



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

# **GUIDE FOR THE PREPARATION OF THE REVENUE FUND TEMPLATE**

**For the year ended 31 March 2012**

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# National/Provincial Revenue Fund

## Statement of Financial Performance

For the year ended 31 March 2012

	<i>Note</i>	<b>2011/12 R'000</b>	<b>2010/11 R'000</b>
<b>REVENUE</b>			
Appropriated Funds	<u>1</u>		
Equitable Share			
Conditional Grants			
Revenue collected	<u>2</u>		
By SARS			
Provincial Taxes & Revenue in terms of Section 12(3) of the PFMA			
Departmental Revenue			
CARA Receipts			
Direct Exchequer Receipts			
Other Revenue	<u>3</u>		
Surrenders			
Other			
<b>TOTAL REVENUE</b>			
<b>EXPENDITURE</b>			
Appropriated Funds			
Annual Appropriation	<u>4</u>		
Statutory Appropriation	<u>5</u>		
Conditional Grants	<u>6</u>		
Own Funds Appropriated	<u>7</u>		
CARA Payments	<u>8</u>		
Expenditure in terms of:	<u>9</u>		
RDP Funds due prior to Amendment Act no. 79 of 1998			
Schedule 5 of PFMA, Act 1 of 1999			
Expenditure in terms of a separate Act of Parliament	<u>10</u>		
Direct Exchequer Payments	<u>11</u>		
Other	<u>13</u>		
Unspent conditional grants to be surrendered to the National department	<u>14</u>		
<b>TOTAL EXPENDITURE</b>			
<b>SURPLUS/(DEFICIT)</b>			
Foreign Exchange Revaluation	<u>15</u>		
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>			

## Background


The Statement of Financial Performance measures an entity's performance over a specified period. For that reason the heading clearly states that it is for a "year ended 31 March 2012".

This statement provides a summary of all receipts and payments of the Revenue Fund during the defined period. The surplus for the Revenue Fund is the difference between the total receipts and total expenditure (assuming the value of receipts is higher than the value of the expenditure).

The format of the Statement of Financial Performance has remained the same as the previous year in order to ensure consistency. Individual items of the Statement of Financial Performance are dealt with below under the same headings as shown in the Statement of Financial Performance.

## A. REVENUE

### Definition

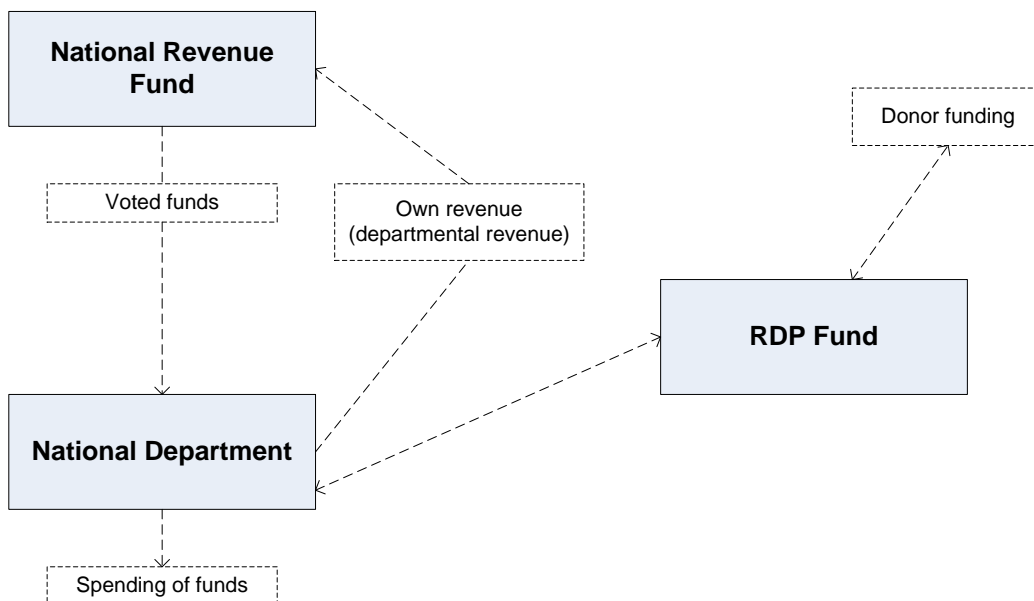
	<p><i>In the modified cash environment, receipts are accounted for in the period in which the monies were received and not in the period in which the underlying transaction or event occurred that gave rise to the revenue.</i></p> <p><i>In an accrual environment revenue is defined as: "The gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets other than increases relating to contributions from owners." This means that revenue is recognised when money, goods and or services are provided to parties.</i></p>
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The main categories of provincial revenue are as follows:

