

CONSOLIDATED FINANCIAL STATEMENTS

2016

FOR THE YEAR ENDED 31 MARCH 2016



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



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ACCOUNTING OFFICER'S APPROVAL AND REVIEW

CONSOLIDATED FINANCIAL STATEMENTS
2016

Annual Financial Statements
for the year ended 31 March 2016



national treasury

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REPUBLIC OF SOUTH AFRICA

ACCOUNTING OFFICER'S APPROVAL

For the year ended 31 March 2016

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 2016.



Lungisa Fuzile
Director-General
Accounting Officer



Jayce Nair
Acting-Accountant-General

ACCOUNTING OFFICER'S REVIEW

For the year ended 31 March 2016

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 2016 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 2016 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 year, 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.

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).

ACCOUNTING OFFICER'S REVIEW

For the year ended 31 March 2016

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 draft Standards (MCS) were issued for comment to 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. The final standard was published by January 2014. The standard was re-issued for comments in November 2015, comments provided by departments were considered in updating the standard which was applied in the 2015/16 financial year. The National Treasury, will again, consider the 2015/16 audit outcomes to determine if updates and additional guidance is required in the MCS.

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.

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 31 standards that are effective and approved by the Minister of Finance. As at 31 March 2016, there are 4 standards that have been developed by the Accounting Standards Board (ASB), but the effective date was not yet determined by the Minister. The effective standards are GRAP 1-14, 16-19, 21, 23-27, 31, 100, 103 and 104 -107. The standards that were issued but not yet effective are GRAP 20, 32, 108 and 109. 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 2016

These clusters are:

1. Central Government and Administration
2. Financial and Administration Services
3. Social Services
4. Justice, Crime Prevention and Security
5. Economic Services and Infrastructure.

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 2016

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.

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.

2.3 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 2016, 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 2016.

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.

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. During the 2015/16 financial year, the National Treasury further welcomed any comments or concerns raised by the entities on the 2014/15

ACCOUNTING OFFICER'S REVIEW

For the year ended 31 March 2016

template. Improvements were then made to this Excel template for the 2015/16 consolidation based on the comments received from entities.

CONCLUSION

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. Currently, the Dashboard from the Auditor-General is used in conjunction with the management reports to formulate 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 grateful for the efforts of the national departments, public entities and the OAG in the preparation of the CFS for 2015/16.

EXECUTIVE SUMMARY

CONSOLIDATED FINANCIAL STATEMENTS 2016

Annual Financial Statements
for the year ended 31 March 2016



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

EXECUTIVE SUMMARY

For the year ended 31 March 2016

In the financial year under review, the global economic growth outlook has weakened, led by a sharp slowdown in developing countries. The outlook for the South African economy has also deteriorated as a result of lower commodity prices, higher borrowing costs, diminished business and consumer confidence and drought. Developing countries have been experiencing broad downward revisions to growth.

Despite these challenges, South Africa has many strengths on which to build. A strong institutional framework promotes accountability and transparency. Prudent fiscal and monetary policies anchor a sustainable approach to public finances and keep inflation in check. The private sector is innovative and the sophisticated services sector supports growth. The economy has continued to demonstrate resilience despite unfavourable conditions.

For 2015/16, GDP growth forecast as at 31 March 2016 had been revised down to 0.9 per cent from an estimated 1.7 per cent at the time of the Medium Term Budget Policy Statement (MTBPS) and expected to gradually improve to 1.7 per cent in 2017. Subsequently, during the October 2016 Medium Term Budget Policy Statement (MTBPS) GDP forecast has been revised down further to 0.5 per cent for 2016. GDP growth is expected to improve gradually over the medium term, reaching 2.4 per cent in 2018, supported by the improved global conditions and rising consumer and business confidence. Consumer price inflation averaged 4.6 per cent in 2015 and expected to reach 6.8 per cent in 2016 before declining to 6.3 per cent in 2017.

During the 2015/16 Budget speech, Minister Pravin Gordhan stated that we have had to take into account the slowdown in revenue associated with slower economic growth over the past year and that in the 2015 Budget there was a projected total tax revenue of R1 081 billion. The revised estimate is R111.6 billion short of this total, but nonetheless about 8.5 per cent more than the 2014/15. The actual revenue collected by the South African Revenue Services (SARS) was R 1 123 billion and actual national expenditure for 2015/16 was R 1 247 billion.

A consolidated revenue target of R1 324 billion is set for 2016/17, or 30.2 per cent of GDP. Expenditure will be R1 463 billion, leaving a budget deficit of R139 billion, or 3.2 per cent of GDP. The deficit will decline to 2.4 per cent in 2018/19.

The 2015/16 budget is guided by the National Development Plan (NDP). It is a budget for inclusive growth, it emphasises partnerships amongst role players in our economy, it prioritises education and infrastructure investment, it supports employment creation and it contributes to building a capable, developmental state.

Economic growth is forecast to improve gradually, but government is committed to raising growth rates over the medium and long term. Success will depend on increased collaboration with business, labour and civil society to realise the goals of the NDP. Key areas of intervention include:

- Maintaining public infrastructure,
- Partnerships to expand co-investment in economic infrastructure, social facilities, innovation and skills development,
- Increasing electricity supply and improving reliability by mobilising private-sector co-investment in technologies that promise rapid results,
- Promoting a stable and cooperative labour relations environment,
- Encouraging development of energy-efficient, job-creating industries,
- Lowering the cost of doing business, removing regulatory constraints,
- Stimulating economic activity,
- Encouraging the growth of small business,
- Transforming the urban landscape.

In working to position the economy for rapid growth, government continues to prioritise raising investment; improving labour relations, certainty and policy coordination; and making it easier to do business so that the South African economy is better placed to grow more rapidly in future. Expanded partnerships with business, labour and civil society to realise the objectives of the NDP will be a key feature over the medium term. Additional spending on higher education, small business development, and amounts set aside for responding to the drought and other contingencies, are accommodated through stringent cost containment measures across all departments.

For a detailed analysis and interpretation of actual revenue, spending and borrowing for 2015/16, refer to review of the operating results.

REVIEW OF OPERATING RESULTS

National Departments, National Revenue Fund,
State Debt and Loan Accounts

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for the year ended 31 March 2016



national treasury

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REVIEW OF OPERATING RESULTS

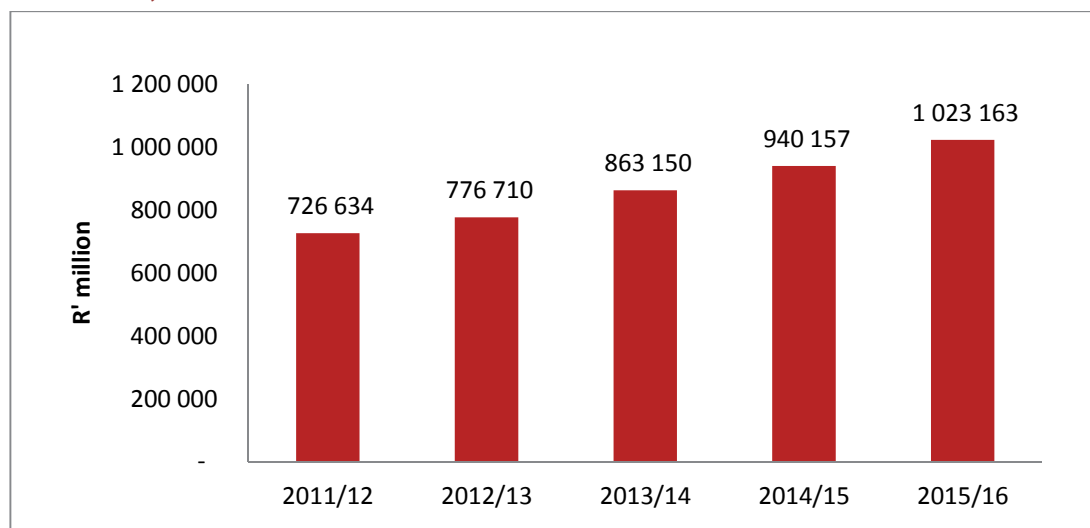
For the year ended 31 March 2016

■ Total revenue

Year Ended 31 March <i>R' million</i>	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual 2015/16
Taxes, Levies & Duties	726 634	776 710	863 150	940 156	1 023 163
Departmental revenue	13 514	11 194	21 321	23 679	51 543
Local & foreign aid assist.	1 827	2 210	1 928	2 129	2 473
Other	8 601	16 417	5 062	4 106	2 714
Total Revenue	750 576	806 531	891 461	970 070	1 079 894
Year to year increase in revenue	10%	7%	11%	9%	11%

Total revenue increased by 11% in 2015/16 against an increase of 9% in the preceding year. This is 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 R1.12 trillion in taxes but only paid R1.02 trillion 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 <i>R' million</i>	Actual 2015/16	Actual 2014/15
SARS Revenue	1 122 507	1 029 600
Less: South African Customs Union Agreement	51 022	51 738
Less: Payment to UIF	16 601	15 778
Less: Other	150	200
Less: Payment to RAF	31 442	21 582
Less: Amount payable by SARS to RAF	129	145
Net Revenue as reflected by NT	1 023 163	940 157

As noted; taxes, levies and duties makeup the largest chunk of total revenue (95%) 2015/16 and (97%) in 2014/15. The 2015 Budget projected at 25.8% growth in tax revenues as a percentage of GDP for 2015/16. The actual increase amounted to 26.3%. This reflects weaker-than-expected economic growth

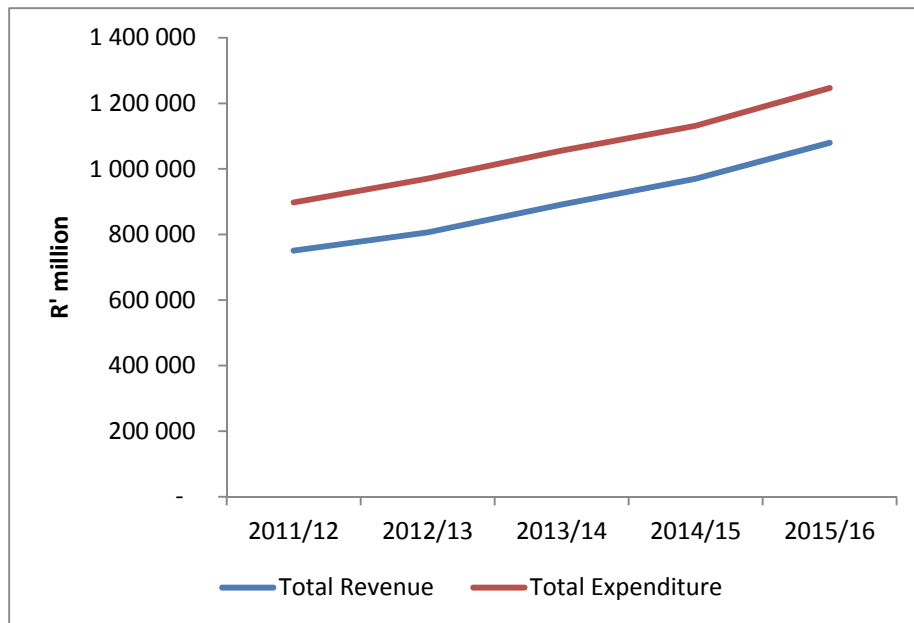
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016

due to energy supply constraints, weaker global growth prospects and low investor confidence, among other factors.

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



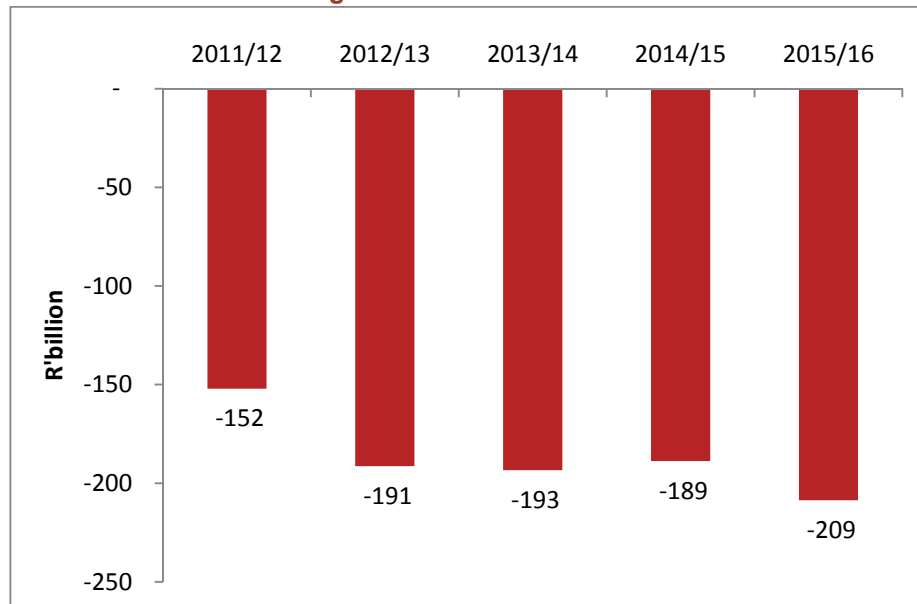
Illustrated above is revenue versus expenditure for national government. Both revenue and expenditure have seen increases. Although they have both grown, revenue grown at an average of 10% per year for the past five years, the deficit also has grown at an average of 10% per year over the same period.

As can be seen in the graph below (Deficit net of revaluation gains/losses), 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, counter cyclical 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. These cost containment efforts will also be enhanced in 2016/17 to ensure prudent spending and cutting costs.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016

Deficit net of revaluation gains/losses



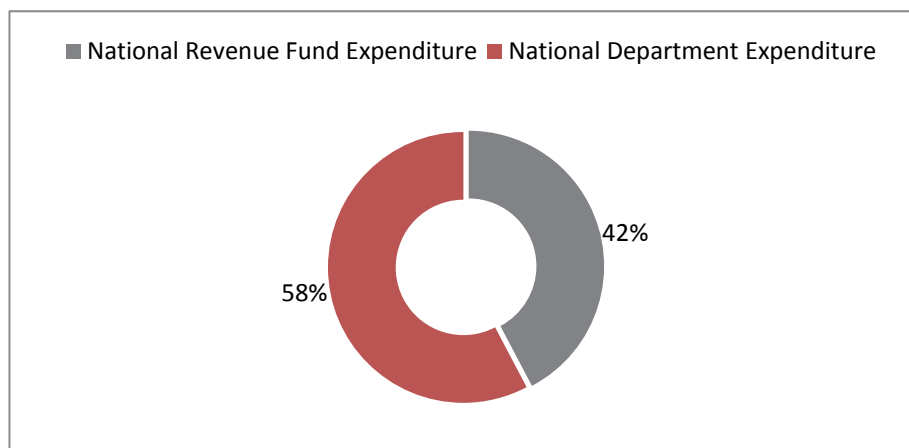
Total Expenditure

R' million	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual 2015/16
National Revenue Fund Expenditure	512 628	554 215	598 701	487 290	526 989
National Department Expenditure	384 853	416 075	457 271	644 468	719 903
Total expenditure	897 481	970 290	1 055 972	1 131 758	1 246 892
Movement in expenditure	10%	8%	9%	7%	10%

Total expenditure increased by 10% (2014/15: 7%). 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 58% of total expenditure. Included in National Departments' expenditure are transfers to provinces and municipalities of R173 billion (2014/15: R160 billion). These are further analysed per section on Transfers and Subsidies.

The breakdown is disclosed in the graph below.

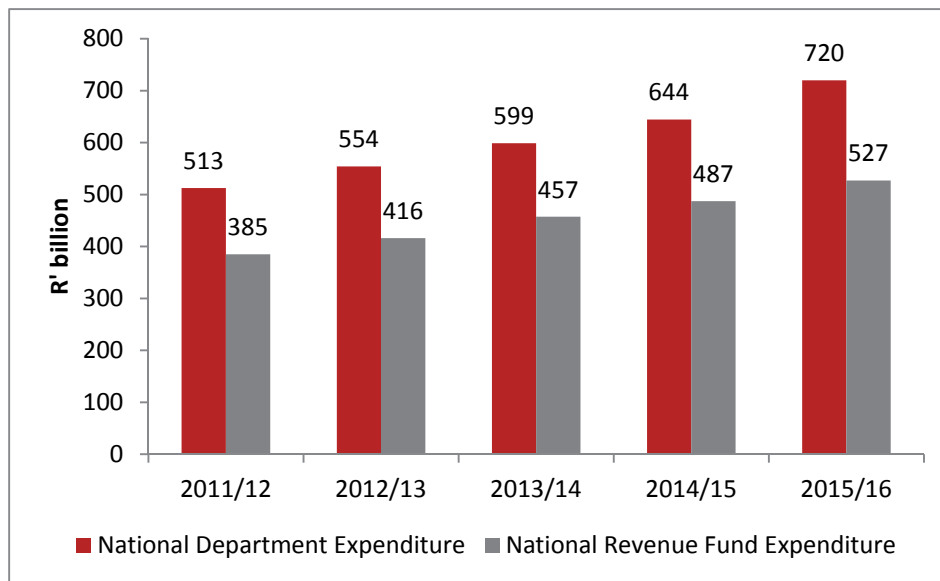
NRF Expenditure vs. National Department Expenditure



REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016

Total expenditure 2015/16



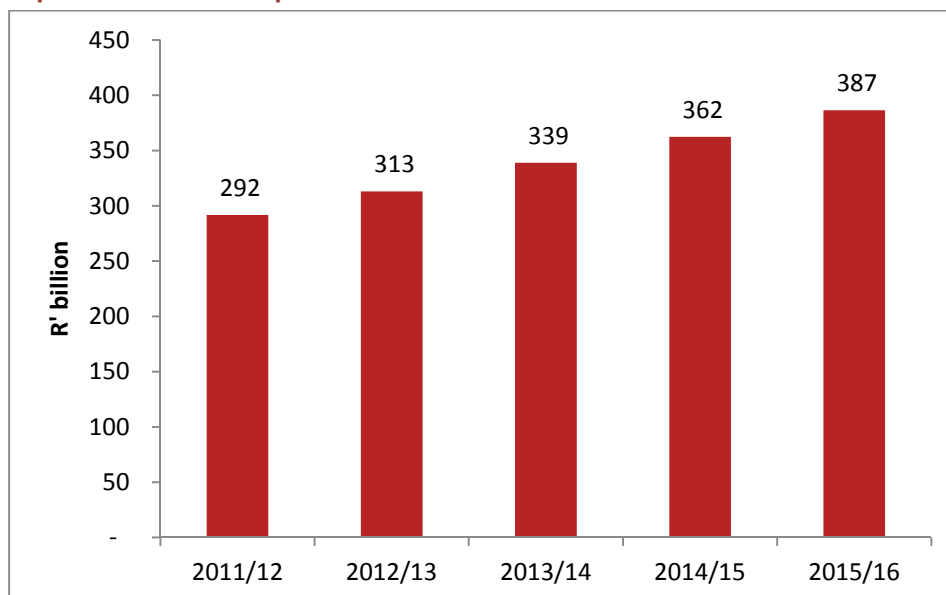
National revenue fund expenditure

Equitable share transfers to provinces

The NRF's 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 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual 2015/16
Equitable Share - Provinces	291 736	313 016	338 937	362 468	386 500
Movement in Equitable Share	10%	7%	8%	7%	7%

Equitable transfers - provinces



REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016

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 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.

The 7% increase in equitable share transfers to provinces is the same when compared last year's increase which is in line with expenditure trends. The transfers to provinces amounted to R387 billion in the current financial year (2015/16: R362 billion), which is 54% of national department expenditure (2014/15: 56%).

Debt-service costs

Government incurs debt to finance its net borrowing requirement – the difference between revenue and expenditure - on which government pays interest and other costs. Debt-service costs are influenced by the volume of debt and market variables such as interest, inflation and exchange rates.

In response to the global economic crisis government followed a counter cyclical fiscal policy whereby government attempt to stimulate the economy through running larger budget deficits. As a result of the higher budget balances, the stock of debt and the interest paid on it, increased. Government started to consolidate its fiscal position which contributed to a decline in the year-on-year increase in debt-service costs from 15 per cent in 2013/14 to 12 per cent in

Debt-service costs from 2011/12 to 2015/16

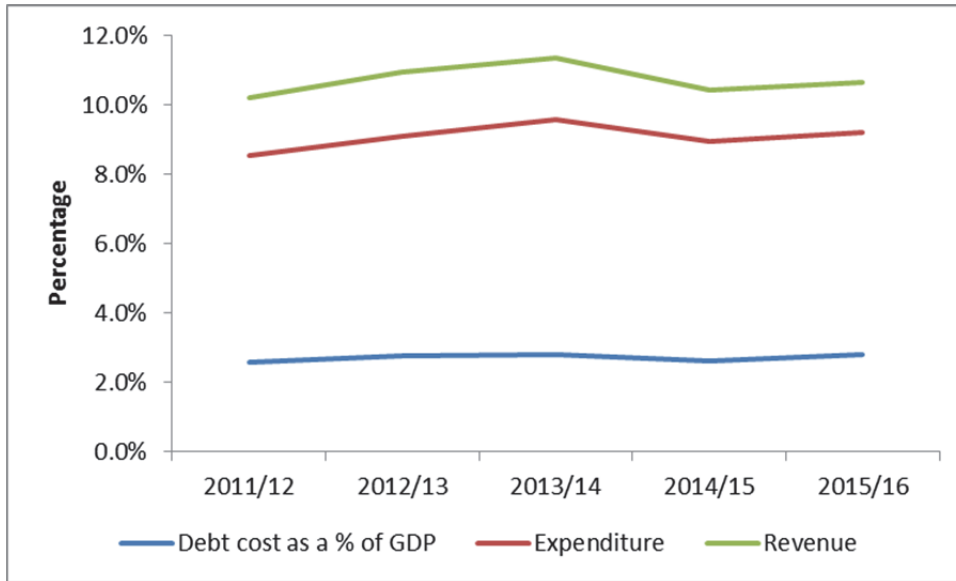
Debt-service costs <i>R' million</i>	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual 2015/16
Domestic	70 472	81 337	93 207	106 522	118 436
Foreign	5 988	6 784	7 978	8 276	10 360
Total debt-service costs	76 460	88 121	101 185	114 798	128 796
Percentage Increase in costs	15%	15%	15%	13%	12%

The table below shows debt-service costs as a share of the gross domestic product (GDP), revenue and expenditure. The ratios will improve over time in line with improvements in government's fiscal position and economic growth.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016

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



REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016

Actual Expenditure vs. Adjusted Appropriation 2015/16

	Appropriation	Actual expenditure excluding unauthorised expenditure funded by NRF/PRF	Variance	% variance
Name of Department	R'000	R'000	R'000	
Central Government Administration	94 000 747	91 367 463	2 633 284	4.85%
Presidency	475 929	469 303	6 626	1.39%
Parliament	1 594 238	1 594 238	0	0.00%
Cooperative Governance and Traditional Affairs	70 815 477	68 097 537	2 717 940	3.84%
Home Affairs	7 348 725	7 343 331	5 394	0.07%
International Relations and Cooperation	6 510 854	6 644 764	-133 910	-2.06%
Planning Monitoring and Evaluation	754 200	748 777	5 423	0.72%
Public Works	6 312 222	6 281 147	31 075	0.49%
Women	189 102	188 366	736	0.39%
Finance and Administration Services	55 572 393	55 158 823	413 570	4.12%
National Treasury	29 005 061	28 690 816	314 245	1.08%
Public Enterprise	23 302 594	23 259 675	42 919	0.18%
Public Service and Administration	941 482	934 792	6 690	0.71%
Statistics S A	2 323 256	2 273 540	49 716	2.14%
Social Services	244 825 289	242 390 427	2 434 862	9.35%
Arts and Culture	3 826 047	3 762 353	63 694	1.66%
Basic Education	21 286 426	20 796 125	490 301	2.30%
Health	36 253 925	36 038 825	215 100	0.59%
Higher Education and Training	41 880 138	41 795 554	84 584	0.20%
Labour	2 704 234	2 611 995	92 239	3.41%
Social Development	137 893 640	136 405 673	1 487 967	1.08%
Sport and Recreation S A	980 879	979 902	977	0.10%
Justice, Crime Prevention and Security	158 426 496	158 354 633	71 863	2.57%
Correctional Services	20 588 554	20 588 675	-121	0.00%
Defence and Military Veterans	45 088 161	45 071 534	16 627	0.04%
Independent Complaints Directorate	234 781	234 157	624	0.27%
Justice and Constitutional Development	15 010 773	14 971 780	38 993	0.26%
Office of the Chief Justice	783 379	767 686	15 693	2.00%
Police	76 720 848	76 720 801	47	0.00%
Economic Services and Infrastructure	153 828 124	152 406 690	1 421 434	18.30%
Communications	1 290 888	1 288 042	2 846	0.22%
Agriculture, Forestry and Fisheries	6 408 750	6 400 542	8 208	0.13%
Telecommunications	1 405 253	1 300 097	105 156	7.48%
Economic Development	885 778	883 733	2 045	0.23%
Energy	7 267 619	7 142 117	125 502	1.73%
Environmental Affairs	5 943 297	5 937 920	5 377	0.09%
Human Settlements	30 543 381	30 034 544	508 837	1.67%
Minerals Resources	1 638 542	1 638 481	61	0.00%
Rural Development and Land Reform	9 197 361	9 118 047	79 314	0.86%
Science and Technology	7 466 106	7 437 462	28 644	0.38%
Small Business Development	1 127 520	1 098 891	28 629	2.54%
Tourism	1 794 178	1 777 394	16 784	0.94%
Trade and Industry	9 497 844	9 471 659	26 185	0.28%
Transport	53 615 077	53 320 787	294 290	0.55%
Water and Sanitation	15 746 530	15 556 974	189 556	1.20%

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016

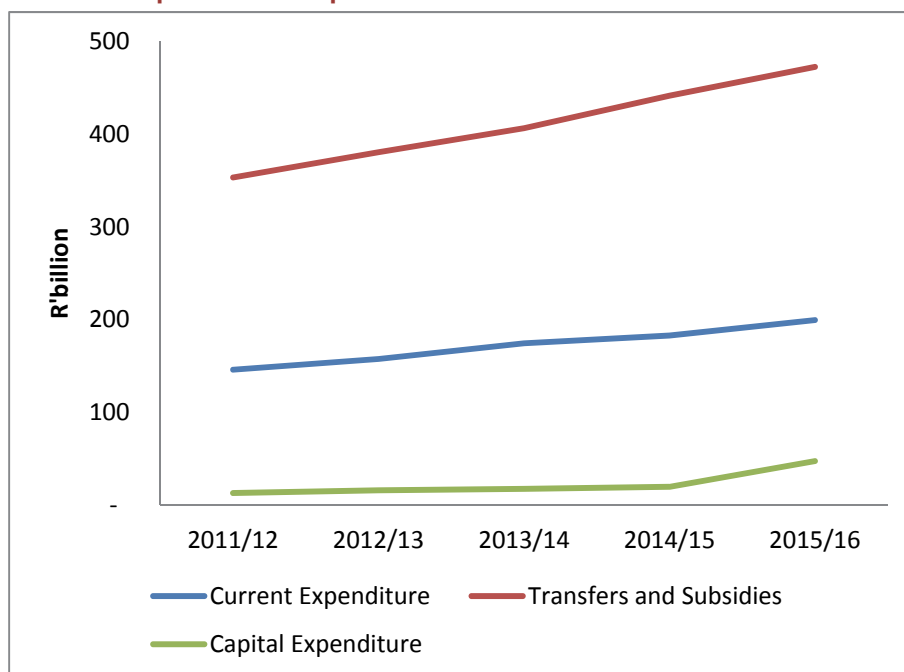
There are two departments (International Relations and Cooperation and Correctional Services) that have spent more than their vote as per the table in the preceding page (Actual Expenditure vs. Adjusted Appropriation 2015/16) which have resulted in unauthorised expenditure.

National Department's expenditure

R' million	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual 2015/16
Current Expenditure	146 070	157 595	174 594	182 933	199 561
Transfers and Subsidies	353 497	380 663	406 581	441 714	472 795
Capital Expenditure and Financial assets	13 061	15 956	17 526	19 821	47 544
Total	512 628	554 215	598 701	644 468	719 900
Movement in expenditure	10%	8%	8%	8%	12%

National department expenditure has increased to R720 billion from R644 billion in the prior year. This represents a 12% increase, the significant part of it which represents 66%, is spent on transfers and subsidies. The destination of the transfers and subsidies is analysed further in Note 13 of the Notes to The Financial Consolidated Statements.

National Department's expenditure



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;

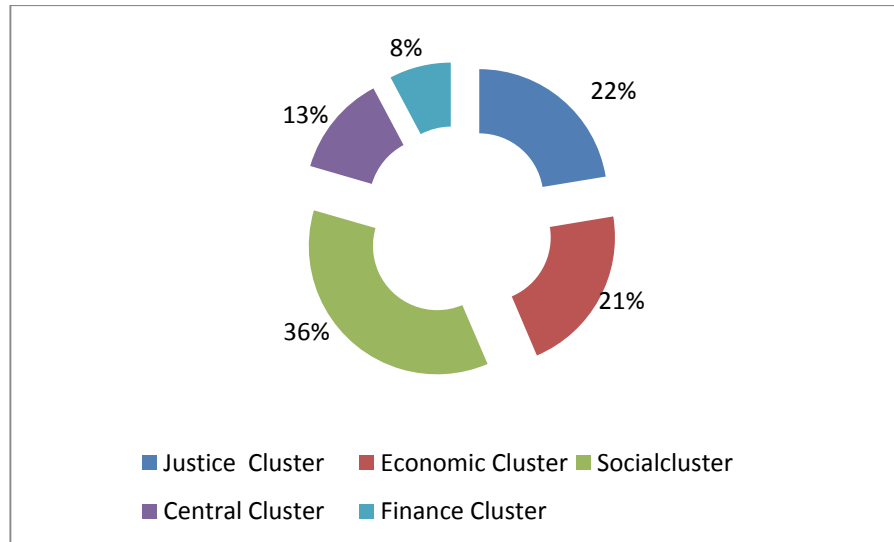
National Department Cluster Expenditure R' billion	Actual 2015/16	Actual 2014/15
Social Cluster	259	239
Economic Cluster	153	140
Justice Cluster	161	153
Finance Cluster	56	30
Central Government Cluster	92	82
Total	721	646

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016

The Social cluster remains the largest spender of all clusters; with expenditure of R259 billion (2014/15: R239 billion) accounting for 36% of national departments' expenditure in 2015/16. The smallest spender is the Finance cluster; with expenditure of R56 billion (2014/15: R30 billion), accounting for 8% of national departments' expenditure in 2015/16.

