



# CONSOLIDATED FINANCIAL STATEMENTS

2015

Annual financial statements  
for the year ended 31 March 2015



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA



**Published by National Treasury**

Private Bag X115, Pretoria, 0001, South Africa  
Tel: +27 12 395 6697, Fax: +27 12 315 5126

**Consolidated Financial Statements**

Annual Financial Statements 31 March 2015  
is also available on [www.treasury.gov.za](http://www.treasury.gov.za)

**Editorial coordination and layout:**

National Treasury Communications Chief Directorate  
ISBN: 978-0-621-44109-3 | RP: 296/2015

# CONSOLIDATED FINANCIAL STATEMENTS

2015

Annual financial statements  
for the year ended 31 March 2015



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA



# CONSOLIDATED FINANCIAL STATEMENTS

2015

Annual financial statements  
for the year ended 31 March 2015

## CONTENTS

---

### Accounting officer's approval and review

Accounting Officer's Approval.....	1
Accounting Officer's Review .....	2

---

### Departments Consolidated Financial Statements

Executive Summary.....	9
Review of Operating Results .....	13
Report of the Auditor-General: Departments .....	47
Consolidated Statement of Financial Performance .....	50
Consolidated Statement of Financial Position .....	51
Consolidated Statement of Changes in Net Assets.....	52
Consolidated Cash Flow Statement .....	53
Accounting Policies.....	54
Notes to the Consolidated Financial Statements.....	64
Unaudited Supplementary Segment Reports .....	121
Annexure: Names of Government Departments.....	129

---

### Public Entities' Consolidated Financial Statements

Review of Operating Results .....	133
Report of the Auditor-General: Public Entities .....	161
Annexures to the Consolidated Financial Statements .....	165
Statement of Financial Performance .....	172
Statement of Financial Position .....	174
Statement of Changes in Net Assets.....	176
Consolidated Cash Flow Statement .....	178
Group Accounting Policies.....	180
Notes to the Consolidated Financial Statements.....	199

---

### National Revenue Fund's Financial Statements

Accounting Officer's Approval.....	245
Accounting Officer's Review .....	246
Executive Summary.....	248
Review of Operating Results .....	249
Report of the Auditor-General: National Revenue Fund.....	257
Statement of Accounting Policies and related matters .....	259
Statement of Financial Performance .....	265
Statement of Financial Position .....	266
Statement of changes in Net Assets.....	267
Cash Flow Statement .....	268
Notes to the Annual Financial Statements.....	269
Disclosure Notes to the Annual Financial Statements.....	277
Unaudited Supplementary Working Papers .....	285

---

# ACCOUNTING OFFICER'S APPROVAL AND REVIEW

## CONSOLIDATED FINANCIAL STATEMENTS

2015

Annual financial statements  
for the year ended 31 March 2015



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

# ACCOUNTING OFFICER'S APPROVAL

For the year ended 31 March 2015

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 28 October 2015.



Lungisa Fuzile  
**Director-General**  
Accounting Officer



Jayce Nair  
**Acting-Accountant-General**

# ACCOUNTING OFFICER'S REVIEW

For the year ended 31 March 2015

## 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 tables 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 2015 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 Annual Financial Statements (AFS) for national departments and public entities. Due to the significantly different accounting bases being applied by departments and entities (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. The CFS are 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 2015 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.

In 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 2015

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 considered the 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 issued for comment by interested parties including auditors, preparers of AFS, standard setters, public sector consultants and individuals in April 2012. The Office of the Accountant General (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 standard was re-issued for comments in November 2014, comments provided by departments were considered in updating the standard which was applied in the 2014/15 financial year. The National Treasury, will again, consider the 2014/15 audit outcomes to determine if updates and additional guidance is required in the MCS.

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 32 standards that are effective as approved by the Minister of Finance. Five (5) 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 2015. The effective standards are GRAP 1-14, 16, 17, 19, 21, 23-27, 31, 100, 103, 104 and 105. The standards that were issued but not yet effective are GRAP 32, 105, 106, 107 and 108. 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 therefore 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 2015

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 paragraph 18.2 of the Treasury Regulations. 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 controlling 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 2015

## Treatment of Government Business Enterprise (GBE's)

The National Treasury currently adheres to guidance provided in IPSAS 6 which assists with determining whether the National Treasury is able to exert control over the GBE's. Based on the criteria provided in this standard for control, the National Treasury believes that GBE's are controlled by government and are therefore consolidated in full.

During the 2014/15 financial year, the International Public Sector Accounting Standards Board (IPSASB) issued IPSAS's 34-38, which replaced IPSAS's 6-8, as part of their commitment to improve Public Sector Accounting and Reporting. In terms of the newly issued IPSAS 35, entities will not be allowed to account for controlled entities as financial instruments if control was intended to be temporary. Temporarily controlled entities would only be consolidated if they are deemed to be controlled by the government in accordance with the requirements of the new IPSAS 35.

## 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 Office of the Accountant General (OAG) developed an inter-entity elimination template that each entity completes, authorises and then submits to the National Treasury.

## Process

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

The responsibility for the integrity and objectivity of the accompanying CFS for the year ended 31 March 2015, and all information contained in this report rests with the 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 2015.

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.

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.

## ACCOUNTING OFFICER'S REVIEW

For the year ended 31 March 2015

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 2013/14 financial year. During the 2014/15 financial year, the National Treasury further welcomed any comments or concerns raised by the entities on the 2013/14 template. Improvements were then made to this Excel template for the 2014/15 consolidation based on the comments received from entities.

The Auditor General of South Africa's (AGSA's) 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 2014/15.**

# EXECUTIVE SUMMARY

## CONSOLIDATED FINANCIAL STATEMENTS

2015

Annual financial statements  
for the year ended 31 March 2015



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA



## EXECUTIVE SUMMARY

For the year ended 31 March 2015

In the financial year under review, the global economy remained unsteady. Some advanced economies have returned to growth whilst others continue to lag behind. South Africa's economy continued to grow, but more slowly than projected a year ago.

For 2014/15 GDP growth was expected at 2.7% and subsequently revised to 2.5% in October due to slower growth. Consumer price inflation peaked at 6.6% in June 2014. It has subsequently declined to just 4.4%, and is expected to average 4.3% in 2015, laying the foundation for economic growth. Therefore GDP growth is expected to rise to 3% by 2017. Slower economic growth is estimated to result in a consolidated deficit of 3.9% of GDP in 2014/15. As economic growth strengthens and with implementation of key features highlighted in the Medium Term Budget Policy Statement of the budget framework for 2015/16 government will reduce the budget deficit to 2.5% in 2017/18.

During the 2015/16 Budget speech, Minister Nhlanhla Nene stated that the revised estimated National budget revenue was expected to be R1 091 billion and the revised estimated National budget expenditure was R1 243 billion. The actual revenue collected by the South African Revenue Services (SARS) was R1 029 billion and actual national expenditure for 2014/15 was R1 131 billion.

The 2014/15 budget was tabled within the framework of the National Development Plan (NDP) which sets out an integrated strategy for accelerating growth, reducing poverty and inequality and raising employment and investment. The South African economy needs to grow at a rate of 5% a year or more in order to make more rapid progress in creating jobs and reducing poverty,. Therefore to achieve this and to establish a growth path government undertook a wide range of initiatives including:

- Accelerated public infrastructure investment
- New spatial plans for cities, improved public transport and upgrading informal settlements,
- Support for special economic zones and manufacturing incentives in the Industrial Policy Action Plan,
- Tax incentive to encourage youth employment,
- Further expansion of public works programmes,
- Renewed focus on accountability and quality in education,
- Phasing-in of National Health Insurance,
- Further investment in renewable energy and support for the transition to a low-carbon economy,
- Steps to professionalise the public service and overhaul procurement and supply chain management.

In responding to low economic growth, government allowed for continued expenditure growth and a wider budget deficit to cushion the economy from a potential hard landing, resulting in an increased debt burden on the state. Fiscal rebalancing has included cost containment measures and intensified efforts to improve efficiency in expenditure. These measures are yielding positive results.

For a detailed analysis and interpretation of actual revenue, spending and borrowing for 2014/15, refer to review of the operating results.





# REVIEW OF OPERATING RESULTS

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

## CONSOLIDATED FINANCIAL STATEMENTS

2015

Annual financial statements  
for the year ended 31 March 2015



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA



# REVIEW OF OPERATING RESULTS

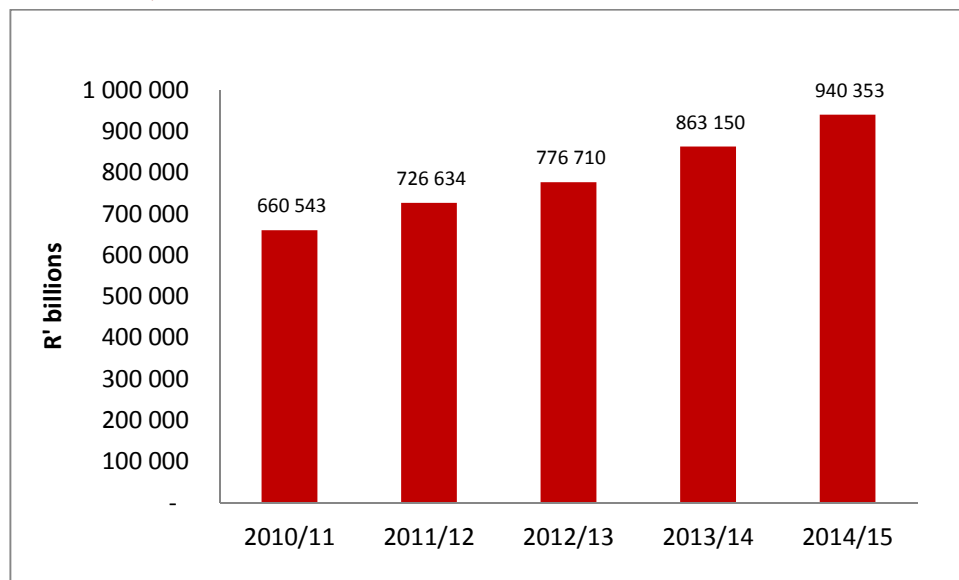
For the year ended 31 March 2015

## ■ Total revenue

Year ended 31 March R'million	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15
Taxes, Levies & Duties	660 543	726 634	776 710	863 150	940 353
Departmental revenue	8 483	13 514	11 194	21 321	23 604
Local & foreign aid assist	-	1 827	2 210	1 928	2 129
Other	10 979	8 601	16 417	5 061	4 745
<b>Total revenue</b>	<b>680 005</b>	<b>750 576</b>	<b>806 531</b>	<b>891 460</b>	<b>970 831</b>
	<b>14%</b>	<b>10%</b>	<b>7%</b>	<b>11%</b>	<b>9%</b>

Total revenue increased by 9% in 2014/15 against an increase of 11% in the preceding year. This is still a robust increase given lowered economic growth outlooks. The bulk of the income, in the form of taxes, levies and duties, is collected by the South African Revenue Service (SARS). Other sources of income include departmental revenue and aid assistance. SARS collected a total of R1 029 billion in taxes but only paid R940 billion to the National Revenue Fund (NRF). The difference between the total of taxes collected and the net revenue surrendered to the NRF is made up of transfers of ring-fenced taxes.

### Total taxes, levies and duties



The following is a reconciliation of SARS Revenue to the amount paid to the National Revenue Fund (NRF):

Year ended 31 March R'million	Actual 2013/14	Actual 2014/15
SARS Revenue	941 476	1 029 597
Less: South African Customs Union Agreement	43 374	51 738
Less: Payment ito sec 12(3) of the PFMA	3	-
Less: Payment to UIF	14 947	15 778
Less: Payment to RAF	19 651	21 582
Less: Amount payable by SARS to RAF	351	145
<b>Net revenue as reflected by NT</b>	<b>863 150</b>	<b>940 353</b>

As noted; taxes, levies and duties makeup the largest chunk of total revenue (97%) in both of 2013/14 and 2014/15). The 2014 Budget projected a 11% growth in tax revenues for 2014/15. The actual

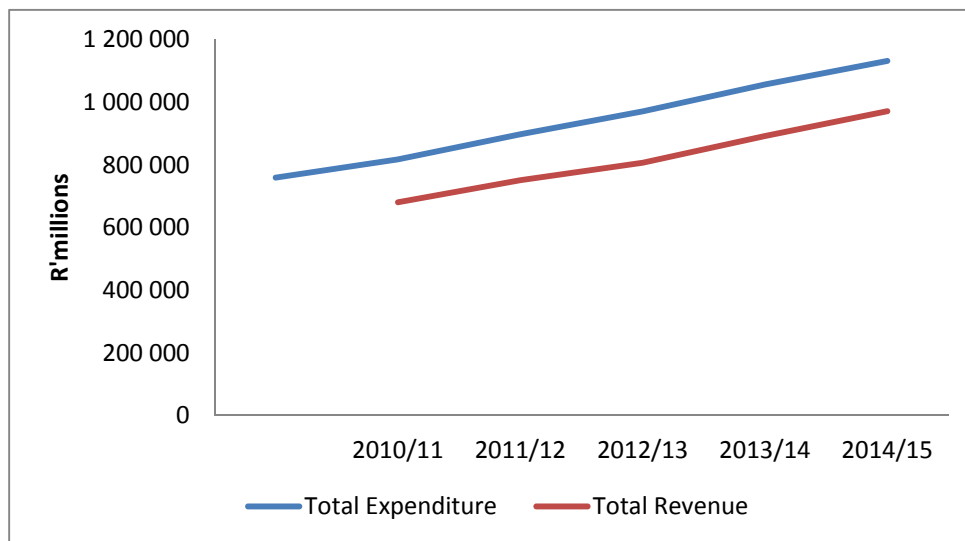
## REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015

increase amounted to 9%. This reflects weaker-than-expected economic growth due to energy supply constraints, weaker global growth prospects and low investor confidence, among other factors.

Revenue other than taxes, levies and duties showed an increase of 9% in the current year against an 11% decrease in the prior year. For a detailed analysis of Departmental Revenue constituents, refer to Note 3 of the Notes to the Consolidated Financial Statements. For a detailed analysis of Aid Assistance, refer to Note 6 of the Notes to the Consolidated Financial Statements.

### Revenue vs. Expenditure



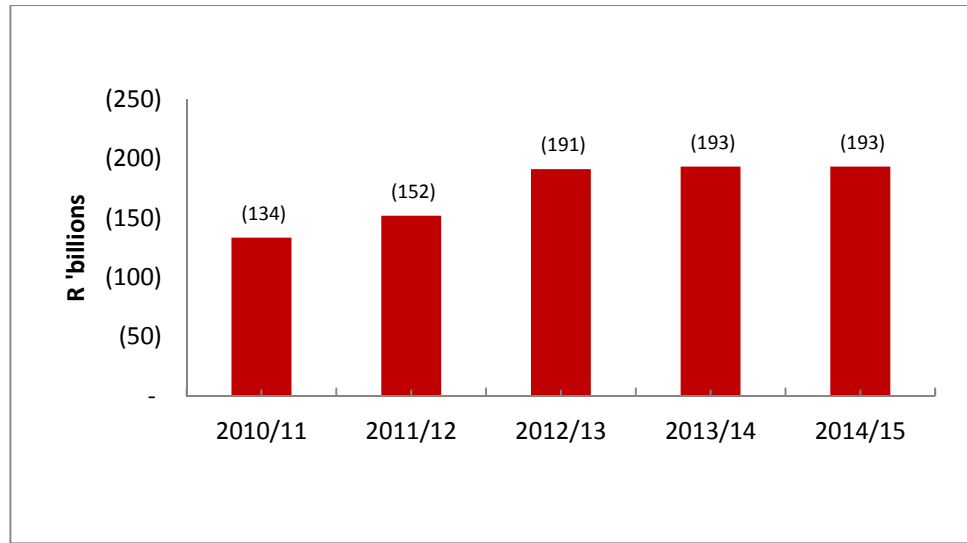
Illustrated above is revenue versus expenditure for national government. Both revenue and expenditure have seen increases. Although they have both grown at an average of 10% per year for the past five years, the deficit has only grown at an average of 3% per year over the same period.

As can be seen in the graph below, the budget has been in deficit for the past five years. This has been the trend since 2008/2009. Although government's fiscal framework is grounded in a sustainable, countercyclical approach to managing revenue and expenditure, it is committed to reducing the budget deficit and stabilising debts. To this extent, government introduced an expenditure ceiling in 2012 committing it to a non-interest spending limit of R1.03 trillion in 2014/15 and it has achieved it. Furthermore, in 2014 the government introduced cost containment measures to ensure prudent spending by all government departments.

# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015

## Deficit net of revaluation gains/losses



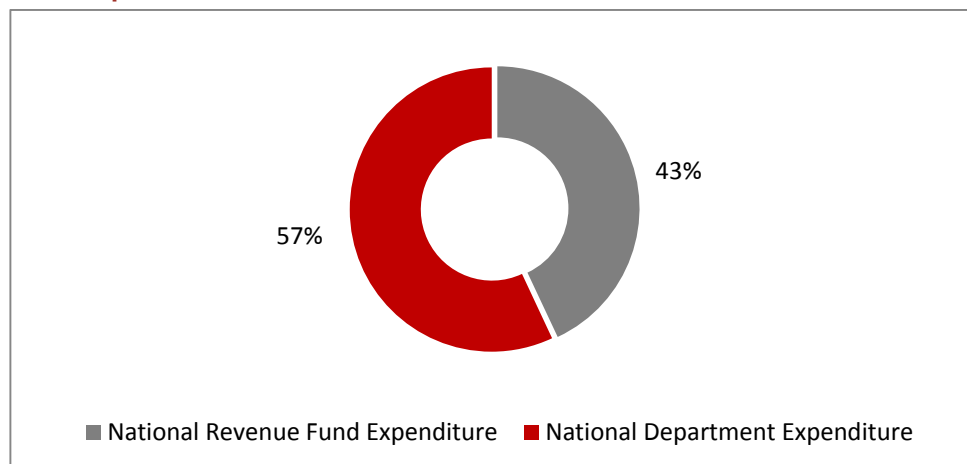
## Total Expenditure

R' million	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15
National Revenue Fund Expenditure	350 144	384 853	416 075	457 271	486 703
National Department Expenditure	466 930	512 628	554 215	598 701	644 518
<b>Total expenditure</b>	<b>817 074</b>	<b>897 481</b>	<b>970 290</b>	<b>1 055 972</b>	<b>1 131 221</b>
<b>Movement in expenditure</b>	<b>18%</b>	<b>8%</b>	<b>10%</b>	<b>9%</b>	<b>7%</b>

Total expenditure increased by 7% (2013/14: 9%). Total expenditure is made up of National Department's expenditure plus NRF expenditure. National Departments' expenditure continued its constant trend, began in 2010/11, of making up 57% of total expenditure. Included in National Departments' expenditure are transfers to provinces and municipalities of R160 billion (2013/14: R150 billion). These are further analysed per section on Transfers and Subsidies.

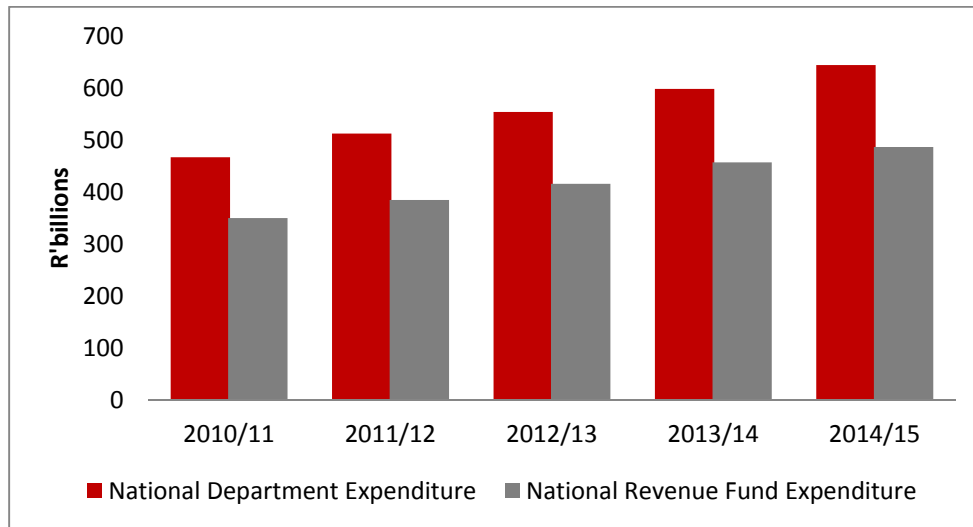
The breakdown is disclosed in the graph below.

### Total expenditure 2014/15



# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015



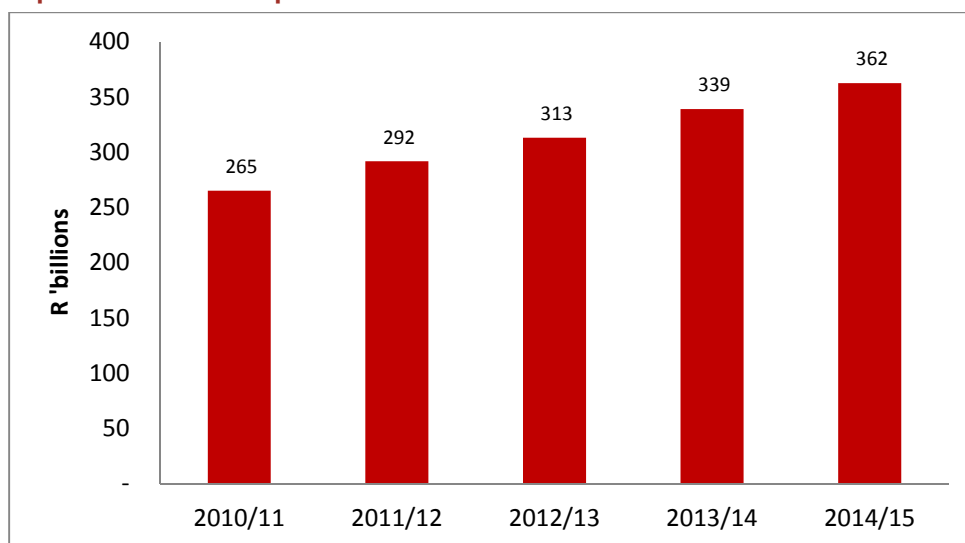
## National revenue fund expenditure

### Equitable share transfers to provinces

The National Revenue Fund's (NRF) expenditure includes items such as debt-service costs and equitable share transfers to provinces. Equitable share transfers to provinces represents amounts distributed to provincial departments, who use these funds to perform their assigned functions at the provincial sphere of government.

Year ended 31 March R' million	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15
Equitable Shares - Provinces	265 139	291 736	313 016	338 937	362 468
<b>Movement in Equitable Shares</b>	<b>10%</b>	<b>10%</b>	<b>7%</b>	<b>8%</b>	<b>7%</b>

### Equitable transfers - provinces



There was a 7% increase in equitable share transferred to provinces in the current financial year. The additional resources were a provision for the carry-through effects of public-sector wage increases due to higher-than-anticipated inflation. Funds were also added to the provincial fiscal framework to enable

## REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015

provinces to construct facilities for the treatment of substance abuse, roll out a new vaccine for the human papillomavirus, and accelerate housing programmes in mining towns.

Although the 7% increase in equitable share transfers to provinces is a decrease from last year's increase of 8%, it is in line with expenditure trends. Therefore, transfers to provinces amounted to R363 billion in the current financial year (2013/14: R339 billion), which is 75% of NRF expenditure (2013/14: 69%).

### Debt-service costs

Government incurs debt to finance its gross borrowing requirement. On this debt, government pays service costs mainly consisting of interest paid. Debt-service costs are influenced by the volume of debt and market variables such as interest, inflation and exchange rates.

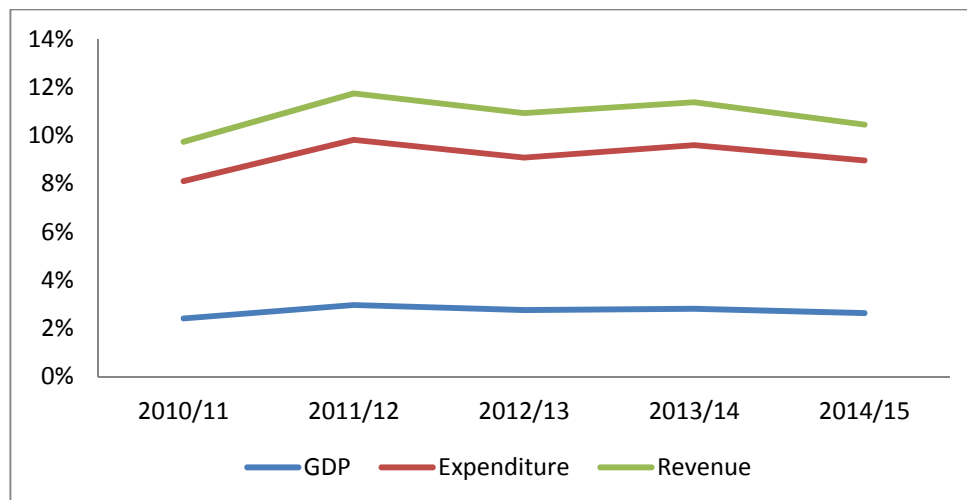
Since 2008/09, government has expanded its borrowing programme in response to difficult economic circumstances. This resulted in a substantial increase in debt-service costs averaging 15% over the period 2010/11 to 2014/15.

Debt-service costs from 2010/11 to 2014/15

<b>Debt-service costs R' million</b>	<b>Actual 2010/11</b>	<b>Actual 2011/12</b>	<b>Actual 2012/13</b>	<b>Actual 2013/14</b>	<b>Actual 2014/15</b>
Domestic	60 820	70 472	81 337	93 207	106 522
Foreign	5 407	5 988	6 784	7 978	8 276
<b>Total debt-service costs</b>	<b>66 228</b>	<b>76 460</b>	<b>88 121</b>	<b>101 185</b>	<b>114 798</b>
<b>Increase in costs</b>	<b>16%</b>	<b>15%</b>	<b>15%</b>	<b>15%</b>	<b>13%</b>

Domestic debt borrowing remains the major sources of financing. Borrowing in the international capital markets is used to partially finance government's foreign currency commitments and to maintain benchmarks in major currencies. Foreign debt remains low by international standard and well within the strategic risk benchmark of 15%.

Debt-service costs as a share of GDP, expenditure and revenue.



# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015

## Actual Expenditure vs. Adjusted Appropriation 2014/15

	Actual expenditure excluding unauthorised expenditure funded by NRF/PRF	Appropriation	Variance	% variance
Name of Department	R'000	R'000	R'000	
<b>Central Government Administration</b>	<b>81 733 989</b>	<b>85 982 177</b>	<b>4 248 188</b>	<b>4.94%</b>
Presidency	620 432	652 170	31 738	4.87%
Parliament	1 508 170	1 508 170	0	0.00%
Cooperative Governance and Traditional Affairs	59 477 784	63 453 885	3 976 101	6.27%
Home Affairs	7 223 328	7 223 702	374	0.01%
International Relations and Cooperation	5 991 552	6 104 324	112 772	1.85%
Performance Monitoring and Evaluation	709 147	733 842	24 695	3.37%
Public Works	6 022 038	6 121 320	99 282	1.62%
Women Children and People with Disabilities	181 538	184 764	3 226	1.75%
<b>Financial and Administration Services</b>	<b>29 875 869</b>	<b>30 569 507</b>	<b>693 638</b>	<b>2.27%</b>
Government Communications and Information Systems	424 631	425 069	438	0.10%
National Treasury	26 182 531	26 703 923	521 392	1.95%
Public Enterprise	298 446	322 927	24 481	7.58%
Public Service and Administration	813 826	875 074	61 248	7.00%
Statistics S A	2 156 435	2 242 514	86 079	3.84%
<b>Social Services</b>	<b>224 244 994</b>	<b>226 092 212</b>	<b>1 847 218</b>	<b>0.82%</b>
Arts and Culture	3 452 130	3 524 748	72 618	2.06%
Basic Education	19 528 903	19 689 873	160 970	0.82%
Health	33 154 655	33 900 570	745 915	2.20%
Higher Education and Training	36 865 521	36 866 681	1 160	0.00%
Labour	2 419 936	2 546 292	126 356	4.96%
Social Development	127 856 460	128 593 644	737 184	0.57%
Sport and Recreation S A	967 389	970 404	3 015	0.31%
<b>Justice, Crime Prevention and Security</b>	<b>150 011 569</b>	<b>150 482 551</b>	<b>470 982</b>	<b>0.31%</b>
Correctional Services	19 529 254	19 721 839	192 585	0.98%
Defence and Military Veterans	42 842 381	42 856 879	14 498	0.03%
Independent Complaints Directorate	232 404	234 719	2 315	0.99%
Justice and Constitutional Development	14 900 305	15 161 871	261 566	1.73%
Police	72 507 225	72 507 243	18	0.00%
<b>Economic Services and Infrastructure</b>	<b>140 125 494</b>	<b>143 492 480</b>	<b>3 366 986</b>	<b>2.35%</b>
Agriculture, Forestry and Fisheries	6 628 873	6 692 383	63 510	0.95%
Telecommunications	2 181 676	2 236 657	54 981	2.46%
Economic Development	694 912	696 860	1 948	0.28%
Energy	6 220 113	7 437 794	1 217 681	16.37%
Environmental Affairs	5 675 059	5 680 386	5 327	0.09%
Human Settlements	29 358 232	29 417 605	59 373	0.20%
Minerals Resources	1 475 157	1 475 541	384	0.03%
Rural Development and Land Reform	9 395 755	9 455 305	59 550	0.63%
Science and Technology	6 389 044	6 479 890	90 846	1.40%
Tourism	1 557 594	1 583 260	25 666	1.62%
Trade and Industry	9 785 299	9 918 729	133 430	1.35%
Transport	49 147 098	48 770 669	-376 429	-0.77%
Water Affairs	11 616 682	13 647 401	2 030 719	14.88%
	625 991 915	636 618 927	10 627 012	1.67%



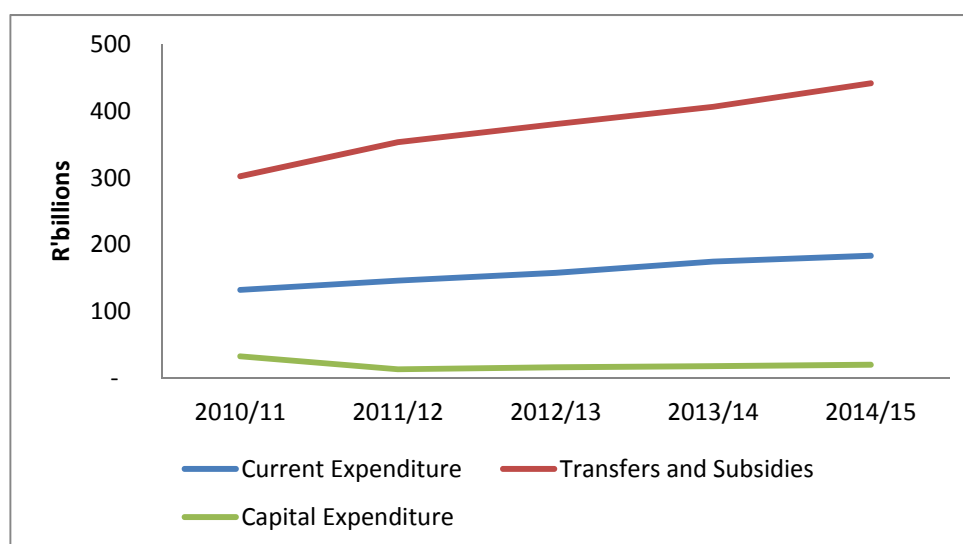
## REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015

### National Department's expenditure

R' million	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15
Current Expenditure	132 077	146 070	157 595	174 594	183 076
Transfers and Subsidies	302 359	353 497	380 377	406 581	441 816
Capital Expenditure	32 494	13 061	15 956	17 526	19 626
<b>Total</b>	<b>466 930</b>	<b>512 628</b>	<b>553 928</b>	<b>598 701</b>	<b>644 518</b>
<b>Movement in expenditure</b>	<b>17%</b>	<b>10%</b>	<b>8%</b>	<b>8%</b>	<b>8%</b>

National department expenditure has increased to R644 billion from R598 billion in the prior year. This represents an 8% increase, which is similar to the 8% incurred in the prior year, and is mainly for spending pressure on compensation of employees. The bulk of National Department's expenditure is attributable to transfers and subsidies. The destination of the transfers and subsidies is analysed further in Note 13 of the Notes to The Financial Consolidated Statements.



The South African national government is structured into five main segments, commonly referred to as clusters, mainly to address government priorities and policies. The National expenditure per cluster is presented in the table and graph below;

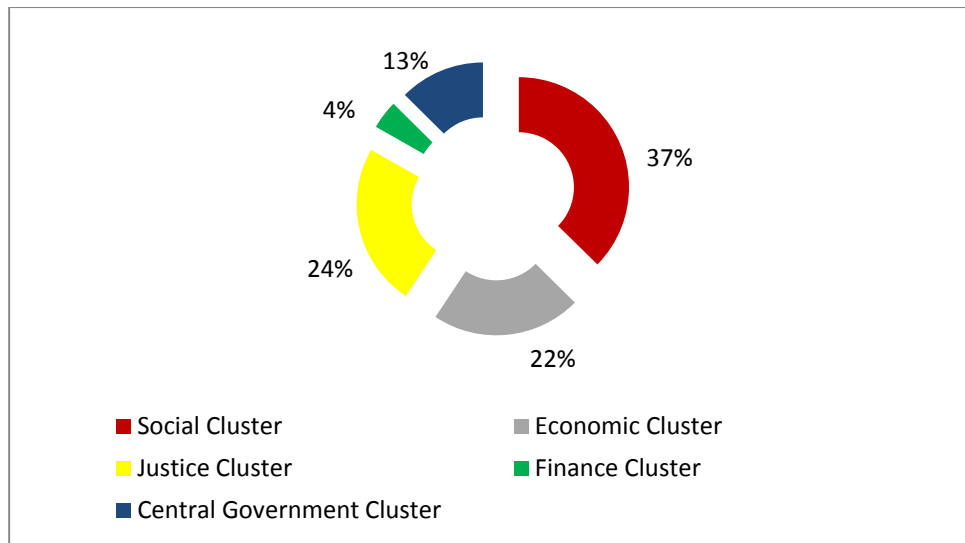
National Department Cluster Expenditure R' million	Actual 2013/14	Actual 2014/15
Social Cluster	217 621	239 171
Economic Cluster	130 012	140 492
Justice Cluster	144 311	153 084
Finance Cluster	28 770	30 325
Central Government Cluster	78 670	82 530
<b>Total</b>	<b>599 384</b>	<b>645 602</b>

The Social cluster remains the largest spender of all clusters; with expenditure of R239 billion (2013/14: R218 billion) accounting for 37% of national departments' expenditure in 2014/15. The smallest spender is the Finance cluster; with expenditure of R30 billion (2013/14: R28 billion), accounting for 4% of national departments' expenditure in 2014/15.

# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015

## Expenditure per cluster 2014/15



Within the **Social Cluster**, the Department of Social development was the biggest spender, incurring total expenditure of R127 billion (54% of social cluster expenditure). Of the R127 billion, 99% was transfers and subsidies, the major recipients of which were households. Social assistance remains government's most direct means of combating poverty. The child support and old age grants are the two largest grant programmes, constituting about 75 per cent of total grant spending.

Contributing further to Social development spending is the 2014 Budget Cabinet approved additional allocations of R50 million each year over the MTEF period for the construction of substance abuse treatment centres in Northern Cape, Eastern Cape, North West and Free State. The is to be distributed as follows: R21 million in 2014/15, R2.5 million in 2015/16 and 2016/17 for planning, norms, standards and scoping related to the construction of the centres, and monitoring at the national level; and R29 million, R47.5 million and R47.5 million, over the medium term, as a schedule 5 conditional grant to provinces for the construction of the treatment centres.

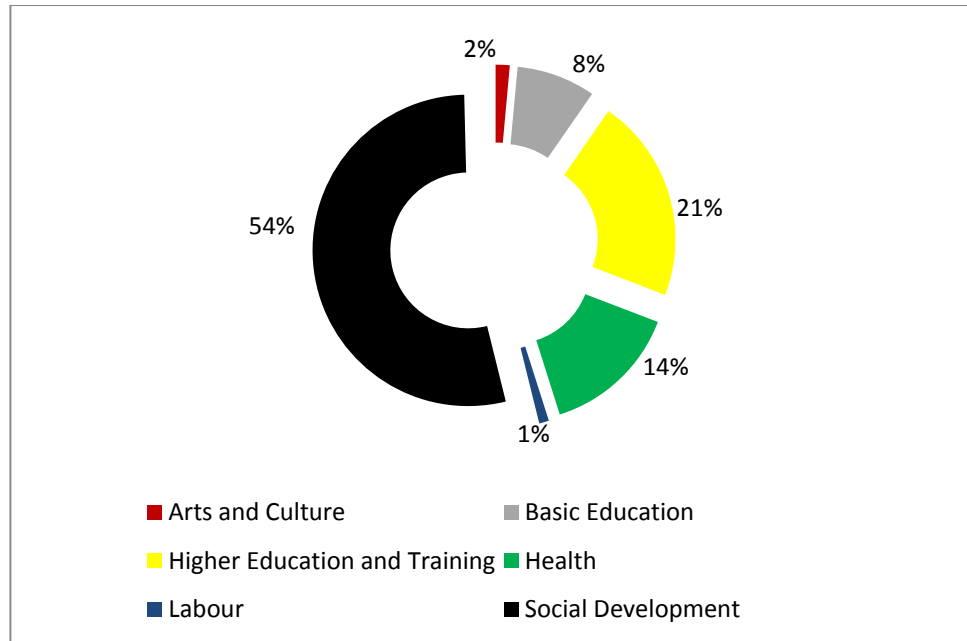
The next biggest spender in the social cluster was the Department of Higher Education. It's expenditure increased by 10%. A major beneficiary of the increase in expenditure was the National Student Financial Aid Scheme, which enables deserving poor students to access higher and further education. Other expenditure went towards construction of the two newly established universities in Mpumalanga and Northern Cape.

The department of Higher Education is followed by the Department of Health as the third largest spender in the social cluster. Department of Health's expenditure increased by 13% in the current financial year. This increase is attributable to spending on the National Health Insurance (NHI) scheme pilot programmes. NHI pilot districts have been established in every province, supported by funding for NHI as a conditional grant. In addition to hospital and clinic building and refurbishment programmes, spending was incurred for piloting general practitioners' contracts. An Office of Health Standards Compliance has been established to ensure that public healthcare provision meets the required standards for NHI.

# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015

## Expenditure per Social cluster 2014/15



The next cluster in order of expenditure is the **Justice and Protection Services cluster**. A substantial amount of this cluster’s spending goes towards the compensation of employees. The cluster has the largest staff complement of all clusters, with the cluster’s employees constituting 85% of National departments’ employees. It paid R295 230 on average to each employee, against an average of R309 039 for all National departments.

The biggest spender within the Justice and Protection services cluster is the Department of Police. Unsurprisingly, due to the labour intensive nature of policing, a large component of its spending is compensation of employees. The 6% increase in spending on compensation of employees for the current year provided for the department’s existing personnel and for improved conditions of service, including the upgrading of clerical posts in line with the Department of Public Service and Administration’s directive on benchmarking job descriptions and grading levels for clerks.

The next biggest spender in the Justice and Protection services cluster is the Department of Defence and Military Veterans. The spending focus of the Department was mainly on the Force Employment programme, whose focus is on border safeguarding, antipiracy operations and peacekeeping missions in foreign countries. One of the expenditure items that increased substantially was transfers and subsidies. The expenditure item increased by 18% and the increase is mainly due to spending on armament acquisition projects and the payment of military veterans’ benefits.

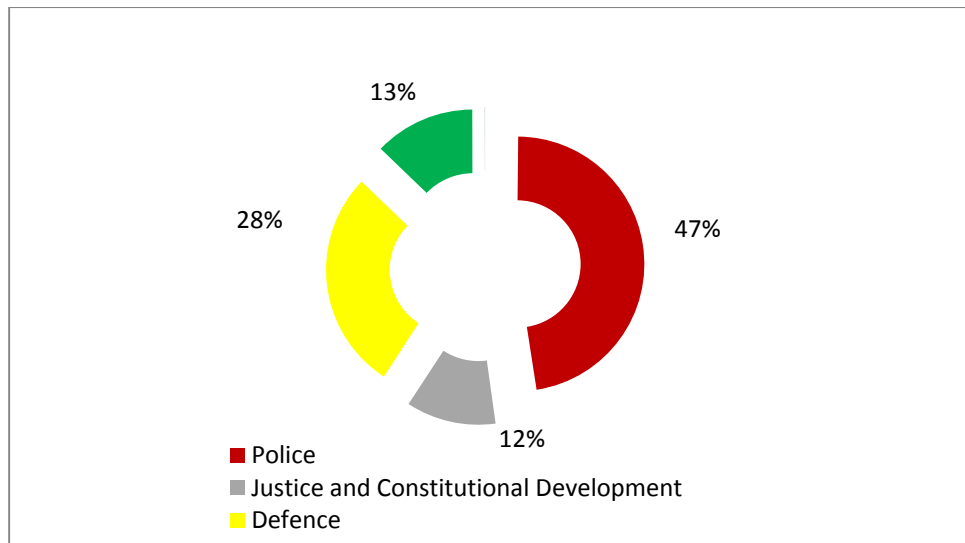
The bulk of the Department of Correctional Services spending, which is the third largest spender in the Justice and Protection services cluster, is in the Administration and Incarceration programmes. These programmes are labour intensive and as a result, most of the spending is on compensation of employees and related goods and services items. Over the medium term, the Administration programme accounts for R11.8 billion (18 per cent) of the total departmental budget of R65.6 billion, and the Incarceration programme for R41.4 billion (63 per cent).

Due to the legislative mandate of the Department of Justice and Constitutional Development requiring a high court in every province, the department embarked on the construction of new High Courts in Limpopo and Mpumalanga. The Polokwane court (Limpopo) was scheduled to be opened in 2012/13 and the Nelspruit court (Mpumalanga) in 2014/15. Due to delays in construction, it is expected that they will both be opened in 2015/16. The Polokwane court is projected to cost R876.3 million and the Nelspruit court R706.3 million.

# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015

## Expenditure per Justice cluster 2014/15



The third largest spending cluster is the **Economic Cluster**. The department of Transport continues to be the biggest spending department in the cluster. The Department's total spending increased from R43 billion in the 2013/14 financial year to R49 billion in 2014/15, which represents a 14% increase. The focus of the department over the medium term is on supporting the need for an efficient, competitive and responsive infrastructure network; and the National Development Plan's priorities of maintaining road infrastructure, upgrading rail infrastructure and services, and building and operating public transportation infrastructure.

These objectives are achieved through 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 97.7% of the department's total budget in 2014/15.

The fastest growing item of expenditure of the department of transport, over the medium term, is expected to be on rail infrastructure, increasing at an average annual rate of 20% as the Passenger Rail Agency of South Africa procures new trains, continues to upgrade its signalling infrastructure and build depots.

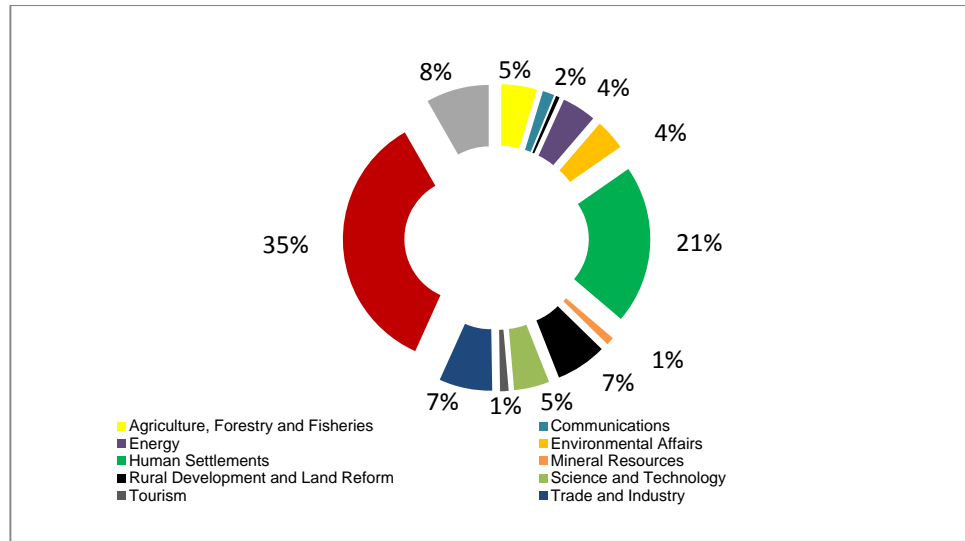
The next biggest spender in the Economic cluster is the Department of Human settlements, accounting for 21% of the cluster's expenditure. Over the MTEF period, the department will spend approximately 1.1% of its total allocation on compensation of employees. As at 30 September 2014, the department had 685 funded posts, 593 of which were filled. The vacancy rate of 13.4% in 2014/15 was a contributor to under-spending in the department's compensation of employee's budget in previous years. The number of funded posts is expected to decrease to 645 over the MTEF period as a result of Cabinet approved reductions to the department's compensation of employee's budget.

Areas where significant expenditure is expected are on consultants, related to the Special Investigating Unit for its investigations into housing subsidy fraud; and computer services, related to upgrading the housing subsidy system which is used for subsidy beneficiary administration.

# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015

## Expenditure per Economic cluster 2014/15



## Current expenditure

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

Major items of Current Expenditure R'million	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15
Compensation of employees	87 036	95 188	105 549	114 853	123 246
Goods and Services	44 292	49 841	51 072	58 502	58 504

## Compensation of employees

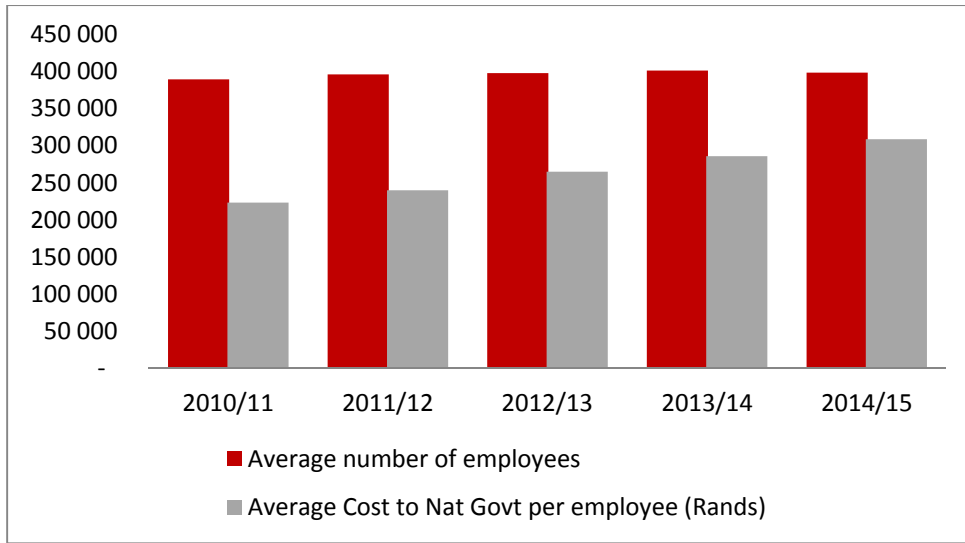
Description	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15
Total Compensations costs (R' million)	87 036	95 188	105 549	114 853	123 246
Average number of employees	389 764	396 534	398 123	401 561	398 803
Average Cost to National Government per employee (Rands)	223 306	240 051	265 116	286 016	309 039

The above information illustrates the costs to national government departments and excludes provincial information. The average number of employees at national departments has decreased from 401 561 in 2013/14 to 398 803 in 2014/15 (i.e. 0.69% decline in 2014/15 as compared to an increase of 0.86% in 2013/14) with Department of Police still employing the largest number of officials, accounting for 48.6% (193 746 employees) of the total number nationally. Compensation, in Rand terms, has grown from R87 billion 2010/11 to R123 billion in 2014/15. Growth in expenditure from the prior year equates to R8.3 billion or 7.4% (2013/14: R9.3 billion or 8.80%). The Justice Cluster is the largest contributor to the compensation cost with expenditure of 81% of the total cost nationally.

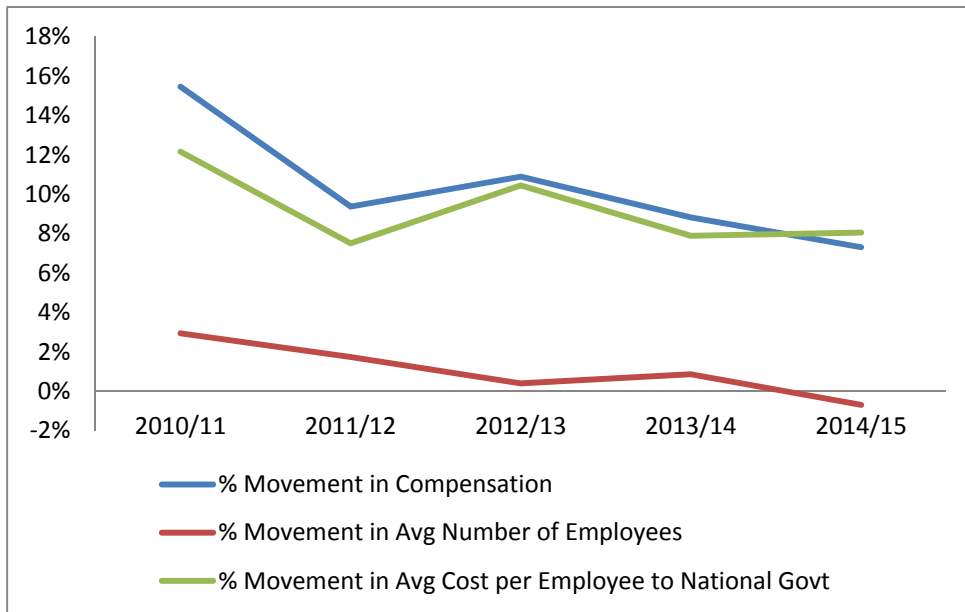
# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015

## Compensation of employees



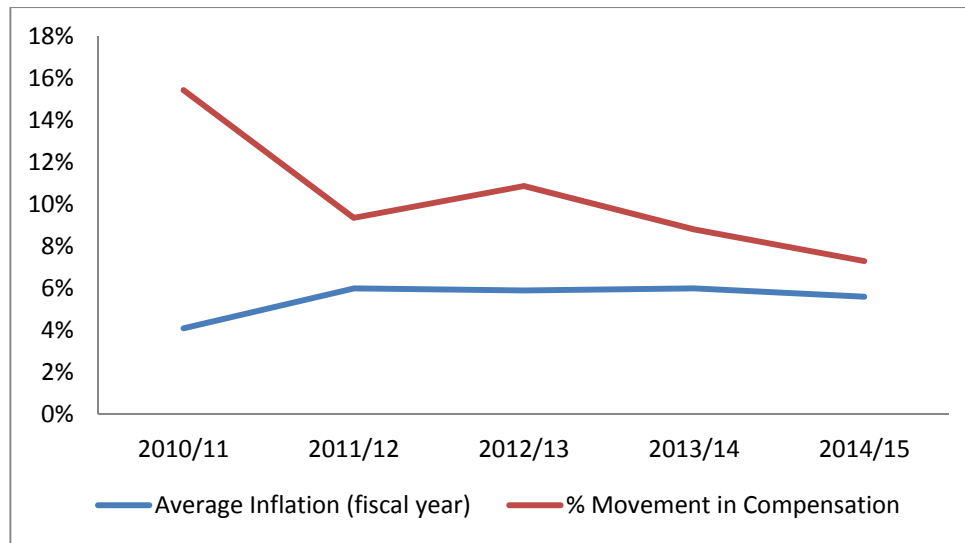
## YOY movement – compensation of employees



# REVIEW OF OPERATING RESULTS

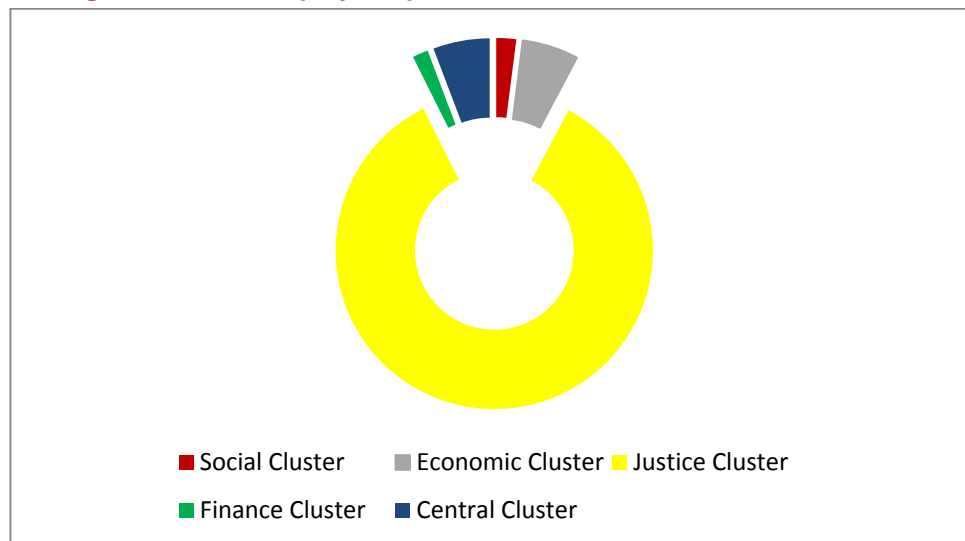
For the year ended 31 March 2015

## Compensation % increase vs. inflation



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 five years.