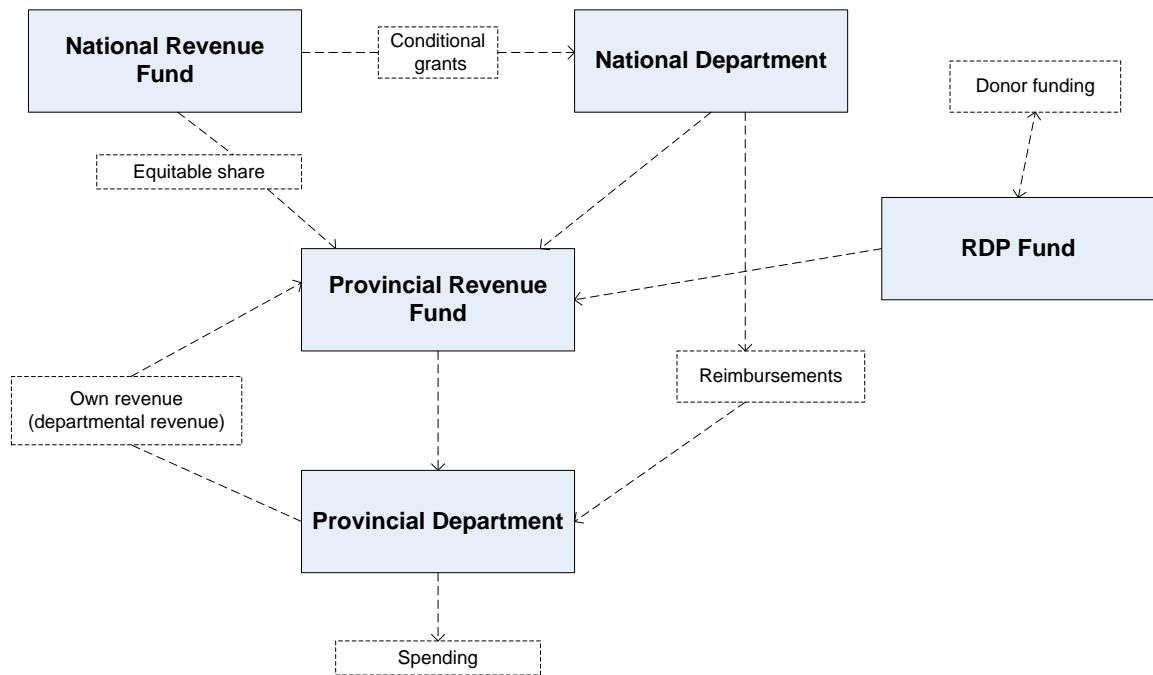
- Annual Appropriation
  - Equitable Share
  - Conditional Grants
  
- Revenue collected
  - Provincial Taxes
  - Revenue in terms of Section 12(3) of the PFMA
  - Departmental Revenue
  - CARA Receipts
  - Direct Exchequer Receipts
  
- Other Revenue
  - Surrenders

**B.** The flow of funds at a national and provincial level is illustrated in the diagram below:

**Figure C.1: Flow of funds at a national level**



**Figure C.2: Flow of funds at a provincial level**



## **1 Annual Appropriation**

### **1.1 Equitable Share**

- The allocation of revenue to the National, Provincial and Local spheres of Government as required by the Constitution.
- These funds are transferred from the National Revenue Fund to the respective Provincial Revenue Funds as per agreed transfer schedule.

### **1.2 Conditional Grants**

- Allocation of money from one sphere of Government to another, conditional on certain services being delivered or on compliance with specified requirements.
- These funds are transferred from the National departments to the respective Provincial Revenue Funds.

## **1.3 Guidance**

### **1.3.1 Own Revenue**

Kindly note that own revenue **is not** received from National Government. This is therefore only included under expenditure. Any roll over funds, Provincial Revenue collected etc is voted by the Provincial Legislature as such per departments.

Therefore do not include any roll over funds under the equitable share allocation as per the revenue heading.

### **1.3.2 Other**

The amount to be shown in the Statement of Financial Performance is the “Final appropriation” amount as disclosed in the appropriation statement.

Where an amount has been appropriated to the provincial revenue fund, but has not been requested or received, the full amount (or final appropriation) is still recognised as revenue in the Statement of Financial Performance. The funds not received/not requested are included under note 18.1.5 in the statement of financial position, as voted funds due by National departments.

## **2. Revenue collected**

### **2.1 By SARS (Mainly received by National Revenue Fund)**

- This includes all funds collected by SARS including collections in terms of Section 12(3) of the PFMA.
- To balance the total amount collected by SARS to the actual collection as received in the Revenue Fund, the payment in terms of Section 12(3) of the PFMA, RAF and the Payment to UIF should be deducted from the total amount collected by SARS. The actual receipts by the Revenue Fund already exclude these amounts. The difference between the amount of SARS after the deduction and the amount actually received

by the Revenue Fund will be the in transit figure or the over remitted figure.