Expenditure per cluster 2015/16



Within the **Social Cluster**, the Department of Social development was the biggest spender, incurring total expenditure of R136 billion (53% of social cluster expenditure). Of the R136 billion, 99% was transfers and subsidies, the major recipients of which were households. Social assistance remains government's most direct means of combating poverty.

Contributing further to social development spending is the of substance abuse treatment centres in provinces where such facilities did not exist as approved by cabinet in the 2014 budget. The building of treatment facilities in Limpopo, North West and Eastern Cape have been completed and will be operational in the next financial year. The building of treatment facilities in the Northern Cape and Free State will be completed during 2016/17. Once these treatment centres are operational, they will provide for the treatment of young persons. Eventually all provinces will have at least one public treatment centre.

The next biggest spender in the social cluster was the Department of Higher Education. Their expenditure increased by 22%. A major beneficiary of their expenditure is the National Student Financial Aid Scheme, which enables deserving poor students to access higher and further education.

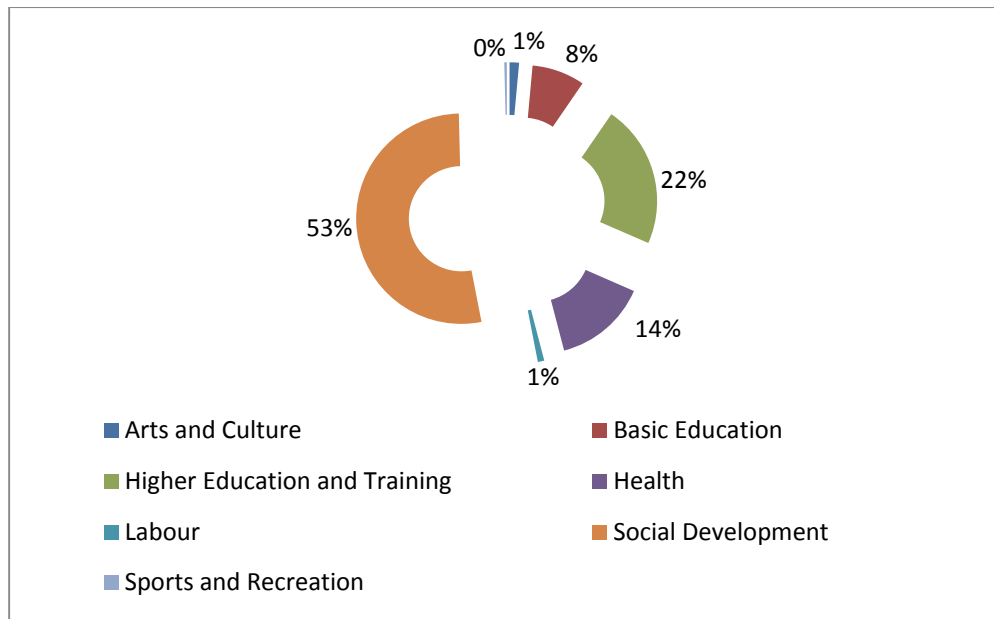
The department of Higher Education is followed by the Department of Health as the third largest spender in the social cluster. Department of Health's expenditure increased by 9% in the current financial year. This increase is attributable to, among others, an increase in funds added to the HIV and Aids conditional grant to expand access to the antiretroviral medication programme.

National health insurance (NHI) programme spending has been lower than anticipated over the past two years, partly due to difficulties in contracting general practitioners. Over the three-year spending period, the focus of the indirect national health grant: NHI component will expand to include piloting the contracting of allied and other health care professionals.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016

Expenditure per Social cluster 2015/16



The next cluster in order of the amount 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 80% of National departments' employees. It paid R259 870 on average to each employee, against an average of R328 071 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. It also has to be noted that the Justice cluster is labour intensive with compensation of employees being the largest in government.

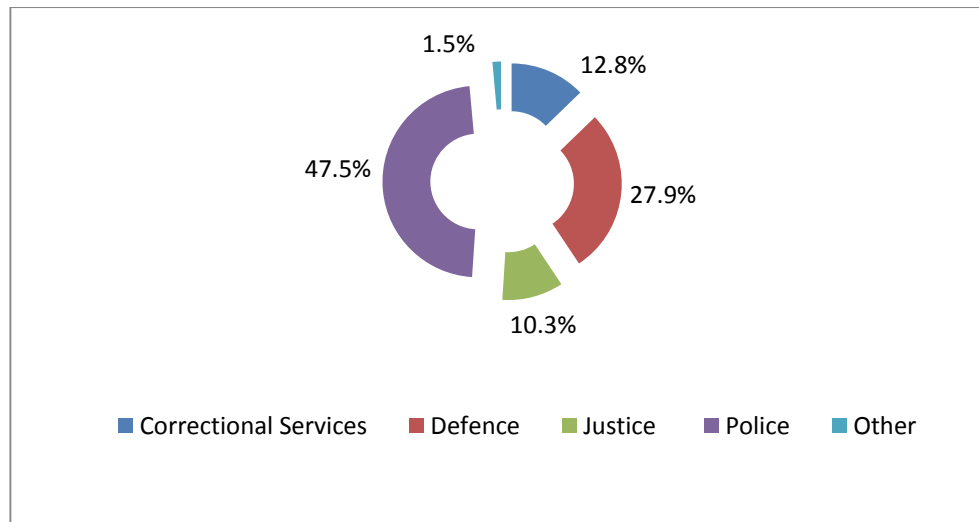
The second biggest spender in the Justice and Protection services cluster is the Department of Defence. The spending focus of the Department was mainly on the Force Employment programme, whose focus is on border safeguarding, antipiracy operations and peacekeeping missions in foreign countries. One of the expenditure items that increased substantially was transfers and subsidies. The expenditure item increased by 8.16 % 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).

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016

Expenditure per Justice cluster 2015/16



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 R49 billion in the 2014/15 financial year to R53 billion in 2015/16, which represents an 8.16% 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.

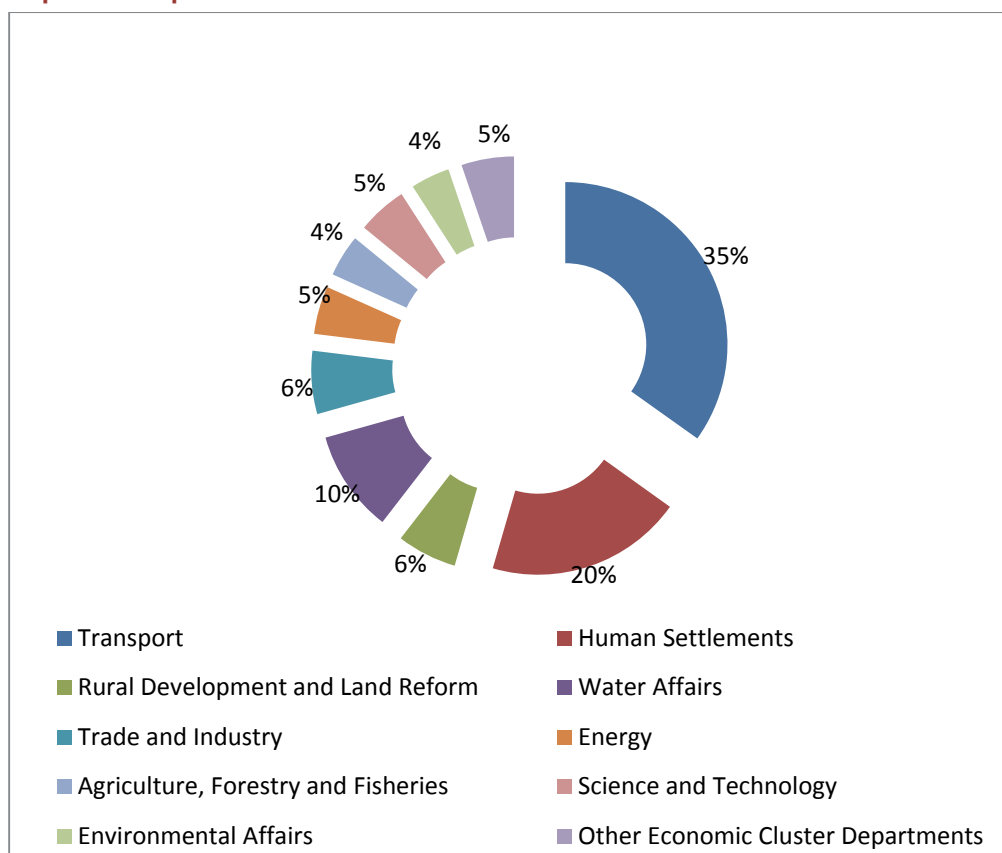
The fastest growing item of expenditure of the department of transport, over the medium term, is expected to be on rail infrastructure, increasing at an average annual rate of 20% as the Passenger Rail Agency of South Africa procures new trains, continues to upgrade its signalling infrastructure and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

The next biggest spender in the Economic cluster is the Department of Human settlements, accounting for 20% of the cluster's expenditure. The department of human settlements is reviewing the laws and policies that govern its activities, with the aim of proposing revisions to improve service delivery. In the interim, R3.8 billion has been reprioritised from *human settlements development grant* to provinces and the *urban settlement development grant* to municipalities over the medium term. Despite the decrease, funding allocated to these grants over the period is expected to provide 364 451 fully subsidised housing units and 55 878 finance-linked individual subsidies, and upgrade 612 118 households in informal settlements.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016

Expenditure per Economic cluster 2015/16



The other Economic Cluster Departments include Communications, Tourism, Mineral Resources, Economic Development, Small Business and Telecommunications and Postal Services. They are all at 1% within the cluster and they were added together.

Current expenditure

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

Major items of Current Expenditure R'million	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual 2015/16
Compensation of employees	95 188	105 549	114 853	123 246	137 079
Goods and Services	49 841	51 072	57 999	58 361	60 838

Compensation of employees

Description	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual 2015/16
Total Compensations costs (R' million)	95 188	105 549	114 853	123 246	137 079
Average number of employees	396 534	398 123	401 561	398 151	417 835
Average Cost to National Government per employee (Rands)	240 051	265 116	286 016	309 546	328 071

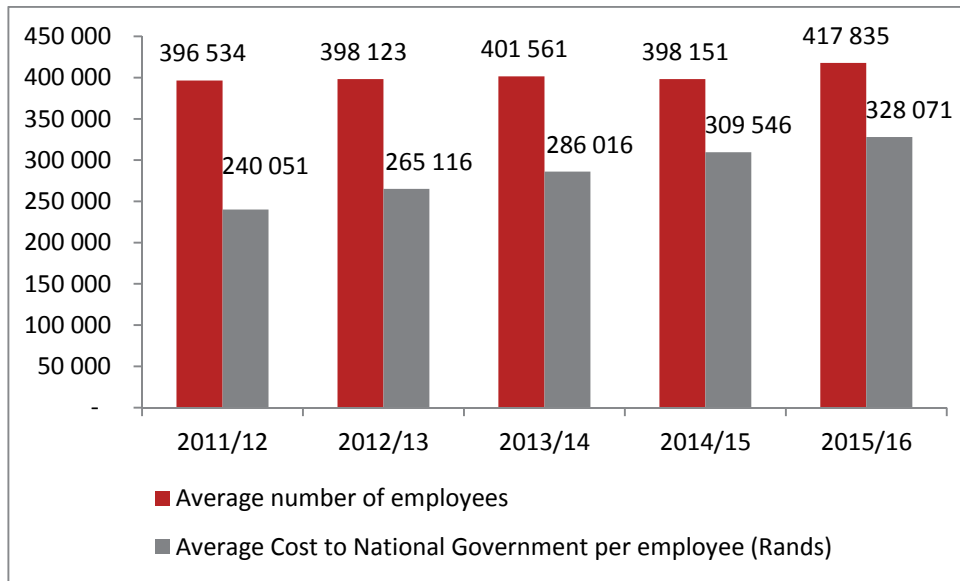
The above information illustrates the costs to national government departments and excludes provincial information. The average number of employees at national departments has increased from 398 151 in 2014/15 to 417 835 in 2015/16 (i.e. a 5% increase as compared to a -0.8% decline in 2014/15) with the Department of Police still employing the largest number of officials, accounting for 46% (192,879 employees) of the total number nationally. Compensation, in Rand terms, has grown from R123 billion

REVIEW OF OPERATING RESULTS

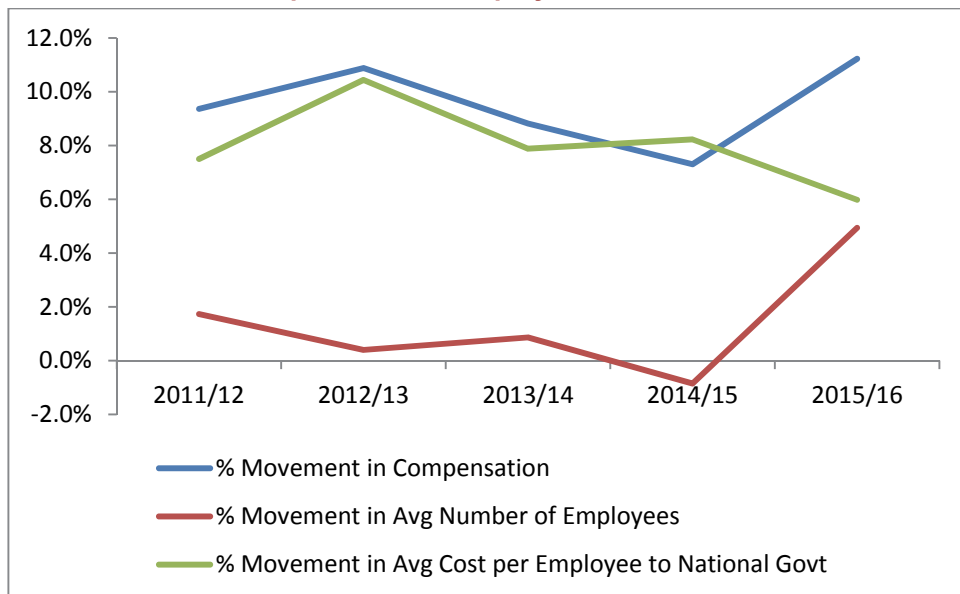
For the year ended 31 March 2016

2011/12 to R137 billion in 2015/16. Growth in expenditure from the prior year equates to R14 billion or 11% (2014/15:R8.3 billion or 7.4%). The Justice Cluster is the largest contributor to the compensation cost with expenditure of 80% of the total cost nationally. The increase in compensation of employees is relating to the Technical and Vocational Education and Training (TVET) and Audit Education and Training (now called Community and Training (CET)) function shift process from the provincial sphere of Government to the Department of Higher Education and Training in the Social Cluster as further illustrated in the YOY movement – compensation of employees graph below.

Compensation of employees



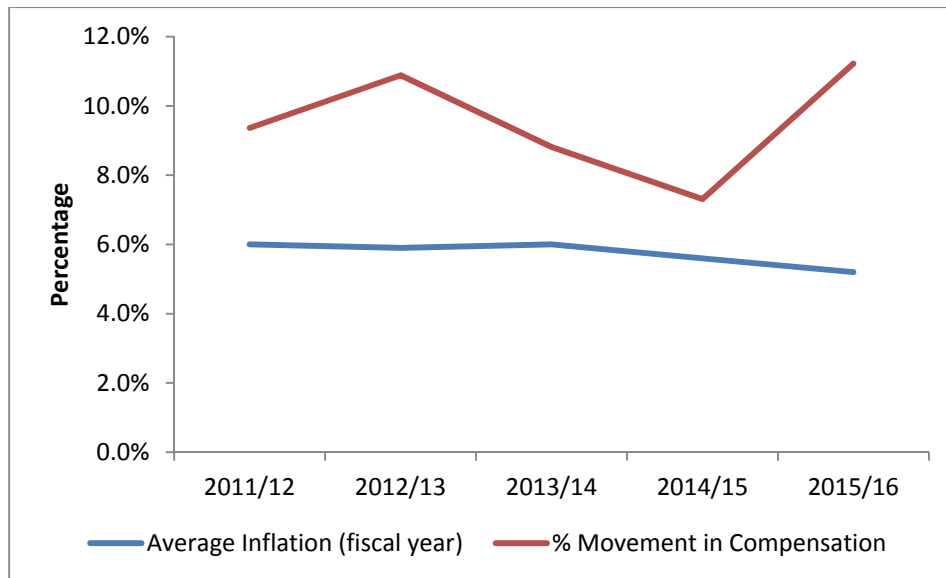
YOY movement – compensation of employees



REVIEW OF OPERATING RESULTS

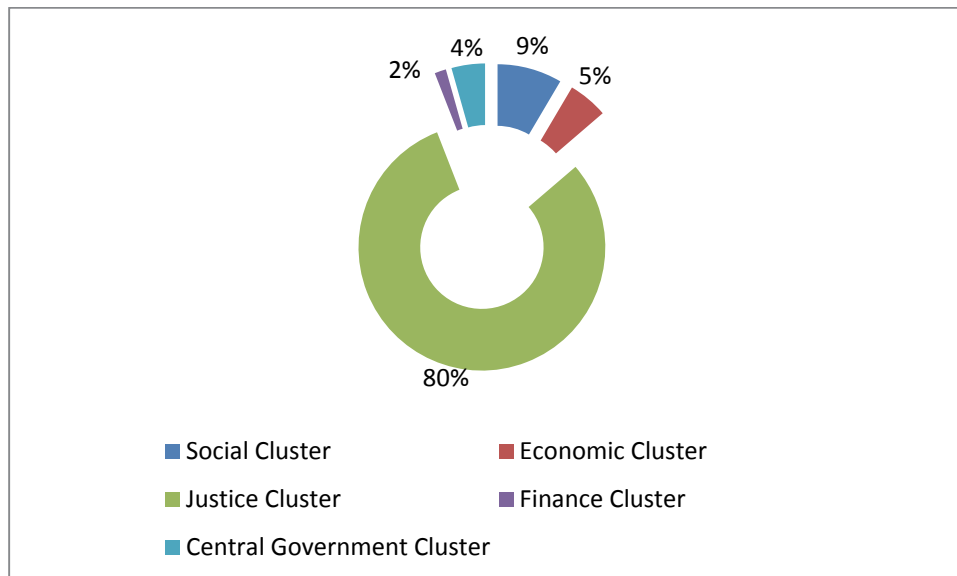
For the year ended 31 March 2016

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** reaching 335 896 (2015/16: 338 589) which equates to 80% of the total employees for the year under review (2014/15: 85%). 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	2011/12	2012/13	2013/14	2014/15	2015/16
Department of Police	195 584	198 132	196 478	193 746	192 879
Department of Defence	78 824	78 216	78 264	77 899	77 386
Department of Correctional Services	40 043	40 310	41 366	39 220	38 226

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016

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 R57.5 billion accounts to 42% of total compensation costs.

Department of Correctional Services

Spending on compensation of employees increased by 5% from 2014/15, with a marginal decrease in the number of employees from 39 220 to 38,226 in the current year.

Department of Defence

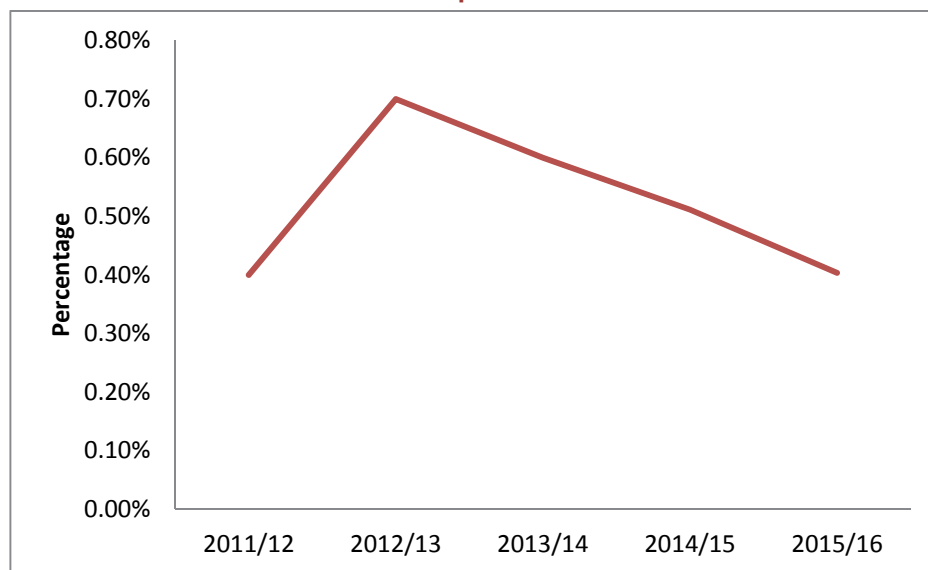
The department's staff compliment has marginally decreased by 0.66% from 77 899 in the prior year to approximately 77 386 in 2015/16. Spending on compensation increased with 7.75 % in the current year.

Performance awards

Performance Awards Information	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual 2015/16
Performance Awards (R mil)	380	765	636	630	553
Total Compensation of Employees	95 188	105 549	114 853	123 246	137 079
Performance Awards as a % of Compensation	0.40%	0.70%	0.60%	0.51%	0.40%
Increase in Performance Awards	-21.60%	101.20%	-16.90%	-0.09%	-0.11%
Increase in Compensation	9.40%	10.90%	8.80%	7.31%	11.22%

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 2015/16 financial year, the performance award decreased by 0.11% from R630 million to R553 million in 2015/16. Performance awards make up 0.4% of compensation (0.5% in 2015/15). Refer to the graphs below showing performance awards as a % of compensation and the movement in performance awards versus movement in compensation.

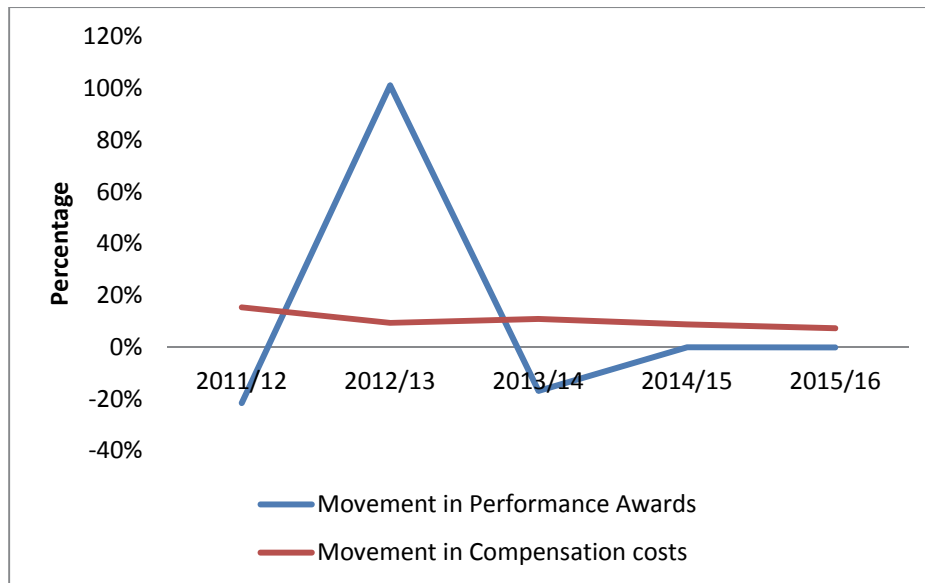
Performance awards as a % of compensation costs



REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016

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.

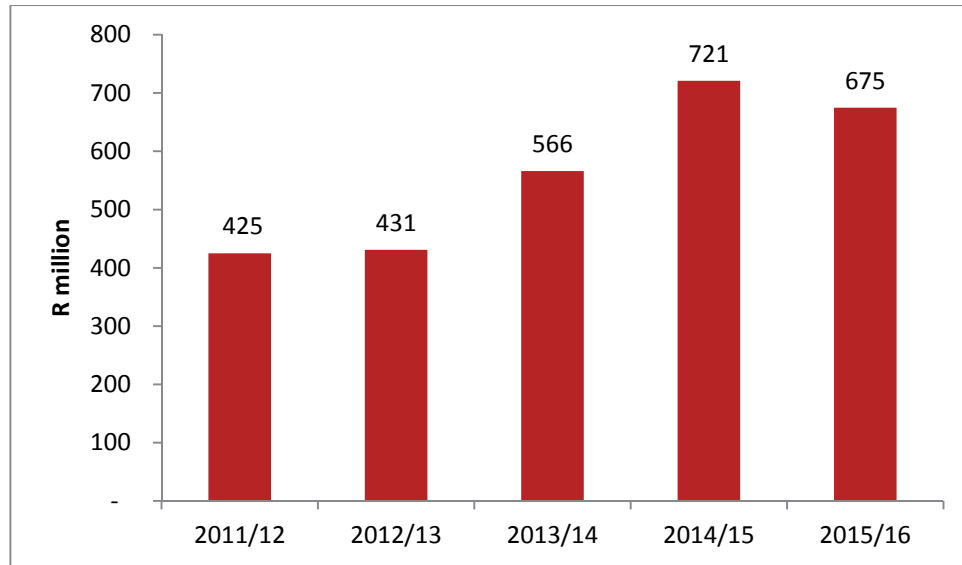
Training and staff development costs	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual 2015/16
Training and staff development (R mil)	425	431	566	721	675
Total compensation of employees (R mil)	95 188	105 549	114 853	123 246	137 079
Training as a % of Compensation	0.45%	0.41%	0.49%	0.58%	0.49%

As can be noted per the graphs below, training and staff development costs have been gradually increasing from 2011/12 until 2014/15. Training and development cost decreased by 6% in the current year from R721 million in the year 2014/15 to R675 million in the year 2015/16. As a component of compensation, the ratio decreased slightly from 0.58% to 0.49%. The **Justice cluster** shares the significant portion of the cost; this is because the cluster is the largest employer compared to other departments.

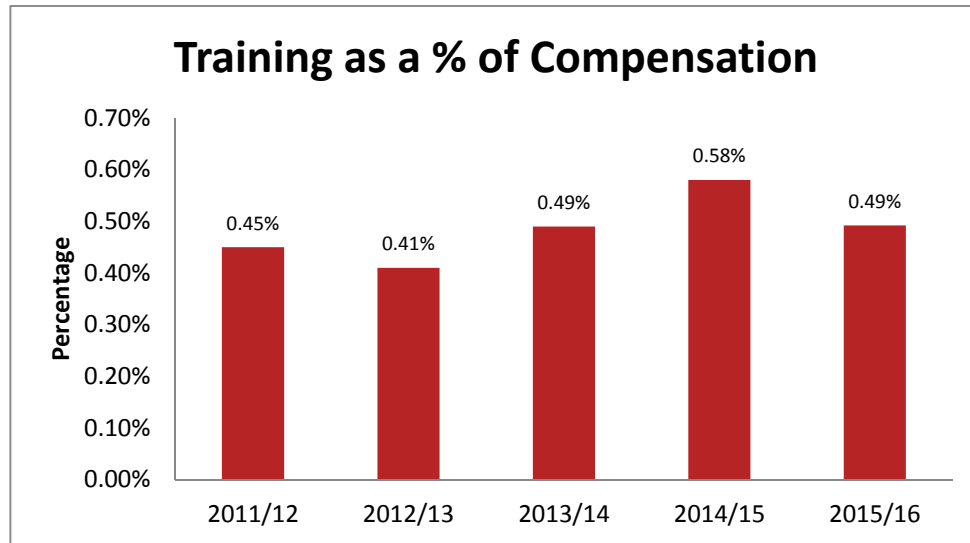
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016

Training and staff development



Training as a % of compensation of employees costs



Goods and Services

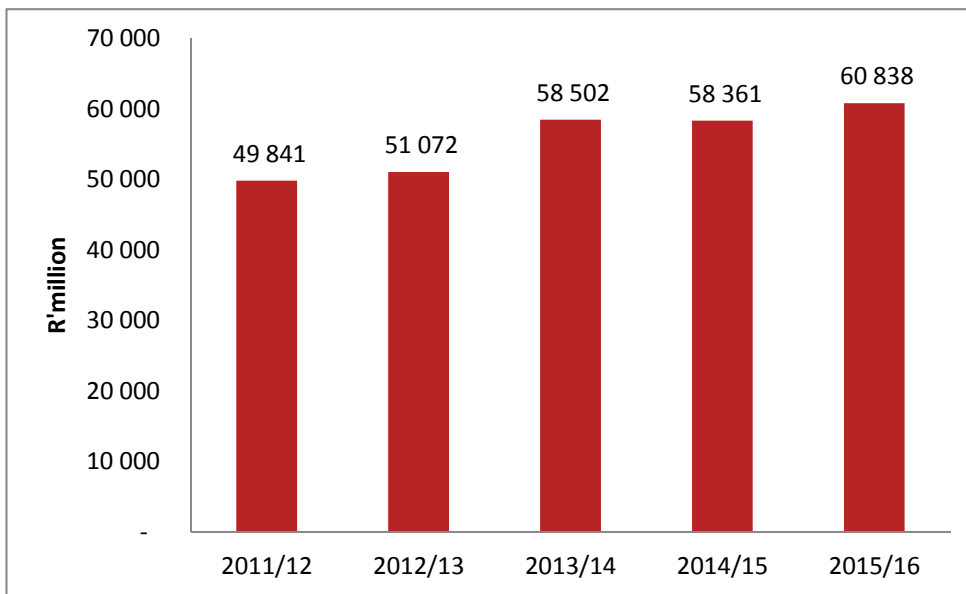
<i>R'million</i>	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual 2015/16
Goods and Services	49 841	51 072	58 502	58 361	60 838

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

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016

Goods and Services



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

Major items of Goods and Services R' million	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual 2015/16
Consultants, contractors and special services	12 635	11 264	12 903	10 781	11 303
Inventory and consumables	7 613	8 727	6 270	7 158	7 751
Operating leases	6 264	6 918	9 240	9 401	10 136
Travel and subsistence	5 510	5 475	6 058	5 513	5 862
Computer Services	5 218	5 156	6 155	6 642	7 091
Owned and leasehold property expenditure	4 275	6 163	5 604	5 811	5 751
Communication	1 698	1 677	1 735	1 683	1 681
Other	6 628	5 692	10 537	11 372	11 263
Total	49 841	51 072	58 502	58 361	60 838

Major items of goods and services have increased in the current year by 4% as compared to a decline of -0.24% in 2014/15. The decrease in 2014/15 could be attributable to the cost containment measures that were issued in 2013/14 financial year. Even though there is an increase of 4% in the current year it is still below the inflation rate.