## Average number of employees per cluster



The majority of national department employees are employed in the **Justice and Protection Services cluster** numbering 338 494 (2013/14: 343 130) which equates to 85% of the total employees for the year under review (2013/14: 85.4%). The Justice and Protection Services cluster includes, amongst others, the following departments which each employ a large number of civil servants:

Average number of employees	Actual	Actual	Actual	Actual	Actual
Department	2010/11	2011/12	2012/13	2013/14	2014/15
Department of Police	190 887	195 584	198 132	196 478	193 746
Department of Defence	77 125	78 824	78 216	78 264	77 899
Department of Correctional Services	40 426	40 043	40 310	41 366	39 220

# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015

## Department of Police

The Department of Police employs the most number of staff in national government and as a result, their expenditure on compensation to employees of R54.3 billion accounts to 44% of total compensation costs.

## Department of Correctional Services

Spending on compensation of employees increased by 3.46% from 2013/14, with a marginal decrease in the number of employees from 41 366 to 39 220 in the current year.

## Department of Defence

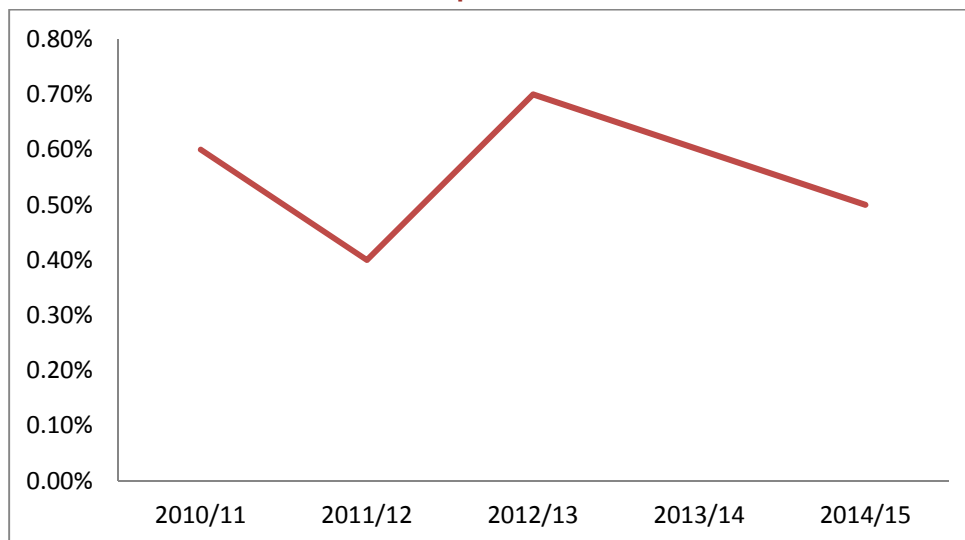
The department's staff compliment has marginally decreased by 0.46% from 78 264 in the prior year to approximately 77 899 in 2014/15. Spending on compensation increased with 7.84% in the current year.

### Performance awards

Performance Awards Information	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15
Performance Awards (R mil)	485	380	765	636	630
Total Compensation of Employees	87 036	95 188	105 549	114 853	123 246
Performance Awards as a % of Compensation	0.6%	0.4%	0.7%	0.6%	0.5%
Increase in Performance Awards	-19.1%	-21.6%	101.2%	-16.9%	-0.8%
Increase in Compensation	<b>15.4%</b>	<b>9.4%</b>	<b>10.9%</b>	<b>8.8%</b>	<b>7.3%</b>

Performance awards had been on a downward trend since 2013/14, this follows a significant increased experienced in the year 2012/13 which was due to implementation of performance awards for regular and reserve force members of Department of Defence. During the 2014/15 financial year, the performance award decreased by 0.9% from R636 million to R630 million in 2014/15. Performance awards make up 0.5% of compensation (0.6% in 2013/14). Refer to the graphs below showing performance awards as a % of compensation and the movement in performance awards versus movement in compensation.

### Performance awards as a % of compensation costs

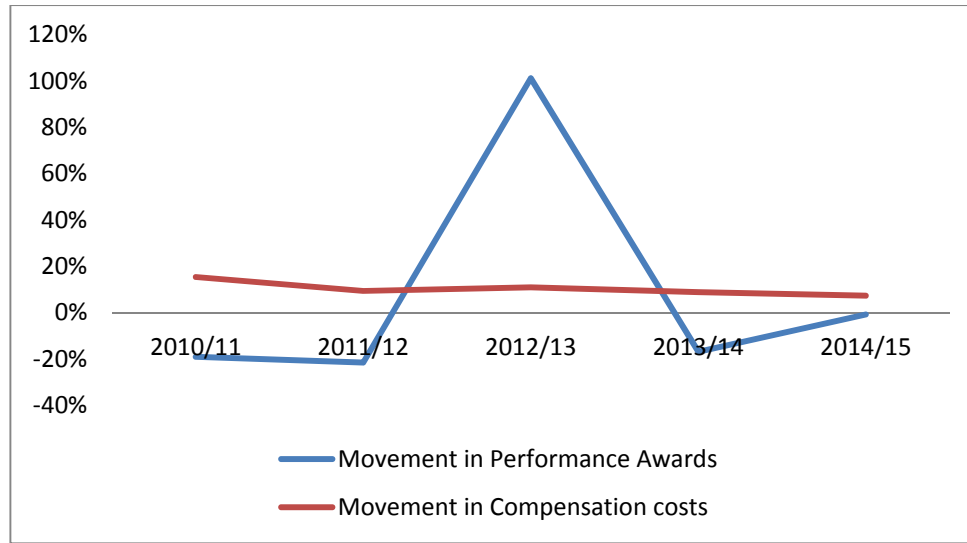




# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015

## Movement in performance awards vs. compensation



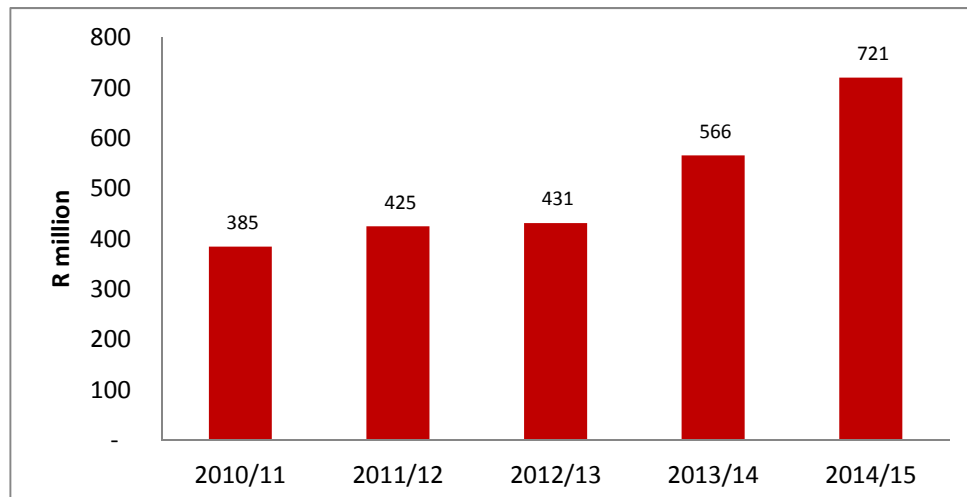
## Training and staff development costs

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

Training and staff development costs	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15
Training and staff development (R mil)	385	425	431	566	721
Total compensation of employees (R mil)	87 036	95 188	105 549	114 853	123 246
Training as a % of Compensation	0.44%	0.45%	0.41%	0.49%	0.58%

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. Training and development cost increased by 27% in the current year from R566 million in the year 2013/14 to R721 million in the year 2014/15. As a component of compensation, the ratio increased slightly from 0.49% to 0.58%. The **Justice cluster** shares the significant portion of the cost; this is because the cluster is the largest employer compared to other departments.

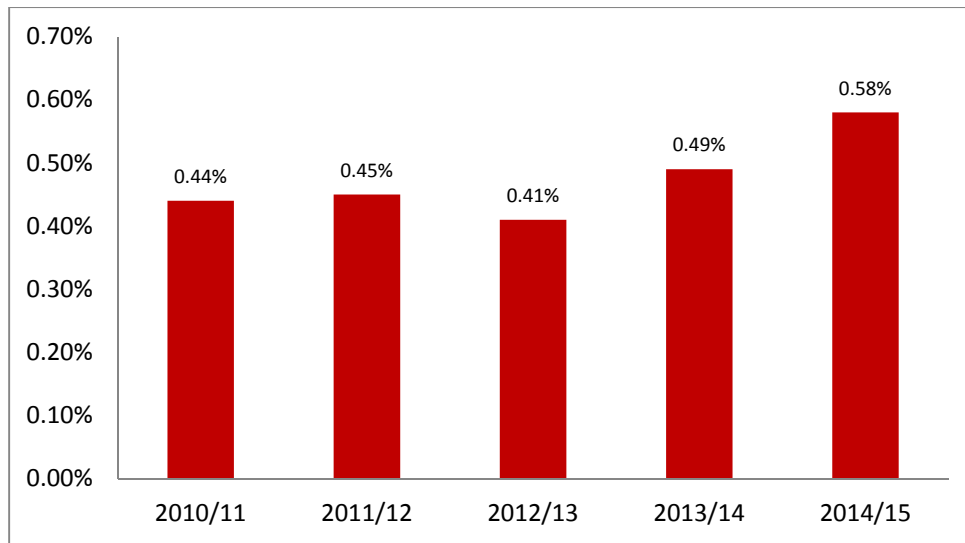
## Training and staff development



# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015

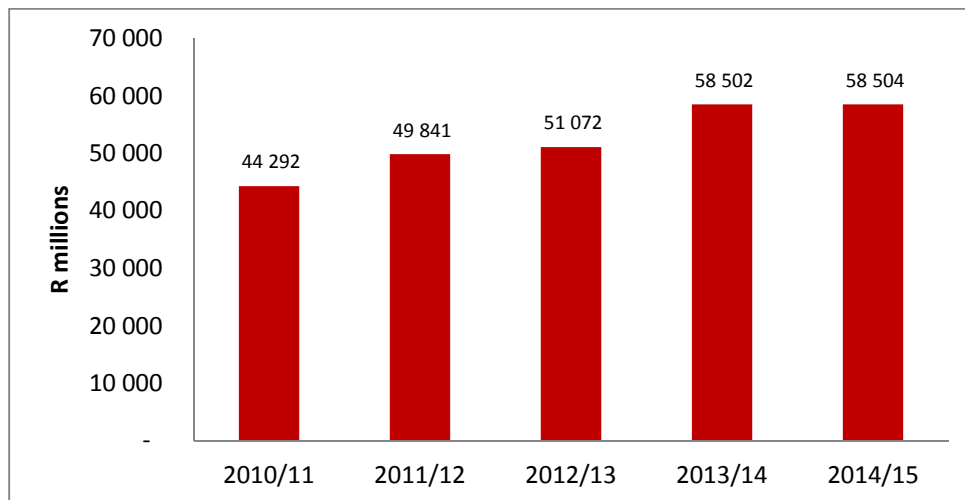
## Training as a % of compensation of employees costs



## Goods and Services

<i>R'million</i>	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15
Goods and Services	44 292	49 841	51 072	58 502	58 504

The increase in the goods and services was not that significant and this could be subject to the cost containment measures that were implemented to reduce operational cost in departments



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

Major items of Goods and Services <i>R' million</i>	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15
Consultants, contractors and special services	11 078	12 635	11 264	12 903	12 297
Inventory and consumables	6 511	7 613	8 727	6 270	7 156
Operating leases	6 059	6 264	6 918	9 240	9 365
Travel and subsistence	4 961	5 510	5 475	6 058	5 558
Computer Services	5 141	5 218	5 156	6 155	6 642
Owned and leasehold property expenditure	3 859	4 275	6 163	5 604	5 820
Communication	1 625	1 698	1 677	1 735	1 686
Other	5 060	6 628	5 692	10 537	9 980
<b>Total</b>	<b>44 292</b>	<b>49 841</b>	<b>51 072</b>	<b>58 502</b>	<b>58 504</b>

## REVIEW OF OPERATING RESULTS

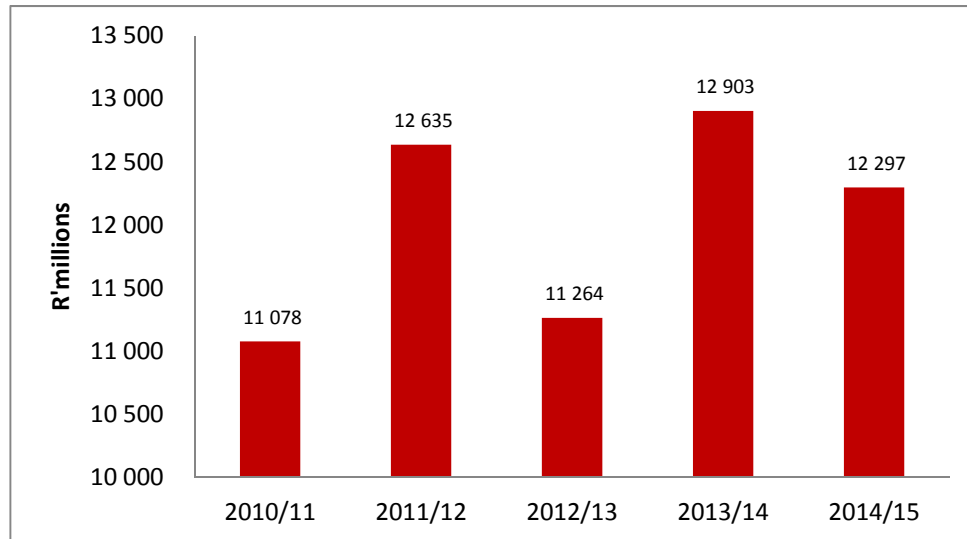
For the year ended 31 March 2015

These major items of goods and services account for the total of goods and services. Expenditure on major items of goods and services has been increasing since 2010/11 to 2012/13 financial year by 15.3%. In the current financial year, expenditure remained constant at R58 billion. This could be attributable to cost cutting measures that were implemented by the government.

### Consultants, contractors and special services

<i>R' million</i>	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15
Consultants, contractors and special services	11 078	12 635	11 264	12 903	12 297
<b>Movement in expenditure</b>	<b>2%</b>	<b>14%</b>	<b>-11%</b>	<b>15%</b>	<b>-5%</b>

### Consultants, contractors and special services



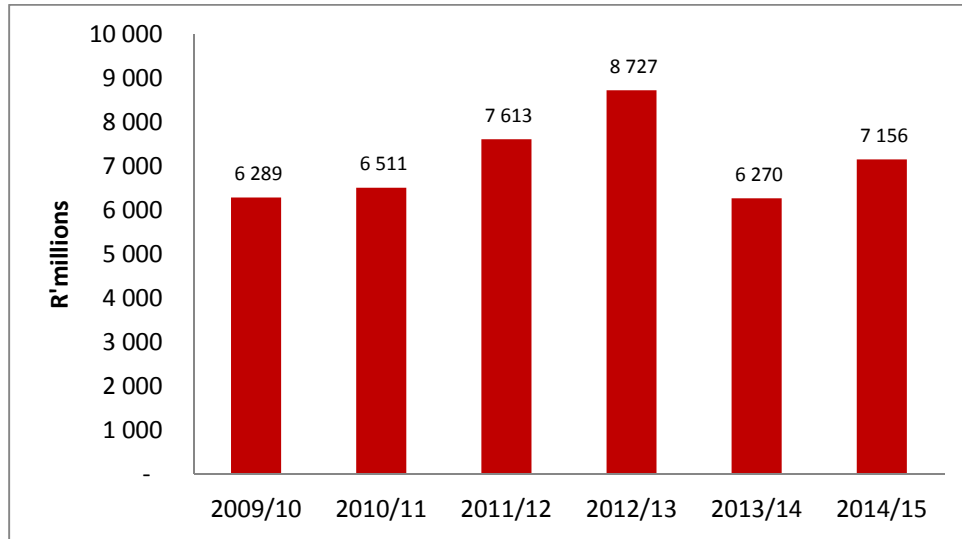
Payment of consultants, contractors and special services (CCSS) decreased by 5% as compared to a 15% increase in 2013/14 financial year. The decreased in the current year could be attributed to an increased effort in filling in of vacancies and moving away from the use of contractors as required by Treasury Regulations on cost containment measures.

### Inventory and consumables

<i>R' million</i>	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15
Inventory and consumables	6 511	7 613	8 727	6 270	7 156
<b>Movement in expenditure</b>	<b>4%</b>	<b>17%</b>	<b>15%</b>	<b>-28%</b>	<b>14%</b>

# REVIEW OF OPERATING RESULTS

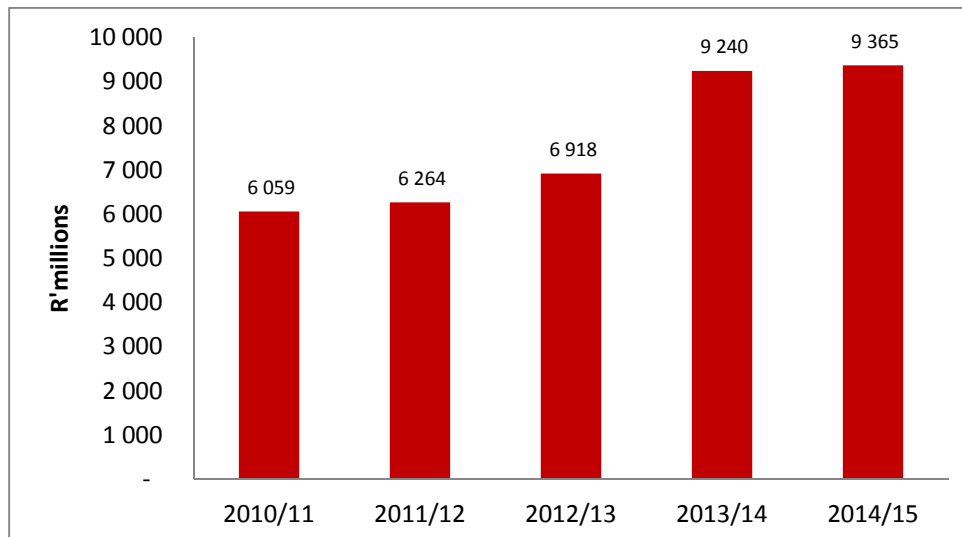
For the year ended 31 March 2015



Inventory and Consumables purchases increased by 14% in the 2014/15 year, this increase followed a major decrease in the previous year of 28%. The **Justice Cluster** and **Social services Cluster** are the largest contributors to the increased cost. The major purchases of inventory were made by the **Department of Defence** amounting to R 2 billion which was mainly for fuel, food and supplies, clothing material and medicine.

## Operating leases

<i>R' million</i>	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15
Operating leases	6 059	6 264	6 918	9 240	9 365
<b>Movement in expenditure</b>	<b>13%</b>	<b>3%</b>	<b>10%</b>	<b>34%</b>	<b>1%</b>

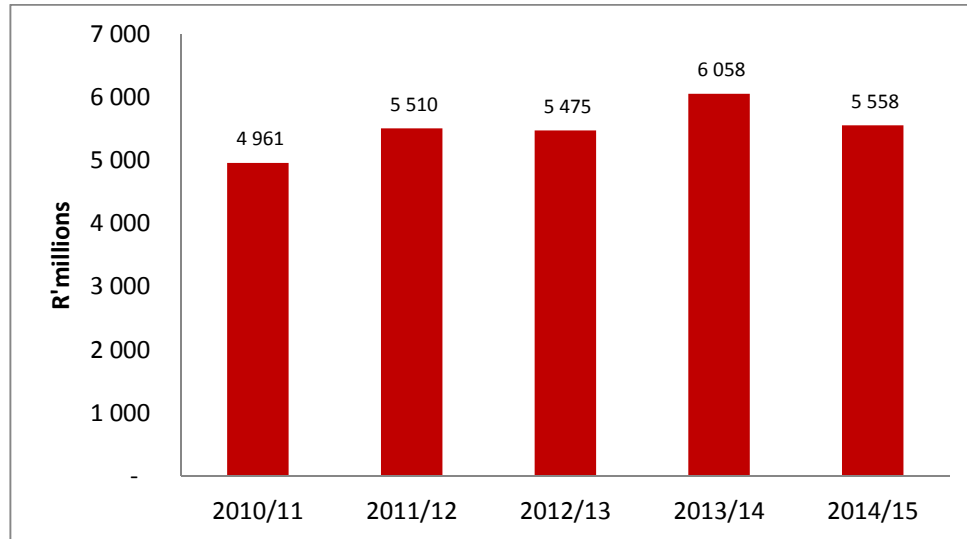


## Travel and subsistence

<i>R' million</i>	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15
Travel and subsistence	4 961	5 510	5 475	6 058	5 558
<b>Movement in expenditure</b>	<b>6%</b>	<b>11%</b>	<b>-1%</b>	<b>11%</b>	<b>-8%</b>

# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015



Travel and subsistence shows 8% decrease, as compared to 11% increase in the previous year. The **Justice cluster** accounts for R2.5 billion while the **Economic Services and Infrastructure Development cluster** spent R1.2 billion. The major spenders within the Justice cluster were again Police and Defence who spent R0.87 billion and R0.88 billion respectively followed by the department of Justice with R0.49 billion. The Central Government Administration cluster spent R0.9 billion; this is slightly lower than prior year spending.

## Computer services

<i>R' million</i>	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15
Computer Services	5 141	5 218	5 156	6 155	6 642
<b>Movement in expenditure</b>	<b>1%</b>	<b>2%</b>	<b>-1%</b>	<b>19%</b>	<b>8%</b>

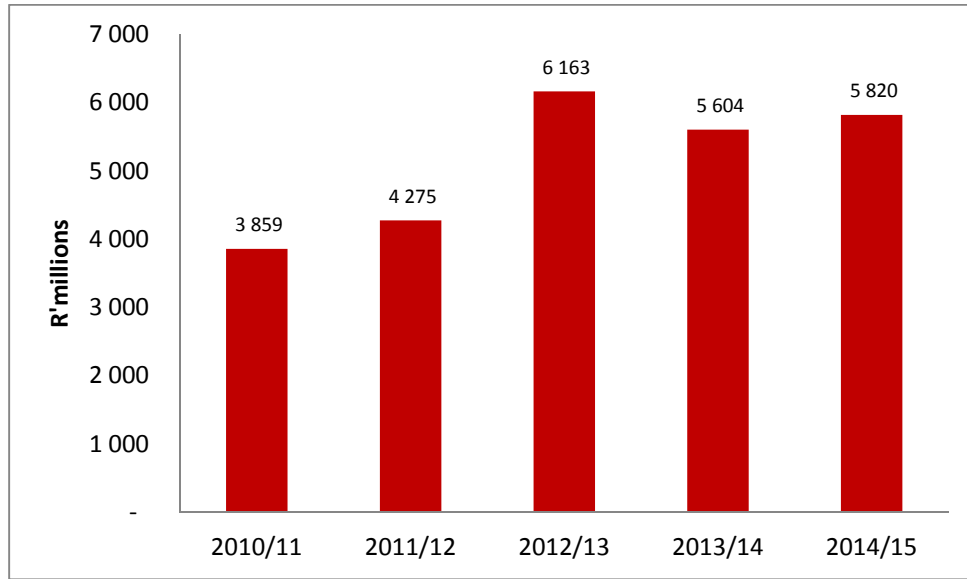
Computer services spending increased by 8% as compared to 19% increase in 2013/14 financial year. **Justice Cluster** had the biggest expenditure amounting to almost 70% of total expenditure. Police was the biggest spender within the **Justice Cluster** by an amount of R 2.7 billion mainly in continuing to enhance its information systems and ICT.

## Owned and leasehold property expenditure

<i>R' million</i>	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15
Owned and leasehold property expenditure	3 859	4 275	6 163	5 604	5 820
<b>Movement in expenditure</b>	<b>22%</b>	<b>11%</b>	<b>44%</b>	<b>-9%</b>	<b>4%</b>

# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015



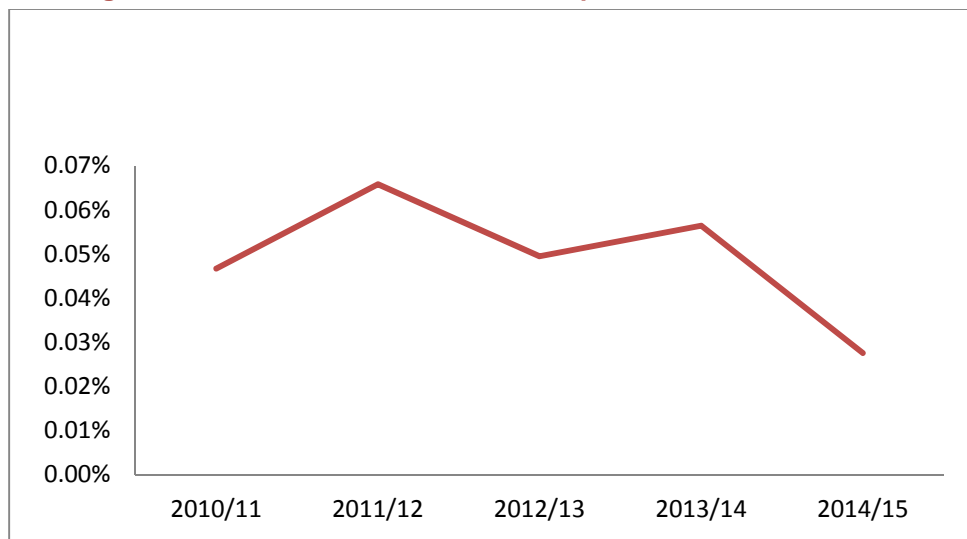
This expenditure amounts to 10% of the total goods and services expenditure. Expenditure on owned and leasehold property has increased by 4% in the current year compared to a decrease of 9% in the 2013/14 financial year. The **Justice cluster** accounts for R4.09 billion of the total expenditure. The major spenders in this area are again Defence at R1.36 billion (2013/14: R1.4 billion), Police with R0.98 billion (2013/14: R0.93 billion) and Correctional Services R0.92 billion (2013/14: R0.85 billion) while Justice spent R0.81 billion (previously R0.89 billion).

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

## Catering and entertainment

<i>R' million</i>	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15
Catering and entertainment	218	337	274	335	311
<b>Movement in expenditure</b>	<b>-5%</b>	<b>55%</b>	<b>-19%</b>	<b>22%</b>	<b>-7%</b>

## Catering and entertainment as a % of total expenditure



## REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015

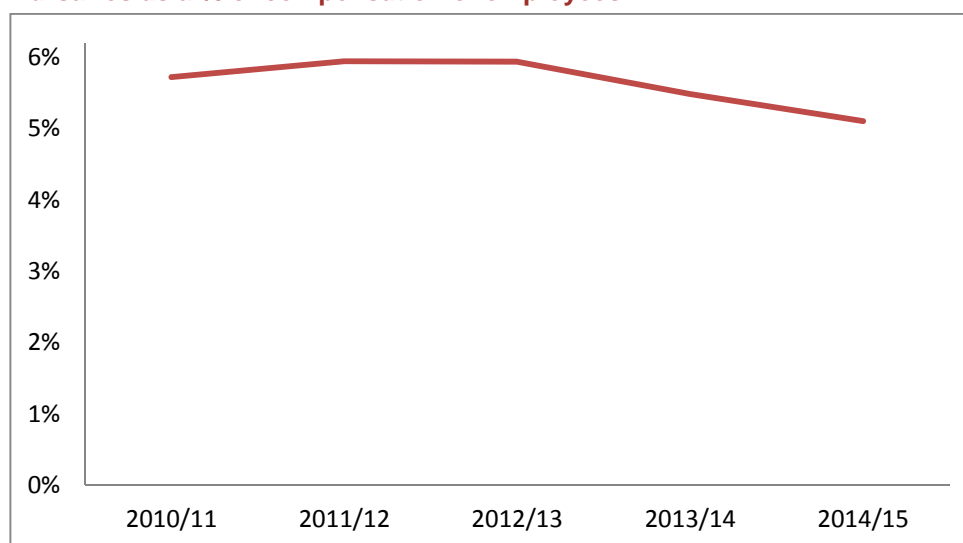
Catering and entertainment decreased by 7% in 2014/15 compared to prior year increase of 22%, the decrease is attributable to the reduced spending by the **Finance and administration Cluster** and **Social Cluster** and implementation of cost containment measures by the government. Spending by the Finance and administration Cluster decreased by 55% in the current year and expenditure by the Social Cluster decreased by approximately 50%. Catering and entertainment now sit at 0.03% of total departmental expenditure, with average of 0.05% over the last five years. The catering and entertainment expenditure is however still insignificant in comparison to total expenditure costs.

### Bursaries

R' million	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15
Bursaries	50	57	63	62	62
<b>Movement in expenditure</b>	<b>-8%</b>	<b>14%</b>	<b>11%</b>	<b>-0.4%</b>	<b>-0.3%</b>

There were no major changes in the bursary expenditure. The expenditure decreased by 0.3% in the current year. The bursary expenditure as a percentage of compensation is still low remaining at 0.05% of total compensation of employees as was reported in the previous year.

### Bursaries as a % of compensation of employees



### Transfers and subsidies

Transfers and Subsidies R' million	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15
Provinces and municipalities	111 074	130 490	142 651	150 017	160 271
Households	95 581	105 061	114 232	120 184	131 467
Departmental agencies and accounts	55 357	72 906	73 705	78 799	85 991
Public corporations and private enterprises	20 118	22 426	25 279	28 140	32 218
Higher education institutions	17 727	19 552	21 160	22 596	24 468
Other	2 296	2 663	3 119	6 660	7 049
<b>Total</b>	<b>302 152</b>	<b>353 097</b>	<b>380 146</b>	<b>406 396</b>	<b>441 464</b>
<b>Increase from prior year</b>	<b>-4%</b>	<b>17%</b>	<b>8%</b>	<b>7%</b>	<b>9%</b>
<b>As a % of Total revenue</b>	<b>44%</b>	<b>47%</b>	<b>47%</b>	<b>46%</b>	<b>45%</b>
<b>As a % of Total expenditure</b>	<b>37%</b>	<b>39%</b>	<b>39%</b>	<b>39%</b>	<b>39%</b>

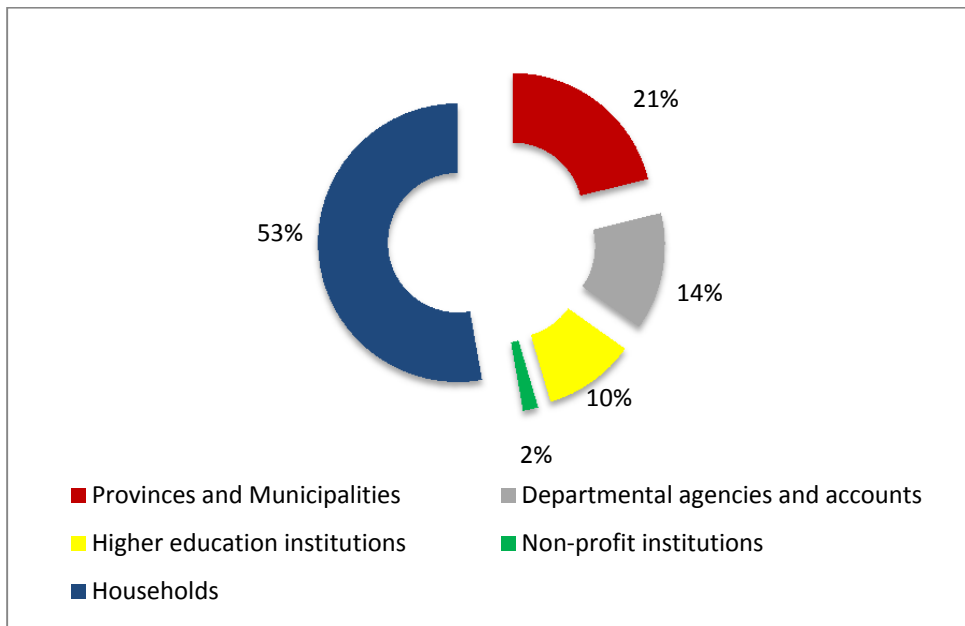
# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015

Transfers and subsidies increased by 9% in the current year. A significant portion of subsidies relate to Provinces and municipalities. Provincial departments have limited revenue- raising powers, with 97% of their spending financed through the division of revenue.

The **Social Service cluster** shares in largest portion of transfers and subsidies amounting to 51% of the total transfers and subsidies. Provinces spent more than 40% of their budget on education and 30% on health services. Over the three year spending period 1.6 billion will be added to the FET colleges grant for the increased cost of compensation of employees due to higher – than – anticipated inflation.

## Breakdown of transfers and subsidies 2014/15



Government offers a range of subsidies to promote industrial development. During the year under review, a total of R120 billion was paid by the Department of Social Development for households cost, this was slightly above the previous year's spending by 9.5%. These cash grants provided income support to people whose livelihoods were most at risk. The available grants are the old age pension, the disability, the child support, foster care, care dependency, war veterans' grant and the grant in aid and social relief.

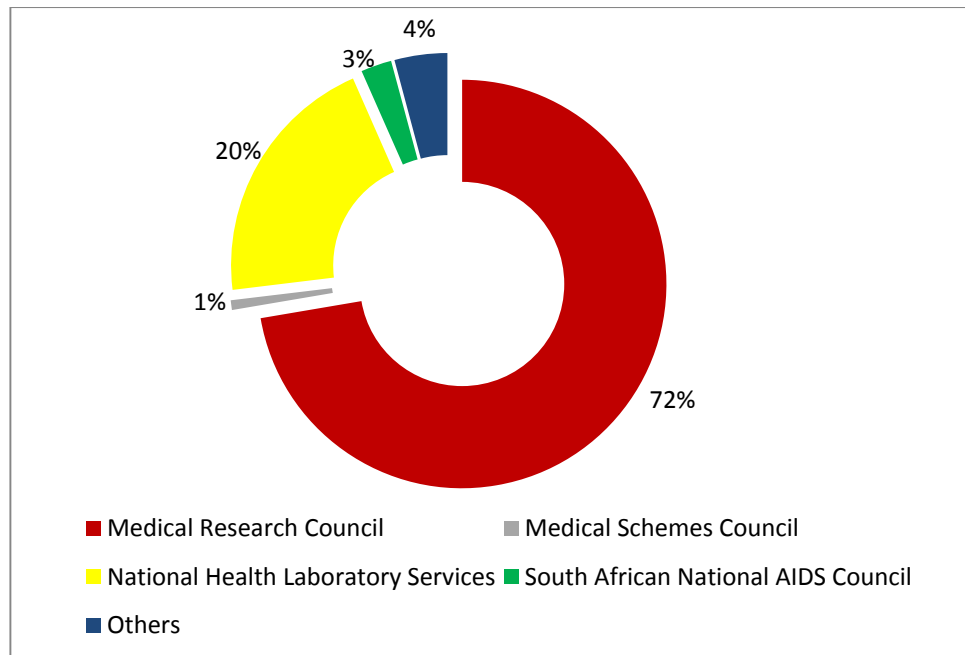
Transfers and subsidies of the department of Health totalled R31.2 billion for 2014/15 and the programmes in the accompanying graph received the following allocations:



# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015

## Breakdown of health transfers and subsidies 2014/15



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 collaborations speed up the process of researching and developing this vaccine. Spending has also been allocated to Tuberculosis.

The department of Higher Education and Training has increased its transfers to the various tertiary institutions throughout South African by 9.2% from the prior year. The spending focus over the medium term will be on increasing the number of skilled youth by expending access to higher and further education and training, particularly for poor students. This will be achieved by providing loans and bursaries.

In the **Finance Cluster**, the National Treasury accounted for R21 billion of transfers and subsidies, representing a 4.7% increase from the previous year. This remains at around 95% of the transfers and subsidies in that cluster.

In the **Economic services and Infrastructure cluster**, the departments of Transport and Human Settlements accounted for R48 billion and R29 billion respectively of the total transfers and subsidies, thus constituting 65% of expenditure within the cluster.

The department of Transport transfers and subsidies increased by 17% during 2014/15 from the prior 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 facilitates the achievement of these objectives by providing transfers, such as the provincial roads maintenance grant to provinces, public transport infrastructure grant to municipalities, as well as transfers to public entities such as Passenger Rail Agency of South Africa and the South African Roads Agency.

## REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015

Allocations were made to several entries by the department of Transport as depicted below:

<b>Department of Transport Transfers R'million</b>	<b>Actual 2013/14</b>	<b>Actual 2014/15</b>
SANTACO	17	18
International Civil Aviation Organisations	4	4
Passenger Rail Authority of South Africa	11 159	14 946
South African National Roads Agency	10 497	11 917
<b>Total</b>	<b>21 677</b>	<b>26 884</b>

The department of Human Settlements increased grant payments to provinces and municipalities by 7.4% from the prior year (2013/14 12.5% increase). Expenditure increased from R 27 billion in 2013/14, to R29 billion in 2014/15. This is mainly due to the spending focus being on making transfers to provinces and municipalities under the human 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. Refer to the table below for transfers to provinces.

<b>Housing Transfers to Province (R' million)</b>	<b>Actual 2010/11</b>	<b>Actual 2011/12</b>	<b>Actual 2012/13</b>	<b>Actual 2013/14</b>	<b>Actual 2014/15</b>
Eastern Cape	1 638	2 293	2 293	2 524	2 393
Free State	1 038	962	962	1 351	1 062
Gauteng	3 887	4 004	4 004	4 108	4 418
Kwazulu-Natal	2 634	2 915	2 915	3 333	3 509
Limpopo	1 365	1 472	1 472	682	660
Mpumalanga	976	965	965	1 126	1 217
Northern Cape	447	340	340	604	375
North West	1 189	1 051	1 051	1 342	1 517
Western Cape	1 869	1 725	1 725	1 959	1 935
<b>Total</b>	<b>15 042</b>	<b>15 726</b>	<b>15 726</b>	<b>17 028</b>	<b>17 084</b>

### Expenditure for capital assets

<b>Capital Expenditure R' million</b>	<b>Actual 2009/10</b>	<b>Actual 2010/11</b>	<b>Actual 2011/12</b>	<b>Actual 2012/13</b>	<b>Actual 2013/14</b>	<b>Actual 2014/15</b>
Total capital expenditure	8 705	11 289	11 894	14 269	14 157	16 099
<b>Movement in expenditure</b>	<b>-9%</b>	<b>30%</b>	<b>5%</b>	<b>20%</b>	<b>-1%</b>	<b>14%</b>

Capital expenditure has increased by 14% during the current year from R14.1 billion in 2013/14 to R16 billion in 2014/15. The majority of the capital expenditure was on buildings and other structures which accounted for R10.8 billion or a 67.5% of the total. R5.2 billion of the total expenditure was expended on machinery and equipment.

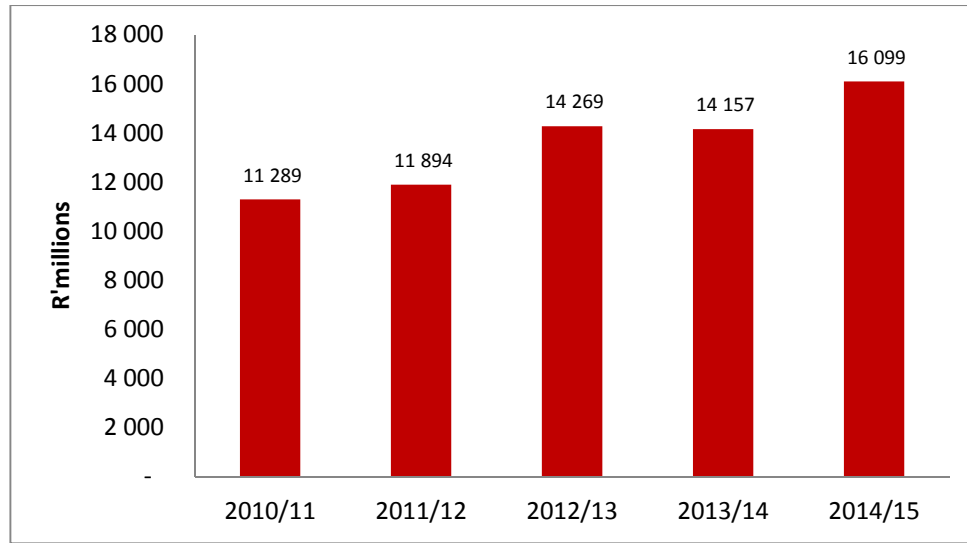
Expenditure by cluster shows that the **Justice and Protection Service cluster** accounts for 39% of total capital expenditure, followed by the **Economic Service cluster** at 35% and then the **Social Service cluster** at 17%.

On the Justice and Protection Service cluster, Police was the largest spender in this area, spending R3 billion, being 48% of the total spending by the Justice and Protection Service cluster. The second largest spender in this area was Justice and Constitutional Development at R1.1 billion, 18% of total spend.

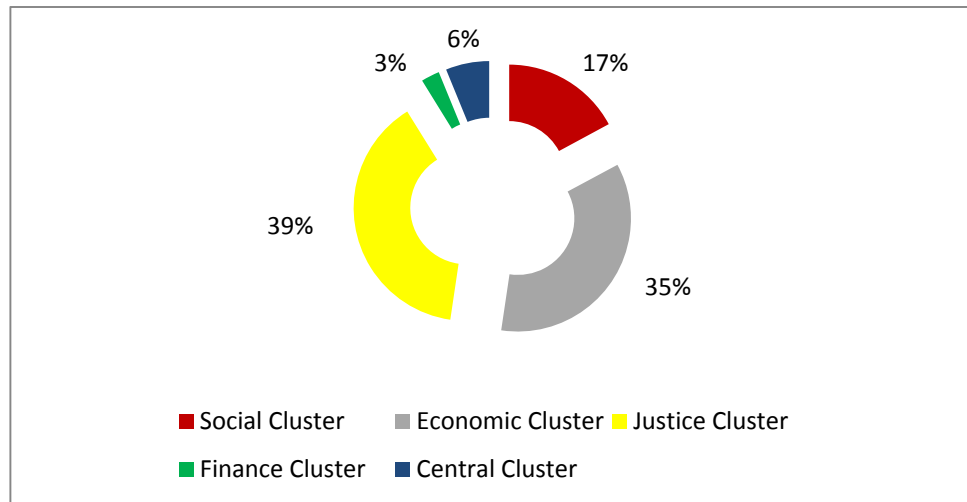
# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015

## Total Capital expenditure



## Capital expenditure by Cluster 2014/15



## Assets

### Cash and cash equivalents

Cash & cash equivalents	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15
R' million					
Cash and equivalents	177 727	199 548	174 670	194 460	204 371
<b>Movement in cash and cash equivalents</b>	<b>31%</b>	<b>12%</b>	<b>-12%</b>	<b>11%</b>	<b>5%</b>

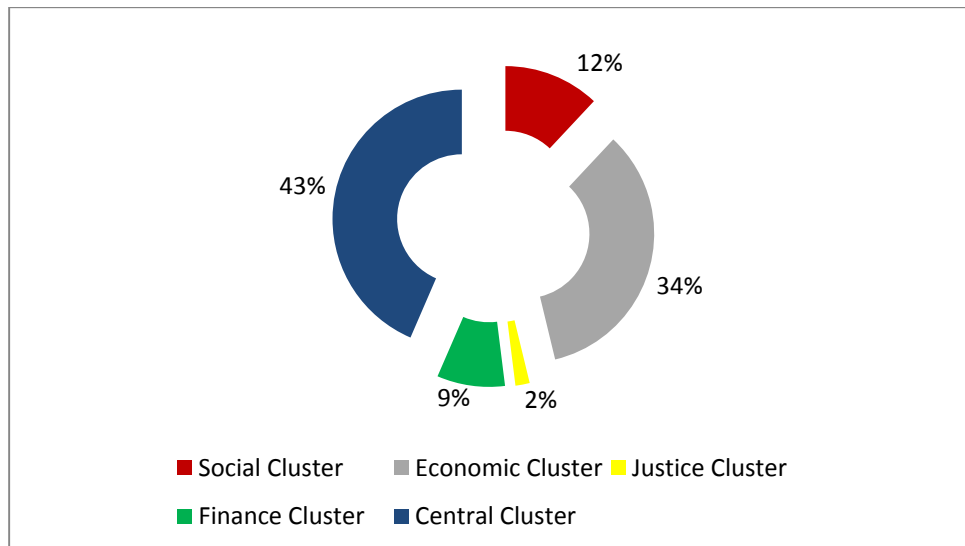
Cash and cash equivalents stand at R 218 billion excluding bank overdraft of R13 billion, with the revenue fund holding the bulk of the cash with R 206 billion. Government's total cash includes deposits held at SARB and commercial banks.

# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015

National Revenue Fund Holding R' million	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15
<b>Commercial Banks</b>					
Tax and Loan account	44 256	63 293	27 332	45 262	44 634
<b>South African Reserve Bank</b>					
Corporation for public deposits	-	-	-	-	-
Sterilisation deposits	67 157	67 157	67 157	67 157	67 157
Foreign currency deposits	58 597	67 558	80 256	84 466	94 404
Escrow investment account	146	51	52	-	-
Other	205	232	169	168	137
US \$ equivalent of foreign cash balances	\$8.6bn	\$8.8bn	\$8.7bn	\$7.9bn	\$8.1bn
<b>Total</b>	<b>170 361</b>	<b>198 291</b>	<b>174 966</b>	<b>197 053</b>	<b>206 332</b>

## Cash and cash equivalents by cluster 2014/15



Government's total National Revenue Fund cash holdings consists of deposits in rands and in US dollars held with the commercial banks and the South African Reserve Bank.

Operational cash available to finance the borrowing requirements is held in the National Treasury's Tax and Loan accounts with the four commercial banks. Government deposited cash with the South African Reserve Bank to increase the level of official foreign exchange reserves which are only available for use by government as bridging finance.

# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015

## Receivables

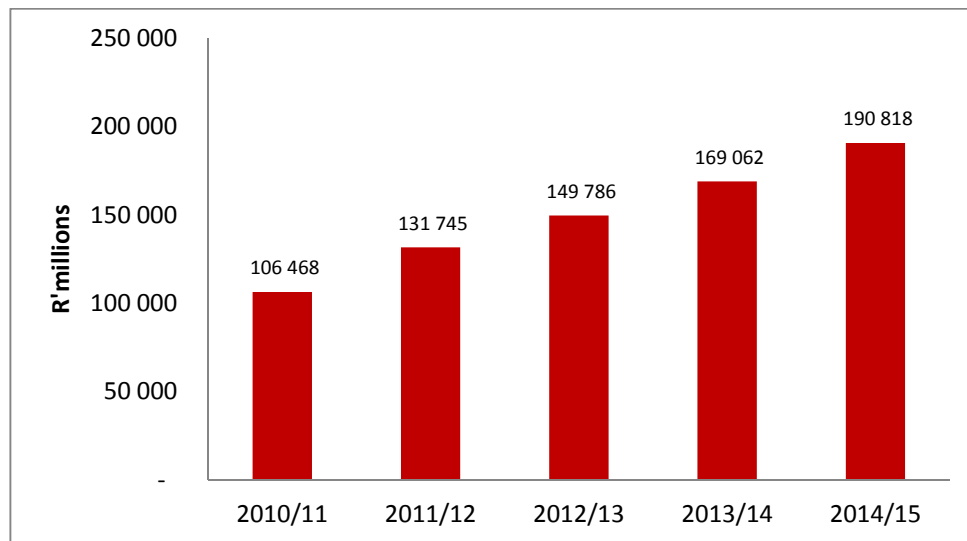
Receivables	Actual	Actual	Actual	Actual	Actual
R' million	2010/11	2011/12	2012/13	2013/14	2014/15
Receivables	5 549	3 938	4 460	3 913	8 544
<b>Movement in receivables</b>	<b>-87%</b>	<b>-29%</b>	<b>13%</b>	<b>-12%</b>	<b>118%</b>

Receivables increased by 118% in 2014/15 from R3.9 billion to R8 billion, the increase is mainly attributable to claims recoverable constituting 30% of total receivables. Included in receivables are amounts owed to the government in relation to goods and services and interest receivables.

## Investments

Investments	Actual	Actual	Actual	Actual	Actual
R' million	2010/11	2011/12	2012/13	2013/14	2014/15
Investments	106 468	131 745	149 786	169 062	190 818
<b>Movement in Investments</b>	<b>-7%</b>	<b>24%</b>	<b>14%</b>	<b>13%</b>	<b>13%</b>

Total investments increased to R191 billion. This represents a 13% increase from the prior year approximating R21 billion.



The major investments of government are listed in the table which follows. This gives 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 the exchange rate movements and a 21% increase in shareholding of the International Banks for Reconstruction and Development.

# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015

<b>Major Investments</b>	<b>Actual</b>	<b>Actual</b>
<b>R' million</b>	<b>2013/14</b>	<b>2014/15</b>
Alexkor Limited	400	400
Aventura Limited	60	60
Denel (Pty) Ltd	6 176	6 176
Safcol Limited	318	318
South African Airways (Pty) Ltd	3 598	13 008
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
Arm Scor	75	75
International Bank for Reconstruction and Development	20 649	25 088
International Monetary Fund Quota Subscription	30 553	31 387
International Monetary Fund SDR Holding	29 239	30 038
African Development Bank	40 865	47 036

## Loans

	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
<b>R'million</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
Loans	65 404	66 825	67 272	66 458	65 183
<b>Movement in Loans</b>	<b>45%</b>	<b>2%</b>	<b>0.7%</b>	<b>-3.1%</b>	<b>-1.9%</b>

Majority of the loan represents loans to public corporations. The decrease is mainly attributable to capital repayments by public corporations. A capital injection of R23 billion was granted to Eskom, of which the first payment of R10 billion was paid in June 2015, a further R10 billion will be paid in December 2015 and another R3 billion in 2016/17. Government guarantees to the value of R350 billion have been issued to Eskom. The amount borrowed by Eskom against this guarantee was R150 billion as at 31 March 2015.

# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015

## Liabilities

### Payables

<i>R' million</i>	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15
Payables	5 324	2 961	3 111	5 202	5 388
<b>Movement in Payables</b>	<b>-37%</b>	<b>-44%</b>	<b>5%</b>	<b>67%</b>	<b>4%</b>

Payables have increased slightly by 4%, from R5.2 billion in 2013/14 to R5.3 billion in 2014/15. The increase in payables is attributable to non-current payables, which increased by 60% from R1.3 billion in 2013/14 to R2.1 billion in 2014/15 financial year. Other payables which are included in the non-current payables include salary related payables such as pension fund, housing allowance, income tax and bargaining council. Voted funds transferred decreased by 71% from R0.66 billion in 2013/14 to R0.19 billion in 2014/15 financial year.

### Multilateral institutions

<i>R' million</i>	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15
Multilateral Institutions	58 078	82 527	99 114	116 321	127 353
<b>Movement in Multilateral Institutions</b>	<b>-24%</b>	<b>42%</b>	<b>20%</b>	<b>17%</b>	<b>9%</b>

The balance represents the callable portion of South Africa's subscription in the various multilateral institutions. They are initially measured at face value and subsequently revalued using the closing exchange rate as at 31 March 2015. The balance is comprised of the following;

- The African Development bank - R43.8 billion.
- International Monetary Fund - Securities Account, R29.8 billion.
- International Monetary Fund - SDR Allocations, R30 billion.
- International Bank for Reconstruction and Development - R23.6 billion and
- Multilateral Investments Guarantee Agency - R0.17 billion

### Current and non-current borrowings

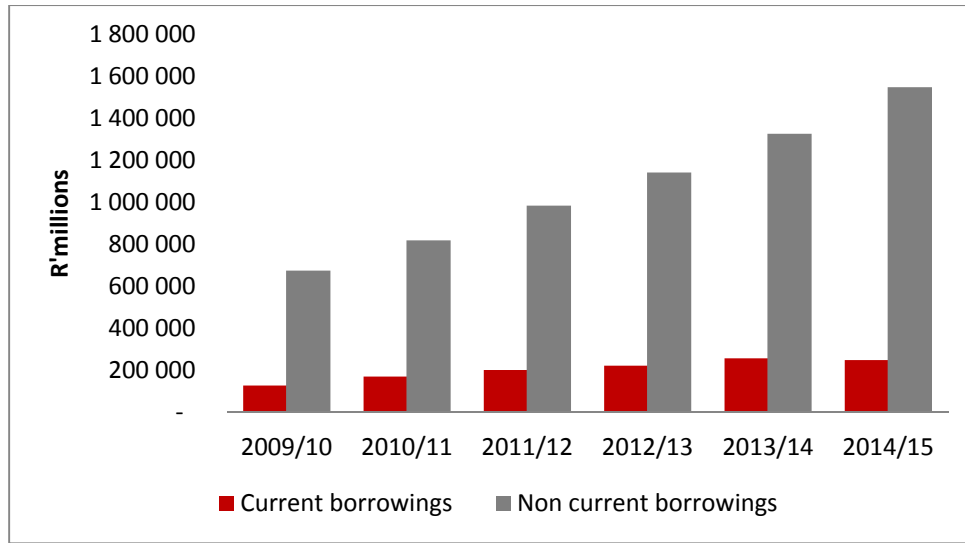
The table below split the debt portfolio between current and non-current borrowings. Current borrowings represent debt with a remaining term not exceeding one year. Treasury bills account for the major portion. Non-current borrowings consist of debt with an outstanding term exceeding one year.