- If the actual amount received by the Revenue Fund is less than the amount received by SARS after the deduction of the amount in terms of Section 12(3) of the PFMA, RAF and the Payment to UIF, funds should still be received by the Revenue Fund (in transit figure). The Statement of Financial Performance will be credited and receivables will be debited with the difference.
- If the actual amount received by the Revenue Fund is more than the amount received by SARS after the deduction of the amount in terms of Section 12(3) of the PFMA and the Payment to UIF, funds were received in excess by the Revenue Fund (over remitted figure). The Statement of Financial Performance will be debited and payables will be credited with the difference.
- The amount payable by SARS to SETA's is calculated as the difference between the amount collected by SARS and the amount requested by the SETA's. (Calculated in Annexure 2A).
- The amount payable by SARS to RAF is calculated as the difference between the amount collected by SARS and the amount requested by the RAF. (Calculated in Annexure 2A).
- The amount payable by SARS to UIF is calculated as the difference between the amount collected by SARS and the amount requested by the UIF. (Calculated in Annexure 2A).
- In the Statement of Financial Performance the amount actually received by the Revenue Fund plus the in transit figure or less the over remitted




figure as well as the amount payable by SARS to Seta's should be reflected.

## 2.2 Provincial taxes


- These taxes consist mainly of Casino taxes, Horse racing taxes, Liquor licences and Motor vehicle licences.
- The total amount collected as per the Departments' Financial Statements is reflected in the Statement of Financial Performance.

## 2.3 Departmental revenue

### Definition

	<p><i>Departmental Revenue is defined as the inflow of cash arising in the course of the ordinary activities of the government entity, normally from the sale of goods, the rendering of services, and the earning of interest, taxes and dividends. It includes financial transactions in assets and liabilities and also transfers received. Departmental revenue is collected by national/provincial departments, who act as collecting agencies, and transfer this revenue to the National/Provincial Revenue Fund.</i></p> <p><i>Departments require specific authority to be able to utilise these funds, either through a voted appropriation, in a statutory appropriation or specific legislation.</i></p>
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## Accounting Policy

	<p>The Revenue Fund reflects all departmental revenue collected by departments. Amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised in the Statement of Financial Position.</p>
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The main categories of departmental revenue are as follows:

- Sales of goods and services other than capital assets;

### Definition


	<p><i>Sales of goods and services other than capital assets include most of the regular sales of goods and services, which might take place in a department. .</i></p>
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### Accounting Policy


	<p>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.</p>
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- Fines, penalties and forfeits;

### Definition


	<p><i>Fines, penalties and forfeits include all compulsory receipts imposed by a court or another judicial body or agreed upon by parties as an out of court settlement. This line item could include traffic fines to be paid by motorists to the department of transport.</i></p>
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### Accounting Policy


	<p>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 by the departments.</p>
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- Interest, dividends and rent on land;

### Definition


	<p><b>Interest</b> is revenue associated with the ownership of interest-bearing financial instruments, such as bank deposits, loans extended to others, and bills and bonds issued by others.</p> <p><b>Dividends</b> are revenue associated with ownership of shares in a company whether fully or partially government owned. Gains or losses associated with buying or selling of shares do not belong to this line item.</p> <p><b>Rent on land</b> includes revenue earned due to the ownership of land. If there are buildings on the land and the buildings are also rented out, the revenue from the renting of the building should be classified under sales of goods and services other than capital assets. If a separation cannot be made between rental on land and the structures on the land, the whole amount should be classified as sales of goods and services other than capital assets.</p>
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### Accounting Policy


	<p>Interest and dividends and rent on land is recognised in the Statement of Financial Performance on receipt of the funds by the departments.</p>
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- Sales of capital assets;

### Definition


	<p><i>A capital asset is an item of property, plant and or equipment that costs more than R5,000 (all inclusive). Capital assets also comprise of intangible items such as computer software with a cost exceeding R5,000 (all inclusive).</i></p>
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### Accounting Policy


	<p>The proceeds received on sale of capital assets are recognised in the statement of financial performance on receipt of the funds by departments.</p>
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- Financial transactions in assets and liabilities

### Definition


	<p><i>Financial transactions in assets and liabilities consist of proceeds or gains that typically arise as result of financial instruments transactions.</i></p>
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## Accounting Policy


	<p>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.</p> <p>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.</p> <p>Forex gains are recognised on payment of funds.</p>
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- Transfers received

## Definition

	<p><i>Transfers received comprise of all unrequited, voluntary receipts from other parties.</i></p>
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## Accounting Policy

	<p>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 by departments.</p>
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#### **2.4 CARA Receipts (Mainly for National Revenue Fund)**

- All revenue received 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).
- The total amount received by the revenue fund is reflected in the Statement of Financial Performance.

#### **2.5 Direct Exchequer receipts (Mainly for National Revenue Fund)**

- These include direct exchequer receipts e.g transfers from the sale and restructuring of assets.
- The total amount received by the revenue fund is reflected in the Statement of Financial Performance.

#### **2.6 Revenue in terms of section 12(3) of the PFMA**

- These funds consist of taxes, levies, duties, fees and other monies collected by SARS for a province.
- National Treasury transfers these funds collected by SARS and deposited into the National Revenue Fund to the Provincial Revenue Funds.
- The **Provincial Statement of Financial Performance** should reflect the total amount transferred by the National Revenue Fund to the respective Provincial Revenue Funds.

