Unauthorised expenditure		13 218	173 374
Departmental Revenue to be surrendered to the Revenue Fund		1 574 271	1 123 526
Other		74 953	773
Total		206 502 452	184 949 275
Non-current assets			
Investments	11	121 680 722	102 798 882
Total		121 680 722	102 798 882
TOTAL ASSETS		328 183 174	287 748 157
RESERVES AND LIABILITIES			
RESERVES		(1 376 683 189)	(1 178 865 995)
LIABILITIES			
Current liabilities			
Payables	12	4 021 332	2 158 761
Voted Funds to be transferred		700 190	9 474
Unauthorised expenditure to be transferred		3 131 300	2 142 507
Other		189 842	6 780
Borrowings	13	257 057 662	222 324 556
Total		261 078 994	224 483 317
Non-current liabilities			
Multi Lateral Institutions	14	116 321 071	99 114 069
Borrowings	15	1 327 466 298	1 143 016 766
Total		1 443 787 369	1 242 130 835
TOTAL LIABILITIES		1 704 866 363	1 466 614 152
TOTAL RESERVES AND LIABILITIES		328 183 174	287 748 157

STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 March 2014

		R'000
Opening balance as at 1 April 2012		(978 539 324)
Surplus / Deficit for the year 2013		(200 519 340)
Prior year errors for transactions 2012/13	25	192 669
Balance at 31 March 2013		(1 178 865 995)
Surplus / Deficit for the year 2014		(197 817 194)
Balance at 31 March 2014		(1 376 683 189)

CASH FLOW STATEMENT

For the year ended 31 March 2014

	<i>Note</i>	2013/14 R'000	2012/13 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Revenue collected	16	885 324 990	802 142 301
By SARS		863 278 654	776 676 313
Departmental Revenue collected		10 820 985	10 299 627
Direct Exchequer Receipts		11 084 585	15 131 020
CARA Receipts		140 766	35 341
Surrenders from departments	17	8 609 175	9 298 495
Other revenue received by the revenue fund	18	4 004 072	1 335 569
		897 938 237	812 776 365
Payments			
Appropriated payments	19	1 066 809 146	982 780 844
Annual Appropriation		588 880 348	546 295 349
Statutory Appropriation		477 883 170	436 266 751
CARA Payments		45 628	157 827
Appropriation for unauthorised expenditure		-	60 917
Expenditure in terms of a separate Act of Parliament		-	-
Direct Exchequer Payments	20	514 835	2 587 197
Other	21	9 474	147 853
		1 067 333 455	985 515 894
Net cash flow available from operating activities	26	(169 395 218)	(172 739 529)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investments	22	-	-
Other investing activities	23	-	-
Net cash flows from investing activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/Decrease in borrowings	24	191 482 527	149 414 494
Net cash flows from financing activities		191 482 527	149 414 494
Net increase/(decrease) in cash and cash equivalents		22 087 309	(23 325 035)
Cash and cash equivalents at beginning of period		174 966 413	198 291 448
Cash and cash equivalents at end of period	9	197 053 722	174 966 413

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

		2013/14 R'000	2012/13 R'000
1 Revenue collected			
1.1 By SARS			
	Working Paper 2A		
Revenue collected by SARS			
Taxation		934 493 163	844 316 204
Non-taxation		6 982 554	5 541 815
Less: Payments by SARS		<u>78 325 944</u>	<u>73 147 830</u>
Total Revenue collected by SARS		<u>863 149 773</u>	<u>776 710 189</u>
1.2 Departmental Revenue			
	Working Paper 2C		
Departmental Revenue collected		11 271 730	11 095 036
Allocated to extra-ordinary receipts		(37 000)	-
Sales of goods and services other than capital assets		1 669 309	2 587 612
Fines, penalties and forfeits		1 446 255	990 257
Interest, dividends and rent on land		4 652 085	5 190 145
Sales of capital assets		37 058	94 084
Financial transactions in assets and liabilities		2 997 449	1 657 829
Transfers received		506 574	575 109
Total Departmental Revenue collected		<u>11 271 730</u>	<u>11 095 036</u>
1.3 CARA Receipts			
	Working Paper 3D		
CARA funds received		<u>140 766</u>	<u>35 341</u>
		<u>140 766</u>	<u>35 341</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

		2013/14 R'000	2012/13 R'000
1.4 Direct Exchequer Receipts			
Revenue fund receipts	Working Paper 2E	11 076 086	15 129 985
Revenue Fund Receipts: Exchange Rate Profit		-	3 183 164
Revenue Fund Receipts: SASRIA Special Restructuring Proceeds		75 000	50 000
Revenue Fund Receipts: Electricity Distribution Industry Holding Company: Energy		37 000	-
Revenue Fund Receipts: Penalties on Retail Bonds		8 346	2 637
Revenue Fund Receipts: Premium Received		1 621 034	5 952 690
Revenue Fund Receipts: Premium on Bonds issued		3 008 096	4 589 277
Revenue Fund Receipts: Local Government Surrender		259 726	34 303
Revenue Fund Receipts: Book profit		1 422	-
Revenue Fund Receipts: Profit on Foreign Currency Investment		5 662 125	937 971
Revenue Fund Receipts: Profit on scriptlending		1	-
Revenue Fund Receipts: Foreign Exchange Rate Profit		4 052	-
Revenue Fund Receipts: Voluntary Disclosure Programme		399 268	-
Revenue Fund Receipts: Mineral royalties		16	-
Revenue Fund Receipts: Energy (EDIH Programme)		-	387 618
Revenue Fund Receipts: SASSA Indemnity		-	(7 675)
Other receipts	Working Paper 2F	8 499	1 035
Exchange rate profit : Escrow Investment Account		8 499	1 035
Total Direct Exchequer Receipts		11 084 585	15 131 020
Total Revenue collected		885 646 854	802 971 586
2. Other Revenue			
2.1 Other			
Other surrenders	Working Paper 4B	2 332 930	1 329 868
Other revenue received	Working Paper 4C	1 691 142	5 701
Total Other		4 024 072	1 335 569
Total Other Revenue		4 024 072	1 335 569

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2013/14 R'000	2012/13 R'000
3. Actual expenditure		
Equitable Share / Voted Funds transferred to departments		
Working Paper 3A		
Central Government Administration	78 110 102	73 721 773
Financial and Administrative Services	28 357 988	25 269 201
Social Services	204 452 802	191 227 868
Justice, Crime Prevention and Security	141 862 733	131 364 224
Economic Services and Infrastructure	129 812 665	116 897 467
Total Actual Expenditure	582 596 290	538 480 533
3.1 Annual Appropriation		
Equitable Share / Voted Funds transferred to departments		
Working Paper 3A		
Central Government Administration	80 286 828	76 029 092
Financial and Administrative Services	28 534 999	25 503 847
Social Services	207 426 445	193 866 035
Justice, Crime Prevention and Security	142 621 572	132 196 828
Economic Services and Infrastructure	130 156 526	118 782 920
Total Annual Appropriation	589 026 370	546 378 722
3.2 Outstanding Surrender		
Equitable Share / Voted Funds transferred to departments		
Working Paper 3A		
Central Government Administration	2 176 726	2 307 319
Financial and Administrative Services	177 011	234 646
Social Services	2 973 643	2 638 167
Justice, Crime Prevention and Security	758 839	832 604
Economic Services and Infrastructure	343 861	1 885 453
Total Outstanding Surrender	6 430 080	7 898 189
4. Actual expenditure		
Equitable share / Voted Funds transferred to departments		
Working Paper 3B		
Presidency	2 623	2 623
Parliament	453 779	430 122
National Treasury	-	-
Provinces	338 936 817	313 015 798
General Fuel levy	9 613 360	9 039 687
State debt cost		
Interest	101 090 261	88 063 292
Management	47 733	44 060
Cost of raising loans	13 772 697	11 386 524
Higher Education and Training	12 090 186	11 694 493
Justice and Constitutional Development	2 298 637	2 059 587
Total Actual expenditure	478 306 093	435 736 186

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

		2013/14 R'000	2012/13 R'000
4.1 Statutory Appropriation			
Equitable Share / Statutory Funds transferred to departments	Working Paper 3B		
Presidency		2 804	2 658
Parliament		453 779	430 122
National Treasury		-	-
Provinces		338 936 817	313 015 798
General Fuel levy		9 613 360	9 039 687
State debt cost		-	-
Interest		100 374 500	88 684 487
Management		60 000	60 000
Cost of raising loans		50 000	50 000
Higher Education and Training		12 300 000	11 400 000
Justice and Constitutional Development		2 575 723	2 401 870
Total Statutory Appropriation		464 366 983	425 084 622
4.2 Outstanding Surrender			
Equitable Share / Statutory Funds transferred to departments	Working Paper 3B		
Presidency		181	35
State debt cost			
Interest		(715 761)	621 195
Management		12 267	15 940
Cost of raising loans		(13 722 697)	(11 336 524)
Higher Education and Training		209 814	(294 493)
Justice and Constitutional Development		277 086	342 283
Total Outstanding Surrender		(13 939 110)	(10 651 564)
5. CARA Payments			
Cara funds transferred to departments	Working Paper 5B	45 628	157 827
Total CARA Fund assistance		45 628	157 827
6. Expenditure in terms of a separate Act of Parliament			
Unauthorised Expenditure in terms of an Act of Parliament	Working Paper 5	-	20 625
Total Expenditure in terms of an Act of Parliament		-	20 625