<i>Borrowings R'million</i>	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15
Current borrowings	170 484	201 910	222 325	257 045	248 795
Non - current borrowings	819 590	985 458	1 143 017	1 327 479	1 549 993
<b>Total</b>	<b>990 074</b>	<b>1 187 368</b>	<b>1 365 341</b>	<b>1 584 524</b>	<b>1 798 788</b>
<b>Movement in borrowings</b>	<b>23%</b>	<b>20%</b>	<b>15%</b>	<b>16%</b>	<b>14%</b>

# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015

## Borrowings



When expenditure exceeds revenue, government incurs a deficit. This deficit is financed through raising loans in the domestic and international capital markets. The stock of debt is also influenced by inflation and currency movements.

The table below shows government debt split between domestic and foreign debt. In addition, government's debt is also disclosed on a gross and net basis. Net loan debt consists of total domestic and foreign debt less the cash balances of the NRF. Over the period 2010/11 to 2014/15, net loan debt as a percentage of GDP increased from 30 per cent to 41 per cent.

<b>Total National Government Debt</b> <i>R' million</i>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
Domestic debt	892 223	1 070 517	1 240 786	1 440 865	1 631 957
Foreign debt	97 851	116 851	124 555	143 659	166 831
<b>Gross loan debt</b>	<b>990 074</b>	<b>1 187 369</b>	<b>1 365 341</b>	<b>1 584 524</b>	<b>1 798 788</b>
Less: National Revenue Fund bank balances	(170 361)	(198 291)	(174 966)	(197 053)	(206 332)
<b>Net loan debt</b>	<b>819 713</b>	<b>989 077</b>	<b>1 190 375</b>	<b>1 387 471</b>	<b>1 592 456</b>
<i>As percentage of GDP :</i>					
<i>Net loan debt</i>	30	33	37	38	41
<i>Foreign debt</i>	4	4	4	4	4



# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015

## 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 R'millions	As Published In		
	2013/14	2013/14	2014/15
<b>Surplus/(Deficit) per Income Statement (NRF)</b>	<b>(197 817)</b>	<b>(197 771)</b>	<b>(198 668)</b>
Revaluation gains/(losses)	26 025	26 025	27 070
Increase/(Decrease) in revenue	7 721	(3 366)	(13 690)
Movement in Annual Appropriation: Net Financing	11 793	12 265	4 612
<b>Other receipts:</b>			
Recovery of criminal assets	(141)	(141)	(182)
Local Government Surrenders	(260)	-	-
<b>Extra-ordinary receipts:</b>			
Premium on issuance bonds for financing	(3 008)	-	-
Premium on debt portfolio restructuring	(1 621)	-	-
Penalties on Retail Bonds	(8)	-	-
Liquidation of SASRIA investments	(75)	-	-
Electricity Distribution Industry Holding Company	(37)	-	-
Escrow Investment Account	(9)	-	-
Profit on Foreign currency investment	(5 662)	-	-
Book Profit	(1)	-	-
Foreign Exchange Rate Profit	(4)	-	-
Voluntary Disclosure Programme	(399)	-	-
<b>Other payments:</b>			
Recovery of criminal assets	46	46	5
Premium Paid	456	-	-
<b>Extra-ordinary payments:</b>			
Saambou Bank Limited	31	-	-
Losses on GEFRECA	28	-	-
<b>Surplus/Deficit per Budget Review</b>	<b>(162 942)</b>	<b>(162 942)</b>	<b>(180 853)</b>
<b>Surplus per budget review</b>	<b>(162 942)</b>	<b>(162 942)</b>	<b>(180 853)</b>
Items as specified above	(34 875)	(34 829)	(17 815)
<b>Surplus per the NRF Statement of Financial Performance</b>	<b>(197 817)</b>	<b>(197 771)</b>	<b>(198 668)</b>
Aggregated surplus/(deficit) of the National Departments	(771 916)	(710 698)	(206 873)
Add back unauthorised, fruitless & wasteful expenditure	969 733	908 469	405 541
<b>Surplus/Deficit per CAFS</b>	<b>-</b>	<b>-</b>	<b>-</b>



# 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 2015



AUDITOR-GENERAL  
SOUTH AFRICA

## CONSOLIDATED FINANCIAL STATEMENTS

2015

Annual financial statements  
for the year ended 31 March 2015



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA



# REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2015

## ■ 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 50 to 120, which comprise the consolidated statement of financial position as at 31 March 2015, the consolidated statement of financial performance, consolidated statement of changes in net assets, and 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 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 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 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 2015

## ■ Basis for qualified opinion ■ Emphasis of matters

### Commitments

6. I was not able to obtain sufficient appropriate audit evidence in respect of commitments of R35 billion (2013-14: R36 billion) included in disclosure note 32 to the consolidated financial statements. Alternative procedures could not be performed to determine whether any further adjustments to this note were necessary.

### Aggregation of uncorrected misstatements

7. The consolidated financial statements as a whole are materially misstated due to the cumulative effect of numerous uncorrected misstatements emanating from the audited financial statements of national departments. These misstatements impact the statement of financial position with R0,9 billion (2013-14: R3,4 billion), the statement of financial performance with R1,5 billion (2013-14: R3,1 billion) and the disclosure notes with R5,6 billion (2013-14: R10 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 2015 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.

# REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2015

## Report on other legal and regulatory requirements

In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and the general notice issued in terms thereof. I have a responsibility to report findings non-compliance with legislation and 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

The procedures I performed regarding compliance with legislation were limited to the consolidation requirements of the PFMA. My findings on material non-compliance are as follows:

10. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 8 (1) of the PFMA. Material misstatements of agent principal arrangements, impairments, provisions and related parties identified by the auditors in the submitted financial statements were subsequently corrected.

## Internal control

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

## Leadership

11. The accounting officer did not exercise adequate oversight responsibility over financial reporting to ensure compliance with the relevant requirements of the PFMA.

## Financial and performance management

12. Management did not prepare financial statements that were free from material misstatement due to the inadequate software solution used for the preparation of consolidated financial statements.
13. Consolidation systems and processes are not at the required level of maturity to enable compliance with the requirements of the PFMA in respect of the whole of government consolidation.

Auditor-General

Pretoria

29 October 2015



Auditing to build public confidence

# CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 March 2015

	Notes	2014/15 R '000	2013/14 R '000
<b>OPERATING INCOME</b>		<b>968 702 977</b>	<b>889 532 671</b>
Revenue from Taxes, Levies & Duties	2	940 353 255	863 149 773
Departmental revenue	3	23 603 666	21 321 372
Other Revenue	4	4 106 483	5 061 526
Receipts by National Departments from NRF	5	639 573	-
Aid assistance		2 128 677	1 928 193
<b>TOTAL REVENUE</b>		<b>970 831 654</b>	<b>891 460 864</b>
<b>REVENUE FUND EXPENDITURE</b>		<b>486 702 848</b>	<b>457 270 801</b>
Appropriated Funds	7	486 697 426	457 225 173
CARA payments		5 422	45 628
<b>DEPARTMENTAL EXPENDITURE</b>			
<b>Current expenditure</b>		<b>183 076 345</b>	<b>174 593 603</b>
Compensation of employees	8	123 245 867	114 853 010
Goods & Services	9	58 504 410	58 502 436
Interest & Rent on Land	10	103 409	93 188
Aid assistance		1 222 659	1 144 969
<b>Transfers and subsidies</b>		<b>441 815 575</b>	<b>406 580 900</b>
Transfers and subsidies	13	441 464 137	406 396 496
Aid assistance		351 438	184 404
<b>Expenditure for capital assets</b>		<b>16 098 732</b>	<b>14 156 562</b>
Tangible capital assets	11.1	16 017 964	13 948 753
Intangible assets	11.2	80 768	207 809
Payments for financial assets	14	3 527 189	3 369 854
<b>TOTAL EXPENDITURE</b>		<b>1 131 220 689</b>	<b>1 055 971 720</b>
<b>SURPLUS/(DEFICIT)</b>		<b>(160 389 035)</b>	<b>(164 510 856)</b>
Foreign exchange revaluation		(27 070 397)	(26 025 274)
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>(187 459 432)</b>	<b>(190 536 130)</b>
<b>Reconciliation of Net Surplus/(Deficit) for the year</b>			
Voted Funds		(187 893 487)	(190 947 117)
Departmental revenue and NRF receipts		104 711	-
Aid assistance		329 344	410 987
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>(187 459 432)</b>	<b>(190 536 130)</b>



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2015

	Notes	2014/15 R '000	2013/14 R '000
<b>ASSETS</b>			
<b>Current Assets</b>		<b>236 740 777</b>	<b>220 916 228</b>
Unauthorised expenditure	12	675 960	626 437
Cash and cash equivalents	15	217 538 313	205 937 410
Other financial assets		17 316	16 093
Prepayments and advances	16	9 720 685	9 851 293
Receivables	17	7 321 427	2 920 245
Loans	18	1 459 001	1 556 441
Aid assistance receivable	6	8 075	8 309
<b>Non-current assets</b>		<b>255 827 339</b>	<b>235 014 290</b>
Investments	19	190 817 861	169 061 655
Receivables	17	1 223 485	993 512
Loans	18	63 724 108	64 901 773
Other financial assets		61 885	57 350
<b>TOTAL ASSETS</b>		<b>492 568 116</b>	<b>455 930 518</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>266 502 176</b>	<b>273 390 399</b>
Voted funds to be surrendered to the Revenue Fund	20	698 750	321 690
Departmental revenue to be surrendered to the Revenue Fund	21	81 775	90 436
Bank overdraft	22	13 167 066	11 477 217
Payables	23	3 236 429	3 856 474
Borrowings	24	248 795 244	257 044 926
Aid assistance repayable	6	331 752	424 059
Aid assistance unutilised	6	191 160	175 597
<b>Non-current liabilities</b>		<b>1 679 497 532</b>	<b>1 445 145 907</b>
Payables	23	2 151 893	1 345 802
Borrowings	25	1 549 992 639	1 327 479 034
Multi-lateral institutions	26	127 353 000	116 321 071
<b>TOTAL LIABILITIES</b>		<b>1 945 999 708</b>	<b>1 718 536 306</b>
<b>NET ASSETS</b>		<b>(1 453 431 592)</b>	<b>(1 262 605 788)</b>
<b>Represented by:</b>			
Capitalisation reserve		57 912 068	48 503 670
Recoverable revenue		64 592 773	65 578 509
Retained funds		(1 575 936 433)	(1 376 687 967)
Revaluation reserves		-	-
<b>TOTAL</b>		<b>(1 453 431 592)</b>	<b>(1 262 605 788)</b>

# CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 March 2015

	Notes	2014/15 R '000	2013/14 R '000
<b>Capitalisation Reserves</b>			
Opening balance		48 503 670	48 155 799
Transfers:		9 408 398	347 871
Movement in Equity		9 410 678	350 000
Other movements		(2 280)	(2 129)
<b>Closing balance</b>		<b>57 912 068</b>	<b>48 503 670</b>
<b>Recoverable revenue</b>			
Opening balance		65 578 509	66 590 669
Transfers		(985 736)	(1 012 160)
Irrecoverable amounts written off		(27 119)	(132 965)
Debts revised		(128 831)	(40 106)
Debts recovered (included in departmental receipts)		(1 836 039)	(1 591 226)
Debts raised		1 006 253	752 137
<b>Closing balance</b>		<b>64 592 773</b>	<b>65 578 509</b>
<b>Retained funds</b>			
Opening balance		(1 376 687 967)	(1 178 693 916)
Transferred from voted funds to be surrendered (Parliament/Legislatures ONLY)		(6 255)	20 027
Utilised during the year		(574 252)	(12 617)
Other		(198 667 959)	(198 001 461)
<b>Closing balance</b>		<b>(1 575 936 433)</b>	<b>(1 376 687 967)</b>
<b>Revaluation Reserves</b>			
Opening balance		-	-
Revaluation adjustment		-	-
Transfers		-	-
Other		-	-
<b>Closing balance</b>		<b>-</b>	<b>-</b>
<b>TOTAL</b>		<b>(1 453 431 592)</b>	<b>(1 262 605 788)</b>

# CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2015

	Notes	2014/15 R '000	2013/14 R '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>RECEIPTS DISCLOSED BY THE NATIONAL REVENUE FUND</b>		<b>973 206 866</b>	<b>897 938 237</b>
Revenue collected by SARS		936 733 012	863 278 654
Departmental Revenue collected		24 479 242	20 868 116
CARA Receipts		182 242	140 766
Surrenders from departments		7 705 887	8 609 175
Other revenue received by the revenue fund		4 106 483	5 041 526
<b>RECEIPTS DISCLOSED BY NATIONAL DEPARTMENTS</b>		<b>10 717 447</b>	<b>10 821 639</b>
Annual appropriated funds received		(330)	684 493
Departmental revenue received		4 273 457	5 737 718
Interest received		4 497 885	2 612 001
Aid assistance received		1 946 435	1 787 427
<b>PAYMENTS DISCLOSED BY THE NATIONAL REVENUE FUND</b>		<b>497 442 552</b>	<b>463 329 840</b>
Annual Appropriation		-	(775)
Statutory Appropriation		496 737 203	463 275 513
CARA Payments		5 422	45 628
Appropriation for unauthorised expenditure		41 770	-
Other		658 157	9 474
Net (increase)/decrease in working capital		(1 894 848)	(1 240 302)
Surrendered to Revenue Fund		(19 810 000)	(18 679 362)
Surrendered to RDP Fund/Donor		(378 893)	(1 003 840)
Current payments		(182 565 661)	(173 591 850)
Interest paid		(102 891)	(92 495)
Payments for financial assets		(3 527 189)	(3 369 854)
Transfers and subsidies paid		(441 815 575)	(407 278 010)
<b>Net cash flow available from operating activities</b>	27	<b>(163 613 296)</b>	<b>(159 825 677)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets		(16 098 732)	(14 156 562)
Proceeds from sale of capital assets		78 099	37 110
(Increase)/decrease in loans		1 275 105	813 872
(Increase)/decrease in investments		(9 457 219)	(394 308)
(Increase)/decrease in other financial assets		(5 758)	(5 903)
<b>Net cash flows from investing activities</b>		<b>(24 208 505)</b>	<b>(13 705 791)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Distribution/dividend received		2 146 296	1 939 350
Increase/(decrease) in net assets		8 422 709	(664 289)
Increase/(decrease) in non-current payables		806 091	571 012
Increase/(decrease) in borrowings		186 357 759	191 482 527
<b>Net cash flows from financing activities</b>		<b>197 732 855</b>	<b>193 328 600</b>
Net increase/(decrease) in cash and cash equivalents		9 911 054	19 797 132
Cash and cash equivalents at beginning of period		194 460 193	174 663 061
<b>Cash and cash equivalents at end of period</b>	28	<b>204 371 247</b>	<b>194 460 193</b>

# ACCOUNTING POLICIES

For the year ended 31 March 2015

## 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.

### 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.

# ACCOUNTING POLICIES

For the year ended 31 March 2015

## 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:

#### 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.

## ACCOUNTING POLICIES

For the year ended 31 March 2015

### 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.

### 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.



# ACCOUNTING POLICIES

For the year ended 31 March 2015

## 1.6 Expenditure

### 1.6.1 Appropriated funds

Appropriated funds include annual appropriation and statutory appropriation. These are appropriated to entities in terms of an Act of Parliament / Provincial Legislature. Appropriated funds are recognised in the financial records when approved by Parliament.

Unexpended appropriations surrenders by departments are recognised at financial year-end in the Statement of Financial Position. Expenses incurred where the funds have not been requested against the appropriation are reflected as expenditure.

### 1.6.2 Compensation of employees

#### 1.6.2.1 Salaries and wages

Salaries and wages are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

Other employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements at its face value and are not recognised in the statement of financial performance or position.

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

#### 1.6.2.2 Social contributions

Employer contributions to post employment benefit plans in respect of current employees are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the National Revenue Fund and not in the financial statements of the employer department.

Employer contributions made by the department for certain of its ex-employees (such as medical benefits) are classified as transfers to households in the statement of financial performance.

### 1.6.3 Goods and services

Payments made for goods and/or services are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). The expense is classified as capital if the goods and/or services were acquired for a capital project or if the total purchase price exceeds the capitalisation threshold (currently, R5,000). All other expenditures are classified as current. Rental paid for the use of buildings or other fixed structures is classified as goods and services and not as rent on land.

### 1.6.4 Interest and rent on land

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

### 1.6.5 Payments for financial assets

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

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

# ACCOUNTING POLICIES

For the year ended 31 March 2015

## 1.6.6 CARA Payments

Funds are transferred to departments, 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 approved by cabinet but not requested are recognised as a payable by the Revenue Fund in the Statement of Financial Performance.

## 1.6.7 Transfers and subsidies

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

## 1.6.8 Expenditure for capital assets

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

## 1.6.9 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.

## 1.6.10 Unauthorised expenditure

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

Unauthorised expenditure approved with funding is derecognised from the statement of financial

position when the unauthorised expenditure is approved and the related funds are received.

Where the amount is approved without funding it is recognised as expenditure in the statement of financial performance on the date of approval.

## 1.6.11 Fruitless and wasteful expenditure

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

## 1.6.12 Irregular expenditure

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

## 1.6.13 Direct Exchequer Payments

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

## 1.6.14 Other expenditure and RDP Funds due prior to Amendment Act no. 79 of 1998

Expenditure is recognised when payment becomes payable.



# ACCOUNTING POLICIES

For the year ended 31 March 2015

## 1.7 ASSETS

### 1.7.1 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.

### 1.7.2 Other financial assets

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

### 1.7.3 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.

### 1.7.4 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.

### 1.7.5 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.

### 1.7.6 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.

### 1.7.7 Settlement period of assets and liabilities

#### 1.7.7.1 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.

#### 1.7.7.2 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 year ended 31 March 2015

## 1.7.8 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.

## 1.7.9 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.

## 1.7.10 Capital assets

### 1.7.10.1 Disclosure

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

## 1.7.11 Movable assets

### 1.7.11.1 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.

### 1.7.11.2 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.

## 1.7.12 Immovable assets

### 1.7.12.1 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.

### 1.7.12.2 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.

# ACCOUNTING POLICIES

For the year ended 31 March 2015

## 1.7.13 Intangible assets

### 1.7.13.1 Initial recognition

An intangible asset 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.

### 1.7.13.2 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.

## 1.8 Liabilities

### 1.8.1 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.

### 1.8.2 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.

### 1.8.3 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.

### 1.8.4 Contingent liabilities

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

### 1.8.5 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.

### 1.8.6 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.

### 1.8.7 Employee benefits

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

# ACCOUNTING POLICIES

For the year ended 31 March 2015

## 1.8.8 Provisions

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

## 1.8.9 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

## 1.9 Borrowings

### 1.9.1 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.

### 1.9.2 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.

### 1.9.3 Foreign loans

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

## 1.10 Net assets

### 1.10.1 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.

### 1.10.2 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.

## 1.11 Related party transactions

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

## 1.12 Key management personnel

Compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes.

## 1.13 Public private partnerships

A Public Private Partnership (PPP) is a commercial transaction between the department

# ACCOUNTING POLICIES

For the year ended 31 March 2015

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.

## 1.14 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.

## 1.15 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 2015

	<i>Notes</i>	<b>2014/15</b> R '000	<b>2013/14</b> R '000
<b>2</b>	<b>Taxation</b>		
	Income tax	561 786 952	507 757 904
	Value-added tax / Sales tax	261 294 788	237 666 579
	Fuel levy	45 497 934	41 023 198
	Excise duties	34 227 902	30 222 676
	Customs duties	39 986 347	43 550 021
	Other taxes	12 470 331	10 518 720
	Road accident fund recoupment	2 968 598	2 661 456
	SACU member duties	1 774 605	1 832 634
	Customs miscellaneous revenue	638 292	417 116
	Skills Development Levy	14 032 119	12 475 597
	Environmental levy	10 396 682	10 771 154
	Air Passenger tax	906 575	878 697
	Universal Service Fund	176 681	126 852
	Diamond export levy	117 077	93 406
	Small business tax amnesty	2 827	1 250
	Turnover Tax	17 309	17 461
	<b>Total Taxation</b>	<b>986 295 019</b>	<b>900 014 721</b>
	<b>Non-taxation revenue</b>		
	Unemployment Insurance Fund (UIF)	15 807 982	14 957 404
	Provincial administration receipts	413	2 586
	Mineral and petroleum resource royalty	5 422 007	6 439 251
	Mining leases and ownership	33 038	99 777
	Road accident fund levy	22 038 712	19 961 978
	<b>Total Non-taxation</b>	<b>43 302 152</b>	<b>41 460 996</b>
	<b>Total Gross Revenue</b>	<b>1 029 597 171</b>	<b>941 475 717</b>
	<b>Less</b>		
	South African Customs Union Agreement	51 737 656	43 374 384
	Payment ito sec 12(3) of the PFMA	333	2 562
	Payment to UIF	15 777 974	14 946 525
	Payment to RAF	21 582 491	19 651 219
	Amount payable by SARS to RAF	145 462	351 254
	<b>Total</b>	<b>89 243 916</b>	<b>78 325 944</b>
	<b>Total Net Revenue for the Year</b>	<b>940 353 255</b>	<b>863 149 773</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	Notes	2014/15 R '000	2013/14 R '000
<b>3</b>	<b>Departmental Revenue</b>		
	Tax revenue	2 925	-
	NRF receipts	12 607 929	11 084 585
	Sales of goods and services other than capital assets	1 684 231	1 671 650
	Fines, penalties and forfeits	293 574	408 971
	Interest, dividends and rent on land	6 678 501	4 652 085
	Sales of capital assets	78 099	37 058
	Transactions in financial assets and liabilities	1 708 626	2 997 449
	Transfer received	549 781	469 574
	Total revenue collected	<b>23 603 666</b>	<b>21 321 372</b>
	Less: Own revenue included in appropriation	-	-
	<b>Total</b>	<b>23 603 666</b>	<b>21 321 372</b>
<p>*National Revenue Fund receipts (previously known as extra-ordinary receipts) are also included in departmental revenue in line with global standards, in particular the International Monetary Fund's Government Finance Statistics Manual 2001.</p>			
<b>4</b>	<b>Other Revenue</b>		
	Other surrenders	2 181 898	2 332 930
	Other revenue received	1 924 585	2 728 596
	<b>Total</b>	<b>4 106 483</b>	<b>5 061 526</b>
<b>5</b>	<b>Receipts by National Departments from NRF</b>		
	Statutory appropriation	639 573	-
	<b>Total</b>	<b>639 573</b>	<b>-</b>
<b>6</b>	<b>6.1 Aid assistance</b>		
	Opening Balance	591 347	1 202 835
	Prior period error	-	-
	As restated	591 347	1 202 835
	Transferred from statement of financial performance	329 344	433 158
	Transferred to/from retained funds	13 440	(33 027)
	Paid during the year	(419 294)	(1 011 619)
	<b>Closing Balance</b>	<b>514 837</b>	<b>591 347</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	<i>Notes</i>	<b>2014/15</b> <b>R '000</b>	<b>2013/14</b> <b>R '000</b>
<b>6.2 Analysis of balance by source</b>			
Aid assistance from RDP		359 600	384 082
Aid assistance from other sources		138 432	176 829
CARA		16 805	30 436
<b>Closing Balance</b>		<b>514 837</b>	<b>591 347</b>
<b>Analysis of Balance</b>			
Aid assistance receivable		(8 075)	(8 309)
Aid assistance unutilised		191 160	175 597
Aid assistance repayable		331 752	424 059
<b>Closing Balance</b>		<b>514 837</b>	<b>591 347</b>
<b>7 Appropriated Funds</b>			
Annual Appropriation		(10 633 077)	(6 431 230)
Statutory Appropriation		497 330 503	463 656 403
<b>Total Annual Appropriation</b>		<b>486 697 426</b>	<b>457 225 173</b>
<b>8 Compensation of employees</b>			
<b>Salaries and Wages</b>			
Basic Salary		80 357 289	74 751 755
Performance Award		630 263	635 567
Service Based		495 754	393 296
Compensative/circumstantial		5 485 416	4 645 635
Periodic Payments		179 951	129 707
Other non-pensionable allowances		15 371 596	14 668 565
<b>Total</b>		<b>102 520 269</b>	<b>95 224 525</b>
<b>Social Contributions</b>			
<b>Employer contributions</b>			
Pension		12 032 537	11 242 367
Medical		8 674 066	8 365 235
UIF		2 510	2 529
Bargaining Council		8 385	7 963
Official unions and associations		8 098	6 935
Insurance		2	3 456
<b>Total</b>		<b>20 725 598</b>	<b>19 628 485</b>
<b>Total Compensation of employees</b>		<b>123 245 867</b>	<b>114 853 010</b>
<b>Average number of employees</b>		398 803	401 561



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	<i>Notes</i>	<b>2014/15</b> <b>R '000</b>	<b>2013/14</b> <b>R '000</b>
<b>9</b>	<b>Goods and services</b>		
	Administrative fees	239 532	274 827
	Advertising	548 666	658 026
	Minor assets	9.1 585 131	534 123
	Bursaries (employees)	62 280	62 450
	Catering	285 843	300 311
	Communication	1 686 430	1 735 343
	Computer services	9.2 6 642 138	6 154 551
	Consultants, contractors and agency/outsourced services	4 219 100	4 045 185
	Infrastructure and planning services	219 153	220 879
	Laboratory services	47 689	54 308
	Scientific and technological services	56 221	41 012
	Legal services	896 423	802 451
	Contractors	4 217 903	5 302 642
	Agency and support / Outsourced services	2 641 129	2 436 721
	Entertainment	24 825	34 430
	Audit cost – external	9.3 596 411	574 132
	Fleet services	4 470 097	4 591 986
	Inventory	9.4 4 607 615	3 892 577
	Consumables	9.5 2 548 082	2 377 464
	Operating leases	9 365 969	9 240 089
	Property payments	9.6 5 820 139	5 604 155
	Rental and hiring	55 546	52 127
	Transport provided as part of the departmental activities	114 301	121 242
	Travel and subsistence	9.7 5 557 701	6 057 673
	Venues and facilities	517 782	654 433
	Training and staff development	720 517	566 001
	Other operating expenditure	9.8 1 757 787	2 113 298
	<b>Total</b>	<b>58 504 410</b>	<b>58 502 436</b>
<b>9.1</b>	<b>Minor Assets</b>		
	<b>Tangible assets</b>	<b>583 047</b>	<b>531 958</b>
	Buildings and other fixed structures	242	60
	Biological assets	770	3 771
	Heritage assets	26	59
	Machinery and equipment	581 346	520 877
	Transport assets	469	248
	Specialised military assets	194	6 943

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	<i>Notes</i>	<b>2014/15</b> <b>R '000</b>	<b>2013/14</b> <b>R '000</b>
<b>Intangible assets</b>		<b>2 084</b>	<b>2 165</b>
Software		1 967	2 165
Mastheads and publishing titles		117	-
<b>Total</b>		<b>585 131</b>	<b>534 123</b>
<b>9.2 Computer services</b>			
SITA computer services		3 873 935	3 736 404
External computer service providers		2 768 203	2 418 147
<b>Total</b>		<b>6 642 138</b>	<b>6 154 551</b>
<b>9.3 Audit cost – external</b>			
Regularity audits		570 611	551 132
Performance audits		2 037	1 310
Investigations		13 438	10 522
Environmental audits		-	1
Computer audits		10 325	11 167
<b>Total</b>		<b>596 411</b>	<b>574 132</b>
<b>9.4 Inventory</b>			
Clothing material and accessories		510 355	320 311
Farming supplies		189 310	187 867
Food and food supplies		1 243 520	1 192 445
Fuel, oil and gas		500 987	706 366
Learning and teaching support material		855 420	614 494
Materials and supplies		283 796	188 527
Medical supplies		287 070	158 330
Medicine		417 544	280 634
Other supplies	<i>9.4.1</i>	319 613	243 603
<b>Total</b>		<b>4 607 615</b>	<b>3 892 577</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

<i>Notes</i>	<b>2014/15</b> <b>R '000</b>	<b>2013/14</b> <b>R '000</b>
<b>9.4.1 Other Supplies</b>		
Ammunition and security supplies	136 357	86 173
Assets for distribution	58 041	13 515
Machinery and equipment	8 552	8 842
School furniture	36 443	-
Sports and recreation	428	-
Other assets for distribution	12 618	4 673
Other	125 215	143 915
<b>Total</b>	<b>319 613</b>	<b>243 603</b>
<b>9.5 Consumables</b>		
Consumable supplies	<b>1 009 026</b>	<b>897 070</b>
Uniform and clothing	59 116	43 045
Household supplies	390 261	338 898
Building material and supplies	78 527	77 389
Communication accessories	663	711
IT consumables	80 439	33 121
Other consumables	400 020	403 906
Stationery, printing and office supplies	1 539 056	1 480 394
<b>Total</b>	<b>2 548 082</b>	<b>2 377 464</b>
<b>9.6 Property payments</b>		
Municipal services	3 653 224	3 390 809
Property management fees	429 608	436 160
Property maintenance and repairs	907 533	865 255
Other	829 774	911 931
<b>Total</b>	<b>5 820 139</b>	<b>5 604 155</b>
<b>9.7 Travel and subsistence</b>		
Local	4 404 972	4 920 944
Foreign	1 152 729	1 136 729
<b>Total</b>	<b>5 557 701</b>	<b>6 057 673</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	<i>Notes</i>	<b>2014/15 R '000</b>	<b>2013/14 R '000</b>
<b>9.8 Other operating expenditure</b>			
Professional bodies, membership and subscription fees		110 302	116 730
Resettlement costs		161 751	130 461
Other		1 485 734	1 866 107
<b>Total</b>		<b>1 757 787</b>	<b>2 113 298</b>
<b>10 Interest and Rent on Land</b>			
Interest expense		102 891	92 495
Rent on land		518	693
<b>Total interest and rent on land</b>		<b>103 409</b>	<b>93 188</b>
<b>11 Expenditure on capital assets</b>			
<b>11.1 Tangible assets</b>		<b>16 017 964</b>	<b>13 948 753</b>
Buildings and other fixed structures		10 876 453	8 909 936
Heritage assets		2 455	8 197
Machinery and equipment		4 904 610	4 967 402
Specialised military assets		4 386	244
Land and subsoil assets		226 682	58 208
Biological assets		3 378	4 766
<b>11.2 Software and other intangible assets</b>		<b>80 768</b>	<b>207 809</b>
Computer software		80 768	207 809
<b>Total</b>		<b>16 098 732</b>	<b>14 156 562</b>
<b>Compensation for capital expenditure</b>			
Compensation of employees		17 360	13 812
Goods and services		22 903	18 288
<b>Total</b>		<b>40 263</b>	<b>32 100</b>
<b>Analysis of funds utilised to acquire capital assets</b>			
<b>Tangible assets</b>			
<b>Voted Funds</b>		<b>15 975 834</b>	<b>13 901 686</b>
Buildings and other fixed structures		10 870 701	8 933 427
Heritage assets		2 455	8 197
Machinery and equipment		4 868 232	4 896 844
Specialised military assets		4 386	244
Land and subsoil assets		226 682	58 208
Biological assets		3 378	4 766

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	<i>Notes</i>	2014/15 R '000	2013/14 R '000
	<b>Aid assistance</b>	<b>42 130</b>	<b>47 067</b>
	Buildings and other fixed structures	5 753	5 743
	Machinery and equipment	36 377	41 324
	<b>TOTAL</b>	<b>16 017 964</b>	<b>13 948 753</b>
	<b>Software and other intangible assets</b>		
	<b>Voted Funds</b>	<b>79 903</b>	<b>207 809</b>
	Computer software	79 844	207 809
	Patents, licences, copyright, brand names, trademarks	59	-
	<b>Aid assistance</b>	<b>865</b>	<b>-</b>
	Computer software	865	-
	<b>TOTAL</b>	<b>80 768</b>	<b>207 809</b>
12	<b>Unauthorised expenditure</b>		
	<b>Reconciliation of unauthorised expenditure</b>		
	Opening balance	668 207	657 117
	Prior year error	-	-
	As restated	668 207	657 117
	Unauthorised expenditure - discovered in the current year	7 753	(30 680)
	<b>Unauthorised expenditure awaiting authorisation / written off</b>	<b>675 960</b>	<b>626 437</b>
	<b>Analysis of unauthorised expenditure awaiting authorisation per economic classification</b>		
	Current	447 050	403 028
	Capital	178 087	172 586
	Transfers and subsidies	50 823	50 823
	<b>Total</b>	<b>675 960</b>	<b>626 437</b>
12.3	<b>Analysis of unauthorised expenditure awaiting authorisation per type</b>		
	Unauthorised expenditure relating to overspending of the vote or a main division within the vote	452 853	408 831
	Unauthorised expenditure incurred not in accordance with the purpose of the vote or main division	223 107	217 606
	<b>Total</b>	<b>675 960</b>	<b>626 437</b>
13	<b>Transfers and subsidies</b>		
	Provinces and Municipalities	160 271 080	150 016 700
	Departmental agencies and accounts	85 991 217	78 799 444
	Higher education institutions	24 468 071	22 596 300
	Foreign governments and international organisations	1 802 441	1 931 183
	Public corporations and private enterprises	32 217 722	28 140 216
	Non-profit institutions	5 246 487	4 729 030
	Households	131 467 119	120 183 623
	<b>Total</b>	<b>441 464 137</b>	<b>406 396 496</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	<i>Notes</i>	<b>2014/15 R '000</b>	<b>2013/14 R '000</b>
<b>14</b>	<b>Payments for financial assets</b>		
	Material losses through criminal conduct	10 990	4 942
	Theft	10 990	4 922
	Other material losses	-	20
	Other material losses written off	60 173	59 088
	Purchase of equity	374 806	314 626
	Extension of loans for policy purposes	3 000 000	2 905 000
	Debts written off	81 185	81 796
	Fore losses	35	4 375
	Debt take overs	-	27
	<b>Total</b>	<b>3 527 189</b>	<b>3 369 854</b>
<b>15</b>	<b>Cash and cash equivalents</b>		
	Consolidated Paymaster General Account	10 316 639	7 754 334
	Cash receipts	12 251	211
	Disbursements	(11 926)	(18 664)
	Cash on hand	88 040	127 322
	Investments (Domestic)	15.1 45 450 274	45 966 230
	Investments (International)	412 277	316 613
	Cash with SARB	15.2 67 157 404	67 157 404
	Foreign Currency Investment	15.3 94 404 195	84 466 333
	Other	(290 841)	167 627
	<b>Total Cash and cash equivalents</b>	<b>217 538 313</b>	<b>205 937 410</b>
15.1	The amount represent surplus cash (Rand) of the National Revenue Fund on deposit at the commercial banks.		
15.2	Deposit with the South African Reserve Bank to sterilise excess cash in the money market resulting from the acquisition of foreign exchange reserves.		
15.3	The amount represent foreign currency balances of the National Revenue Fund on deposit at the South African Reserve Bank.		

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	<i>Notes</i>	<b>2014/15</b> <b>R '000</b>	<b>2013/14</b> <b>R '000</b>
<b>16</b>	<b>Prepayments and Advances</b>		
	Staff advances	7 859	6 642
	Travel and subsistence	100 964	110 955
	Prepayments	72 604	272 034
	Advances paid	16.1 357 814	550 429
	SOCPEN advances	9 181 444	8 911 233
	<b>Total</b>	<b>9 720 685</b>	<b>9 851 293</b>
<b>16.1</b>	<b>Advances paid</b>		
	National departments	152 901	179 241
	Provincial departments	5 848	11 253
	Public entities	51 673	70 469
	Other institutions	147 392	289 466
	<b>Total</b>	<b>357 814</b>	<b>550 429</b>
<b>17</b>	<b>Receivables</b>		
	Claims recoverable	17.1 2 178 531	1 890 093
	Trade receivables	17.2 1 137	604
	Recoverable expenditure	17.3 193 528	191 779
	Staff debt	17.4 574 047	557 725
	Fruitless and wasteful expenditure	17.6 8 232	674
	Other debtors	17.5 1 723 554	1 151 989
	Voted funds to be surrendered to the Revenue Fund	-	-
	Unauthorised expenditure to be surrendered	5 504	6 218
	Other	3 860 379	114 675
	<b>Total</b>	<b>8 544 912</b>	<b>3 913 757</b>
<b>17.1</b>	<b>Claims Recoverable</b>		
	National departments	987 099	877 767
	Provincial departments	535 048	478 357
	Foreign government	776	5 405
	Public entities	487 554	466 848
	Private enterprises	94 652	61 321
	Higher education institutions	131	95
	Households and non-profit institutions	766	255
	Local governments	72 505	45
	<b>Total</b>	<b>2 178 531</b>	<b>1 890 093</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	<i>Notes</i>	<b>2014/15 R '000</b>	<b>2013/14 R '000</b>
<b>17.2 Trade receivables</b>			
Trade receivables		741	598
Other		396	6
<b>Total</b>		<b>1 137</b>	<b>604</b>
<b>17.3 Recoverable expenditure</b>			
Disallowance: damages and losses; SAL: tax debt; Disallowance: damages and losses; Receivable: salary reversed; Dis: damages and losses		42 052	34 867
Disallowance: miscellaneous; SAL: reversal control; Disallowance: miscellaneous		3 019	7 299
Disallowance Damages and Losses		38 465	51 629
Debts emanating from service providers		23 875	21 598
Damage Vehicles		11 961	13 189
Private Telephone		30	1 116
Salary Disallowance accounts		9 301	12 139
Disallowance miscellaneous		64 228	49 784
Debt Receivable Income		258	162
Debt Receivable Interest		339	(4)
<b>Total</b>		<b>193 528</b>	<b>191 779</b>
<b>17.4 Staff debt</b>			
Salary related		403 887	405 013
Study loans (Students)		76 300	78 421
Motor vehicle accidents		13 897	12 629
Deposits		28 388	17 106
State guarantees		2 473	2 385
Loss of State money		2 315	3 077
Damages of State property		2 669	1 634
Private patience		9 204	4 815
Miscellaneous		25 901	23 824
Other		9 013	8 821
<b>Total</b>		<b>574 047</b>	<b>557 725</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	<i>Notes</i>	<b>2014/15</b> <b>R '000</b>	<b>2013/14</b> <b>R '000</b>
<b>17.5 Other debtors</b>			
Unauthorised expenditure not approved by Parliaments and to be written off		24 104	20 616
Operations		455 388	100 720
Study loans (Students)		67 368	63 736
Loss of State Funds not included in loss of State money		4 719	4 826
State Departments		5 330	397
Aviation services		17 583	13 129
Suppliers		15 163	11 661
Motor vehicle accidents		12 942	9 432
Estates		1 983	135 266
State guarantees		1 044 856	742 050
Medical claims		12 969	7 329
Private patients		634	313
Market support		173	244
Aviation fuel		4 083	3 001
Private Institutions		231	75
Damage of State property		8 046	19
Miscellaneous		806	373
Loss of State property		14 136	11 626
Disallowance accounts		11 185	10 569
Salary overpayment		21 856	16 607
<b>Total</b>		<b><u>1 723 554</u></b>	<b><u>1 151 989</u></b>
<b>17.6 Fruitless and wasteful expenditure</b>			
Opening balance		674	1 225
Less amounts recovered		461	(53)
Less amounts written off		123	(44)
Transfers from note 32 Fruitless and wasteful expenditure		6 694	(454)
Interest		280	-
<b>Total</b>		<b><u>8 232</u></b>	<b><u>674</u></b>
<b>Impairment of receivables</b>			
Estimate of impairment of receivables		1 174 621	621 453
<b>Total</b>		<b><u>1 174 621</u></b>	<b><u>621 453</u></b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	<i>Notes</i>	<b>2014/15 R '000</b>	<b>2013/14 R '000</b>
<b>18</b>	<b>Loans</b>		
	Public corporations	65 161 142	66 433 967
	Higher education institutions	21 967	24 247
	<b>Total Loans Balance</b>	<b>65 183 109</b>	<b>66 458 214</b>
	Less: Current	1 459 001	1 556 441
	<b>Total Non-Current</b>	<b>63 724 108</b>	<b>64 901 773</b>
	<b>Analysis of Total Loans Balance</b>		
	Opening balance	66 458 214	67 272 086
	New Issues	294 104	394 189
	Repayments	(1 556 847)	(1 166 464)
	Write-offs	(12 362)	(41 597)
	<b>Closing balance</b>	<b>65 183 109</b>	<b>66 458 214</b>
<b>19</b>	<b>Non-current Investments</b>		
	Foreign	133 979 709	121 680 722
	Shares and other equity	56 838 152	47 380 933
	<b>Total non-current</b>	<b>190 817 861</b>	<b>169 061 655</b>
	<b>Major investments per National Department</b>		
	<b>Department of Transport</b>		
	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
		<b>6 089 441</b>	<b>6 089 441</b>
	<b>National Treasury</b>		
	Development Bank of Southern Africa	200 000	200 000
	Public Investment Corporation Limited	1	1
	Land Bank	200 955	200 955
	South African Airways	13 008 758	-
		<b>13 409 714</b>	<b>400 956</b>
	<b>Department of Defence</b>		
	Armcor	75 000	75 000

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

<i>Notes</i>	<b>2014/15</b> <b>R '000</b>	<b>2013/14</b> <b>R '000</b>
<b>Department of Agriculture, Forestry and Fisheries</b>		
Ncera Farms (Pty) Ltd	1	1
Onderstepoort Biological Products (Pty) Ltd	1	1
Abattoir industry fund	16 434	16 372
National Forestry Recreation & Access Trust	5 967	5 627
Forestry Lease Rental Trust Fund	304 169	258 030
	<b>326 572</b>	<b>280 031</b>
<b>Department of Communications</b>		
Telkom SA Limited	2 070 380	2 070 380
Southern African Post Office Ltd	200 940	200 940
Sentech (Pty) Ltd	1	1
Vodacom Group Limited	12 173 839	12 173 839
	<b>14 445 160</b>	<b>14 445 160</b>
<b>Department of Human Settlements</b>		
NHFC	880 000	880 000
Servcon	604	604
	<b>880 604</b>	<b>880 604</b>
<b>Department of Rural Development and Land Reform</b>		
Inala Farms (Pty) Ltd	16 112	16 112
	<b>16 112</b>	<b>16 112</b>
<b>Department of Economic Development</b>		
IDC A SHARES 1,000,000 AT COST (100% SHAREHOLDING)	1 000	1 000
IDC B SHARES 1,391,969 357 AT COST (100% SHAREHOLDING)	1 391 969	1 391 969
	<b>1 392 969</b>	<b>1 392 969</b>
<b>Department of Public Enterprises</b>		
Alexkor SOC Ltd	400 000	400 000
Aventura SOC Ltd	60 000	60 000
Denel SOC Ltd	6 176 376	6 176 376
Safcol SOC Ltd	318 013	318 013
South African Airways SOC Ltd	-	3 598 080
Transnet SOC Ltd	12 660 986	12 660 986
South African Express SOC Ltd	585 000	585 000
	<b>20 200 375</b>	<b>23 798 455</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

<i>Notes</i>	<b>2014/15</b> <b>R '000</b>	<b>2013/14</b> <b>R '000</b>
<b>Department of Energy</b>		
South African Nuclear Energy Corporation	<u>2 205</u>	<u>2 205</u>
<b>National Treasury-Asset and Liability Management Division</b>		
International Finance Corporation	212 096	184 269
International Bank for Reconstruction and Development	25 088 167	20 649 269
Multilateral Investment Guarantee Agency	218 973	190 244
African Development Bank	47 035 870	40 864 749
International Monetary Fund Quota Subscription	31 386 689	30 552 777
International Monetary Fund SDR Holding	30 037 914	29 239 414
	<u><b>133 979 709</b></u>	<u><b>121 680 722</b></u>
<b>Number of shares</b>		
Foreign:		
International Finance Corporation	17 418	17 418
International Bank for Reconstruction and Development	17 079	16 180
Multilateral Investment Guarantee Agency	1 662	1 662
African Development Bank	320 201	320 201
<b>Special Drawing Rights (SDR)</b>		
International Monetary Fund Quota Subscription	1 868 500	1 868 500
International Monetary Fund SDR Holding	1 788 205	1 788 179
<b>Issue price per share</b>		
Foreign:		
<i>Issued in American dollars</i>		
International Finance Corporation	12 177	10 579
International Bank for Reconstruction and Development	1 468 948	1 276 222
Multilateral Investment Guarantee Agency	131 753	114 467
African Development Bank (Issued in unit of account)	146 895	127 622

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	<i>Notes</i>	2014/15 R '000	2013/14 R '000
<b>Exchange rates as at year end used to convert issue price</b>			
	American dollar (USD)	12.1768	10.5792
	Special Drawing Rights (SDR)	16.7978	16.3515
<b>20</b>	<b>Voted Funds to be surrendered to the Revenue Fund</b>		
	Opening Balance	321 689	176 015
	Prior period errors	-	403
	As restated	<u>321 689</u>	<u>176 418</u>
	Transfer from Statement of Financial Performance	342 702	(638 234)
	Add: Unauthorised expenditure for current year	407 793	913 344
	Voted Funds not requested/ not received	(835 309)	(145 247)
	Transferred to retained revenue to defray excess expenditure (Parliament/Legislatures ONLY)	607 468	-
	Paid during the year	(145 596)	15 409
	<b>Closing Balance</b>	<b><u>698 750</u></b>	<b><u>321 690</u></b>
	<b>Voted funds/(Excess expenditure) transferred to the retained funds (Parliament/Legislatures ONLY)</b>		
	Opening balance	174 704	-
	Transfer from the statement of financial performance	432 764	-
	<b>Closing Balance</b>	<b><u>607 468</u></b>	<b><u>-</u></b>
<b>20.1</b>	<b>Prior period error (affecting Voted funds to be surrendered)</b>		
	<b>Nature of prior period error</b>		
	Relating to 2013/14		<b>88 664</b>
	DFA Goss Unisa - misallocated expenditure		88 664
	Relating to 2013/14		<b>(88 261)</b>
	Debt raised against Bloemfontein Correctional Contract		(88 278)
	Overstated Salaries and wages		17
	<b>Total</b>		<b><u>403</u></b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	<i>Notes</i>	2014/15 R '000	2013/14 R '000
<b>21 Departmental revenue and NRF receipts to be surrendered to the Revenue Fund</b>			
Opening balance		90 436	473 566
Prior period error		-	1
As restated		90 436	473 567
Transfer from Statement of Financial Performance		104 758	(681 618)
Paid during the year		(113 419)	298 487
<b>Closing balance</b>		<b>81 775</b>	<b>90 436</b>
<b>21.1 Prior period error (affecting Voted funds to be surrendered)</b>			
<b>Nature of prior period error</b>			<b>1</b>
Relating to 2013/14			1
<b>Total</b>			<b>1</b>
<b>22 Bank overdraft</b>			
Consolidated Paymaster General Account		13 166 995	11 477 193
Overdraft with commercial banks (Local)		71	24
<b>Total</b>		<b>13 167 066</b>	<b>11 477 217</b>
<b>23 Payables</b>			
<b>23.1 Payables-Current</b>			
Amounts owing to other entities		314 795	493 323
Advances received	23.1.1	413 511	470 122
Clearing accounts	23.1.2	936 384	741 909
Other payables	23.1.3	491 375	1 182 209
Voted funds to be transferred		192 857	658 157
Other		887 507	310 754
<b>Total</b>		<b>3 236 429</b>	<b>3 856 474</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	<i>Notes</i>	<b>2014/15</b> R '000	<b>2013/14</b> R '000
<b>23.1.1 Advances received</b>			
National departments		160 560	199 800
Provincial departments		87 647	84 732
Public entities		59 661	120 768
Other institutions		105 643	64 822
<b>Total</b>		<b>413 511</b>	<b>470 122</b>
<b>23.1.2 Clearing accounts</b>			
Income tax, Persal accounts and clearing accounts		78 781	86 299
Interdepartmental claim and Persal EBT control accounts		10 598	4 682
Outstanding payments		4 491	795
Dirco		610 570	530 294
Sal: Pension Fund		4 003	5 470
Immigration Control		135 563	114 054
Income Tax		878	(30)
Pension Fund		264	344
CWP Wage account		91 236	1
Sal: Bargaining Council		1	-
<b>Total</b>		<b>936 384</b>	<b>741 909</b>
<b>23.1.3 Other payables</b>			
Sal: Pension Fund: CL		24 621	27 596
Sal: Housing: CL		83 200	88 951
Sal: Income Tax		57 202	22 621
Sal: Bargaining Councils		4 851	25 390
Transport Suspense Accounts		23 575	872 665
Sal: ACB Recalls: CA		30 697	4 750
Sal: Medical Aid: CL		130	251
Restitution Project Accounts - ABSA		267 064	139 954
SAL: PENSION FUND		32	28
Lease - ABSA		3	3
<b>Total</b>		<b>491 375</b>	<b>1 182 209</b>
<b>23.2 Payables-Non-current</b>			
Amounts owing to other entities		818 196	358 087
Advances received	23.2.1	18 123	17 500
Other payables	23.2.2	1 315 574	970 215
<b>Total</b>		<b>2 151 893</b>	<b>1 345 802</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	<i>Notes</i>	2014/15 R '000	2013/14 R '000
<b>23.2.1 Advances received</b>			
National departments		10 736	10 606
Provincial departments		5 666	5 512
Public entities		1 721	1 382
<b>Total</b>		<b>18 123</b>	<b>17 500</b>
<b>23.2.2 Other payables</b>			
Deffer Revenue: SASSA and SOC DEV		987 378	688 219
Debtors in credit		142	240
State Guarantees		428	894
Suppliers		1	28
Forestry Lease Rental Trust Fund		357	111
Abattoir Industry Fund		17 129	17 063
National Forestry Recreation and Access Trust		5 967	5 627
Forestry Lease Rental Trust Fund		304 172	258 033
<b>Total</b>		<b>1 315 574</b>	<b>970 215</b>
<b>24 Borrowings</b>			
<b>Current</b>			
Domestic	24.1	248 771 450	246 162 105
Foreign	24.2	23 794	10 882 821
<b>Total Current Borrowings</b>		<b>248 795 244</b>	<b>257 044 926</b>
<b>24.1 Domestic short-term bonds, debentures and other loans</b>			
Debt as at 1 April		32 136 961	16 627 622
Created		(21 948 488)	1 918 358
Reduced		(36 193 040)	(29 122 922)
Transfer from long-term		51 182 154	42 713 903
Treasury bills		202 289 188	192 253 059
Other Loans		21 304 675	21 772 085
		<b>248 771 450</b>	<b>246 162 105</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	Notes	2014/15 R '000	2013/14 R '000
<b>24.1.1</b>	<b>Composition of short-term bonds, treasury bills and other loans</b>		
	1-day Treasury bills	72 588	47 359
	91-day Treasury bills	33 205 000	42 891 000
	182-day Treasury bills	46 090 000	42 358 000
	273-day Treasury bills	56 330 000	49 253 000
	365-day Treasury bills	66 591 600	57 703 700
	CPD borrowing	21 297 709	21 765 119
	Fixed-rate bonds	24 517 560	32 084 773
	Zero coupon bonds	660 027	52 188
	Other	6 966	6 966
		<b>248 771 450</b>	<b>246 162 105</b>
<b>24.2</b>	<b>Foreign short-term bonds, debentures and other loans</b>		
	Debt as at 1 April	6 534 466	10 637 500
	Reduced	(6 647 792)	(11 062 527)
	Transfer from long-term	127 774	6 959 493
	Revaluation of foreign loans	9 346	4 348 355
		<b>23 794</b>	<b>10 882 821</b>
<b>25</b>	<b>Non-current</b>		
	<b>Long Term</b>		
	Domestic	25.1 1 383 185 815	1 194 702 648
	Foreign	25.2 166 806 824	132 776 386
	<b>Total Long Term Borrowings</b>	<b>1 549 992 639</b>	<b>1 327 479 034</b>
<b>25.1</b>	<b>Domestic long-term bonds, debentures and other loans</b>		
	Debt as at 1 April	1 164 288 375	1 016 845 005
	Created	226 385 763	194 986 322
	Reduced	(3 273 120)	(4 829 049)
	Transfer to short-term	(51 182 154)	(42 713 903)
	Revaluation premium on inflation-linked bonds	46 927 983	30 375 263
	Former Regional Authorities	38 968	39 010
		<b>1 383 185 815</b>	<b>1 194 702 648</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	<i>Notes</i>	<b>2014/15</b> <b>R '000</b>	<b>2013/14</b> <b>R '000</b>
<b>25.1.1</b>	<b>Composition of long-term bonds and other loans</b>		
	Fixed-rate bonds	1 015 340 298	885 839 237
	Inflation-linked bonds	358 686 586	298 664 773
	Zero coupon bonds	77 424	636 795
	Retail bonds	9 042 539	9 522 833
	Other	38 968	39 010
		<b>1 383 185 815</b>	<b>1 194 702 648</b>
<b>25.1.2</b>	<b>Redemption Analysis</b>		
	<b>Financial year(s)</b>		
	2015-2018	125 839 924	86 944 977
	2018-2021	230 390 736	255 822 379
	2021-2024	166 002 557	169 435 281
	2024-2027	130 648 287	131 280 227
	2027-2030	146 164 644	136 599 648
	2030-2051	584 100 699	414 581 126
		<b>1 383 146 847</b>	<b>1 194 663 638</b>
<b>25.2</b>	<b>Foreign long term bonds and other loans</b>		
	Debt as at 1 April	95 976 042	85 515 777
	Created	23 180 084	19 933 700
	Reduced	(2 468 030)	(2 513 942)
	Transfer to short-term	(127 774)	(6 959 493)
	Revaluation of foreign loans	50 246 502	36 800 344
		<b>166 806 824</b>	<b>132 776 386</b>
<b>25.2.1</b>	<b>Redemption Analysis</b>		
	<b>Financial year(s)</b>		
	2015-2018	23 188 092	13 892 184
	2018-2021	51 755 980	35 965 166
	2021-2024	33 552 927	37 957 436
	2024-2027	37 000 425	37 027 200
	2027-2051	21 309 400	7 934 400
		<b>166 806 824</b>	<b>132 776 386</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	<i>Notes</i>	<b>2014/15 R '000</b>	<b>2013/14 R '000</b>
<b>25.2.2 Currency Analysis</b>			
British pound		785 368	1 083 098
Euro		19 498 651	16 118 120
Japanese yen		6 159 707	6 219 836
Swedish krone		4 895 074	6 786 180
United States dollar		135 468 024	102 569 152
		<b>166 806 824</b>	<b>132 776 386</b>
<b>26 LIABILITIES IN MULTI-LATERAL INSTITUTIONS</b>			
International Monetary Fund- Securities Account	26.1	29 795 331	29 503 479
International Monetary Fund- SDR Allocations	26.2	29 991 046	29 194 216
International Bank for Reconstruction and Development	26.3	23 578 570	19 406 570
Multilateral Investment Guarantee Agency	26.4	177 405	154 129
African Development Bank	26.5	43 810 648	38 062 677
<b>Total Multi-lateral Institutions</b>		<b>127 353 000</b>	<b>116 321 071</b>
<p>These liabilities in multi-lateral institutions are revalued at closing exchange rate as at 31 March.</p>			
<b>26.1 INTERNATIONAL MONETARY FUND - SECURITIES ACCOUNT</b>		<b>29 795 331</b>	<b>29 503 479</b>
<p>This commitment represents the balance of securities in the International Monetary Fund's (IMF) General Resources Account held with the South African Reserve Bank.</p>			
<b>26.2 INTERNATIONAL MONETARY FUND - SDR ALLOCATIONS</b>		<b>29 991 046</b>	<b>29 194 216</b>
<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>			