### **3 Other Revenue**

#### **3.1 Surrenders**

- The difference between the final appropriation and the actual expenditure as per financial statements of Departments is reflected in the **Statement of Financial Performance** under the heading “Surrenders”.
- This is for Equitable Share, Conditional Grants, Own Funds Appropriated and Other Appropriations.
- This surrender amount will include the amounts not transferred to Departments.

#### **Unauthorised expenditure not funded by Revenue Fund and approved without funding**

- In the financial year that the Vote has been exceeded, surrenders as per 3.1 above is reduced with these amounts
- Therefore when overspending is approved without funding it becomes a charge against the funds allocated for the respective departments for the next and the future financial years.
- This has no additional cash flow implication for the departments or the Revenue Fund as the departments will have to reduce its bank overdraft with the savings.
- The surrenders are increased by the savings that will be generated by the departments.

#### **3.2 Other**

- This can include Loan deposits.




## C. EXPENDITURE


### 4. Appropriated Funds

#### 4.1 Annual Appropriation

##### Definition

	<p><i>Appropriated funds are funds appropriated in terms of the National/Provincial Appropriation Act (including the National/Provincial Adjustments Appropriation Act) and the annual Division of Revenue Act (DORA).</i></p>
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##### Accounting Policy

	<p>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.</p> <p>Total appropriated funds are presented in the statement of financial performance.</p> <p>Unexpended appropriated funds are surrendered to the National/Provincial Revenue Fund. Amounts due to the National/Provincial Revenue Fund at the end of the financial year are recognised in the statement of financial position.</p>
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##### Equitable Share

- The approval by Parliament of spending from the National Revenue Fund, or by a provincial legislature from the Provincial Revenue Fund.

- In the **Statement of Financial Performance** the amount appropriated for Equitable Share should be reflected under Expenditure.


## 4.2 Statutory Appropriation

### Definition


	<p><i>Statutory appropriations are amounts charged to national/provincial departments in terms of specific legislation applicable to the department. The department is still accountable for the administration of the charge vested in them. Note that statutory appropriation is not limited to the amount included in the estimate of expenditure but should reflect the actual expenditure.</i></p> <p><i>Terminology used for statutory appropriations for budget purposes is Direct charges against the National Revenue Fund.</i></p>
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- Amounts appropriated to be spent in terms of statutes and not requiring appropriation by vote, e.g. Salaries of MEC's.
- In the **Statement of Financial Performance** the amount appropriated for Statutory Appropriation should be included in the Equitable Share and should be reflected under Expenditure.

## Accounting Policy

	<p>Statutory appropriations are recognised in the financial records on the date the appropriation becomes effective. Adjustments to the statutory appropriations made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.</p> <p>Total statutory appropriations are presented in the statement of financial performance.</p> <p>Unexpended statutory appropriations are surrendered to the National/Provincial Revenue Fund. Amounts due to the National/Provincial Revenue Fund at the end of the financial year are recognised in the statement of financial position.</p>
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### 4.3 Conditional Grants

	<p>As soon as the relevant provincial department has completed the preliminary year end closure it must surrender any unspent schedule 5 allocations through the provincial treasury to the relevant national department. National departments must, upon receipt of these funds transfer the money to the National Revenue Fund.</p>
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- Allocation of money from one sphere of Government to another, conditional on certain services being delivered or on compliance with specified requirements.
- In the **Statement of Financial Performance** the amount appropriated for Conditional Grants should be reflected under Expenditure.

#### 4.4 Own Funds Appropriated

- This is money collected by the various Provincial Departments and voted by the respective Provincial Revenue Fund.
- In the **Statement of Financial Performance** the amount appropriated for Own Funds should be reflected under Expenditure.

#### 4.5 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 recognized in the **Statement of Financial Performance** when approved by Cabinet.

#### 5. Expenditure in terms of Schedule 5 of PFMA, Act 1 of 1999

- This is a direct charge against the revenue fund in terms of section 15(1)(a)(ii) of the PFMA. These payments can only be done if it is listed as a direct charge in section 5 of the PFMA.
- The actual expenses for schedule 5 payments can exceed the funds appropriated for the department.
- This exceeding of the appropriated funds in the **Statement of Financial Performance** will reflect under Expenditure in terms of Schedule 5 of PFMA .

#### 6. Expenditure in terms of a separate Act of Parliament

- This will include a payment in terms of a Finance Act.
- In the **Statement of Financial Performance** the amount paid to the Department should be included.

## **7. Direct Exchequer Payments**

- These include Exchange rate losses and Extra-ordinary payments for example on GFECRA, etc. and mainly apply to the National Revenue Fund.
- The total amount paid is reflected in the **Statement of Financial Performance**. This could include journal entries.

## **8. Other Expenditure**

- This will include any other expenditure approved by the National Treasury and this mainly applies to the National Revenue Fund.
- In the **Statement of Financial Performance** the amount transferred should be reflected.

## **9. Foreign Exchange Revaluation**

- This mainly applies to the National Revenue Fund.
- This will include timing differences between the actual debt amounts received and transferred by the National Revenue Fund and the amounts received and transferred by the State Debt Division.