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

		2013/14 R'000	2012/13 R'000
7. Direct Exchequer Payments			
Direct Exchequer Payments	Working Paper 7		
Revenue Fund Payments: GEFECRA		28 108	152 486
Direct Exchequer Payment: loss on exchange rate		-	262 130
Premium Paid		-	2 171 616
Exchange Rate Loss: Escrow Account		-	965
Extra Ordinary Payment: Saambou Bank Limited		31 000	-
Direct Exchequer Payment: Premium paid		455 727	-
Total Direct Exchequer Payments		514 835	2 587 197
8. Foreign Exchange Revaluation			
Foreign exchange Revaluation	Working Paper 10	(26 025 274)	(27 844 127)
Total Foreign Exchange Revaluation		(26 025 274)	(27 844 127)
9. Cash and cash equivalents			
Exchequer account			
Cash with commercial banks		45 262 358	27 332 396
Cash with SARB		67 157 404	67 157 404
Foreign Currency Investment		84 466 333	80 255 760
Escrow Investment Account		-	52 047
Other		167 627	168 806
Total Cash and cash equivalents		197 053 722	174 966 413
Cash and cash equivalents balances are net of outstanding transfer.			
10. Receivables			
10.1 Current			
10.1.1 Voted funds to be surrendered to the Revenue Fund			
Opening Balance		8 685 189	9 274 293
Prior period error*			195 285
			9 469 578
Amounts to be surrendered	Working Paper 3A, 3B & 3C	7 543 903	8 489 519
Received during the year	Working Paper 4A	(8 442 804)	(9 273 908)
Closing balance		7 786 288	8 685 189
*See disclosures note on restatements for more details			

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

		2013/14 R'000	2012/13 R'000
10.1.2	Departmental Revenue to be surrendered to the Revenue Fund		
	Opening Balance	1 123 526	327 709
	Revenue collected	11 271 730	11 095 444
	Received during the year	(10 820 985)	(10 299 627)
	Closing balance	1 574 271	1 123 526
		Working Paper 2C & 4I	
		Working Paper 2C	
10.1.3	Other		
	Opening Balance	773	95 812
	Amounts to be received	114 675	40 495
	Received during the year	(40 495)	(135 534)
	Closing balance	74 953	773
		Working Paper 2B, 2D & 4G	
		Working Paper 4G	
10.1.4	Appropriation for unauthorised expenditure		
	Opening Balance	173 374	31 590
	Appropriation for unauthorised expenditure	6 215	166 371
	Received during the year	(166 371)	(24 587)
	Total Appropriation for unauthorised expenditure	13 218	173 374
		Working Paper 5A	
		Working Paper 5A	
	Total Receivables	9 448 730	9 982 862
11. Investments			
	Non-Current		
	Foreign	Working Paper 11B	
	International Finance Corporation	184 269	160 209
	International Bank for Reconstruction and Development	20 649 269	16 955 624
	Multilateral Investment Guarantee Agency	190 244	165 404
	African Development Bank	40 864 749	35 134 126
	International Monetary Fund quota subscription	30 552 777	25 745 314
	International Monetary Fund SDR Holding	29 239 414	24 638 205
	Total Investments - Non-current	121 680 722	102 798 882

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

		2013/14 R'000	2012/13 R'000
12. Payables			
12.1 Current			
12.1.1 Voted funds to be transferred			
Opening Balance		9 474	96 969
Prior period error*			2 617
Restated opening balance			99 586
Funds not transferred	Working Paper 3A, 3B & 3C	700 190	9 474
Paid during the year	Working Paper 4D	(9 474)	(99 586)
Closing balance		700 190	9 474
	*See disclosure note on restatements for more details		
12.1.2 Other			
Opening Balance		6 780	183 554
Amounts to be paid	Working Paper 2B, 2D, 2F& 4I	183 062	(128 915)
Amount paid during the year	Working Paper 4I	-	(47 859)
Closing balance		189 842	6 780
12.1.3 Unauthorised Expenditure NOT funded by Revenue Fund			
Opening Balance		2 100 737	1 839 994
Amount to be paid Approved by Finance Act	Working Paper 5	-	(40 292)
Unauthorised reported in current financial year	Working Paper 5A	988 793	301 035
Total Appropriation for unauthorised expenditure		3 089 530	2 100 737
12.1.4 Unauthorised Expenditure funded by Revenue Fund			
Opening Balance		41 770	41 770
Appropriation for unauthorised expenditure (Finance Act passed)	Working Paper 5	-	20 625
Amount to be paid (Against Finance Act/Cancelled)	Working Paper 5	-	(20 625)
Total Appropriation for unauthorised expenditure		41 770	41 770
Total Payables		4 021 332	2 158 761

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

		2013/14 R'000	2012/13 R'000
13. Borrowings			
Current			
Domestic	Working Paper 12A	246 159 305	207 604 468
Treasury Bills		214 025 143	190 976 845
Bonds		32 134 162	16 627 623
Foreign	Working Paper 12B	10 898 357	14 720 088
Bonds		10 898 357	14 720 088
Total Current Borrowings		257 057 662	222 324 556
Borrowings - Non-current			
14. Multi Lateral Institutions			
Other	Working Paper 13		
IMF-Securities Account		29 503 479	25 719 744
IMF-SDR Allocations		29 194 216	24 600 521
International Bank for Reconstruction and Development		19 406 570	15 935 033
Multi- Lateral investment Guarantee Agency		154 129	134 005
African Development Bank		38 062 677	32 724 766
Total Multi Lateral Institutions		116 321 071	99 114 069
15. Borrowings - Non-current			
Long Term			
Domestic	Working Paper 12A	1 194 705 448	1 033 181 446
Treasury Bills		1 207 041 288	1 048 841 512
Bonds		(42 711 103)	(31 957 529)
Other		30 375 263	16 297 463
Foreign	Working Paper 12B	132 760 850	109 835 320
Bonds		132 760 850	109 835 320
Total Long Term Borrowings		1 327 466 298	1 143 016 766
16. Revenue collected			
By SARS		863 278 654	776 676 313
Departmental Revenue collected	Working Paper 2C	10 820 985	10 299 627
CARA Fund assistance	Working Paper 3D	140 766	35 341
Revenue Fund Receipts	Working Paper 2E	11 076 086	15 129 985
Non-operating Receipts	Working Paper 2F	8 499	1 035
Total Revenue collected		885 324 990	802 142 301

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

		2013/14 R'000	2012/13 R'000
17. Surrenders from Departments			
Equitable Share / Voted & Statutory funds surrendered	Working Paper 4A	8 442 804	9 273 908
Unauthorised Expenditure funded by Revenue Fund	Working Paper 5A	166 371	24 587
Total Surrenders from Departments		8 609 175	9 298 495
18. Other revenue received by the Revenue Fund			
Other surrenders	Working Paper 4B	2 312 930	1 329 868
Other revenue received	Working Paper 4C	1 961 142	5 701
Total Other revenue received by the Revenue Fund		4 004 072	1 335 569
19. Appropriated Payments			
Annual Appropriation	Working Paper 3A	588 880 348	546 295 349
Statutory Appropriation	Working Paper 3B	477 883 170	436 266 751
CARA Fund assistance	Working Paper 5B	45 628	157 827
Appropriation for unauthorised expenditure approved	Working Paper 5	-	60 917
Total Appropriated Payments		1 066 809 146	982 780 844
20. Direct Exchequer Payments			
Non-operating Expenditure	Working Paper 7	514 835	2 587 197
Total Non-operating Expenditure		514 835	2 587 197
21. Other			
Amounts transferred to departments for previous appropriated funds	Working Paper 4D	9 474	99 586
Amount Paid/(Received)	Working Paper 4I	-	48 267
Total Other		9 474	147 853
22. Proceeds from the sale of investments			
Proceeds from sale of investments	Working Paper 14	-	-
Total Proceeds from the sale of investments		-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

		2013/14 R'000	2012/13 R'000
23. Other investing activities			
Other investing activities	<i>Working paper 15</i>	-	-
Total Other investing activities		<u>-</u>	<u>-</u>
24. Increase/Decrease in borrowings			
Change in borrowings	<i>Working paper 16</i>	191 482 527	149 414 494
Total Other financing activities		<u>191 482 527</u>	<u>149 414 494</u>
25. Adjustments and Restatements			
Restatements	<i>Disclosure Notes</i>	-	192 669
Total Adjustments and Restatements		<u>-</u>	<u>192 669</u>
Net cash flow available from operating activities			
26. activities			
Net surplus /(deficit) as per Statement of Financial Performance		(197 817 194)	(200 519 340)
Add back non cash/cash movements not deemed operating activities		28 421 976	27 779 811
(Increase)/decrease in receivables-current		8 609 175	9 298 495
(Increase)/decrease in other current assets		(351 338)	(1 017 430)
Voted funds not requested/not received		(6 284 058)	(7 814 816)
Approved Statutory Overdrawn		422 923	(530 565)
Other non-cash items		26 025 274	27 844 127
Net cash flow generated by operating activities		<u>(169 395 218)</u>	<u>(172 739 529)</u>