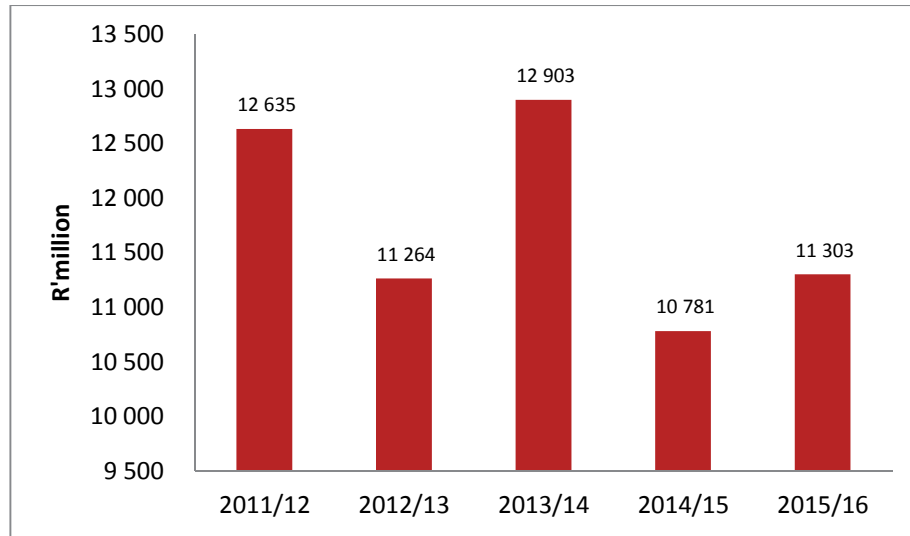
Consultants, contractors and special services

R' million	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual 2015/16
Consultants, contractors and special services	12 635	11 264	12 903	10 781	11 303
Movement in expenditure	14%	-11%	15%	-16%	5%

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016

Consultants, contractors and special services

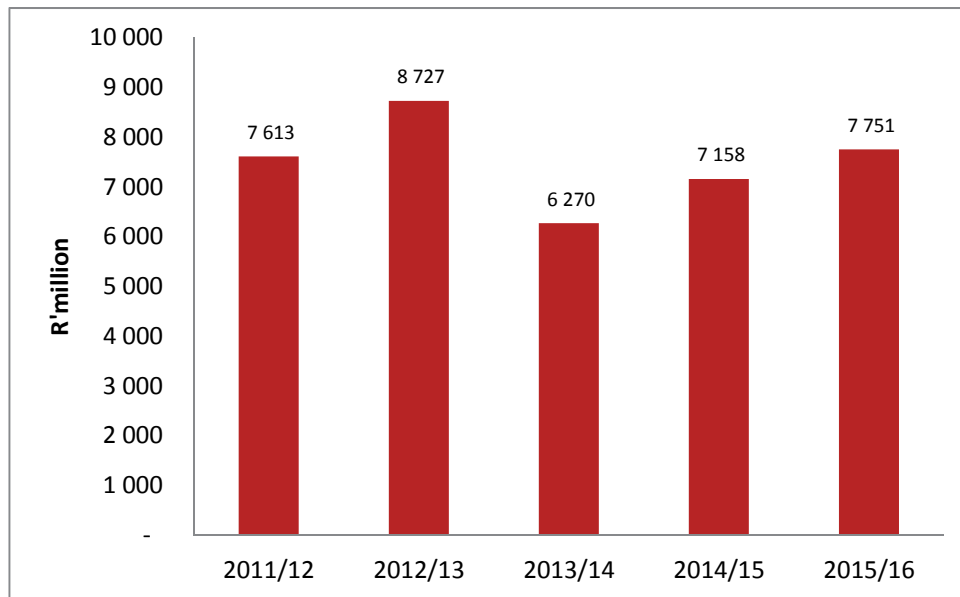


Payment of consultants, contractors and special services (CCSS) increased by 5% as compared to a 16% decrease in 2014/15 financial year. The increase in the current year could be attributed to the inflation rate.

Inventory and consumables

	Actual	Actual	Actual	Actual	Actual
<i>R' million</i>	2011/12	2012/13	2013/14	2014/15	2015/16
Inventory and consumables	7 613	8 727	6 270	7 158	7 751
Movement in expenditure	17%	15%	-28%	14%	8%

Inventory and consumables



An inventory and Consumables purchase increased by 8% in the 2015/16 year, this increase is lower than the increased of the prior year which was 14%. The **Justice Cluster** and **Central Cluster** are the largest contributors to the increased cost of inventory and consumables. The major purchases of

REVIEW OF OPERATING RESULTS

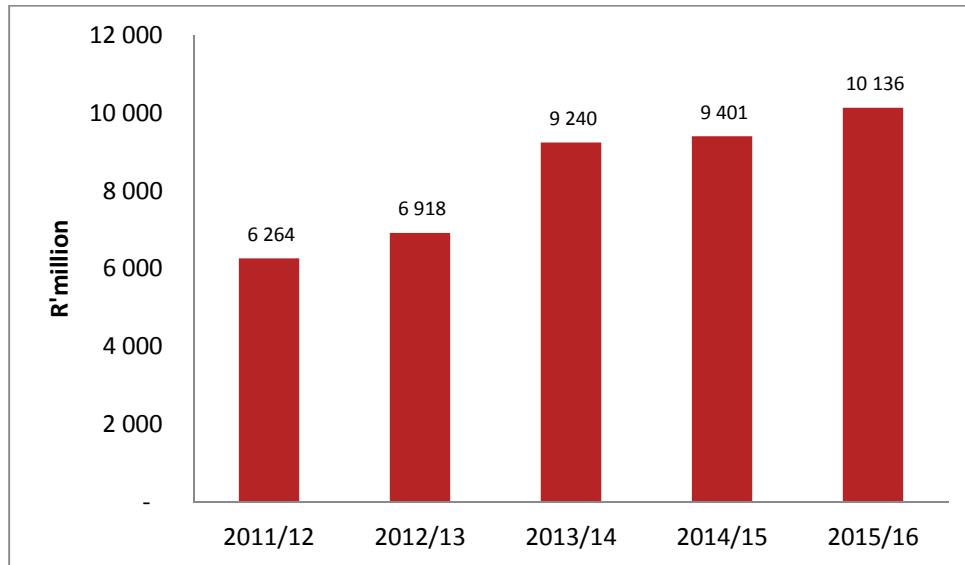
For the year ended 31 March 2016

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 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual 2015/16
Operating leases	6 264	6 918	9 240	9 401	10 136
Movement in expenditure	3%	10%	34%	2%	8%

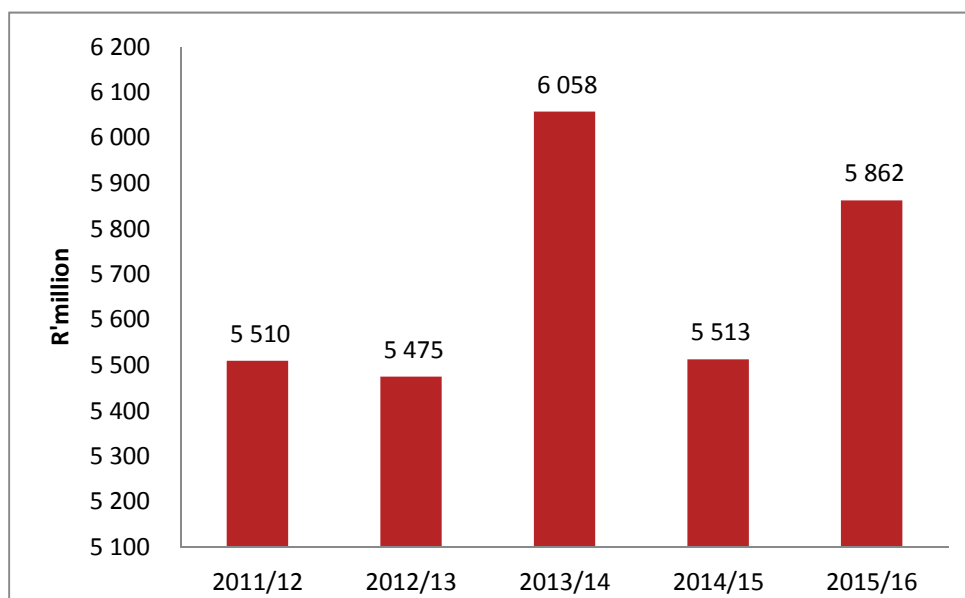
Operating leases



Operating leases show 8% increase when compared to prior year. The Justice cluster accounts for the R 6.6 billion of the total expenditure.

Travel and subsistence

<i>R' million</i>	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual 2015/16
Travel and subsistence	5 510	5 475	6 058	5 513	5 862
Movement in expenditure	11%	-1%	11%	-9%	6%



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For the year ended 31 March 2016

Travel and subsistence shows 6% increase, as compared to -9% decrease in the previous year. The **Justice cluster** accounts for R2.7 billion while the **Economic Services and Infrastructure Development cluster** spent R1.3 billion. The major spenders within the Justice cluster were again Defence and Police who spent R1 billion and R0.96 billion respectively followed by the department of Justice with R0.41 billion. The Central Government Administration cluster spent R0.9 billion; this is slightly lower than prior year spending.

Computer services

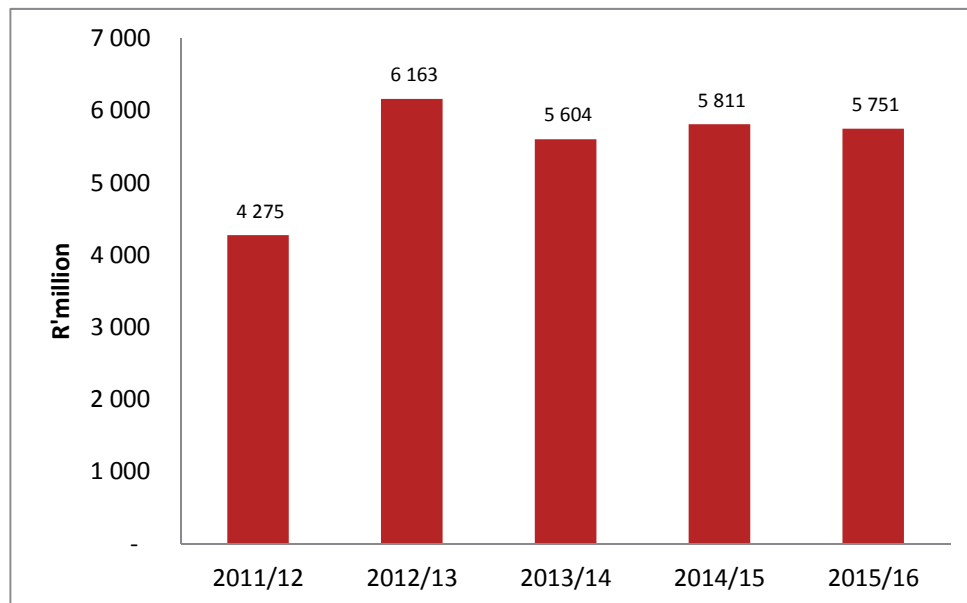
<i>R' million</i>	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual 2015/16
Computer Services	5 218	5 156	6 155	6 642	7 091
Movement in expenditure	2%	-1%	19%	8%	7%

Computer services spending increased by 7% as compared to 8% increase in 2014/15 financial year. **Justice Cluster** had the biggest expenditure amounting to almost 72% of total expenditure. Police was the biggest spender within the **Justice Cluster** by an amount of R 3.1 billion mainly in continuing to enhance its information systems and ICT.

Owned and leasehold property expenditure

<i>R' million</i>	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual 2015/16
Owned and leasehold property expenditure	4 275	6 163	5 604	5 811	5 751
Movement in expenditure	11%	44%	-9%	4%	-1%

Owned and leasehold property expenditure



This expenditure amounts to 10% of the total goods and services expenditure. Expenditure on owned and leasehold property has decreased by 1% in the current year compared to an increase of 4% in the 2014/15 financial year. The **Justice cluster** accounts for R4.31 billion of the total expenditure. The major spenders in this area are again Defence at R1.46 billion (2014/15: R1.36 billion), Police with R1.04 billion (2014/15: R0.98 billion) and Correctional Services R0.93 billion (2014/15: R0.92 billion) while Justice and Constitutional Development spent R0.93 billion (previously R0.81 billion).

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

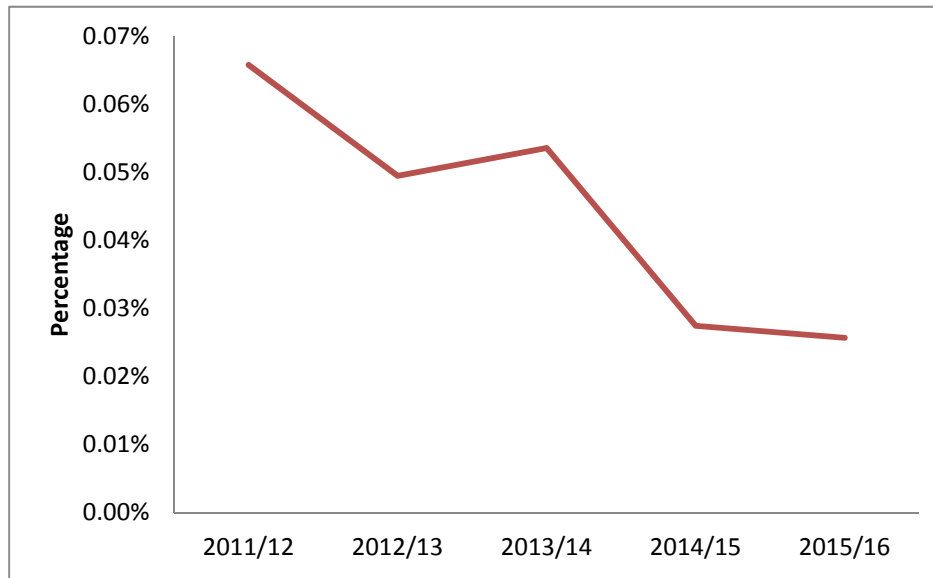
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016

Catering and entertainment

<i>R' million</i>	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual 2015/16
Catering and entertainment	337	274	318	311	320
Movement in expenditure	55%	-19%	16%	-2%	3%

Catering and entertainment as a % of total expenditure



Catering and entertainment increased by 3% in 2015/16 compared to prior year decrease of 2%, the increase is attributable to the increased spending by the **Economic Cluster, Justice Cluster** and **Finance Cluster**. Expenditure incurred by the Social Cluster decreased by 3% in the current year and the expenditure incurred by Central Cluster decreased by 15%. Catering and entertainment now sit at 0.03% of total departmental expenditure, with average of 0.04% over the last five years. The catering and entertainment expenditure is however still insignificant in comparison to total expenditure costs.

Bursaries

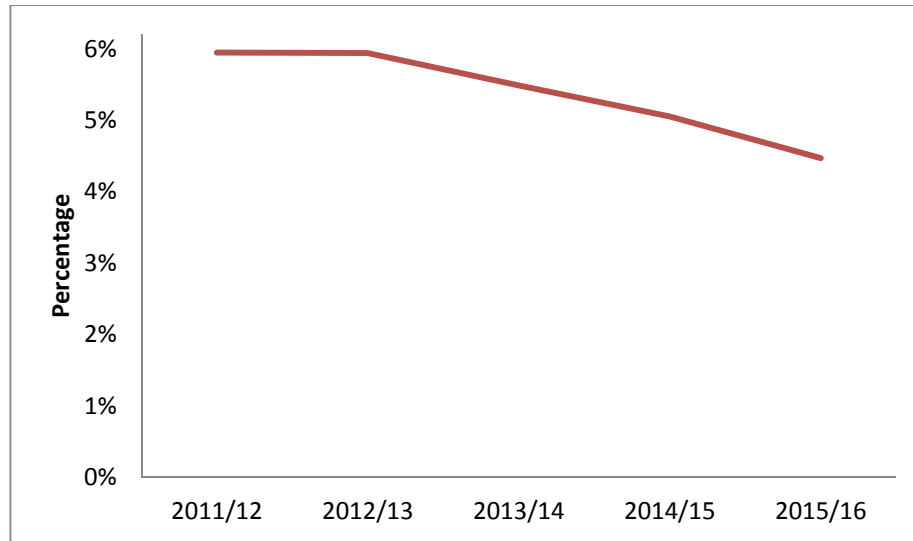
<i>R' million</i>	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual 2015/16
Bursaries	57	63	62	62	61
Movement in expenditure	14%	11%	-0.4%	-0.3%	-1.6%

There were no major changes in the bursary expenditure. The expenditure decreased by 1.6% in the current year. The bursary expenditure as a percentage of compensation is still low remaining at 4% of total compensation of employees (5% in the previous year).

REVIEW OF OPERATING RESULTS

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Bursaries as a % of compensation of employees



Transfers and subsidies

Transfers and Subsidies R' million	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual 2015/16
Provinces and municipalities	130 490	142 651	150 017	160 271	172 981
Households	105 061	114 232	120 184	131 475	139 969
Departmental agencies and accounts	72 906	73 705	78 799	85 968	91 369
Public corporations and private enterprises	22 426	25 279	28 140	32 140	35 935
Higher education institutions	19 552	21 160	22 596	24 461	26 547
Other	2 663	3 119	6 660	7 049	5 414
Total	353 097	380 146	406 396	441 363	472 215
Increase from prior year	17%	8%	7%	9%	5%
As a % of Total revenue	47%	47%	46%	45%	44%
As a % of Total expenditure	39%	39%	38%	39%	38%

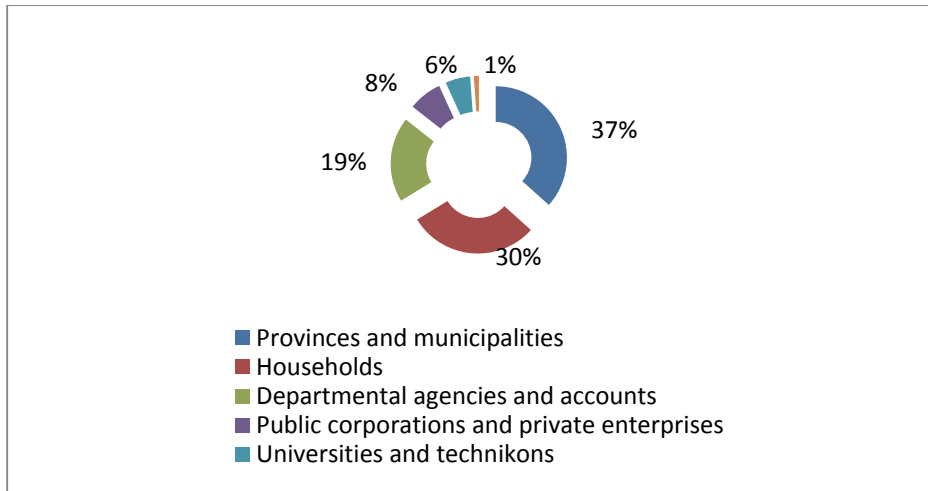
Transfers and subsidies increased by 5% in the current year. A significant portion of subsidies relate to Provinces and municipalities and households. Provincial departments have limited revenue-raising powers, with 97% of their spending financed through the division of revenue.

The **Social Service cluster** shares in largest portion of transfers and subsidies. A significant increase is attributable to education as government had to cover the shortfall at universities caused by keeping fees for the 2016 academic year at 2015 levels, and the carry through costs over the MTEF period. Transfers to the NSFAS have increased. Expenditure in this function is set to increase from R64.2 billion in 2015/16 to R80.5 billion in 2018/19. Of this spending 41.2 per cent is for university subsidies and infrastructure, which increase at an annual rate of 9.1 per cent over the medium term. Funding for the National Student Financial Aid Scheme increased from R9.2 billion in 2015/16 to R14.2 billion in 2016/17.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016

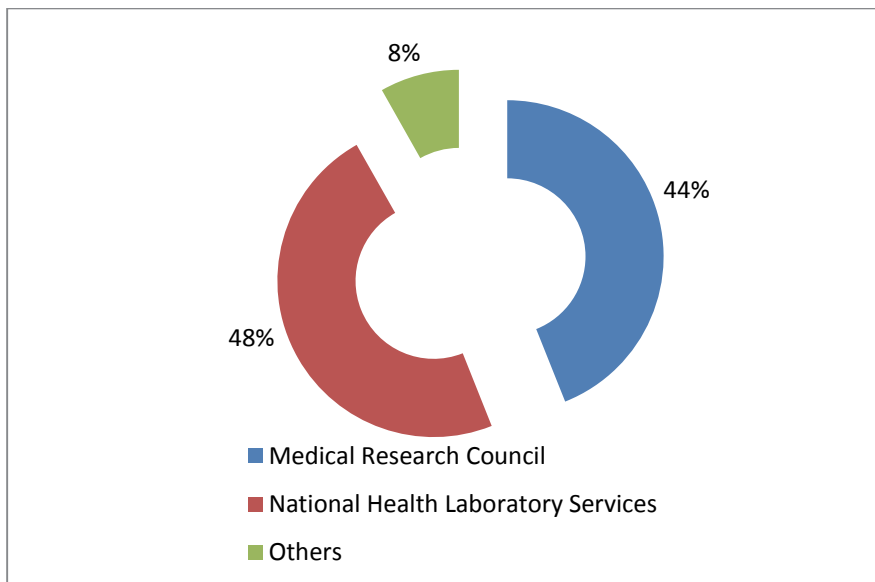
Breakdown of transfers and subsidies 2015/16



During the year under review, a total of R128 billion was paid by the Department of Social Development for households cost, this was slightly above the previous year's spending by 7%. 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 R33.5 billion for 2015/16 and the programmes in the accompanying graph received the following allocations:

Breakdown of health transfers and subsidies 2015/16



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 Africa by 5% from the prior year; however this increase is relatively lower than the increase of the prior year which was 9.2%. The spending focus over the medium term will be

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016

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 billions of transfers and subsidies, representing a 1% decrease from the previous year. This remains at around 97% of the transfers and subsidies in that cluster.

In the **Economic services and Infrastructure cluster**, the departments of Transport and Human Settlements accounted for R52 billion and R29 billion respectively of the total transfers and subsidies, thus constituting 64% of expenditure within the cluster.

The department of Transport transfers and subsidies increased by 9% during 2015/16 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.

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

Department of Transport Transfers R'million	Actual 2014/15	Actual 2015/16
SANTACO	18	19
International Civil Aviation Organisations	4	4
Passenger Rail Authority of South Africa	14 946	18 222
South African National Roads Agency	11 917	-
Total	26 885	18 245

The department of Human Settlements increased grant payments to provinces and municipalities by 5% from the prior year (2014/15 7.4%). Expenditure increased from R28 billion in 2014/15, to R29 billion in 2015/16. 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.

Housing Transfers to Province (R' million)	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual 2015/16
Eastern Cape	1 638	2 234	2 008	2 393	2 462
Free State	1 038	958	962	1 062	1 057
Gauteng	3 887	3 805	4 004	4 418	4 071
Kwazulu-Natal	2 634	2 801	2 915	3 509	3 544
Limpopo	1 365	1 420	1 426	660	1 284
Mpumalanga	976	917	965	1 217	1 265
Northern Cape	447	333	340	375	480
North West	1 189	1 014	1 051	1 517	2163
Western Cape	1 869	1 639	1 725	1 935	1 975
Total	15 042	15 122	15 395	17 084	18 303

REVIEW OF OPERATING RESULTS

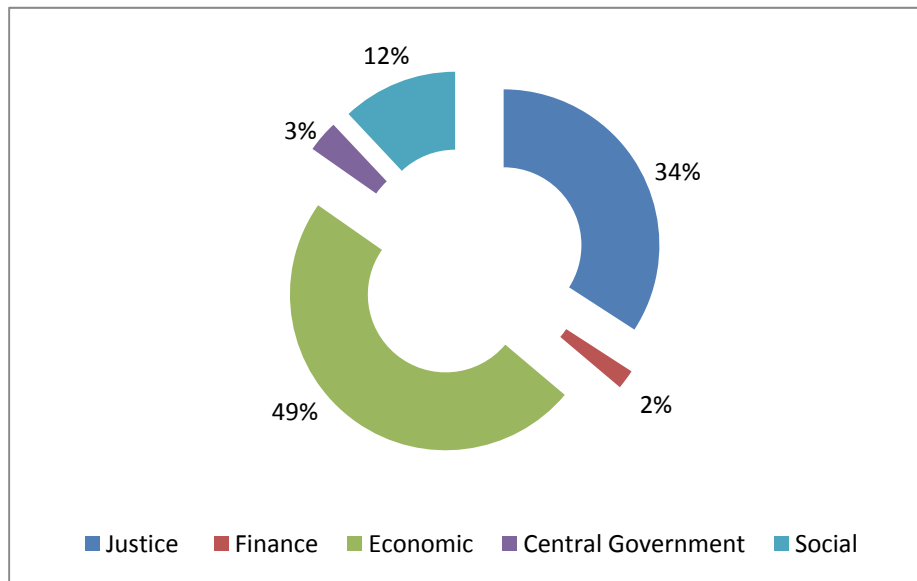
For the year ended 31 March 2016

Expenditure for capital assets

Capital Expenditure R' million	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual 2015/16
Total capital expenditure	11 894	14 269	14 157	16 294	18 349
Movement in expenditure	5%	20%	-1%	15%	13%

Capital expenditure has increased by 13% during the current year from R16.3 billion in 2014/15 to R18.3 billion in 2015/16. The majority of the capital expenditure was on buildings and other structures which accounted for R13.5 billion or a 74% of the total. R4.4 billion of the total expenditure was expended on machinery and equipment.

Capital expenditure by Cluster 2015/16



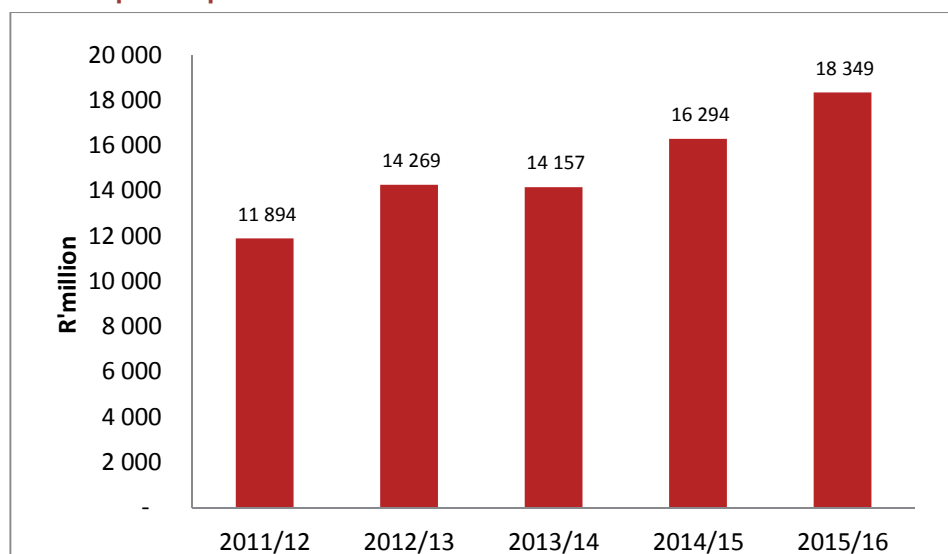
Expenditure by cluster in the above graph shows that the **Economic Service cluster** accounts for 49% of total capital expenditure, followed by the **Justice and Protection Service cluster** at 34% and then the **Social Service cluster** at 12%.

On the Economic Service cluster, Water and sanitation was the largest spender in this area, spending R7.5 billion, being 85% of the total spending by the Economic Service cluster. The second largest spender in this area was Rural Development at R759 million, 9% of total spend.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016

Total Capital expenditure



Assets

Cash and cash equivalents

Cash & cash equivalents R' million	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual 2015/16
Cash and equivalents	199 548	174 670	194 460	204 396	206 408
Movement in cash and cash equivalents	12%	-12%	11%	5%	1%

Cash and cash equivalents stand at R221 billion excluding consolidated PMG overdraft of R15 billion, with the revenue fund holding the bulk of the cash with R214 billion. Government's total cash includes deposits held at the SARB and commercial banks.