## **10. Net surplus/(deficit) for the year**

- This is the difference between total revenue and total expenditure on the Statement of Financial Performance.
- To determine the Changes in Net Assets for the year, the surplus/(deficit) for the year as per Statement of Financial Performance is reflected plus Adjustments e.g. adjustment in Cash and cash equivalents.

# National/Provincial Revenue Fund

## Statement of Financial Position as at 31 March 2012

	Note	2011/12 R'000	2010/11 R'000
1			
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	<u>16</u>		
Investments	<u>17</u>		
Receivables	<u>18</u>		
Voted Funds to be surrendered to the Revenue Fund			
Conditional Grants to be surrendered to the Revenue Fund			
Unauthorised expenditure to be surrendered			
Departmental Revenue to be surrendered to the Revenue Fund			
Other			
<b>Total</b>			
<b>Non-current assets</b>			
Investments	<u>19</u>		
<b>Total</b>			
<b>TOTAL ASSETS</b>			
<b>RESERVES AND LIABILITIES</b>			
<b>RESERVES</b>			
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	<u>20</u>		
Voted Funds to be transferred			
Conditional Grants to be transferred			
Conditional Grants not transferred to National Government			
Unauthorised expenditure to be transferred			
Other			
Local and foreign aid assistance payable			
Bank overdraft	<u>21</u>		
Borrowings	<u>22</u>		
Provisions	<u>23</u>		
<b>Total</b>			

**Non-current liabilities**

Borrowings

24

**Total**

**TOTAL LIABILITIES**

**TOTAL RESERVES AND LIABILITIES**

_____	_____
_____	_____
_____	_____
_____	_____
=====	=====


**Background**

A statement of financial position illustrates, at the end of the last day of a reporting period, an entity’s assets and liabilities. Accordingly the title of the statement of financial position contains the phrase “at 31 March 2012”. This statement was previously referred to as a “Balance Sheet”.

The difference between total assets and total liabilities (assuming the value of assets is higher than the value of its liabilities) is termed net assets.

**ASSETS**

**Definition**


	<p><i>An asset is a resource controlled by an entity as a result of past events, and from which future economic benefits or service potential is expected to flow to the entity.</i></p>
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**12. Current Assets**


- An asset 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 entities 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 Cash and cash equivalent asset.

## 12.1 Cash and cash equivalents

### Definition

	<p><i>Cash</i> comprises cash on hand and demand deposits.</p> <p><i>Cash equivalents</i> are short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.</p>
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### Accounting Policy

	<p>Cash and cash equivalents are carried in the Statement of Financial Position at cost.</p> <p>For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held and other short-term highly liquid investments.</p>
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- Cash means cash on hand and demand deposits; and
- Cash equivalents means short-term highly liquid investments that is readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
- The **Cash Flow Statement** should balance to the amount reflected for Cash and cash equivalents in the **Statement of Financial Position**.


## 12.2 Investments

- An asset/surplus funds that has no service potential which is placed by the Revenue Fund at the disposal of a third party to generate revenues e.g Investment in Development Bank of Southern Africa.



## 12.3 Receivables


### Accounting Policy

	<p>Receivables are included in the Statement of Financial Position and arise from funds and unauthorised expenditure due but not yet received from departments, local and foreign aid not yet received by the Provincial Revenue Fund. Cash in transit due by SARS is reflected under "Other receivables". Receivables are carried at cost.</p>
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- Receivables comprise amounts due to the Revenue Fund by Departments being outstanding surrenders for voted funds, Departmental revenue or other revenue.
- Outstanding receivables of the previous year will be carried forward to the next year in the opening balance.

### 12.3.1 Voted Funds to be surrendered to the Revenue Fund

#### Definition

	<p>The portion of voted funds not spent by a department at the end of the financial year.</p>
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## Accounting policy

	Unexpended appropriated funds are surrendered to the National/Provincial Revenue Fund. Amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised in the Statement of Financial Position.
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- For Equitable Share, Own Funds Appropriated and Other Appropriation: If the amount transferred to the Department is more than the actual expenditure, the difference should be reflected under this heading as a receivable in the **Statement of Financial Position**. (Calculated in Annexure 3A, 3B, 3C and 3D).

### 12.3.2 Conditional Grants to be surrendered to the Revenue Fund

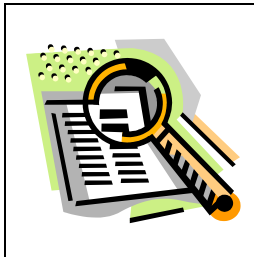
#### Definition

	The portion of conditional grants not spent by a department at the end of the financial year.
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- The difference between the amount transferred and the actual expenditure for the department should be included in the **Statement of Financial Position**.
- If the amount transferred to the Department is more than the actual expenditure, the difference should be reflected under this heading as a receivable in the **Statement of Financial Position**. (Calculated in Annexure 1).