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2013/14 R'000	2012/13 R'000
26. Restatements done by Departments 2012/13		
<p>Prior year error affecting voted funds to be surrendered: GCIS (20 545)</p> <p>GCIS restated 2012/13 voted funds to be surrendered to the revenue fund. In accordance with a contractual agreement and Treasury regulations 15.10.1.2 (c) prepayments to the value of R20.545 million was made in February/March 2013 to a service provider in respect of ICT infrastructure for the new head office building (Tshedimosetso House). Voted funds were allocated in 2012/13 hence payments were recorded as expenditure against voted funds. Due to services that were not completely rendered by 31 March 2013 a manual journal was processed before the submission of the 2012/13 annual financial statements to the Auditor General hence the transaction was disclosed under prepayments and advances in the Statement of Position. This process increased the 'voted funds to be surrendered to the revenue fund' with R20.545 million for the 2012/13 financial year.</p>		(20 545)
<p>Home Affairs restated Departmental Revenue collected for 2012/13 (30 019)</p> <p>DIRCO is an agent of Home Affairs. Prior years balances for DIRCO and immigration control have been restated in addressing the audit opinion and audit findings raised by the Auditor General.</p>		(30 019)
<p>Rural Development restated Departmental Revenue collected for 2012/13. (4 926)</p> <p>Prior year departmental revenue for interest, dividends, and rent on land has been restated to address an incorrect allocation made.</p>		(4 926)
<p>Receivables : Prior year errors corrected by Departments for transactions before 2012/13</p>		
<p>DIRCO corrected a prior year error on voted to be surrendered in their AFS 2009/10 200 888</p> <p>Duplication of recorded information for rental deposits. The department has erroneously recorded rental deposits in two accounts, that is receivable of the same information. This created erroneous account owing to National Treasury. The department had erroneously recorded an amount of R144 903 owed to National Treasury as non-current payable instead of voted funds to be surrendered.</p>		200 888
Rental Deposit		55 985
Error- amount owed to National Treasury		144 903

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2013/14 R'000	2012/13 R'000
Transport correct prior period error on voted funds to be surrendered for 2011/12.		
Taxi owners who scrapped taxis from April to August 2011 at the rate of R57 400 per taxi were paid an additional R2 100 to apply the new rate of R59 500 respectively.		(5 603)
Total Receivables Restatement		195 285

Justice late request for 2006/07 was transferred in excess. The funds in excess were surrendered by Justice in 2007/08 was incorrectly allocated.		(2 616)
Total Payable Restatement		(2 616)

The following adjustments were made but require no restatements

Surrendered for the amount of 42 000 were incorrectly allocated to RB01 instead of against receivable for the following:

Department of Science and Technology	(23)
Department of Trade and Industry	(7)
Department of Public Works	(12)
Bonds:RB01	(42)

Re-allocation from Other Surrenderes to Extra Ordinary receipts	387 618
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27. Contingent Asset

GFECA	177 913 406	125 551 618
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The GFECA, which is operated in terms of section 28 of the SARB Act, represents the net revaluation profits and losses incurred on gold and foreign-exchange transactions which are for the account of the South African government.

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

28. Subsequent event

The following events occurred between 31 March 2014 and 30 September 2014 but do not require an adjustment to the annual financial statements.

SA's sovereign credit ratings came under pressure in 2012/13. Whilst SA's sovereign credit ratings were downgraded by major credit rating agencies in 2012/13, alongside many developed and emerging economies, the ratings stabilised in 2013/14. In the latter part of 2013, Moody's Investors Service (Moody's), Ratings and Investment Information, Inc. (R&I), Fitch Ratings (Fitch) and Standard & Poor's (S&P), affirmed SA's credit ratings. However, Moody's and S&P retained the negative credit outlooks on SA. More recently, on 13 June 2014, S&P downgraded SA's credit rating to 'BBB-' with a stable outlook, while Fitch revised the outlook to negative from stable, affirming the 'BBB' credit rating.

During September 2014, Government has decided to expand the support to Eskom. The existing support comprises of a R60 billion subordinate loan that was provided to Eskom between 2008/09 and 2010/11 and a R350 billion guarantee facility of which Eskom had utilized R125 billion as at 31 March 2014. In addition to this existing support, Government will be providing Eskom with funding of at least R20 billion during 2015/16 and 2016/17. This funding allocation will be funded through the liquidation of non-strategic assets held by the state.

Having delegated the primary responsibility of financial stability to the Reserve Bank (2010), the Government has provided a guarantee facility totalling R7 billion requested by the Reserve Bank, in line with executing its mandate to maintain financial stability. The Reserve Bank indicated the necessity of the provided guarantee to prevent or reducing the imminent risk of a systemic event occurring in the financial sector as a result of the failure of African Bank. In utilising the guarantee, the Reserve Bank will be required to adhere to a number of principles including the "Key Attributes of Effective Resolution Regimes for Financial Institutions" issued by the Financial Stability Board in line with internationally-recognised best practices.

The national government's gross loan debt amounts to R1 584 billion comprising of domestic debt of R1 440 billion and foreign debt of R144 billion. The domestic debt includes inflation-linked bonds of R299 billion.

Government's debt portfolio is exposed to currency and inflation risk. Fluctuations in exchange and inflation rates between financial year end and 31 August 2014 would have resulted in a net increase in gross government debt of R10.7 billion or 0.7 per cent.

UNAUDITED SUPPLEMENTARY WORKING PAPERS

For the year ended 31 March 2014

■ Working Paper 1

Statement of conditional grants received as at 31 March 2014

Not applicable to NRF.

UNAUDITED SUPPLEMENTARY WORKING PAPERS

For the year ended 31 March 2014

Working Paper 2A

Statement of revenue collected by SARS

Revenue Items	2013/14	2012/13
	Amount Collected R'000	Amount Collected R'000
Taxation		
Income tax	507 757 904	457 313 238
Value-added tax / Sales tax	237 666 579	215 023 035
Fuel levy	63 646 632	58 031 812
Excise duties	31 402 779	30 609 652
Customs duties	44 178 728	38 997 934
Other taxes	10 518 720	8 645 705
Unemployment Insurance Fund (UIF)	14 957 404	13 381 984
Skills Development Levy	12 475 597	11 378 478
Environmental levy	10 771 154	9 838 931
Air Passenger tax	878 697	873 060
<i>Universal Service Fund</i>	126 852	155 084
<i>Diamond export levy</i>	93 406	55 375
Small business tax amnesty	1 250	597
Turnover Tax	17 461	11 319
Total Taxation	934 493 163	844 316 204
Non-taxation		
Departmental receipts	460 037	495 813
Customs miscellaneous revenue	2 586	2 652
Provincial administration receipts	6 439 251	5 015 037
Mining leases and ownership	99 777	11 107
State miscellaneous revenue	(19 097)	17 206
Total Non-taxation	6 982 554	5 541 815
Total Revenue	941 475 717	849 858 019
Less: South African Customs Union Agreement	43 374 384	42 151 276
Less: Payment ito sec 12(3) of the PFMA	2 562	2 657
Less: Payment to UIF	14 946 525	13 372 473
Less: Payment to RAF	19 651 219	17 661 919
Less: Amount payable by SARS to RAF	351 254	(40 495)
Net Revenue for the Year	863 149 773	776 710 189
Amount payable by SARS to RAF		
Amount collected by SARS	19 961 978	17 621 424
Less: Amount requested by RAF	19 651 219	17 661 919
Sub total	310 759	(40 495)
Recover of receivable	40 495	
Total amount payable by SARS to RAF	351 254	(40 495)

UNAUDITED SUPPLEMENTARY WORKING PAPERS

For the year ended 31 March 2014

■ Working Paper 2B

Statement of provincial taxes collected as at 31 March 2014

Not applicable to NRF.

UNAUDITED SUPPLEMENTARY WORKING PAPERS

For the year ended 31 March 2014

■ Working Paper 2C

Statement of departmental revenue collected as at 31 March 2014

Name of Department (List per department)	Allocated to extra- ordinary receipts	Sales of goods and services other than capital assets	Transfers received	Fines, penalties and forfeits	Interest, dividends and rent on land	Sale of capital assets	Financial transactions in assets and liabilities	Total received	Amount Received by Revenue Fund
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Central Government Administration									
Presidency		299	256	-	-	342	-	897	917
Cooperative Governance and Traditional Affairs		175	-	-	-	16	1 029	1 220	314
Home Affairs		673 780	-	61 201	509	46	6 069	741 605	1 357 850
International Relations and Cooperation		870	-	37	1 384	2 125	32 153	36 569	61 101
Performance Monitoring and Evaluation		46	-	-	1	1	21	69	66
Public Works		3 859	-	4	1 326	77	50 204	55 470	18 625
Women Children and People with Disabilities		17	-	-	-	-	-	17	116

UNAUDITED SUPPLEMENTARY WORKING PAPERS

For the year ended 31 March 2014

Name of Department (List per department)	Allocated to extra- ordinary receipts	Sales of goods and services other than capital assets	Transfers received	Fines, penalties and forfeits	Interest, dividends and rent on land	Sale of capital assets	Financial transactions in assets and liabilities	Total received	Amount Received by Revenue Fund
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
FINANCIAL AND ADMINISTRATION SERVICES									
Government Communications and Information Systems		237	-	-	79	-	558	874	947
National Treasury		73 087	-	-	2 586 428	111	1 027 905	3 687 531	3 111 949
Public Enterprise		60	-	-	31	-	282	373	336
Public Service Commission		49	-	-	3	-	99	151	177
PALAMA		27	-	-	36	-	35	98	105
Public Service and Administration		261	675	-	2	-	355	1 293	1 238
Statistics S A		963	-	-	76	-	375	1 414	1 683
SOCIAL SERVICES									
Arts and Culture		247	-	1	17	-	279	544	558
Basic Education		2 710	346	-	20 050	1	4 120	27 227	18 485
Health		67 136	-	-	1 858	-	2 612	71 606	7 119
Higher Education and Training		6 071	-	-	3 374	-	2 435	11 880	12 217
Labour		4 209	-	44	6 317	-	12 031	22 601	16 807
Social Development		2	-	-	9 415	192	79 387	88 996	68 471
Sport and Recreation S A		52	-	-	2	-	156	210	215