National Revenue Fund Holding R' million	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual 2015/16
Commercial Banks					
Tax and Loan account	63 293	27 332	45 262	44 634	47 354
South African Reserve Bank					
Corporation for public deposits	-	-	-	-	-
Sterilisation deposits	67 157	67 157	67 157	67 157	67 157
Foreign currency deposits	67 558	80 256	84 466	94 404	102 083
Escrow investment account	51	52	-	-	-
Other	232	169	168	-481	-2 534
US \$ equivalent of foreign cash balances	\$8.8bn	\$8.7bn	\$7.9bn	\$8.1bn	\$7.3bn
Total	198 291	174 966	197 053	205 715	214 060

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.

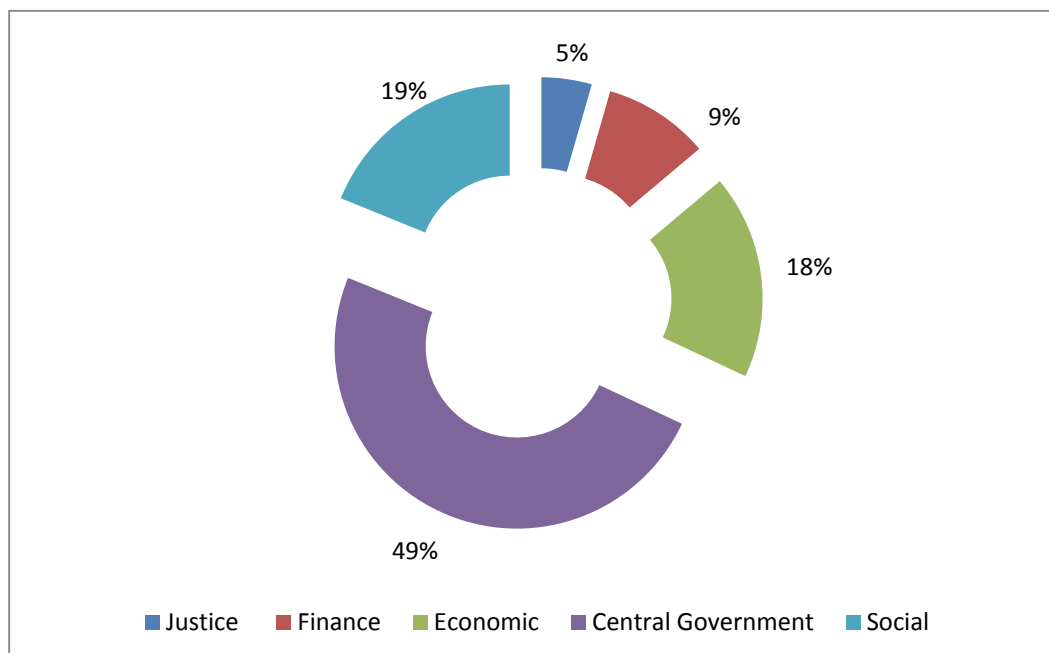
Operational cash available to finance the borrowing requirements is held in the National Treasury's Tax and Loan accounts with the four commercial banks. Government deposited cash with the South African Reserve Bank to increase the level of official foreign exchange reserves which are only available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

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016

the foreign exchange market with the SARB. These deposits are used to pay government's foreign currency commitments.

Cash and cash equivalents by cluster 2015/16



Receivables

Receivables R' million	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual 2015/16
Receivables	3 938	4 460	3 913	9 056	7 180
Movement in receivables	-29%	13%	-12%	131%	-21%

Receivables decreased by 21% in 2015/16 from R9 billion to R7.1 billion mainly attributable to a decrease in income that was in transit for SARS as compared to the prior year.

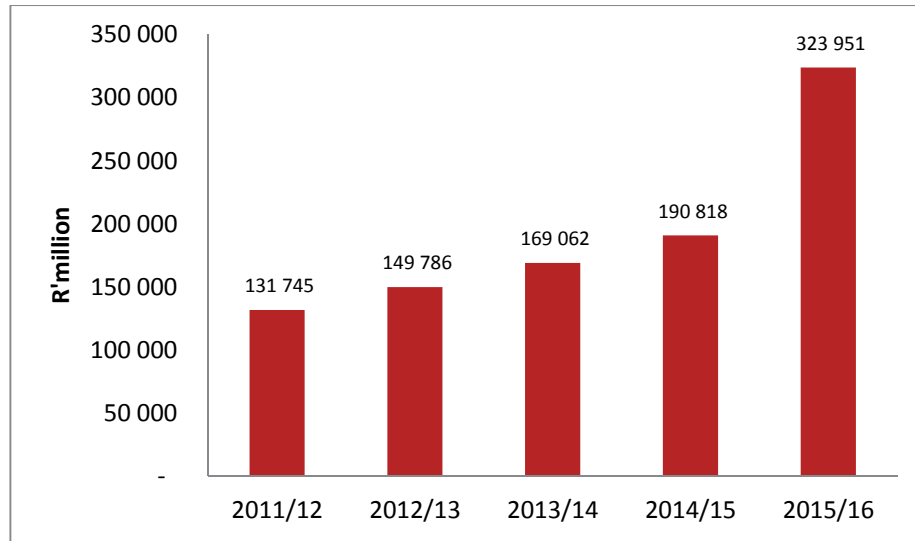
Investments

Investments R' million	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual 2015/16
Investments	131 745	149 786	169 062	190 818	323 951
Movement in Investments	24%	14%	13%	13%	70%

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016

Investments



Total investments increased to R324 billion. This represents a 70% increase from the prior year as per the table above. Most investments have remained similar in the current year with little or no movement, except for a new significant investments and disposal for Eskom and Vodacom respectively. The R83 billion investment in Eskom is made up of R60 billion loan conversion to equity and an additional cash investment of R23 billion. Furthermore, the increase was also due to additional investments made to the International Bank for Reconstruction and Development; African Development Bank and New Development Bank. 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.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016

Major Investments	Actual	Actual
R' million	2015/16	2014/15
Eskom SOC Ltd	83 000	-
South African Airways	13 009	13 009
Transnet SOC Ltd	12 661	12 661
Denel SOC Ltd	6 176	6 176
Passenger Rail Agency of South Africa Ltd.	4 248	4 248
Telkom SA Limited	2 070	2 070
IDC B Share 1 391 969 357 at cost(100% shareholding)	1 392	1 392
S.A. National Roads Agency Ltd.	1 091	1 091
National Housing Finance Corporation	980	880
South African Post Office Limited	693	201
South African Express SOC Ltd	585	585
Airports Company Ltd.	559	559
Forestry Lease Rental Trust Fund	451	304
Alexkor SOC Ltd	400	400
Safcol SOC Ltd	318	318
Land Bank	201	201
Development Bank of Southern Africa	200	200
Air Traffic and Navigational Services Company Ltd.	191	191
ARMSCOR	75	75
National Urban Reconstruction and Housing Agency	61	-
Abattoir Industry Fund	17	16
Inala farms (PTY) Ltd	16	16
National Forestry Recreation and Access Trust	6	6
Vodacom Group Limited	4	12 174
Nuclear Energy Corporation of South Africa	2	2
IDC A Shares 1000 000 at cost(100% shareholding)	1	1
SERVCON	1	1
Aventura SOC Ltd	-	60

Loans

	Actual	Actual	Actual	Actual	Actual
R' million	2011/12	2012/13	2013/14	2014/15	2015/16
Loans	66 825	67 272	66 458	65 183	3 921
Movement in Loans	2%	0.7%	-3.1%	-1.9%	-94%

Majority of the loan represents loans to public corporations. The decrease is mainly attributable to capital repayments by public corporations and write-offs of the Eskom loan. The Eskom loan amount of R60 billion was derecognised in line with the requirements of the Modified Cash Standard due to the amendment of the Eskom Subordinated Loan Special Appropriation Act (2008/9 – 2010/11) 2008, that was promulgated on 6 July 2015 in the Government Gazette no. 38973 which allows for the conversion to equity of the R60 billion loan to Eskom.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016

Liabilities

Payables

<i>R' billion</i>	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual 2015/16
Payables	2 961	3 111	5 202	4 786	7 736
Movement in Payables	-44%	5%	67%	-8%	62%

Payables have increased drastically by 62%, from R4.7 billion in 2014/15 to R7.7 billion in 2015/16. The increase in payables is attributable to voted funds that were requested late and only paid by the NRF after year-end.

Multilateral institutions

<i>R' million</i>	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual 2015/16
Multilateral Institutions	82 527	99 114	116 321	127 353	184 505
Movement in Multilateral Institutions	42%	20%	17%	9%	45%

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 2016. There has been a significant increase of 45% due to increased shareholding in some institutions, and the weakening of the Rand against the US Dollar and Special Drawing Rights. The balance is comprised of the following;

- The African Development bank – R54.8 billion.
- International Monetary Fund - Securities Account, R54.6 billion.
- International Monetary Fund - SDR Allocations, R37 billion.
- International Bank for Reconstruction and Development - R29 billion and
- Multilateral Investments Guarantee Agency - R0.21 billion
- New development bank – R8.8 billion

Current and non-current borrowings

Government incurs a deficit when expenditure exceeds revenue. This deficit is financed through raising loans in the domestic and international capital markets. The stock of debt is also influenced by market variables such as interest, exchange and inflation rates.

Domestic debt borrowing remains the major source 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.

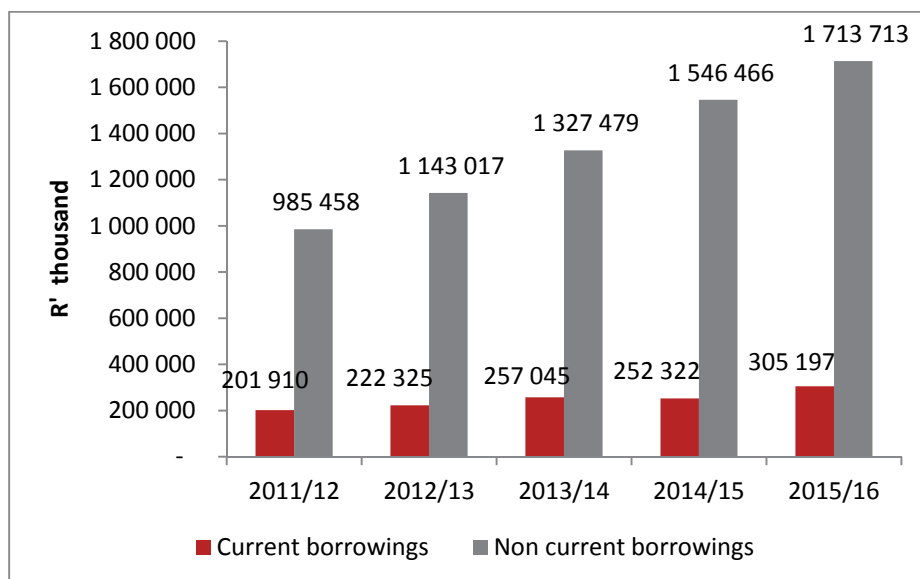
The table below, on Borrowings, split the debt portfolio between current and non-current borrowings. Current borrowings represent debt with a remaining term not exceeding one year. Treasury bills account for the major portion. Non-current borrowings consist of debt with an outstanding term exceeding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

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016

Borrowings R' million	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual 2015/16
Current borrowings	201 910	222 325	257 045	252 322	305 197
Non - current borrowings	985 458	1 143 017	1 327 479	1 546 466	1 713 713
Total	1 187 368	1 365 341	1 584 524	1 798 788	2 018 910
Movement in borrowings	20%	15%	16%	14%	12%

Borrowings



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 2011/12 to 2015/16, net loan debt as a percentage of GDP increased from 33 per cent to 44 per cent. The fiscal policy proposals in the 2016 Budget and 2016 Medium Term Budget Policy Statement are expected to stabilise debt over the medium term.

Total National Government Debt R' million	2011/12	2012/13	2013/14	2014/15	2015/16
Domestic debt	1 070 517	1 240 786	1 440 865	1 631 957	1 819 303
Foreign debt	116 851	124 555	143 659	166 831	199 607
Gross loan debt	1 187 369	1 365 341	1 584 524	1 798 788	2 018 910
Less: National Revenue Fund bank balances	(198 291)	(174 966)	(197 053)	(206 336)	(214 060)
Net loan debt	989 077	1 190 375	1 387 471	1 592 452	1 804 850
<i>As percentage of GDP :</i>					
<i>Net loan debt</i>	33	37	38	41	44
<i>Foreign debt</i>	4	4	4	4	5

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

CONSOLIDATED FINANCIAL STATEMENTS
2016

Annual Financial Statements
for the year ended 31 March 2016



AUDITOR-GENERAL
SOUTH AFRICA



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2016

■ 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 47 to 49 which comprise the consolidated statement of financial position as at 31 March 2016, 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-general'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 2016

■ Basis for qualified opinion

Unaudited financial statements included in consolidation

6. I was not able to obtain sufficient appropriate audit evidence in respect of a national department whose unaudited financial information was included for consolidation, as this department's audit was not finalised in time for inclusion in the consolidated financial statements. I could not confirm by alternative means, whether any further adjustments to the departments' consolidated financial information were necessary.

Qualified opinion

7. In my opinion, except for the effects of the matters described in the Basis for qualified opinion paragraph, 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 2016 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.

■ Emphasis of matter

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

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

8. 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 2012/13 to 2016/17 and allows the National Treasury to not prepare a single set of consolidated financial statements for departments and public entities.

Report on other legal and regulatory requirements

9. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on 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. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

Internal control

I considered internal control relevant to my audit of the consolidated financial statements, and

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2016

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

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

Financial management

11. Management did not prepare financial statements that were free from material misstatement.
12. 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

28 October 2016



CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 March 2016

	Notes	2015/16 R'000	2014/15 R'000
OPERATING INCOME			
Revenue from Taxes, Levies & Duties	2	1 023 163 301	940 156 238
Departmental revenue	3	51 543 396	23 679 021
Other Revenue	4	2 713 742	4 106 483
Aid assistance		2 473 216	2 128 677
TOTAL REVENUE		1 079 893 655	970 070 419
REVENUE FUND EXPENDITURE			
		526 989 334	487 289 936
Appropriated Funds	6	526 913 956	487 284 514
Expenditure in terms of an Act of Parliament		63 547	-
CARA payments		11 831	5 422
DEPARTMENTAL EXPENDITURE			
Current Expenditure			
		199 561 075	182 932 880
Compensation of employees	7	137 079 175	123 245 867
Goods and services	8	60 838 362	58 360 807
Interest and rent on land	9	115 108	103 546
Aid assistance		1 528 430	1 222 660
Transfers and subsidies			
		472 795 399	441 714 198
Transfers and subsidies	12	472 215 402	441 362 760
Aid assistance		579 997	351 438
Expenditure for capital assets			
		18 349 421	16 293 715
Tangible assets	10.1	18 221 117	16 212 947
Intangible assets	10.2	128 304	80 768
Unauthorised expenditure approved without funding		2 577	-
Payments for financial assets	13	29 194 294	3 527 189
TOTAL EXPENDITURE		1 246 892 100	1 131 757 918
SURPLUS/(DEFICIT)			
		(166 998 445)	(161 687 499)
Foreign exchange revaluation		(41 617 813)	(27 070 397)
SURPLUS/(DEFICIT) FOR THE YEAR		(208 616 258)	(188 757 896)
Reconciliation of Net Surplus/(Deficit) for the year			
Voted Funds		(210 148 310)	(187 808 093)
Departmental revenue and NRF Receipts		1 287 134	(1 279 146)
Aid assistance		244 918	329 343
SURPLUS/(DEFICIT) FOR THE YEAR		(208 616 258)	(188 757 896)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2016

	Notes	2015/16 R'000	2014/15 R'000
ASSETS			
Current Assets		238 841 594	236 077 561
Unauthorised expenditure	11	760 166	672 425
Cash and cash equivalents	14	221 439 893	217 563 460
Other financial assets		15 527	17 316
Prepayments and advances	15	10 990 220	9 812 133
Receivables	16	4 216 237	6 545 151
Loans	17	1 359 908	1 459 001
Aid assistance receivable		59 643	8 075
Non-Current Assets		329 543 037	257 115 047
Investments	18	323 950 980	190 817 861
Receivables	16	2 963 470	2 511 193
Loans	17	2 561 389	63 724 108
Other financial assets		67 198	61 885
TOTAL ASSETS		568 384 631	493 192 608
LIABILITIES			
Current Liabilities		325 879 266	268 643 499
Voted funds to be surrendered to the Revenue Fund	19	284 254	-
Bank overdraft	20	15 031 873	13 167 909
Payables	21.1	5 013 770	2 633 983
Borrowings	22	305 197 493	252 322 038
Aid assistance repayable	5.1	142 308	328 410
Aid assistance unutilised	5.2	209 568	191 159
Non-Current Liabilities		1 900 939 343	1 675 970 738
Payables	21.2	2 721 900	2 151 893
Borrowings	23	1 713 712 585	1 546 465 845
Multi-lateral institutions	24	184 504 858	127 353 000
TOTAL LIABILITIES		2 226 818 609	1 944 614 237
NET ASSETS		(1 658 433 978)	(1 451 421 629)
Represented by:			
Capitalisation reserve		129 332 846	57 912 068
Recoverable revenue		3 653 771	64 592 773
Retained funds		(1 791 420 595)	(1 573 926 470)
TOTAL		(1 658 433 978)	(1 451 421 629)

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 March 2016

<i>Notes</i>	2015/16 R'000	2014/15 R'000
NET ASSETS		
Capitalisation Reserves		
Opening balance	57 912 068	48 503 670
Transfers:	71 420 778	9 408 398
Movement in Equity	71 423 081	9 410 678
Other movements	(2 303)	(2 280)
Closing balance	129 332 846	57 912 068
Recoverable revenue		
Opening balance	64 591 422	65 577 158
Transfers	(60 939 002)	(985 736)
Irrecoverable amounts written off	(60 022 013)	(27 119)
Debts revised	(79 665)	(128 831)
Debts recovered (included in departmental receipts)	(1 879 821)	(1 836 088)
Debts raised	1 042 497	1 006 302
Closing balance	3 652 420	64 591 422
Retained funds		
Opening balance	(1 573 926 470)	(1 376 687 967)
Transferred from voted funds to be surrendered (Parliament/Legislatures ONLY)	92 852	(6 255)
Utilised during the year	(7 510)	139 932
Other	(217 579 467)	(197 372 180)
Closing balance	(1 791 420 595)	(1 573 926 470)
Revaluation Reserves		
Opening balance	1 351	1 351
Closing balance	1 351	1 351
TOTAL	(1 658 433 978)	(1 451 421 629)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2016

	Notes	2015/16 R'000	2014/15 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS DISCLOSED BY THE NATIONAL REVENUE FUND			
		1 091 175 422	973 206 866
Revenue collected by SARS		1 026 963 587	936 733 012
Departmental Revenue collected		50 879 629	24 479 242
CARA Receipts		74 929	182 242
Surrenders from departments		10 348 134	7 705 887
Other revenue received by the revenue fund		2 909 143	4 106 483
RECEIPTS DISCLOSED BY NATIONAL DEPARTMENTS			
		37 588 457	10 900 813
Annual appropriated funds received		29 003	-
Departmental revenue received		30 676 960	4 456 493
Interest received		4 484 207	4 497 885
Aid assistance received		2 398 287	1 946 435
PAYMENTS DISCLOSED BY THE NATIONAL REVENUE FUND			
		534 421 317	497 442 552
Statutory Appropriation		534 106 414	496 737 203
CARA Payments		11 831	5 422
Appropriation for unauthorised expenditure		110 215	41 770
Other		192 857	658 157
Net (increase)/ decrease in working capital		(2 756 886)	(1 921 343)
Surrendered to Revenue Fund		(47 543 390)	(19 810 000)
Surrendered to RDP Fund/Donor		(470 863)	(378 893)
Current payments		(199 119 493)	(182 420 278)
Interest paid		(114 597)	(103 028)
Payments for financial assets		(29 194 294)	(3 527 189)
Transfers and subsidies paid		(472 824 402)	(441 714 527)
Net cash flow available from operating activities	25	(157 681 363)	(163 210 131)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets		(18 349 421)	(16 293 715)
Proceeds from sale of capital assets		121 355	78 099
(Increase)/ decrease in loans		61 261 812	1 275 105
(Increase)/ decrease in investments		(71 570 547)	(9 457 219)
(Increase)/ decrease in other financial assets		(3 524)	(5 758)
Net cash flows from investing activities		(28 540 325)	(24 403 488)
CASH FLOWS FROM FINANCING ACTIVITIES			
Distribution/dividend received		1 852 998	2 146 296
Increase/ (decrease) in net assets		10 481 776	8 422 662
Increase/ (decrease) in non-current payables		570 007	806 091
Increase/ (decrease) in borrowings		175 329 376	186 357 759
Net cash flows from financing activities		188 234 157	197 732 808
Net increase/ (decrease) in cash and cash equivalents		2 012 469	10 119 189
Cash and cash equivalents at beginning of period		204 395 551	194 277 204
Unrealised gains and losses within cash and cash equivalents		-	(842)
Cash and cash equivalents at end of period	26	206 408 020	204 395 551

ACCOUNTING POLICIES

For the year ended 31 March 2016

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). Under this basis, the revaluation of foreign and domestic investments and loans will also be recognised. 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 prepayment advances and payables and inter-entity 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 department.

1.3 Rounding

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

1.4 Comparative figures

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.

ACCOUNTING POLICIES

For the year ended 31 March 2016

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

The net amount 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 is 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.

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.

ACCOUNTING POLICIES

For the year ended 31 March 2016

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

1.5.5 Aid assistance

Aid assistance is recognised as revenue when received. All in-kind aid assistance is disclosed at fair value on the date of receipt in the annexures to the Annual Financial Statements

The cash payments made during the year relating to aid assistance projects are recognised as expenditure in the statement of financial performance when final authorisation for payments is effected on the system (by no later than 31 March of each year)

The value of the assistance expensed prior to the receipt of funds is recognised as a receivable in the statement of financial position.

Inappropriately expensed amounts using aid assistance and any unutilised amounts are recognised as payables in the statement of financial position.

1.5.6 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.

1.6 Expenditure

1.6.1 Appropriated funds

Appropriated funds include annual appropriation, statutory appropriation, conditional grant and own funds 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).

ACCOUNTING POLICIES

For the year ended 31 March 2016

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.

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.

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

ACCOUNTING POLICIES

For the year ended 31 March 2016

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.

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.

ACCOUNTING POLICIES

For the year ended 31 March 2016

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 beneficiary. Loans that are outstanding at year-end are carried in the statement of financial position at cost plus accrued interest.

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

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.

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.

ACCOUNTING POLICIES

For the year ended 31 March 2016

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 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 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.

1.7.13 Intangible assets

1.7.13.1 Initial recognition

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

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

1.7.13.2 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. 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 discloser notes to the financial statement.

ACCOUNTING POLICIES

For the year ended 31 March 2016

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.

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-income-, inflation-linked-, floating rate-, 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.

ACCOUNTING POLICIES

For the year ended 31 March 2016

1.10 Foreign loans

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

1.11 Net Assets

1.11.1 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.

1.11.2 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.

1.12 Related party transactions

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

1.13 Key management personnel

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

1.14 Public private partnerships

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

Performs an institutional function on behalf of the institution; and/or

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

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

1.15 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.

1.16 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 2016

	<i>Notes</i>	2015/16 R'000	2014/15 R'000
2	Revenue from Taxes, levies and Duties		
	Taxation		
	Income tax	606 820 761	561 789 877
	Value-added tax / Sales tax	281 111 410	261 294 788
	Fuel levy	51 016 551	45 497 934
	Excise duties	45 397 883	39 986 347
	Customs duties	36 603 424	34 227 902
	Other taxes	15 220 158	14 032 119
	Road accident fund recoupment	15 044 472	12 470 331
	SACU member duties	9 983 738	10 396 682
	Customs miscellaneous revenue	4 590 750	2 968 598
	Skills Development Levy	2 339 598	1 774 605
	Environmental levy	941 226	906 575
	Air Passenger tax	564 550	638 292
	Universal Service Fund	198 612	176 681
	Diamond export levy	126 834	117 077
	Small business tax amnesty	22 878	17 309
	Turnover Tax	2 759	2 827
	Total Taxation	1 069 985 604	986 297 944
	Non-taxation revenue		
	Unemployment Insurance Fund (UIF)	32 027 309	22 038 712
	Provincial administration receipts	16 751 065	15 807 982
	Mineral and petroleum resource royalty	3 707 898	5 422 007
	Mining leases and ownership	35 490	33 038
	Road accident fund levy	102	413
	Total Non-taxation	52 521 864	43 302 152
	Total Gross Revenue	1 122 507 468	1 029 600 096
	Less		
	South African Customs Union Agreement	51 021 909	51 737 656
	Payment ito sec 12(3) of the PFMA	105	333
	Payment to UIF	16 601 186	15 777 974
	Other	149 879	199 942
	Payment to RAF	31 441 748	21 582 491
	Amount payable by SARS to RAF	129 340	145 462
	Total	99 344 167	89 443 858
	Total Net Revenue for the Year	1 023 163 301	940 156 238

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

	Notes	2015/16 R'000	2014/15 R'000
3	Departmental Revenue		
	NRF receipts	14 441 611	12 690 577
	Sales of goods and services other than capital assets	2 131 487	1 716 641
	Fines, penalties and forfeits	46 388	65 077
	Interest, dividends and rent on land	12 418 266	13 012 664
	Sales of capital assets	(6 122 957)	(6 522 219)
	Transactions in financial assets and liabilities	55 249 946	3 340 277
	Transfer received	<u>(26 621 345)</u>	<u>(623 996)</u>
	Total	<u>51 543 396</u>	<u>23 679 021</u>
4	Other Revenue		
	Surrenders	599 338	2 181 898
	Other revenue received	<u>2 114 404</u>	<u>1 924 585</u>
	Total	<u>2 713 742</u>	<u>4 106 483</u>
5	Aid assistance		
	Opening Balance	511 544	550 996
	Prior period error	<u>-</u>	<u>(3 342)</u>
	As restated	511 544	547 654
	Transferred from statement of financial performance	244 918	329 343
	Transferred to/from retained funds	6 684	13 440
	Paid during the year	<u>(470 863)</u>	<u>(378 893)</u>
	Closing Balance	<u>292 283</u>	<u>511 544</u>
	Analysis of balance by source		
	Aid assistance from RDP	96 908	359 649
	Aid assistance from other sources	178 784	135 090
	CARA	<u>16 591</u>	<u>16 805</u>
	Closing Balance	<u>292 283</u>	<u>511 544</u>
	Analysis of Balance		
	Aid assistance receivable	(59 593)	(8 025)
5.2	Aid assistance unutilised	209 568	191 159
5.1	Aid assistance repayable	<u>142 308</u>	<u>328 410</u>
	Closing Balance	<u>292 283</u>	<u>511 544</u>
6	Appropriated Funds		
	Annual Appropriation	(7 128 890)	(10 685 562)
	Statutory Appropriation	<u>534 042 846</u>	<u>497 970 076</u>
	Total Annual Appropriation	<u>526 913 956</u>	<u>487 284 514</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

	<i>Notes</i>	2015/16 R'000	2014/15 R'000
7	Compensation of employees		
	Salaries and Wages		
	Basic Salary	89 581 892	80 368 362
	Performance Award	553 076	630 263
	Service Based	410 401	495 754
	Compensative/circumstantial	5 789 965	4 663 550
	Periodic Payments	122 521	179 951
	Other non-pensionable allowances	18 091 086	16 182 389
	Total	114 548 941	102 520 269
	Social Contributions		
	Employer contributions		
	Pension	12 988 065	12 032 537
	Medical	9 518 483	8 674 066
	UIF	2 847	2 510
	Bargaining Council	10 757	8 385
	Official unions and associations	10 082	8 098
	Insurance	-	2
	Total	22 530 234	20 725 598
	Total compensation of employees	137 079 175	123 245 867
	Average number of employees	417 835	398 151
8	Goods and services		
	Administrative fees	282 716	243 199
	Advertising	515 763	541 151
	Minor assets	8.1 499 934	587 860
	Bursaries (employees)	61 278	62 280
	Catering	293 883	285 843
	Communication	1 680 543	1 682 849
	Computer services	8.2 7 091 050	6 642 199
	Consultants, contractors and agency/outsourced services	4 310 841	3 933 798
	Infrastructure and planning services	297 258	378 070
	Laboratory services	56 054	47 689
	Scientific and technological services	97 713	56 221
	Legal services	895 661	904 323
	Contractors	4 256 530	4 205 800
	Agency and support / Outsourced services	2 735 910	2 641 129
	Entertainment	26 593	24 825
	Audit cost – external	8.3 556 131	596 411

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

		2015/16	2014/15
	Notes	R'000	R'000
Fleet services		4 505 615	4 433 624
Inventory	8.4	4 681 338	4 615 107
Consumables	8.5	3 070 036	2 542 502
Operating leases		10 135 832	9 400 685
Property payments	8.6	5 750 871	5 811 409
Rental and hiring		61 110	55 546
Transport provided as part of the departmental activities		124 221	159 027
Travel and subsistence	8.7	5 862 375	5 513 173
Venues and facilities		579 702	517 782
Training and staff development		674 701	720 518
Other operating expenditure	8.8	1 734 703	1 757 787
Total		60 838 362	58 360 807
8.1 Minor Assets			
Tangible assets			
		499 219	585 776
Buildings and other fixed structures		271	242
Biological assets		1 590	770
Heritage assets		106	26
Machinery and equipment		496 859	584 075
Transport assets		327	469
Specialised military assets		66	194
Intangible assets			
		715	2 084
Software		327	1 967
Mastheads and publishing titles		379	117
Patents, licenses, copyright, brand names, trademarks		9	-
Total		499 934	587 860
8.2 Computer services			
SITA computer services		4 300 560	3 873 996
External computer service providers		2 790 490	2 768 203
Total		7 091 050	6 642 199
8.3 Audit cost – external			
Regularity audits		501 469	566 386
Performance audits		4 256	2 037
Investigations		38 464	17 058
Environmental audits		1	-
Computer audits		11 941	10 930
Total		556 131	596 411