### 12.3.3 Unauthorised Expenditure

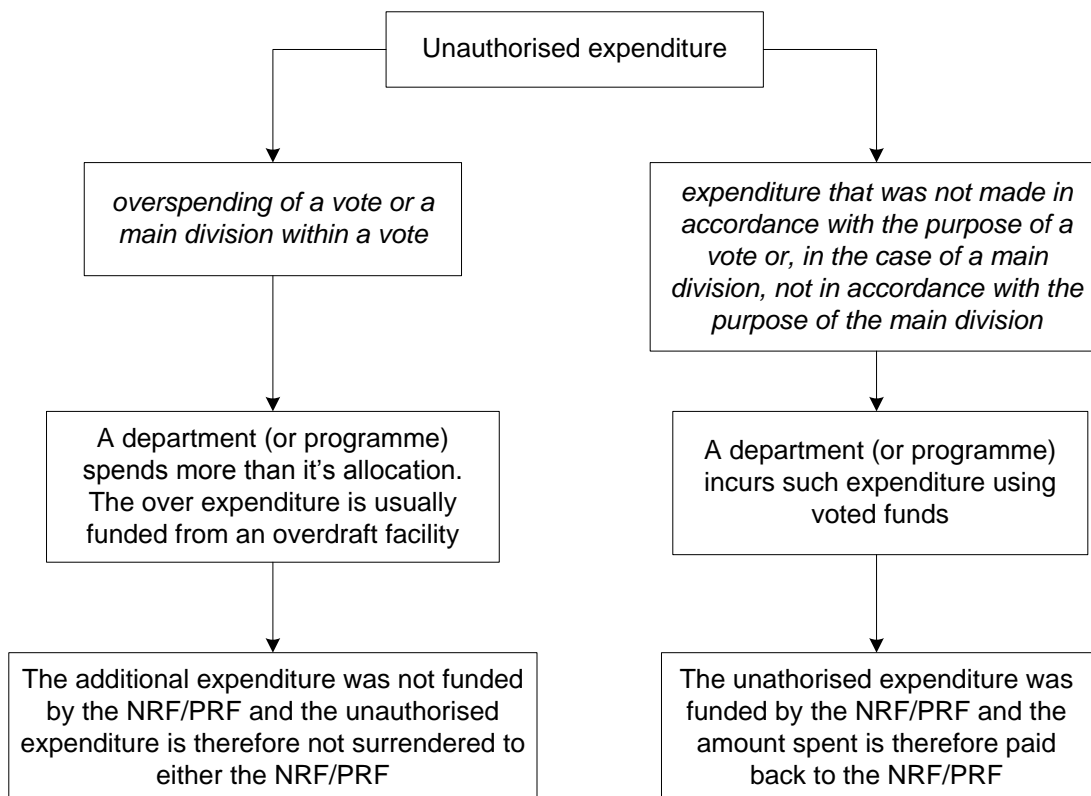
#### Definition



*Unauthorised Expenditure is the overspending of a vote or a main division within a vote; or expenditure that was not made in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.*

#### Guidance

As indicated below there are two types of unauthorised expenditure:





The above procedures are applicable to National Departments. Provincial Departments should follow the same procedures in obtaining approval for unauthorised expenditure except that they should substitute, where appropriate, the relevant equivalent provincial authorities. This means that on a national level Parliament retains the sole authority to approve unauthorised expenditure while on a provincial level this responsibility shifts to the relevant Provincial Legislature.

*Pos 1 April 2011*

DR Unauthorised expenditure (POS) XXX

CR Unauthorised expenditure (PER) XXX

**TAKE NOTE:** This change in accounting treatment for the initial recognition of unauthorised expenditure was applied retrospectively (i.e. comparatives are adjusted)

This entry must be recorded as soon as the investigation reveals that the expenditure meets the definition of unauthorised expenditure. The register should be updated to reflect the outcome of the investigation.

- In the **Statement of Financial Position** the amount reported by the departments which are funded by NRF/PRF will be included as a receivable under “Unauthorised Expenditure”. A payable should only be created once it is approved with funding by the Finance Act.

#### **12.3.4 Other**

- Any other receivable should be included under this heading in the **Statement of Financial Position**.

### 12.3.5 Funds not received from National Government

- For Equitable Share and Conditional Grants (when conditions are met): If the amount appropriated is more than the amount received by the Provincial Revenue Fund, the difference should be reflected under this heading as a receivable in the **Statement of Financial Position**.

### 12.3.6 Departmental Revenue to be surrendered to the revenue fund

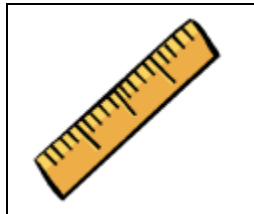
- If the total received, as per the Departments' financial statements, is more than the actual amount received by the Revenue Fund, the difference should be reflected in the **Statement of Financial Position**.

## 13. Non-current assets

- All other assets that are not current assets.

### 13.1 Investments

#### Accounting policy




*Capitalised investments are shown at cost in the Statement of Financial Position. Any cash flows such as dividends received or proceeds from sale of the investment are recognised in the Statement of Financial Performance when the cash is received.*

- An asset/surplus funds that has no service potential which is placed by the Revenue Fund at the disposal of a third party to generate revenues e.g Investment in Development Bank of Southern Africa

## LIABILITIES

### Definition


	<p>Liabilities are future sacrifices of economic benefits that an entity is presently obliged to make to other entities as a result of past transactions or other past events.</p>
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### 14. Current Liabilities

- A liability 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.