UNAUDITED SUPPLEMENTARY WORKING PAPERS

For the year ended 31 March 2014

Name of Department	Allocated to extra-ordinary receipts	Sales of goods and services other than capital assets	Transfers received	Fines, penalties and forfeits	Interest, dividends and rent on land	Sale of capital assets	Financial transactions in assets and liabilities	Total received	Amount Received by Revenue Fund
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
JUSTICE AND PROTECTION SERVICE									
Correctional Services		54 134	5	16 484	-	3 246	43 260	117 129	117 103
Defence and Military Veterans		352 681	418 008	1 225	2 877	24 904	53 780	853 475	860 290
Independent Complaints Directorate		150	-	-	11	-	160	321	316
Justice and Constitutional Development		72 449	362	274 261	22 604	612	33 475	403 763	385 152
Police		165 800	-	50 563	769	3 757	165 452	386 341	391 906
ECONOMIC SERVICE AND INFRASTRUCTURE DEVELOPMENT									
Agriculture, Forestry and Fisheries		153 718	173	49	8 236	757	646 651	809 584	807 308
Communications		123	-	-	1 710 831	-	988	1 711 942	1 587 792
Economic Development		23	-	1 037 454	50 229	-	9 836	1 097 542	1 146 700
Energy	(37 000)	2 760	40 270	-	24	-	418	6 472	5 884
Environmental Affairs		1 839	-	3 335	68	38	24 292	29 572	25 640
Human Settlements		193	-	-	63	-	507	763	857
Minerals Resources		2 416	-	1 115	104 938	-	565	109 034	77 552
Rural Development and Land Reform		21 218	-	-	21 469	147	61 788	104 622	65 202
Science and Technology		47	-	-	8	-	1 603	1 658	950
Tourism		141	-	-	11	592	3 465	4 209	4 209
Trade and Industry		4 228	46 479	482	20 420	94	38	71 741	153 001
Transport		449	-	-	74 007	-	672 511	746 967	474 704
Water Affairs		2 783	-	-	4 612	-	58 555	65 950	37 123
Total	(37 000)	1 669 309	506 574	1 446 255	4 652 267	37 058	2 997 449	11 271 730	10 820 985

UNAUDITED SUPPLEMENTARY WORKING PAPERS

For the year ended 31 March 2014

■ Working paper 2C Statement of departmental revenue collected as at 31 March 2013

Name of department	Allocated to extra-ordinary receipts	Sales of goods and services other than capital assets	Transfers received	Fines, penalties and forfeits	Interest, dividends and rent on land	Sale of capital assets	Financial transactions in assets and liabilities	Total received	Amount Received by Revenue Fund
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Central Government Administration									
Presidency		287	-	-	-	192	8 473	8 952	11 159
Cooperative Governance and Traditional Affairs		166	-	-	1	95	722	984	1 494
Home Affairs		628 114	-	43 380	385	2 420	7 772	682 071	33 715
International Relations and Cooperation		864	-	2 554	582	1 675	41 019	46 694	82 939
Performance Monitoring and Evaluation		28	-	-	-	-	85	113	113
Public Works		32 017	-	3	7 835	-	13 940	53 795	51 904
Women Children and People with Disabilities		12	-	-	-	-	-	12	-

UNAUDITED SUPPLEMENTARY WORKING PAPERS

For the year ended 31 March 2014

Name of department (List per department)	Allocated to extra- ordinary receipts	Sales of goods and services other than capital assets	Transfers received	Fines, penalties and forfeits	Interest, dividends and rent on land	Sale of capital assets	Financial transactions in assets and liabilities	Total received	Amount Received by Revenue Fund
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
FINANCIAL AND ADMINISTRATION SERVICES									
Government Communications and Information Systems		405	-	-	118	-	490	1 013	1 004
National Treasury		53 866	-	-	3 245 937	-	901 905	4 201 708	4 189 202
Public Enterprise		58	-	-	12	-	467	537	551
Public Service Commission		49	-	-	5	-	226	280	291
PALAMA		27	-	-	31	4	312	374	368
Public Service and Administration		241	-	-	6	-	224	471	514
Statistics S A		1 043	-	-	408	-	1 232	2 683	2 502
								-	
								-	
SOCIAL SERVICES									
Arts and Culture		397	-	1	7	-	1 451	1 856	1 848
Basic Education		5 929	501	-	446	-	1 153	8 029	7 161
Health		37 750	-	-	460	-	(4 380)	33 830	39 425
Higher Education and Training		4 965	80	-	3 458	-	2 410	10 913	10 935
Labour		3 179	-	107	1 780	-	10 604	15 670	9 186
Social Development		5	-	-	7 855	-	36 501	44 361	48 178
Sport and Recreation S A		54	-	-	3	-	8 655	8 712	8 695

UNAUDITED SUPPLEMENTARY WORKING PAPERS

For the year ended 31 March 2014

Name of department	Allocated to extra-ordinary receipts	Sales of goods and services other than capital assets	Transfers received	Fines, penalties and forfeits	Interest, dividends and rent on land	Sale of capital assets	Financial transactions in assets and liabilities	Total received	Amount Received by Revenue Fund
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
JUSTICE AND PROTECTION SERVICE									
Correctional Services		48 583	213	17 118	538	14 773	45 790	127 015	127 929
Defence and Military Veterans		307 172	570 322	1 297	36 776	64 220	64 700	1 044 487	940 899
Independent Complaints Directorate		138	-	-	-	-	41	179	201
Justice and Constitutional Development		92 513	105	281 976	1 480	116	70 705	446 895	455 937
Police		150 335	-	22 710	780	2 750	165 448	342 023	338 669
ECONOMIC SERVICE AND INFRASTRUCTURE DEVELOPMENT									
Agriculture, Forestry and Fisheries		153 689	169	44	8 871	7 018	28 238	198 029	204 702
Communications		941 949	-	-	1 669 331	-	940	2 612 220	2 612 223
Economic Development		21	-	617 344	50 106	-	1 191	668 662	668 656
Energy		2 297	-	-	85	-	134	2 516	2 672
Human Settlements		804	-	2 457	83	28	15 114	18 486	20 459
Human Settlements		170	-	-	90	-	779	1 039	900
Minerals Resources		4 157	-	1 206	87 158	-	842	93 363	91 672
Rural Development and Land Reform		20 142	-	-	26 581	205	27 770	74 698	75 459
Science and Technology		64	-	-	81	577	497	1 219	1 215
Tourism		123	-	-	8	11	1 337	1 479	1 475
Trade and Industry		444	3 719	19	39 349	-	91 792	135 323	50 644
Transport		92 546	-	41	57	-	85 686	178 330	178 328
Water Affairs		3 009	-	-	(558)	-	23 564	26 015	26 401
Total	-	2 587 612	575 109	990 257	5 190 145	94 084	1 657 829	11 095 036	10 299 627

UNAUDITED SUPPLEMENTARY WORKING PAPERS

For the year ended 31 March 2014

■ Working paper 2D

Statement of revenue in terms of section 12(3) of the PFMA as at 31 March 2014

Not applicable to NRF.

UNAUDITED SUPPLEMENTARY WORKING PAPERS

For the year ended 31 March 2014

■ Working paper 2E Statement of direct Exchequer receipts

Items	2013/14		2012/13	
	Amount received	Amount received by Revenue Fund	Amount received	Amount received by Revenue Fund
	R'000	R'000	R'000	R'000
Revenue Fund Receipts: Exchange Rate Profit			3 183 164	3 183 164
Revenue Fund Receipts:SASRIA Special Restructuring Proceeds	75 000	75 000	50 000	50 000
Revenue Fund Receipts:Electricity Distribution Industry Holding Company: Energy	37 000	37 000	-	-
Revenue Fund Receipts: Proceeds on Old coins				
Revenue Fund Receipts: Penalties on Retail Bonds	8 346	8 346	2 637	2 637
Revenue Fund Receipts: Premium Received	1 621 034	1 621 034	5 952 690	5 952 690
Revenue Fund Receipts: Premium on Bonds issued	3 008 096	3 008 096	4 589 277	4 589 277
Revenue Fund Receipts: SASSA Indemnity	-	-	(7 675)	(7 675)
Revenue Fund Receipts: Local Government Surrender	259 726	259 726	34 303	34 303
Revenue Fund Receipts: GFECRA				
Revenue Fund Receipts: Profit on Foreign Currency Investment	5 662 125	5 662 125	937 971	937 971
Revenue Fund Receipts: Book profit	1 422	1 422	-	-
Revenue Fund Receipts: Profit on scriptlending	1	1	-	-
Revenue Fund Receipts: Foreign Exchange Rate Profit	4 052	4 052	-	-
Revenue Fund Receipts: Voluntary Disclosure Programme	399 268	399 268	-	-
Revenue Fund Receipts: Mineral royalties	16	16	-	-
Revenue Fund Receipts: Energy (EDIH Programme)	-	-	387 618	387 618
Total	11 076 086	11 076 086	15 129 985	15 129 985

UNAUDITED SUPPLEMENTARY WORKING PAPERS

For the year ended 31 March 2014

■ Working paper 2F

Statement of other non operating receipts

	2013/14		2012/13	
	Amount received R'000	Amount received by Revenue Fund R'000	Amount received R'000	Amount received by Revenue Fund R'000
Non-operating Income Items				
Exchange rate profit : ECA Loans	8 499	8 499	1 035	1 035
Exchange rate profit : Escrow Investment account				
Total	8 499	8 499	1 035	1 035

UNAUDITED SUPPLEMENTARY WORKING PAPERS

For the year ended 31 March 2014

■ Working paper 3A Statement of equitable share / voted funds transferred to departments as at 31 March 2014