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

	<i>Notes</i>	2015/16 R'000	2014/15 R'000
8.4 Inventory			
Clothing material and accessories		481 957	510 355
Farming supplies		216 045	189 310
Food and food supplies		1 272 688	1 243 520
Fuel, oil and gas		700 670	500 987
Learning and teaching support material		974 137	855 420
Materials and supplies		212 548	277 550
Medical supplies		177 676	287 070
Medicine		331 814	417 544
Other supplies	<i>8.4.1</i>	313 803	333 351
Total		4 681 338	4 615 107
8.4.1 Other Supplies			
Ammunition and security supplies		68 098	142 603
Assets for distribution		168 598	65 533
Machinery and equipment		-	8 552
School furniture		107 190	36 443
Sports and recreation		29 572	7 920
Library materials		14	-
Other assets for distribution		31 822	12 618
Other		77 107	125 215
Total		313 803	333 351
8.5 Consumables			
Consumable supplies		1 306 587	1 003 323
Uniform and clothing		238 786	59 119
Household supplies		416 188	390 274
Building material and supplies		65 853	78 495
Communication accessories		1 166	662
IT consumables		72 364	80 568
Other consumables		512 230	394 205
Stationery, printing and office supplies		1 763 449	1 539 179
Total		3 070 036	2 542 502
8.6 Property payments			
Municipal services		3 507 761	3 653 223
Property management fees		410 165	429 608
Property maintenance and repairs		887 196	898 803
Other		945 749	829 775
Total		5 750 871	5 811 409

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

	<i>Notes</i>	2015/16 R'000	2014/15 R'000
8.7 Travel and subsistence			
Local		4 626 365	4 360 444
Foreign		1 236 010	1 152 729
Total		5 862 375	5 513 173
8.8 Other operating expenditure			
Professional bodies, membership and subscription fees		111 515	110 302
Resettlement costs		163 091	161 751
Other		1 460 097	1 485 734
Total		1 734 703	1 757 787
9 Interest and Rent on Land			
Interest expense		114 597	103 028
Rent on land		511	518
Total interest and rent on land		115 108	103 546
10 Expenditure on capital assets			
10.1 Tangible assets		18 221 117	16 212 947
Buildings and other fixed structures		13 622 584	11 012 434
Heritage assets		283	2 455
Machinery and equipment		4 442 958	4 963 612
Specialised military assets		58 098	4 386
Land and subsoil assets		90 554	226 682
Biological assets		6 640	3 378
10.2 Software and other intangible assets		128 304	80 768
Computer software		128 192	80 708
Patents, licences, copyright, brand names, trademarks		112	60
Total		18 349 421	16 293 715
Compensation for capital expenditure			
Compensation of employees		15 378	17 360
Goods and services		18 806	22 903
Total		34 184	40 263

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

	Notes	2015/16 R'000	2014/15 R'000
Analysis of funds utilised to acquire capital assets			
Tangible assets			
Voted Funds			
		18 177 880	16 170 818
Buildings and other fixed structures		13 621 391	11 006 682
Heritage assets		283	2 455
Machinery and equipment		4 400 914	4 927 235
Specialised military assets		58 098	4 386
Land and subsoil assets		90 554	226 682
Biological assets		6 640	3 378
Aid assistance			
		43 237	42 129
Buildings and other fixed structures		390	5 752
Machinery and equipment		42 847	36 377
TOTAL		18 221 117	16 212 947
Software and other intangible assets			
Voted Funds			
		126 599	79 903
Computer software		126 487	79 843
Patents, licences, copyright, brand names, trademarks		112	60
Aid assistance			
		1 705	865
Computer software		1 705	865
TOTAL		128 304	80 768
11	Unauthorised expenditure		
11.1	Reconciliation of unauthorised expenditure		
	Opening balance	672 425	668 207
	Prior year error	-	(4 875)
	As restated	672 425	663 332
	Unauthorised expenditure - discovered in the current year	200 534	9 093
	Less: Amounts approved by Parliament/Legislature with funding	(110 216)	-
	Less: Amounts approved by Parliament/Legislature without funding and written off in the Statement of Financial Performance	(2 577)	-
	Current	(2 577)	-
	Unauthorised expenditure awaiting authorisation / written off	760 166	672 425

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

	<i>Notes</i>	2015/16 R'000	2014/15 R'000
Analysis of unauthorised expenditure awaiting authorisation per economic classification			
11.2	Current	490 055	442 175
	Capital	211 236	178 087
	Transfers and subsidies	58 875	52 163
	Total	760 166	672 425
Analysis of unauthorised expenditure awaiting authorisation per type			
11.3	Unauthorised expenditure relating to overspending of the vote or a main division within the vote	408 010	447 978
	Unauthorised expenditure incurred not in accordance with the purpose of the vote or main division	352 156	224 447
	Total	760 166	672 425
12	Transfers and subsidies		
	Provinces and Municipalities	172 981 053	160 271 081
	Departmental agencies and accounts	91 369 138	85 967 808
	Higher education institutions	26 547 490	24 460 562
	Foreign governments and international organisations	1 932 859	1 802 440
	Public corporations and private enterprises	35 934 512	32 139 753
	Non-profit institutions	3 481 628	5 246 487
	Households	139 968 722	131 474 629
	Total	472 215 402	441 362 760
13	Payments for financial assets		
	Material losses through criminal conduct	9 853	10 990
	Theft	9 777	10 990
	Other material losses	76	-
	Other material losses written off	25 832 991	374 806
	Purchase of equity	3 174 013	3 000 000
	Extension of loans for policy purposes	76 775	60 173
	Debts written off	100 499	81 185
	Forex losses	163	35
	Total	29 194 294	3 527 189
14	Cash and cash equivalents		
	Consolidated Paymaster General Account	6 362 908	10 316 607
	Cash receipts	1 132	12 251
	Disbursements	(17 157)	(11 926)
	Cash on hand	47 628 505	45 152 831
	Investments (Domestic)	376 392	385 515
	Investments (International)	191 768	437 424
	Cash with SARB	67 157 404	67 157 404
	Foreign Currency Investment	102 082 571	94 404 195
	Other	(2 343 630)	(290 841)
	Total Cash and cash equivalents	221 439 893	217 563 460

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

	<i>Notes</i>	2015/16 R'000	2014/15 R'000
15	Prepayments and Advances		
	Staff advances	27 066	7 363
	Travel and subsistence	160 403	100 942
	Prepayments	55 667	54 902
	Advances paid	15.1 511 478	467 482
	SOCPEN advances	10 235 606	9 181 444
	Total	10 990 220	9 812 133
15.1	Advances paid		
	National departments	231 000	177 901
	Provincial departments	6 767	5 848
	Public entities	100 957	108 090
	Other institutions	172 754	175 643
	Total	511 478	467 482
16	Receivables		
	Claims recoverable	16.1 3 340 758	2 595 017
	Trade receivables	16.2 11 620	7 565
	Recoverable expenditure	16.3 138 019	193 528
	Staff debt	16.4 609 716	551 104
	Fruitless and wasteful expenditure	16.6 1 287	1 068
	Other debtors	16.5 2 279 082	1 745 164
	Voted funds to be surrendered to the Revenue Fund	-	87 739
	Unauthorised expenditure to be surrendered	155 217	6 844
	Other	136 384	3 860 379
	Total	7 179 707	9 056 344
16.1	Claims Recoverable		
	National departments	1 537 728	1 403 585
	Provincial departments	610 330	535 048
	Foreign government	816	776
	Public entities	1 088 202	487 554
	Private enterprises	94 540	94 652
	Higher education institutions	8 741	131
	Households and non-profit institutions	129	766
	Local governments	272	72 505
	Total	3 340 758	2 595 017
16.2	Trade receivables		
	Trade receivables	11 620	7 565
	Total	11 620	7 565

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

	<i>Notes</i>	2015/16 R'000	2014/15 R'000
16.3 Recoverable expenditure			
Disallowance Damages and Losses		64 218	101 898
Disallowance Miscellaneous		26 887	49 232
Damaged Vehicles		21 566	21 613
Salary Disallowance Accounts		11 481	7 290
Debt recoverable		8 124	7 509
Departmental suspense accounts		4 014	3 429
Miscellaneous		917	2 296
Telephone expenditure		291	160
Salary tax debt		521	101
Total		138 019	193 528
16.4 Staff debt			
Salary related		296 850	256 162
Debt account		146 515	145 396
Departmental debts		70 846	61 651
Study loans		47 296	45 754
Other debt		39 500	31 688
Damage to State property		8 180	9 133
Telephone debt		529	1 320
Total		609 716	551 104
16.5 Other debtors			
SASSA Debtors		1 254 394	1 021 194
Departmental debt		2 420	1 702
Operations		638 216	331 849
Contracts		113 004	134 095
Study loans - Students		70 099	61 398
Salary related		42 652	43 684
Disallowance Accounts		29 670	30 523
Medical claims		29 648	13 193
Miscellaneous		18 301	23 875
Damages and losses		18 022	15 928
Admin related debt		17 681	13 945
Supplier Debts		10 431	11 916
Other debtors		9 364	6 035
Debt account		7 892	5 512
Aviation services		7 798	10 815
Tax related		4 039	5 012
Ex-employees		3 369	6 483
State guarantees		1 224	1 497
Claims recoverable and Clearing accounts		858	6 509
Total		2 279 082	1 745 164

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

	<i>Notes</i>	2015/16 R'000	2014/15 R'000
16.6	Fruitless and wasteful expenditure		
	Opening balance	1 068	713
	Less amounts recovered	(312)	460
	Less amounts written off	226	123
	Transfers from note 32 Fruitless and wasteful expenditure	293	(243)
	Interest	12	15
	Total	1 287	1 068
	Impairment of receivables		
	Estimate of impairment of receivables	1 361 259	1 189 434
	Total	1 361 259	1 189 434
17	Loans		
	Public corporations	3 901 633	65 161 142
	Higher education institutions	19 664	21 967
	Total Loans Balance	3 921 297	65 183 109
	Less: Current	1 359 908	1 459 001
	Total Non-Current	2 561 389	63 724 108
	Analysis of Total Loans Balance		
	Opening balance	65 183 109	66 458 214
	New Issues	223 486	294 104
	Repayments	(1 457 907)	(1 556 847)
	Write-offs	(60 027 391)	(12 362)
	Closing balance	3 921 297	65 183 109
<p>The Eskom loan amount of R60 billion was derecognised in line with the requirements of the Modified Cash Standard due to the amendment of the Eskom Subordinated Loan Special Appropriation Act (2008/8 - 2010/11) which allows for the conversion to equity of the R60 billion loan to Eskom.</p>			
18	Investments		
	Non-Current Investments		
	Foreign	195 542 281	133 979 709
	Shares and other equity	128 408 699	56 838 152
	Total non-current	323 950 980	190 817 861
	Impairment of loans		
	Estimate of impairment of loans	16 962 857	16 784 509
	Total	16 962 857	16 784 509

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

<i>Notes</i>	2015/16 R'000	2014/15 R'000
Non-Current Investments - Foreign		
International Finance Corporation	256 604	212 096
International Bank for Reconstruction and Development	30 886 078	25 088 167
Multilateral Investment Guarantee Agency	264 925	218 973
African Development Bank	58 780 940	47 035 870
International Monetary Fund quota subscription	63 327 351	31 386 689
International Monetary Fund SDR Holding	30 977 308	30 037 914
New Development Bank	11 049 075	-
Total Investments - Non-current	195 542 281	133 979 709
Non-Current Investments - Shares and other equity		
Major Investments per National Department		
National Treasury		
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	13 008 758
	13 409 714	13 409 714
Department of Public Enterprises		
Alexkor SOC Ltd	400 000	400 000
Aventura SOC Ltd	-	60 000
Denel SOC Ltd	6 176 376	6 176 376
Eskom SOC Ltd	83 000 000	-
Safcol SOC Ltd	318 013	318 013
Transnet SOC Ltd	12 660 986	12 660 986
South African Express SOC Ltd	585 000	585 000
	103 140 375	20 200 375
Department of Defence		
ARMSCOR	75 000	75 000
	75 000	75 000
Department of Agriculture, Forestry and Fisheries		
Ncera Farms (Pty) Ltd	1	1
Onderstepoort Biological Products Ltd	1	1
Abattoir Industry Fund	16 574	16 434
National Forestry Recreation and Access Trust	6 357	5 967
Forestry Lease Rental Trust Fund	451 105	304 169
	474 038	326 572
Department of Economic Development		
IDC A Shares 1000 000 at cost(100% shareholding)	1 000	1 000
IDC B Share 1 391 969 357 at cost(100% shareholding)	1 391 969	1 391 969
	1 392 969	1 392 969

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

<i>Notes</i>	2015/16 R'000	2014/15 R'000
Department of Energy		
Nuclear Energy Corporation of South Africa	2 205	2 205
	2 205	2 205
Department of Human Settlement		
National Housing Finance Corporation	980 000	880 000
SERVCON	604	604
National Urban Reconstruction and Housing Agency	61 000	-
Inala farms (PTY) Ltd	16 112	16 112
	1 057 716	896 716
Department of Transport		
Passenger Rail Agency of South Africa Ltd.	4 248 259	4 248 259
Airports Company Ltd.	559 492	559 492
Air Traffic and Navigational Services Company Ltd.	190 646	190 646
S.A. National Roads Agency Ltd.	1 091 044	1 091 044
	6 089 441	6 089 441
Department of Telecommunications and Postal		
Telkom SA Limited	2 070 381	2 070 380
South African Post Office Limited	693 116	200 940
Sentech (Pty) (Ltd)	1	1
Vodacom Group Limited	3 743	12 173 839
	2 767 241	14 445 160
Total Investments - Shares and other equity	128 408 699	56 838 152
Number of shares		
Foreign:		
International Finance Corporation	17 418	17 418
International Bank for Reconstruction and Development	17 379	17 079
Multilateral Investment Guarantee Agency	1 662	1 662
African Development Bank	330 749	320 201
New Development Bank	7 500	-
Special Drawing Rights		
International Monetary Fund Quota Subscription	3 051 200	1 868 500
International Monetary Fund SDR Holding	1 492 530	1 788 205
Issue price per share		
Foreign:		
<i>Issued in American dollars</i>		
International Finance Corporation	14 732	12 177
International Bank for Reconstruction and Development	1 777 207	1 468 948
Multilateral Investment Guarantee Agency	159 401	131 753
New Development Bank	1 473 210	-
African Development Bank	177 721	146 895
Exchange rates as at year end used to convert issue price		
American dollar (USD)	14.73	12.18
Special Drawing Rights (SDR)	20.7549	16.7978

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

	Notes	2015/16 R'000	2014/15 R'000
19	Voted Funds to be surrendered to the Revenue Fund		
	Transfer from Statement of Financial Performance	867 735	-
	Add: Unauthorised expenditure for current year	329 562	-
	Voted Funds not requested/ not received	(941 809)	-
	Transferred to retained revenue to defray excess expenditure (Parliament/Legislatures ONLY)	99 406	-
	Paid during the year	(70 640)	-
	Closing Balance	284 254	-
	Voted funds/(Excess expenditure) transferred to the retained funds (Parliament/Legislatures ONLY)		
	Opening balance	157 697	-
	Transfer from the statement of financial performance	99 406	-
	Transfer from Departmental Revenue to defray excess expenditure	33 735	-
	Closing Balance	290 838	-
20	Bank overdraft		
	Consolidated Paymaster General Account	15 031 851	13 167 838
	Overdraft with commercial banks (Local)	22	71
	Total	15 031 873	13 167 909
21	Payables		
21.1	Payables-Current		
	Amounts owing to other entities	211 301	314 795
	Advances received	21.1.1 373 624	419 103
	Clearing accounts	21.1.2 163 436	99 915
	Other payables	21.1.3 530 322	519 864
	Voted funds to be transferred	1 332 652	192 857
	Other	2 402 435	1 087 449
	Total	5 013 770	2 633 983
21.1.1	Advances received		
	National departments	171 214	166 152
	Provincial departments	39 361	87 647
	Public entities	161 261	59 661
	Other institutions	1 788	105 643
	Total	373 624	419 103
21.1.2	Clearing accounts		
	DIRCO	11 226	-
	Salary related	75 243	37 551
	Advance	48 013	42 894
	PAYE	12 675	338
	Disallowance Miscellaneous	9 046	-
	Income Tax	4 067	7 303
	Interdepartmental Claim	2 451	6 952
	Miscellaneous	542	4 372
	Pension Fund	173	505
	Total	163 436	99 915

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

	<i>Notes</i>	2015/16 R'000	2014/15 R'000
21.1.3 Other payables			
Revenue collected on behalf of DHA for civic and immigration services		118 394	-
Restitution Project Accounts - ABSA		76 520	262 445
Suppliers		58 719	22 957
Miscellaneous		89 142	101 338
Disallowance Miscellaneous		50 392	35 817
Jobs Fund (Government Technical Advisory Centre)		49 278	3 342
Salary related		40 218	31 875
Departmental Suspense Account		30 645	54 453
Civil and military pensions		17 014	7 637
Total		530 322	519 864
21.2 Payables-Non-current			
Amounts owing to other entities		1 002 492	818 196
Advances received	<i>21.2.1</i>	21 452	18 123
Other payables	<i>21.2.2</i>	1 697 956	1 315 574
Total		2 721 900	2 151 893
21.2.1 Advances received			
National departments		13 857	10 736
Provincial departments		5 512	5 666
Public entities		2 083	1 721
Other institutions		-	-
Total		21 452	18 123
21.2.2 Other payables			
Debt receivable income		1 121 615	-
Differ Revenue: SASSA and SOC DEV		785	978 557
Forestry Lease Rental Trust Fund		451 108	304 172
Debt receivable interest		88 042	-
Abattoir Industry Fund		16 574	16 434
Miscellaneous		13 476	10 444
National Forestry Recreation and Access Trust		6 356	5 967
Total		1 697 956	1 315 574
22 Borrowings			
Current			
Domestic		289 407 100	248 771 450
Foreign		15 790 393	3 550 588
Total Current Borrowings		305 197 493	252 322 038

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

	Notes	2015/16 R'000	2014/15 R'000
22.1 Domestic short-term bonds, debentures and other loans			
Debt as at 1 April		25 177 587	32 136 961
Created		15 717 394	(21 948 488)
Reduced		(40 894 981)	(36 193 040)
Transfer from long-term		46 423 955	51 182 154
Revaluation premium on inflation-linked bonds		6 314 073	-
Treasury bills		209 541 088	202 289 188
Other Loans		27 127 984	21 304 675
Total		289 407 100	248 771 450
22.1.1 Composition of short-term bonds, treasury bills and other loans			
Composition of short-term bonds, treasury bills and other loans			
1-day Treasury bills		72 588	72 588
91-day Treasury bills		32 884 500	33 205 000
182-day Treasury bills		45 955 000	46 090 000
273-day Treasury bills		59 210 000	56 330 000
365-day Treasury bills		71 419 000	66 591 600
CPD borrowing		27 121 018	21 297 709
Fixed-rate bonds		24 517 560	24 517 560
Inflation-linked bonds		28 220 468	-
Zero coupon bonds		-	660 027
Other		6 966	6 966
Total		289 407 100	248 771 450
22.2 Foreign short-term bonds, debentures and other loans			
Debt as at 1 April		2 364 579	6 534 466
Reduced		(2 364 579)	(9 115 822)
Transfer from long-term		7 262 352	4 945 935
Revaluation of foreign loans		8 528 041	1 186 009
		15 790 393	3 550 588
23 Non-current Borrowings			
Long Term			
Domestic	23.1	1 529 896 256	1 383 185 815
Foreign	23.2	183 816 329	163 280 030
Total Long Term Borrowings		1 713 712 585	1 546 465 845
23.1 Domestic long-term bonds, debentures and other loans			
Debt as at 1 April		1 336 218 864	1 164 288 375
Created		183 054 115	226 385 763
Reduced		(2 911 689)	(3 273 120)
Transfer to short-term		(46 423 955)	(51 182 154)
Revaluation premium on inflation-linked bonds		59 919 980	46 927 983
Former Regional Authorities		38 941	38 968
Total		1 529 896 256	1 383 185 815

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

	<i>Notes</i>	2015/16 R'000	2014/15 R'000
23.1.1 Composition of long-term bonds and other loans			
Fixed-rate bonds		1 138 841 300	1 015 340 298
Inflation-linked bonds		380 843 966	358 686 586
Zero coupon bonds		89 681	77 424
Retail bonds		10 082 368	9 042 539
Other		38 941	38 968
Total		1 529 896 256	1 383 185 815
23.1.2 Redemption Analysis			
Financial year(s)			
2016-2019		117 638 302	125 839 924
2019-2022		173 210 740	230 390 736
2022-2025		168 325 297	166 002 557
2025-2028		214 598 858	130 648 287
2028-2031		177 797 163	146 164 644
2031-2052		678 325 896	584 139 667
Total		1 529 896 256	1 383 185 815
23.2 Foreign long term bonds and other loans			
Debt as at 1 April		114 210 191	95 976 042
Created		-	23 180 084
Transfer to short-term		(7 262 352)	(4 945 935)
Revaluation of foreign loans		76 868 490	49 069 839
Total		183 816 329	163 280 030
23.2.1 Redemption Analysis			
Financial year(s)			
2016-2019		9 124 170	17 985 427
2019-2022		66 857 975	62 631 179
2022-2025		36 830 250	30 442 000
2025-2028		45 222 759	30 912 024
2028-2031		25 781 175	21 309 400
2031-2052		-	-
Total		183 816 329	163 280 030
23.2.2 Currency Analysis			
British pound		378 245	462 073
Euro		9 594 915	18 134 953
Japanese yen		7 929 575	6 150 146
Swedish krone		3 785 170	3 915 376
United States dollar		162 128 424	134 617 482
Total		183 816 329	163 280 030

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

	<i>Notes</i>	2015/16 R'000	2014/15 R'000	
24	LIABILITIES IN MULTI-LATERAL INSTITUTIONS			
	International Monetary Fund- Securities Account	24.1	54 600 743	29 795 331
	International Monetary Fund- SDR Allocations	24.2	37 056 113	29 991 046
	International Bank for Reconstruction and Development	24.3	29 027 702	23 578 570
	Multilateral Investment Guarantee Agency	24.4	214 633	177 405
	African Development Bank	24.5	54 766 407	43 810 648
	New Development Bank	24.6	8 839 260	-
	Total Multi-lateral Institutions		184 504 858	127 353 000

These liabilities in multi-lateral institutions are revalued at closing exchange rate as at 31 March

24.1	INTERNATIONAL MONETARY FUND - SECURITIES ACCOUNT	54 600 743	29 795 331
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This commitment represents the balance of securities in the International Monetary Fund's (IMF) General Resources Account held with the South African Reserve Bank.

24.2	INTERNATIONAL MONETARY FUND - SDR ALLOCATIONS	37 056 113	29 991 046
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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.

24.3	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT	29 027 702	23 578 570
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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.

24.4	MULTILATERAL INVESTMENT GUARANTEE AGENCY	214 633	177 405
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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.

24.5	AFRICAN DEVELOPMENT BANK	54 766 407	43 810 648
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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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

	<i>Notes</i>	2015/16 R'000	2014/15 R'000
24.6	NEW DEVELOPMENT BANK	8 839 260	-
<p>This commitment represents the callable portion of a country's subscription available to New Development Bank to meet its obligations on borrowing of funds or guarantees chargeable.</p>			
25	Net cash flow available from operating activities		
	Net surplus/(deficit) as per Statement of Financial Performance	(208 661 117)	(188 886 733)
	Add back non cash/cash movements not deemed operating activities	50 979 754	25 676 602
	(Increase)/decrease in receivables – current	9 061 098	6 820 587
	(Increase)/decrease in prepayments and advances	(1 176 275)	133 490
	(Increase)/decrease in other current assets	3 334 406	(3 294 264)
	Increase/(decrease) in payables – current	(123 474)	(751 025)
	Proceeds from sale of capital assets	(121 355)	(77 247)
	Proceeds from sale of investments	(1 335 479)	(1 666 721)
	(Increase)/decrease in other financial assets	(1 333)	1 444
	Expenditure on capital assets	18 349 421	16 293 715
	Surrenders to Revenue Fund	(47 543 390)	(19 810 000)
	Surrenders to RDP Fund/Donor	(470 863)	(378 893)
	Voted funds not requested/not received	(7 166 581)	(10 594 656)
	Other non-cash items	78 173 579	39 000 172
	Net cash flow generated by operating activities	<u>(157 681 363)</u>	<u>(163 210 131)</u>
26	Reconciliation of cash and cash equivalents for cash flow purposes		
	Consolidated Paymaster General Account	(8 668 943)	(2 851 231)
	Cash receipts	1 132	12 251
	Disbursements	(17 157)	(11 926)
	Cash on hand	65 088 381	66 954 603
	Cash with commercial banks (Local)	47 730 268	45 450 235
	Cash with commercial banks (Foreign)	102 274 339	94 841 619
	Total Cash	<u>206 408 020</u>	<u>204 395 551</u>
	Cash and cash equivalents for cash flow purposes	<u>206 408 020</u>	<u>204 395 551</u>
27	Reconciliation of prior year net surplus to current comparatives		
	Net surplus as reported in prior year	(187 459 432)	
	Less: Restatement of Opening balances from departments	<u>(1 298 464)</u>	
	Restated Net Surplus for the Year	<u>(188 757 896)</u>	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

<i>Notes</i>	2015/16 R'000	2014/15 R'000
<i>Reconciliation of cash and cash equivalents reported in prior year and Restated cash and cash equivalents in the current year</i>		
Cash and cash equivalents as reported in prior year	217 538 313	
Less: Restatement	<u>25 147</u>	
Restated cash and cash equivalents	<u>217 563 460</u>	
<i>Reconciliation of statement of position reported in prior year and Restated amounts in current year</i>		
ASSETS		
Current assets as reported in prior year:	236 740 777	
Restatement	<u>(663 216)</u>	
Restated current assets for the financial year	<u>236 077 561</u>	
Non-Current Assets		
Non-current assets as reported prior year	255 827 339	
Restatement	<u>1 287 708</u>	
Restated non-current assets for the financial year	<u>257 115 047</u>	
LIABILITIES		
Current liabilities		
Current liabilities as reported in prior year:	266 502 176	
Restated current liabilities by Economic Justice and Central Clusters	<u>2 141 323</u>	
Restated current liabilities for the financial year	<u>268 643 499</u>	
Non-Current Liabilities		
Non-current liabilities as reported prior year	1 679 497 532	
Add: Restatement by NRF & Departments	<u>(3 526 794)</u>	
Restated non-current assets for the financial year	<u>1 675 970 738</u>	
NET ASSETS/(LIABILITIES)		
Net Liabilities as reported in prior year (Capital Reserves)	<u>57 912 068</u>	
Restated net liabilities for the year	<u>57 912 068</u>	
Net Liabilities as reported in prior year (Recoverable Revenue)	<u>64 592 773</u>	
Restated net liabilities for the year	<u>64 592 773</u>	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

	Notes	2015/16 R'000	2014/15 R'000
Net Liabilities as reported in prior year (Retained Funds)		(1 575 936 433)	
Adjustment and restatement of NRF		2 009 963	
Restated net liabilities for the year		(1 573 926 470)	
Net Liabilities as reported in prior year (Total)		(1 451 421 629)	
Restated net liabilities for the year		(1 451 421 629)	
28 Contingent liabilities and Contingent assets			
28.1 Contingent Liabilities			
Motor vehicle guarantees		-	37
Housing loan guarantees		10 955	13 607
Other guarantees		262 879 923	215 419 729
Claims against the department		61 354 468	48 726 410
Other departments (interdepartmental unconfirmed balances)		1 181 355	1 218 739
Environmental rehabilitation liability		2 793 190	2 823 476
Other		797 108	723 998
Total		329 016 998	268 925 996
Guaranteed liabilities			
Road Accident Fund		99 152 409	78 491 000
Export Credit Insurance Corporation of SA Ltd		16 395 097	15 308 418
Unemployment Insurance Fund		4 228 058	3 835 846
South African Reserve Bank		111 446	112 206
		119 887 010	97 747 470
Other guarantees			
Underwritten by Government			
Guaranteed liabilities			
Development Bank of SA		4 355 552	4 134 814
Land and Agricultural Development Bank of SA		5 304 378	2 097 749
South African Airways		14 393 764	8 418 814
SA Express		539 000	539 000
Denel		1 850 000	1 850 000
Eskom		174 018 368	140 007 056
Transnet		3 757 096	3 757 096
Industrial Development Corporation		242 568	343 885
Necsa		20 000	20 000
S.A. National Roads Agency Ltd.		35 357 657	32 435 517
Passenger Rail Agency of South Africa Ltd.		1 518	48 210
KOBWA		856 665	968 536
Land Bank		39 286	42 779
Trans Caledon Tunnel Authority		20 746 278	20 385 501
South African Post Office Ltd		1 270 000	270 000
Telkom SA Ltd		127 647	99 751
Tertiary Institutions		146	1 021
Total		262 879 923	215 419 729