## 14.1 Payables

### Accounting Policy

	<p>Payables are included in the Statement of Financial Position and arise from appropriated funds requested but not yet paid to departments and local and foreign aid payable by the Provincial Revenue Fund.</p> <p>Payable is raised for Conditional grants not spent by the departments.</p> <p>Cash overremitted by the South African Revenue Services and departmental revenue overremitted but not yet paid to departments are reflected under "Other payables". According to the Skills Development Levy Act 9 of 1999, SARS collects these funds from the various Sector Educational Training Authorities (SETA's).</p> <p>The remaining amount not yet requested for the Skills Development Levy, by the Department of Labour, has been included as other payable.</p> <p>According to the Revenue Laws Second Amendment Act 31 of 2005 section 126 (b), SARS collects the Road Accident Fund levies and transfer it to the National Revenue Fund. The National Revenue Fund recognise this as a payable when the funds were received by SARS.</p>
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- Payables comprise amounts that are still due by the Revenue Fund for voted funds and other collections still to be transferred, etc.

#### 14.1.1 Voted Funds to be transferred

- For Equitable Share, Own Funds Appropriated and Other Appropriation: If the amount transferred to Departments is less than the actual expenditure and appropriated funds are still available the difference should be reflected under this heading as a payable in the **Statement of Financial Position**. (Calculated in Annexure 3A, 3B, 3C and 3D).

#### **14.1.2 Conditional Grants to be transferred**

- If the amount of Conditional Grants transferred to Departments is less than the actual expenditure and the difference should be reflected under this heading as a payable in the **Statement of Financial Position**. (Calculated in Annexure 1).
- If the amount appropriated is less than the amount received by the Provincial Revenue Fund and conditions of the grants were met the difference will be reflected as a payable under “Funds not transferred to National Government”

#### **14.1.3 Other (Including departmental revenue)**

- For Provincial Taxes, Departmental Revenue, Revenue in terms of Section 12(3) of the PFMA: If the total received, as included from the Departments’ financial statements, is less than the amount received by the Revenue Fund, the difference should be reflected under this heading as a payable in the **Statement of Financial Position**.
- Any other payable should be included under this heading in the **Statement of Financial Position**

#### **14.1.4 Unauthorised Expenditure**

##### **14.1.4.1 Unauthorised expenditure not funded by Revenue Fund**

- In the **Statement of Financial Position** the amounts for unauthorised expenditure due to overspending remains a payable. Once approved by Finance Act with funding the payment is done against the payable.



- If approved without funding see point 3.2 above

#### **14.1.4.2 Unauthorised expenditure funded by Revenue Fund**

- In the **Statement of Financial Position** the amounts for these unauthorised expenditure approved by a finance act and not paid to the respective departments yet will be included as payable.

#### **14.1.5 Unused Conditional Grants not transferred to National Government**


- If the conditional grants amount received by the Revenue Fund is more than the actual expenditure the difference should be surrendered to the national departments. The difference should be reflected under this heading as a payable in the **Statement of Financial Position**.

#### **14.1.6 Local and foreign aid assistance payable**

- “Local and foreign aid assistance payable to Departments”.  
This consists of amounts received by the Revenue Fund and requested by the Department/Spending Agencies before 31 March but not transferred by the Revenue Fund to Departments/Spending Agencies on 31 March.
- “Local and foreign aid assistance payable to the RDP Fund/Donors”.
- These amounts should be reflected as a payable in the **Statement of Financial Position**.

## 15. Bank overdraft


### Definition

	<p><i>The amount by which withdrawals exceed deposits in the bank account of a department.</i></p>
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- Bank overdraft refers to amounts owed on the various bank accounts. (Bank account-when in credit).
- This amount should be reflected in the **Statement of Financial Position**.

## 16. Borrowings

### Accounting Policy

	<p>Borrowings includes bonds, zero coupon bonds, unarmotised cost on zero amortised coupon bonds, debentures, loan levies and foreign loans. The borrowings are recognised in the Statement of Financial Position under liabilities.</p>
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- Borrowings compromise amounts borrowed to fund the budget deficit with the undertaking (promise) or intention of returning it e.g foreign loans, treasury bills, stocks etc.
- This is for a period of less than a year and there should be a distinction between domestic and foreign.
- This amount should be reflected in the **Statement of Financial Position**.

## 16.1 Provisions

The main categories of provisions are as follows:


- Special Drawing Rights;
  - International monetary fund; and
  - GEFECRA
- 
- These represent the commitments of National/Provincial Government of which the long- and short-term portions cannot be determined.

## 17. Non-current liabilities

- All liabilities that are not classified as current liabilities.

### 17.1 Borrowings

#### Accounting Policy

	Borrowings consist of current and non-current borrowings. Current borrowings represents domestic and foreign loans with a remaining term to maturity of one year and shorter, while non-current borrowings represents domestic and foreign loans with a remaining term longer than one year.
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- Borrowings comprise amounts borrowed to fund the budget deficit with the undertaking (promise) or intention of returning it, e.g foreign loans, stocks etc.
- This is for a period of more than a year and there should be a distinction between domestic and foreign.
- This amount should be reflected in the **Statement of Financial Position**.