Vote no	Ap-propriation Act	Funds transferred	Actual Expenditure	Un-authorized Expenditure funded by NRF/PRF Working Paper 5A	Total Actual expenditure	Outstanding Request	Voted funds to be surrendered	Amount received by Provincial Revenue Fund	Funds Over/(Under) Received	Un-authorized expenditure Working Paper 5A
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	80 286 828	80 236 551	78 116 317	6 215	78 110 102	-	2 323 423	-	-	203 189
	1 092 881	1 044 029	1 030 483		1 030 483	-	13 546			-
	1 419 359	1 418 584	1 418 584		1 418 584	-	-			-
	58 458 907	58 458 257	56 401 572		56 401 572	-	2 056 685			-
	6 994 717	6 994 717	6 992 552		6 992 552	-	2 165			-
	5 754 646	5 754 646	5 871 296		5 871 296	-	86 539			203 189
	192 745	192 745	191 727		191 727	-	1 018			-
	6 175 261	6 175 261	6 022 654	6 215	6 016 439	-	152 607			-
	198 312	198 312	187 449		187 449	-	10 863			-
	28 534 999	28 534 999	28 357 988	-	28 357 988	-	189 519	-	-	12 508
	437 217	437 217	440 913		440 913	-	-			3 696
	25 232 266	25 232 266	25 107 057		25 107 057	-	125 209			-
	294 139	294 139	272 468		272 468	-	21 671			-
	829 731	829 731	809 103		809 103	-	29 440			8 812
	1 741 646	1 741 646	1 728 447		1 728 447	-	13 199			-

UNAUDITED SUPPLEMENTARY WORKING PAPERS

For the year ended 31 March 2014

Statement of equitable share / voted funds transferred to departments as at 31 March 2014 (continued)

Vote no	Name of Department	Ap-propriation Act	Funds transferred	Actual Expenditure	Un-authorized Expenditure funded by NRF/PRF Working Paper 5A	Total Actual expenditure	Outstanding Request	Voted funds to be surrendered	Amount received by Provincial Revenue Fund	Funds Over/(Under) Received	Un-authorized expenditure Working Paper 5A
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	Social Services	207 426 445	207 411 379	204 452 802	-	204 452 802	-	2 958 577	-	-	-
	Arts and Culture	2 914 777	2 914 777	2 755 220		2 755 220	-	159 557			-
	Basic Education	17 619 255	17 619 255	17 011 094		17 011 094	-	608 161			-
	Health	30 528 181	30 528 181	29 825 097		29 825 097	-	703 084			-
	Higher Education and Training	34 333 900	34 333 900	34 331 969		34 331 969	-	1 931			-
	Labour	2 445 247	2 445 247	2 371 444		2 371 444	-	73 803			-
	Social Development	118 511 600	118 496 534	117 084 949		117 084 949	-	1 411 585			-
	Sport and Recreation	1 073 485	1 073 485	1 073 029		1 073 029	-	456			-
	S A										
	Justice, Crime Prevention and Security	142 621 572	142 621 572	141 862 733	-	141 862 733	-	758 839	-	-	-
	Correctional Services	18 748 493	18 748 493	18 700 011		18 700 011	-	48 482			-
	Defence and Military	40 658 184	40 658 184	40 447 521		40 447 521	-	210 663			-
	Veterans	216 991	216 991	193 141		193 141	-	23 850			-
	Independent Complaints Directorate	14 206 478	14 206 478	13 730 662		13 730 662	-	475 816			-
	Justice and Constitutional Development	11 138 314	11 138 314	10 662 498		10 662 498	-	475 816			-
	Justice	3 068 164	3 068 164	3 068 164		3 068 164	-	-			-
	NPA	68 791 426	68 791 426	68 791 398		68 791 398	-	28			-
	Police										

UNAUDITED SUPPLEMENTARY WORKING PAPERS

For the year ended 31 March 2014

Statement of equitable share / voted funds transferred to departments as at 31 March 2014 (continued)

Vote no	Name of Department	Ap-propriation Act	Funds transferred	Actual Expenditure	Un-authorized Expenditure funded by NRF/PRF Working Paper 5A	Total Actual expenditure	Outstanding Request	Voted funds to be surrendered	Amount received by Provincial Revenue Fund	Funds Over/(Under) Received	Un-authorized expenditure over Working Paper 5A
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	Economic Services and Infrastructure	130 156 526	130 075 847	129 812 665	-	129 812 665	-	036 278	-	-	773 096
	Agriculture, Forestry and Fisheries	6 182 282	6 182 282	6 111 313		6 111 313	-	70 969			-
	Communications	2 372 117	2 372 117	2 362 786		2 362 786	-	14 072			4 741
	Economic Development	771 466	771 466	771 395		771 395	-	71			-
	Energy	6 503 244	6 503 244	6 477 063		6 477 063	-	26 181			-
	Environmental Affairs	5 206 842	5 206 842	5 200 307		5 200 307	-	6 535			-
	Human Settlements	28 255 456	28 255 456	27 702 988		27 702 988	-	552 468			-
	Minerals Resources	1 393 849	1 393 849	1 387 219		1 387 219	-	6 630			-
	Rural Development and Land Reform	9 459 740	9 459 740	9 454 056		9 454 056	-	5 684			-
	Science and Technology	6 198 155	6 198 155	6 169 489		6 169 489	-	28 666			-
	Tourism	1 520 574	1 520 574	1 512 667		1 512 667	-	7 907			-
	Trade and Industry	9 515 580	9 467 389	9 380 296		9 380 296	-	87 093			-
	Transport	42 401 667	42 401 667	43 036 844		43 036 844	-	133 178			768 355
	Water Affairs	10 375 554	10 343 066	10 246 242		10 246 242	-	96 824			-
	Total	589 026 370	588 880 348	582 602 505	6 215	582 596 290	-	7 266 636	-	-	988 7938

UNAUDITED SUPPLEMENTARY WORKING PAPERS

For the year ended 31 March 2014

■ Working paper 3A Statement of equitable share / voted funds transferred to departments as at 31 March 2013

Vote no	Ap-propriation Act	Funds transferred	Actual Expenditure Excluding Un-authorized Expenditure funded by NRF/PRF	Un-authorized Expenditure funded by NRF/PRF Working Paper 5A	Total Actual expenditure	Out-standing Request	Voted funds to be sur-rendered	Amount received by Provincial Revenue Fund	Funds Over/ (Under) Received	Un-authorized expenditure over Working Paper 5A
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	Name of Department (List per Department)									
		76 029 092	73 888 144	166 371	74 054 515	-	2 440 286	-	-	301 035
	Central Government Administration									
	Presidency	1 061 940	982 066		982 066	-	79 874			-
	Parliament	1 338 305	1 338 305		1 338 305	-	-			-
	Cooperative Governance and Traditional Affairs	54 855 178	53 434 365		53 434 365	-	1 419 116			-
	Home Affairs	5 243 888	5 404 282		5 404 282	-	140 641			301 035
	International Relations and Cooperation	5 271 525	5 185 076		5 185 076	-	86 449			-
	Performance Monitoring and Evaluation	174 159	160 236		160 236	-	13 923			-
	Public Works Women	7 891 248	7 203 925	166 371	7 370 296	-	687 323			-
	Children and People with Disabilities	192 849	179 889		179 889	-	12 960			-

UNAUDITED SUPPLEMENTARY WORKING PAPERS

For the year ended 31 March 2014

Statement of equitable share / voted funds transferred to departments as at 31 March 2013 (continued)

Vote no	Name of Department	Ap-propriation Act	Funds transferred	Actual Expenditure Excluding Un-authorized Expenditure funded by NRF/PRF	Un-authorized Expenditure funded by NRF/PRF Working Paper 5A	Total Actual ex-penditure	Out-standing Request	Voted funds to be sur-rendered	Amount received by Provincial Revenue Fund	Funds Over/ (Under) Received	Un-authorized expenditure over Working Paper 5A
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	Financial and Administrative Services	25 503 847	25 503 847	25 269 201	-	25 269 201	-	234 646	-	-	-
	Government Communications and Information Systems	460 981	460 981	417 769		417 769	-	43 212			-
	National Treasury	21 177 604	21 177 604	21 019 019		21 019 019	-	158 585			-
	Public Enterprise	1 376 758	1 376 758	1 367 049		1 367 049	-	9 709			-
	Public Service and Administration	726 852	726 852	703 712		703 712	-	23 140			-
	Statistics S A	1 761 652	1 761 652	1 761 652		1 761 652	-	-			-
	Social Services	193 866 035	193 856 774	191 227 868	-	191 227 868	-	2 628 906	-	-	-
	Arts and Culture	2 672 470	2 672 470	2 656 471		2 656 471	-	15 999			-
	Basic Education	16 203 994	16 203 994	14 885 883		14 885 883	-	1 318 111			-
	Health	28 057 203	28 057 203	27 898 882		27 898 882	-	158 321			-
	Higher Education and Training	31 586 151	31 586 121	31 582 400		31 582 400	-	3 721			-
	Labour	2 139 566	2 139 566	2 034 572		2 034 572	-	104 994			-
	Social Development	112 143 552	112 134 321	111 115 576		111 115 576	-	1 018 745			-
	Sport and Recreation S A	1 063 099	1 063 099	1 054 084		1 054 084	-	9 015			-

UNAUDITED SUPPLEMENTARY WORKING PAPERS

For the year ended 31 March 2014

Statement of equitable share / voted funds transferred to departments as at 31 March 2013 (continued)