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

<i>Notes</i>	2015/16 R'000	2014/15 R'000
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 whose 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.		
Road Accident Fund	99 152 409	78 491 000
This represents the underfunding of the Fund's future commitment in respect of claims against the Fund according to the actuarial valuation. Actuarial valuations are conducted every year.		
Export Credit Insurance Corporation of South Africa Ltd	16 395 097	15 308 418
The Export Credit Insurance Corporation of South Africa Ltd and its predecessor, the Credit Guarantee Insurance Corporation of Africa Ltd, provide export credit and foreign investment cover to South African exporters. In terms of the Export Credit and Foreign Investment Act, 1957, as amended, the Government of South Africa acts as a guarantor for the liabilities of the company. The Government's commitment represents the net of the total underwriting exposure of the company and its total assets.		
South African Reserve Bank (SARB)	111 446	112 206
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.		
28.2 Contingent Assets		
Cellphone usage exceeded allowable limits	5 485	-
Legal claims by the department	131 856	67 601
Dispute on guarantees payments	60 403	2 994
SAPO TBVC States loan conversion	-	287 176
Assets seized during forfeiture order by the Assets Forfeiture Unit	31 991	32 861
Incentive claims	30 405	21 503
Other	66 487	57 812
Gold and Foreign Exchange Contingency Reserve Account	<u>304 653 118</u>	<u>203 396 438</u>
Total	<u>304 979 745</u>	<u>203 866 385</u>
29 Post-retirement benefits		
Post-employment Health Care Fund	69 938 325	69 938 325
29.1 Post-retirement medical assistance		
This contingent liability is the estimated present value of the State's future commitment in respect of government employees; post-employment medical assistance (including all active employees and Continuation and Widower members). It is important to note that Polmed members have been excluded from the actuarial valuation.		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

	<i>Notes</i>	2015/16 R'000	2014/15 R'000
29.2	Pension Funds		
	Government Employees Pension Fund		
	This commitment represents the underfunding of the pension fund according to the most recent actuarial valuations. Actuarial valuations are conducted at least every three years.		
	Funding Levels		
	Government Employees Pension Fund	83%	83%
	Temporary Employees Pension Fund	136%	134%
	Associated Institutions Pension Fund	140%	125%
	Valuation Dates		
	Government Employees Pension Fund	March 2014	March 2014
	Temporary Employees Pension Fund	March 2015	March 2015
	Associated Institutions Pension Fund	March 2015	March 2015
	Government Employees Pension Fund, Temporary Employees and the Associated Pension Fund are in surplus(deficit) after reserves with (R289 172) million, R104.6 million and R2 424 million respectively.		
30	Commitments		
	Current Expenditure		
	Approved and contracted	29 499 152	29 004 700
	Approved but not yet contracted	4 224 566	4 028 692
	Total	33 723 719	33 033 392
	Capital Expenditure (including transfers)		
	Approved and contracted	14 114 753	16 483 267
	Approved but not yet contracted	8 064 612	8 209 354
	Total	22 179 365	24 692 621
	Total Commitments	55 903 083	57 726 013
31	Accruals		
	Goods and services	2 410 048	3 135 490
	Interest and rent on land	26 537	-
	Transfers and subsidies	92 119	100 961
	Capital assets	985 405	2 006 817
	Other	98 493	169 468
	Total	3 612 602	5 412 736
	Payables		
	Goods and services	1 678 911	476 210
	Transfers and subsidies	95 238	14 578
	Capital assets	380 357	26 641
	Other	29 774	-
	Total	2 184 280	517 429

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

	<i>Notes</i>	2015/16 R'000	2014/15 R'000
Confirmed balances			
Confirmed balances with departments		1 008 274	988 313
Confirmed balances with other government entities		571 248	1 003 430
Total		1 579 522	1 991 743
32 Employee benefits			
Leave entitlement		5 546 335	5 182 724
Service bonus (Thirteenth cheque)		2 045 255	1 774 239
Performance awards		592 267	349 514
Capped leave commitments		7 908 674	7 847 417
Other		409 000	277 078
Total		16 501 531	15 430 972

33 Lease commitments**33.1 Operating leases expenditure**

2015 / 2016	Specialised military assets R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	10 039	4 814 948	266 435	5 091 422
Later than 1 year and not later than 5 years	-	26 583	6 351 731	266 965	6 645 279
Later than five years	-	56 125	291 006	347	347 478
Total lease commitments	-	92 747	11 457 685	533 748	12 084 180

2014 / 2015	Specialised military assets R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	10 343	4 454 862	229 347	4 694 552
Later than 1 year and not later than 5 years	-	28 793	7 099 804	326 859	7 455 456
Later than five years	-	56 956	1 265 397	135	1 322 488
Total lease commitments	-	96 092	12 820 063	556 341	13 472 496

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

33.2 Finance leases expenditure

2015 / 2016	Specialised military assets	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	383 952	383 952
Later than 1 year and not later than 5 years	-	-	-	202 812	202 812
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	586 763	586 763

2014 / 2015	Specialised military assets	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	364 505	364 505
Later than 1 year and not later than 5 years	-	-	-	316 106	316 106
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	680 611	680 611

33.3 Operating lease revenue

2015 / 2016	Specialised military assets	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	1 052	95	-	1 147
Later than 1 year and not later than 5 years	-	2 073	5	-	2 078
Later than five years	-	20 985	-	-	20 985
Total operating lease revenue receivable	-	24 110	100	-	24 210

2014 / 2015	Specialised military assets	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	1 732	452	-	2 184
Later than 1 year and not later than 5 years	-	2 812	100	-	2 912
Later than five years	-	21 298	-	-	21 298
Total operating lease revenue receivable	-	25 842	552	-	26 394

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

	Notes	2015 / 2016 R'000	2014 / 2015 R'000
34	Accrued departmental revenue		
	Sales of goods and services other than capital assets	14 169	11 317
	Fines, penalties and forfeits	160 568	87 187
	Interest, dividends and rent on land	534 356	529 355
	Sale of capital assets	35 239	14 573
	Transactions in financial assets and liabilities	65 847	91 462
	Transfers received (incl conditional grants to be repaid by prov depts)	243 068	145 327
	Other	57 392	96 304
	Total	1 110 639	975 525
	Analysis of receivables for departmental revenue		
	Opening balance	1 395 646	1 299 343
	Less: Amounts received	1 610 548	1 364 969
	Add: Amounts recognised	1 472 022	1 195 129
	Less: Amounts written-off/reversed as irrecoverable	146 481	153 978
	Closing balance	1 110 639	975 525
	Accrued department revenue written off		
	Penalty imposed by the United Nations	116 237	56 877
	Irrecoverable/uneconomical (trade debt)	276	118
	Royalties	-	76 000
	Total	116 513	132 995
		-	-
35	Irregular expenditure		
35.1	Reconciliation of irregular expenditure		
	Opening balance	8 207 561	7 540 922
	Prior period error	(33 865)	(118 246)
	As restated	8 173 696	7 422 676
	Add: Irregular expenditure - relating to prior year	367 661	995
	Add: Irregular expenditure - relating to current year	4 192 653	2 911 666
	Less: Prior year amounts condoned	(1 343 467)	(1 227 806)
	Less: Current year amounts condoned	(131 754)	(158 573)
	Less: Amounts not condoned and recoverable	(1)	(414 789)
	Less: Amounts not condoned and not recoverable	(68 835)	(326 607)
	Irregular expenditure awaiting condonation	11 189 953	8 207 562
	Analysis of awaiting condonation per age classification		
	Current Year	4 194 484	2 476 912
	Prior Years	6 995 469	5 730 650
	Total	11 189 953	8 207 562

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

	Notes	2015 / 2016 R'000	2014 / 2015 R'000
35.2 Prior period error			
Nature of prior period error			
Relating to 2014/15			(118 246)
Normal procurement policies and procedures not followed			(109 055)
Appointment of Travel Agency not following bid process			(1 170)
Other			(8 021)
Relating to 2014/15			(30 843)
SMS members not signing performance agreements as per DPSA agreements			(37 412)
Procurement procedures not followed in terms of RT3 contracts			6 569
Total			(149 089)
36 Fruitless and wasteful expenditure			
36.1 Reconciliation of fruitless and wasteful expenditure			
Opening balance		839 107	948 548
Prior period error		2	(16 462)
As restated		839 109	932 086
Fruitless and wasteful expenditure – relating to prior year		54 719	-
Fruitless and wasteful expenditure – relating to current year		92 298	49 251
Less: Amounts condoned		(401 548)	(141 175)
Less: Amounts transferred to receivables for recovery		(1 495)	(1 055)
Fruitless and wasteful expenditure awaiting condonement		583 083	839 107
Analysis of awaiting condonement per economic classification			
Current Year		517 248	832 574
Prior Year		58 926	6 403
Transfers and subsidies		6 909	130
Total		583 083	839 107
36.2 Prior period error			
Nature of prior period error			
Relating to 2014/15			(16 462)
Irregular 2011/12			(16 462)
Relating to 2013/14			551
Irregular 2013/14 - investigation not irregular			551
Total			(15 911)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

	Notes	2015 / 2016 R'000	2014 / 2015 R'000
37	Related party transactions		
	Revenue received (paid)		
	Tax revenue	1 764	6 142
	Sales of goods and services other than capital assets	19	6 377
	Interest, dividends and rent on land	62 953	62 711
	Transactions in financial assets and liabilities	5 509	4 314
	Total	70 245	79 544
	Payments made		
	Goods and services	177 409	470 143
	Interest and rent of land	-	9
	Expenditure for capital assets	-	19 335
	Payments for financial assets	83 009 293	7 039
	Transfers	724 700	1 177 289
	Total	83 911 402	1 673 815
	Year end balances arising from revenue/payments		
	Receivables from related parties	46 434	58 359
	Payables to related parties	(215 190)	753 179
	Total	(168 756)	811 538
	Guarantees issued/received		
	Commitments IDT	-	3 401
	South African Airways	14 393 764	8 418 814
	Land Bank	5 304 378	2 097 749
	Development Bank of Southern Africa	4 355 552	4 134 814
	Guarantees issued/received	11 495 310	34 182 000
	Staff Secondment	429	-
	Official seconded	2 221	2 026
	Guarantees issued/received	242 568	343 885
	Guarantees issued - NECSA	20 000	20 000
	S.A. National Roads Agency Ltd.	35 357 657	32 435 517
	Passenger Rail Agency of South Africa Ltd.	1 518	48 210
	Total	71 173 397	81 686 416
38	Key management personnel		
	Description		
	Political office bearers	160 816	157 291
	Officials:	18 837	13 785
	Level 15 to 16	648 920	632 304
	Level 14 (incl CFO if at a lower level)	1 253 985	1 174 503
	Family members of key management personnel	35 115	22 651
	Total	2 117 672	2 000 534

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

	Notes	2015 / 2016 R'000	2014 / 2015 R'000
Description			
Speaker to Parliament/the Legislature		5 434	11 533
Secretary to Parliament/ the Legislature		3 804	-
Deputy Secretary		2 599	1 452
Chief Financial Officer		3 623	2 057
Legal Advisor		2 468	2 579
Total		17 928	17 621
39 Public Private Partnership			
Concession fee received			
Other fees received		-	7
		-	7
Unitary fee paid			
Fixed component		2 104 181	2 080 940
Indexed component		879 212	880 758
		1 224 969	1 200 182
Analysis of indexed component			
Goods and Services(excluding lease payments)		1 224 970	1 200 182
Operating leases		1 160 435	1 106 799
Interest		8 294	46 155
		56 241	47 228
Capital/ (Liabilities)			
Tangible rights		1 744 077	1 744 288
Property		141	885
Plant and equipment		1 686 466	1 685 933
		57 470	57 470
Other			
Other Obligations		92 219	343 833
		92 219	343 833
40 Impairment			
Debtor		19 885	29 150
Investments		1 393	3 742 568
Ex-employee debtors		48 725	65 238
DRDLR Lease Debtors / Investments		1 543	1 106
Other debtors (material losses)		13 008 758	13 015 156
Provision for doubtful debts: Conveyancers		-	5 284
		13 080 304	16 858 502

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

	Notes	2015 / 2016 R'000	2014 / 2015 R'000
41	Provisions		
	Provision for Disused Past Strategic Nuclear Facilities	-	3 643 364
	Miscellaneous	1 404 460	203 050
	Environmental liability	393 609	253 243
	Claims	217 546	34 659
	Curator Fees	99 904	121 645
	Export Marketing and Investment Assistance (EMIA)	89 743	143 947
	Black Business Supplier Development Programme (BBSDP)	-	82 985
	Department of Education - Eastern Cape	60 615	60 615
	Housing allowance for tenants for the individual linked savings	60 735	-
	Injury on Duty & Admin Expense	64 832	30 265
	Military Medical & Special Pension	36 812	64 453
		2 428 256	4 638 226
	Reconciliation of movement in provisions - 2015 / 2016		
	Opening balance	5 860 382	8 408 369
	Provision for Disused Past Strategic Nuclear Facilities	3 643 364	3 527 216
	Environmental liability	253 243	381 034
	Claims	139 683	3 640 562
	Miscellaneous	1 345 640	141 178
	Curator Fees	121 645	126 050
	Export Marketing and Investment Assistance (EMIA)	143 947	136 462
	Black Business Supplier Development Programme (BBSDP)	82 985	334 841
	Department of Education - Eastern Cape	60 615	65 615
	Injury on Duty & Admin Expense	56 185	50 490
	Military Medical & Special Pension	13 075	4 921
	Increase in provision	1 338 635	1 088 772
	Environmental liability	140 366	(127 791)
	Claims	11 333	16 664
	Miscellaneous	520 956	57 429
	Curator Fees	216 325	196 156
	Export Marketing and Investment Assistance (EMIA)	19 523	29 673
	Black Business Supplier Development Programme (BBSDP)	324 765	464 376
	Department of Education - Eastern Cape	-	424 562
	Injury on Duty & Admin Expense	60 735	-
	Military Medical & Special Pension	44 632	27 703

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For the year ended 31 March 2016

	Notes	2015 / 2016 R'000	2014 / 2015 R'000
Settlement of provision		(801 734)	(1 628 707)
Claims		(424 220)	(865 801)
Miscellaneous		(33 638)	(82 061)
Curator Fees		(19 350)	(31 558)
Export Marketing and Investment Assistance (EMIA)		(282 252)	(329 521)
Black Business Supplier Development Programme (BBSDP)		-	(288 336)
Department of Education - Eastern Cape		-	(5 000)
Injury on Duty & Admin Expense		(31 388)	(10 149)
Military Medical & Special Pension		(10 886)	(16 281)
Unused amount reversed		(148 479)	(3 377 513)
Claims		(85 039)	(2 814 443)
Miscellaneous		(1 927)	(4 774)
Curator Fees		-	(2 520)
Export Marketing and Investment Assistance (EMIA)		(54 640)	(130 020)
Black Business Supplier Development Programme (BBSDP)		-	(387 977)
Injury on Duty & Admin Expense		(4 597)	(37 779)
Military Medical & Special Pension		(2 276)	-
Change in provision due to change in estimation of inputs		(3 820 548)	147 305
Provision for Disused Past Strategic Nuclear Facilities		(3 643 364)	116 148
Claims		71	28 083
Miscellaneous		(30 279)	529
Curator Fees		(21 914)	-
Export Marketing and Investment Assistance (EMIA)		(42 077)	2 650
Black Business Supplier Development Programme (BBSDP)		(82 985)	(105)
Closing balance		2 428 256	4 638 226
42 Non-adjusting events after reporting date			
Subsequent to year-end, supply chain management processes on IFMS related services		461 000	
Legal claim against the department received after year-end		33 134	
BBI Loan - subsequent to year end, the rights of the loan were ceded to DTPS		1 351 130	
Labour Dispute		1 602	
Transfer of movable assets to the newly established Department of Communications		1 076	
Transfer of Broad Band Infracore loan from Department of Public Enterprise in terms of Proclamation No. 67 of 2014			
Total		1 847 942	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

43 Movable Tangible Capital Assets

43.1 MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Opening balance	Value adjustments	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
HERITAGE ASSETS	163 208	-	340	287	163 261
Heritage assets	163 208	-	340	287	163 261
MACHINERY AND EQUIPMENT	36 855 505	8 312	4 305 775	2 112 037	39 057 555
Transport assets	17 727 065	5 517	1 882 589	859 225	18 755 946
Computer equipment	7 424 057	951	975 888	668 973	7 731 922
Furniture and office equipment	2 120 478	2 109	287 983	87 807	2 322 763
Other machinery and equipment	9 583 905	(265)	1 159 315	496 032	10 246 924
SPECIALISED MILITARY ASSETS	46 423 614	-	1 225 283	0	47 648 897
Specialised military assets	46 423 614	-	1 225 283	0	47 648 897
BIOLOGICAL ASSETS	599 239	14 342	272 477	10 239	875 820
Biological assets	599 239	14 342	272 477	10 239	875 820
Capital Work-in-progress	-	-	-	-	-
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	84 041 565	22 654	5 803 876	2 122 563	87 745 532

43.2 MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Opening balance	Prior period error	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
HERITAGE ASSETS	160 874	(40)	2 579	205	163 208
Heritage assets	160 874	(40)	2 579	205	163 208
MACHINERY AND EQUIPMENT	33 489 903	252 527	4 811 898	1 698 824	36 855 505
Transport assets	16 464 122	14 397	1 906 251	657 705	17 727 065
Computer equipment	6 610 284	198 797	1 161 592	546 616	7 424 057
Furniture and office equipment	1 935 812	(6 907)	337 430	145 858	2 120 478
Other machinery and equipment	8 479 685	46 240	1 406 625	348 644	9 583 905
SPECIALISED MILITARY ASSETS	45 172 765	867 780	386 398	3 330	46 423 614
Specialised military assets	45 172 765	867 780	386 398	3 330	46 423 614

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing balance R'000
BIOLOGICAL ASSETS	603 942	(321)	23 563	27 945	599 239
Biological assets	603 942	(321)	23 563	27 945	599 239
Capital Work-in-progress	-	-	-	-	-
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	79 427 484	1 119 946	5 224 438	1 730 303	84 041 565

44 Minor assets

44.1 MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	12 812	7 401	4 243 882	6 595	4 270 691
Value adjustments	-	-	-	3 858	-	3 858
Additions	-	1 180	342	497 041	11 980	510 543
Disposals	-	715	5	303 151	3 933	307 804
TOTAL MINOR ASSETS	-	13 277	7 738	4 441 630	14 642	4 477 288

44.2 MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	13 118	7 544	4 133 371	7 023	4 161 057
Prior period error	-	853	-	23 839	-230	24 462
Additions	-	2 408	48	385 509	3 045	391 010
Disposals	-	3 567	191	298 836	3 243	305 837
	-	12 812	7 401	4 243 882	6 595	4 270 691

44.3 MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2016

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Assets written off	-	-	-	1 696 051	11 042	1 707 093
	-	-	-	1 696 051	11 042	1 707 093

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

44.4 MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2015

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Assets written off	-	-	-	1 045 914	9 523	1 055 437
	-	-	-	1 045 914	9 523	1 055 437

45 Intangible Capital Assets

45.1 MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing balance R'000
Software	1 653 838	4 457	287 355	72 040	1 873 610
Mastheads and Publishing Titles	-	-	-	-	-
Patents, Licences, Copyright, Brand names, Trademarks	267 921	-	136 367	16 932	387 356
Recipes, Formulae, Prototypes, Designs, Models	1 371 664	-	214 624	-	1 586 288
Services and Operating rights	-	-	-	-	-
Capital Work-in-progress (Effective 1 April 2016)	-	-	-	-	-
TOTAL INTANGIBLE CAPITAL ASSETS	3 293 423	4 457	638 346	88 972	3 847 254

45.2 MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing balance R'000
Software	1 853 038	251 745	109 939	560 884	1 653 838
Mastheads and Publishing Titles	131	-	-	131	-
Patents, Licences, Copyright, Brand names, Trademarks	156 018	-17 755	131 100	1 442	267 921
Recipes, Formulae, Prototypes, Designs, Models	1 202 007	124 237	50 643	5 223	1 371 664
Services and Operating rights	-	-	-	-	-
Capital Work-in-progress (Effective 1 April 2016)	-	-	-	-	-
TOTAL INTANGIBLE CAPITAL ASSETS	3 211 194	358 227	291 682	567 680	3 293 423

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

46 Immovable Tangible Capital Assets

46.1 MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	21 777 350	254 245	4 338 653	594 166	25 776 082
Dwellings	2 209 932	541	8 086	6 080	2 212 479
Non-residential buildings	12 954 208	235 722	1 977 758	12 316	15 155 372
Other fixed structures	6 613 210	17 982	2 352 809	575 770	8 408 231
HERITAGE ASSETS	2 771 074	-	-	-	2 771 074
Heritage assets	2 771 074	-	-	-	2 771 074
LAND AND SUBSOIL ASSETS	14 437 862	-	146 133	213 183	14 370 812
Land	14 437 862	-	146 133	213 183	14 370 812
Mineral and similar non-regenerative resources	-	-	-	-	-
Capital Work-in-progress (Effective 1 April 2016)	-	-	-	-	-
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	38 986 287	254 245	4 484 786	807 349	42 917 969

46.2 MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	17 728 345	5 258	4 616 099	572 352	21 777 350
Dwellings	2 207 098	4 404	1 077	2 647	2 209 932
Non-residential buildings	10 371 003	19 692	2 588 299	24 786	12 954 208
Other fixed structures	5 150 244	(18 838)	2 026 723	544 919	6 613 210
HERITAGE ASSETS	2 771 074	-	-	-	2 771 074
Heritage assets	2 771 074	-	-	-	2 771 074
LAND AND SUBSOIL ASSETS	14 498 118	(16 711)	177 548	221 093	14 437 862
Land	14 498 118	(16 711)	177 548	221 093	14 437 862
Mineral and similar non-regenerative resources	-	-	-	-	-
Capital Work-in-progress (Effective 1 April 2016)	-	-	-	-	-
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	34 997 538	(11 453)	4 793 647	793 445	38 986 287

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

	Notes	2015 / 2016 R'000	2014 / 2015 R'000
47	S42 Immovable assets Assets subjected to transfer in terms of S42 of the PFMA		
	BUILDINGS AND OTHER FIXED STRUCTURES	4 274 828	598 260
	Dwellings	380	-
	Other fixed structures	4 274 448	598 260
	TOTAL	4 274 828	598 260
48	Reconciliation of Note 39, 40 & 41 to Expenditure on Capital Assets per Statement of Financial Performance		
	Capital expenditure additions per note 39	5 803 877	4 931 652
	Capital expenditure additions per note 40	638 346	282 883
	Capital expenditure additions per note 41	4 484 786	4 115 016
	Total additions per disclosure notes	10 927 009	9 329 551
	Total reconciling items	7 422 412	6 964 164
	Non Cash Movement	(6 324 011)	(4 272 063)
	Capital Work in Progress-current costs	14 589 681	12 061 750
	Received but not paid/ (Paid current year but received prior year)	161 399	(499 698)
	Other	(1 004 657)	(325 826)
	Capital expenditure per statement of financial performance	18 349 421	16 293 715
49	Agent-principal arrangements		
49.1	Department acting as the principal		
	Government Pension Administration Agency	3 967 698	3 730 935
	Regional Bulk Infrastructure Grant (RBIG)	158 582	3 941 238
	Development Bank of Southern Africa	239 074	1 341 669
	Government Technical Advisory Centre	693 000	-
	State attorney monies collected on behalf of Government institutions and also commission on debt collections which are paid over to National Revenue Fund.	449 610	286 282
	Independent Development Trust	423 695	467 794
	Municipal Water Infrastructure Grant (MWIG)	31 806	405 294
	Other	305 698	787
	Accelerated Community Infrastructure Programme (ACIP)	-	244 822
	Bucket Eradication Programme (BEP)	-	281 779
	Foundation for Professional Development	174 938	27 935
	Agricultural Research Council	117 541	127 996
	COEGA Development Corporation	93 918	21 235

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For the year ended 31 March 2016

Notes	2015 / 2016 R'000	2014 / 2015 R'000
Cheadle Thompson & Hayson (CTH)	18 526	87 993
CPI	84 410	48 746
CSIR	50 196	24 447
Miscellaneous	140 051	189 888
Total	6 948 743	11 228 840

49.2 Department acting as the agent

Revenue received for agency activities

Criminal Asset Recovery Committee	74 928	183 216
Funds received from NSF	4 942	18 316
National Skills Fund	66 546	43 990
Operation Phakisa - Aquaculture	18 200	-
Total	164 616	245 522

50 Prior period errors

Correction of prior period error for secondary information

Revenue: (e.g. Annual appropriation, Departmental revenue, Aid assistance, etc.)

Departmental revenue	(23 114 310)
Net effect on the note	(23 114 310)

Expenditure: (e.g. Compensation of employees, Goods and services, Tangible capital assets, etc.)

Compensation of employees	(61 509)
Goods and services	528 981
Interest and rent on land	137
Transfers and subsidies	(77 968)
Tangible Capital assets	44 705
Net effect on the note	434 346

Assets: (e.g. Receivables, Investments, Accrued departmental revenue, Movable tangible capital assets, etc.)

Unauthorised expenditure	(3 535)
Tangible Capital Assets	1 233
Intangible Capital Assets	(22 415)
Prepayments and advances	2 055 062
Receivables (Current and Non- current)	27 847
Net effect on the note	2 058 192

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

Notes	2015 / 2016 R'000	2014 / 2015 R'000
Liabilities: (e.g. Payables current, Voted funds to be surrendered, Commitments, Provisions, etc.)		
Voted funds to be surrendered to the Revenue Fund		176 044
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund		92 572
Payables		307 764
Contingent liabilities		(645 853)
Commitments and Accruals		(654 147)
Net effect on the note		(723 620)

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Inventory

Opening balance	13 117	6 121
Add/(less): Adjustment to prior year balances	757	3 788
Add: Additions/Purchases - Cash	568 032	132 813
Add: Additions - Non-Cash	170	-
(Less): Disposals	-	(238)
(Less): Issues	(555 146)	(127 613)
Add/(less): Adjustments	(4 987)	(1 754)
Closing balance	21 943	13 117

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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 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.

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

For the 2015/16 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 2016

Justice and Constitutional Development

Nature of Departure

A departure that fines and recoveries made by state Attorney on behalf of government institutions be disclosed in the financial statements of Third party Funds (TPF) in the same manner as it was previously done

Requirement departed from

Revenue due to government institutions should be recognised and reported by those institutions in their own statements of financial performance and position where applicable.

Home Affairs (DHA)

Nature of Departure

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.

Requirement departed from

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).

Nature of Departure

A departure was granted for Department of International Relations AND Co-operation (DIRCO) to deposit foreign revenue collected on behalf of Department of Home Affairs(DHA) directly to National Revenue Fund (NRF). As a result, a recognition criteria is not met as cash is not received by DHA.

Requirement departed from

DHA should disclose foreign revenue as revenue in its statement of financial performance.

Environmental Affairs

Nature of Departure

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 the budget requirements for the Expanded Public Works Programme (EPWP)

Requirement departed from

Capital Works programme should be recorded in the statement of financial performance as extreme as "expenditure for capital assets" and not Transfers and subsidies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

53 Financial Risk Management

Government's debt portfolio during 2015/16 was assessed for a second year against the strategic risk benchmarks which were implemented in 2014/15. Government's 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 2016/17, they will continue to be monitored and reported on a quarterly basis. The table below list the strategic risk benchmarks.

Strategic portfolio risk benchmarks

Description	Range or limit
Share of short-term debt maturing in 12 months (Treasury bills) as a share of total domestic debt	Limit to 15%
Long-term debt maturing in 5 years as a share of total fixed-rate and inflation-linked bonds	Limit to 25%
Inflation-linked bonds as a share of total domestic debt	Range of 20-25%
Foreign debt as a share of total government debt	Limit of 15%
Weighted term-to-maturity of fixed-rate bonds plus Treasury bills (in years)	Range of 10-14 years
Weighted average term-to-maturity of inflation-linked bonds (in years)	Range of 14-17 years

Government's gross loan debt of R2 018.9 billion consist of domestic (R1 819.3 billion) and foreign debt (R199.6 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 R37.4 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. Due to increasing revaluations the share of inflation-linked bonds as a share of domestic debt was moved towards the upper band of 25 per cent as at the end of March 2016.

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

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Composition of foreign debt

Indicator	31 March 2016	31 March 2015
Percentage		
As % of total debt		
- Gross foreign debt	10.1	9.4
- Net foreign debt	5.5	4.7
Currency composition		
- US Dollar	81.6	81.2
- Euro	11.6	11.7
- Yen	4.0	3.7
- GBP	0.3	0.5
- Swedish krona	2.5	2.9

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. During 2015/16; R55.4 billion (2014/15; R50.7 billion) short-dated bonds were exchanged for long-term bonds.

Refinancing risk benchmarks

Indicator	31 March 2016	31 March 2015
Share of short-term debt maturing in 12 months (Treasury bills) as a share of total domestic debt	11.8%	12.6%
Long-term debt maturing in 5 years as a share of total fixed-rate and inflation-linked bonds	18.6%	21.0%
Weighted term-to-maturity of fixed-rate bonds plus Treasury bills (in years)	12.6	11.6
Weighted term-to-maturity of inflation-linked bonds (in years)	14.9	15.0

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, settlement risk from government bond auctions as well as implicit and explicit guarantees to state-owned companies (SOC). Total cash invested at the end of 2015/16 amounted to R214.3 billion, of which R169.2 billion was with the Reserve Bank and R45.1 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 as prescribed by the Reserve Bank and credit ratings. 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 participates in government bond auctions and upon receiving the bond allocations gets an obligation to pay for those bonds 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 2016

In addition, National Treasury manages and monitors the risks emanating from its implicit and explicit contingent liabilities, which stem mostly from the issuance of guarantees to SOC. As at 31 March 2016, government guarantees issued to SOC amounted to R467 billion of which R258 billion had been used. On the other hand, exposure to Renewable Energy Independent Power Producers and Public Private Partnership projects amounted to R200 billion and R8.9 billion respectively.