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	<i>Notes</i>	2014/15 R '000	2013/14 R '000
26.3	<b>INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT</b>  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.	23 578 570	19 406 570
26.4	<b>MULTILATERAL INVESTMENT GUARANTEE AGENCY</b>  This commitment represents the callable portion of a country's subscription available to the Multilateral Investment Guarantee Agency (MIGA) to meet its obligations on foreign investment guarantees to investors that are planning investments in developing member countries.	177 405	154 129
26.5	<b>AFRICAN DEVELOPMENT BANK</b>  This commitment represents the callable portion of a country's subscription available to the African Development Bank to meet its obligations on borrowing of funds or guarantees chargeable.	43 810 648	38 062 677
27	<b>Net cash flow available from operating activities</b> Net surplus/(deficit) as per Statement of Financial Performance	<b>(187 459 432)</b>	<b>(190 536 130)</b>
	Add back non cash/cash movements not deemed operating activities	<b>23 846 136</b>	<b>30 710 453</b>
	(Increase)/decrease in receivables – current	6 819 722	9 083 609
	(Increase)/decrease in prepayments and advances	133 512	(1 297 792)
	(Increase)/decrease in other current assets	(3 298 113)	(356 034)
	Increase/(decrease) in payables – current	(776 172)	547 612
	Proceeds from sale of capital assets	(77 247)	(36 894)
	Proceeds from sale of investments	(1 666 721)	(1 708 130)
	(Increase)/decrease in other financial assets	1 444	(663)
	Expenditure on capital assets	16 098 732	14 156 562
	Surrenders to Revenue Fund	(19 810 000)	(18 683 448)
	Surrenders to RDP Fund/Donor	(378 893)	(1 016 457)
	Voted funds not requested/not received	(10 633 407)	(6 430 455)
	Approved Statutory Overdrawn	(46 273)	380 890
	Other non-cash items	37 479 552	36 071 653
	<b>Net cash flow generated by operating activities</b>	<b>(163 613 296)</b>	<b>(159 825 677)</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	<i>Notes</i>	2014/15 R '000	2013/14 R '000
28	<b>Reconciliation of cash and cash equivalents for cash flow purposes</b>		
	Consolidated Paymaster General Account	(2 850 356)	(3 722 859)
	Cash receipts	12 251	211
	Disbursements	(11 926)	(18 664)
	Cash on hand	88 040	127 322
	Cash with commercial banks (Local)	385 412	703 848
	Cash with commercial banks (Foreign)	206 747 826	197 370 335
	<b>Total Cash</b>	<b>204 371 247</b>	<b>194 460 193</b>
	<b>Cash and cash equivalents for cash flow purposes</b>	<b>204 371 247</b>	<b>194 460 193</b>
29	<b>Reconciliation of prior year net surplus to current comparatives</b>		
	Net surplus as reported in prior year	(190 522 298)	
	Restatement of prior year journals	982 551	
	Less: Restatement of Opening balances by Departments	(1 042 076)	
	Add: Restatement by NRF	45 693	
	<b>Restated Net Surplus for the Year</b>	<b>(190 536 130)</b>	
	<b>Reconciliation of cash and cash equivalents reported in prior year and Restated cash and cash equivalents in the current year</b>		
	Cash and cash equivalents as reported in prior year	205 940 698	
	Less: Restatement	(3 288)	
	<b>Restated cash and cash equivalents</b>	<b>205 937 410</b>	
	<b>Reconciliation of statement of position reported in prior year and Restated amounts in current year</b>		
	<b>ASSETS</b>		
	Current assets as reported in prior year:	221 942 216	
	Restatement of prior year journals	208 454	
	Restatement by Departments	(1 090 107)	
	Less: Restatement by NRF	(144 335)	
	<b>Restated current assets for the financial year</b>	<b>220 916 228</b>	
	<b>Non-Current Assets</b>		
	Non-current assets as reported prior year	234 008 852	
	Restatement by Departments	1 005 438	
	<b>Restated non-current assets for the financial year</b>	<b>235 014 290</b>	

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	<i>Notes</i>	2014/15 R '000	2013/14 R '000
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Current liabilities as reported in prior year:		273 241 380	
Restatement of prior year journals		208 454	
Restated current liabilities by Departments		(86 633)	
<b>Restated current liabilities for the 2013/2014 financial year</b>		<b>273 363 201</b>	
<b>Non-Current Liabilities</b>			
Non-current liabilities as reported prior year		1 445 131 207	
Add: Restatement by NRF & Departments		14 700	
<b>Restated non-current assets for the 2013/2014 financial year</b>		<b>1 445 145 907</b>	
<b>NET ASSETS/(LIABILITIES)</b>			
<b>Net Liabilities as reported in prior year (Capital Reserves)</b>		48 503 670	
<b>Restated net liabilities for the year</b>		<b>48 503 670</b>	
<b>Net Liabilities as reported in prior year (Recoverable Revenue)</b>		65 578 509	
<b>Restated net liabilities for the year</b>		<b>65 578 509</b>	
<b>Net Liabilities as reported in prior year (Retained Funds)</b>		(1 376 503 698)	
Restatement		(184 269)	
<b>Restated net liabilities for the year</b>		<b>(1 376 687 967)</b>	
<b>Net Liabilities as reported in prior year (Total)</b>		(1 262 421 519)	
Restatement by Central Cluster		(184 269)	
<b>Restated net liabilities for the year</b>		<b>(1 262 605 788)</b>	

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

<i>Notes</i>	<b>2014/15</b> <b>R '000</b>	<b>2013/14</b> <b>R '000</b>
<b>30</b>	<b>Contingent liabilities and Contingent assets</b>	
<b>30.1</b>	<b>Contingent Liabilities</b>	
Motor vehicle guarantees	37	135
Housing loan guarantees	13 606	25 784
Other guarantees	215 422 101	204 424 085
Claims against the department	49 400 788	45 131 288
Other departments (interdepartmental unconfirmed balances)	1 164 311	218 707
Environmental rehabilitation liability	2 717 267	2 789 684
Other	749 733	1 057 669
<b>Total</b>	<b>269 467 843</b>	<b>253 647 351</b>
<b>Other</b>		
Guaranteed liabilities		
Road Accident Fund	78 491 000	69 435 000
Export Credit Insurance Corporation of SA Ltd	15 308 418	13 780 013
Unemployment Insurance Fund	3 835 846	3 610 609
South African Reserve Bank	112 206	112 270
	<b>97 747 470</b>	<b>86 937 892</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	<i>Notes</i>	<b>2014/15</b> <b>R '000</b>	<b>2013/14</b> <b>R '000</b>
<b>Underwritten by Government</b>			
<b>Guaranteed liabilities</b>			
Transnet		3 757 096	3 757 096
Development Bank of SA		4 134 815	25 746 947
Trans Caledon Tunnel Authority		20 807 014	20 515 760
Telkom SA		99 751	110 912
South African National Roads Agency Ltd		32 435 517	23 866 100
KOBWA		986 198	1 147 520
Industrial Development Corporation of SA		343 885	503 538
Denel		1 850 000	1 850 000
Lesotho Highlands Development Authority		82 143	113 125
Land Bank		2 097 749	1 097 411
SA Express		539 000	539 000
SAA		8 418 814	5 010 000
NECSA		20 000	20 000
Tertiary Institutions		1 021	2 557
SA Post Office		270 000	-
Passenger Rail Agency of South Africa		48 210	92 438
ESKOM		149 944 156	125 126 553
Irrigation Board		43 535	44 284
<b>Total</b>		<b>225 878 904</b>	<b>209 543 241</b>

The National Government furnishes guarantees to various institutions. The guarantees furnished to parastatal institutions are disclosed under the relevant functional government departments. These guarantees will realise as liabilities to the State only if the institutions on who's behalf the guarantees were furnished, are unable to meet their commitments.

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

<i>Notes</i>	2014/15 R '000	2013/14 R '000
<b><i>Road Accident Fund</i></b>	<b>78 491 000</b>	<b>69 435 000</b>

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.

<b><i>Export Credit Insurance Corporation of South Africa Ltd</i></b>	<b>15 308 418</b>	<b>13 780 013</b>
---	-------------------	-------------------

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.

<b><i>South African Reserve Bank (SARB)</i></b>	<b>112 206</b>	<b>112 270</b>
---	----------------	----------------

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

## 30.2 Contingent Assets

Department of International Relations and Cooperation	1 027 253	848 296
Incapacity Leave and ill health Retirement (PILIR) application not yet approved	45 569	169 137
Possible recovery of theft of state funds- Wynberg District	293 377	4 315
GIJIMA prepayment	679	398
Gold and Foreign Exchange Contingency Reserve Account (GFECRA)	203 396 438	177 913 406
<b>Total</b>	<b>204 763 316</b>	<b>178 935 552</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	<i>Notes</i>	2014/15 R '000	2013/14 R '000
31	<b>Post-retirement benefits</b>		
	Post-employment Health Care Fund	69 938 325	69 938 325
31.1	<b>Post-retirement medical assistance</b>		
	<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>		
31.2	<b>Pension Funds</b>		
	<b>Government Employees Pension Fund</b>		
	<p>This commitment represents the underfunding of the pension fund according to the most recent actuarial valuations. Actuarial valuations are conducted at least every three years.</p>		
	<b>Funding Levels</b>		
	Government Employees Pension Fund	83%	70%
	Temporary Employees Pension Fund	134%	121%
	Associated Institutions Pension Fund	125%	114%
	<b>Valuation Dates</b>		
	Government Employees Pension Fund	Mar-14	Mar-12
	Temporary Employees Pension Fund	Mar-12	Mar-12
	Associated Institutions Pension Fund	Mar-12	Mar-12
	<p>Government Employees Pension Fund, Temporary Employees and the Associated Pension Fund are in surplus(deficit) after reserves with (R289 172) million, R94.7 million and R2 674 million respectively.</p>		
32	<b>Commitments</b>		
	<b>Current Expenditure</b>		
	Approved and contracted	29 025 159	17 960 649
	Approved but not yet contracted	4 208 923	4 165 442
	<b>Total</b>	33 234 082	22 126 091

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	<i>Notes</i>	2014/15 R '000	2013/14 R '000
	<b>Capital Expenditure (including transfers)</b>		
	Approved and contracted	39 329 811	39 701 895
	Approved but not yet contracted	8 935 973	9 280 694
	<b>Total</b>	<b>48 265 784</b>	<b>48 982 590</b>
	<b>Total Commitments</b>	<b>81 499 866</b>	<b>71 108 681</b>
33	<b>Accruals</b>		
	<b>By economic classification</b>		
	Other	153 668	210 256
	Goods and services	3 070 493	2 388 196
	Interest and rent on land	-	53
	Transfers and subsidies	115 480	83 841
	Capital assets	1 893 719	1 597 420
	<b>Total</b>	<b>5 233 360</b>	<b>4 279 766</b>
	<b>Confirmed balances</b>		
	Confirmed balances with departments	1 361 824	983 896
	Confirmed balances with other government entities	1 179 617	266 337
	<b>Total</b>	<b>2 541 441</b>	<b>1 250 233</b>
34	<b>Employee benefits</b>		
	Leave entitlement	5 181 854	4 837 561
	Service bonus (Thirteenth cheque)	1 772 421	1 666 071
	Performance awards	352 458	340 774
	Capped leave commitments	7 847 853	8 086 682
	Other	241 126	215 834
	<b>Total</b>	<b>15 395 712</b>	<b>15 146 922</b>
35	<b>Lease commitments</b>		
35.1	<b>Operating lease expenditure</b>		
	<b>Land</b>		
	Not later than 1 year	10 343	4 758
	Later than 1 year and not later than 5 years	28 793	7 083
	Later than 5 years	56 956	140 876
	<b>Total</b>	<b>96 092</b>	<b>152 717</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

<i>Notes</i>	<b>2014/15 R '000</b>	<b>2013/14 R '000</b>
<b>Buildings and other fixed structures</b>		
Not later than 1 year	4 506 190	3 919 028
Later than 1 year and not later than 5 years	6 739 019	7 279 811
Later than 5 years	1 265 397	1 927 690
<b>Total</b>	<b>12 510 606</b>	<b>13 126 529</b>
<b>Machinery and equipment</b>		
Not later than 1 year	242 790	155 681
Later than 1 year and not later than 5 years	354 841	92 705
Later than 5 years	135	713
<b>Total present value</b>	<b>597 766</b>	<b>249 099</b>
<b>Total present value</b>		
Not later than 1 year	4 759 323	4 079 467
Later than 1 year and not later than 5 years	7 122 653	7 379 599
Later than 5 years	1 322 488	2 069 279
<b>Total present value</b>	<b>13 204 464</b>	<b>13 528 345</b>
<b>35.2 Finance lease expenditure **</b>		
<b>Machinery and equipment</b>		
Not later than 1 year	292 534	217 776
Later than 1 year and not later than 5 years	238 912	178 847
Later than 5 years	-	54
<b>Total present value</b>	<b>531 446</b>	<b>396 677</b>
<b>Total Finance Leases</b>		
Not later than 1 year	292 534	217 776
Later than 1 year and not later than 5 years	238 912	178 847
Later than 5 years	-	54
<b>Total present value</b>	<b>531 446</b>	<b>396 677</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	<i>Notes</i>	2014/15 R '000	2013/14 R '000
<b>35.3 Operating lease revenue</b>			
<b>Land</b>			
Not later than 1 year		2 129	2 564
Later than 1 year and not later than 5 years		2 239	4 309
Later than 5 years		16 243	16 407
<b>Total</b>		<b>20 611</b>	<b>23 280</b>
<b>Total present value</b>			
Not later than 1 year		2 129	2 564
Later than 1 year and not later than 5 years		2 239	4 309
Later than 5 years		16 243	16 407
<b>Total operating lease revenue receivable</b>		<b>20 611</b>	<b>23 280</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	<i>Notes</i>	<b>2014/15</b> R '000	<b>2013/14</b> R '000
36	<b>Accrued departmental revenue</b>		
	Tax revenue	-	-
	Sales of goods and services other than capital assets	472 858	376 345
	Fines, penalties and forfeits	87 187	62 336
	Interest, dividends and rent on land	529 357	521 846
	Sale of capital assets	14 573	13 877
	Transactions in financial assets and liabilities	91 462	96 982
	Transfers received (incl. conditional grants to be repaid by prov. depts)	146 166	172 684
	Other	98 191	103 761
	<b>Total</b>	<b>1 439 794</b>	<b>1 347 831</b>
	<b>Analysis of receivables for departmental revenue</b>		
	Opening balance	1 299 370	2 022 990
	Less: Amounts received	1 364 969	972 473
	Add: Amounts recognised	1 657 484	1 128 637
	Less: Amounts written-off/reversed as irrecoverable	152 091	831 323
	<b>Closing balance</b>	<b>1 439 794</b>	<b>1 347 831</b>
	<b>Accrued department revenue written off</b>		
	Write off of receivables relating to the Section 50 (1) fines imposed as part of the Immigration Regulation Act of 2011	-	481 721
	Irrecoverable/Uneconomical (Trade Debt)	118	1 204
	Royalties	76 000	-
	Penalty imposed by the United Nations for unserviceability of main equipment deployed in UNAMID and MOUNUSCO	56 877	-
	Setheo Investments	-	1 458
	Inyameko Trading	-	1 536
	<b>Total</b>	<b>132 995</b>	<b>485 919</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	<i>Notes</i>	2014/15 R '000	2013/14 R '000
<b>37</b>	<b>Irregular expenditure</b>		
	<b>Reconciliation of irregular expenditure</b>		
	Opening balance	7 424 772	6 146 812
	Prior period error	-	135 706
	As restated	7 424 772	6 282 518
	Add: Irregular expenditure - relating to prior year	995	823 452
	Add: Irregular expenditure - relating to current year	2 579 805	4 214 307
	Less: Prior year amounts condoned	(1 227 806)	(1 482 559)
	Less: Current year amounts condoned	(165 091)	(1 104 099)
	Less: Amounts not condoned and recoverable	(414 789)	-
	Less: Amounts not condoned and not recoverable	(326 607)	(1 308 846)
	<b>Irregular expenditure awaiting condonation</b>	<b>7 871 280</b>	<b>7 424 774</b>
	<b>Analysis of awaiting condonation per age classification</b>		
	Current Year	2 153 457	3 791 640
	Prior Years	5 717 823	3 633 134
	<b>Total</b>	<b>7 871 280</b>	<b>7 424 774</b>
<b>37.2</b>	<b>Prior period error</b>		
	<b>Nature of prior period error</b>		
	Normal procurement policies and procedures not followed		51 058
	Appointment of Travel Agency for Judges not following bid process		(190 364)
	Other		275 012
	SMS members not signing performance agreements as per DPISA agreements		8 815
	Procurement procedures not followed in terms of RT3 contracts		1 241
	Accommodation lease in Kimberley		375
	<b>Total</b>		<b>146 137</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	<i>Notes</i>	2014/15 R '000	2013/14 R '000
38	<b>Fruitless and wasteful expenditure</b>		
38.1	<b>Reconciliation of fruitless and wasteful expenditure</b>		
	Opening balance	948 546	663 181
	Prior period error	-	1 697
	As restated	948 546	664 878
	Fruitless and wasteful expenditure – relating to prior year	-	32 338
	Fruitless and wasteful expenditure – relating to current year	49 247	375 644
	Less: Amounts condoned	(150 784)	(123 365)
	Less: Amounts transferred to receivables for recovery	(7 218)	(949)
	<b>Fruitless and wasteful expenditure awaiting condonement</b>	<b>839 791</b>	<b>948 546</b>
	<b>Analysis of awaiting condonement per economic classification</b>		
	Current Year	823 166	868 205
	Prior Year	6 402	54 476
	Transfers and subsidies	10 223	25 865
	<b>Total</b>	<b>839 791</b>	<b>948 546</b>
38.2	<b>Prior period error</b>		
	<b>Nature of prior period error</b>		
	Irregular 2011/12		287
	Irregular 2012/13		912
	Relating 2006/07 -2011		444
	Irregular 2013/14 - investigation not irregular		52 097
	Irregular 2013/14 - reported		132
	Other		49
	<b>Total</b>		<b>53 921</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	<i>Notes</i>	<b>2014/15</b> <b>R '000</b>	<b>2013/14</b> <b>R '000</b>
39	<b>Related party transactions</b>		
	<b>Revenue received (paid)</b>		
	Tax revenue/user charges	6 142	4 983
	Sales of goods and services other than capital assets	6 377	-
	Interest, dividends and rent on land	62 711	60 652
	Transactions in financial assets and liabilities	4 314	48 873
	Transfers	-	57 250
	<b>Total</b>	<b>79 544</b>	<b>171 758</b>
	<b>Payments made</b>		
	Goods and services	578 816	208 369
	Interest and rent of land	9	-
	Purchases of capital assets	19 335	-
	Transactions in financial assets and liabilities	7 039	7 750
	Transfers	1 177 289	1 463 383
	<b>Total</b>	<b>1 782 488</b>	<b>1 679 502</b>
	<b>Year end balances arising from revenue/payments</b>		
	Receivables from related parties	74 889	401 785
	Payables to related parties	753 179	(191 610)
	<b>Total</b>	<b>828 068</b>	<b>210 175</b>
	<b>Loans to/from related parties</b>		
	Non-interest bearing loans to/(from)	-	12 362
	Interest bearing loans to/(from)	-	-
	<b>Total</b>	<b>-</b>	<b>12 362</b>
	<b>Guarantees issued/received</b>		
	Guarantees issued	34 182 000	35 017 082
	South African Airways	8 418 814	-
	Land bank	2 097 749	2 597 411
	Development bank of Southern Africa	4 134 814	19 437 697
	Passenger Rail Agency of South Africa Ltd and NECSA	68 210	112 438
	S.A. National Roads Agency Ltd and IDC SA	32 779 402	24 369 638
	Fees charged in respect of officials not using reserved accommodation and transport	2 026	2 004
	Commitments IDT	3 401	14 785
	<b>Total</b>	<b>81 686 416</b>	<b>81 551 055</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	<i>Notes</i>	<b>2014/15</b> <b>R '000</b>	<b>2013/14</b> <b>R '000</b>
<b>40</b>	<b>Key management personnel</b>		
	<b>Description</b>		
	Political office bearers	157 306	136 941
	Officials:	13 785	12 963
	Level 15 to 16	646 778	601 393
	Level 14 (incl CFO if at a lower level)	1 224 629	1 088 539
	Family members of key management personnel	22 782	17 532
	<b>Total</b>	<b>2 065 280</b>	<b>1 857 368</b>
	<b>Description</b>		
	Speaker to Parliament/the Legislature	11 533	8 426
	Secretary to Parliament/ the Legislature	1 452	2 546
	Deputy Secretary	2 057	1 245
	Chief Financial Officer	2 579	1 614
	Legal Advisor	2 450	1 544
	<b>Total</b>	<b>20 071</b>	<b>15 375</b>
<b>41</b>	<b>Public Private Partnership</b>		
	<b>Contract fee received</b>	<b>7</b>	<b>37</b>
	Penalty charges	7	37
	<b>Contract fee paid</b>	<b>2 080 940</b>	<b>1 699 555</b>
	Fixed component	880 758	620 148
	Indexed component	1 200 182	1 079 407
	<b>Analysis of indexed component</b>	<b>1 200 182</b>	<b>1 079 407</b>
	Goods and Services(excluding lease payments)	1 106 799	1 002 433
	Operating leases	46 155	41 019
	Interest	47 228	35 955
	<b>Capital/ (Liabilities)</b>	<b>1 744 288</b>	<b>1 744 900</b>
	Tangible rights	885	1 497
	Property	1 685 933	1 685 933
	Plant and equipment	57 470	57 470

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	<i>Notes</i>	<b>2014/15</b> <b>R '000</b>	<b>2013/14</b> <b>R '000</b>
	<b>Other</b>	<b>343 833</b>	<b>45 873</b>
	Prepayments and advances	-	-
	Pre-production obligations	-	-
	Other Obligations	343 833	45 873
<b>42</b>	<b>Impairment</b>		
	Debtor	50 967	39 773
	Investments	13 036 672	26 628
	Ex-employee debtors	586	1 948
	DRDLR Lease Debtors / Investments	970 867	2 329 403
	Other debtors (material losses)	37 253	37 276
	Provision for doubtful debts: Conveyancers	30 141	62 422
	Departmental losses	467	8
	Transport Payment Suspense	1 337	1 104
	Damage Vehicle	6 398	4 425
	Staff debtors	5 284	5 900
	Other	23 162	23 880
		<b>14 163 134</b>	<b>2 532 767</b>
<b>43</b>	<b>Provisions</b>		
	Export Marketing and Investment Assistance	394 821	323 646
	Provision for Disused Past Strategic Nuclear Facilities	3 647 634	3 542 480
	Black Business Supplier Development Programme	127 003	345 719
	Environmental liability	208 759	360 210
	Long service awards and Cash Rewards	181 848	197 200
	Special pension	29 357	47 475
	No shows	848	340
	Government employee pension fund	-	3 536 500
	Adam smith international claim	250	250
	Cheadle Thompson and Haysom	17 822	12 729
	State Land Payables	9 961	9 800
	Other Debt	13 832	11 904
		<b>4 632 135</b>	<b>8 388 253</b>
	<b>Reconciliation of movement in provisions</b>		
	<b>Opening balance</b>	<b>8 388 253</b>	<b>11 400 116</b>
	Export Marketing and Investment Assistance	4 391 251	4 511 638
	Co-operative Incentive Scheme	90 264	76 478
	Black Business Supplier Development Programme	347 923	523 463
	Other	3 558 928	6 288 537

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	<i>Notes</i>	<b>2014/15</b> <b>R '000</b>	<b>2013/14</b> <b>R '000</b>
<b>Increase in provision</b>		<b>1 138 412</b>	<b>1 162 061</b>
Export Marketing and Investment Assistance		553 838	593 217
Co-operative Incentive Scheme		109 492	76 233
Black Business Supplier Development Programme		469 767	474 522
Other		5 202	18 089
<b>Settlement of provision</b>		<b>(1 664 023)</b>	<b>(1 460 077)</b>
Export Marketing and Investment Assistance		(515 985)	(361 372)
Co-operative Incentive Scheme		(87 139)	(94 904)
Black Business Supplier Development Programme		(305 016)	(383 727)
Other		(755 883)	(620 074)
<b>Unused amount reversed</b>		<b>(3 378 659)</b>	<b>(654 594)</b>
Export Marketing and Investment Assistance		(145 469)	(59 020)
Co-operative Incentive Scheme		(42 477)	(8 834)
Black Business Supplier Development Programme		(387 977)	(224 406)
Other		(2 802 736)	(362 334)
<b>Change in provision due to change in estimate of inputs</b>		<b>148 152</b>	<b>(2 059 253)</b>
Export Marketing and Investment Assistance		147 678	(293 833)
Co-operative Incentive Scheme		579	(1 086)
Black Business Supplier Development Programme		(105)	956
Other		-	(1 765 290)
<b>Closing balance</b>		<b>4 632 135</b>	<b>8 388 253</b>
<b>44 Non-adjusting events after reporting date</b>			
Write off of irrecoverable expenditure		(59 956 937)	-
Condonement of Irregular Expenditure		25 909	-
<b>Total</b>		<b>(59 931 028)</b>	<b>-</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	<i>Notes</i>	2014/15 R '000	2013/14 R '000
45	<b>Movable Tangible Capital Assets</b>		
	<b>MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH</b>		
	<b>Opening Balance</b>		
	<b>HERITAGE ASSETS</b>	<b>160 874</b>	<b>159 453</b>
	Heritage assets	160 874	159 453
	<b>MACHINERY AND EQUIPMENT</b>	<b>33 489 463</b>	<b>28 783 969</b>
	Transport assets	16 464 122	15 323 278
	Computer equipment	6 610 260	5 717 731
	Furniture and office equipment	1 935 207	1 720 231
	Other machinery and equipment	8 479 874	6 022 729
	<b>SPECIALISED MILITARY ASSETS</b>	<b>45 172 765</b>	<b>42 806 490</b>
	Specialised military assets	45 172 765	42 806 490
	<b>BIOLOGICAL ASSETS</b>	<b>603 942</b>	<b>605 061</b>
	Biological assets	603 942	605 061
	<b>CAPITAL WORK-IN-PROGRESS</b>	-	-
	Capital work-in-progress	-	-
	<b>TOTAL</b>	<b>79 427 044</b>	<b>72 354 973</b>
	<b>Prior Period Error</b>		
	<b>HERITAGE ASSETS</b>		<b>7 245</b>
	Heritage assets		7 245
	<b>MACHINERY AND EQUIPMENT</b>		<b>1 612 358</b>
	Transport assets		19 129
	Computer equipment		(14 672)
	Furniture and office equipment		2 482
	Other machinery and equipment		1 605 419
	<b>SPECIALISED MILITARY ASSETS</b>		-
	Specialised military assets		<b>2 348 525</b>
	<b>BIOLOGICAL ASSETS</b>		<b>(3 444)</b>
	Biological assets		(3 444)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	<i>Notes</i>	<b>2014/15</b> R '000	<b>2013/14</b> R '000
<b>CAPITAL WORK-IN-PROGRESS</b>			-
Capital work-in-progress			-
<b>TOTAL</b>			<b>3 964 684</b>
<b>Additions</b>			
<b>HERITAGE ASSETS</b>		<b>2 579</b>	<b>165</b>
Heritage assets		2 579	165
<b>MACHINERY AND EQUIPMENT</b>		<b>4 571 331</b>	<b>4 462 495</b>
Transport assets		1 905 528	2 003 421
Computer equipment		1 006 046	1 235 586
Furniture and office equipment		335 428	250 958
Other machinery and equipment		1 324 329	972 530
<b>SPECIALISED MILITARY ASSETS</b>		<b>343 759</b>	<b>31 214</b>
Specialised military assets		343 759	31 214
<b>BIOLOGICAL ASSETS</b>		<b>15 443</b>	<b>10 005</b>
Biological assets		15 443	10 005
<b>CAPITAL WORK-IN-PROGRESS</b>		-	-
Capital work-in-progress		-	-
<b>TOTAL</b>		<b>4 933 112</b>	<b>4 503 879</b>
<b>Disposals</b>			
<b>HERITAGE ASSETS</b>		<b>205</b>	<b>5 989</b>
Heritage assets		205	5 989
<b>MACHINERY AND EQUIPMENT</b>		<b>1 694 492</b>	<b>1 369 359</b>
Transport assets		653 042	881 706
Computer equipment		547 402	328 385
Furniture and office equipment		145 768	38 464
Other machinery and equipment		348 280	120 804

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

<i>Notes</i>	<b>2014/15</b> <b>R '000</b>	<b>2013/14</b> <b>R '000</b>
<b>SPECIALISED MILITARY ASSETS</b>	-	<b>13 464</b>
Specialised military assets	-	13 464
<b>BIOLOGICAL ASSETS</b>	<b>27 945</b>	<b>7 680</b>
Biological assets	27 945	7 680
<b>CAPITAL WORK-IN-PROGRESS</b>	-	-
Capital work-in-progress	-	-
<b>TOTAL TANGIBLE ASSETS</b>	<b>1 722 642</b>	<b>1 396 492</b>
<b>Closing balance</b>		
<b>HERITAGE ASSETS</b>	<b>163 248</b>	<b>160 874</b>
Heritage assets	163 248	160 874
<b>MACHINERY AND EQUIPMENT</b>	<b>36 366 302</b>	<b>33 489 463</b>
Transport assets	17 716 608	16 464 122
Computer equipment	7 068 904	6 610 260
Furniture and office equipment	2 124 867	1 935 207
Other machinery and equipment	9 455 923	8 479 874
<b>SPECIALISED MILITARY ASSETS</b>	<b>45 516 524</b>	<b>45 172 765</b>
Specialised military assets	45 516 524	45 172 765
<b>BIOLOGICAL ASSETS</b>	<b>591 440</b>	<b>603 942</b>
Biological assets	591 440	603 942
<b>CAPITAL WORK-IN-PROGRESS</b>	-	-
Capital work-in-progress	-	-
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>82 637 514</b>	<b>79 427 044</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	<i>Notes</i>	2014/15 R '000	2013/14 R '000
46	<b>Minor assets</b>		
	<b>MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER</b>		
	<b>Opening Balance</b>		
	Specialised military assets	-	10
	Intangible assets	13 192	15 509
	Heritage assets	7 555	7 519
	Machinery and equipment	4 133 667	4 027 544
	Biological assets	5 543	9 679
	<b>TOTAL</b>	<b>4 159 958</b>	<b>4 060 261</b>
	<b>Prior Period Error</b>		
	Specialised military assets		(10)
	Intangible assets		(3 332)
	Heritage assets		(97)
	Machinery and equipment		2 779
	Biological assets		(864)
	<b>TOTAL</b>		<b>(1 524)</b>
	<b>Additions</b>		
	Intangible assets	1 936	2 242
	Heritage assets	48	235
	Machinery and equipment	361 422	344 061
	Biological assets	3 045	1 862
	<b>TOTAL</b>	<b>366 451</b>	<b>348 401</b>
	<b>Disposals</b>		
	Intangible assets	3 501	1 227
	Heritage assets	190	102
	Machinery and equipment	298 592	240 717
	Biological assets	3 243	3 654
	<b>TOTAL</b>	<b>305 526</b>	<b>245 700</b>
	<b>Closing balance</b>		
	Intangible assets	11 627	13 192
	Heritage assets	7 413	7 555
	Machinery and equipment	4 196 496	4 133 667
	Biological assets	5 345	7 023
	<b>TOTAL MINOR ASSETS</b>	<b>4 220 882</b>	<b>4 161 438</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	<i>Notes</i>	2014/15 R '000	2013/14 R '000
<b>Movable assets written off</b>			
Machinery and equipment		1 045 914	1 184 592
Biological assets		9 523	7 803
<b>TOTAL</b>		<b>1 055 437</b>	<b>1 192 395</b>
47	<b>Intangible Capital Assets</b>		
	<b>MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH</b>		
	<b>Opening Balance Cost</b>		
Computer software		1 870 838	1 528 006
Masterheads and publishing tiles		131	-
Patents, licences, copyright, brand names, trademark		156 018	153 532
Recipes, formulae, prototypes, designs, models		1 202 007	392 693
Services and operating rights		-	740
<b>TOTAL OPENING BALANCE</b>		<b>3 228 993</b>	<b>2 074 971</b>
	<b>Prior Period Error</b>		
Computer software			487 374
Patents, licences, copyright, brand names, trademark			(7 579)
Recipes, formulae, prototypes, designs, models			178 089
Services and operating rights			(512)
<b>TOTAL ADJUSTMENTS</b>			<b>657 372</b>
	<b>Additions</b>		
Computer software		100 267	274 096
Masterheads and publishing tiles		-	131
Patents, licences, copyright, brand names, trademark		131 100	10 065
Recipes, formulae, prototypes, desins, models		50 643	631 225
Services and operating rights		-	-
<b>TOTAL ADDITIONS</b>		<b>282 010</b>	<b>915 517</b>
	<b>Disposals</b>		
Computer software		577 116	418 638
Masterheads and publishing tiles		131	-
Patents, licences, copyright, brand names, trademark		1 442	-
Recipes, formulae, prototypes, desins, models		5 223	-
Services and operating rights		-	228
<b>TOTAL DISPOSALS</b>		<b>583 912</b>	<b>418 866</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

<i>Notes</i>	<b>2014/15</b> R '000	<b>2013/14</b> R '000
<b>Closing balance</b>		
Computer software	1 393 989	1 870 838
Masterheads and publishing tiles	-	131
Patents, licences, copyright, brand names, trademark	285 676	156 018
Recipes, formulae, prototypes, desins, models	1 247 427	1 202 007
Services and operating rights	-	-
<b>TOTAL INTANGIBLE ASSETS</b>	<b>2 927 091</b>	<b>3 228 993</b>

48

**Immovable Tangible Capital Assets****MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER****Opening Balance****BUILDINGS AND OTHER FIXED STRUCTURES**

	<b>18 118 731</b>	<b>21 305 173</b>
Dwellings	2 207 098	3 097 390
Non-residential buildings	10 586 053	14 017 044
Other fixed structures	5 325 580	4 190 739

**HERITAGE ASSETS**

	<b>2 771 074</b>	<b>2 771 074</b>
Heritage assets	2 771 074	2 771 074

**LAND AND SUBSOIL ASSETS**

	<b>14 498 118</b>	<b>14 761 222</b>
Land	14 498 118	14 761 222
<b>TOTAL Opening Balance</b>	<b>35 387 924</b>	<b>38 837 470</b>

**Prior Period Error****BUILDINGS AND OTHER FIXED STRUCTURES**

	<b>(2 189 818)</b>
Dwellings	(603 093)
Non-residential buildings	(731 060)
Other fixed structures	(855 665)

**LAND AND SUBSOIL ASSETS**

	<b>(7 995)</b>
Land	(7 995)

**TOTAL Current Year Adjustment to prior year Balances****(2 197 813)**

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	<i>Notes</i>	2014/15 R '000	2013/14 R '000
<b>Additions</b>			
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>			
Dwellings		1 077	69 284
Non-residential buildings		2 574 558	1 179 353
Other fixed structures		1 348 253	2 155 401
<b>HERITAGE ASSETS</b>			
Heritage assets		-	-
<b>LAND AND SUBSOIL ASSETS</b>			
Land		177 548	141 336
<b>TOTAL Additions</b>		<b>4 101 436</b>	<b>3 545 374</b>
<b>Disposals</b>			
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>			
Dwellings		2 647	356 483
Non-residential buildings		24 959	3 879 284
Other fixed structures		205 455	164 895
<b>HERITAGE ASSETS</b>			
Heritage assets		-	-
<b>LAND AND SUBSOIL ASSETS</b>			
Land		221 093	396 419
<b>TOTAL Disposals</b>		<b>454 154</b>	<b>4 797 081</b>
<b>Closing balance</b>			
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>			
Dwellings		2 205 528	2 207 098
Non-residential buildings		13 135 652	10 586 053
Other fixed structures		6 468 378	5 325 580
<b>HERITAGE ASSETS</b>			
Heritage assets		2 771 074	2 771 074
<b>LAND AND SUBSOIL ASSETS</b>			
Land		14 454 573	14 498 144
<b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b>		<b>39 035 206</b>	<b>35 387 950</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	<i>Notes</i>	2014/15 R '000	2013/14 R '000
49	<b>S42 Immovable assets</b>		
	<b>Assets subjected to transfer in terms of S42 of the PFMA - 2014/15</b>		
	<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>598 260</b>	<b>3 606 771</b>
	Dwellings	-	361 664
	Non-residential buildings	-	3 176 444
	Other fixed structures	598 260	68 663
	<b>HERITAGE ASSETS</b>	-	<b>1 865</b>
	Heritage assets	-	1 865
	<b>LAND AND SUBSOIL ASSETS</b>	-	<b>207 041</b>
	Land	-	207 041
	<b>TOTAL</b>	<b>598 260</b>	<b>3 815 677</b>
50	<b>Reconciliation of Note 47 &amp; 48 to Expenditure on Capital Assets per Statement of Financial Performance</b>		
	Capital expenditure additions per note 46	4 933 112	4 503 879
	Capital expenditure additions per note 48	282 010	915 517
	Capital expenditure additions per note 49	4 101 436	3 545 374
	<b>Total additions per disclosure notes</b>	<b>9 316 558</b>	<b>8 964 770</b>
	<b>Total reconciling items</b>	<b>6 782 174</b>	<b>5 191 792</b>
	Non Cash Movement	(4 272 063)	(3 159 337)
	Capital Work in Progress-current costs	12 061 391	8 621 005
	Received but not paid/ (Paid current year but received prior year)	(453 544)	19 902
	Other	(553 611)	(289 778)
	<b>Capital expenditure per statement of financial performance</b>	<b>16 098 732</b>	<b>14 156 562</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	<i>Notes</i>	<b>2014/15</b> R '000	<b>2013/14</b> R '000
<b>51</b>	<b>Agent-principal arrangements</b>		
<b>51.1</b>	<b>Department acting as the principal</b>		
	Transfer payment to Land and Agriculture Development Bank of South Africa	35 348	33 347
	Regional Bulk Infrastructure Grant (RBIG)	3 941 238	3 240 264
	Accelerated Community Infrastructure Grant (ACIP)	244 822	225 591
	Government Pension Administration Agency (GPAA)	3 730 935	3 523 098
	Total payments made to IDT	364 567	300 925
	Commission for Conciliation Mediation & Arbitration (CCMA)	687 096	594 418
	Work Centres for the Disabled	91 132	104 087
	Water Affairs	700 740	-
	Rural Development and Land Reform	328 900	429 642
	Labour	136 250	111 272
	Public Works, Basic Education & Health	242 469	434 354
	<b>Total</b>	<b>10 503 497</b>	<b>8 996 998</b>
<b>51.2</b>	<b>Department acting as the agent</b>		
	<b>Revenue received for agency activities</b>		
	South African Revenue Services	3 293	3 293
	Eastern Cape Department of Education	289	29 903
	Limpopo Provincial Treasury (Department of Education)	738	4 782
	Limpopo Provincial Treasury (Department of Health)	3 197	6 663
	National Skills Funds	40 375	-
	Department of Trade and Industry	3 496	3 572
	Department of Transport	7 792	18 065
	National Revenue Fund - oversight and disbursement approving authority resides in the Criminal Asset Recovery Committee	183 216	141 075
	Funds received from NSF	18 316	17 958
	Statistics South Africa , Agriculture, Forestry and Fisheries	8 923	32
	<b>Total</b>	<b>269 635</b>	<b>225 343</b>
<b>52</b>	<b>Prior period errors</b>		
	<b>Correction of prior period error for secondary information</b>		
	<b>Revenue: (e.g. Annual appropriation, Departmental revenue, Aid assistance, etc.)</b>		
	Departmental revenue		(361 518)
	<b>Net effect on the note</b>		<b>(361 518)</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

<i>Notes</i>	<b>2014/15</b> <b>R '000</b>	<b>2013/14</b> <b>R '000</b>
<b>Expenditure: (e.g. Compensation of employees, Goods and services, Tangible capital assets, etc.)</b>		
Compensation of employees		(17)
Goods and services		(589 341)
Transfers and subsidies		55 378
Tangible Capital assets		434
Payments for financial assets		(14 671)
Unauthorised Expenditure/Fruitless and Wasteful Expenditure		(82 935)
<b>Net effect on the note</b>		<b>(631 152)</b>
<b>Assets: (e.g. Receivables, Investments, Accrued departmental revenue, Movable tangible capital assets, etc.)</b>		
Unauthorised expenditure		367
Tangible Capital Assets		143 934
Intangible Capital Assets		52 073
Prepayments and advances		24 723
Receivables (Current and Non- current)		218 054
<b>Net effect on the note</b>		<b>431 447</b>
<b>Liabilities: (e.g. Payables current, Voted funds to be surrendered, Commitments, Provisions, etc.)</b>		
Voted funds to be surrendered to the Revenue Fund		49 694
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund		1
Payables		427 000
Employee Benefit		11 759
Contingent liabilities		125 242
ALM restatements(Current Borrowings)		(12 736)
ALM restatements(Non-Current Borrowings)		12 736
Commitments and Accruals		1 232 645
<b>Net effect on the note</b>		<b>1 846 341</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

## 53 Departures and exemptions

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. Due to the significantly different accounting bases being applied (modified cash and accrual), the Minister has now allowed the National Treasury to prepare separate sets of consolidated financial statements for departments and public entities respectively.

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 2014/15 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

Department	Nature of Departure	Requirement departed from
<b>Defence</b>	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.	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.
<b>Rural Development and Land Reform</b>	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. However the department opted not to use the departure that was granted.	Capital Work in Progress should be recorded in the statement of financial performance as "expenditure for capital asset" and not Transfers and subsidies.
<b>Arts and Culture</b>	Accountant-General approved that the department classify expenditure incurred in a financial year as transfers and subsidies in the statement of financial performance and disclose the accumulated capital work in progress in the relevant annexure to the financial statements	The Modified Cash Standard (MCS) prescribes that costs incurred to construct a capital asset by way of a project that spans over more than one financial year, where the Department is not the custodian of the immovable asset however the budget resides with the Department, is treated as capital work in progress during the construction phase
<b>Environmental Affairs</b>	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).	Capital Work in Progress should be recorded in the statement of financial performance as "expenditure for capital asset" and not Transfers and subsidies.
<b>Tourism</b>	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).	Capital Work in Progress should be recorded in the statement of financial performance as "expenditure for capital asset" and not Transfers and subsidies.
<b>Home Affairs (DHA)</b>	The department did not have documents to support the values of the assets recorded in their register. These assets were identified, tagged and department obtained a deviation from MCS, for auditors to accept the values in the register as deemed cost. In August 2015, the department obtained another departure to value these assets at R1, even if such assets were acquired after 1 April 2002.	Par 64: Where the cost cannot be determined accurately, the movable asset is measured at its fair value and where fair value cannot be determined, the movable asset is measured at R1. The use of fair value or R1 as initial measurement for initial recording of a movable capital asset is deemed cost. The fair value measurement requirement in paragraphs .64 and .69 do not apply in instances where the asset was acquired before 1 April 2002 (or another date as approved by the OAG).
	The department recognises the foreign revenue when they have received the cash and documents to support the cash is received.	Under modified cash basis of accounting, revenue is recognised when there is movement in cash.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

<b>South African Revenue Services (SARS)</b>	Revenue recognition: Penalties: SARS, in consultation with the Office of the Accountant-General concluded that the recording and disclosure of accruals in respect of revenue from penalties relating to taxation revenue would be misleading and that it would conflict with the overall objective of fair presentation. Revenue from penalties is directly related to taxation revenue for which exemption was granted, and consequently is recognised on the same basis	Chapter 9.13 of the Modified Cash Standard requires recording and disclosure of accruals in respect of revenue. However, the Standard provides for exemption of taxation revenue. For the purpose of this Standard, the definition of taxes specifically excludes fines and other penalties imposed for breaches of law.
	Revenue recognition: Revenue from SACU: Revenue received from SACU is based on monies received into the Common Customs Pool from the participating Member States. SARS, in consultation with the Office of the Accountant-General concluded that revenue received in terms of the SACU agreement should be accounted for on the cash basis of accounting.	Chapter 9.13 of the Modified Cash Standard requires recording and disclosure of accruals in respect of revenue. However the Standard provides for exemption for recording of an accrual of taxation revenue. The South African Government receives revenue from the common Customs Pool in terms of the Agreement. The revenue originates from custom duties, excise levies and other duties. Revenue from SACU is administered by SARS in terms of the SARS Act (Act No.34 of 1997) and by implication falls within the ambit of taxation revenue.
	Contingent assets and Liabilities: The Contingent assets and Liabilities information was not disclosed previously and there is currently no reliable model that can be used in respect of the judgement to be applied in considering whether transactions meets the criteria of accruals, provisions, contingent assets and liabilities. SARS, in consultation with the Office of the Accountant-General, concluded that the disclosure of contingent assets and liabilities would not achieve the overall objective of fair presentation.	SARS has litigation matters which are not disclosed. Chapter 4 of the Standard will require retrospective application in adopting the accounting policy for the contingent assets and liabilities.

## 54 Departments excluded from Consolidation

### 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 2014/15 and 2013/14.”

## 55 Financial Risk Management

Following the implementation of the modified basket of strategic risk benchmarks in 2014/15, government funding programme was monitored against these benchmarks to assess the impact on refinancing, inflation and currency risks. While the numeric benchmarks and indicators will remain unchanged in 2015/16, they will continue to be monitored and reported on a quarterly basis. The table below list the strategic risk benchmarks.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

## Risk benchmarks

Description	Range or limit
Share of short-term debt maturing within a year (Treasury bills)	Limit to 15% of total domestic debt
Share of long-term 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%
Share of foreign currency debt as % of total debt	Limit of 15%

Government's gross loan debt of R1 798.8 billion consist of domestic (R1 632 billion) and foreign debt (R166.8 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 R31.2 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 2015, 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 2015	31 March 2014
Domestic debt (excluding Retail bonds, borrowing from the CPD, zero coupon bonds and other loans)	R1 600.8 bn	R1 408.8 bn
Inflation-linked bonds	R 358.7 bn	R 298.7 bn
Share of ILBs as % of total domestic debt	22.4 %	21.2 %

## 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

## Composition of foreign debt

Indicator	31 March 2015	31 March 2014
As % of total debt		
- Gross foreign debt	9.4%	9.3%
- Net foreign debt	4.7%	4.4%
Currency composition		
- US Dollar	81.2%	78.8%
- Euro	11.7%	11.4%
- Yen	3.7%	4.3%
- GBP	0.5%	0.8%
- Swedish krona	2.9%	4.7%

## 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.

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 2015	31 March 2014
Share of short-term debt maturing within a year (Treasury bills)	12.6%	13.6%
The share of long-term debt maturing in 5 years (fixed-rate and inflation-linked bonds)	21.0%	22.7%
Average term-to-maturity of fixed-rate bonds and Treasury bills	11.6 years	10.0 years
Average term-to-maturity of inflation-linked bonds	15.0 years	14.9 years
Bonds switched during a year	R50.5 bn	R10.6 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 2014/15 amounted to R214.7 billion of which R161.6 billion was with the Reserve Bank and R53.1 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 obligations. 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

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 2015, net debt, provisions and contingent liabilities amounted to 56.70 per cent compared to 54.1 per cent on 31 March 2014.

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. Credit risk assessment are performed and used as part of considerations when decisions are made with regard to the issuance of guarantees.

## Sovereign Risk

Sovereign risk can be defined as the willingness and ability of a sovereign to honour its debt obligations. In order to analyse and measure sovereign risk – the willingness or ability to meet debt obligations – the credit rating agencies constantly conduct sovereign rating reviews on 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.

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

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

Currently, Moody's rates South Africa at "Baa2" with a stable outlook, S&P "BBB-" with a stable outlook, Fitch "BBB" with a negative outlook and R&I "BBB+" with a stable outlook. This implies that South Africa has stable credit outlooks across three rating agencies, with the exception of Fitch which has assigned a negative outlook on the country's credit worthiness.

Credit rating agencies have highlighted the following main risks to SA's sovereign credit rating in 2015:

- Government Wage Bill and the recent public sector wage negotiations;
- Growth picture - low growth prospects over the medium term and its impact on government's fiscal targets;
- Sustainability of the government guarantee portfolio and the financial health of the state-owned companies' portfolio; and
- The risk of portfolio outflows due to the United States' Federal Reserve monetary policy stance in 2015 and its impact on SA's external vulnerability.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

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

		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-		
		Baa1 (negative outlook)	BBB+	BBB+	BBB+(stable outlook)		
		Baa2 (stable outlook)	BBB	BBB (negative outlook)	BBB		
		Baa3	BBB- (stable outlook)	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 * Current R&I rating is highest					
		Highest rating achieved					
1st credit rating assigned to RSA: Moody's, S&P and Fitch - 1994 R&I - 1998							

Source: National Treasury

The 2015 Budget has re-affirmed government's commitment to fiscal discipline, debt sustainability, and the prioritisation of the implementation of the National Development Plan (NDP). Displaying progress relating to 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.

### Financial Sustainability:

The consolidated financial statements have been prepared on a going concern basis. The Statement of Financial Performance for departments depicts a budget deficit with the revenue base being constrained and debt service costs and public sector wages on the increase. Slow growth and volatility have also meant that the South Africa's debt portfolio has been growing for the past number of years. The risks to the sovereign credit rating and the refinancing of the debt portfolio have already been highlighted above.