Vote no	Name of Department	Ap-propriation Act	Funds transferred	Actual Expenditure Excluding Un-authorized expenditure funded by NRF/PRF	Un-authorized Expenditure funded by NRF/PRF Working Paper 5A	Total Actual expenditure	Out-standing Request	Voted funds to be sur-rendered	Amount received by Provincial Revenue Fund	Funds Over/ (Under) Received	Un-authorized over expenditure Working Paper 5A
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	Justice, Crime Prevention and Security	132 196 828	132 196 828	131 364 224	-	131 364 224	0	832 604	-	-	-
	Correctional Services	17 700 283	17 700 283	17 313 554		17 313 554	-	386 729			-
	Defence and Military Veterans	37 888 542	37 888 542	37 702 218		37 702 218	-	186 324			-
	Independent Complaints Directorate	197 898	197 898	171 449		171 449	-	26 449			-
	Justice and Constitutional Development	13 021 416	13 021 416	13 020 410	-	13 020 410	-	1 006			-
	Justice	10 181 592	10 181 592	10 180 586		10 180 586	-	1 006			-
	NPA	2 839 824	2 839 824	2 839 824		2 839 824	-	-			-
	Police	63 388 689	63 388 689	63 156 593		63 156 593	-	232 096			-

UNAUDITED SUPPLEMENTARY WORKING PAPERS

For the year ended 31 March 2014

Statement of equitable share / voted funds transferred to departments as at 31 March 2013 (continued)

Vote no	Name of Department	Ap-propriation Act	Funds transferred	Actual Expenditure Excluding Un-authorized Expenditure funded by NRF/PRF	Un-authorized Expenditure funded by NRF/PRF Working Paper 5A	Total Actual expenditure	Out-standing Request	Voted funds to be sur-rendered	Amount received by Provincial Revenue Fund	Funds Over/ (Under) Received	Un-authorized expenditure over Working Paper 5A
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	Economic Services and Infrastructure	118 782 920	118 710 505	116 897 467	-	116 897 467	9 474	1 822 512	-	-	-
	Agriculture, Forestry and Fisheries	5 868 927	5 868 927	5 813 233		5 813 233	-	55			-
	Communications	1 655 024	1 655 024	1 651 211		1 651 211	-	3 813			-
	Economic Development	696 518	663 999	673 473		673 473	9 474	-			-
	Energy	6 734 478	6 734 478	6 658 984		6 658 984	-	75 494			-
	Environmental Affairs	5 175 321	5 175 321	4 942 661		4 942 661	-	232 660			-
	Human Settlements	25 137 805	25 137 805	24 463 271		24 463 271	-	674 534			-
	Minerals Resources	1 175 533	1 175 533	1 173 642		1 173 642	-	1 891			-
	Rural Development and Land Reform	8 974 085	8 974 085	8 919 567		8 919 567	-	54 518			-
	Science and Technology	4 999 610	4 999 610	4 973 315		4 973 315	-	26 295			-
	Tourism	1 374 143	1 374 143	1 371 959		1 371 959	-	2 184			-
	Trade and Industry	8 351 086	8 311 190	8 286 428		8 286 428	-	24 762			-
	Transport	39 647 228	39 647 228	39 328 215		39 328 215	-	319 013			-
	Water Affairs	8 993 162	8 993 162	8 641 508		8 641 508	-	351 654			-
	Total	546 378 722	546 295 349	538 646 904	166 371	538 813 275	9 474	7 958 954	-	-	301 035

UNAUDITED SUPPLEMENTARY WORKING PAPERS

For the year ended 31 March 2014

■ Working paper 3B Statement of equitable share / statutory funds transferred to departments as at 31 March 2014

Vote no	Name of Department	Appropriation Act	Funds Transferred	Actual Expenditure	Outstanding request	Voted funds to be surrendered	Funds Over/ (Under) received
		R'000	R'000	R'000	R'000	R'000	R'000
	Presidency	2 804	2 804	2 623	-	181	
	Parliament	453 779	453 779	453 779	-	-	
	National Treasury						
	Provinces	338 936 817	338 936 817	338 936 817	-	-	
	General Fuel Levy	9 613 360	9 613 360	9 613 360	-	-	
	State Debt Cost						
	Interest	100 374 500	100 390 077	101 090 261	700 184	-	
	Management	60 000	47 727	47 733	6	-	
	Cost of raising loans	50 000	13 772 697	13 772 697	-	-	
	Higher Education and Training	12 300 000	12 090 186	12 090 186			
	Justice and Constitutional Development	2 575 723	2 575 723	2 298 637	-	277 086	
	Total	464 366 983	477 883 170	478 306 093	700 190	277 267	-

UNAUDITED SUPPLEMENTARY WORKING PAPERS

For the year ended 31 March 2014

■ Working paper 3B
Statement of equitable share / statutory funds transferred to departments as at 31 March 2013

Vote no	Name of Department	Appropriation Act	Funds Transferred	Actual Expenditure	Outstanding request	Voted funds to be surrendered	Funds Over/ (Under) received
		R'000	R'000	R'000	R'000	R'000	R'000
	Presidency	2 658	2 658	2 623	-	35	
	Parliament	430 122	430 122	430 122	-	-	
	National Treasury						
	Provinces	313 015 798	313 015 798	313 015 798	-	-	
	General Fuel Levy	9 039 687	9 039 687	9 039 687	-	-	
	State Debt Cost						
	Interest	88 684 487	88 216 382	88 063 292	-	153 090	
	Management	60 000	71 639	44 060	-	27 579	
	Cost of raising loans	50 000	11 394 102	11 386 524	-	7 578	
	Higher Education and Training	11 400 000	11 694 493	11 694 493	-	-	
	Justice and Constitutional Development	2 401 870	2 401 870	2 059 587	-	342 283	
	Total	425 084 622	436 266 751	435 736 186	-	530 565	-

UNAUDITED SUPPLEMENTARY WORKING PAPERS

For the year ended 31 March 2014

■ Working paper 3C

Statement of own funds appropriated as at 31 March 2014

Not applicable to NRF.

■ Working paper 3D

Statement of CARA receipts

	2013/14		2012/13	
	Amount Received	Amount Received by Revenue Fund	Amount Received	Amount Received by Revenue Fund
Non-operating Income Items	R'000	R'000	R'000	R'000
Criminal Assets Recovery Account	140 766	140 766	35 341	35 341
Total	140 766	140 766	35 341	35 341

UNAUDITED SUPPLEMENTARY WORKING PAPERS

For the year ended 31 March 2014

Working paper 4A

Statement of voted funds surrendered for previous appropriations

Name of Department (List per Department)	2013/14		2012/13	
	Appropriated funds/ Equitable Share R'000	Conditional Grants R'000	Appropriated funds/ Equitable Share R'000	Conditional Grants R'000
Central Government Administration	2 440 318		1 132 258	
Presidency	79 909		26 703	
Cooperative Governance and Traditional Affairs	1 419 116		-	
Home Affairs	140 640		202 323	
International Relations and Cooperation	86 447		131 564	
Performance Monitoring and Evaluation	13 923		3 360	
Public Works	687 323		768 308	
Women Children and People with Disabilities	12 960		-	
Financial and Administrative Services	255 190		2 593 267	
Government Communications and Information Systems	63 757		19 477	
National Treasury	158 584		2 477 423	
Public Enterprise	9 709		7 227	
Public Service and Administration	23 140		43 534	
Statistics S A	-		45 606	
Social Services	2 628 904		2 527 807	
Arts and Culture	15 999		131 101	
Basic Education	1 318 110		1 179 550	
Health	158 321		255 128	
Higher Education and Training	3 721		87 652	
Labour	104 994		10 260	
Social Development	1 018 744		853 859	
Sport and Recreation S A	9 015		10 257	
Justice, Crime Prevention and Security	1 174 886		1 119 582	
Correctional Services	386 729		410 124	
Defence and Military Veterans	186 324		17 651	
Independent Police Investigative Directorate	26 449		2	
Justice	343 288		74 389	
Police	232 096		617 416	

UNAUDITED SUPPLEMENTARY WORKING PAPERS

For the year ended 31 March 2014

Name of Department (List per Department)	2013/14		2012/13	
	Appropriated funds/ Equitable Share	Conditional Grants	Appropriated funds/ Equitable Share	Conditional Grants
	R'000	R'000	R'000	R'000
Economic Services and Infrastructure	1 943 506		1 913 849	
Agriculture, Forestry and Fisheries	55 694		36 175	
Communications	3 813		210 911	
Economic Development	-		5 906	
Energy	75 494		26 648	
Environmental Affairs	232 660		16 260	
Human Settlements	674 534		226 619	
Minerals Resources	1 891		9 532	
Rural Development and Land Reform	54 518		138 971	
Science and Technology	26 295		3 531	
Tourism	2 184		14 739	
Trade and Industry	24 756		40 256	
Transport	319 013		320 889	
Water Affairs	351 654		863 412	
ALM	121 000			
Received in excess			-12 855	
Total	8 442 804	-	9 273 908	

UNAUDITED SUPPLEMENTARY WORKING PAPERS

For the year ended 31 March 2014

Working paper 4B

Statement of other surrenders

Name of Department	2013/14	2012/13
	Amount Surrendered	Amount Surrendered
	R'000	R'000
Other Surrenders	896 586	130 138
Parliament	48 845	52 064
DIRCO	-	11 069
Palama	1 491	6 758
OPSC	41	6 632
Higher Education	1	38 330
Energy EDIH Programme closed	-	387 618
Re-allocated to extra ordinary Energy EDIH Programme	-	-387 618
Basic Education	-	2 406
Science and Technology in Excess 2011/12	-	24
Various received in excess	13	12 855
Transport (RAF)	48 233	-
Human Settlement-Housing Development Agency	25 497	-
Military Veterans	20	-
Communication-Broadband	622 442	-
Human Settlement-National Housing Finance Corporation	150 000	-
Public Works	3	-
Conditional Grants	1 416 354	1 199 730
Higher Education	-	6 100
National Treasury - Zululand	-	2 792
National Treasury - Western Cape	6 068	-
Basic Education Gauteng	8 567	14 866
Basic Education-Free State	7704	-
Basic Education-Limpopo	30 619	-
Basic Education-Eastern Cape	16 664	-
Basic Education-KZN	5 916	-
Basic Education-Northern Cape	3 151	-
Basic Education-Western Cape	6 070	-
Health-Limpopo	63 152	-
Health-Northern Cape	108 111	39 594
Health	-	194 654
Health-Free State	192 360	-
Health-Kwazulu Natal	-	-
Health-Western Cape	-	-
Health-Eastern Cape	54 299	-
Health-Gauteng	328 863	-