Furthermore, counterparties to which government has a guarantee exposure are analysed to determine their ability and willingness 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 assessments 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. Sovereign credit ratings play an important role in the country's ability to access capital markets as they influence investor perceptions of the quality of a country's debt. Credit rating agencies perform annual reviews on South Africa's credit-worthiness. However, since the inception of the Credit Regulation Act 3 in 2013, European-based credit rating agencies are obliged to review their credit ratings every six months. South Africa continues to solicit ratings from four major credit rating agencies: Moody's Investors Service (Moody's), S&P Global Ratings (S&P), Fitch Ratings (Fitch) and Rating and Investment Information, Inc. (R&I).

South Africa's solicited credit ratings

Debt ratings	Moody's		S&P		Fitch		R&I	
	Current rating	Previous rating	Current rating	Previous rating	Current rating	Previous rating	Current rating	Previous rating
Foreign currency credit rating	Baa2	Baa2	BBB-	BBB-	BBB-	BBB	BBB+	BBB+
Domestic currency credit rating	Baa2	Baa2	BBB+	BBB+	BBB	BBB+	A-	A-
Outlook	Negative	Negative	Negative	Stable	Stable	Negative	Negative	Stable
	↓		↓		↓		↓	
	2 notches above junk status for foreign and domestic debt		1 notch above junk status for foreign debt; 3 notches above junk for domestic debt		1 notch above junk status for foreign debt and 2 notches above for domestic debt		3 notches above junk status for foreign debt and 4 notches for domestic debt	

Source: National Treasury

In 2015/16, the country maintained its investment grade credit ratings assigned by all four of the solicited ratings agencies. In June 2015, both Fitch and S&P re-affirmed South Africa's credit ratings at "BBB" (negative outlook) and "BBB-" (stable outlook), respectively. In September 2015, Moody's affirmed the country's credit rating at "Baa2" (stable outlook). The country was downgraded by Fitch to "BBB-" (stable outlook) and simultaneously re-affirmed by S&P at "BBB-" (outlook revised to negative from stable) in December 2015. Furthermore, in December 2015, Moody's re-affirmed South Africa's credit rating at "Baa2" but revised its outlook to negative from stable. In January 2016, R&I re-affirmed South Africa's "BBB+" credit ratings and also revised its outlook to negative from stable. Moody's further placed the country's "Baa2" (negative) credit rating under review for possible downgrade in March 2016 but ultimately re-affirmed the country's "Baa2" (negative) credit rating in May 2016.

While South Africa managed to maintain investment grade ratings from all credit rating agencies in 2015/16 due to its credit rating strengths; there have been a number of concerns by the rating agencies that could put the sovereign's rating at risk of further downgrades. The key risks to South Africa's credit rating are a perceived loss of control over fiscal policy together with a deteriorating domestic economic outlook. The credit rating agencies have identified three key triggers for a downgrade: spending overruns in the short to medium term; significantly slower

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

economic growth potentially driven by the drought, energy supply constraints or weaker global growth, and slow progress in the implementation of domestic reforms to boost growth, which places revenue at risk. Guarantees issued to state owned entities pose an additional risk to the fiscal outlook. However, government is committed to implementing the necessary structural reforms aimed at mitigating risks to the credit rating.

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 global growth and volatility have affected investment and trade in many developing economies. Economic growth for South Africa is 0.5% for 2016, rising to 1.7% in 2017. South Africa's debt portfolio has been growing for the past number of years. If South Africa does the right things to support investment and confidence the budget deficit can decline to 2.5% in 2019/2020. 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 2016 Medium Term Budget Policy Statement, the Minister of Finance has announced proposals to maintain the health of the public finances, taking into account the difficult world economic situation. Relevant to government's current and future economic health is the following actions:

- Inclusive growth is South Africa's objective. Macroeconomic and fiscal framework sets limits to government debt and expenditure while also supporting stronger public and private sector investment.
- Concerted implementation of our nine point plan of the National Development Plan.
- Policy initiatives across a wide range of sectors aimed at broadening participation and enhancing economic development.

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Subsequent Events

During September 2016, government issued an additional R4.7 billion perpetual going concern guarantee to the South African Airways bringing the total amount of guarantees issued to SAA to R19 billion.

Since March 2016 three credit rating agencies have affirmed South Africa sovereign credit ratings. On 6 May 2016, Moody's affirmed South Africa's 'Baa2' credit rating and revised the outlook from stable to negative. On 3 June 2016, S&P affirmed the country's 'BBB-' credit rating and the outlook remained negative. Fitch, on 8 June 2016, affirmed South Africa's credit rating at 'BBB-' and maintained the stable outlook. Subsequent to that, on 18 July 2016, Fitch aligned South Africa's long-term local currency rating to that of the long-term foreign currency rating at 'BBB-' from 'BBB'. R&I which currently rates the sovereign at 'BBB+' with a negative outlook recently conducted its annual credit review on South Africa from 17 – 19 August 2016 and is expected to make its announcement after the 2016 Medium Term Budget Policy Statement. This implies that South Africa has negative credit outlooks across three rating agencies, with the exception of Fitch which has affirmed the stable outlook on the country's credit worthiness.

Government's debt portfolio is exposed to currency and inflation risk. Since 31 March 2016 to 31 August 2016, the rand strengthened against the US dollar and the Euro by 1.3 and 3.6 per cent respectively. Consequently, the rand equivalent of foreign debt would have decreased by R2.8 billion or 1.4 per cent. In addition, government also held cash deposits of US\$6.9 billion or R102.1 billion. The stronger currency would have decreased the rand value of these deposits by R1.4 billion or 1.3 per cent to R100.7 billion.

Furthermore, revaluing the stock of inflation-linked bonds using the consumer price index (CPI) of 31 August 2016 would have resulted in the outstanding value of inflation-linked bonds increasing by R17.4 billion (4.2 per cent) to R426.4 billion.

UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

For the year ended 31 March 2016

■ CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

	Central Government Administration	Economic Services and Infrastructure Development	Financial administration Services	Justice and Protection Services	Social Services
	2015/16	2015/16	2015/16	2015/16	2015/16
	Note	2015/16	2015/16	2015/16	2015/16
REVENUE					
1	94 126 675	153 828 124	56 337 063	159 121 881	244 825 289
2	508 858	-	-	2 704 517	15 156 433
3	1 104 296	28 264 074	5 621 722	2 020 487	124 941
4	82 022	687 535	137 183	14 680	1 476 867
	95 821 851	182 779 733	62 095 968	163 861 565	261 583 530
EXPENDITURE					
Current expenditure					
5	8 499 765	9 313 095	2 831 419	106 325 287	10 109 609
6	8 787 802	7 464 403	2 286 185	37 245 218	5 054 754
7	57 011	8 648	28	1 677	47 744
4	29 707	37 310	94 946	13 635	1 352 832
	17 425 891	16 823 456	5 212 578	143 585 817	16 564 939
Transfers and subsidies					
9	74 028 058	126 512 249	21 583 708	11 555 832	240 121 538
4	61	503 703	225	-	76 008
	74 028 119	127 015 952	21 583 933	11 555 832	240 197 546

UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

For the year ended 31 March 2016

	Note	Central Government Administration 2015/16	Economic Services and Infrastructure Development 2015/16	Financial Administration Services 2015/16	Justice and Protection Services 2015/16	Social Services 2015/16
Expenditure for capital assets						
Tangible assets	10	572 054	8 872 822	365 175	6 220 335	2 190 731
Intangible assets	10	28 541	42 662	4 700	41 612	10 789
Total expenditure for capital assets		551 627	8 915 484	369 875	6 261 947	2 201 520
Unauthorised expenditure approved without funding	11	2 577	-	-	-	-
Payments for financial assets	8	64 228	193 090	28 847 862	34 779	54 335
TOTAL EXPENDITURE		92 069 804	152 947 982	56 014 248	161 438 375	259 018 340
SURPLUS/(DEFICIT) FOR THE YEAR		3 752 047	29 831 751	6 081 720	2 423 190	2 565 190
Reconciliation of Net Surplus/(Deficit) for the year						
Voted Funds		2 597 385	1 421 434	417 986	401 793	2 434 862
Departmental revenue and NRF Receipts	19	1 104 296	28 264 074	5 621 722	2 020 487	124 941
Aid assistance	4	50 366	146 243	42 012	910	5 387
SURPLUS/(DEFICIT) FOR THE YEAR		3 752 047	29 831 751	6 081 720	2 423 190	2 565 190

UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

For the year ended 31 March 2016

■ CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Central Government Administration	Economic Services and Infrastructure Development	Financial administration Services	Justice and Protection Services	Social Services
Note	2015/16	2015/16	2015/16	2015/16	2015/16
ASSETS					
Current Assets	6 508 897	3 998 307	2 131 479	2 164 268	12 635 277
Unauthorised expenditure	1 764 422	2 391 954	21 361	1 012	161 070
Cash and cash equivalents	3 533 810	1 304 035	675 844	319 860	1 356 101
Other financial assets	14 753	774	-	-	-
Prepayments and advances	28 395	196 319	15 620	327 832	10 488 503
Receivables	1 167 269	83 219	63 327	1 515 564	587 633
Loans	-	2 075	1 355 302	-	2 531
Aid assistance receivable	248	19 931	25	-	39 439
Non-Current Assets	631 070	11 908 589	119 077 869	900 744	1 482 484
Investments	-	11 783 610	116 550 089	75 000	-
Receivables	564 357	90 935	17 083	825 744	1 465 351
Loans	-	33 559	2 510 697	-	17 133
Other financial assets	66 713	485	-	-	-
TOTAL ASSETS	7 139 967	15 906 896	121 209 348	3 065 012	14 117 761

UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

For the year ended 31 March 2016

	Note	Central Government Administration	Economic Services and Infrastructure Development	Financial administration Services	Justice and Protection Services	Social Services
		2015/16	2015/16	2015/16	2015/16	2015/16
LIABILITIES						
Current Liabilities						
Voted funds to be surrendered to the Revenue Fund	18	5 729 667	4 003 883	773 186	1 958 008	12 867 213
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	19	2 800 619	1 408 699	423 429	401 072	1 832 028
Bank overdraft	20	1 359 473	109 783	9 344	222 569	36 060
Payables	21	968 031	2 148 570	8 996	1 137 795	10 768 481
Aid assistance repayable	4	551 249	283 966	159 207	175 784	174 926
Aid assistance unutilised	4	2 438	52 424	33 049	-	54 397
		47 857	441	139 161	20 788	1 321
Non-Current Liabilities						
Payables	22	1 011 445	474 089	15 978	4 186	1 216 202
TOTAL LIABILITIES		6 741 112	4 477 972	789 164	1 962 194	14 083 415
NET ASSETS						
Represented by:						
Capitalisation reserve		-	11 336 963	117 901 219	75 000	19 664
Recoverable revenue		10 431	91 961	2 518 965	1 024 950	7 464
Retained funds		388 424	-	-	2 868	7 218
TOTAL		398 855	11 428 924	120 420 184	1 102 818	34 346

UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

For the year ended 31 March 2016

■ CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

	Central Government Administration	Economic Services and Infrastructure Development	Financial Administration Services	Justice and Protection Services	Social Services
Note	2014/15	2014/15	2014/15	2014/15	2014/15
REVENUE					
1	86 098 041	143 492 480	30 934 046	151 086 509	226 092 212
2	487 231	-	-	2 730 266	13 838 798
3	1 054 211	2 511 079	5 606 454	1 794 264	212 765
	-	-	-	-	-
4	66 929	433 088	117 261	10 515	1 318 642
TOTAL REVENUE	87 706 412	146 436 647	36 657 761	155 621 554	241 462 417
EXPENDITURE					
Current expenditure					
5	9 005 132	8 558 477	2 640 106	99 933 450	3 108 702
6	8 626 962	7 412 519	1 985 153	35 808 698	4 527 475
7	46 661	7 072	28	531	49 254
4	39 154	31 271	89 384	27 515	1 035 336
Total current expenditure	17 717 909	16 009 339	4 714 671	135 770 194	8 720 767
Transfers and subsidies					
9	63 671 915	118 446 528	21 807 458	10 981 550	227 539 670
4	-	334 634	14	-	16 790
Total transfers and subsidies	63 671 915	118 781 162	21 807 472	10 981 550	227 556 460

UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

For the year ended 31 March 2016

	Note	Central Government Administration	Economic Services and Infrastructure Development	Financial Administration Services	Justice and Protection Services	Social Services
		2014/15	2014/15	2014/15	2014/15	2014/15
Expenditure for capital assets						
Tangible assets	10	1 012 636	5 661 355	419 678	6 224 613	2 894 665
Intangible assets	10	27 540	29 671	2 608	16 550	4 399
Total expenditure for capital assets		1 040 176	5 691 026	422 286	6 241 163	2 899 064
Unauthorised expenditure approved without funding	11	-	-	-	-	-
Payments for financial assets	8	8 844	10 976	3 380 596	91 813	34 960
TOTAL EXPENDITURE		82 438 844	140 492 503	30 325 025	153 084 720	239 211 251
SURPLUS/(DEFICIT) FOR THE YEAR		5 267 568	5 944 144	6 332 736	2 536 834	2 251 166
Reconciliation of Net Surplus/(Deficit) for the year						
Voted Funds		4 186 458	3 366 545	698 487	765 152	1 807 690
Departmental revenue and NRF Receipts	19	1 054 211	2 511 079	5 606 454	1 794 264	212 765
Aid assistance	4	26 899	66 520	27 795	-22 582	230 711
SURPLUS/(DEFICIT) FOR THE YEAR		5 267 568	5 944 144	6 332 736	2 536 834	2 251 166

UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

For the year ended 31 March 2016

■ CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Central Government Administration	Economic Services and Infrastructure Development	Financial administration Services	Justice and Protection Services	Social Services
	2014/15	2014/15	2014/15	2014/15	2014/15
ASSETS					
Current Assets	7 376 312	6 645 132	2 481 541	1 641 114	11 153 901
Unauthorised expenditure	1 644 906	2 429 334	14 558	891	33 361
Cash and cash equivalents	4 900 972	3 833 469	952 294	198 012	1 343 164
Other financial assets	15 209	2 107	-	-	-
Prepayments and advances	26 266	132 944	7 314	254 801	9 459 069
Receivables	788 640	236 018	54 181	1 187 410	316 004
Loans	-	3 529	1 453 169	-	2 303
Aid assistance receivable	319	7 731	25	-	-
Non-Current Assets	506 021	23 272 554	97 299 616	662 263	1 394 884
Investments	-	23 153 063	33 610 089	75 000	-
Receivables	445 523	83 924	19 263	587 263	1 375 220
Loans	-	34 180	63 670 264	-	19 664
Other financial assets	60 498	1 387	-	-	-
TOTAL ASSETS	7 882 333	29 917 686	99 781 157	2 303 377	12 548 785

UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

For the year ended 31 March 2016

	Note	Central Government Administration	Economic Services and Infrastructure Development	Financial Administration Services	Justice and Protection Services	Social Services
		2014/15	2014/15	2014/15	2014/15	2014/15
LIABILITIES						
Current Liabilities						
Voted funds to be surrendered to the Revenue Fund	18	4 191 853	3 609 069	692 837	809 415	1 127 575
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	19	1 401 967	52 750	29 779	230 223	50 855
Bank overdraft	20	428 049	2 484 030	-	365 610	9 890 220
Payables	21	528 380	434 578	158 918	89 952	210 110
Aid assistance repayable	4	-	68 015	20 425	2 060	237 910
Aid assistance unutilised	4	35 756	201	130 240	20 053	4 909
		6 586 005	6 648 643	1 032 199	1 517 313	11 521 579
Non-Current Liabilities						
Payables	22	826 695	326 604	12 611	1 777	984 206
		7 412 700	6 975 247	1 044 810	1 519 090	12 505 785
NET ASSETS						
Represented by:						
Capitalisation reserve		-	22 853 882	34 961 219	75 000	21 967
Recoverable revenue		15 538	88 557	63 775 128	706 289	7 261
Retained funds		454 095	-	-	2 998	13 772
		469 633	22 942 439	98 736 347	784 287	43 000

ANNEXURES: NAMES OF GOVERNMENT DEPARTMENTS

For the year ended 31 March 2016

Central Government Administration	
	The Presidency
	Parliament
DIRCO	International Relations and Cooperation
DCOG	Cooperative Governance
DHA	Home Affairs
DPW	Public Works
DW	Women
DPME	Performance Monitoring and Evaluation
DTA	Traditional Affairs
Economic Services and Infrastructure Development	
DAFF	Agriculture, Forestry and Fisheries
DCO	Communications
DED	Economic Development
DEN	Energy
DEA	Environmental Affairs
DHS	Human Settlements
DMR	Mineral Resources
DRDLR	Rural Development and Land Reform
DST	Science and Technology
TOURISM	Tourism
DTI	Trade and Industry
DOT	Transport
DWS	Water and Sanitation
DSBD	Small Business Development
DTPS	Telecommunications and Postal Services
Financial administration Services	
GCIS	Government Communication and Information System
NT	National Treasury
DPE	Public Enterprises
DPSA	Public Service and Administration
PSC	Public Service Commission
NSG	National School of Government
STATSSA	Statistics South Africa
CPSI	Centre for Public Service Innovation

ANNEXURES: NAMES OF GOVERNMENT DEPARTMENTS

For the year ended 31 March 2016

Justice and Protection Services	
SAPS	Police
IPID	Independent Police Investigative Directorate
DCORR	Correctional Services
DOJCD	Justice and Constitutional Development (Incl. National Prosecuting Authority)
DOD	Defence
DMV	Military Veterans
CSP	Civilian Secretariat
OCJ	Office of the Chief Justice
Social Services	
DAC	Arts and Culture
DBE	Basic Education
DHE	Higher Education and Training
HEALTH	Health
DOL	Labour
DSD	Social Development
SRSA	Sports and Recreation

REVIEW OF OPERATING RESULTS

Constitutional Institutions, Schedule 2,
3A and 3B Public Entities and Trading Accounts

CONSOLIDATED FINANCIAL STATEMENTS
2016

Annual Financial Statements
for the year ended 31 March 2016



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016

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 identified 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 that will be consolidated is published on the Treasury website as at 13 May 2016. 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 under control of 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 2016

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

The following is a statistical consolidation summary:

Entities in 2015/2016	Listed entities	Non Listed entities
- Total	198	18
- Consolidated	197	18
-Not Consolidated	1	0

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

In 2015/16, a total of 215 entities were consolidated, please refer to Annexure A. Of the total entities consolidated, a total of 197 (99 percent) of listed entities are consolidated. One listed entity was de-listed during the year, namely Education and Labour Relations Council and it does not form part of the consolidation. The overall total number of listed entities in the current year has been reduced to 198 as compared to 206 of 2014/15. A total of 18 non listed entities were consolidated in 2015/16.

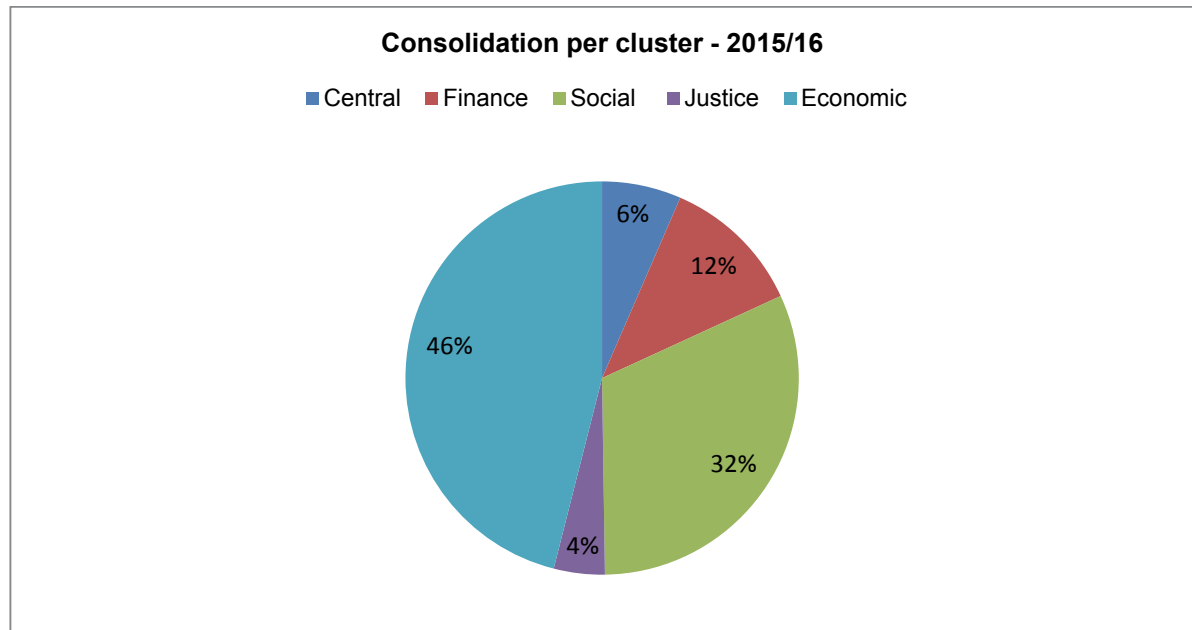
One new entity "Office Health Standards Compliance" was listed during the current year and it forms part of the consolidation. 9 entities were dis-continued in the previous year and are no longer in operation or either merged with other entities, however they are still waiting to be delisted. These entities 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 annual financial statements were not received hence not part of the consolidation.

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 (46%) of total number of entities consolidated, followed by the Social Services cluster (32%), Finance Services cluster (12%), Central Services cluster (6%) and lastly the Justice and Protection Services cluster (4%).

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016



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. This inconsistency contributes to the variance in the opening balances or prior year figures as compared to figures published in the 2015/16 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 2016
- **Annexure D** - Lists of entities consolidated based on draft annual financial statements

Financial Performance

Total revenue

Total revenue for the year under review increased by 8 percent, with the current total being R615 billion (2014/15: R572 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. Non-exchange revenue grew by 11 percent.

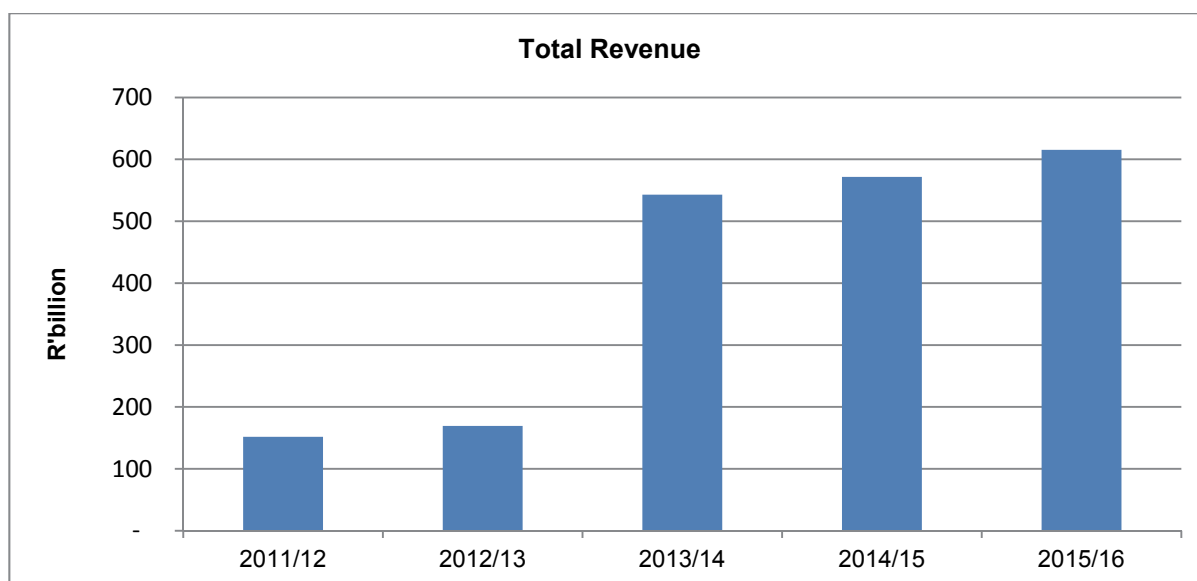
Exchange revenue constitutes 78 percent of total revenue in the current year which remained the same as compared to the prior year. The major contributors within revenue from exchange category are sale of goods and rendering of services followed by interest earned- external investment and other income. Sale of goods and rendering of services contributes 63 percent to the total revenue in the current year.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016

Revenue	Actual 2014/15 R' million	Actual 2015/16 R' million
Non-exchange revenue		
Government grants and subsidies	50 578	55 447
Public contributions and donations	2 676	2 058
Transfers and Sponsorships	11 416	12 580
Fines and Penalties	377	416
Licences and permits	1 287	1 329
Legislative and Oversight functions	48 738	55 911
Taxation revenue	5 371	6 186
	120 443	133 926
Exchange revenue		
Sale of Goods & Rendering of Services	370 882	388 838
Rental of facilities and equipment	3 691	4 512
Interest earned - external investments	41 725	46 588
Interest earned - outstanding receivables	1 029	791
Other income	33 837	40 839
	451 164	481 567
Total Revenue	571 607	615 493

Total Revenue 2016



**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 finance cluster which contributed the most to revenue include; Eskom, Transnet, South African Air ways and South African Reserve Bank, while the Entities falling under the economic cluster which contributed the most to revenue include; CEF (Pty) Ltd, IDC and RAF. Revenue sources for these entities are mainly from exchange transactions except for RAF.

The major contributors of total revenue in the current year are Eskom (27 percent), Transnet (10 percent) and South African Airways (5 percent).

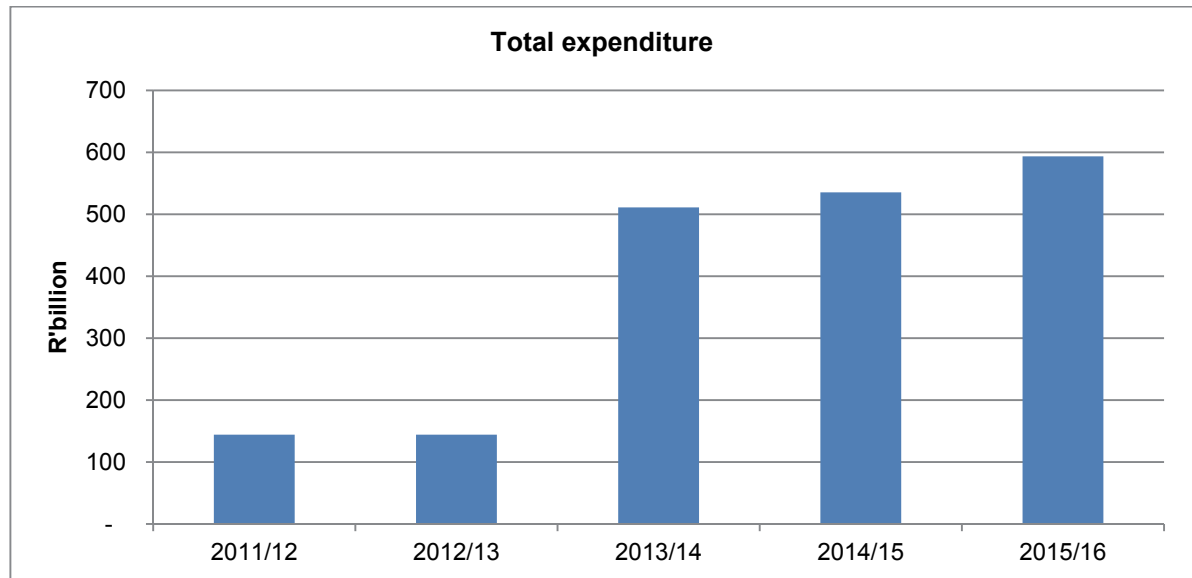
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016

Total expenditure

Expenditures	Actual	Actual
	2014/15	2015/16
	R' million	R' million
Employee related costs	111 905	119 878
Depreciation and amortisation expense	46 691	53 796
Contracted services	2 845	3 269
Repairs and maintenance	18 758	21 028
Grants and subsidies paid	15 208	17 908
General expenses, Bad debts, Non-profit institution and Donor project funding	298 770	333 968
Finance costs	41 199	43 630
Total expenditure	535 377	593 477

Total expenditure 2016

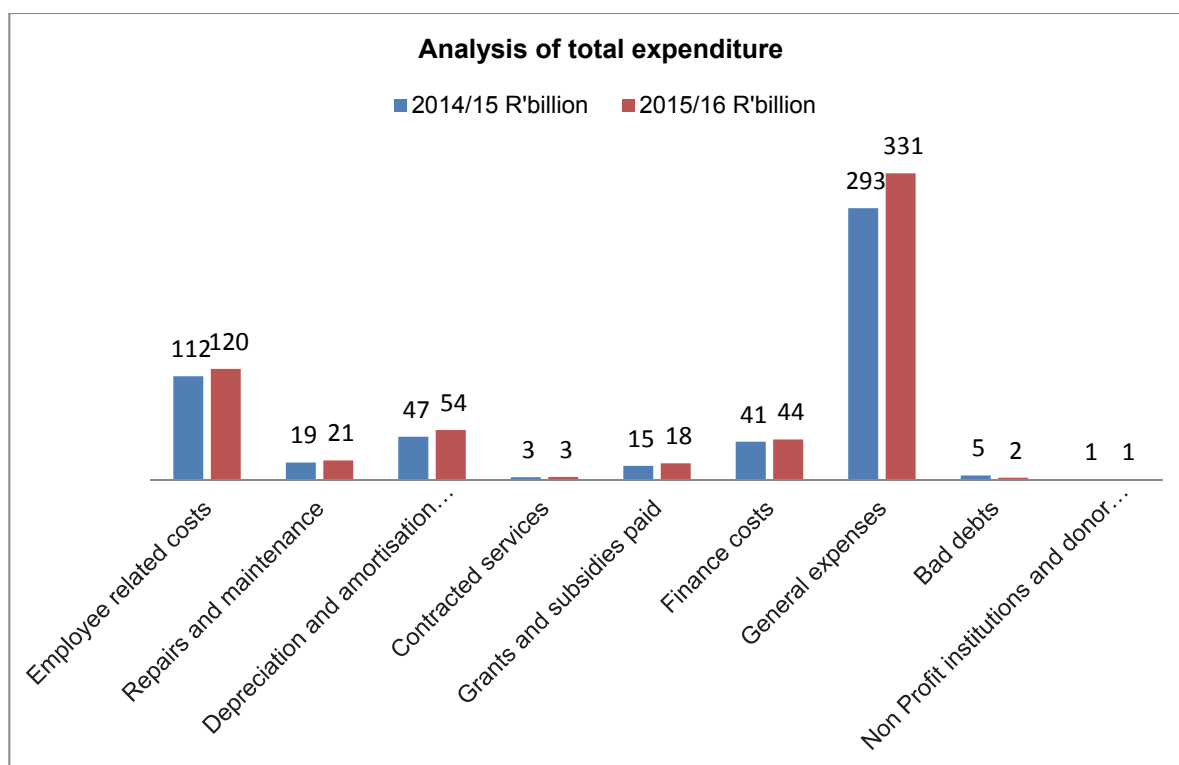


*The inconsistency in the graph for the 2011/12 and 2012/13 financial year's figures is due to the exclusion of GBE's as these were equity accounted for then.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016

Analysis of Total expenditure 2016



Total expenditure amounted to R593 billion for the current year; this represents 11 percent increase from the prior year's total of R535 billion. General expenses and Employee related costs accounted for 76 percent of the total expenditure, with general expenses contributing 56 percent and employee related costs 20 percent of total expenditure.