The Minister of Finance, in conjunction with the President, cabinet ministers, the Governor of the Reserve Bank and the MEC's for Finance is taking steps to address the current financial position as well as the future financial sustainability of the government of South Africa.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

As part of the October 2015 Medium Term Budget Policy Statement, the Minister of Finance has announced proposals to maintain the health of the public finances, taken into account the difficult world economic situation. Relevant to government current and future economic health is the following actions:

- Unite South Africans behind more rapid implementation of the National Development Plan.
- South African debt as a share of GDP will be stabilised as a fiscal priority and all possible steps will be taken to protect public finances.
- Economic performance will be strengthened through policy coherence.
- Ensure that in light of the growing public debt, the expenditure ceiling remains in place, supplemented by reforms to improve the quality of public spending.
- Focus efforts to raise economic growth in line with national development priorities.

## 57 Subsequent Events

The Eskom Special Appropriation Act was promulgated on 6 July 2015 which allows for a capital injection of R23 billion to Eskom. Furthermore, government announced on 1 July 2015 that it sold its 13.91 per cent share in Vodacom to the Public Investment Corporation (PIC). On 31 July 2015, government received a first instalment of R12.6 billion from the sale of its share in Vodacom which is expected to realise R25.4 billion. Subsequently, an amount of R10 billion was transferred to Eskom on 31 July 2015 as the first tranche of the Cabinet approved R23 billion equity to be provided to Eskom. The remainder of the R23 billion allocations will only be transferred to Eskom once the balance of the proceeds from the sale of government's stake in Vodacom has been deposited into the National Revenue Fund, which will take place later in the year. In addition, the "Amendment of Eskom Subordinated Loan Special Appropriation Act" was promulgated on 6 July 2015 in the Government Gazette which allows for the conversion to equity of government's R60 billion loan to Eskom.

As at 31 March 2015, Moody's rated South Africa at "Baa2" with a stable outlook, S&P "BBB" with a stable outlook, Fitch "BBB" with a negative outlook and R&I "BBB+" with a stable outlook. This implies that South Africa has stable credit outlooks across three rating agencies, with the exception of Fitch which has assigned a negative outlook on the country's credit worthiness.

Fitch Ratings (Fitch) on 6 June 2015 affirmed South Africa's long-term foreign and local currency Issuer Default Ratings at 'BBB' and 'BBB+' respectively. The rating agency also affirmed the negative outlook. Furthermore, Standard and Poor's (S&P) on 12 June 2015 affirmed South Africa's long and short-term foreign and local currency Issuer Default Ratings at 'BBB-/A-3' and 'BBB+/A-2' respectively. The rating agency also affirmed the stable outlook. On 2 September, Moody's affirmed South Africa's sovereign rating at "Baa2" with a stable outlook.

Government's debt portfolio is exposed to currency and inflation risk. Since 31 March 2013 to 31 August 2015, the rand weakened against the US dollar and the Euro by 9.6 and 14.1 per cent respectively. Consequently, the rand equivalent of foreign debt would have increased by R16.9 billion or 10.1 per cent. In addition, government also held cash deposits of US\$8.0 billion or R94 billion. The weaker currency would have increased the value of these deposits by R9 billion or 9.6 per cent to R103 billion. Therefore, government's net exposure to currency fluctuations would have been R8 billion.

Furthermore, revaluing the inflation-linked bonds using the consumer price index (CPI) of 31 August 2015 would have resulted in an increase of R10.9 billion (3.1 per cent) to R370 billion.

# UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

## ■ 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
		2014/2015	2014/2015				
<b>OPERATING INCOME</b>		<b>87 456 447</b>	<b>36 540 500</b>	<b>240 143 775</b>	<b>155 611 039</b>	<b>146 003 559</b>	
Departmental revenue	3	871 175	5 606 454	212 765	1 794 264	2 511 079	
Receipts by National Departments from NRF	5	86 585 272	30 934 046	239 931 010	153 816 775	143 492 480	
Aid assistance		66 929	117 261	1 318 642	10 515	433 088	
<b>TOTAL REVENUE</b>		<b>87 523 376</b>	<b>36 657 761</b>	<b>241 462 417</b>	<b>155 621 554</b>	<b>146 436 647</b>	
<b>DEPARTMENTAL EXPENDITURE</b>							
<b>Current expenditure</b>							
Compensation of employees	8	9 005 132	2 640 106	3 108 702	99 933 450	8 558 477	
Goods & Services	9	8 760 521	1 985 153	4 524 167	35 797 504	7 437 065	
Interest & Rent on Land	10	46 661	28	49 254	394	7 072	
Aid assistance		39 153	89 384	1 035 336	27 515	31 271	
<b>Total current expenditure</b>		<b>17 851 467</b>	<b>4 714 671</b>	<b>8 717 459</b>	<b>135 758 863</b>	<b>16 033 885</b>	
<b>Transfers and subsidies</b>							
Transfers and subsidies	13	63 671 915	21 807 458	227 641 047	10 981 550	118 446 528	
Aid assistance		-	14	16 790	-	334 634	
<b>Total transfers and subsidies</b>		<b>63 671 915</b>	<b>21 807 472</b>	<b>227 657 837</b>	<b>10 981 550</b>	<b>118 781 162</b>	

# UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

DEPARTMENT NAME	Notes	2014/2015		2014/2015		2014/2015		2014/2015	
		Central Government Administration	Financial Administration Services	Social Services	Justice and Protection Services	Economic Services and Infrastructure Development			
<b>Expenditure for capital assets</b>									
Tangible capital assets	11.1	970 313	419 678	2 756 504	6 235 101	5 636 368			
Intangible assets	11.2	27 540	2 608	4 399	16 550	29 671			
<b>Total expenditure for capital assets</b>		<b>997 853</b>	<b>422 286</b>	<b>2 760 903</b>	<b>6 251 651</b>	<b>5 666 039</b>			
Payments for financial assets	14	8 844	3 380 596	34 960	91 813	10 976			
<b>TOTAL EXPENDITURE</b>		<b>82 530 079</b>	<b>30 325 025</b>	<b>239 171 159</b>	<b>153 083 877</b>	<b>140 492 062</b>			
<b>SURPLUS/(DEFICIT)</b>		<b>4 993 297</b>	<b>6 332 736</b>	<b>2 291 258</b>	<b>2 537 677</b>	<b>5 944 585</b>			
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>4 993 297</b>	<b>6 332 736</b>	<b>2 291 258</b>	<b>2 537 677</b>	<b>5 944 585</b>			
<b>Reconciliation of Net Surplus/(Deficit) for the year</b>									
Voted Funds		4 095 222	698 487	1 847 782	765 995	3 366 986			
Departmental revenue and NRF receipts	21	871 175	5 606 454	212 765	1 794 264	2 511 079			
Aid assistance		26 900	27 795	230 711	(22 582)	66 520			
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>4 993 297</b>	<b>6 332 736</b>	<b>2 291 258</b>	<b>2 537 677</b>	<b>5 944 585</b>			



# UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

## ■ CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DEPARTMENT NAME	Notes	2014/2015		2014/2015		2014/2015		2014/2015		2014/2015	
		Central Government Administration	Financial Administration Services	Social Services	Justice and Protection Services	Economic Services and Infrastructure Development	Central Government Administration	Financial Administration Services	Social Services	Justice and Protection Services	Economic Services and Infrastructure Development
<b>Current Assets</b>		<b>7 003 360</b>	<b>2 451 200</b>	<b>12 321 886</b>	<b>1 642 245</b>	<b>6 645 132</b>					
Unauthorised expenditure	12	1 644 906	18 093	33 361	891	2 429 334					
Cash and cash equivalents	15	4 875 825	952 294	1 343 164	198 012	3 833 469					
Other financial assets		15 209	-	-	-	2 107					
Prepayments and advances	16	26 266	7 314	9 374 439	253 575	132 944					
Receivables	17	440 835	20 305	1 568 619	1 189 767	236 018					
Loans	18	-	1 453 169	2 303	-	3 529					
Aid assistance receivable	6	319	25	-	-	7 731					
<b>Non-current assets</b>		<b>437 340</b>	<b>97 333 492</b>	<b>142 269</b>	<b>661 975</b>	<b>23 272 554</b>					
Investments	19	-	33 610 089	-	75 000	23 153 063					
Receivables	17	376 842	53 139	122 605	586 975	83 924					
Loans	18	-	63 670 264	19 664	-	34 180					
Other financial assets		60 498	-	-	-	1 387					
<b>TOTAL ASSETS</b>		<b>7 440 700</b>	<b>99 784 692</b>	<b>12 464 155</b>	<b>2 304 220</b>	<b>29 917 686</b>					

# UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

DEPARTMENT NAME	Notes	2014/2015		2014/2015		2014/2015		2014/2015	
		Central Government Administration	Financial Administration Services	Social Services	Justice and Protection Services	Economic Services and Infrastructure Development			
<b>LIABILITIES</b>									
<b>Current liabilities</b>		<b>7 016 253</b>	<b>1 035 734</b>	<b>11 436 949</b>	<b>1 518 156</b>	<b>6 648 643</b>			
Voted funds to be surrendered to the Revenue Fund	20	4 882 789	696 372	1 042 945	810 258	3 609 069			
Departmental revenue to be surrendered to the Revenue Fund	21	329 957	29 779	50 855	231 065	52 750			
Bank overdraft	22	428 048	-	9 890 220	364 768	2 484 030			
Payables	23.1	1 339 702	158 918	210 110	89 952	431 236			
Aid assistance repayable	6	-	20 425	237 910	2 060	71 357			
Aid assistance unutilised	6	35 757	130 240	4 909	20 053	201			
<b>Non-current liabilities</b>		<b>826 695</b>	<b>12 611</b>	<b>984 206</b>	<b>1 777</b>	<b>326 604</b>			
Payables	23.2	826 695	12 611	984 206	1 777	326 604			
<b>TOTAL LIABILITIES</b>		<b>7 842 948</b>	<b>1 048 345</b>	<b>12 421 155</b>	<b>1 519 933</b>	<b>6 975 247</b>			
<b>NET ASSETS</b>		<b>(402 248)</b>	<b>98 736 347</b>	<b>43 000</b>	<b>784 287</b>	<b>22 942 439</b>			
<b>Represented by:</b>									
Capitalisation reserve		-	34 961 219	21 967	75 000	22 853 882			
Recoverable revenue		15 538	63 775 128	7 261	706 289	88 557			
Retained funds		(417 786)	-	13 772	2 998	-			
Revaluation reserves		-	-	-	-	-			
<b>TOTAL</b>		<b>(402 248)</b>	<b>98 736 347</b>	<b>43 000</b>	<b>784 287</b>	<b>22 942 439</b>			

# UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

## ■ CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

DEPARTMENT NAME	Notes	2013/2014		2013/2014		2013/2014		2013/2014	
		Central Government Administration	Financial Administration Services	Social Services	Justice and Protection Services	Economic Services and Infrastructure Development			
<b>OPERATING INCOME</b>		<b>81 634 140</b>	<b>32 559 795</b>	<b>219 739 695</b>	<b>147 309 776</b>	<b>133 916 128</b>			
Departmental revenue	3	890 729	3 691 734	223 064	1 761 050	3 759 602			
Receipts by National Departments from NRF	5	80 743 411	28 868 061	219 516 631	145 548 726	130 156 526			
Aid assistance		85 458	127 675	1 274 065	33 667	266 562			
<b>TOTAL REVENUE</b>		<b>81 719 598</b>	<b>32 687 470</b>	<b>221 013 760</b>	<b>147 343 443</b>	<b>134 182 690</b>			
<b>DEPARTMENTAL EXPENDITURE</b>									
<b>Current expenditure</b>									
Compensation of employees	8	8 124 448	2 427 783	2 782 689	93 970 528	7 547 562			
Goods & Services	9	8 709 702	2 077 519	4 081 045	34 466 514	9 167 656			
Interest & Rent on Land	10	35 796	-	50 290	890	6 212			
Aid assistance		34 584	76 316	967 583	27 966	38 520			
<b>Total current expenditure</b>		<b>16 904 530</b>	<b>4 581 618</b>	<b>7 881 607</b>	<b>128 465 898</b>	<b>16 759 950</b>			
<b>Transfers and subsidies</b>									
Transfers and subsidies	13	60 540 804	20 836 992	207 985 000	9 438 388	108 279 805			
Aid assistance		1 705	-	21 259	-	161 440			
<b>Total transfers and subsidies</b>		<b>60 542 509</b>	<b>20 836 992</b>	<b>208 006 259</b>	<b>9 438 388</b>	<b>108 441 245</b>			

# UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

DEPARTMENT NAME	Notes	2013/2014		2013/2014		2013/2014		2013/2014	
		Central Government Administration	Financial Administration Services	Social Services	Justice and Protection Services	Economic Services and Infrastructure Development			
<b>Expenditure for capital assets</b>									
Tangible capital assets	11.1	1 126 263	126 024	1 688 990	6 332 575			4 674 901	
Intangible assets	11.2	87 781	2 686	14 409	28 592			74 341	
<b>Total expenditure for capital assets</b>		<b>1 214 044</b>	<b>128 710</b>	<b>1 703 399</b>	<b>6 361 167</b>			<b>4 749 242</b>	
Payments for financial assets	14	8 943	3 222 774	29 736	46 146			62 255	
<b>TOTAL EXPENDITURE</b>		<b>78 670 026</b>	<b>28 770 094</b>	<b>217 621 001</b>	<b>144 311 599</b>			<b>130 012 692</b>	
<b>SURPLUS/(DEFICIT)</b>		<b>3 049 572</b>	<b>3 917 376</b>	<b>3 392 759</b>	<b>3 031 844</b>			<b>4 169 998</b>	
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>3 049 572</b>	<b>3 917 376</b>	<b>3 392 759</b>	<b>3 031 844</b>			<b>4 169 998</b>	
<b>Reconciliation of Net Surplus/(Deficit) for the year</b>									
Voted Funds		2 109 800	174 506	2 925 380	1 270 836			343 861	
Departmental revenue and NRF receipts	21	890 729	3 691 734	223 064	1 761 050			3 759 602	
Aid assistance		49 043	51 136	244 315	(42)			66 535	
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>3 049 572</b>	<b>3 917 376</b>	<b>3 392 759</b>	<b>3 031 844</b>			<b>4 169 998</b>	

# UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

## ■ CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DEPARTMENT NAME	Notes	2013/2014				
		Central Government Administration	Financial Administration Services	Social Services	Justice and Protection Services	Economic Services and Infrastructure Development
<b>Current Assets</b>		<b>5 015 186</b>	<b>2 647 361</b>	<b>13 276 951</b>	<b>1 564 755</b>	<b>4 406 472</b>
Unauthorised expenditure	12	1 637 153	17 383	26 873	891	2 036 492
Cash and cash equivalents	15	2 774 843	1 026 144	2 513 834	512 299	2 056 568
Other financial assets		15 430	-	-	-	663
Prepayments and advances	16	54 489	8 108	9 428 296	264 388	172 769
Receivables	17	527 458	44 664	1 305 657	787 177	134 396
Loans	18	-	1 551 037	2 291	-	3 113
Aid assistance receivable	6	5 813	25	-	-	2 471
<b>Non-current assets</b>		<b>338 865</b>	<b>89 080 020</b>	<b>50 190</b>	<b>656 506</b>	<b>23 207 987</b>
Investments	19	-	24 199 411	-	75 000	23 106 522
Receivables	17	284 254	50 778	28 234	569 144	61 102
Loans	18	-	64 829 831	21 956	12 362	37 624
Other financial assets		54 611	-	-	-	2 739
<b>TOTAL ASSETS</b>		<b>5 354 051</b>	<b>91 727 381</b>	<b>13 327 141</b>	<b>2 221 261</b>	<b>27 614 459</b>

# UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

DEPARTMENT NAME	Notes	2013/2014		2013/2014		2013/2014		2013/2014	
		Central Government Administration	Financial Administration Services	Social Services	Justice and Protection Services	Economic Services and Infrastructure Development			
<b>LIABILITIES</b>									
<b>Current liabilities</b>		<b>4 828 955</b>	<b>1 132 544</b>	<b>12 582 843</b>	<b>1 707 849</b>	<b>4 384 630</b>			
Voted funds to be surrendered to the Revenue Fund	20	2 617 224	191 889	2 821 651	1 270 836	1 030 674			
Departmental revenue to be surrendered to the Revenue Fund	21	252 153	590 135	128 855	153 503	538 708			
Bank overdraft	22	533 801	9 320	9 118 430	161 032	1 654 634			
Payables	23.1	1 342 104	172 282	254 510	84 466	1 110 958			
Aid assistance repayable	6	75 219	47 003	253 322	7 576	40 939			
Aid assistance unutilised	6	8 454	121 915	6 075	30 436	8 717			
<b>Non-current liabilities</b>		<b>358 360</b>	<b>11 988</b>	<b>692 916</b>	<b>1 964</b>	<b>280 574</b>			
Payables	23.2	358 360	11 988	692 916	1 964	280 574			
<b>TOTAL LIABILITIES</b>		<b>5 187 315</b>	<b>1 144 532</b>	<b>13 275 759</b>	<b>1 709 813</b>	<b>4 665 204</b>			
<b>NET ASSETS</b>		<b>166 736</b>	<b>90 582 849</b>	<b>51 382</b>	<b>511 448</b>	<b>22 949 255</b>			
<b>Represented by:</b>									
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	-			
Revaluation reserves		-	-	-	-	-			
<b>TOTAL</b>		<b>166 736</b>	<b>90 582 849</b>	<b>51 382</b>	<b>511 448</b>	<b>22 949 255</b>			

# ANNEXURES: NAMES OF GOVERNMENT DEPARTMENTS

For the year ended 31 March 2015

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





# REVIEW OF OPERATING RESULTS

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

## CONSOLIDATED FINANCIAL STATEMENTS

2015

Annual financial statements  
for the year ended 31 March 2015



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA



# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015

## 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 makes use of a consolidation software solution 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' AFS, 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.

## Consolidations statistics

In terms of Section 47(1)(a) and (b) of the PFMA, the Minister, by notice in the national Government Gazette, must amend Schedule 3 to include all public entities not listed and make technical changes to the list. Furthermore per Section 47(2), the accounting authority for a public entity that is not listed in either Schedule 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 list on NT website and have thus been consolidated, except for those listed as per Annexure C.

The updated list of entities consolidated is published on the Treasury website as at 30 April 2015. 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 non listed entities that must be consolidated are excluded if no templates are forwarded for reasons beyond the OAG's intervention.

# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015

1 All Annexures refer to the Annexures of the Consolidated Financial Statements.

The following is a statistical consolidation summary:

<b>Entities in 2014/2015</b>	<b>Listed entities</b>	<b>Non Listed entities</b>
- Total	206	19
- Consolidated	197	18
-Not Consolidated(including 9 discontinued entities)	9	1

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

A total of 197 (96 percent) of listed entities are consolidated in 2014/15 which is a slight increase from 2013/14 where 198 (95 percent) listed entities were consolidated. Two listed entities were disestablished during the year namely Khula Enterprise Finance Limited and Namaqua Water Board. The overall total number of listed entities in the current year has been reduced to 206 as compared to 208 of 2013/14. A total of 19 unlisted entities were consolidated in 2014/15.

The 9 discontinued entities referred to above are no longer in operation or either merged with other entities, However they are still waiting to be delisted. These entities are Africa Institute of South Africa, Botshelo Water, Bushbuckridge Water Board, National Lottery Distribution Commission, Pelladrift Water Board, Servcon Housing Solutions (Pty) Ltd, Social Housing Foundation, Development Bank of SA Development Fund and Project Development Facility. Compensation Commissioner for Occupational Diseases Entity audit is delayed hence not part of the consolidation.

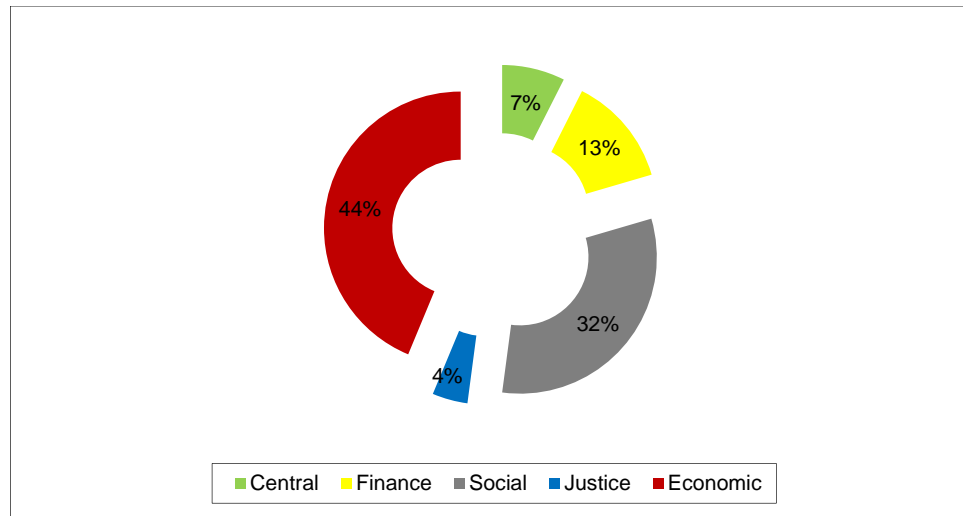
The percentage of listed entities that are not consolidated due to the reasons mentioned above is 5 percent for both current and previous years. There are entities whose reporting date differs from the reporting date of the public entities, however these entities have been included as part of the consolidation. These entities are disclosed in Annexure C of this report.

The Economic and Infrastructure Services cluster contributes the biggest proportion (44%) of total number of entities consolidated, followed by the Social Services cluster (32%), Finance Services cluster (13%), Central Services cluster (7%) and lastly the Justice and Protection Services cluster (4%).

# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015

## Consolidation per cluster 2015



## 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 and some were disestablished during the year. It will be realised that less entities were consolidated in 2014/15 (215) than in 2013/14 (217). This inconsistency contributes to the variance in the opening balances or prior year figures as compared to figures published in the 2014/15 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 thereto.

- **Annexure A** – Lists of entities consolidated
- **Annexure B** – Lists of entities not consolidated but included in the PFMA list
- **Annexure C** – Lists of entities consolidated with year ends other than 31 March 2015

## Financial Performance

### Total revenue

Total revenue for the year under review increased by 4 percent, with the current total being R566 billion (2013/14: R543 billion). Non - exchange revenue consisting of Public contributions and donations, Transfer and sponsorships, Fines and Penalties, Licences and permits, Government grants and subsidies, Legislative and Oversight functions and Taxation revenue, accounts for 22 percent of total revenue.

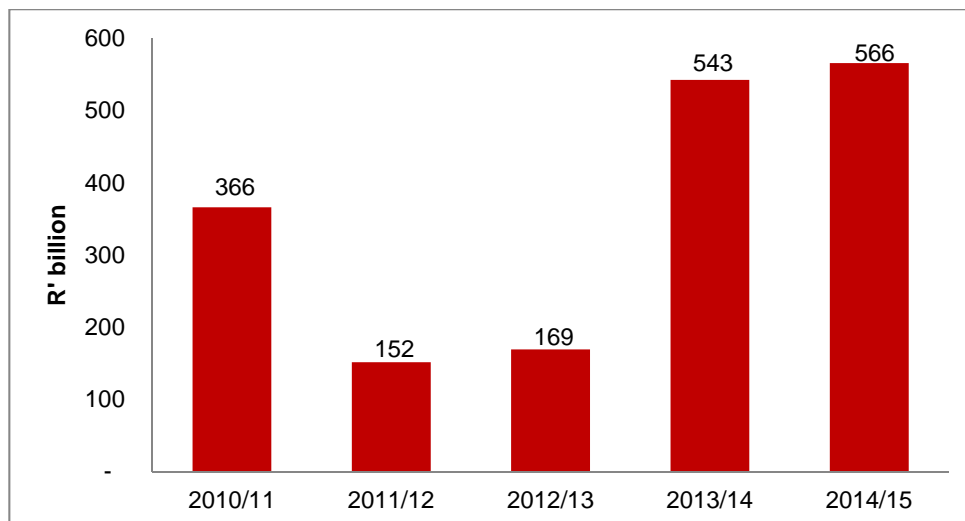
Exchange revenue constitutes 78 percent of total revenue in the current year which remained the same as compared to the prior year. The major contributors within revenue from exchange category are sale of goods and rendering of services followed by other income and interest earned- external investment. Sale of goods and rendering of services contributes 59 percent to the total revenue in the current year.

# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015

Revenue	Actual 2013/14 R' million	Actual 2014/15 R' million
<b>Non-exchange revenue</b>		
Government grants and subsidies	49 870	52 178
Public contributions and donations	1 694	2 017
Transfers and Sponsorships	6 947	7 464
Fines and Penalties	386	400
Licences and permits	972	1 082
Legislative and Oversight functions	53 602	58 862
Taxation revenue	5 046	3 075
	<b>118 517</b>	<b>125 078</b>
<b>Exchange revenue</b>		
Sale of Goods & Rendering of Services	322 211	336 661
Rental of facilities and equipment	12 040	11 896
Interest earned - external investments	31 404	39 056
Interest earned - outstanding receivables	539	1 044
Other income	58 166	52 367
	<b>424 360</b>	<b>441 024</b>
<b>Total Revenue</b>	<b>542 877</b>	<b>566 102</b>

## Total Revenue 2015



*\*The inconsistency in the graph for the 2011/12 financial year's as well as 2012/13 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, CEF (Pty) Ltd, IDC, Water Trading Account and SANRAL, the revenue sources for these entities are mainly from exchange transactions except for RAF.

It should be noted with appreciation that Total Revenue for 2013/14 and 2014/15 has grown by 4 percent, with the growth coming from exchange revenue which grew by 4 percent and also making up 78 percent

# REVIEW OF OPERATING RESULTS

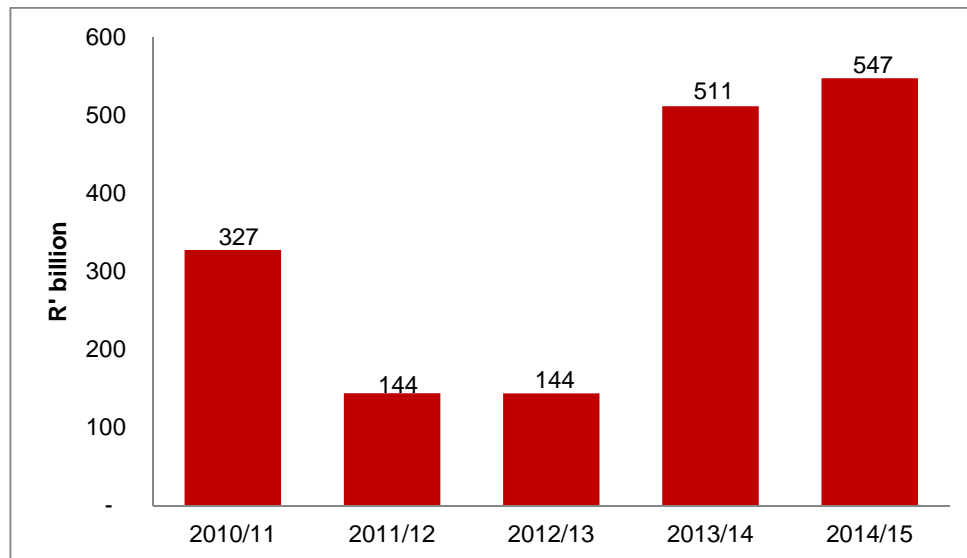
For the year ended 31 March 2015

of total revenue. The major contributors of total revenue in the current year are Eskom (27 percent), Transnet (11 percent) and South African Airways (5 percent).

## Total expenditure

Expenditures	Actual	Actual
	2013/14	2014/15
	R' million	R' million
Employee related costs	103 134	112 369
Depreciation and amortisation expense	38 229	43 848
Repairs and maintenance	15 900	13 385
Grants and subsidies paid	16 668	14 984
General expenses, Bad debts, Non-profit institution and Donor project funding	304 961	324 943
Finance costs	32 463	37 680
<b>Total expenditure</b>	<b>511 355</b>	<b>547 209</b>

## Total expenditure

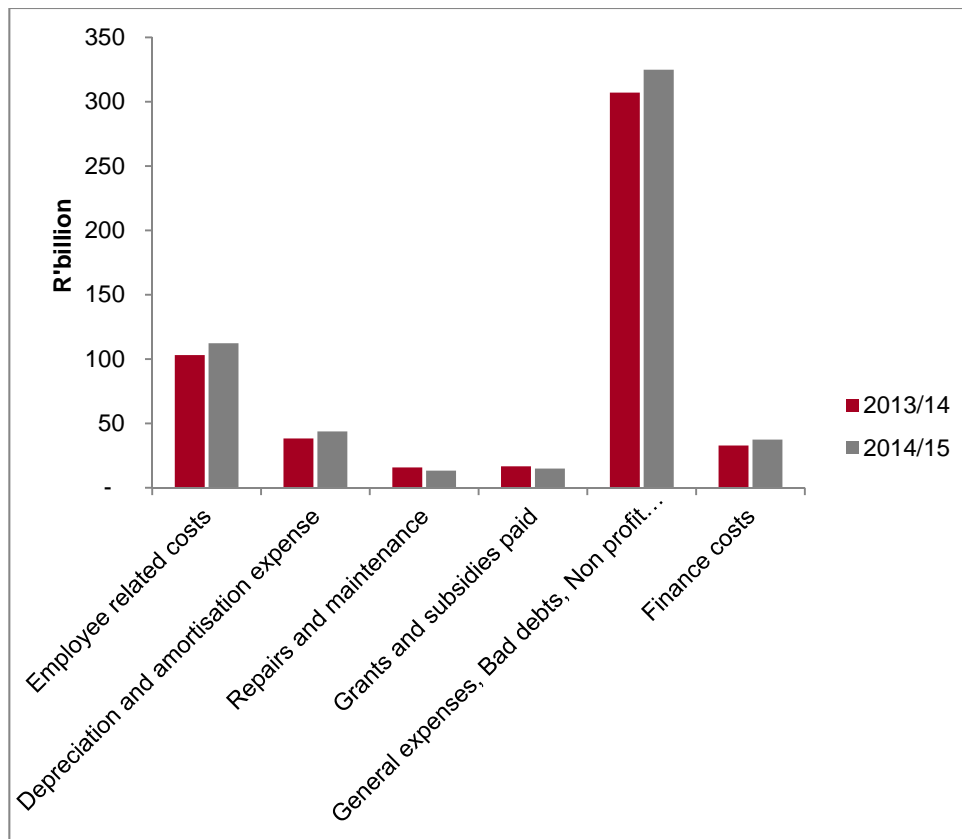


*\*The inconsistency in the graph for the 2011/12 and 2012/13 financial year's figures is due to the exclusion of GBE's as these were equity accounted for then.*

# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015

## Analysis of Total expenditure 2015



Total expenditure amounted to R547 billion for the current year; this represents 7 percent increase from the prior year's total of R511 billion. General expenses and Employee related costs accounted for 80 percent of the total expenditure, with general expenses contributing 59 percent and employee related costs 21 percent of total expenditure.

The Finance cluster is the largest contributor of expenditure at R237 billion in the current year, with Eskom, Transnet and SAA contributing R151 billion, R53 billion and R33 billion respectively. The economic cluster is the second biggest after finance cluster by contributing R97 billion in the current year. The biggest entities within the economic cluster are RAF (R 42 billion), CEF (Pty) Ltd(R 35 billion) and IDC(R 20 billion)

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

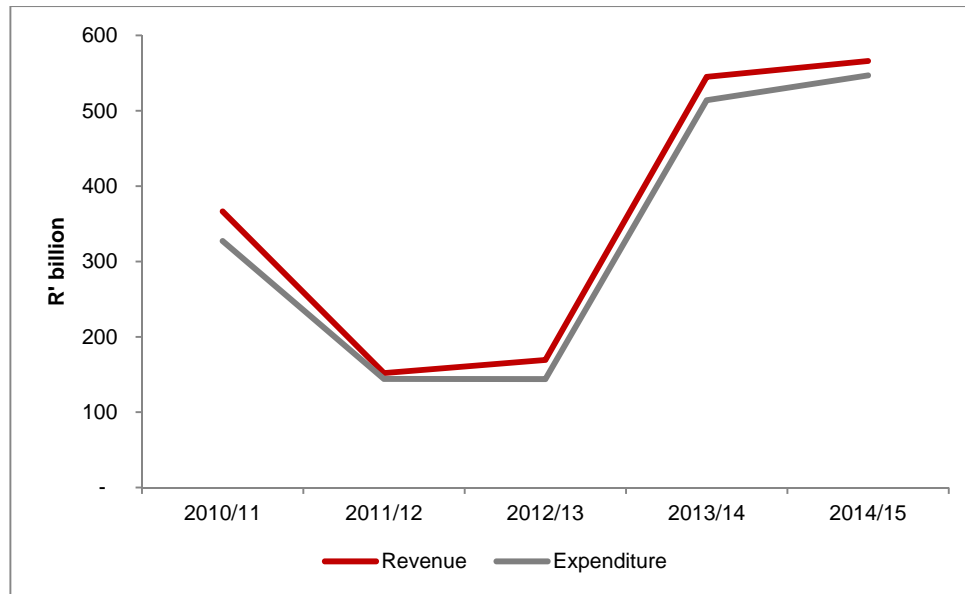
Revenue vs. Expenditure	Actual	Actual	Actual	Actual	Actual
R' million	2010/11	2011/12	2012/13	2013/14	2014/15
Revenue	366 374	151 823	169 419	542 877	566 102
Expenditure	327 208	143 990	143 743	511 355	547 209
<b>Surplus/(Deficit) from operations</b>	<b>39 166</b>	<b>7 833</b>	<b>25 676</b>	<b>31 522</b>	<b>18 893</b>



# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015

## Revenue vs. Expenditure 2015



\*The inconsistency in the graph for the 2011/12 and 2012/13 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 to the amount R 19 billion (2013/14: R32 billion), which reflects a decrease of 40 % as compared to the prior year surplus.

As can be seen above, over the past four years from 2010/11 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 R13 billion.

## Loss / Deficit making Public Entities:

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

Name of Entity Schedule 1	Movement in		
	2013/14 R'000	2014/15 R'000	loss R'000
South African Human Rights Commission	8 369	(934)	(9 303)
Independent Electoral Commission	71 123	(30 880)	(102 003)
	<b>79 492</b>	<b>(31 814)</b>	<b>(111 305)</b>

Name of Entity Schedule 2	Movement in		
	2013/14 R'000	2014/15 R'000	loss R'000
Broadband Infrastructure Company (Pty) Ltd	(143 484)	(267 761)	(124 277)
Alexkor Limited	50 260	(82 203)	(132 463)
CEF (Pty) Ltd	(1 452 867)	(14 274 433)	(12 821 566)
South African Airways (Pty) Ltd	(2 589 465)	(4 644 557)	(2 055 092)
South African Express (Pty) Ltd	(10 221)	(132 358)	(122 136)
South African Broadcasting Corporation Limited	558 919	(401 190)	(960 109)
Industrial Development Corporation of South Africa Limited	10 243 000	(17 091 000)	(27 334 000)
South African Post Office Limited	(406 671)	(1 497 031)	(1 090 361)
Trans-Caledon Tunnel Authority	(1 647 405)	(188 243)	1 459 161
	<b>4 602 066</b>	<b>(38 578 776)</b>	<b>(43 180 843)</b>

# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015

Name of Entity Schedule 3A	2013/14 R'000	2014/15 R'000	Movement in loss R'000
Brand SA	(11 241)	(3 690)	7 551
Council for Geoscience	3 774	(14 655)	(18 429)
Estate Agency Affairs Board	8 779	(2 522)	(11 301)
Competition Tribunal	(3 691)	(755)	2 936
Council on Higher Education	(2 904)	(1 000)	1 904
National Empowerment Fund	603 766	(125 086)	(728 852)
Onderstepoort Biological Products Limited	(8 583)	(15 088)	(6 505)
South African National Roads Agency Limited	26 422 597	(1 408 463)	(27 831 060)
Housing Development Agency	(19 563)	(5 997)	13 566
South African Nuclear Energy Corporation Limited	8 752	(68 782)	(77 534)
South African Weather Service	40 164	(25 622)	(65 786)
Technology Innovation Agency	(18 624)	(71 656)	(53 032)
Accounting Standards Board	151	(160)	(311)
Iziko Museums of Cape Town	(6 336)	(1 220)	5 116
Co-Operatives Banks Development Agency	343	(720)	(1 062)
Marine Living Resources Fund	(8 675)	(6 117)	2 558
Municipal Demarcation Board	(1 582)	(7 252)	(5 670)
National Arts Council of South Africa	(8 064)	(3 135)	4 930
Financial Intelligence Centre	22 634	(854)	(23 488)
National Credit Regulator	(26 043)	(14 123)	11 920
National Development Agency	(19 480)	(12 442)	7 038
Office of the Pension Fund Adjudicator	(221)	(2 297)	(2 076)
Castle Control Board	41	(1 542)	(1 583)
Private Security Industry Regulatory Authority	6 494	(16 727)	(10 233)
National Youth Development Agency	(32 298)	(14 063)	18 235
Performing Arts Council of the Free State	(6 393)	(3 206)	3 187
Perishable Products Export Control Board	(2 397)	(9 689)	(7 292)
Ports Regulator of South Africa	(151)	(512)	(361)
Road Accident Fund	(17 299 565)	(19 452 244)	(2 152 678)
South African Diamond and Precious Metals Regulator	(4 842)	(5 084)	(242)
Artscape	16 744	(9 665)	(26 409)
Council for Medical Schemes	5 328	(3 075)	(8 403)
Ditsong: Museums of Africa	3 018	(7 329)	(10 347)
Education, Training and Development Practices SETA	80 414	(29 340)	(109 753)
Fibre Processing Manufacturing Sector Education and Training	103 137	(78 712)	(181 850)
Freedom Park Trust	2 260	(14 141)	(16 400)
Insurance Sector Education and Training Authority	84 741	(48 399)	(133 140)
Health and Welfare Sector Education and Training Authority	146 937	(146 361)	(293 298)
Local Government Education and Training Authority	124 341	(109 194)	(233 534)
Medical Research Council of South Africa	4 534	(3 767)	(8 301)
Mining Qualifications Authority	110 162	(34 574)	(144 736)
National English Literary Museum	196	(261)	(457)
National Student Financial Aid Scheme	799 158	(1 097 532)	(1 896 690)
Nelson Mandela National Museum	1 534	(256)	(1 790)
Playhouse Company	5 224	(2 752)	(7 976)
Productivity SA	236	(5 324)	(5 560)

# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015

<b>Name of Entity</b> <b>Schedule 3A</b>	<b>2013/14</b> <b>R'000</b>	<b>2014/15</b> <b>R'000</b>	<b>Movement in</b> <b>loss</b> <b>R'000</b>
Quality Council for Trades and Occupations	1 885	(7 390)	(9 275)
South African Maritime Safety Authority	(134 420)	(81 472)	52 948
Safety and Security Education and Training Authority	51 347	(174 607)	(225 954)
South African Qualifications Authority	4 037	(7 915)	(11 953)
Transport Education and Training Authority	174 623	(11 062)	(185 685)
War Museum of the Boer Republics	(1 170)	(12)	1 159
Wholesale and Retail Sector Education and Training Authority	111 183	(17 666)	(128 848)
	<b>11 319 300</b>	<b>(23 185 509)</b>	<b>(34 504 809)</b>

<b>Name of Entity</b> <b>Schedule 3B</b>	<b>2013/14</b> <b>R'000</b>	<b>2014/15</b> <b>R'000</b>	<b>Movement in</b> <b>loss</b> <b>R'000</b>
Passenger Rail Agency of South Africa	285 174	(1 180 728)	(1 465 902)
State Diamond Trader	4 270	(1 175)	(5 445)
	<b>289 443</b>	<b>(1 181 903)</b>	<b>(1 471 346)</b>

<b>Totals</b>	<b>16 290 302</b>	<b>(62 978 002)</b>	<b>(79 268 303)</b>
---------------	-------------------	---------------------	---------------------

## Financial position

### Total assets

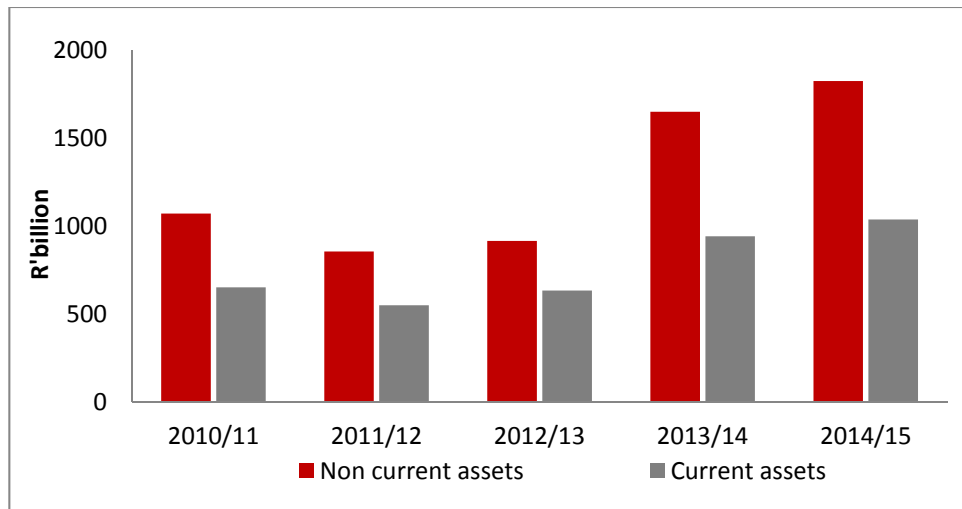
<b>Assets</b>	<b>2013/14</b> <b>R' million</b>	<b>2014/15</b> <b>R' million</b>
Non-current assets	1 648 176	1 823 087
Current assets	941 635	1 037 632
<b>Total Assets</b>	<b>2 589 811</b>	<b>2 860 719</b>

Total assets increased by R271 billion in the current year and this major increase can be attributed to increases across all asset balances, with a noted increase of 11 percent for Non-current assets.

# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015

## Total Assets



The largest portion of total assets for the current year is Non-current assets at R 1 823 trillion, and this constitutes 64 percent of total assets. The major contributors of Non-current assets are Eskom (R 490 billion), Transnet (R306 billion) SANRAL (R311 billion) and IDC (R 101 billion), the four entities combined contribute 66 percent of the total Non-current assets. While the greatest contributors of current assets are SARB (R655 billion), Eskom (R73 billion) and UIF (R42 billion), the three entities combined contribute about 74 percent of the total current asset.

## Total liabilities

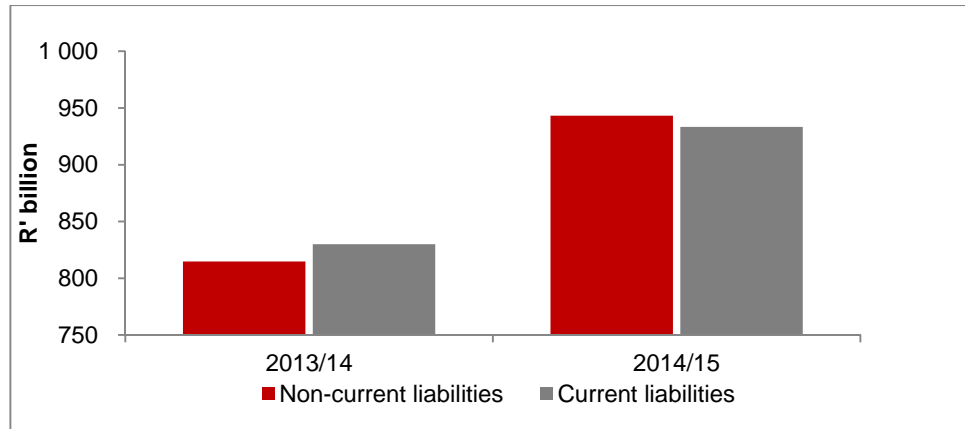
	2013/14 R' million	2014/15 R' million
<b>Liabilities</b>		
Non-current liabilities	800 679	927 423
Current liabilities	844 145	949 232
<b>Total liabilities</b>	<b>1 644 824</b>	<b>1 876 655</b>

Total liabilities increased by R232 billion (14 percent) in the current year. The increase can be attributed to a 16 percent increase in Non-current liabilities and a 12 percent increase in current liabilities. 51 percent (2013/14: 51 percent) of total liabilities is categorised as current liabilities in the current year. SARB and Eskom are the major contributors of total liabilities, together they make up 59 percent of total liabilities (R 1.1 trillion).

# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015

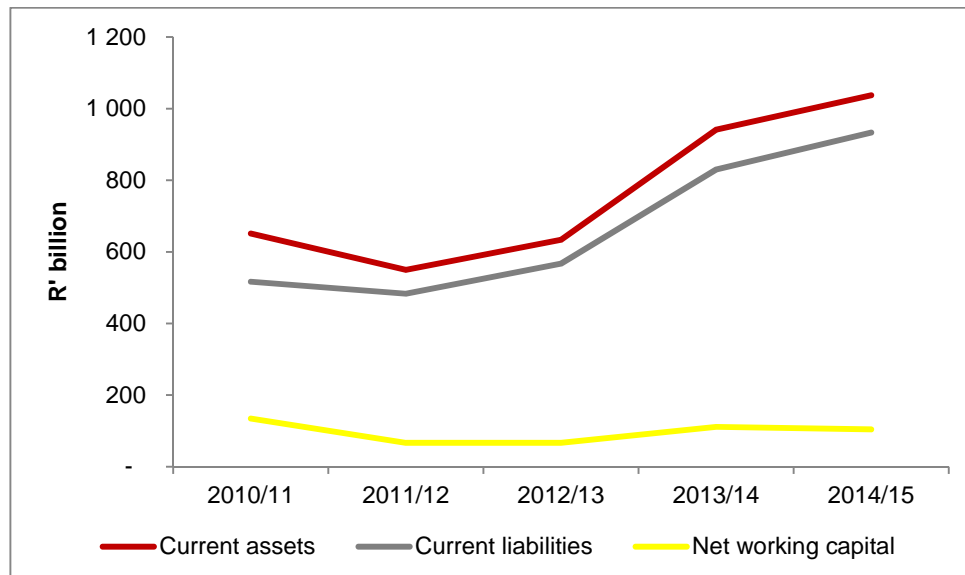
## Total liabilities



## Working Capital

	2010/11	2011/12	2012/13	2013/14	2014/15
	R' million	R' million	R' million	R' million	R' million
<b>Working Capital</b>					
Current assets	651 400	549 569	633 617	941 635	1 037 632
Current liabilities	516 710	482 944	567 000	844 145	949 232
<b>Working capital</b>	<b>134 690</b>	<b>66 625</b>	<b>66 617</b>	<b>97 490</b>	<b>88 400</b>

## Working capital



\*The inconsistency in the graph for the 2011/12 and 2012/13 financial year's figures is due to the exclusion of 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.

# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015

## Eskom

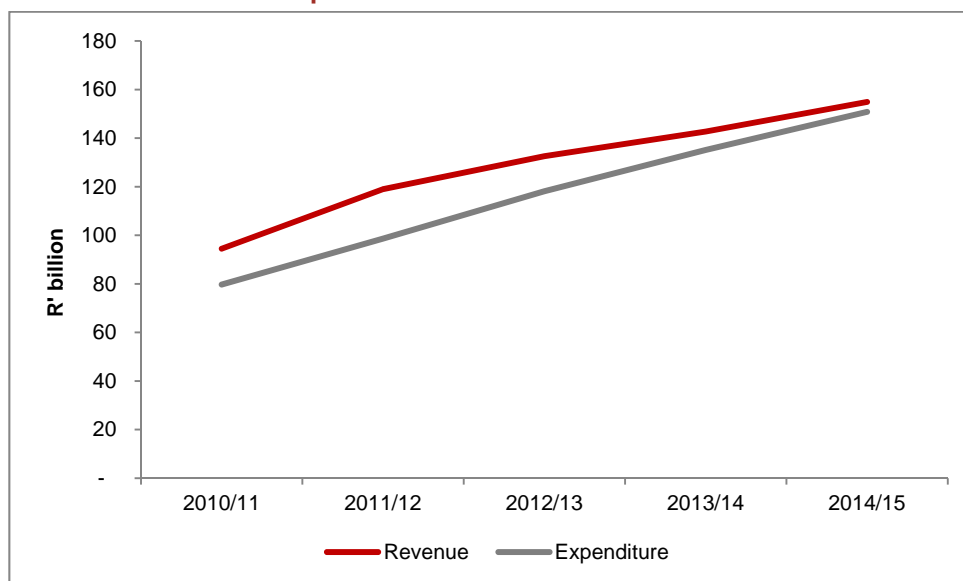
As a State Owned Company (SOC), Eskom is answerable to the government, represented by the Minister of Public Enterprises. Eskom is South Africa's primary electricity supplier. Eskom generates, transmits and distributes electricity to industrial, mining, commercial, agricultural and residential customers.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

<b>Eskom Summary</b> <b>R' million</b>	<b>Actual</b> <b>2010/11</b>	<b>Actual</b> <b>2011/12</b>	<b>Actual</b> <b>2012/13</b>	<b>Actual</b> <b>2013/14</b>	<b>Actual</b> <b>2014/15</b>
Revenue	94 470	118 985	132 591	142 744	154 944
Expenditure	79 744	98 658	118 149	135 118	150 842
<b>Surplus/(Deficit) from Operations</b>	<b>14 726</b>	<b>20 327</b>	<b>14 442</b>	<b>7 626</b>	<b>4 102</b>
<b>Change in surplus/(deficit)</b>	<b>-518%</b>	<b>38%</b>	<b>-29%</b>	<b>-47%</b>	<b>-46%</b>

Eskom's revenue is comprised mostly of electricity revenue (95%) and the increase in total revenue of 9 percent in the current year is attributable to the increase in electricity revenue. Interest from investments decreased from the prior year to the current year by 6 percent or R 194 million, (14% or R394 million in 2013/14) and this decrease can be mainly attributable to the use of operating cash flows to finance capital expenditures. Eskom's R155 billions total revenue represents 27 percent of total public entities revenues.

Expenditure increased by 12 percent or R 16 billion in the current year (14% or R17 billion prior year), mainly as a result of 16 percent or R13 billion increase in general expenses (4% or R2 billion in 2013/14) in primary energy costs. A 2 percent or R 469 million increase in employee related costs was noted as opposed to a 2% or R 2 billion increase 2013/14 financial year end). Cost of Sales at Eskom contributes 88 percent of general expenses in the current year.

### Eskom's revenue vs. expenditure



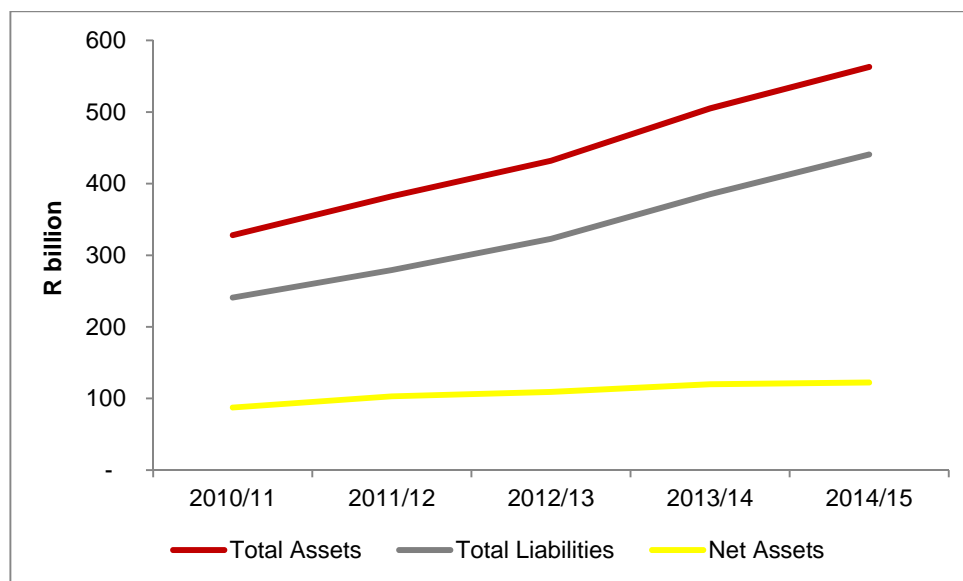
The operating profit for the year fell further by 46 percent, and this continued reduction is due to NERSA's granting Eskom a significantly reduced tariff increase of only 8 percent as opposed to 16 percent applied for as well as the continuous implementation of schedule load shedding across the country.

# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015

<b>Eskom Assets vs. liabilities</b> <b>R' million</b>	<b>Actual</b> <b>2010/11</b>	<b>Actual</b> <b>2011/12</b>	<b>Actual</b> <b>2012/13</b>	<b>Actual</b> <b>2013/14</b>	<b>Actual</b> <b>2014/15</b>
Total Assets	328 086	382 368	432 022	504 993	562 883
Total Liabilities	240 827	279 264	322 882	385 209	440 635
<b>Net Assets</b>	<b>87 259</b>	<b>103 104</b>	<b>109 140</b>	<b>119 784</b>	<b>122 248</b>

## Eskom's net assets 2015



The trend over the last five years since 2010/11 has seen a steady increase in total assets and total liabilities, with the resultant net assets doubling from 2010/11 to 2014/15. A total of R122 billion was realised for 2014/15 as opposed to R120 billion in 2013/14 financial year end. The financial position has deteriorated as a result of the following:

- Earning an inadequate pre-tax real rate of return as the current price of electricity is not cost reflective, as required by Government's Electricity Pricing Policy
- Additional costs incurred to balance the constrained supply-and-demand equation by using the expensive OCGT stations and IPPs significantly more than anticipated.