UNAUDITED SUPPLEMENTARY WORKING PAPERS

For the year ended 31 March 2014

Name of Department	2013/14	2012/13
	Amount Surrendered	Amount Surrendered
	R'000	R'000
Human Settlement-Western Cape	-	-
Human Settlement-Free State	16 196	-
Human Settlement	-	133 054
Human Settlement - Gauteng	2 167	36
Human Settlement - Eastern Cape	5 870	-
Human Settlement - Limpopo	402 395	-
Human Settlement KZN	62	-
Human Settlement Mpumalanga	12 062	-
Sports and Recreation: Western Cape	-	-
Sports and Recreation: Eastern Cape	-	3 553
Sports and Recreation: Gauteng	-	-
Human Settlement - Eastern Cape	-	324 277
Basic Education	-	11 014
Basic Education-Kwazulu Natal	-	-
Arts & Culture	1	17 088
Public Works - Eastern Cape	1 504	15 452
Basic Education-western Cape	-	-
Arts & Culture :Limpopo	21 894	-
Arts & Culture :Free State	3 108	-
Arts & Culture: Eastern Cape	11 971	13 242
Arts & Culture: Gauteng	875	-
Arts & Culture: Western Cape	1 680	-
Public Works: Free State	10 691	-
Public Works:	-	391 330
Public Works: Limpopo	39 486	-
Public Works: Mpumalanga	1 120	-
Public Works:KZN	17 728	-
Public Works: Western Cape	160	-
Sports and Recreation Northern Cape	-	2 540
Sports and Recreation	-	97
Sports and Recreation: Eastern Cape	383	-
Sports and Recreation: Limpopo	4 020	6 832
Sports and Recreation: Free State	2	-
Sports and Recreation: Gauteng	7	-
Public Works: Free State Province	-	4 233
Higher Education: Limpopo	802	-
Higher Education: Gauteng	1 393	18 976
Higher Education: Eastern Cape	13 693	-
Higher Education: Free State	15 540	-
REFUNDS	(10)	-
Refund Arts and Culture	-1	-
Refund Higher Education Eastern Cape	-9	-

UNAUDITED SUPPLEMENTARY WORKING PAPERS

For the year ended 31 March 2014

Name of Department	2013/14	2012/13
	Amount Surrendered	Amount Surrendered
	R'000	R'000
Cash Received	2 312 930	1 329 868
Local Government surrender	20 000	-
Total	2 332 930	1 329 868

Working paper 4C

Statement of other revenue received

Name of Department	2013/14		2012/13	
	Amount to be Received	Amount Received by Revenue Fund	Amount to be Received	Amount Received by Revenue Fund
	R'000	R'000	R'000	R'000
Department of Mineral Resources: Mineral Royalties		4 293		5 551
Department of Communication: ICASA		1 305 289		150
Department of Communication: Telkom		381 560		-
Total	-	1 691 142	-	5 701

Working paper 4D

Statement of amounts transferred to departments for previous appropriated funds

Name of Department	2013/14		2012/13	
	Voted Funds	Amount Transferred	Voted Funds	Amount Transferred
	R'000	R'000	R'000	R'000
Presidency	-	-	173	173
Cooperative Governance and Traditional Affairs	-	-	5 383	5 383
ALM	-	-	54 998	54 998
Independent Complaints Directorate	-	-	510	510
Higher Education	-	-	38 330	38 330
2004/05	-	-	192	192
Presidency 2010/11	-	-	-	-
Economic Development	9 474	9 474	-	-
Total	9 474	9 474	99 586	99 586

UNAUDITED SUPPLEMENTARY WORKING PAPERS

For the year ended 31 March 2014

■ Working paper 4E

Statement of other expenditure

Not applicable to NRF.

■ Working paper 4F

Statement of appropriated funds not received from National Government

Name of Department (List per National Department)	2013/14	2012/13
	Amount Received	Amount Received
	R'000	R'000
Public Works	-	17
Science and Technology	-	23
Trade and Industry	-	387
Total	-	427

■ Working paper 4G

Statement of other receivables

Name of Department / Entity	2013/14		2012/13	
	Amount to be received	Amount Received	Amount to be received	Amount Received
	R'000	R'000	R'000	R'000
SARS income in transit	94 675	-	-	135 534
By SARS to RAF	-	40 495	40 495	-
Local government surrender	20 000	-	-	-
Total	114 675	40 495	40 495	135 534

UNAUDITED SUPPLEMENTARY WORKING PAPERS

For the year ended 31 March 2014

■ Working paper 4H

Statement of other funds transferred to National Government

Not applicable to NRF.

UNAUDITED SUPPLEMENTARY WORKING PAPERS

For the year ended 31 March 2014

■ Working paper 4I Statement of other payables/receivables

Name of Department / Entity	2013/14		2012/13			
	Amount to be Paid R'000	Payable Amount Paid R'000	Receivable Amount Paid R'000	Amount Paid/ (Received) Appropriated by National Government R'000	Amount Paid to be Paid R'000	Amount Paid/ (Received) Appropriated by National Government R'000
Income in transit - SARS	(127 697)				127 697	-
By SARS to RAF	310 759				(256 612)	-
RDP incorrectly paid to NRF (Higher Education)					132	132
Refund : Trade and Industry						75
Refund Rural Development (2008/09)						4 760
Refund of excess surrender 2002/03 : Justice						40 129
Refund of excess surrender 2006/07 : Justice						2 333
Refund of excess surrender 2007/08 : Justice						430
Refund Departmental Revenue: IPID 2007/08						408
Total	183 062	-	-	-	(128 915)	47 859
						408

UNAUDITED SUPPLEMENTARY WORKING PAPERS

For the year ended 31 March 2014

■ Working paper 5 Statement of appropriation for unauthorised expenditure as at 31 March 2013

		Unauthorised approved by Finance Act							
		With Funding				Without Funding			
Finance Act No	Financial Year	Amount Approved by NRF/PRF R'000	Amount Transferred R'000	Amount Approved by NRF/PRF Not funded by NRF/PRF R'000	Amount Transferred R'000	Amount Approved by NRF/PRF Not funded by NRF/PRF R'000	Amount Approved by NRF/PRF R'000	Amount Cancelled by NRF	
Name of Department		R'000	R'000	R'000	R'000	R'000	R'000		
Defence	2012	-	-	40 292	40 292	-	-	-	
Defence	2012	20 625	20 625	-	-	-	-	-	
Total		20 625	20 625	40 292	40 292	-	-	-	

UNAUDITED SUPPLEMENTARY WORKING PAPERS

For the year ended 31 March 2014

■ Working paper 5A Statement of appropriation for unauthorised expenditure as at 31 March 2014

Name of Department (List per Department per cluster)	Unauthorised Reported		Unauthorised funded by NRF/PRF Surrendered by departments
	Not funded by NRF/PRF (Exceeding of vote) From Working Paper 1, 3A & 3B	Funded by NRF/PRF	
	R'000	R'000	R'000
Public Works	-	6 215	166 371
International Relations	203 189	-	-
GCIS	3 696	-	-
Transport	768 355	-	-
Communication	4 741	-	-
DPSA	8 812	-	-
Total	988 793	6 215	166 371

UNAUDITED SUPPLEMENTARY WORKING PAPERS

For the year ended 31 March 2014

■ Working paper 5A Statement of appropriation for unauthorised expenditure as at 31 March 2013

Name of Department	Unauthorised Reported		Unauthorised funded by NRF/PRF Surrendered by departments	
	NRF/PRF (Exceeding of vote) From Working Paper 1 & 3A	Funded by NRF/PRF	Financial Year	Amount
	R'000	R'000	R'000	R'000
Public Works	-	-	-	24 587
Home Affairs	301 035	-	-	-
Public Works	-	166 371	-	-
Total	301 035	166 371	-	24 587

UNAUDITED SUPPLEMENTARY WORKING PAPERS

For the year ended 31 March 2014

■ Working paper 5B Statement of CARA payments

Name of Department	Financial Year	2013/14		2012/13	
		Amount Approved	Amount transferred by Revenue Fund	Amount Approved	Amount transferred by Revenue Fund
Criminal Assets Recovery Account		R'000 45 628	R'000 45 628	R'000 157 827	R'000 157 827
Total		45 628	45 628	157 827	157 827

UNAUDITED SUPPLEMENTARY WORKING PAPERS

For the year ended 31 March 2014

■ Working paper 6

Statement of other expenditure in terms of an Act of Parliament (with funding)

Not applicable to NRF.

■ Working paper 7

Statement of direct exchequer payments

	2013/14		2012/13	
	Amount to be Transferred	Amount Transferred by Revenue Fund	Amount to be Transferred	Amount Transferred by Revenue Fund
	R'000	R'000	R'000	R'000
Direct Exchequer Payments				
Revenue Fund Payments:				
GEFECRA	28 108	28 108	152 486	152 486
Direct Exchequer Payment: loss on exchange rate	-	-	262 130	262 130
Premium Paid	-	-	2 171 616	2 171 616
Exchange Rate Loss: Escrow Account	-	-	965	965
Extra Ordinary Payment: Saambou Bank Limited	31 000	31 000	-	-
Direct Exchequer Payment: Premium paid	455 727	455 727	-	-
Total	514 835	514 835	2 587 197	2 587 197

■ Working paper 8

Statement of Local and Foreign aid assistance receivable/payable

Not applicable to NRF.