**Cash Flow Statement**  
For the year ended 31 March 2012

	<i>Note</i>	<b>2011/12</b> R'000	<b>2010/11</b> R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Appropriated funds	<u>25</u>	□	□
Equitable Share			
Conditional Grants			
Revenue collected	<u>26</u>	□	□
By SARS			
Provincial Taxes & Revenue in terms of Section 12(3)PFMA			
Departmental Revenue collected			
Direct Exchequer Receipts			
CARA Receipts			
Surrenders from departments	<u>27</u>		
Other revenue received by the revenue fund	<u>28</u>	_____	_____
		=====	=====
<b>Payments</b>			
Appropriated payments	<u>29</u>	□	□
Annual Appropriation			
Statutory Appropriation			
Conditional Grants			
Own Funds Appropriated			
CARA Fund assistance			
Appropriation for unauthorized expenditure			
Expenditure in terms of a separate Act of Parliament	<u>30</u>		
Direct Exchequer Payments	<u>31</u>		
Other	<u>32</u>		
RDP Funds due prior to Amendment Act no. 79 of 1998	<u>14</u>		
		_____	_____
		=====	=====
<b>Net cash flow available from operating activities</b>			
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of investments	<u>33</u>		
Other investing activities	<u>34</u>		
<b>Net cash flows from investing activities</b>		_____	_____
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase/Decrease in borrowings	<u>35</u>		
<b>Net cash flows from financing activities</b>		_____	_____
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of period		_____	_____
<b>Cash and cash equivalents at end of period</b>	<u>16</u>	=====	=====

## **18. Appropriated Funds**

### **Receipts**

#### **18.1 Equitable Share and Conditional Grants**

- In the **Cash Flow Statement** the actual funds received by the Revenue Fund should be reflected.

## **19. Revenue Collected**

### **19.1 By SARS**

### **19.2 Provincial Taxes**

### **19.3 Departmental Revenue Collected**

### **19.4 Direct Exchequer Receipts**

- In the Cash Flow Statement the actual funds received by the Revenue Fund should be reflected.

### **19.5 Appropriation for Unauthorized Expenditure**

- In the Cash Flow Statement the amount actually surrendered by the departments should be included.

### **19.6 CARA Receipts**

- In the Cash Flow Statement the actual funds received by the Revenue Fund should be reflected.

### **19.7 Revenue in terms of Section 12(3) of the PFMA**

- In the Cash Flow Statement the actual funds received by the Revenue Fund should be reflected.

## **20. Surrenders from departments**

- Surrenders, for voted funds, received during the financial year for the previous financial year(s) should be reflected in the Cash Flow Statement under the heading “Surrenders from Departments”.

## **21. Other revenue received by the revenue fund**

- In the Cash Flow Statement the actual funds received by the Revenue Fund should be reflected under the heading “Other revenue received by the Revenue Fund”.

## **Payments**

### **22 Appropriated payments**

#### **22.1 Annual Appropriation**

#### **22.2 Statutory Appropriation**

#### **22.3 Conditional Grants**

- In the Cash Flow Statement the amount actually transferred to Departments should be reflected under appropriated Payments.

#### **22.4 Own Funds Appropriated**

- In the Cash Flow Statement the amount actually transferred by the Provincial Revenue Fund to Provincial Departments for Own Funds Appropriated should be reflected under Payments. Kindly note that these funds are not received from national government.

#### **22.5 CARA Payments**

- In the Cash Flow Statement the amount actually transferred to Departments should be reflected under Payments.

### **22.6 Appropriation for unauthorized expenditure**

- In the Cash Flow Statement the amount actually paid to the Departments should be included.

### **23. Expenditure in terms of a separate Act of Parliament**

- In the Cash Flow Statement the amount actually paid to the Department should be included.

### **24. Direct Exchequer Payments**

- In the Cash Flow Statement the actual amount paid by the Revenue Fund should be reflected.

### **25. Other Expenditure**

- In the Cash Flow Statement the amount actually transferred should be reflected.

### **26. Cash Flows from investing activities**

- Proceeds from sale of investments and other investing activities are reflected in the Cash Flow Statement.

### **27. Cash Flow from financing activities**

- The actual increase/Decrease in borrowings are reflected in the Cash Flow Statement.

### **28. Reconciliation to Net surplus/(deficit) as reflected in the Budget Review**

- The aim of this reconciliation is to determine the difference in projected surplus/(deficit) as a % of the Gross Domestic Product (GDP) against the actual surplus/(deficit) as a % of the GDP.
- The projected surplus/(deficit) as a % of the GDP is reflected in the Budget Review tabled in Parliament/Provincial Legislature whilst the

actual surplus/(deficit) as a % of the GDP is reflected in the Statement of Financial Performance.

- To calculate the deficit as a percentage of the GDP the Deficit is divided by the GDP.