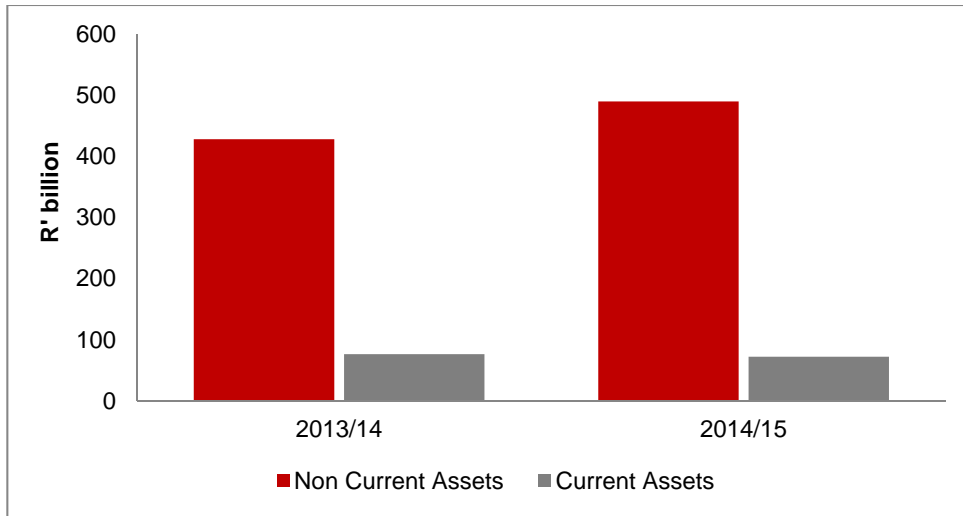
Eskom contributes 20 percent of the total national public entities assets worth of R 2.9 trillion, with 87 percent of total assets of the entity being non-current assets. Eskom's total assets increased by 11 percent or R 58 billion to R563 billion in the current year, mainly due to an increase in property plant and equipment of 14 percent or R55 billion. Current assets in the current year decreased by 5 percent or R4 billion.

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 R55 billion due to continued capital expansion programme that the entity is embarking on up to the completion of the Kusile power station and Medupi power stations. Cash and cash equivalents have significantly decreased by R 11 billion or 55 percent as compared to the prior year.

# REVIEW OF OPERATING RESULTS

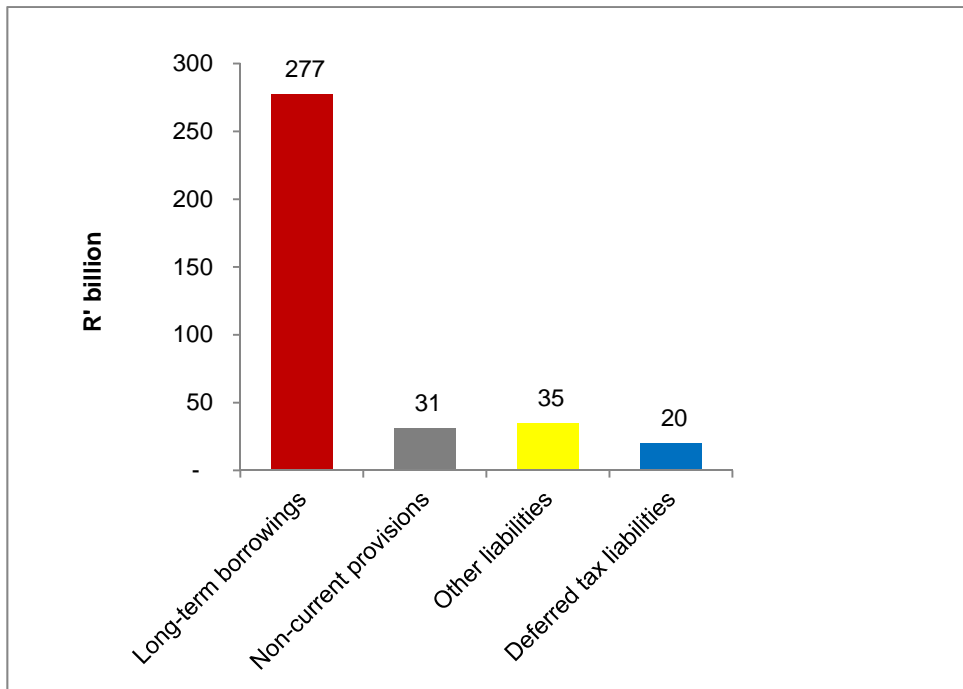
For the year ended 31 March 2015

## Eskom's total assets 2015



Eskom total liabilities increased by 14 percent in the current year to R441 billion (2013/14: R385 billion), contributing 24 percent 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 R43 billion to R277 billion, deferred income increased by R 1, 6 billion or 12 percent in the current year.

## Eskom's non-current liabilities 2015





# REVIEW OF OPERATING RESULTS

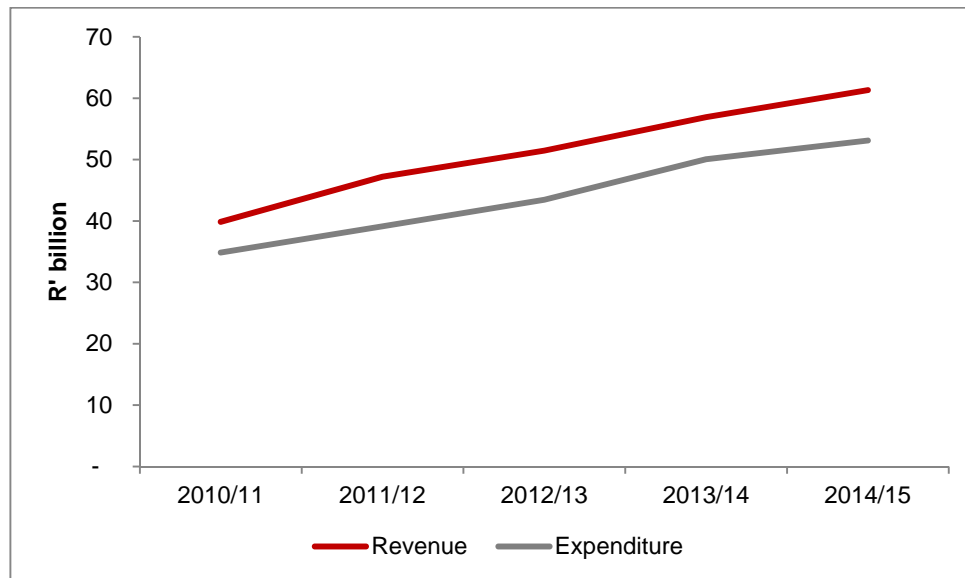
For the year ended 31 March 2015

## 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.

<b>Transnet Summary</b> <b>R' million</b>	<b>Actual</b> <b>2010/11</b>	<b>Actual</b> <b>2011/12</b>	<b>Actual</b> <b>2012/13</b>	<b>Actual</b> <b>2013/14</b>	<b>Actual</b> <b>2014/15</b>
Revenue	39 856	47 210	51 466	56 918	61 321
Expenditure	34 847	39 148	43 468	50 058	53 123
<b>Surplus/(Deficit) from Operations</b>	<b>5 009</b>	<b>8 062</b>	<b>7 998</b>	<b>6 860</b>	<b>8 198</b>

### Transnet revenue vs. expenditure 2015



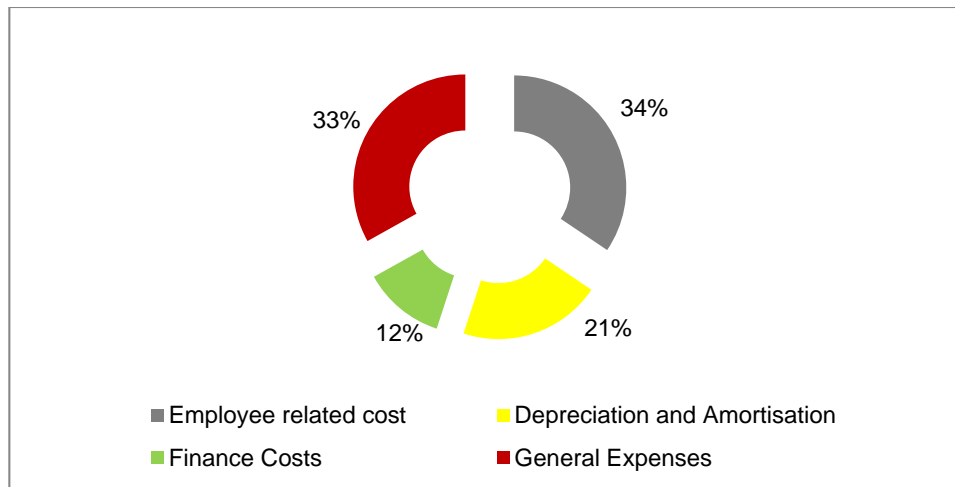
Transnet’s operating surplus increased by 20 percent to R 8.2 billion.

Revenue increased by 8 percent in the current year to R 61 billion, mainly as a result of 8 percent 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 percent (R 61 billion) of total revenue in the current year.

# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015

## Transnet expenditure breakdown 2015

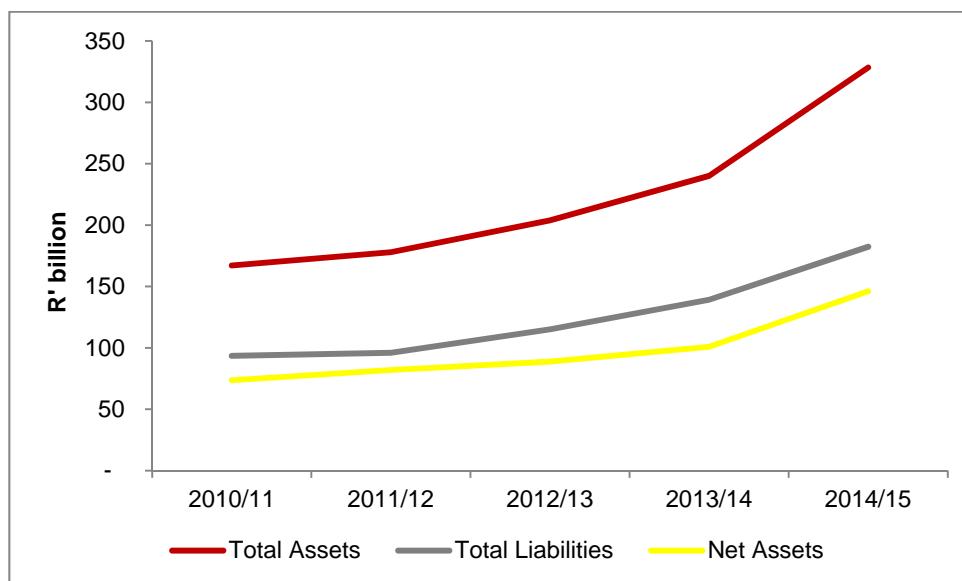


Transnet's expenditure increased in the current year by 3 percent (R 3.0 billion) to R 53 billion, with major increases noted for employee related costs (R1.7 billion or 10%), general expenses (R909 million or 5%) and finance costs (R371 million or 6%). Employee related costs are the major contributor to total expenditure at 34 percent (R 18.3 billion) and an increase of 10 percent 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 vs. Liabilities

R 'million	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15
Total Assets	167 070	178 005	203 896	240 073	328 439
Total Liabilities	93 404	95 993	115 095	139 166	182 370
Net Assets	<b>73 666</b>	<b>82 012</b>	<b>88 801</b>	<b>100 907</b>	<b>146 069</b>

## Transnet net assets 2015



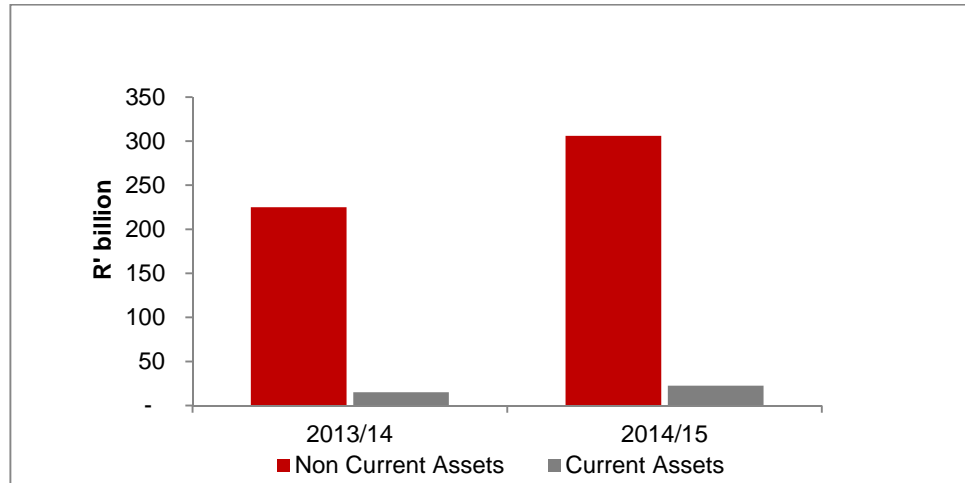
Net assets have increased gradually over the past five years, with a 34 percent increase in net assets in the current year.

## REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015

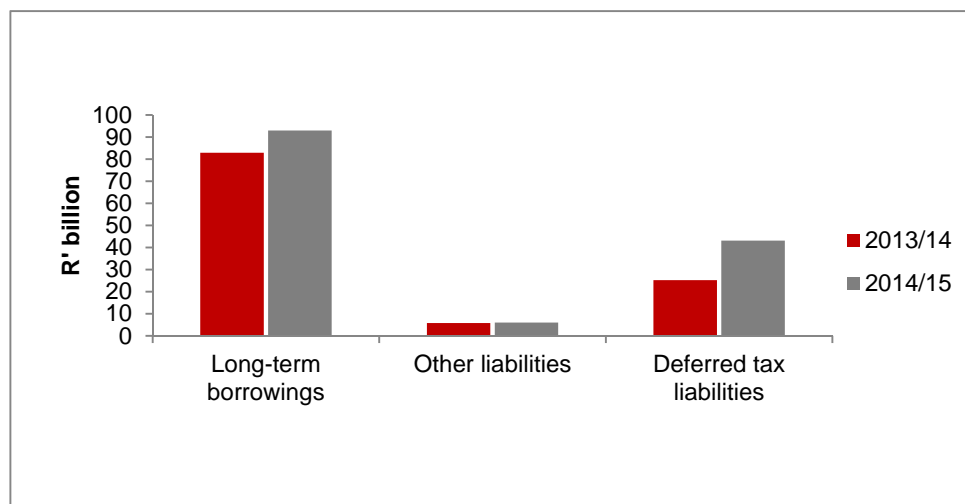
Transnet contributes 11 percent of the total assets of the GBE's with 93 percent of total assets of the entity being classified as non-current assets. Total assets increased in the current by 36 percent or from R 240 billion to R328 billion. The rise in total assets is highly attributable to a R20 billion 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 3 billion and Trade and other receivables from exchange transactions increased by R559 million.

### Transnet total assets 2015



Transnet contributes 9 percent of total GBEs liabilities, with 77 percent of total liabilities of R142 billion being non-current liabilities. Total liabilities increased in the current year by R43 billion or 31 percent and the increase is highly attributable to a R10 billion increase in long-term borrowings to R92 billion and deferred tax liabilities to R43 billion. Long term borrowings and deferred tax liability contribute 50 percent and 23 percent respectively of total liabilities.

### Transnet non-current liabilities 2015



### The South African National Roads Agency Soc Limited (SANRAL)

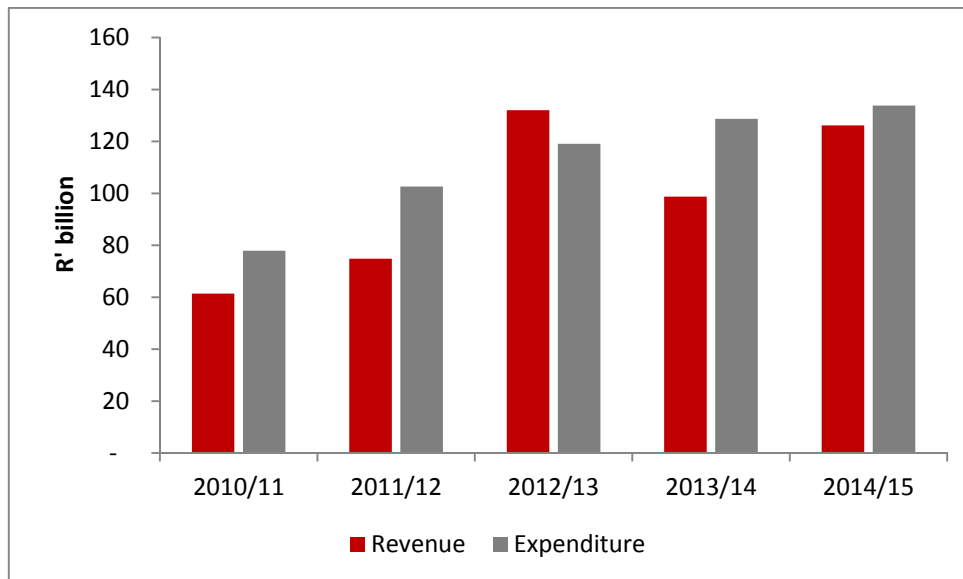
SANRAL is an independent company with its shareholder solely being the South African Government, represented by the Minister of Transport. SANRAL has a distinct mandate – to finance, improve, manage and maintain the national road network of South Africa.

# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015

<b>SANRAL Summary</b> R' million	<b>Actual</b> 2010/11	<b>Actual</b> 2011/12	<b>Actual</b> 2012/13	<b>Actual</b> 2013/14	<b>Actual</b> 2014/15
Revenue	6 142	7 484	13 203	9 500	12 684
Expenditure	7 789	10 264	11 909	11 918	13 576
<b>Surplus/(Deficit) from Operations</b>	<b>(1 647)</b>	<b>(2 780)</b>	<b>1 294</b>	<b>(2 418)</b>	<b>(892)</b>

## SANRAL revenue vs. expenditure 2015



SANRAL's operating deficits have decreased to R 892 million or 63% from last year's R2.4 billion reported. The deficit is mainly due to finance cost of R3.7 billion, general expenses of R7.0 billion and Depreciation and amortisation expense of R2.5 billion, the 3 expense account combined account to 98 percent or R13 billion of total expense. The subsidy from government funds the operations of the non-tolled roads which account for 84.2 percent of the national road network.

Revenue increased in the current year by 33 percent or R 3.1 billion. The increase is mainly as a result of a R 2.8 billion or 82 percent increase in Sale of Goods & Rendering of Services in the current year.

Government grant and subsidies represent 42 percent of total revenue of SANRAL.

It is imperative to note that current fuel levies are low. They distort tax structures, are economically inefficient, lead to excessive road use and enable subsidisation of the wealthy by the poor. Moreover, government spends more on roads and transport related matters, such as public transport subsidies, than it raises through the fuel levy. During 2014/15 the general fuel levy and motor vehicle licence fees contributed R53.2 billion to the fiscus, while government allocated R56.3 billion to roads and other transport-related matters. SANRAL is of the opinion that Government would have to raise more debt if it used the fuel levy to fund additional road construction.

The initial capital works to address the required upgrades and maintenance backlog would have to be paid for through loans raised by government or SANRAL, or through public-private partnerships. If taken by government, the loans would have to be repaid by increasing taxes, raising the fuel levy or reallocating expenditure from other areas. Moreover, the present state of government finances precludes the state from raising funds through loans to pay for road upgrades.

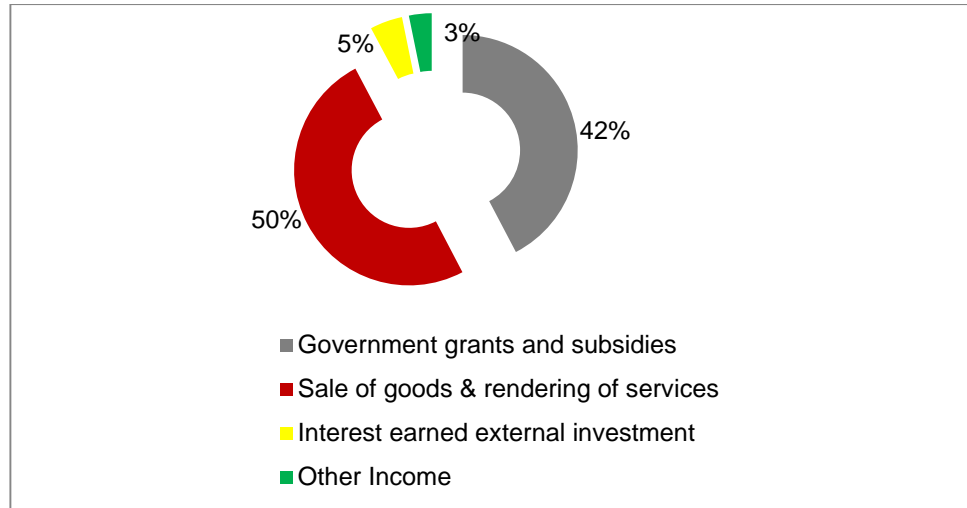
The loans would have to be repaid using tolls if the project is financed by SANRAL or through a public-private partnership.

# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015

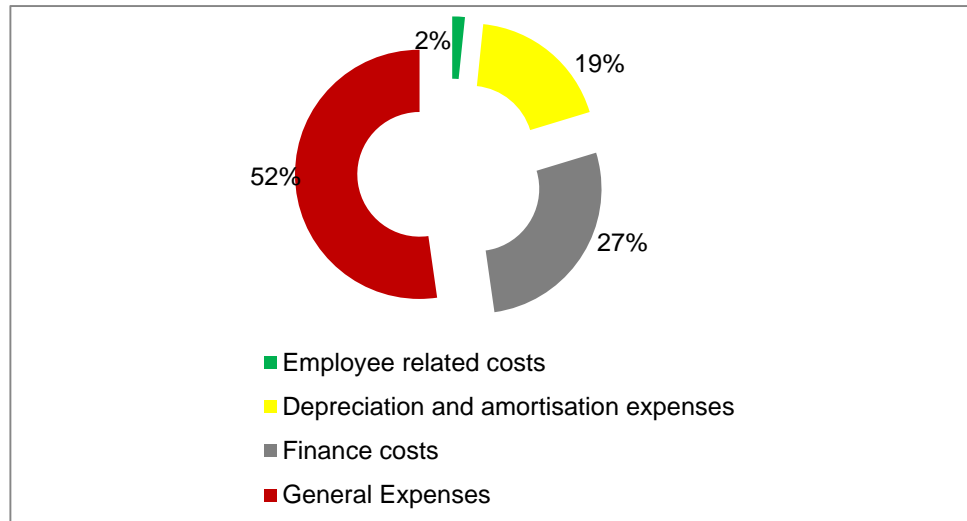
Below is the revenue breakdown of SANRAL.

## SANRAL revenue breakdown 2015



Expenditure increased in the current year by 14 percent or R 2 billion to R14 billion. The increase is highly attributable to an increase in depreciation and amortisation of R285 million, finance cost of R673 million and General expenses of R686 million. The main contributor in total expense are general expense (R7 billion), Finance Cost ( R4 billion) and Depreciation (R3 billion).

## SANRAL expenditure breakdown 2015



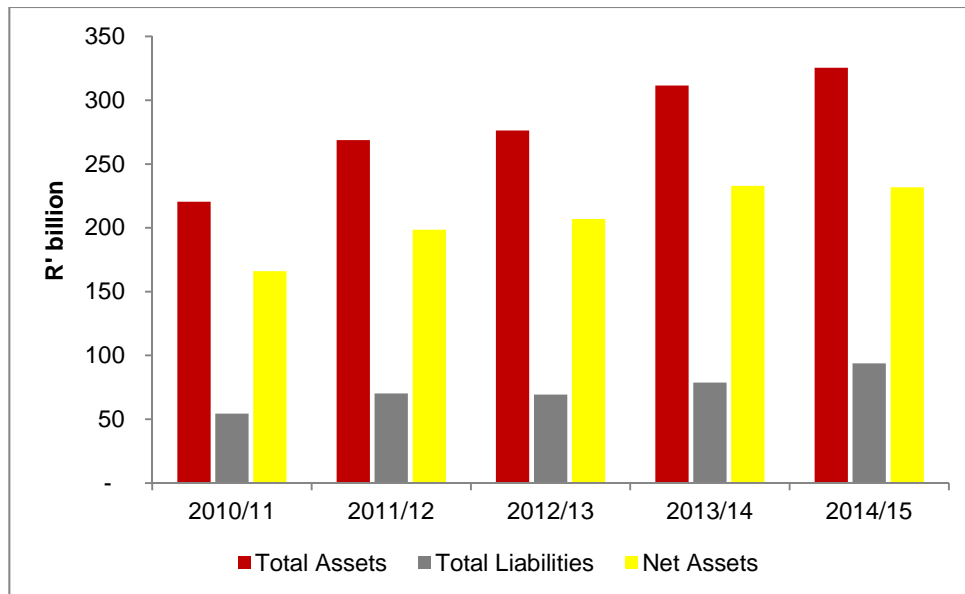
## SANRAL Assets vs. liabilities

R 'million	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15
Total Assets	220 490	268 714	276 296	311 581	325 469
Total Liabilities	54 399	70 193	69 329	78 707	93 755
Net Assets	<b>166 091</b>	<b>198 521</b>	<b>206 967</b>	<b>232 874</b>	<b>231 714</b>

# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015

## SANRAL net assets 2015



The net asset value of SANRAL has increased steadily from 2010/11 to the current year. The increase in assets was initially triggered in 2010/11 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.

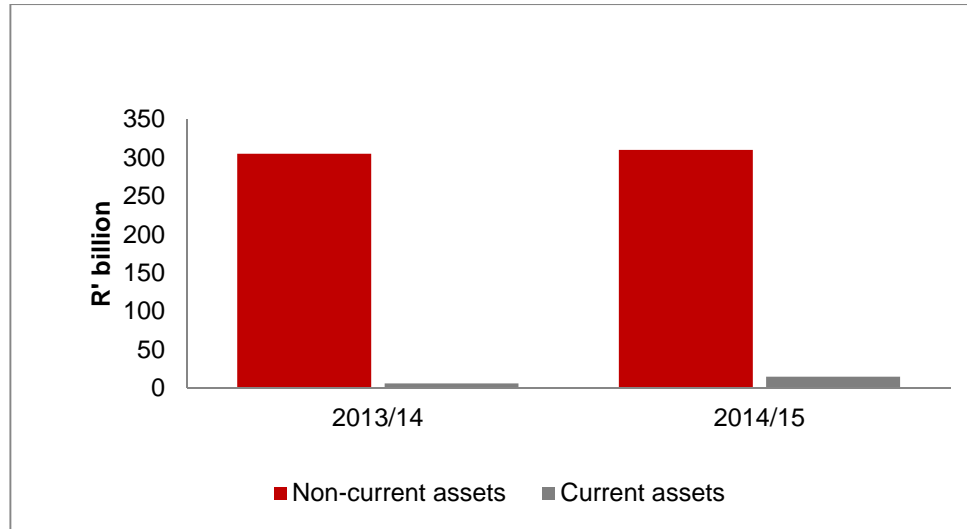
SANRAL's total assets increased by 4 percent or R14 billion in the current year to R325 billion. Non-Current assets constitute 95 percent of the total assets of the entity, with property plant and equipment contributing 95 percent or R309 billion of the total assets of the entity. SANRAL is also one of the highest contributor of property, plant and equipment for the Non-GBEs.

The R14 billion increase in total assets is largely due to a R6 billion increase in cash and cash equivalents and R5 billion on property plant and equipment. The increase on property plant and equipment is as a result of assets being constructed during the year to the value of R 5 billion attributable to road. The increase in cash and cash equivalents was as a result of the payments on tollgates.

# REVIEW OF OPERATING RESULTS

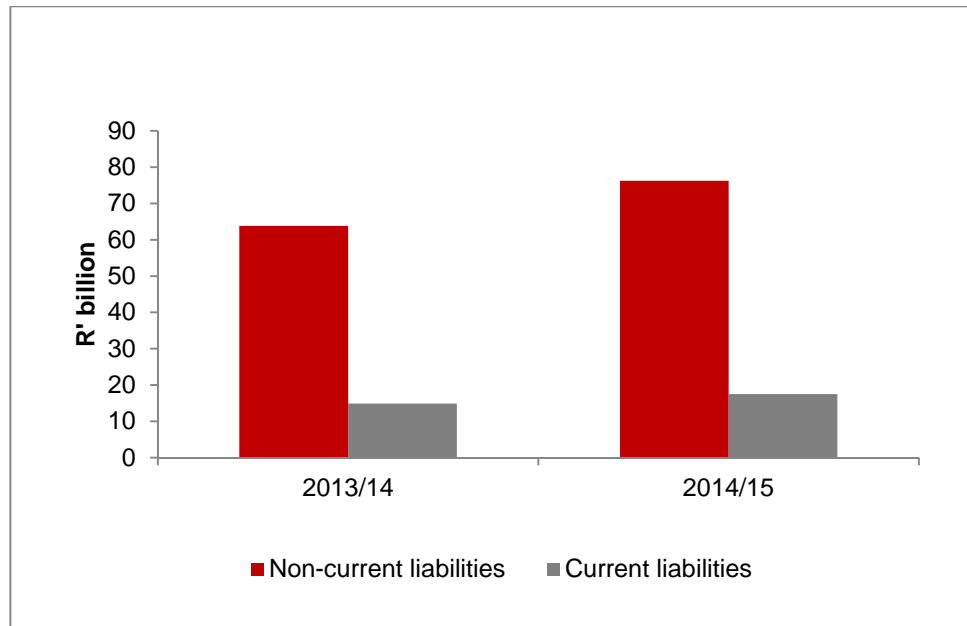
For the year ended 31 March 2015

## SANRAL total assets 2015



Total liabilities increased by R15.0 billion or 19 percent to R94 billion. The increase in liabilities is as a result of an increase in Deferred Income of R5.8 billion and Long term borrowings of R6.6 billion in the current year.

## SANRAL total liabilities 2015



## Road Accident Fund

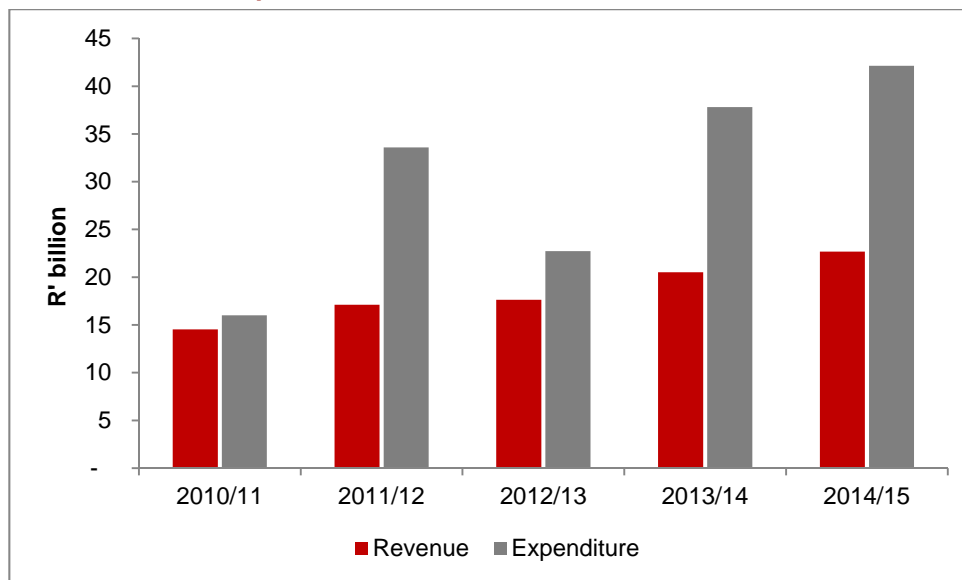
The Road Accident Fund (RAF) is responsible for providing compulsory social insurance cover to all users of the South African roads; to rehabilitate and compensate persons injured as a result of negligence driving of motor vehicles, in a timely and caring manner; and to actively promote the safe use 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.

## REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015

RAF Summary	Actual	Actual	Actual	Actual	Actual
R' million	2010/11	2011/12	2012/13	2013/14	2014/15
Revenue	14 426	17 104	17 640	20 516	22 680
Expenditure	15 998	33 592	22 726	37 815	42 131
<b>Surplus/(Deficit) from Operations</b>	<b>(1 472)</b>	<b>(16 488)</b>	<b>(5 086)</b>	<b>(17 299)</b>	<b>(19 451)</b>

### RAF revenue vs. expenditures 2015



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 R 4.3 billion.

Total revenue has increased over the years and for the current year grew by 10 percent from R21 billion to R23 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 100 percent or R23 billion of total revenue.

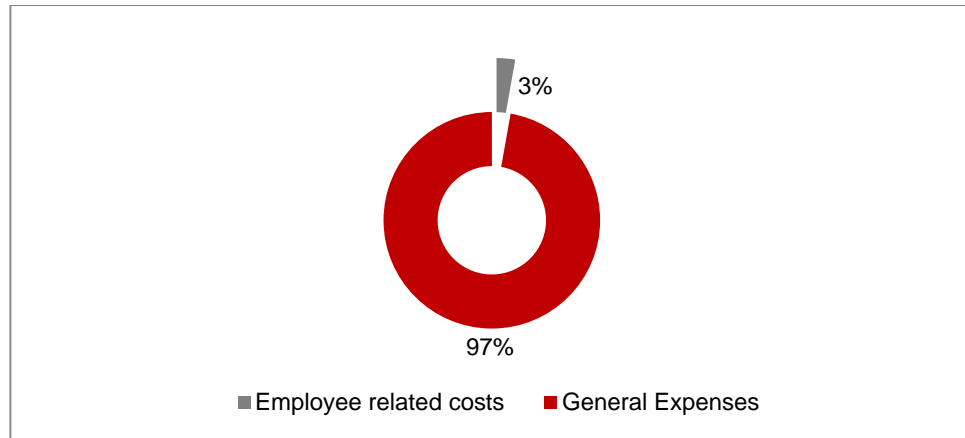
Expenditure increased by 11 percent or R 4.3 billion in the current year to R42.1 billion, and the increase is highly attributable to an R 4.0 billion or 11 percent increase in the general expenses. Actual claims expenditure increased by 25 percent or R 5.7 billion owing to the higher cost of claims in the current year. Total claims expenditure inclusive of the provision for outstanding claims accounts for 96 percent of total expenditure. Employee related costs account for 3 percent of the total expenditure and in the current year realised a 28 percent or R257 million increase due to staff numbers and annual increment.



# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015

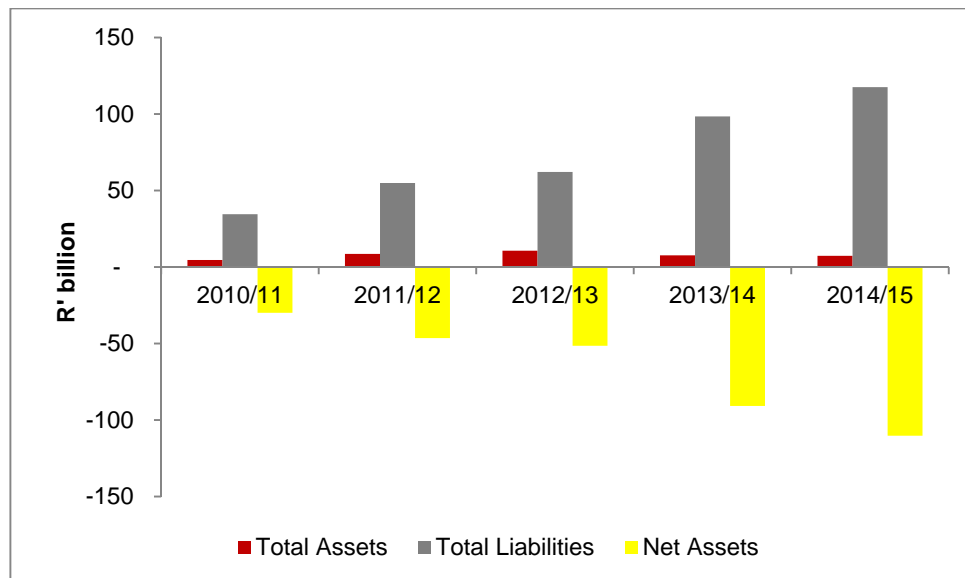
## RAF expenditure breakdown 2015



## RAF Assets vs. Liabilities

RAF Assets vs liabilities R' million	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15
<b>Total Assets</b>	4 567	8 572	10 717	7 694	7 367
<b>Total Liabilities</b>	34 482	54 972	62 181	98 492	117 614
<b>Net Assets</b>	(29 915)	(46 400)	(51 464)	(90 798)	(110 247)

## RAF net assets 2015



The RAF remains grossly under-capitalised with liabilities exceeding assets by R110 billion. Net assets have deteriorated further in the current year by R 36 billion.

Total assets decreased by 4 percent or R 328 million to R7.4 billion in the current year. The decrease is due to R1.4 billion decrease in cash and cash equivalents and a significant increase of R1.1 billion in other receivables from non-exchange transactions (net fuel receivables) respectively. Current asset contribute 96 percent of total assets.

## REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015

Total liabilities increased by 19 percent or R19.1 billion in the current year. The increase is highly attributable to an increase in provisions for outstanding claims. Non-current liabilities constitute 70 percent of total liabilities.

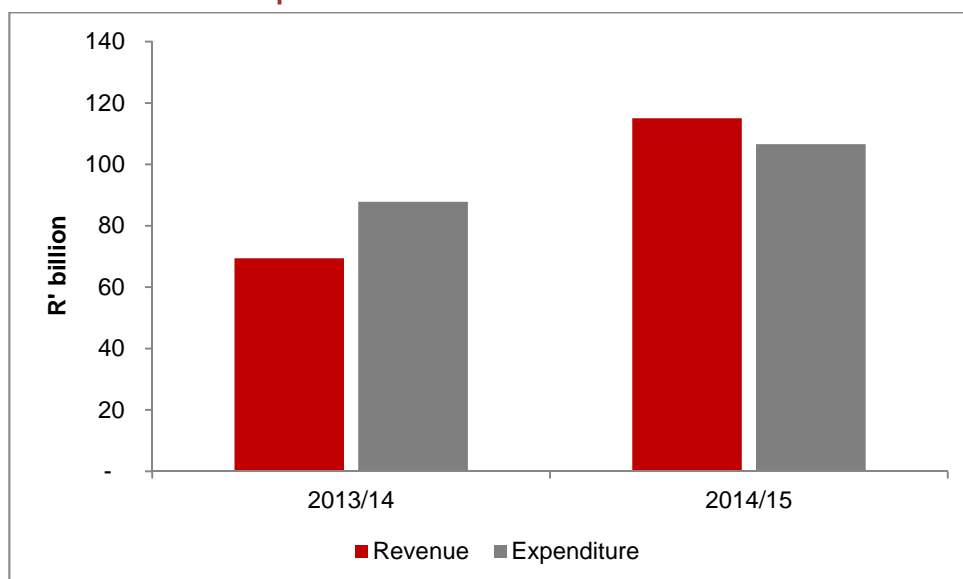
### South African Reserve Bank

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

<b>SARB Performance Summary</b>	<b>Actual</b>	<b>Actual</b>
<b>R' million</b>	<b>2013/14</b>	<b>2014/15</b>
Revenue	6 942	11 502
Expenditure	8 782	10 657
<b>Surplus/(Deficit) from Operations</b>	<b>-1 840</b>	<b>845</b>

### SARB revenue vs. expenditure 2015



SARB realised a surplus in the current year of R845 million and deficit of R 1 840 million was consequently reported for prior year. Both revenue and expenditure increased slightly in the current year by R 5 billion and R 2 billion or 65 percent and 21 percent respectively. The reason for the surplus in the current year is the recovery of South African economy as a result of the aftermath of the global financial

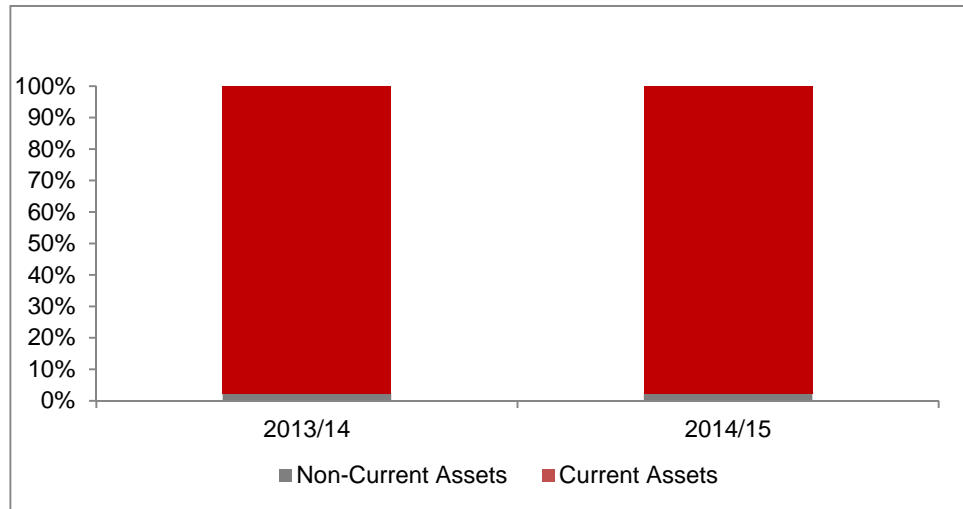
## REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015

crisis of 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.

<b>SARB Performance Summary</b>	<b>Actual</b>	<b>Actual</b>
<b>R' million</b>	<b>2013/14</b>	<b>2014/15</b>
Non-Current assets	13 700	15 661
Current assets	587 189	654 746
<b>Surplus/(Deficit) from Operations</b>	<b>600 889</b>	<b>670 407</b>

### SARB total assets



Current assets of SARB constitute about 97 percent of total assets. There has been an 11 percent or R68 billion increase in current asset to R 655 billion (2013/14 R587 billion). 35 percent of current liability is made up of deposits. There has been a R25 billion or 14 percent increase in the Gold and foreign exchange in the current year to R 203 billion from R 178 billion in 2013/14. The increase is as a result of the appreciation of the South African rand against major foreign currencies; offset by an increase in the price of gold.

<b>SARB Performance Summary</b>	<b>Actual</b>	<b>Actual</b>
<b>R' million</b>	<b>2013/14</b>	<b>2014/15</b>
Non-Current Liabilities	1 836	3 729
Current Liabilities	592 666	660 051
<b>Total Liabilities</b>	<b>594 502</b>	<b>663 780</b>

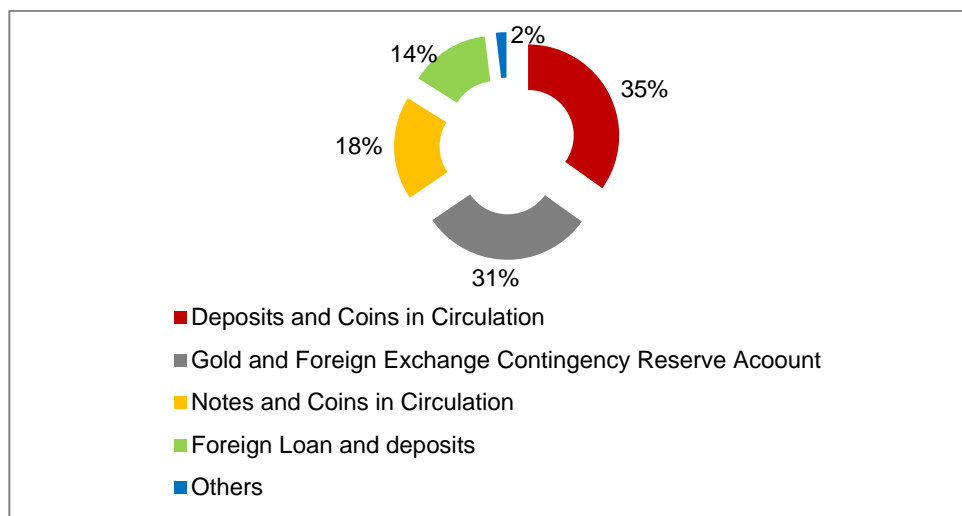
Current liabilities like current assets make up almost 100 percent of total liabilities for current and prior year of assessment. Total liabilities increased by R69 billion or 11 percent to R664 billion. The increase in liabilities is as a result of an increase in Gold and Foreign exchange contingencies reserves of R25 billion. Deposits account of R15 billion in the current year.

# REVIEW OF OPERATING RESULTS

For the year ended 31 March 2015

SARB Liabilities R' million	Actual	Actual
	2013/14	2014/15
Deposits and Coins in Circulation	215 825	231 212
Gold and Foreign Exchange Contingency Reserve Account	177 913	203 396
Notes and Coins in Circulation	107 385	122 170
Foreign Loan and deposits	84 354	94 414
Others	9 025	12 588
<b>Total Liability</b>	<b>594 502</b>	<b>663 780</b>

## SARB total liabilities



The greatest contributors of total liabilities is deposit and coins in circulation contributing 35% to the total liabilities while the second largest contributor being Gold and foreign contingencies reserves which makes up 31% of the total liabilities.

# 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 2015



AUDITOR-GENERAL  
SOUTH AFRICA

## CONSOLIDATED FINANCIAL STATEMENTS

2015

Annual financial statements  
for the year ended 31 March 2015



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA



# REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2015

## 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 172 to 242, which comprise the consolidated statement of financial position as at 31 March 2015, the consolidated statement of financial performance, consolidated statement of changes in net assets, and 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 these consolidated financial statements based on my audit. I conducted my audit in accordance with 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 disclaimer of audit opinion.

## Basis for disclaimer of opinion

### Provisions

6. Provisions relating to the movement in capitalised value of pensions were not recognised in accordance with GRAP 19: Provisions in the current and prior year. I was not able to obtain sufficient appropriate audit evidence in respect of non-current provisions totalling R18 billion (2013-14: R17,3 billion). The entities' records did not permit the application of alternative procedures. Consequently, I was unable to determine whether any further adjustments to the movements in capitalised value of pensions were necessary.

### General expenses

7. I was not able to obtain sufficient appropriate audit evidence concerning employee related

# REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2015

expenses totalling R6 billion (2013-14: R11,7 billion) included in note 57 to the consolidated financial statements due to the status of the accounting records of entities. Consequently, I was unable to determine whether any further adjustments to employee related costs were necessary.

## Revenue from non-exchange transactions

8. I was not able to obtain sufficient appropriate audit evidence concerning revenue from non-exchange transactions totalling R8,5 billion (2013-14: R7,4 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.

## Correction of error

9. I was not able to obtain sufficient appropriate audit evidence concerning disclosures in respect of correction of error totalling R6,5 billion included in note 64 to the consolidated financial statements due to entities not maintaining proper accounting records. Consequently, I was unable to determine whether any further adjustments to correction of error were necessary.

## Heritage assets

10. A number of entities did not recognise and value all assets meeting the definition of a heritage asset, in accordance with GRAP 103: Heritage assets. As these entities did not maintain adequate records of heritage assets, I was not able to determine the full extent of the understatement of heritage assets, as it was impracticable to do so.

## 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.

## Aggregation of uncorrected misstatements

13. The consolidated financial statements as a whole are materially misstated due to the cumulative effect of numerous uncorrected misstatements emanating from the audited financial statements of national public entities. These misstatements impact the statement of financial position with R14,8 billion (2013-14: R17,4 billion), the statement of financial performance with R6,3 billion (2013-14: R5,4 billion) and the disclosure notes with R2,5 billion (2013-14: R8,3 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



# REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2015

not express an opinion on the consolidated financial statements.

## Emphasis of matters

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**

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 notes 64 to the consolidated financial statements, the corresponding figures for 31 March 2014 have been restated as a result of adjustments made during the 2014/15 financial year in the financial statements of national public entities at, and for the year ended, 31 March 2014.

## Report on other legal and regulatory requirements

17. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and the general notice issued in terms thereof. I have a responsibility to report findings non-compliance with legislation and 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

The procedures I performed regarding compliance with legislation were limited to the consolidation requirements of the PFMA. My findings on material non-compliance are as follows:

18. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 8 (1) of the PFMA. Material misstatements of long term borrowings, short term borrowings and gain on revaluation of assets identified by the auditors in the submitted financial statements were subsequently corrected.

## Internal control

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

## Leadership

19. The accounting officer did not exercise adequate oversight responsibility over financial reporting to ensure compliance with the relevant requirements of the PFMA.

# REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2015

## Financial management

20. Management did not adequately review the financial statements to ensure the accuracy of amounts disclosed, as well as full compliance with the reporting requirements of the applicable financial reporting framework.

21. Consolidation systems and processes are not at the required level of maturity to enable compliance with the requirements of the PFMA in respect of the whole of government consolidation.