■ Working paper 9

Statement of RDP funds due prior to amendment Act no. 79 of 1998

Not applicable to NRF.

UNAUDITED SUPPLEMENTARY WORKING PAPERS

For the year ended 31 March 2014

Working paper 10

Statement of foreign exchange revaluation

Foreign Exchange Revaluation/Non-cash movement items	2013/14	2012/13
	Amount	Amount
	R'000	R'000
Foreign revaluation (Recon statement 15)	(32 551 064)	(41 741 179)
Balancing of roundings	(1)	(1)
Non cash item		
ALM - Movement on Paymaster General Account	(1 179)	(63 248)
Increase/(decrease) in Investments	18 881 839	17 301 652
(Increase)/decrease in Multi-Lateral Institutions	(17 207 002)	(16 587 516)
Revaluation Exchequer Investments (Foreign and Escrow)	4 852 133	13 246 163
Total	(26 025 274)	(27 844 127)

Working paper 11A

Statement of current investments

Not applicable to NRF.

Working paper 11B

Statement of non-current investments

Investee	2013/14			2012/13		
	Do- mestic	Foreign	Total	Do- mestic	Foreign	Total
	R'000	R'000	R'000	R'000	R'000	R'000
International Finance Corporation		184 269	184 269		160 209	160 209
International Bank for Reconstruction and Development		20 649 269	20 649 269		16 955 624	16 955 624
Multilateral Investment Guarantee Agency		190 244	190 244		165 404	165 404
African Development Bank		40 864 749	40 864 749		35 134 126	35 134 126
International Monetary Fund quota subscription		30 552 777	30 552 777		25 745 314	25 745 314
International Monetary Fund SDR Holding		29 239 414	29 239 414		24 638 206	24 638 206
Total	-	121 680 722	121 680 722	-	102 798 883	102 798 883

UNAUDITED SUPPLEMENTARY WORKING PAPERS

For the year ended 31 March 2014

Working paper 12A

Statement of domestic borrowings as at 31 March 2014

	Opening balance as at 1 April 2013	Issued	Repaid	Closing balance as at 31 March 2014	
				Total	Non-current
Borrowings	R'000	R'000	R'000	R'000	R'000
Opening Balance					
Domestic					
Domestic long-term bonds, debentures and other loans	1 016 884 027	194 986 323	4 829 062	1 207 041 288	1 207 041 287
Transfer to short-term	(42 711 103)			(42 711 103)	(42 711 103)
Revaluation of inflation bonds	16 297 463	30 375 263	16 297 463	30 375 263	30 375 264
Domestic short-term bonds, debentures and other loans	207 607 469	666 854 642	660 433 968	214 025 143	-
Transfer from long-term	42 711 103	(10 553 571)	23 370	32 134 162	-
Revaluation of inflation bonds/ Difference	-			-	
Rounding					
Total	1 240 785 959	881 662 657	681 583 863	1 440 864 753	1 194 705 448

UNAUDITED SUPPLEMENTARY WORKING PAPERS

For the year ended 31 March 2014

■ Working paper 12A Statement of domestic borrowings as at 31 March 2013

	Opening balance as at 1 April 2012		Issued R'000	Repaid R'000	Closing balance as at 31 March 2013	
	R'000	R'000			Total R'000	Current R'000
Borrowings						
Opening Balance						
Domestic						
Domestic long-term bonds, debentures and other loans	868 879 645		184 649 786	4 687 916	1 048 841 515	1 048 841 515
Transfer to short-term	(31 957 487)		-	-	(31 957 487)	(31 957 487)
Revaluation of inflation bonds	7 426 322		16 297 463	7 426 322	16 297 463	16 297 463
	-				-	
Domestic short-term bonds, debentures and other loans	187 554 660		634 360 095	630 937 910	190 976 845	-
Transfer from long-term	31 957 487		(15 317 001)	(12 863)	16 627 623	-
Revaluation of inflation bonds/Difference	6 656 584		-	6 656 584	-	-
Foreign Loans						
Total	1 070 517 211		819 990 343	649 721 595	1 240 785 959	1 033 181 489
					207 604 468	

UNAUDITED SUPPLEMENTARY WORKING PAPERS

For the year ended 31 March 2014

■ Working paper 12B Statement of foreign borrowings as at 31 March 2014

	Opening balance as at 1 April 2013	Issued	Repaid	Closing balance as at 31 March 2014		
				Total	Current	Non-current
Borrowings	R'000	R'000	R'000	R'000	R'000	R'000
Opening Balance	22 079 686	4 236 117	15 417 446	10 898 357	10 898 357	-
Loans	10 637 500	-	10 637 500	-	-	-
Transfer from long-term	7 087 267	-	425 027	6 662 240	6 662 240	-
Revaluation	4 354 919	4 236 117	4 354 919	4 236 117	4 236 117	-
Loans	102 475 722	56 846 282	26 561 154	132 760 850	-	132 760 850
Transfer to short-term	85 515 777	19 933 700	2 513 942	102 935 535	-	102 935 535
Revaluation	(7 087 267)	-	-	(7 087 267)	-	(7 087 267)
	24 047 212	36 912 582	24 047 212	36 912 582	-	36 912 582
Total	124 555 408	61 082 399	41 978 600	143 659 207	10 898 357	132 760 850

UNAUDITED SUPPLEMENTARY WORKING PAPERS

For the year ended 31 March 2014

■ Working paper 13 Statement of multi-lateral institutions

	2013/14		2012/13
	Amount R'000	Current Year Increase R'000	Current Year Decrease R'000
Opening Balance			
IMF-Securities Account	29 503 479		25 719 744
IMF-SDR Allocations	29 194 216		24 600 521
International Bank for Reconstruction and Development	19 406 570		15 935 033
Multi- Lateral investment Guarantee Agency	154 129		134 005
African Development Bank	38 062 677		32 724 766
Rounding			
Total	116 321 071	-	99 114 069

UNAUDITED SUPPLEMENTARY WORKING PAPERS

For the year ended 31 March 2014

■ Working paper 14

Statement of proceeds from the sale of investments

Not applicable to NRF.

■ Working paper 15

Statement of other investing activities

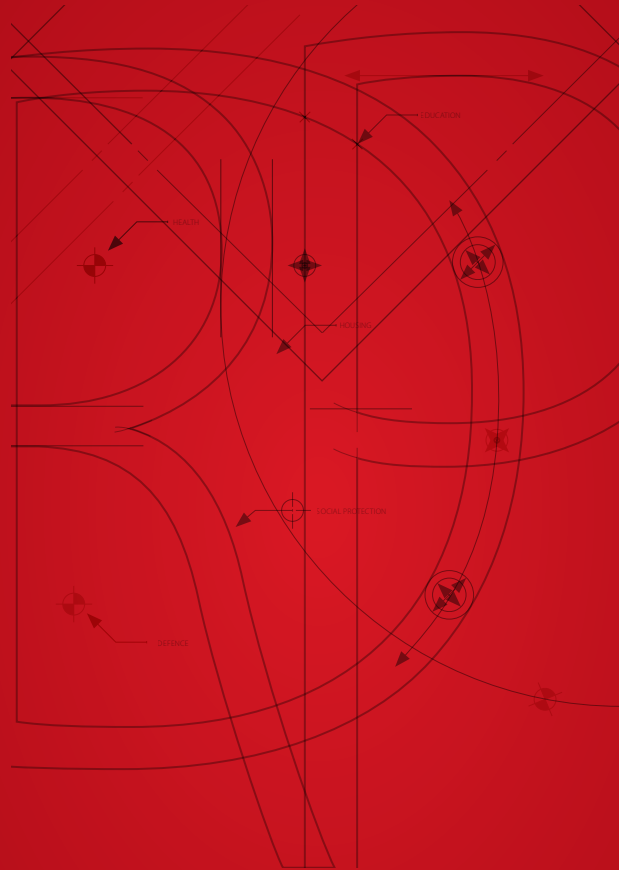
Not applicable to NRF.

UNAUDITED SUPPLEMENTARY WORKING PAPERS

For the year ended 31 March 2014

■ Working paper 16 Statement of changes in borrowings

	2013/14				2012/13			
	Received	Paid	Increase/ Decrease		Received	Paid	Increase/ Decrease	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Other financing activities								
Treasury Bills	417 181 391	397 051 407	20 129 984		374 714 653	361 385 565	13 329 088	
IGCC	226 735 535	229 562 984	2 827 449			164 041	(164 041)	
Bonds	196 629 369	34 033 927	162 595 443		174 576 024	36 704 241	137 871 783	
Loan Deposit	1 245 698	-	1 245 698		-	-	-	
Foreign Loans	19 982 754	19 195 716	787 038		-	14 865 795	(24)	
State Debt								(14 865 795)
Armaments Purchases: Export credit loans	-	-	-		60 570	-	60 570	
Payment to Section 239 of the Constitution - Redemption of State Debt	-	954 038	(954 038)		-	-	-	
Reversal of Revaluation of exchequer investments (Foreign and Escrow)	4 850 954	-	4 850 954		13 182 915	-	13 182 915	
Rounding						2	(2)	
Total	866 625 701	680 798 072	191 482 527		562 534 162	413 119 668	149 414 494	



CONSOLIDATED FINANCIAL STATEMENTS

Annual financial statements for the year ended 31 March 2014

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national treasury
Department:
National Treasury
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