Auditor-General

Pretoria

29 October 2015



# ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

## ■ Annexure A

### List of entities consolidated:

31 March 2015		31 March 2014	
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	Boxing South Africa	17	Botshelo Water
18	Brand SA	18	Boxing South Africa
19	Breede River Catchment Management Agency	19	Brand SA
20	Broadband Infrastructure Company (Pty) Ltd	20	Breede River Catchment Management Agency
21	Castle Control Board	21	Broadband Infrastructure Company (Pty) Ltd
22	CEF (Pty) Ltd	22	Bushbuckridge Water Board
23	Chemical Industries Education and Training Authority	23	Castle Control Board
24	Commission for Conciliation, Mediation & Arbitration	24	CEF (Pty) Ltd
25	Commission for Gender Equality (CGE)	25	Chemical Industries Education and Training Authority
26	Community Schemes Ombud Services	26	Commission for Conciliation, Mediation & Arbitration
27	Companies and Intellectual Property Commission	27	Commission for Gender Equality (CGE)
28	Companies Tribunal	28	Community Schemes Ombud Services
29	Compensation Fund, including Reserve Fund	29	Companies and Intellectual Property Commission
30	Competition Commission	30	Companies Tribunal
31	Competition Tribunal	31	Compensation Fund, including Reserve Fund
32	Construction Education and Training Authority	32	Competition Commission
33	Construction Industry Development Board	33	Competition Tribunal

# ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

<b>31 March 2015</b>	<b>31 March 2014</b>
<b>34</b> Co-Operatives Banks Development Agency	<b>34</b> Construction Education and Training Authority
<b>35</b> Council for Geoscience	<b>35</b> Construction Industry Development Board
<b>36</b> Council for Medical Schemes	<b>36</b> Co-Operatives Banks Development Agency
<b>37</b> Council for Mineral Technology	<b>37</b> Council for Geoscience
<b>38</b> Council for Scientific and Industrial Research	<b>38</b> Council for Medical Schemes
<b>39</b> Council for the Built Environment	<b>39</b> Council for Mineral Technology
<b>40</b> Council on Higher Education	<b>40</b> Council for Scientific and Industrial Research
<b>41</b> Cross-Border Road Transport Agency	<b>41</b> Council for the Built Environment
<b>42</b> Culture, Arts, Tourism, Hospitality and Sport Education	<b>42</b> Council on Higher Education
<b>43</b> Deeds Registration Trading Account	<b>43</b> Cross-Border Road Transport Agency
<b>44</b> DENEL (Pty) Ltd	<b>44</b> Culture, Arts, Tourism, Hospitality and Sport Education
<b>45</b> Development Bank of Southern Africa	<b>45</b> Deeds Registration Trading Account
<b>46</b> Die Afrikaanse Taal Museum	<b>46</b> DENEL (Pty) Ltd
<b>47</b> Ditsong: Museums of Africa	<b>47</b> Development Bank of Southern Africa
<b>48</b> Driving License Card Trading Account	<b>48</b> Die Afrikaanse Taal Museum
<b>49</b> Education and Labour Relations Council	<b>49</b> Ditsong: Museums of Africa
<b>50</b> Education, Training and Development Practices SETA	<b>50</b> Driving License Card Trading Account
<b>51</b> Energy & Water Sector Education and Training Authority	<b>51</b> Education and Labour Relations Council
<b>52</b> Equalisation Fund	<b>52</b> Education, Training and Development Practices SETA
<b>53</b> ESKOM	<b>53</b> Energy & Water Sector Education and Training Authority
<b>54</b> Estate Agency Affairs Board	<b>54</b> Equalisation Fund
<b>55</b> Export Credit Insurance Corporation of South Africa Limited	<b>55</b> ESKOM
<b>56</b> Fibre Processing Manufacturing Sector Education and Training	<b>56</b> Estate Agency Affairs Board
<b>57</b> Film and Publication Board	<b>57</b> Export Credit Insurance Corporation of South Africa Limited
<b>58</b> Financial & Fiscal Commission	<b>58</b> Fibre Processing Manufacturing Sector Education and Training
<b>59</b> Financial and Accounting Services SETA	<b>59</b> Film and Publication Board
<b>60</b> Financial Intelligence Centre	<b>60</b> Financial & Fiscal Commission
<b>61</b> Financial Services Board	<b>61</b> Financial and Accounting Services SETA
<b>62</b> Food and Beverages Manufacturing Industry SETA	<b>62</b> Financial Intelligence Centre
<b>63</b> Freedom Park Trust	<b>63</b> Financial Services Board
<b>64</b> Government Pensions Administration Agency	<b>64</b> Food and Beverages Manufacturing Industry SETA
<b>65</b> Government Printing Works	<b>65</b> Freedom Park Trust
<b>66</b> Government Technical Advisory Centre	<b>66</b> Government Pensions Administration Agency
<b>67</b> Health and Welfare Sector Education and Training Authority	<b>67</b> Government Printing Works
<b>68</b> Housing Development Agency	<b>68</b> Health and Welfare Sector Education and Training Authority

# ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

<b>31 March 2015</b>		<b>31 March 2014</b>	
<b>69</b>	Human Sciences Research Council	<b>69</b>	Housing Development Agency
<b>70</b>	Independent Communications Authority of South Africa	<b>70</b>	Human Sciences Research Council
<b>71</b>	Independent Development Trust	<b>71</b>	Independent Communications Authority of South Africa
<b>72</b>	Independent Electoral Commission	<b>72</b>	Independent Development Trust
<b>73</b>	Independent Regulatory Board for Auditors	<b>73</b>	Independent Electoral Commission
<b>74</b>	Industrial Development Corporation of South Africa Limited	<b>74</b>	Independent Regulatory Board for Auditors
<b>75</b>	Ingonyama Trust Board	<b>75</b>	Industrial Development Corporation of South Africa Limited
<b>76</b>	Inkomati Catchment Management Agency	<b>76</b>	Ingonyama Trust Board
<b>77</b>	Insurance Sector Education and Training Authority	<b>77</b>	Inkomati Catchment Management Agency
<b>78</b>	International Trade Administration Commission	<b>78</b>	Insurance Sector Education and Training Authority
<b>79</b>	Isimangaliso Wetland Park	<b>79</b>	International Trade Administration Commission
<b>80</b>	Iziko Museums of Cape Town	<b>80</b>	Isimangaliso Wetland Park
<b>81</b>	Kwa-Zulu Natal Museum	<b>81</b>	Iziko Museums of Cape Town
<b>82</b>	LANDBANK	<b>82</b>	Kwa-Zulu Natal Museum
<b>83</b>	Legal Aid South Africa	<b>83</b>	LANDBANK
<b>84</b>	Lepelle Northern Water	<b>84</b>	Legal Aid South Africa
<b>85</b>	Local Government Education and Training Authority	<b>85</b>	Lepelle Northern Water
<b>86</b>	Luthuli Museum	<b>86</b>	Local Government Education and Training Authority
<b>87</b>	Magalies Water	<b>87</b>	Luthuli Museum
<b>88</b>	Manufacturing Engineering and Related Services Education Training Authority	<b>88</b>	Magalies Water
<b>89</b>	Marine Living Resources Fund	<b>89</b>	Manufacturing Engineering and Related Services Education Training Authority
<b>90</b>	Market Theatre Foundation	<b>90</b>	Marine Living Resources Fund
<b>91</b>	Media Development Diversity Agency	<b>91</b>	Market Theatre Foundation
<b>92</b>	Media, Information and Communication Technologies Sector Edu	<b>92</b>	Media Development Diversity Agency
<b>93</b>	Medical Research Council of South Africa	<b>93</b>	Media, Information and Communication Technologies Sector Edu
<b>94</b>	Mhlathuze Water	<b>94</b>	Medical Research Council of South Africa
<b>95</b>	Mine Health and Safety Council	<b>95</b>	Mhlathuze Water
<b>96</b>	Mining Qualifications Authority	<b>96</b>	Mine Health and Safety Council
<b>97</b>	Municipal Demarcation Board	<b>97</b>	Mining Qualifications Authority
<b>98</b>	Municipal Infrastructure Support Agency	<b>98</b>	Municipal Demarcation Board
<b>99</b>	National Agricultural Marketing Council	<b>99</b>	Municipal Infrastructure Support Agency
<b>100</b>	National Arts Council of South Africa	<b>100</b>	National Agricultural Marketing Council
<b>101</b>	National Consumer Commission	<b>101</b>	National Arts Council of South Africa
<b>102</b>	National Consumer Tribunal	<b>102</b>	National Consumer Commission
<b>103</b>	National Credit Regulator	<b>103</b>	National Consumer Tribunal
<b>104</b>	National Development Agency	<b>104</b>	National Credit Regulator
<b>105</b>	National Economic Development and Labour Council	<b>105</b>	National Development Agency

# ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

31 March 2015		31 March 2014	
106	National Electronic Media Institute of South Africa	106	National Economic Development and Labour Council
107	National Empowerment Fund	107	National Electronic Media Institute of South Africa
108	National Energy Regulator of South Africa	108	National Empowerment Fund
109	National English Literary Museum	109	National Energy Regulator of South Africa
110	National Film and Video Foundation of South Africa	110	National English Literary Museum
111	National Gambling Board of South Africa	111	National Film and Video Foundation of South Africa
112	National Health Laboratory Service	112	National Gambling Board of South Africa
113	National Heritage Council of South Africa	113	National Health Laboratory Service
114	National Home Builders Registration Council	114	National Heritage Council of South Africa
115	National Housing Finance Corporation Limited	115	National Home Builders Registration Council
116	National Library of South Africa	116	National Housing Finance Corporation Limited
117	National Lotteries Commission	117	National Library of South Africa
118	National Metrology Institute of South Africa	118	National Lotteries Board
119	National Museum, Bloemfontein	119	National Lottery Distribution Fund
120	National Nuclear Regulator	120	National Metrology Institute of South Africa
121	National Regulator for Compulsory Specifications	121	National Museum, Bloemfontein
122	National Research Foundation	122	National Nuclear Regulator
123	National Skills Fund	123	National Regulator for Compulsory Specifications
124	National Student Financial Aid Scheme	124	National Research Foundation
125	National Urban Reconstruction and Housing Agency	125	National Skills Fund
126	National Youth Development Agency	126	National Student Financial Aid Scheme
127	Ncera Farms (Pty) Ltd	127	National Urban Reconstruction and Housing Agency
128	Nelson Mandela National Museum	128	National Youth Development Agency
129	Office of the Ombud for Financial Services Providers	129	Ncera Farms (Pty) Ltd
130	Office of the Pension Fund Adjudicator	130	Nelson Mandela National Museum
131	Onderstepoort Biological Products Limited	131	Office of the Ombud for Financial Services Providers
132	Overberg Water	132	Office of the Pension Fund Adjudicator
133	PALAMA	133	Onderstepoort Biological Products Limited
134	Pan South African Language Board	134	Overberg Water
135	Passenger Rail Agency of South Africa	135	PALAMA
136	Performing Arts Council of the Free State	136	Pan South African Language Board
137	Perishable Products Export Control Board	137	Passenger Rail Agency of South Africa
138	Playhouse Company	138	Performing Arts Council of the Free State
139	Ports Regulator of South Africa	139	Perishable Products Export Control Board
140	President's Fund	140	Playhouse Company
141	Private Security Industry Regulatory Authority	141	Ports Regulator of South Africa
142	Productivity SA	142	President's Fund

# ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

<b>31 March 2015</b>		<b>31 March 2014</b>	
<b>143</b>	Project Development Facility	<b>143</b>	Private Security Industry Regulatory Authority
<b>144</b>	Property Management Trading Entity	<b>144</b>	Productivity SA
<b>145</b>	Public Investment Corporation Limited	<b>145</b>	Project Development Facility
<b>146</b>	Public Protector of South Africa	<b>146</b>	Property Management Trading Entity
<b>147</b>	Public Service Sector Education and Training Authority	<b>147</b>	Public Investment Corporation Limited
<b>148</b>	Quality Council for Trades and Occupations	<b>148</b>	Public Protector of South Africa
<b>149</b>	Railway Safety Regulator	<b>149</b>	Public Service Sector Education and Training Authority
<b>150</b>	Rand Water	<b>150</b>	Quality Council for Trades and Occupations
<b>151</b>	Represented Political Parties Fund	<b>151</b>	Railway Safety Regulator
<b>152</b>	Road Accident Fund	<b>152</b>	Rand Water
<b>153</b>	Road Traffic Infringement Agency	<b>153</b>	Road Accident Fund
<b>154</b>	Road Traffic Management Corporation	<b>154</b>	Road Traffic Infringement Agency
<b>155</b>	Robben Island Museum	<b>155</b>	Road Traffic Management Corporation
<b>156</b>	Rural Housing Loan Fund	<b>156</b>	Robben Island Museum
<b>157</b>	Safety and Security Education and Training Authority	<b>157</b>	Rural Housing Loan Fund
<b>158</b>	Sasria Limited	<b>158</b>	Safety and Security Education and Training Authority
<b>159</b>	Sedibeng Water	<b>159</b>	Sasria Limited
<b>160</b>	Sentech Limited	<b>160</b>	Sedibeng Water
<b>161</b>	Services Sector Education and Training Authority	<b>161</b>	Sentech Limited
<b>162</b>	Sheltered Employment Factories	<b>162</b>	Services Sector Education and Training Authority
<b>163</b>	Small Enterprise Development Agency	<b>163</b>	Sheltered Employment Factories
<b>164</b>	Social Housing Regulatory Authority	<b>164</b>	Small Enterprise Development Agency
<b>165</b>	South African Airways (Pty) Ltd	<b>165</b>	Social Housing Regulatory Authority
<b>166</b>	South African Express (Pty) Ltd	<b>166</b>	South African Airways (Pty) Ltd
<b>167</b>	South African Broadcasting Corporation	<b>167</b>	South African Broadcasting Corporation
<b>168</b>	South African Bureau of Standards	<b>168</b>	South African Bureau of Standards
<b>169</b>	South African Civil Aviation Authority	<b>169</b>	South African Civil Aviation Authority
<b>170</b>	South African Council for Educators	<b>170</b>	South African Council for Educators
<b>171</b>	South African Diamond and Precious Metals Regulator	<b>171</b>	South African Diamond and Precious Metals Regulator
<b>172</b>	South African Forestry Company Limited	<b>172</b>	South African Forestry Company Limited
<b>173</b>	South African Heritage Resources Agency	<b>173</b>	South African Heritage Resources Agency
<b>174</b>	South African Human Rights Commission	<b>174</b>	South African Human Rights Commission
<b>175</b>	South African Institute for Drug-Free Sport	<b>175</b>	South African Institute for Drug-Free Sport
<b>176</b>	South African Library for the Blind	<b>176</b>	South African Library for the Blind
<b>177</b>	South African Local Government Association	<b>177</b>	South African Local Government Association
<b>178</b>	South African Maritime Safety Authority	<b>178</b>	South African Maritime Safety Authority
<b>179</b>	South African National Accreditation System	<b>179</b>	South African National Accreditation System



# ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

31 March 2015		31 March 2014	
180	South African National Biodiversity Institute	180	South African National Biodiversity Institute
181	South African National Energy Development Institute	181	South African National Energy Development Institute
182	South African National Parks	182	South African National Parks
183	South African National Roads Agency Limited	183	South African National Roads Agency Limited
184	South African National Space Agency	184	South African National Space Agency
185	South African Nuclear Energy Corporation Limited	185	South African Nuclear Energy Corporation Limited
186	South African Post Office Limited	186	South African Post Office Limited
187	South African Qualifications Authority	187	South African Qualifications Authority
188	South African Reserve Bank	188	South African Reserve Bank
189	South African Revenue Services (SARS)	189	South African Revenue Services (SARS)
190	South African Social Services Agency	190	South African Social Services Agency
191	South African State Theatre	191	South African State Theatre
192	South African Tourism	192	South African Tourism
193	South African Weather Service	193	South African Weather Service
194	Special Defence Account	194	Special Defence Account
195	Special Investigation Unit	195	Special Investigation Unit
196	State Diamond Trader	196	State Diamond Trader
197	State Information Technology Agency	197	State Information Technology Agency
198	Technology Innovation Agency	198	Technical Assistance Unit
199	Telkom SA Limited	199	Technology Innovation Agency
200	The Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities	200	The Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities
201	Thubelisha Homes	201	Telkom SA Limited
202	Trans-Caledon Tunnel Authority	202	Thubelisha Homes
203	Transnet Limited	203	Trans-Caledon Tunnel Authority
204	Transport Education and Training Authority	204	Transnet Limited
205	uMalusi Council for Quality Assurance in General and Further	205	Transport Education and Training Authority
206	Umgeni Water	206	uMalusi Council for Quality Assurance in General and Further
207	uMsunduzi Museum (Includes Voortrekker Museum)	207	Umgeni Water
208	Unemployment Insurance Fund	208	uMsunduzi Museum (Includes Voortrekker Museum)
209	Universal Service and Access Agency of South Africa	209	Unemployment Insurance Fund
210	Universal Service and Access Fund	210	Universal Service and Access Agency of South Africa
211	War Museum of the Boer Republics	211	Universal Service and Access Fund
212	Water Research Commission	212	War Museum of the Boer Republics
213	Water Trading Account	213	Water Research Commission
214	Wholesale and Retail Sector Education and Training Authority	214	Water Trading Account
215	William Humphreys Art Gallery	215	Wholesale and Retail Sector Education and Training Authority
216	Windybrow Theatre	216	William Humphreys Art Gallery
		217	Windybrow Theatre



# ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

## ■ Annexure B

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

31 March 2015	31 March 2014
1 EDI Holdings (Pty) Ltd	1 EDI Holdings (Pty) Ltd
2 Inala Farms (Pty) Ltd	2 Inala Farms (Pty) Ltd
3 Khula Enterprises Finance Limited	3 Khula Enterprises Finance Limited
4 Namaqua Water Board	4 Namaqua Water Board
5 Urban Transport Fund	5 Urban Transport Fund
6 Servcon Housing Solutions (Pty) Ltd	6 Pelladrift Water Board
7 Social Housing Foundation	7 Servcon Housing Solutions (Pty) Ltd
8 Development Bank of SA Development Fund	8 Social Housing Foundation
9 Compensation Commissioner for Occupational Diseases	9 Development Bank of SA Development Fund
	10 South African Express (Pty) Ltd
	11 Compensation Commissioner for Occupational Diseases

## ■ Annexure C

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

31 March 2015	31 March 2014
1 Amatola Water Board	1 Amatola Water Board
2 Bloem Water	2 Bloem Water
3 Lepelle Northern Water	3 Botshelo Water
4 Magalies Water	4 Bushbuckridge Water Board
5 Mhlathuze Water	5 Lepelle Northern Water
6 Overberg Water	6 Magalies Water
7 Rand Water	7 Mhlathuze Water
8 Sedibeng Water	8 Overberg Water
9 Umgeni Water	9 Rand Water
	10 Sedibeng Water
	11 Umgeni Water

# STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 March 2015

	Note	2014/15 R '000	2013/14 R '000
<b>REVENUE</b>			
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>			
		<b>125 077 550</b>	<b>118 516 849</b>
Legislative and Oversight functions	25	58 861 965	53 602 071
Government grants and subsidies	46	52 177 773	49 870 384
Public contributions and donations	49	2 016 777	1 694 281
Transfers and Sponsorships	50	7 464 249	6 946 679
Taxation revenue	51	3 074 810	5 045 619
Fines, Penalties and Forfeits	52	399 722	385 979
Licences and permits		1 082 254	971 835
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>			
		<b>441 024 243</b>	<b>424 360 257</b>
Rental of facilities and equipment	43	11 896 454	12 040 335
Interest earned - external investments	44	39 055 707	31 403 959
Interest earned - outstanding receivables	45	1 044 517	538 451
Sale of Goods & Rendering of Services	47	336 660 504	322 211 204
Other income	48	52 367 060	58 166 308
<b>TOTAL REVENUE</b>		<b>566 101 793</b>	<b>542 877 106</b>
<b>EXPENSES</b>			
Contracted services	20	(2 435 478)	(1 934 479)
Grants and subsidies paid	21	(14 984 156)	(16 667 505)
Employee related costs	53	(112 368 519)	(103 134 460)
Repairs and maintenance	54	(13 385 370)	(15 899 603)
Depreciation and amortisation expense	55	(43 848 184)	(38 229 154)
Finance costs	56	(37 680 467)	(32 462 951)
General expenses	57	(315 868 840)	(297 030 064)
Bad debts		(5 779 511)	(5 372 923)
Non Profit institutions and donor project expenses		(858 540)	(624 353)
<b>TOTAL EXPENSES</b>		<b>(547 209 065)</b>	<b>(511 355 491)</b>
<b>OTHER GAINS / (LOSSES)</b>			
		<b>(21 085 154)</b>	<b>26 804 396</b>
Gain / (Loss) on sale of assets	58	778 845	(171 327)
Impairment (Loss) / Reversal of impairment loss	59	(8 369 765)	(5 654 915)
Gain / (Loss) on fair value adjustment	60	(11 462 492)	4 357 592
Gain / (Loss) on Revaluation of Assets	61	(1 748 963)	28 481 809
Inventories: Reversal of write-down to net realisable value		20 778	1 225
Inventories: Write-down to net realisable value		(303 556)	(209 987)
Share of surplus/ (deficit) of associate	19	2 429 228	2 069 342
Share of surplus/ (deficit) of joint venture equity method.	19	75 421	62 189
<b>Continuing Operations Surplus / (Deficit) before tax</b>		<b>312 223</b>	<b>60 457 542</b>
Taxation	22	(343 128)	(4 554 571)
<b>Continuing Operations Surplus / (Deficit) after tax</b>		<b>(30 904)</b>	<b>55 902 971</b>

# STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 March 2015

	Note	2014/15 R '000	2013/14 R '000
Discontinued Operations Surplus / (Deficit) after tax	26	(93 989)	30 062
<b>Total Surplus / (Deficit) for the period net of tax</b>		<b>(124 893)</b>	<b>55 933 033</b>
<b>Surplus / (Deficit) for the period net of tax</b>		<b>(124 893)</b>	<b>55 933 033</b>
<i>Attributable to:</i>			
<i>Owners of the controlling entity</i>		(34 142)	55 907 746
<i>Minority interest</i>		(90 751)	25 287

# STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2015

	Note	2014/15 R '000	2013/14 R '000
<b>ASSETS</b>			
<b>Current assets</b>		<b>1 037 631 926</b>	<b>941 634 583</b>
Cash and cash equivalents	1	146 288 422	132 844 610
Trade and other receivables from exchange transactions	2	69 938 982	57 854 186
Other receivables from non-exchange transactions, including taxes, fines and transfers	3	14 766 923	11 700 851
Other current financial assets	4	690 413 245	625 106 940
Current portion of non-current receivables	5	6 530 575	6 960 139
VAT receivable	6	1 690 203	1 451 265
Inventories	7	30 180 720	27 013 955
Prepayments	8	25 105 965	23 177 662
Current Investments	9	50 695 644	53 509 104
Construction contracts and receivables	10	1 599 787	1 229 646
Current Assets Classified as Held for Sale	11	722 151	1 244 672
Finance Lease Receivable	12	66 761	53 265
Income tax receivable	13	(367 454)	(511 712)
<b>Non-current assets</b>		<b>1 823 086 972</b>	<b>1 648 176 231</b>
Non-Current Finance Lease Receivable	12	547 137	590 956
Non-current receivables from exchange transactions	14	42 227 931	35 302 451
Non-Current Investments	15	288 970 357	280 503 858
Other non-current financial assets	16	54 438 466	44 070 765
Investments in Subsidiary	17	-	1
Investments in Joint Ventures	19	511 493	456 488
Investments in Associates	19	29 349 709	26 650 562
Intangible assets	29	26 789 858	26 259 206
Investment property	30 & 31	90 858 649	89 106 362
Biological assets	32	4 076 528	3 728 223
Deferred Tax Assets	23	3 658 657	4 546 772
Property, plant and equipment	27	1 277 259 305	1 134 046 660
Heritage assets	28	984 569	940 325
Defined benefit plan assets	62	3 414 312	1 973 603
<b>TOTAL ASSETS</b>		<b>2 860 718 898</b>	<b>2 589 810 814</b>

# STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2015

	Note	2014/15 R '000	2013/14 R '000
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>949 232 050</b>	<b>844 144 687</b>
Bank overdraft	1	2 535 581	3 296 522
Other current financial liabilities	18	700 458 853	624 694 772
Trade and other payables from exchange transactions	33	112 169 896	100 444 755
VAT payable	34	2 338 944	1 696 244
Taxes and transfers payable	35	1 869 005	3 363 184
Current provisions	36	58 699 219	54 134 294
Current portion of unspent conditional grants and receipts	37	15 539 183	12 460 768
Current portion of long-term borrowings	38	22 463 503	11 491 682
Short-Term Borrowings	39	32 843 600	32 160 838
Current portion of finance lease liability	40	314 264	401 628
<b>Non-current liabilities</b>		<b>927 423 315</b>	<b>800 679 383</b>
Deferred Tax Liabilities	23	70 063 284	54 580 542
Unspent conditional grants and receipts	37	35 692 000	27 079 590
Long-term borrowings	38	536 285 794	470 944 587
Finance lease liability	40	3 105 797	2 977 060
Operating Lease Liability		402 047	422 345
Other non-current financial liabilities	41	37 286 227	37 362 909
Non-current provisions	42	159 496 647	134 485 608
Deferred Income	48	58 592 170	50 673 269
Defined benefit plan obligations	62	26 499 349	22 153 472
<b>TOTAL LIABILITIES</b>		<b>1 876 655 365</b>	<b>1 644 824 070</b>
<b>NET ASSETS</b>		<b>984 063 533</b>	<b>944 986 744</b>
Ordinary Shares		38 362 455	38 362 454
Preference Shares		1 550 000	1 550 000
Revaluation Reserve		365 926 385	345 734 336
Contributed Capital		53 555 242	50 868 504
Translation Reserve		1 331 419	844 252
Other Reserves		60 958 279	49 617 219
Accumulated Surplus/ (Deficit)		462 169 160	457 725 665
Minority Interest		210 593	284 314
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<b>2 860 718 898</b>	<b>2 589 810 814</b>

# STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 March 2015

Attributable to Owners of the Controlling Entity									
	Ordinary Shares R '000	Preference Shares R '000	Revaluation Reserve R '000	Contributed Capital R '000	Translation Reserve R '000	Other Reserves R '000	Accumulated Surplus/ (Deficit) R '000	Minority Interest R '000	Total Net Assets R '000
<b>Balance at 31 March 2013</b>	<b>38 362 454</b>	<b>1 550 000</b>	<b>302 226 246</b>	<b>47 137 727</b>	<b>868 823</b>	<b>47 163 837</b>	<b>355 687 796</b>	<b>216 850</b>	<b>793 213 734</b>
Changes in accounting policy						15 479	12 449		27 928
Correction of prior period error			(21)	(183)		(748 295)	934 522		186 023
<b>Balance at 1 April 2013 - Restated balance</b>	<b>38 362 454</b>	<b>1 550 000</b>	<b>302 226 225</b>	<b>47 137 544</b>	<b>868 823</b>	<b>46 431 021</b>	<b>356 634 767</b>	<b>216 850</b>	<b>793 427 685</b>
Revaluation Property, Plant & Equipment			28 801 687						28 801 687
Revaluation of Intangible Assets			-						-
Revaluation of heritage assets			1 003						1 003
Revaluation of Investments Available For Sale			1 210						1 210
Net Of Tax Currency Translation Differences					(23 517)				(23 517)
Transfers to / from other reserves			5 950 657	(5 271)	5 000	(3 553 565)	4 061 096		6 457 916
Increase / (Decrease) in Share Capital / Capital Contributions				100 000					
Surplus / (Deficit) for the period as per Statement of Financial Performance							18 884 083	90 711	18 974 794
Transfers to / from accumulated surplus/(deficit)			8 779 126	239 428	381 152	4 992 707	6 330 658	47 637	20 770 708
Dividends Paid (Net Of STC)							(239 590)	(70 000)	(216 940)
Cash flow hedges				3 425 478			92 650		120 142
Contributions introduced							120 142		3 425 478
Other movements			(24 849)	(28 675)	(387 206)	1 534 263	73 618 084	(883)	74 708 898
<b>Balance at 31 March 2014</b>	<b>38 362 454</b>	<b>1 550 000</b>	<b>345 735 059</b>	<b>50 868 504</b>	<b>844 252</b>	<b>49 617 219</b>	<b>459 289 101</b>	<b>284 315</b>	<b>946 550 905</b>
Changes in accounting policy							141 682		141 682
Correction of prior period error			(723)				(1 705 116)	(1)	(1 705 840)
<b>Restated as at 1 April 2014</b>	<b>38 362 454</b>	<b>1 550 000</b>	<b>345 734 336</b>	<b>50 868 504</b>	<b>844 252</b>	<b>49 617 219</b>	<b>457 725 665</b>	<b>284 314</b>	<b>944 986 744</b>

## STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 March 2015

	Attributable to Owners of the Controlling Entity										Total Net Assets R '000
	Ordinary Shares R '000	Preference Shares R '000	Revaluation Reserve R '000	Contributed Capital R '000	Translation Reserve R '000	Other Reserves R '000	Accumulated Surplus/ (Deficit) R '000	Minority Interest R '000			
<b>Restated as at 1 April 2014</b>	<b>38 362 454</b>	<b>1 550 000</b>	<b>345 734 336</b>	<b>50 868 504</b>	<b>844 252</b>	<b>49 617 219</b>	<b>457 725 665</b>	<b>284 314</b>			<b>944 986 744</b>
Revaluation Property Equipment			39 636 465								39 636 465
Revaluation of Intangible Assets			(3 542)								(3 542)
Revaluation of heritage assets			581								581
Revaluation of Investments Available For Sale			2 426								2 426
Net Of Tax Currency Translation Differences					22 670						22 670
Transfers to / from other reserves				8 581	110 162	5 758 248	(5 655 249)				214 979
Increase / (Decrease) in Share Capital / Capital Contributions											
Surplus / (Deficit) for the period as per Statement of Financial Performance											
Transfers to / from accumulated surplus/(deficit)			(19 473 844)	185 907	464 242	3 931 562	8 858 131	67 186			4 678 847
Dividends Paid (Net Of STC)							(646 476)	(51 000)			(697 476)
Cash flow hedges			4 818	2 530 505							97 162
Contributions introduced											
Other movements			31 909	(38 256)	(109 907)	1 523 171	(2 724 571)	515			2 566 242
<b>Balance at 31 March 2015</b>	<b>38 362 454</b>	<b>1 550 000</b>	<b>365 926 385</b>	<b>53 555 242</b>	<b>1 331 419</b>	<b>60 958 279</b>	<b>462 169 160</b>	<b>210 593</b>			<b>984 063 533</b>

# CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2015

	Note	2014/15 R '000	2013/14 R '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>RECEIPTS</b>			
		<b>549 036 395</b>	<b>504 700 129</b>
Transfers and Subsidies		56 359 604	52 682 291
Taxation Revenue		21 802 540	20 465 400
Sale of goods and rendering of services		330 749 860	307 979 817
Other Operating Revenue		30 658 885	29 673 652
Service charges		728 980	546 762
Grants		37 122 344	33 847 847
Interest, Dividends and Rent on land		30 681 227	26 048 929
Fines, penalties and forfeits		2 812 446	2 547 569
Other Receipts		38 120 507	30 907 863
<b>PAYMENTS</b>			
		<b>(455 990 042)</b>	<b>(424 847 430)</b>
Compensation of Employees		(106 215 364)	(98 745 013)
Goods and Services		(233 976 552)	(206 501 103)
Interest and Rent on land		(25 777 796)	(21 169 205)
Taxation Paid		(1 849 561)	(2 307 560)
Other payments		(88 170 769)	(96 124 549)
<b>Net cash flows from operating activities</b>	24	<b>93 046 352</b>	<b>79 852 699</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
		<b>(161 338 158)</b>	<b>(145 954 499)</b>
Purchase of assets		(138 134 418)	(124 894 850)
Proceeds from sale of assets		5 729 882	2 348 108
Purchase of available-for-sale financial assets		(388 979)	(1 242 720)
Proceeds from sale of Investments		39 169 595	31 767 650
Purchase of other intangible assets		(4 291 824)	(4 292 676)
Purchase of controlled entity (net of cash acquired)		1 763	(156 523)
Dividend income		1 294 348	1 025 191
Movement in pension assets / liabilities		739	(19 941)
Loans granted to associates / other economic entities		(13 179 757)	(12 467 173)
Loan repayments received from associates / other economic entities		7 184 807	4 896 004
Borrowing costs capitalised		(2 478 559)	(1 284 732)
Additional movements		(59 347 564)	(45 757 474)
Acquisition of investments		3 101 809	4 124 636
<b>Net cash flows from investing activities.</b>		<b>(161 338 158)</b>	<b>(145 954 499)</b>



# CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2015

	Note	2014/15 R '000	2013/14 R '000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>81 577 919</b>	<b>76 845 743</b>
Proceeds from borrowings		124 525 580	104 802 802
Repayment of borrowings		(48 678 282)	(32 474 053)
Proceeds from issuance of ordinary shares / contributed capital		3 130 091	2 941 270
Proceeds from issuance of redeemable preference shares		(441 093)	(247 028)
Purchase of treasury shares		6 873 390	6 195 762
Repayment / issuance of financial guarantee contracts		(3 206 396)	(3 905 790)
Finance lease payments		(214 811)	(178 395)
Distribution / dividends paid		(410 560)	(288 825)
<b>Net cash flows from financing activities</b>		<b>81 577 919</b>	<b>76 845 743</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>13 286 113</b>	<b>10 743 943</b>
Cash and cash equivalents at the beginning of the year		129 548 088	103 714 231
Effect of exchange rate movement on cash balances		918 639	15 089 915
<b>Cash and cash equivalents at the end of the year</b>	1	<b>143 752 841</b>	<b>129 548 088</b>

# GROUP ACCOUNTING POLICIES

For the year ended 31 March 2015

## **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.

# GROUP ACCOUNTING POLICIES

For the year ended 31 March 2015

## 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 publicly 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.

## 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.

# GROUP ACCOUNTING POLICIES

For the year ended 31 March 2015

## 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:

### 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.

# GROUP ACCOUNTING POLICIES

For the year ended 31 March 2015

## 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.

## 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.

# GROUP ACCOUNTING POLICIES

For the year ended 31 March 2015

## 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.

### 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.



# GROUP ACCOUNTING POLICIES

For the year ended 31 March 2015

## 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.

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.

# GROUP ACCOUNTING POLICIES

For the year ended 31 March 2015

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.

## 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



## GROUP ACCOUNTING POLICIES

For the year ended 31 March 2015

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.

### ■ 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.

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

# GROUP ACCOUNTING POLICIES

For the year ended 31 March 2015

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.

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

CATEGORY OF ASSET	USEFUL LIFE RANGE IN YEARS
<b>Land &amp; Buildings</b>	
<i>Buildings</i>	15 - 50
<i>Land</i>	<i>Indefinite Life</i>
<b>Infrastructure Assets</b>	
<i>Roads, Sidewalks &amp; Storm water Networks</i>	5 – 100
<i>Beach Developments</i>	30 – 50
<i>Electricity Reticulation &amp; Supply</i>	10 – 80
<i>Sewerage Mains &amp; Purification Works</i>	15 – 80
<i>Waste Disposal Facilities</i>	20 – 100
<i>Water Supply &amp; Reticulation</i>	10 – 50
<i>Dams &amp; Treatment Works</i>	25 – 100
<b>Other Assets</b>	
<i>Bins &amp; Containers</i>	10
<i>Emergency &amp; Medical Equipment</i>	15
<i>Vehicles &amp; Plant</i>	30
<i>Office Furniture &amp; 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
<b>Community Assets</b>	
<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 &amp; Letting Schemes</i>	15 - 50

# GROUP ACCOUNTING POLICIES

For the year ended 31 March 2015

## 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.

## 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 &amp; 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-

# GROUP ACCOUNTING POLICIES

For the year ended 31 March 2015

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.

## 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

# GROUP ACCOUNTING POLICIES

For the year ended 31 March 2015

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.

## 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



# GROUP ACCOUNTING POLICIES

For the year ended 31 March 2015

(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.

## 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

# GROUP ACCOUNTING POLICIES

For the year ended 31 March 2015

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.

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.

# GROUP ACCOUNTING POLICIES

For the year ended 31 March 2015

## 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.

## 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.



# GROUP ACCOUNTING POLICIES

For the year ended 31 March 2015

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

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.

# GROUP ACCOUNTING POLICIES

For the year ended 31 March 2015

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

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.

# GROUP ACCOUNTING POLICIES

For the year ended 31 March 2015

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.

## 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

# GROUP ACCOUNTING POLICIES

For the year ended 31 March 2015

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.

## ■ 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 2015

	2014/15 R '000	2013/14 R '000
<b>1 Cash and Cash Equivalents</b>		
Cash and cash equivalents consist of the following:		
Cash on hand	977 086	2 218 469
Cash at bank	71 354 024	61 430 878
Call deposits	58 526 448	57 401 343
Call investments	15 430 864	11 793 920
Less : Bank Overdraft	(2 535 581)	( 3 296 522)
	<b>143 752 841</b>	<b>129 548 088</b>

	Gross Balances R '000	Provision for Doubtful Debts R '000	Net Balance R '000
<b>2 Trade and Other Receivables from Exchange Transactions</b>			
<b>Balance as at 31 March 2015</b>			
Recoveries of staff expenses	18 945	(3 196)	15 749
Other receivables	72 279 250	(10 169 338)	62 109 912
Employee advances	31 737	(938)	30 799
Provincial Government	8 012 288	(3 280 491)	4 731 797
National Government	3 410 708	(359 984)	3 050 724
<b>Total Trade and other receivables from exchange transaction as at 31 March 2015</b>	<b>83 752 928</b>	<b>(13 813 946)</b>	<b>69 938 982</b>
<b>Balance as at 31 March 2014</b>			
Recoveries of staff expenses	16 563	(6 384)	10 179
Other receivables	59 119 106	(7 876 513)	51 242 593
Employee advances	28 831	(485)	28 346
Provincial Government	6 163 567	(2 395 049)	3 768 518
National Government	3 129 412	(324 862)	2 804 550
<b>Total Trade and other receivables from exchange transaction as at 31 March 2014</b>	<b>68 457 479</b>	<b>(10 603 293)</b>	<b>57 854 186</b>

	2014/15 R'000	2013/14 R'000
<b>Ageing of Trade &amp; Other Receivables from Exchange Transactions (Net of Provision For Doubtful Debts)</b>		
Current (0 – 30 days)	57 032 829	47 060 754
31 - 60 Days	3 681 848	3 008 178
61 - 90 Days	3 852 913	3 439 339
91 - 120 Days	3 824 097	3 559 678
121 + Days	1 547 296	786 238
<b>Total</b>	<b>69 938 982</b>	<b>57 854 186</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

Summary of Debtors by Customer Classification	Recoveries of Staff Expenses	Other Trade Receivables	Employee Advances	Provincial Government	National Government
	R '000	R '000	R '000	R '000	R '000
<b>Balance as at 31 March 2015</b>					
Current (0 – 30 days)	12 119	53 266 205	24 445	2 085 993	2 493 050
31 - 60 Days	670	3 512 750	3 898	987 569	141 562
61 - 90 Days	927	7 341 364	188	62 753	204 018
91 - 120 Days	369	7 459 160	85	586 339	155 852
121 - 365 Days	4 860	699 770	3 122	4 289 633	416 226
Sub-total	<b>18 945</b>	<b>72 279 250</b>	<b>31 737</b>	<b>8 012 288</b>	<b>3 410 708</b>
Less: Provision for doubtful debts	(3 196)	(10 169 338)	(938)	(3 280 491)	(359 984)
<b>Total debtors by customer classification</b>	<b>15 749</b>	<b>62 109 912</b>	<b>30 799</b>	<b>4 731 797</b>	<b>3 050 724</b>

Summary of Debtors by Customer Classification	Recoveries of Staff Expenses	Other Trade Receivables	Employee Advances	Provincial Government	National Government
	R '000	R '000	R '000	R '000	R '000
<b>Balance as at 31 March 2014</b>					
Current (0 – 30 days)	8 961	43 568 622	23 941	1 723 083	2 195 770
31 - 60 Days	643	2 648 403	587	507 531	200 586
61 - 90 Days	2 008	6 617 404	540	107 464	135 663
91 - 120 Days	430	5 274 951	54	797 524	174 546
121 - 365 Days	4 522	1 009 724	3 709	3 027 966	422 847
Sub-total	<b>16 563</b>	<b>59 119 106</b>	<b>28 831</b>	<b>6 163 567</b>	<b>3 129 412</b>
Less: Provision for doubtful debts	(6 384)	(7 876 513)	(485)	(2 395 049)	(324 862)
<b>Total debtors by customer classification</b>	<b>10 179</b>	<b>51 242 593</b>	<b>28 347</b>	<b>3 768 518</b>	<b>2 804 550</b>

	2014/15 R '000	2013/14 R '000
<b>2.1 Reconciliation of the doubtful debt provision</b>		
Balance at beginning of the year	(10 600 537)	(7 642 972)
Contributions to provision	(4 232 624)	(3 208 236)
Doubtful debts written off against provision	1 120 687	434 515
Reversal of provision	211 192	64 595
Amounts used	(32 565)	95 635
Increase/ (Decrease) due to change in estimate	(280 088)	(346 866)
Change due to correction of errors	(10)	35
<b>Balance at end of year</b>	<b>(13 813 946)</b>	<b>(10 603 293)</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	2014/15 R '000	2013/14 R '000
<b>3 Other Receivables from Non-Exchange Transactions</b>		
Insurance claims	170	185
Subsidies	48 634	41 089
Unauthorized expenditure	-	(50)
Other debtors	10 735 808	8 996 362
Provincial Government	47 264	7 010
National Government	302 872	581 381
Prepayments (if not material)	3 632 175	2 074 874
<b>Total Other Debtors</b>	<b>14 766 923</b>	<b>11 700 851</b>
<b>4 Other Current Financial Assets</b>		
Other current financial assets	<b>690 413 245</b>	<b>625 106 940</b>
<b>5 Current Portion of Non-Current Receivables</b>		
Current portion of non-current receivables	<b>6 530 575</b>	<b>6 960 139</b>
<b>6 Vat Receivable</b>		
Vat receivable	<b>1 690 203</b>	<b>1 451 265</b>
<b>7 Inventories</b>		
<b>Carrying value of inventory</b>	<b>30 180 720</b>	<b>27 013 955</b>
Consumable stores	1 912 801	2 057 726
Raw Materials	12 868 206	10 988 055
Work in Progress	1 620 373	1 291 236
Finished Goods	4 046 681	4 839 875
Maintenance materials	9 643 405	7 760 082
Spare parts	3 385	1 698
Other goods held for resale	85 870	75 284



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	2014/15 R '000	2013/14 R '000
<b>7.1 Inventory carried at Net Realisable Value</b>		
The following classes of inventory are carried at net realisable value:		
Consumable Stores	1 489 959	1 554 362
Raw Materials	12 813 332	10 902 211
Work in Progress	1 520 668	1 130 495
Finished Goods	2 145 173	2 233 921
Maintenance materials	9 385 539	7 536 952
Spare parts	6 192	3 735
Other goods held for resale	101 478	76 649
Water	1 139	549
Write-downs of inventory to Net Realisable Value	(20 646)	(15 936)
Reversals of previous write-downs of inventory	78	33
<b>Total</b>	<b>27 442 913</b>	<b>23 422 971</b>
<b>7.2 Inventory carried at Current Replacement Cost</b>		
The following classes of inventory are carried at current replacement cost:		
Consumable stores	304 534	344 022
Raw Materials	184 324	203 674
Work in Progress	105 458	153 074
Finished Goods	1 903 552	2 680 490
Maintenance materials	239 158	209 024
Other goods held for resale	782	700
<b>Total</b>	<b>2 737 808</b>	<b>3 590 984</b>
<b>8 Prepayments</b>		
Prepaid expenses	<b>25 105 965</b>	<b>23 177 662</b>
<b>9 Investments</b>		
Deposits	28 223 349	30 478 319
Equity investments	22 472 295	23 030 786
	<b>50 695 644</b>	<b>53 509 104</b>
<b>10 Construction Contract Receivables</b>		
Contracts in progress at reporting date:		
Construction contract receivables	<b>1 599 787</b>	<b>1 229 646</b>
<b>11 Current Assets Held for Sale</b>		
Current Assets Classified as held for sale	<b>722 151</b>	<b>1 244 672</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

## 12 Finance Lease Receivables

2015	Minimum Lease Receivable	Future Finance Charges	Present Value of Minimum Lease Receipts
Amounts receivable under finance leases	R '000	R '000	R '000
Within one year	128 362	(74 636)	53 726
Within two to five years	408 083	(242 018)	166 065
Later than five years	658 500	(264 392)	394 108
	<b>1 194 945</b>	<b>(581 046)</b>	<b>613 898</b>
Less: Amount due within 12 months (current portion)	(141 398)	74 636	(66 762)
	<b>1 053 547</b>	<b>(506 410)</b>	<b>547 137</b>
<hr/>			
2014	Minimum Lease Receivable	Future Finance Charges	Present Value of Minimum Lease Receipts
Amounts receivable under finance leases	R '000	R '000	R '000
Within one year	126 688	(76 284)	50 404
Within two to five years	421 721	(256 623)	165 098
Later than five years	744 972	(316 253)	428 719
	<b>1 293 381</b>	<b>(649 160)</b>	<b>644 221</b>
Less: Amount due within 12 months (current portion)	(129 548)	76 283	(53 265)
	<b>1 163 832</b>	<b>(572 876)</b>	<b>590 956</b>
<hr/>			
		2014/15	2013/14
		R '000	R '000
<b>13 Income Tax Receivable</b>			
Income Tax Receivable		<b>(367 454)</b>	<b>(511 712)</b>
<hr/>			
<b>14 Non-Current Receivables from Exchange Transactions</b>			
Staff loans		33 278	39 634
Other non-current receivables		42 194 654	35 262 818
<b>Total Non-Current Receivables after transfers to current receivables</b>		<b>42 227 931</b>	<b>35 302 451</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	2014/15 R '000	2013/14 R '000
<b>15 Non-Current Investments</b>		
<b>Financial Instruments</b>		
Fixed Deposits	702 957	503 339
Listed Investments	45 460 713	65 721 581
Other Investments	137 577 556	116 087 799
Loans Granted	100 738 607	91 188 908
Debt Securities	4 490 524	7 002 230
	<b>288 970 357</b>	<b>280 503 858</b>
<b>16 Other Non-Current Financial Assets</b>		
Other Non-Current Financial Assets	<b>54 438 466</b>	<b>44 070 765</b>
<b>17 Investment in Subsidiaries</b>		
Investment in Subsidiaries	<b>0</b>	<b>1</b>
<b>18 Other Current Financial Liabilities</b>		
Forward Exchange Contract Liabilities	2 353 862	997 582
Deposit Accounts	4 422	3 313
Foreign loans and deposits	31 176	-
Other Current Financial Liabilities	698 069 393	623 693 877
	<b>700 410 643</b>	<b>624 694 772</b>
<b>19 Investments in Joint Ventures and Associates</b>		
<b>19.1 Investments in Joint Venture</b>		
<b>Share of the joint venture's statement of financial position:</b>		
Current Assets	39 719	41 602
Non-current assets	577 426	526 214
Current liabilities	(1 299)	(1 882)
Non-current liabilities	(104 353)	(109 446)
<b>Equity</b>	<b>511 493</b>	<b>456 488</b>
<b>Share of the joint venture's revenue and profit:</b>		
Revenue	45 895	32 363
Cost of sales	(2 546)	(2 509)
Administrative expenses	(27)	360
Other Expenses	(7 586)	(978)
Other Income	49 097	42 797
Finance Income	347	312
Finance cost	(9 759)	(10 156)
Profit before tax	75 421	62 189
Income tax expense	-	-
Profit for the year from continuing operations	75 421	62 189
Profit from discontinued operations	-	-
<b>Net Profit for the year</b>	<b>75 421</b>	<b>62 189</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	2014/15 R '000	2013/14 R '000
<b>19.2 Investments in Associates</b>		
Share of the associate's statement of financial position:		
Current Assets	18 226 641	16 821 741
Non-current assets	20 041 810	19 646 750
Current liabilities	(822 221)	(981 686)
Non-current liabilities	(8 096 521)	(8 836 242)
<b>Equity</b>	<b>29 349 709</b>	<b>26 650 562</b>
<b>Share of the associate's revenue and profit:</b>		
Revenue	5 541 079	4 846 666
Cost of sales	(746 580)	(653 998)
Administrative expenses	(1 878 280)	(1 558 339)
Other Expenses	(466 582)	(430 889)
Other Income	14 832	26 030
Finance Income	2 815	4 428
Finance cost	(1 244)	(2 216)
Profit before tax	2 466 040	2 231 681
Income tax expense	(5 905)	(146 033)
Profit for the year from continuing operations	<b>2 460 135</b>	<b>2 085 648</b>
Profit from discontinued operations	(30 907)	(16 306)
<b>Net Profit for the year</b>	<b>2 429 228</b>	<b>2 069 342</b>
<b>20 Contracted Services</b>		
Consultants on various projects	2 141 095	1 599 439
Agency fees	63 222	126 127
Research	231 161	208 913
	<b>2 435 478</b>	<b>1 934 479</b>
<b>21 Grants and Subsidies Paid</b>		
Total grants and subsidies paid	<b>14 984 156</b>	<b>16 667 505</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	2014/15 R '000	2013/14 R '000
<b>22 Taxation</b>		
<b>Income tax expense</b>		
<b>South African normal taxation</b>		
Current tax	(1 843 012)	2 135 466
Deferred taxation	2 187 134	2 416 677
- Movement in temporary differences	6 386 230	5 542 603
- Unused tax loss created	(2 469 000)	(2 053 921)
- Recognition of unused tax loss not previously recognised	-	1 060
- Unused tax loss utilised	-	(91 950)
- Change in tax rate	281	142
- Other movements in deferred taxation	(1 730 373)	(981 257)
SA normal tax	344 122	4 552 143
Foreign taxation	(1000)	(2 427)
<b>TOTAL INCOME TAX EXPENSE</b>	<b>343 128</b>	<b>4 554 571</b>
<b>Tax rate reconciliation</b>		
<b>Accounting profit</b>	<b>12 965 981</b>	<b>19 889 710</b>
Tax calculated at tax rate 28%	<b>3 630 475</b>	<b>5 569 119</b>
<b>Tax effect of non-taxable/non-deductible items</b>	<b>(3 287 625)</b>	<b>(1 014 690)</b>
- Dividends not taxable	(91 665)	(90 296)
- Fines not deductible	40 347	9 030
- Depreciation not deductible	228 249	173 567
- Unused tax loss not recognised	796 734	83 160
- Other movements of non-taxable/non-deductible items	(4 261 290)	(1 190 150)
<b>Change in taxation rate</b>	279	142
<b>INCOME TAX EXPENSE</b>	<b>343 128</b>	<b>4 554 571</b>
<b>23 Deferred taxation</b>		
<b>Deferred taxation liabilities/(assets)</b>	<b>64 938 744</b>	<b>49 223 030</b>
- Opening balance	49 228 203	42 339 605
- Recognised in taxation	2 556 337	3 411 656
- Raised through Equity	15 023 841	4 051 963
- Raised through Other	(1 869 637)	(580 194)
<b>Analysis of temporary differences</b>		
<b>Deferred taxation assets</b>	<b>14 629 417</b>	<b>14 588 007</b>
- Provisions	2 872 695	2 837 326
- Employee benefit obligations	2 579 340	2 512 933
- Revenue received in advance and deferred income	3 477 653	3 237 392
- Capitalised lease liability	701 368	925 383
- Doubtful debts	362 674	401 957
- Other	4 635 687	4 673 017

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	2014/15 R '000	2013/14 R '000
<b>Deferred taxation liabilities</b>	<b>81 034 044</b>	<b>64 621 777</b>
Deferred expenditure	528 764	534 613
Property, Plant and Equipment	98 508 156	73 847 884
Future expenditure allowance	(340 542)	91 089
Other	(17 662 334)	(9 851 809)
<b>Net deferred taxation liability/(asset)</b>	<b>66 404 626</b>	<b>50 033 770</b>
<b>24 Cash flows from operating activities</b>		
Surplus/(deficit) for the year from:		
Continuing operations	22 694 057	21 379 249
Discontinued operations	946 007	(1 135 463)
<i>Adjustment for: -</i>		
(Gain) / Loss on sale of tangible Assets	182 376	351 267
(Gain) / Loss on sale of Intangible Assets	2 242 127	18 057
Amortisation	3 984 510	1 961 138
Contribution to provisions – current	17 759 987	6 982 607
Contribution to provisions – non-current	11 055 507	12 332 306
Depreciation	38 054 502	34 584 698
Discount on bonds amortised	636 751	340 662
Dividend Income	(1 839 617)	(1 447 663)
Fair value adjustments	(10 775 935)	(1 774 951)
Fair value losses in financial instruments	(4 273 138)	(3 081 793)
Finance Costs	4 517 359	3 484 854
Finance Income	(6 881 406)	(6 604 714)
Foreign exchange (gains)/losses on operating activities	3 408 665	2 609 563
Increase/(decrease) in provisions	12 979 765	728 266
Interest received-Held-to-maturity investments	157 550	167 700
Increase in provision for post-retirement benefit obligation	2 207 544	1 263 999
Movements in other employee benefit items	(1 456 822)	7 074 147
Movement in rehabilitation liability	(38 707)	30 348
Net foreign exchange losses on translation	(797 036)	(799 049)
Provision for inventory obsolescence	(75 160)	(71 992)
Release of firm commitments	(125 818)	(124 769)
Revaluation of Assets	(702 281)	13 478
Share of (income)/loss from associates and Joint Ventures		
Unrealised foreign exchange losses/(gains)	(641 572)	(58 748)
Impairment loss / (reversal of impairment loss)	388 359	(78 321)
Other non-cash item	7 782 411	6 924 235
<b>Operating surplus before working capital changes:</b>	<b>(15 263 315)</b>	<b>(13 900 647)</b>
(Increase)/decrease in inventories	86 126 673	71 168 461
(Increase)/decrease in trade and other receivables	1 444 894	(549 315)
(Increase)/decrease in VAT receivable	(22 739 383)	(11 507 315)
Increase/(decrease) in conditional grants and receipts	(2 798 807)	(2 569 077)
Increase/(decrease) in consumer deposits	5 066 819	4 632 169
Increase/(decrease) in deferred income	278 986	357 319

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	2014/15 R '000	2013/14 R '000
Increase/(decrease) in trade and other payables	12 486 527	4 427 543
Increase/(decrease) in VAT payable	224 634	366 930
Movements in payments made and received in advance	1 626 291	2 467 400
Other working capital movements	12 378 770	12 298 197
<b>Net cash flows from operating activities</b>	<b>93 046 352</b>	<b>79 852 699</b>
<b>25 Legislative and oversight functions</b>		
Administration	12 202 476	14 014 117
Legislation and Oversight	30 906 243	26 620 110
Public and International Participation	125 280	104 885
Associated Services	2 478 828	1 134 942
Statutory Appropriation	13 149 138	11 728 018
	<b>58 861 965</b>	<b>53 602 071</b>
<b>26 Surplus / (Deficit) from discontinued operations</b>		
Revenue	78 933	130 666
Net operating expenses excluding Depreciation and Amortisation	(156 654)	(118 752)
<b>Surplus / (deficit) from operations before Depreciation, Amortisation and Other Items</b>	<b>(77 721)</b>	<b>11 913</b>
Other Income	12 425	28 897
Administrative Expenses	(38)	(184)
Depreciation and amortisation	(13 108)	(8 527)
(Impairment)/Reversal of impairment of assets	(298)	(1 241)
Fair Value Adjustments	(53)	117
Finance costs	(40 770)	(27 600)
Finance Income	25 587	28 398
<b>Profit / (Loss) before taxation</b>	<b>(93 975)</b>	<b>31 774</b>
Taxation	(13)	(1 712)
<b>Surplus / (Deficit) for the year from Discontinued Operations</b>	<b>(93 989)</b>	<b>30 062</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

## 27 Property, Plant and Equipment

### Reconciliation of Carrying Value

	2014/15		2013/14	
	Cost R '000	Accumulated Depreciation & Impairment R '000	Cost R '000	Accumulated Depreciation & Impairment R '000
Land	36 632 352	(40 184)	34 783 627	(55 628)
Buildings	81 668 804	(18 799 062)	77 445 556	(16 413 631)
Vehicles	11 222 088	(6 023 572)	10 390 543	(5 118 147)
Infrastructure	713 219 170	(195 400 085)	634 630 925	(179 547 653)
Capital Work in Progress	412 639 773	(36 772 160)	345 007 508	(22 876 839)
Finance Lease Assets	2 168 919	(850 436)	2 109 789	(759 379)
Furniture & Fittings	7 223 002	(4 060 359)	6 798 933	(3 561 477)
Plant, Machinery & Equipment	344 012 274	(132 223 150)	309 182 644	(118 568 169)
Office Equipment	2 162 827	(1 235 208)	1 989 268	(1 079 456)
Computer Equipment	9 051 831	(6 126 372)	8 177 168	(5 497 086)
Aircraft	11 709 424	(9 093 716)	11 501 897	(7 679 703)
Ships	3 123 855	(942 991)	2 931 572	(815 425)
Other Assets	83 844 067	(29 851 787)	76 536 780	(25 466 955)
<b>Total</b>	<b>1 718 678 388</b>	<b>(441 419 082)</b>	<b>1 521 486 208</b>	<b>(387 439 548)</b>
		<b>1 277 259 305</b>		<b>1 134 046 660</b>

# NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2014

## 27.1 Reconciliation of Property Plant and Equipment –2014/15

	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	34 727 999	1 174 625	(8 070)	485 431	(1 737)		213 920			36 592 168
Buildings	61 031 925	1 132 865	(229 514)	2 251 476	(2 486 648)	(32 869)	1 202 581		(73)	62 869 743
Vehicles	5 272 396	837 708	(54 185)	232 250	(1 056 695)	(33 156)	4 456	(2 320)	(1 940)	5 198 516
Infrastructure	455 083 272	3 000 774	(1 216 553)	14 865 992	(8 777 477)	(121 720)	54 984 735		62	517 819 085
Capital Work in Progress	322 130 670	131 656 689	(223 151)	(61 683 565)	(1 957 637)	(14 280 954)	225 561			375 867 613
Finance Lease Assets	1 350 410	85 406	(272)	(902)	(115 743)	(29)	(387)			1 318 483
Furniture & Fittings	3 237 456	526 981	(54 551)	102 494	(546 261)	(105 371)	1 829		65	3 162 642
Plant, Machinery & Equipment	190 614 474	6 067 985	(355 901)	32 639 878	(17 059 158)	(119 076)	998	(120)	45	211 789 124
Office Equipment	909 812	242 389	(13 739)	12 820	(219 901)	(3 794)	29		4	927 619
Computer Equipment	2 680 081	1 106 044	(40 335)	261 906	(1 094 063)	2 448	10 498		(1 121)	2 925 459
Aircraft	3 822 193	3 772 738	(2 770 188)	(31 653)	(686 655)	(1 507 139)	16 420		(8)	2 615 708
Ships	2 116 147	39 230	(34)	168 000	(142 479)					2 180 864
Other Assets	51 069 825	1 182 875	(31 535)	9 091 445	(6 081 838)	(1 596 028)	357 555		(20)	53 992 280
<b>Total</b>	<b>1 134 046 660</b>	<b>150 826 307</b>	<b>(4 998 028)</b>	<b>(1 604 426)</b>	<b>(40 226 290)</b>	<b>(17 797 688)</b>	<b>57 018 196</b>	<b>(2 440)</b>	<b>(2 986)</b>	<b>1 277 259 305</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

## 27.2 Reconciliation of Property Plant and Equipment - 2013/14

	Carrying Value Opening Balance R '000	Additions R '000	Disposals R '000	Transfers R '000	Depreciation R '000	Impairment Revaluation R '000	Discontinued Operations R '000	Prior Year Errors R '000	Carrying Value Closing Balance R '000
Land	32 482 699	1 130 424	(6 653)	(81 937)	(45 607)	(1 128)	(55 549)		34 727 999
Buildings	48 836 274	3 506 224	(77 144)	10 802 342	(2 435 328)	(46 603)	(7 489)		61 031 925
Vehicles	5 355 787	692 644	(59 831)	199 093	(904 907)	(4 512)	(539)	(6 785)	5 272 396
Infrastructure	411 532 357	2 902 655	(104 538)	13 090 646	(7 995 787)	(73 566)	35 731 504		455 083 272
Capital Work in Progress	261 048 985	124 031 731	(180 056)	(59 210 591)	(815 601)	(3 041 645)	297 848		322 130 670
Finance Lease Assets	1 302 760	151 746	(2 530)	4 429	(106 521)	(30)		556	1 350 410
Furniture & Fittings	1 994 265	620 609	(25 017)	1 288 716	(644 170)	(2 353)	2 886	2 520	3 237 456
Plant, Machinery & Equipment	173 343 517	6 175 444	(322 788)	26 082 811	(14 620 314)	(34 349)	(29 903)	54	190 614 474
Office Equipment	685 820	407 413	(13 762)	11 682	(178 790)	(1 419)	1	309	909 812
Computer Equipment	2 162 700	1 670 126	(55 167)	(12 754)	(1 072 962)	(7 992)	(18 913)	15 043	2 680 081
Aircraft	4 522 305	2 308 692	(1 696 551)	319 000	(480 533)	(1 150 444)	(278)	2	3 822 193
Ships	2 116 804	17 968		123 000	(141 127)	(498)			2 116 147
Other Assets	43 634 479	900 378	(86 182)	13 054 985	(5 953 470)	(710 034)	(9 466)	239 136	51 069 825
<b>Total</b>	<b>989 018 753</b>	<b>144 516 053</b>	<b>(2 630 218)</b>	<b>5 671 422</b>	<b>(35 395 118)</b>	<b>(5 074 573)</b>	<b>(93 479)</b>	<b>250 835</b>	<b>1 134 046 660</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2014/15			2013/14		
	Cost R '000	Accumulated Impairment R '000	Carrying Value R '000	Cost R '000	Accumulated Impairment R '000	Carrying Value R '000
<b>28 Heritage Assets</b>						
<b>Reconciliation of Carrying Value</b>						
Art Collections	21 132	(1)	21 131	19 662	(1)	19 661
Stamp Collections	18 319	-	18 319	18 319	-	18 319
Collections of rare books or manuscripts	6 183	-	6 183	4 618	-	4 618
Historical Buildings	275 195	(104)	275 091	273 592	(104)	273 488
Other Assets	663 846	-	663 846	624 239	-	624 239
<b>Total</b>	<b>984 674</b>	<b>(105)</b>	<b>984 569</b>	<b>940 430</b>	<b>(105)</b>	<b>940 325</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

## 28.1 Reconciliation of Heritage Assets - 2014/15

	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	19 661	1 086	(1)	-	-	384	-	-	21 131
Stamp Collections	18 318	-	-	-	-	-	-	-	18 318
Collections of rare books or manuscripts	4 618	1 565	-	-	-	-	-	-	6 183
Historical Buildings	273 488	1 603	-	-	-	-	-	-	275 091
Other Assets	624 239	16 640	-	-	-	22 967	-	-	663 846
<b>Total</b>	<b>940 325</b>	<b>20 894</b>	<b>(1)</b>	<b>-</b>	<b>-</b>	<b>23 351</b>	<b>-</b>	<b>-</b>	<b>984 569</b>

## 28.2 Reconciliation of Heritage Assets - 2013/14

	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	14 826	5 035	(18)	-	(407)	226	-	-	19 661
Stamp Collections	-	18 318	-	-	-	-	-	-	18 318
Collections of rare books or manuscripts	2 945	1 673	-	-	-	-	-	-	4 618
Historical Buildings	267 575	3 714	-	2 199	-	-	-	-	273 488
Other Assets	633 911	8 955	-	(18 627)	-	-	-	-	(624 239)
<b>Total</b>	<b>919 257</b>	<b>37 695</b>	<b>(18)</b>	<b>(16 428)</b>	<b>(407)</b>	<b>226</b>	<b>-</b>	<b>-</b>	<b>940 325</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

## 29 Intangible Assets

### Reconciliation of Carrying Value

	2014/15			2013/14		
	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	14 451 117	(10 157 440)	4 293 677	13 027 500	(8 449 183)	4 578 317
Copy rights	87 754	(16 907)	70 847	87 754	(8 841)	78 912
Internally Generated Software	482 350	(204 307)	278 044	474 160	(200 191)	273 969
Licenses	1 784 610	(1 254 319)	530 291	1 596 069	(1 224 581)	371 488
Servitudes	2 108 614	(225 103)	1 883 510	1 809 734	(225 165)	1 584 570
Patents and models	865 868	(68 010)	797 858	711 231	(67 634)	643 597
Trademarks	1 655	(725)	930	1 345	(313)	1 032
Other	23 210 214	(4 275 513)	18 934 701	22 976 867	(4 249 546)	18 727 321
<b>Total</b>	<b>42 992 182</b>	<b>(16 202 324)</b>	<b>26 789 858</b>	<b>40 684 659</b>	<b>(14 425 454)</b>	<b>26 259 206</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

## 29.1 Reconciliation of Intangible Assets - 2014/15

	Carrying Value Opening Balance R '000	Additions R '000	Disposals R '000	Transfers R '000	Amortisation R '000	Impairment R '000	Revaluation R '000	Internally Developed R '000	Discontinued Operations R '000	Carrying Value Closing Balance R '000
Computer Software	4 578 317	1 476 358	(62 138)	186 522	(1 831 548)	(54 186)	380	-	(27)	4 293 677
Copy rights and Trademarks	78 912	-	-	-	(8 065)	-	-	-	-	70 847
Internally Generated Software	273 969	66 242	(419)	(55 977)	(4 268)	(245)	-	(1 259)	-	278 044
Licenses	371 488	26 601	-	335 079	(202 877)	-	-	-	-	530 292
Servitudes	1 584 570	293 383	(212)	6 452	(683)	-	-	-	-	1 883 510
Patents and models	643 597	392 909	-	(237 994)	(530)	(125)	-	-	-	797 858
Research assets	1 032	-	-	-	(102)	-	-	-	-	930
Other	18 727 321	2 137 196	(231)	(64 114)	(1 880 071)	(6 043)	20 644	-	-	18 934 701
<b>Total</b>	<b>26 259 206</b>	<b>4 392 688</b>	<b>(63 000)</b>	<b>169 968</b>	<b>(3 928 143)</b>	<b>(60 599)</b>	<b>21 024</b>	<b>(1 259)</b>	<b>(27)</b>	<b>26 789 858</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

## 29.2 Reconciliation of Intangible Assets - 2013/14

	Carrying Value Opening Balance	Additions	Disposals	Transfers	Amortisation	Impairment	Revaluation	Internally Developed	Discontinued Operations	Carrying Value Closing Balance
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Computer Software	4 356 685	1 811 619	(13 987)	41 455	(1 640 503)	22 245	683	(1)	119	4 578 317
Copy rights Internally Generated Software	84 188	-	-	-	(5 277)	-	-	-	-	78 912
Licenses	271 073	185 477	(6)	(329)	(4 148)	(178 096)	-	(1)	-	273 969
Servitudes	366 978	43 032	13 475	127 504	(179 501)	-	-	-	-	371 488
Patents and models	1 359 612	225 638	-	-	(680)	-	-	-	-	1 584 570
Trademarks	182 985	494 728	(13 263)	(20 177)	(676)	-	-	-	-	643 597
Other	227	1 085	-	-	(279)	-	-	-	-	1 032
	20 058 834	1 694 499	(181 277)	(1 636 801)	(1 276 547)	(10 331)	78 944	-	-	18 727 321
<b>Total</b>	<b>26 680 582</b>	<b>4 456 078</b>	<b>(195 058)</b>	<b>(1 488 348)</b>	<b>(3 107 611)</b>	<b>(166 182)</b>	<b>79 627</b>	<b>(2)</b>	<b>119</b>	<b>26 259 206</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

## 30 Investment Property Carried at Cost Reconciliation of carrying value

	2014/15			2013/14		
	Cost	Accumulated Depreciation	Carrying Value	Cost	Accumulated Depreciation	Carrying Value
	R '000	R '000	R '000	R '000	R '000	R '000
	66 991 157	(94 365)	66 896 792	66 927 723	(77 886)	66 849 838
<b>Total</b>	<b>66 991 157</b>	<b>(94 365)</b>	<b>66 896 792</b>	<b>66 927 723</b>	<b>(77 886)</b>	<b>66 849 838</b>

### 30.1 Reconciliation of Investment Property Carried at Cost - 2014/15

	Carrying Value Opening Balance	Additions	Dis- posals	Transfers	De- preciation	Im- pairment	Re- valuation	Carrying Value Closing Balance
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
	66 849 838	11 929	-	27 640	(7 817)	-	15 202	66 896 792
<b>Total</b>	<b>66 849 838</b>	<b>11 929</b>	<b>-</b>	<b>22 640</b>	<b>(7 817)</b>	<b>-</b>	<b>15 202</b>	<b>66 896 792</b>

### 30.2 Reconciliation of Investment Property Carried at Cost - 2013/14

	Carrying Value Opening Balance	Additions	Dis- posals	Transfers	De- preciation	Im- pairment	Re- valuation	Carrying Value Closing Balance
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
	314 880	17 406	(298)	66 524 183	(8 008)	(560)	2 235	66 849 838
<b>Total</b>	<b>314 880</b>	<b>17 406</b>	<b>(298)</b>	<b>66 524 183</b>	<b>(8 008)</b>	<b>(560)</b>	<b>2 235</b>	<b>66 849 838</b>

## 31 Investment Property Carried at Fair Value

### Reconciliation of carrying value

	2014/15			2013/14		
	Cost	Fair Value Adjustments	Carrying Value	Cost	Fair Value Adjustments	Carrying Value
	R '000	R '000	R '000	R '000	R '000	R '000
	23 961 858	-	23 961 858	22 256 524	-	22 256 524
<b>Total</b>	<b>23 961 858</b>	<b>-</b>	<b>23 961 858</b>	<b>22 256 524</b>	<b>-</b>	<b>22 256 524</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

## 31.1 Reconciliation of Investment Property Carried at Fair Value - 2014/15

	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
	22 256 524	785 004	(77 306)	104 112	893 555	23 961 858
<b>Total</b>	<b>22 256 524</b>	<b>785 004</b>	<b>(77 306)</b>	<b>104 112</b>	<b>893 555</b>	<b>23 961 858</b>

## 31.2 Reconciliation of Investment Property Carried at Fair Value - 2013/14

	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
	19 929 096	876 517	(39 826)	164 338	1 326 399	22 256 524
<b>Total</b>	<b>19 929 096</b>	<b>876 517</b>	<b>(39 826)</b>	<b>164 338</b>	<b>1 326 399</b>	<b>22 256 524</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

## 32 Biological Assets

### Reconciliation of Carrying Value

	2014/15			2013/14		
	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	4 057 329	-	4 057 329	3 713 913	-	3 713 913
Maize	13 000	-	13 000	9 000	-	9 000
Dairy Cattle	13	(13)	-	-	-	-
Other Assets	6 199	-	6 199	5 310	-	5 310
<b>Total</b>	<b>4 076 541</b>	<b>(13)</b>	<b>4 076 528</b>	<b>3 728 223</b>	<b>-</b>	<b>3 728 223</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

## 32.1 Reconciliation of Biological Assets - 2014/15

	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	3 713 913	17 000	-	326 416	-	-	-	4 057 329
Maize	9 000	10 000	(9 000)	3 000	-	-	-	13 000
Dairy Cattle	-	-	-	-	-	-	-	-
Other Assets	5 309	-	(182)	778	-	-	294	6 199
<b>Total</b>	<b>3 728 222</b>	<b>27 000</b>	<b>(9 182)</b>	<b>330 194</b>	<b>-</b>	<b>-</b>	<b>294</b>	<b>4 076 528</b>

## 32.2 Reconciliation of Biological Assets - 2013/14

	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	3 692 913	21 000	-	-	-	-	-	3 713 913
Maize	8 000	8 000	(8 000)	1 000	-	-	-	9 000
Dairy Cattle	-	-	-	-	-	-	-	-
Other Assets	5 225	-	(133)	475	-	-	(258)	5 309
<b>Total</b>	<b>3 706 138</b>	<b>29 000</b>	<b>(8 133)</b>	<b>1 475</b>	<b>-</b>	<b>-</b>	<b>(258)</b>	<b>3 728 223</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	2014/15 R '000	2013/14 R '000
<b>33 Trade and Other Payables from Exchange Transactions</b>		
Trade creditors	48 504 440	46 443 853
Payments received in advance	15 333 314	12 154 885
Retentions	3 509 966	4 012 522
Staff leave accrual	2 421 914	2 227 063
Accrued interest	620 452	607 618
Other creditors	41 779 809	34 998 814
<b>Total creditors</b>	<b>112 169 896</b>	<b>100 444 755</b>
<b>34 VAT Payable</b>		
VAT payable	<b>2 338 944</b>	<b>1 696 244</b>
<b>35 Taxes and Transfers Payable</b>		
Taxes and transfers payable (Non-Exchange)	2 393 204	3 646 004
Taxes and transfers payable (Exchange)	(1 028 523)	(838 423)
Income Tax Payable	504 324	555 603
<b>Total Taxes and transfers payable</b>	<b>1 869 005</b>	<b>3 363 184</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

## 36 Current Provisions

### 36.1 Reconciliation of Movement in Current Provisions – 2014/15

	Performance Bonus	Provision for Leave Pay	Other Provisions	Current portion of Other Non-Current Provision	TOTAL
	R '000	R '000	R '000	R '000	R '000
<b>Opening Balance</b>	4 151 023	4 100 595	8 181 417	37 701 258	54 134 294
Provisions Raised	3 918 666	1 870 538	4 471 612	6 469 039	16 729 855
Unused Amounts Reversed	(177 748)	(80 089)	(418 992)	(26 023)	(702 853)
Unwinding of Time Value of Money	-	(449)	38 262	1 946 302	1 984 115
Amounts Used	(4 226 694)	(1 531 532)	(4 921 482)	(8 229 669)	(18 909 377)
Exchange differences	-	-	(166 353)	-	(166 353)
Transferred to disposal group/ classified as held for sale	19 823	-	-	-	19 823
Settlement of Provision without cost to entity	(4 683)	(2 366)	(71)	-	(7 120)
Transfer from Non-Current Provision	-	-	(23 997)	461 628	437 631
Change in Provision due to Change in Estimation inputs	65 301	18 725	2 067 201	738 609	2 889 836
Other Movements	(2 490)	41 292	(203 056)	2 453 627	2 289 372
<b>Closing Balance</b>	<b>3 743 198</b>	<b>4 416 713</b>	<b>9 024 541</b>	<b>41 514 771</b>	<b>58 699 224</b>

### 36.2 Reconciliation of Movement in Current Provisions – 2013/14

	Performance Bonus	Provision for Leave Pay	Other Provisions	Current portion of Other Non-Current Provision	TOTAL
	R '000	R '000	R '000	R '000	R '000
<b>Opening Balance</b>	3 871 228	3 822 542	7 576 457	28 681 465	43 951 692
Provisions Raised	4 491 533	1 463 393	3 837 769	6 239 265	16 031 961
Unused Amounts Reversed	(261 648)	(49 832)	(242 825)	(19 264)	(573 569)
Unwinding of Time Value of Money	(43 208)	-	40 002	1 542 451	1 539 245
Amounts Used	(4 080 482)	(1 320 711)	(5 773 888)	(7 643 034)	(18 818 115)
Exchange differences	-	-	-	(11)	(11)
Settlement of Provision without cost to entity	(4 121)	(1 626)	-	-	(5 747)
Transfer from Non-Current Provision	-	-	(84 148)	3 535 033	3 450 885
Change in Provision due to change in Estimation inputs	44 295	77 627	2 749 267	-	2 871 189
Other Movements (Detailed Below)	133 425	109 202	78 784	5 365 353	5 686 764
<b>Closing Balance</b>	<b>4 151 023</b>	<b>4 100 595</b>	<b>8 181 417</b>	<b>37 701 258</b>	<b>54 134 294</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	2014/15 R '000	2013/14 R '000	
<b>37 Unspent Conditional Grants and Receipts</b>			
Non-current unspent conditional grants and receipts	<b>35 692 000</b>	<b>27 079 590</b>	
Current portion of unspent conditional grants and receipts	<b>15 539 183</b>	<b>12 460 768</b>	
<b>38 Long-Term Borrowings</b>			
Local Registered Stock Loans	98 248 286	94 236 142	
Long-term interest bearing loans	265 808 364	224 093 850	
Government Loans : Other	26 648 733	24 420 373	
Other borrowings	168 043 915	139 685 905	
Less: current portion transferred to current liabilities	(22 463 503)	(11 491 682)	
	<b>536 285 794</b>	<b>470 944 587</b>	
<b>39 Short-Term Borrowings</b>			
Short-term Borrowings	<b>32 843 600</b>	<b>32 160 838</b>	
<b>40 Finance Lease Liability</b>			
<b>2014/15</b>	<b>Minimum lease payment</b>	<b>Future finance charges</b>	<b>Present value of minimum lease payments</b>
	<b>R '000</b>	<b>R '000</b>	<b>R '000</b>
<b>Amounts payable under finance leases</b>			
Within one year	415 686	(122 397)	293 290
Within two to five years	1 484 181	(490 778)	993 403
Later than five years	19 539 766	(17 406 815)	2 132 951
	21 439 634	(18 019 990)	3 419 644
Less: Amount due for settlement within 12 months (current portion)	(415 686)	101 839	(313 847)
	<b>21 023 948</b>	<b>(17 918 151)</b>	<b>3 105 797</b>
<b>2013/14</b>	<b>Minimum lease payment</b>	<b>Future finance charges</b>	<b>Present value of minimum lease payments</b>
	<b>R '000</b>	<b>R '000</b>	<b>R '000</b>
<b>Amounts payable under finance leases</b>			
Within one year	485 507	(124 208)	361 299
Within two to five years	1 668 970	(741 882)	927 087
Later than five years	19 750 643	(17 661 110)	2 089 533
	21 905 120	(18 527 200)	3 377 920
Less: Amount due for settlement within 12 months (current portion)	(493 089)	92 229	(400 860)
	<b>21 412 031</b>	<b>(18 434 970)</b>	<b>2 977 060</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	2014/15 R '000	2013/14 R '000
<b>41 Other Non-Current Financial Liabilities</b>		
Other non-current financial liabilities	<b>37 286 227</b>	<b>37 362 909</b>

## 42 Non-Current Provisions

### Reconciliation of Movement in Non-Current Provisions – 2014/15

	Provision for long-service awards R '000	Other Non- Current Provisions R '000	TOTAL R '000
<b>Opening Balance</b>	242 296	134 243 312	134 485 608
Provisions Raised	66 207	30 576 767	30 642 974
Unused Amounts Reversed	-	(114 894)	(114 894)
Unwinding of Time Value of Money	1 034	8 306 494	8 307 527
Amounts Used	(12 958)	(28 628 324)	(28 641 282)
Exchange differences	-	400 456	400 456
Transfer to Current Provision	(140)	269 953	269 813
Change in Provision due to change in Estimation inputs	2 205	5 486 746	5 488 951
Other Movements	870	8 656 620	8 657 490
<b>Closing Balance</b>	<b>299 514</b>	<b>159 197 132</b>	<b>159 496 646</b>

### Reconciliation of Movement in Non-Current Provisions - 2013/14

	Provision for long-service awards R '000	Other Non- Current Provisions R '000	TOTAL R '000
<b>Opening Balance</b>	140 543	119 606 968	119 747 511
Provisions Raised	88 631	23 119 510	23 208 141
Unused Amounts Reversed	(2 501)	(30 903)	(33 404)
Unwinding of Time Value of Money	852	6 497 119	6 497 971
Amounts Used	(8 974)	(24 229 681)	(24 238 655)
Exchange differences	-	391 388	391 387
Transferred to disposal group/classified as held for sale	-	(10 000)	(10 000)
Transfer to Current Provision	761	(2 641 313)	(2 640 553)
Change in Provision due to change in Estimation inputs	90	2 395 076	2 395 167
Other Movements	22 894	9 145 148	9 168 042
<b>Closing Balance</b>	<b>242 296</b>	<b>134 243 312</b>	<b>134 485 608</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	2014/15 R '000	2013/14 R '000		
<b>43 Income from Rental of Facilities and Equipment</b>				
Rental of facilities	10 077 145	10 363 746		
Rental of equipment	246	146		
Other rentals	1 819 064	1 676 443		
<b>Total rentals</b>	<b>11 896 454</b>	<b>12 040 335</b>		
<b>44 Interest Earned - External Investments</b>				
Bank	4 970 394	4 260 319		
Financial assets	31 644 581	25 580 128		
Other	2 440 732	2 563 512		
<b>Total interest</b>	<b>39 055 707</b>	<b>31 403 959</b>		
<b>45 Interest Earned - Outstanding Receivables</b>				
Interest Earned – Outstanding Receivables	<b>1 044 517</b>	<b>538 451</b>		
<b>46 Government Grants and Subsidies</b>				
	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
<b>Reconciliation of Movement in Grant - 2015</b>				
Other Government Grants and Subsidies	26 274 684	52 546 753	52 177 773	26 643 664
<b>Total Government Grant and Subsidies</b>	<b>26 274 684</b>	<b>52 546 753</b>	<b>52 177 773</b>	<b>26 643 664</b>
<b>Reconciliation of Movement in Grant - 2014</b>				
Other Government Grants and Subsidies	31 651 943	44 493 125	49 870 384	26 274 684
<b>Total Government Grant and Subsidies</b>	<b>31 651 943</b>	<b>44 493 125</b>	<b>49 870 384</b>	<b>26 274 684</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	2014/15 R '000	2013/14 R '000
<b>47 Revenue from Exchange Transactions - Sale of Goods and Services</b>		
Revenue from Exchange Transactions - Sale of goods and services	<b>336 660 504</b>	<b>322 211 204</b>
<b>48 Other Income</b>		
Other income	35 238 905	41 172 975
Revenue from Exchange Transactions - Sundry income	17 056 414	16 893 660
Insurance commissions	51 755	45 500
Bad debt recoveries	19 987	54 173
<b>Total Other Income</b>	<b>52 367 060</b>	<b>58 166 308</b>
<b>Deferred Income</b>	<b>58 592 170</b>	<b>50 673 269</b>
<b>49 Public contributions and donations</b>		
Public contributions - Conditional	1 373 902	1 618 151
Public contributions - Unconditional	560 741	8 527
Donations	82 134	67 603
<b>Total public contributions and donations</b>	<b>2 016 777</b>	<b>1 694 281</b>
<b>50 Transfers and Sponsorships</b>		
Transfer payment from controlling entity	6 160 597	5 646 483
Transfer payment from other departments/entities	553 995	538 751
Local and foreign aid assistance	18 403	15 753
Gifts, donations and sponsorships received	713 563	723 887
Other Transfers and Sponsorships	17 691	21 804
<b>Total</b>	<b>7 464 249</b>	<b>6 946 679</b>
<b>51 Taxation Revenue</b>		
Taxes on income and profits	(1 219 540)	1 139 197
Taxes on payroll and workforce (including SDL)	4 271 899	3 886 249
Domestic taxes on goods and services	22 451	20 174
<b>Total</b>	<b>3 074 810</b>	<b>5 045 619</b>
<b>52 Revenue from Fines and Penalties</b>		
Fines	72 699	61 763
Penalties (including forfeits)	327 023	324 215
<b>Total</b>	<b>399 722</b>	<b>385 979</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	2014/15 R '000	2013/14 R '000
<b>53 Employee Related Costs</b>		
Salaries – Employees – Salaries and Wages	76 330 367	74 021 530
Salaries – Employees – UIF, Pensions and Medical Aid	10 719 410	9 818 993
Salaries – Employees – Performance and other bonuses	5 224 871	5 158 973
Salaries – Employees – Overtime payments	5 065 209	5 131 433
Salaries – Employees – Other employee related costs	3 917 971	1 508 670
Salaries – Employees – Long-service awards	7 846	(32 131)
Salaries – Employees – Housing benefits and allowances	1 769 651	1 623 465
Salaries – Employees - Allowances	5 006 677	4 357 034
Salaries – Benefits Paid – Post-retirement medical aid contributions	193 771	191 062
Salaries – Benefits Paid – Movement in long-term employee benefits	487 118	447 537
Salaries – Accounting Authority – Basic remuneration	692 310	643 068
Salaries – Accounting Authority – Performance awards	3 643	3 470
Salaries – Accounting Authority – UIF	1 280	909
Salaries – Accounting Authority – Periodic payments	6 798	6 453
Salaries – Accounting Authority – Pension	17 955	15 601
Salaries – Accounting Authority – Other non-pensionable allowances	6 874	5 506
Salaries – Accounting Authority – Medical	5 994	5 148
Salaries – Accounting Authority – Insurance	568	135
Salaries – Accounting Authority – Gratuities	2 955	3 779
Salaries – Accounting Authority – Compensative or circumstantial	6 598	6 918
Employee benefits expensed – liability for long service leave	22 893	48 147
Employee benefits expensed – termination benefits	1 137	4 270
Employee benefits expensed – Other	(53 233)	(3 684 046)
Movement in Provision – Provision for Performance Bonus	1 547 713	2 621 875
Movement in Provision – Provision for Leave Pay	860 833	707 395
Movement in Long-term Provisions – Provision for Long Service Awards	2 618	852
Movement in Long-term Provisions – Other Long-term employee related provisions	518,690	518 413
<b>Total Employee Related Costs</b>	<b>112 368 519</b>	<b>103 134 460</b>
<b>54 Repairs and Maintenance</b>		
Repairs and maintenance during the year	<b>13 385 370</b>	<b>15 899 603</b>
<b>55 Depreciation and Amortisation Expense</b>		
Property, plant and equipment	39 915 556	35 113 916
Intangible assets	3 924 811	3 107 231
Investment property carried at cost	7 816	8 008
<b>Total Depreciation and Amortisation</b>	<b>43 848 184</b>	<b>38 229 154</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	2014/15 R '000	2013/14 R '000
<b>56 Finance Costs</b>		
Borrowings	11 747 333	10 684 376
Interest Charged on Overdue Trade and other payables	285 818	262 486
Finance Leases	135 385	143 424
Other financial liabilities	25 381 196	21 242 610
Bank overdrafts	130 735	130 054
<b>Total Finance Costs</b>	<b>37 680 467</b>	<b>32 462 951</b>

## 57 General Expenses

Included in general expenses are the following:

Advertising	2 524 659	2 262 618
Admin fees	30 809 696	25 138 821
Audit fees	971 505	934 925
Bank charges	337 741	330 919
Bursaries	6 627 002	6 174 055
Cleaning	728 030	689 340
Conferences and delegations	281 585	276 294
Connection charges	119 645	96 581
Consulting fees	3 016 401	4 434 211
Consumables	424 897	491 860
Cost of sales	139 681 904	126 636 170
Debt collection commission	103 729	105 180
Departmental consumption	7 419	7 371
Entertainment	393 686	231 962
Electricity	7 444 390	6 918 460
Financial management grant	287 710	241 293
Fuel and oil	13 835 687	14 568 247
Insurance	1 422 799	1 406 745
Legal expenses	1 010 965	1 000 276
Levies paid	859 005	3 214 682
Licence fees - vehicles	53 805	45 971
Licence fees - computers	668 891	653 211
Membership fees	138 323	121 671
Movement in other provisions	27 228 454	18 471 346
Parking	37 197	33 099
Postage	153 319	190 723
Printing and stationery	869 623	880 979
Professional fees	3 600 159	3 257 293
Rental of buildings	7 963 395	7 072 315
Rental of office equipment	319 452	400 060
Rental of computer equipment	162 264	201 999
Other rentals	3 789 406	2 420 837
Security costs	1 605 871	1 505 915
Skills development levies	317 635	299 167
Stocks and material	10 493 623	6 119 421

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	2014/15 R '000	2013/14 R '000
Subscription & publication	123 132	108 127
Telephone cost	1 305 780	1 365 312
Training	974 422	940 259
Transport claims	493 592	657 389
Travel and subsistence - Local	5 723 509	5 035 883
Travel and subsistence - Foreign	343 247	351 521
Uniforms & overalls	97 586	64 198
Valuation costs	67 881	214 409
Water	891 860	530 518
Other	37 557 961	50 928 427
	<b>315 868 840</b>	<b>297 030 064</b>
<b>58 Gain / (Loss) on Sale of Assets</b>		
Property, plant and equipment	(66 945)	(265 090)
Intangible assets	(610)	(4)
Investment property	(1 785)	(3 629)
Other financial assets	848 185	97 397
<b>Total Gain / (Loss) on Sale of Assets</b>	<b>778 845</b>	<b>(171 327)</b>
<b>59 Reversal of Impairment Loss / (Impairment Loss)</b>		
Property, plant and equipment	(3 467 156)	(1 469 163)
Intangible assets	7 689	(183 158)
Investment property	68 446	(152 186)
Other financial assets	(4 978 745)	(3 850 002)
Heritage assets	-	(407)
<b>Total Reversal of Impairment loss / (Impairment Loss)</b>	<b>(8 369 765)</b>	<b>(5 654 915)</b>
<b>60 Profit / (Loss) on Fair Value Adjustment</b>		
Investment property carried at fair value	566 534	758 060
Biological assets carried at fair value	2 533	1 022
Other financial assets	(16 007 533)	(10 660 069)
Other financial liabilities	3 775 049	13 369 100
Other fair value adjustment gain/(loss)	200 925	889 478
<b>Total Profit / (Loss) on Fair Value Adjustment</b>	<b>(11 462 492)</b>	<b>4 357 592</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	2014/15 R '000	2013/14 R '000
<b>61 Profit / (Loss) on Revaluation of Assets</b>		
Gain / (Loss) on revaluation of heritage assets	(47)	17 852
Gain / (Loss) on revaluation of intangible assets	235	405
Gain / (Loss) on revaluation of property, plant and equipment	506 325	29 003 320
Gain / (Loss) on revaluation of investment property	2 600	(3 700)
Gain / (Loss) on revaluation of other financial assets	(2 258 077)	(536 068)
<b>Total Profit / (Loss) on Revaluation of Assets</b>	<b>(1 748 963)</b>	<b>28 481 809</b>
<b>62 Defined Benefit Plan</b>		
<b>Defined Benefit Plans</b>		
<b>Statement of Financial Position</b>		
Present value of Defined benefit obligation	26 499 349	22 153 472
Fair value of plan assets	(3 414 312)	(1 973 603)
<b>Total Defined benefit plan Liability/(Asset)</b>	<b>23 085 036</b>	<b>20 179 869</b>
<b>Pension benefits</b>		
Present value of unfunded obligations	25 764 074	21 793 262
Present value of funded obligations	8 566 482	6 692 317
<b>Total present value of obligations</b>	<b>34 330 556</b>	<b>28 485 579</b>
Fair Value of plan assets	(17 122 463)	(13 825 087)
Unrecognised past service cost	606 085	459 111
<b>Defined pension benefit obligation/(asset) disclosed in statement of financial position</b>	<b>17 814 178</b>	<b>15 119 603</b>
<b>Medical benefits</b>		
Present value of unfunded obligations	3 561 668	3 258 879
Present value of funded obligations	1 844 518	1 932 871
<b>Total present value of obligations</b>	<b>5 406 186</b>	<b>5 191 749</b>
Fair value of plan assets	(135 327)	(131 483)
Unrecognised past service costs	-	-
<b>Defined medical benefit obligation/(asset) disclosed in statement of financial position</b>	<b>5 270 859</b>	<b>5 060 266</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

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

	<b>Pension Plan(s)</b>	<b>Medical Plan(s)</b>	<b>Other Plan(s)</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>Defined benefit obligation as at 1 April 2014</b>	<b>28 485 578</b>	<b>5 191 748</b>	-
Current service costs	906 232	89 032	-
Interest costs	2 568 528	366 638	-
Contributions by plan participants	72 467	(307 559)	-
Actuarial losses/(gains)	2 806 830	50 215	-
Exchange differences	(39 000)	(10 239)	-
Benefits paid	(1 109 185)	(89 492)	-
Past Service Cost	7 123	-	-
Liabilities acquired in an entity combination	-	1 026	-
Curtailments	-	1 923	-
Settlements	(1 691)	(11 754)	-
Other	633 674	124 651	-
<b>Defined benefit obligation as at 31 March 2015</b>	<b>34 330 556</b>	<b>5 406 186</b>	-

	<b>Pension Plan(s)</b>	<b>Medical Plan(s)</b>	<b>Other Plan(s)</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>Defined benefit obligation as at 1 April 2013</b>	<b>26 482 108</b>	<b>5 636 435</b>	-
Current service costs	1 017 522	119 860	-
Interest costs	2 092 885	338 154	-
Contributions by plan participants	73 290	(214 841)	-
Actuarial losses/(gains)	(295 581)	(406 446)	-
Exchange differences	58 000	(1 921)	-
Benefits paid	(1 064 903)	(89 220)	-
Past Service Cost	7 465	4 932	-
Curtailments	-	(16 632)	-
Settlements	(76 130)	(133 349)	-
Other	190 922	(45 222)	-
<b>Defined benefit obligation as at 31 March 2014</b>	<b>28 485 578</b>	<b>5 191 749</b>	-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

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

	Pension Plan(s) R'000	Medical Plan(s) R'000	Other Plan(s) R'000
<b>Fair value of plan assets as at 1 April 2014</b>	<b>(13 365 977)</b>	<b>(131 483)</b>	<b>21 558</b>
Expected return on plan assets	(1 239 674)	104 124	3 303
Actuarial losses/(gains)	(1 326 124)	39 560	-
Exchange differences	31 000	-	-
Employer contributions	(287 674)	18 240	27 735
Employee contributions	(94 111)	-	-
Benefits paid	677 431	(31 621)	(22 006)
Entity combinations	981	-	-
Other	(912 230)	(134 147)	2 233
<b>Balance as at 31 March 2015</b>	<b>(16 516 378)</b>	<b>(135 327)</b>	<b>32 823</b>

	Pension Plan(s) R'000	Medical Plan(s) R'000	Other Plan(s) R'000
<b>Fair value of plan assets as at 1 April 2013</b>	<b>(12 471 830)</b>	<b>1 038 139</b>	<b>26 384</b>
Expected return on plan assets	(1 249 361)	72 505	4 116
Actuarial losses/(gains)	(1 059 324)	168 090	-
Exchange differences	(52 000)	-	-
Employer contributions	(183 625)	(811)	28 121
Employee contributions	(90 055)	-	-
Benefits paid	669 068	(2 506)	(21 521)
Other	1 071 150	(1 406 900)	(15 542)
<b>Fair value of plan assets as at 31 March 2014</b>	<b>(13 365 977)</b>	<b>(131 483)</b>	<b>21 558</b>

	2014/15 R '000	2013/14 R '000
<b>63 Change in Accounting Policy</b>		
Financial statement line items affected as a result of a change in accounting policy:		
Changes in cost of sales	(12 726)	(2 430)
Changes in other Income Tax Expense	3 563	(288 050)
Changes in Profit/(Loss) After Tax	9 163	(291 693)
Changes in Deferred tax (Asset)/Liability	-	(60 783)
Changes in Equity/Reserves	-	486 329
Other	9 163	98 001
	<b>9 163</b>	<b>(58 626)</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	2014/15 R '000	2013/14 R '000
<b>64 Correction of Error</b>		
The comparative amount(s) relating to the Statement of Financial Performance have been restated as follows:		
Depreciation	(1 174 416)	(1 380 870)
Other	142 831	(8 683 019)
<b>Net effect on surplus/(deficit) for the year</b>	<b>(1 031 585)</b>	<b>(10 063 889)</b>
The comparative amount(s) relating to the Statement of Financial Position have been restated as follows:		
Property, plant and equipment	1 957 885	3 772 534
Vat receivable not previously recognised	-	190 818
Non-current receivables incorrectly recognised	(11 586)	6 998 070
Provisions	(9 980)	1 162 058
Accruals	(31 077)	(3 157 875)
Other	(501 885)	(8 102 764)
<b>Net effect on Statement of Financial Position</b>	<b>1 403 357</b>	<b>862 842</b>
comparative amount(s) relating to the Statement of changes in Net Assets has/have been restated as follows:		
Accumulated Surplus/(Deficit)	20 759	(637 945)
2013	(401 043)	(103 894)
2014	(817 966)	(2 573 398)
<b>Net effect on surplus/(deficit) for the year</b>	<b>(1 198 250)</b>	<b>(3 315 237)</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

## 65 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 R'000	Value derived using amended estimate R'000	R-value impact of change in estimate R'000
<b>Change in depreciation / amortisation resulting from reassessment of useful lives. The following categories are affected:</b>	<b>5 946 352</b>	<b>5 276 317</b>	<b>(585 654)</b>
Buildings	(16 916)	(21 471)	(4 506)
Infrastructure assets	(677 732)	(819 690)	(141 958)
Machinery	408 287	463 035	(45 845)
Office equipment	1 053 162	969 671	41 544
Furniture	1 009 037	895 786	(84 429)
Vehicles	61 890	53 456	12 930
Computer equipment	3 662 077	3 524 859	(153 781)
Computer software	446 787	210 983	(209 540)
Other intangible asset	1	53	54
Investment property at cost	(242)	(364)	(122)

**Change in depreciation resulting from reassessment of residual values. The following categories are affected:**

	<b>54 539</b>	<b>78 584</b>	<b>24 449</b>
Machinery	-	2 344	2 749
Office equipment	2 386	2 477	91
Furniture	171	193	22
Vehicles	51 982	73 165	21 182
Computer software	-	405	405

**Change in depreciation / amortisation resulting from a change in the depreciation / amortisation method. The following categories are affected:**

	Value derived using the original estimate R'000	Value derived using amended estimate R'000	Value impact of change in estimate R'000
	<b>543 650</b>	<b>2 487</b>	<b>519 048</b>
Infrastructure assets	529 915	-	529 915
Office equipment	364	180	184
Computer software	13 371	2 307	(11 051)

Change in estimate resulting from the re-evaluation of the inputs in the calculation of provisions:

Rehabilitation provision	<b>284 688</b>	<b>232 748</b>	<b>51 940</b>
- Projection rate change	284 688	232 748	51 940
Leave pay	<b>3 031</b>	<b>4 847</b>	<b>(1 815)</b>
- Provision period	3 031	4 847	(1 815)
Bonus Provision	<b>592</b>	<b>864</b>	<b>(272)</b>
- Provision period	592	864	(272)



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	2014/15 R '000	2013/14 R '000
<b>66 Fruitless &amp; Wasteful Expenditure and Irregular Expenditure</b>		
<b>66.1 Fruitless and Wasteful Expenditure</b>		
Reconciliation of fruitless and wasteful expenditure		
Opening balance -	1 063 790	778 558
Fruitless and wasteful expenditure current year	631 226	610 880
Condoned or written off by relevant authority	(401 453)	(286 356)
Transfer to receivables for recovery	15 675	(39 291)
Fruitless and wasteful expenditure closing balance	<b>1 309 238</b>	<b>1 063 790</b>
<b>66.2 Irregular Expenditure</b>		
Reconciliation of irregular expenditure		
Opening balance	52 507 594	15 322 778
Irregular expenditure current year	7 433 272	38 946 712
Condoned or written off by relevant authority	(5 932 576)	(1 395 547)
Transfer to receivables for recovery – not condoned	(2 726 644)	(366 349)
Irregular expenditure awaiting condonement	<b>51 281 645</b>	<b>52 507 594</b>
<b>67 Capital Commitments</b>		
<b>Commitments in respect of capital expenditure</b>		
<b>- Approved and contracted for</b>	<b>543 665 046</b>	<b>603 574 701</b>
Infrastructure	482 033 079	568 490 924
Community	48 608	73 524
Heritage	1 228	4 696
Other	61 582 131	35 005 557
<b>- Approved but not yet contracted for</b>	<b>361 207 408</b>	<b>301 001 814</b>
Infrastructure	358 037 457	297 618 099
Community	16 149	17 426
Heritage	7 500	-
Other	3 146 302	3 366 289
<b>Total</b>	<b>904 872 454</b>	<b>904 576 515</b>
<b>This expenditure will be financed from:</b>		
- External Loans	253 763 894	228 426 182
- Government Grants	101 205 871	44 843 714
- Own resources	549 902 689	631 306 619
	<b>904 872 454</b>	<b>904 576 515</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	2014/15 R '000	2013/14 R '000
<b>68 Operating leases</b>		
At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:		
<b>Operating lease arrangements</b>		
<b>Lessee</b>		
At the reporting date the entity had outstanding commitments under non-cancellable operating leases, which fall due as follows:		
Up to 1 year	8 704 225	7 203 107
1 to 5 years	17 063 430	15 408 881
More than 5 years	37 765 164	35 628 459
	<b>63 532 820</b>	<b>58 240 447</b>
<b>Lessor</b>		
At the reporting date the entity had contracted with tenants for the following future minimum lease payments:		
Up to 1 year	6 450 958	5 257 095
1 to 5 years	15 046 970	12 494 827
More than 5 years	9 305 369	9 266 318
	<b>30 803 297</b>	<b>27 018 240</b>
<b>69 Contingent Liabilities</b>		
Claims for damages	<b>345 796 657</b>	<b>32 421 862</b>
<b>70 Contingent Assets</b>		
Various	<b>4 796 243</b>	<b>6 542 075</b>
<b>71 Related Parties</b>		
<b>Related party balances</b>	<b>(93 720 766)</b>	<b>(52 394 638)</b>
Departments	(48 351 956)	(42 948 230)
Entities	(47 246 240)	(17 010 380)
Directors and key management	1 877 430	7 563 972
<b>Related party transactions</b>	<b>55 682 838</b>	<b>44 387 292</b>
Departments	45 666 749	36 281 096
Entities	14 131 374	12 023 988
Directors and key management	(4 115 286)	(3 917 792)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	2014/15 R '000	2013/14 R '000
<b>72 Contributed capital</b>		
The reserve consists of funds directly paid to the entity for the purpose of funding the net assets of the entity.		
Opening balance	55 674 068	52 796 275
Contributions	3 219 023	2 877 793
	<b>58 893 091</b>	<b>55 674 068</b>

## 73 Events after the Reporting Date

### 73.1 Adjusting subsequent events

#### Cross-Border Road Transport Agency

On 12 May 2015, the Constitutional Court ruled against the Agency on a matter against some Cross Border Operators. This related to a matter relating to validity of retrospective refunds as sought by the Operators. The Agency was compelled to refund the Operators and additional R319 million over and above R37 million that had been made available in the prior financial year. In line with GRAP 14, this judgement constitutes an adjusting event and these financial statements were adjusted accordingly to consider the impact of the determination as it confirmed that the Agency had present obligation at the end of the reporting period.

### 73.2 Non-adjusting subsequent events

#### Medium term budget policy statement (MTBPS)

On 21 October 2015, Finance Minister Nhlanhla 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 in moderating the budget deficit and stabilizing government debt, Treasury is mindful that Eskom, Transnet and several other state-owned companies have large borrowing requirements. Financing of state-owned companies that are responsible for growth-enhancing infrastructure investments is one thing. Relief for entities that should be self-sustaining or that have mismanaged their commercial activities is quite another. This remains a serious risk to the medium term fiscal outlook. Work has therefore begun on a legislative framework to regulate state-owned companies and to address their governance challenges.

#### Rating Agency

As at 31 March 2015, Moody's rated South Africa at "Baa2" with a stable outlook, S&P "BBB" with a stable outlook, Fitch "BBB" with a negative outlook and R&I "BBB+" with a stable outlook. This implies that South Africa has stable credit outlooks across three rating agencies, with the exception of Fitch which has assigned a negative outlook on the country's credit worthiness. Fitch Ratings (Fitch) on 6 June 2015 affirmed South Africa's long-term foreign and local currency Issuer Default Ratings at 'BBB' and 'BBB+' respectively. The rating agency also affirmed the negative outlook. Furthermore, Standard and Poor's (S&P) on 12 June 2015 affirmed South Africa's long and short-term foreign and local currency Issuer Default Ratings at 'BBB-/A-3' and 'BBB+/A-2' respectively. The rating agency also affirmed the stable outlook. On 2 September, Moody's affirmed South Africa's sovereign rating at "Baa2" with a stable outlook.

#### ESKOM

The Eskom Special Appropriation Act was promulgated on 6 July 2015 which allows for a capital injection of R23 billion to Eskom. Furthermore, government announced on 1 July 2015 that it sold its 13.91 per cent share in Vodacom to the Public Investment Corporation (PIC). On 31 July 2015, government received a first installment of R12.6 billion from the sale of its share in Vodacom. Subsequently, an amount of R10 billion was transferred to Eskom on 31 July 2015 as the first tranche of the Cabinet approved R23 billion equity to be provided to Eskom. The remainder of the R23 billion allocation will only be transferred to Eskom once the balance of the proceeds from the sale of government's stake in Vodacom has been deposited into the National Revenue Fund, which will take place later in the year. In addition, the "Amendment of Eskom Subordinated Loan Special Appropriation Act" was promulgated on 6 July 2015 in the Government Gazette which allows for the conversion to equity of government's R60 billion loan to Eskom.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

## DENEL

Denel acquired 100% shareholding of LSSA from BAE Systems PLC, a company that manufactures heavy military vehicles and undertakes related maintenance, for an amount of R855m. The transaction was concluded on 28 April 2015 and funded through borrowings raised from financial institutions.

## South African National Energy Development Institute

Subsequent to the financial year, on 30 April 2015, an amount of R106 million was repaid to the RDP Fund for the EU AID Demo project and the Danish Renewable Energy Programme.

## Education and Labour Relations Council (ELRC)

The ELRC was delisted in terms of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) and will operate in terms of the Labour Relations Act, 1995 (Act of 1995) (as amended) from 1st April 2015.

## 74 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 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:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

	2014/15 R '000	2013/14 R '000
--	-------------------	-------------------

## 74.1 Financial Assets carried at Amortised Cost

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 the classes of financial assets at amortised cost:

Cash and cash equivalents	85 882 218	80 050 154
Trade and other receivables from exchange transactions	54 170 508	41 417 243
Other current financial assets	62 686 797	58 397 625
Current Investments	91 470 505	81 738 097
Construction contracts and receivables	1 599 787	1 229 646
Non-current receivables from exchange transactions	25 901 197	26 618 115
Non-Current Investments	108 273 112	91 568 740
Other non-current financial assets	15 596 787	18 350 514

## 74.2 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 - collateral held	39 834 837	24 566 244
Financial guarantees	164 522	90 722
Trade and other receivables	6 864 409	6 401 648
Other	11 286 656	13 152 558

## 74.3 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

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.

2014/15	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Later than one year and not later than five years
Gross finance lease obligations	66 107	149 274	680 487	14 366 724
Borrowings	10 561 456	16 922 114	83 979 035	665 938 652
Trade and other payables	381 944 856	57 817 706	23 083 492	17 565 937
Bank overdraft	1 980 871	1 392 000	25 696	-
Other	674 020 777	8 325 023	8 632 359	8 452 373

2013/14	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Later than one year and not later than five years
Gross finance lease obligations	60 597	142 935	638 439	15 763 451
Borrowings	6 334 762	15 805 508	64 384 277	573 147 534
Trade and other payables	331 254 464	58 502 080	26 954 062	25 616 442
Bank overdraft	2 114 537	1 932 000	96 128	-
Other	598 093 687	6 920 033	8 125 280	3 389 732

#### 74.4 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:

	2014/15 R'000	2014 R'000
<b>Pledged collateral</b>	<b>288 225 054</b>	<b>299 755 954</b>

#### 74.5 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

**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.

## 74.6 Credit quality of financial assets carried at amortised cost

### 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

## 75 Financial Sustainability:

The consolidated financial statements have been prepared on a going concern basis. The Statement of Financial Performance for public entities depicts a budget deficit with the revenue base being constrained and debt service costs and public sector wages on the increase. Slow growth and volatility have also meant that the South Africa's debt portfolio has been growing for the past number of years. The risks to the sovereign credit rating and the refinancing of the debt portfolio have already been highlighted above.

The Minister of Finance, in conjunction with the President, cabinet ministers, the Governor of the Reserve Bank and the MEC's for Finance is taking steps to address the current financial position as well as the future financial sustainability of the government of South Africa.

As part of the October 2015 Medium Term Budget Policy Statement, the Minister of Finance has announced proposals to maintain the health of the public finances, taken into account the difficult world economic situation. Relevant to government current and future economic health is the following actions:

- Unite South Africans behind more rapid implementation of the National Development Plan.
- South African debt as a share of GDP will be stabilised as a fiscal priority and all possible steps will be taken to protect public finances.
- Economic performance will be strengthened through policy coherence.
- Ensure that in light of the growing public debt, the expenditure ceiling remains in place, supplemented by reforms to improve the quality of public spending.
- Focus efforts to raise economic growth in line with national development priorities.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

## 76 Exemptions and departures granted by Office of the Accountant-General

For the financial period ended 31 March 2015, the Office of the Accountant-General issued the following exemptions and departures to the public entities specified below:

No.	Name of Public Entity	Details of exemption granted	Exemption period
1	Government Pensions Administration Agency	Permission to report Annual Financial Statements in terms of GRAP and not the Modified Cash Standard	Financial period 2014/15
2	Government Printing Works	Permission to report Annual Financial Statements in terms of GRAP and not the Modified Cash Standard	Financial period 2014/15
3	Government Technical Advisory Centre	Permission to report Annual Financial Statements in terms of GRAP and not the Modified Cash Standard	Financial period 2014/15
4	Municipal Infrastructure Support Agent	Permission to report Annual Financial Statements in terms of GRAP and not the Modified Cash Standard	Financial period 2014/15