The Finance cluster is the largest contributor of expenditure at R301 billion in the current year, with Eskom, Transnet and SAA contributing R161 billion, R59 billion and R33 billion respectively. The economic cluster is the second biggest after finance cluster by contributing R227 billion in the current year. The biggest entities within the economic cluster are RAF (R68 billion), CEF (Pty) Ltd (R20 billion) and IDC (R21 billion)

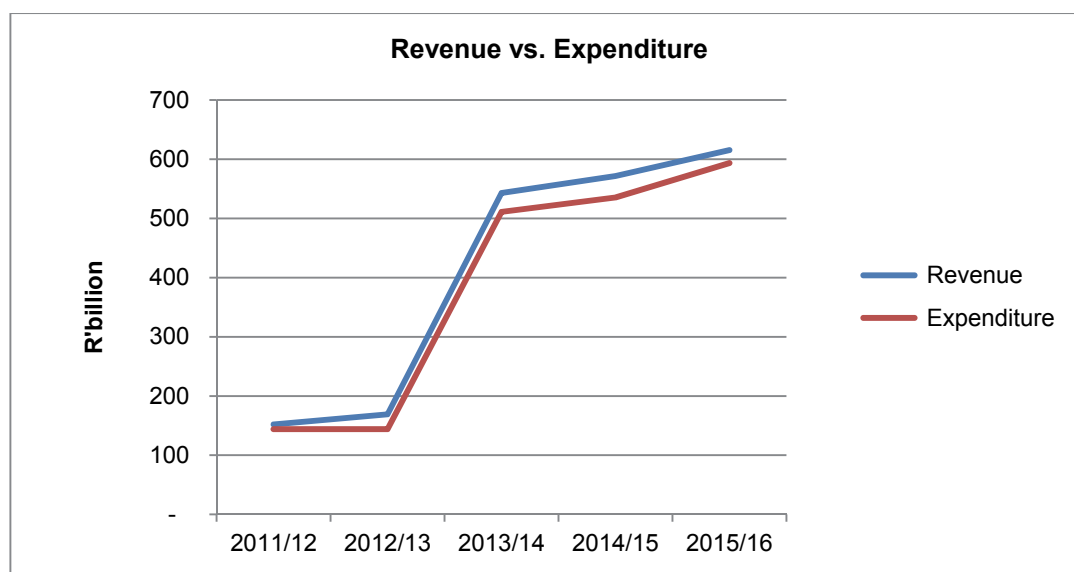
The table below shows comparative revenue, expenditure and resultant surplus for the last five financial years.

Revenue vs. Expenditure R' million	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual 2015/16
Revenue	151 823	169 419	542 877	571 607	615 493
Expenditure	143 743	143 743	511 355	535 377	593 477
Surplus/(Deficit) from operations	7 833	25 676	31 522	36 230	22 016

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016

Revenue vs. Expenditure 2016



*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 has decreased by 65% in the current year from R 36 billion of the prior year to R22 billion. The decrease in surplus is attributable to the fact that the total expenses has increases by 11% while total revenue has increased by just 8%. The most expenditure increases are as follows: grants and subsidies paid had increased by 18%, depreciation costs and contracted services both increased by 15%, and general expenses has increased 13%, while total revenue has increased by just 8%.

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	2014/15	2015/16	Movement in
	R'000	R'000	loss R'000
The Municipal Demarcation Board	(7 252)	(18 445)	(11 193)
South African Human Rights Commission	(889)	(5 543)	(4 654)
The Commission for PPRCLC	100	(1 103)	(1 203)
	(8 042)	(25 091)	(17 049)

Name of Entity Schedule 2	2014/15	2015/16	Movement in
	R'000	R'000	loss R'000
Trans-Caledon Tunnel Authority	(188 243)	(1 722 458)	(1 534 215)
South African Airways (Pty) Ltd	(5 620 355)	(1 492 133)	4 128 222
South African Post Office Limited	(1 421 465)	(1 114 776)	306 689
CEF (Pty) Ltd	(14 433 547)	(191 119)	14 242 428
Broadband Infrastructure Company (Pty) Ltd	(244 693)	(91 393)	153 300
Independent Development Trust	88 498	(67 849)	(156 347)
South African Forestry Company Limited	128 836	(49 739)	(178 575)
Alexkor Limited	(82 203)	(35 500)	46 703
	(21 773 172)	(4 764 967)	17 008 206

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016

Name of Entity Schedule 3A	Movement in		
	2014/15 R'000	2015/16 R'000	loss R'000
Road Accident Fund	(19 451 542)	(34 958 399)	(15 506 857)
Compensation Fund, including Reserve Fund	6 639 553	(1 302 959)	(7 942 512)
National Lotteries Commission	409 672	(1 167 374)	(1 577 046)
National Empowerment Fund	(128 212)	(713 656)	(585 444)
South African Revenue Services (SARS)	386 428	(404 276)	(790 704)
National skills Fund	2 643 803	(361 268)	(3 005 071)
Road Traffic management Corporation	309 417	(193 631)	(503 049)
State Information Technology Agency	144 289	(157 269)	(301 558)
Mining Qualifications Authority	(10 901)	(75 990)	(65 089)
Agricultural Research Council	14 383	(73 439)	(87 822)
Technology Innovation Agency	(71 654)	(53 711)	17 943
Social Housing Regulatory Authority	589 998	(50 761)	(640 759)
South African National Roads Agency Limited	(1 436 060)	(48 610)	1 387 450
Small Enterprise Development Agency	68 110	(46 940)	(115 050)
Legal Aid South Africa	71 193	(42 104)	(113 297)
South African Social Security Agency	226 114	(36 735)	(262 849)
South African Maritime Safety Authority	(81 467)	(29 092)	57 375
National Youth Development Agency	(15 532)	(24 681)	(9 149)
National Housing Finance Corporation Limited	13 569	(21 855)	(35 424)
Marine Living Resources Fund	(6 117)	(18 639)	(12 522)
South African Weather Service	(25 622)	(16 349)	9 273
Chemical Industries Education and Training Authority	15 270	(15 355)	(30 626)
South African Heritage Resources Agency	501	(14 843)	(15 344)
Community Schemes Ombud Services	30 093	(14 132)	(44 225)
Breede-Gouritz Catchment Management Agency	16 816	(13 620)	(30 436)
Freedom Park Trust	(14 141)	(11 986)	2 154
South African State Theatre	18 989	(11 955)	(30 944)
National Nuclear Regulator	10 261	(11 759)	(22 020)
Commission for Conciliation, Mediation & Arbitration	23 562	(9 742)	(33 304)
Quality Council for Trade and Occupations	(7 389)	(9 403)	(2 014)
Housing Development Agency	(5 997)	(9 089)	(3 092)
Mine Health and Safety Council	20 265	(8 321)	(28 586)
Energy & Water Sector Education & Training Authority	16 635	(7 660)	(24 295)
National Credit Regulator	(14 122)	(6 799)	7 324
South African Qualifications Authority	(7 719)	(6 145)	1 574
Council on Higher Education	(1 050)	(4 910)	(3 860)
Council for the Built Environment	2 565	(4 639)	(7 205)
South African Institute for Drug-Free Sport	1 277	(4 353)	(5 630)
International Trade Administration Commission	2 691	(4 075)	(6 765)
South African National Energy Development Institute	113 363	(3 525)	(116 888)
Companies Tribunal	961	(3 335)	(4 296)
Independent Regulatory Board for Auditors	7 842	(3 169)	(10 651)
National Economic Development and Labour Council	351	(2 570)	(2 921)
Castle Control Board	(1 542)	(2 533)	(991)
Productivity SA	(5 324)	(2 490)	2 834
Performing Arts Council of the Free State	(2 812)	(1 860)	953

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016

Name of Entity Schedule 3A	Movement in		
	2014/15 R'000	2015/16 R'000	loss R'000
National Development Agency	(12 442)	(1 791)	10 651
uMsunduzi Museum (Includes Voortrekker Museum)	767	(1 770)	(2 536)
Railway Safety Regulator	11 936	(1 692)	(13 628)
Financial Intelligence Centre	(844)	(1 611)	(767)
Competition Commission	25 035	(1 204)	(26 239)
National Consumer Commission	2 982	(1 159)	(4 140)
Luthuli Museum	1 468	(628)	(2 096)
Office of the Pension Fund Adjudicator	(2 297)	(508)	1 790
Co-operatives Banks Development Agency	(720)	(250)	470
National English Literary Museum	(264)	(167)	97
Accounting Standards Board	(160)	(74)	86
War Museum of the Boer Republics	(13)	(30)	(17)
	(9 464 143)	(39 996 888)	(30 532 745)

Name of Entity Schedule 3B	Movement in		
	2014/15 R'000	2015/16 R'000	loss R'000
Passenger Rail Agency of South Africa	(1 053 201)	(312 413)	740 788
Bloem Water	42 136	(28 446)	(70 582)
State Diamond Trader	(1 175)	(3 067)	(1 892)
Ncera Farms (Pty) Ltd	181	(667)	(848)
	(1 012 058)	(334 593)	667 465

Name of Entity Other	Movement in		
	2014/15 R'000	2015/16 R'000	loss R'000
Property Management Trading Entity	1 158 656	(923 071)	(2 081 727)
Government Technical Advisory Centre (GTAC)	220 698	(371 237)	(591 935)
National School of Government	248	(40 186)	(40 434)
Academy of Science of South Africa	3 695	(6 250)	(9 945)
Represented Political Parties Fund	304	(303)	(607)
	1 383 602	(1 341 046)	(2 724 648)
GRAND TOTAL	(30 873 814)	(46 472 586)	(15 598 772)

Loss/deficit making public entities accounts for 36% of entities consolidated while profit/surplus making entities accounts for 64% of the consolidated entities.

Financial position

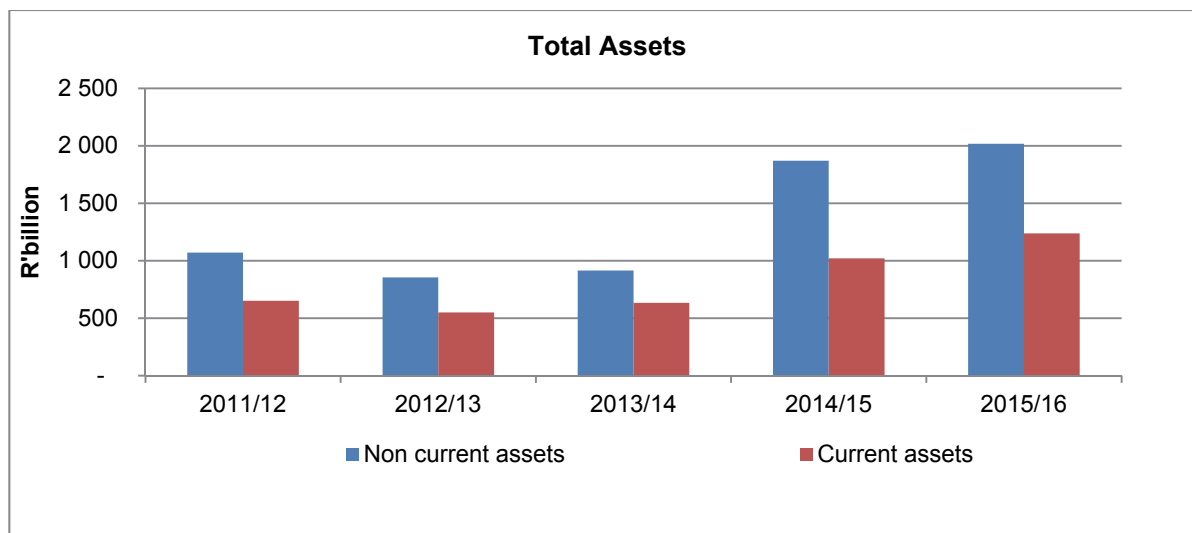
Total assets

Assets	2014/15	2015/16
	R' million	R' million
Non-current assets	1 870 018	2 017 955
Current assets	1 021 214	1 238 167
Total Assets	2 891 232	3 256 122

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016

Total assets increased by R365 billion which is a 13 percent increase to R3 256 trillion (2014/15: R2 891 trillion) in the current year and this major increase can be attributed to increases across all asset balances, with a noted increase of 21 percent for current assets and 8% for non current assets.



The largest portion of total assets for the current year is Non-current assets at R 2 018 trillion, and this constitutes 62 percent of total assets. The major contributors of Non-current assets are Eskom (R 552 billion), Transnet (R328 billion) SANRAL (R317 billion) and IDC (R107 billion), the four entities combined contribute 65 percent of the total Non-current assets. While the greatest contributors of current assets are SARB (R804 billion), Eskom (R107 billion) and UIF (R48 billion), the three entities combined contribute about 77 percent of the total current asset.

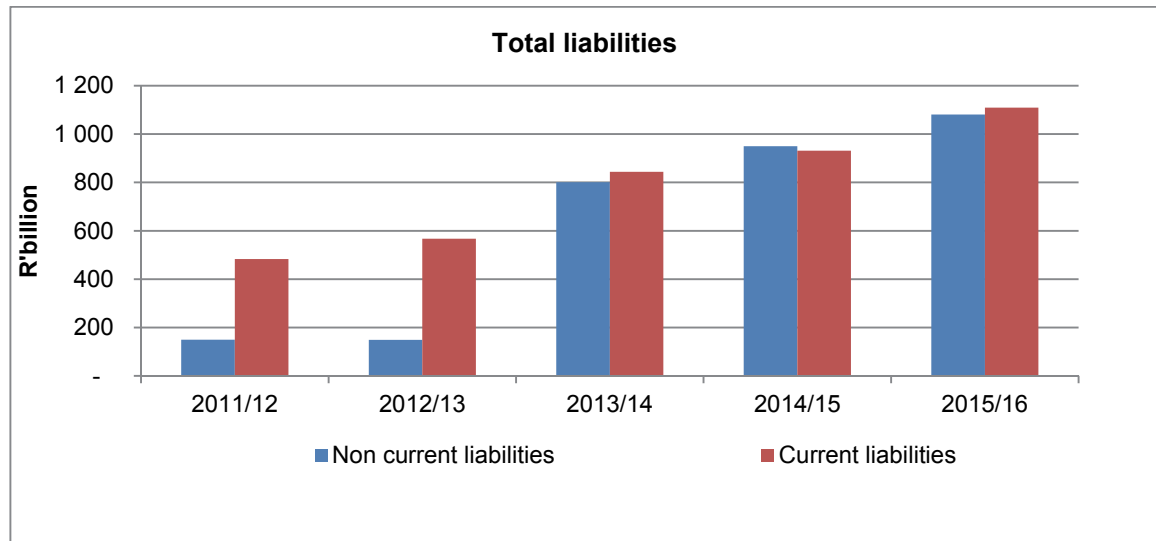
Total liabilities

Liabilities	2014/15 R' million	2015/16 R' million
Non-current liabilities	950 695	1 081 429
Current liabilities	930 872	1 109 343
Total liabilities	1 881 567	2 190 772

Total liabilities increased by R309 billion which is a 16 percent increase to R2 191 trillion (2014/15: R1 882 trillion) in the current year. The increase can be attributed to a 14 percent increase in non-current liabilities and a 19 percent increase in current liabilities. 51 percent (2014/15: 50 percent) of total liabilities is categorised as current liabilities in the current year. The major contributors of total liabilities are SARB (R815 billion), Eskom (R478 billion) and Transnet (R213 billion), together they make up 69 percent of total liabilities.

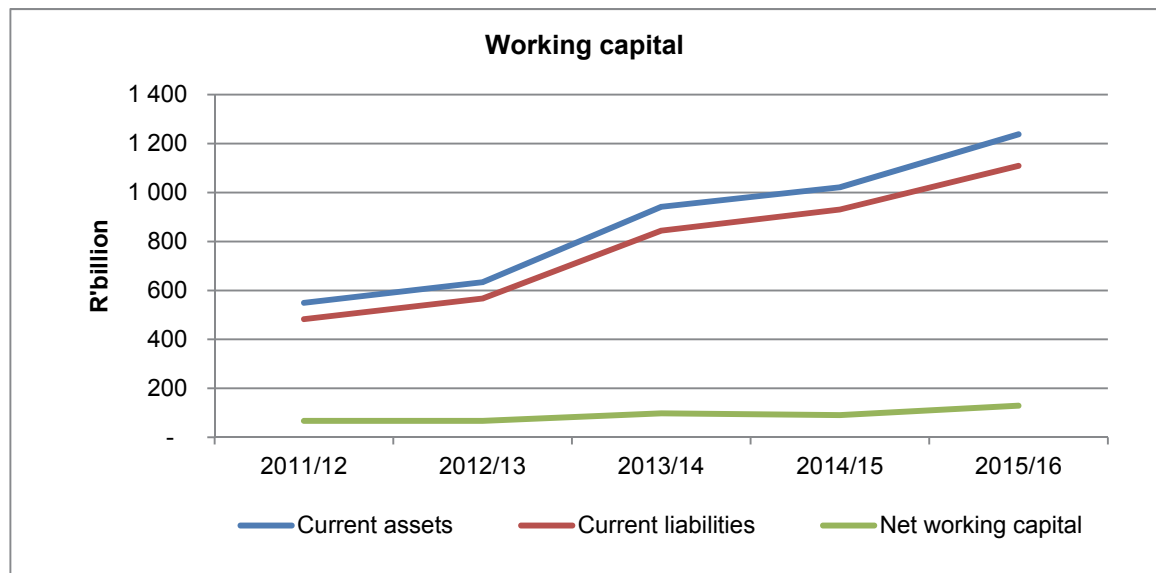
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016



Working Capital

	2011/12	2012/13	2013/14	2014/15	2015/16
	R' million	R' million	R' million	R' million	R' million
Working Capital					
Current assets	549 569	663 617	941 635	1 021 214	1 238 167
Current liabilities	482 944	567 000	844 145	930 872	1 109 343
Working capital	66 625	66 617	97 490	90 342	128 824



*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 their current assets exceeds their current liabilities. The working capital has improved by 43% in the current year to R128 million (2014/15: R90 million).

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016

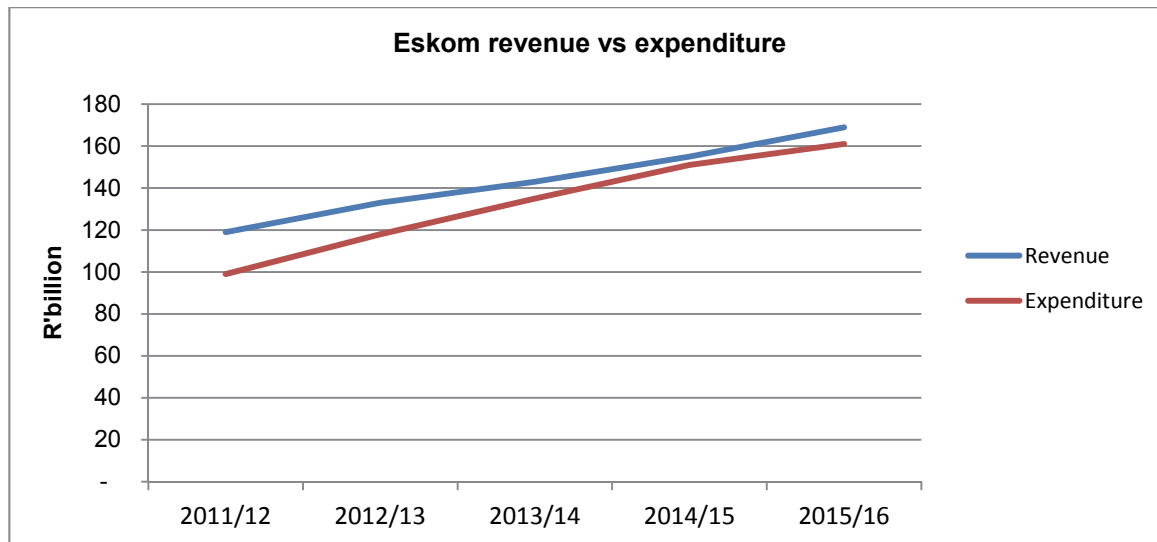
Eskom

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

Eskom Summary R' million	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual 2015/16
Revenue	118 985	132 591	142 744	154 944	169 099
Expenditure	98 658	118 149	135 118	150 842	160 552
Surplus/(deficit) from operations	20 327	14 442	7 626	4 102	8 547

Eskom's revenue is comprised mostly of electricity revenue (97%). The 9 percent increase in the current year's revenue is mainly attributable to a 11 percent increase in electricity revenue. Interest from investments increased by 15% to R3.4 billion (2014/15: R3 billion) and this increase can be mainly attributable to the 95% increase in the acquisition of investments, in the current year being R1 886 billion (2014/15: R966 million). Eskom's R169 billion total revenue represents 27 percent of total public entities revenues.

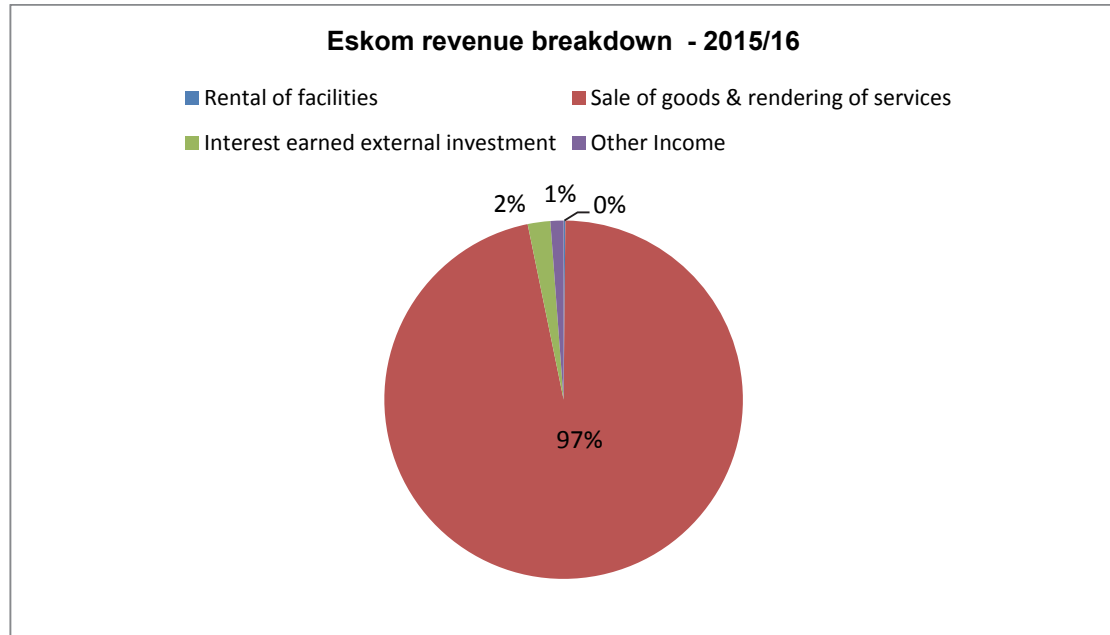
Expenditure increased by 6% to R 161 billion (2014/15: R151 billion) in the current year, mainly as a result of 25% in finance costs, 14% increase in employee costs and 17% increase depreciation & amortisation costs. Cost of Sales at Eskom contributes 86% of general expenses in the current year.



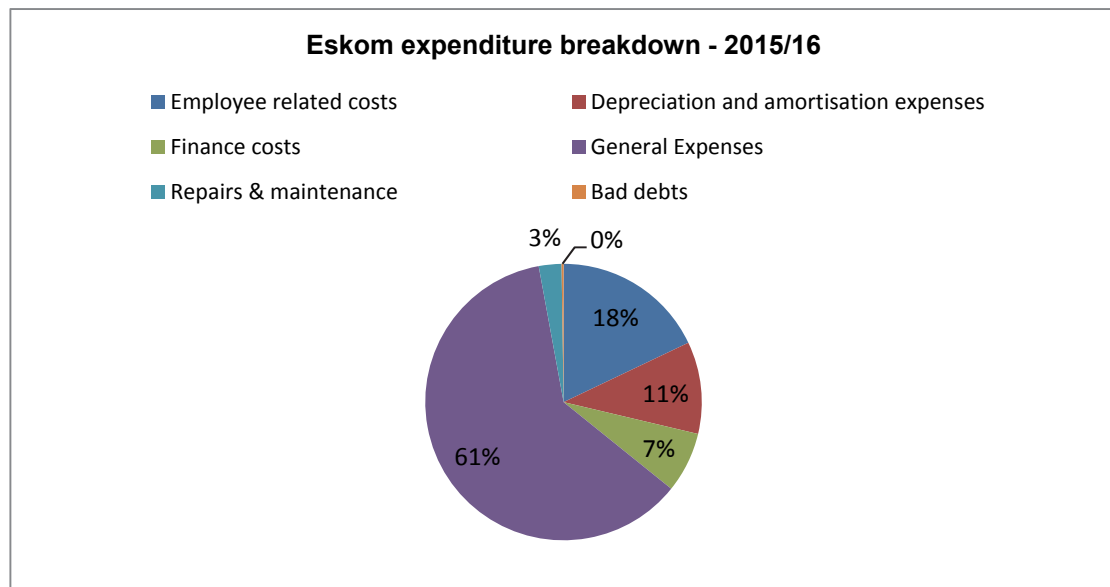
The operating surplus for the current year has more than doubled that of the prior year, this is attributable to the fact that the current year's total revenue increased by 9% while the total expenses increased by just 6%, further to that, bad debts expense has decreased by 86% in the current year.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016



The sale of goods & rendering of services are the biggest contributor of revenue, contributing 97% of the total revenue, while interest earned, rental of facilities and other income combined makes up the remaining 3%.

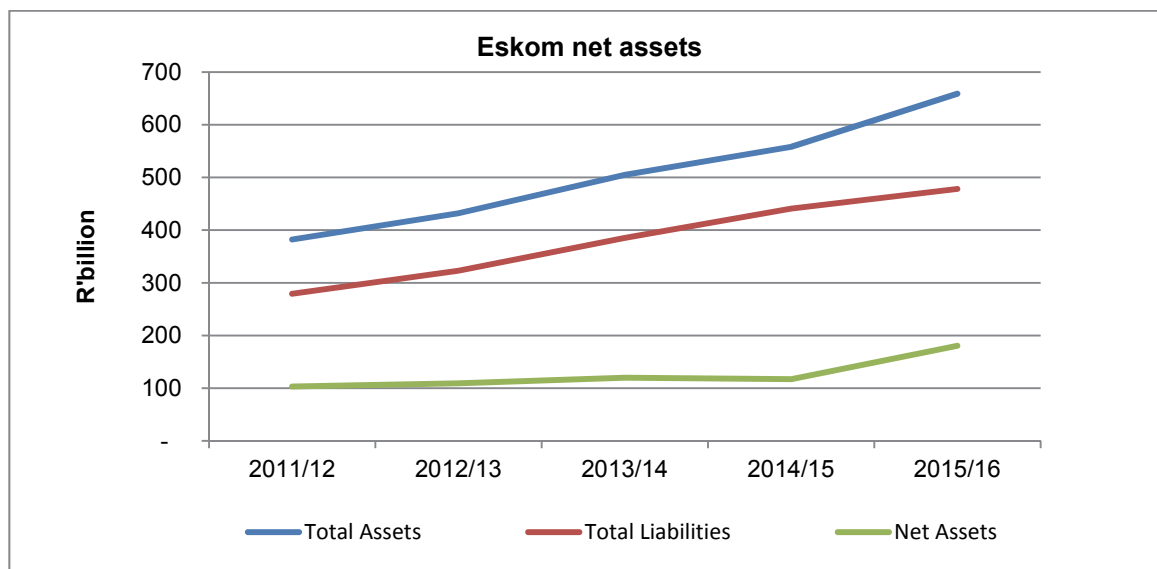


General expenses is the biggest contributor of expenditure, contributing 61% of the total expenditure, followed by employee costs contributing 18%, while depreciation costs, finance costs, repairs & maintenance and bad debts combined makes up the remaining 21%.

Eskom Assets vs. Liabilities R' million	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual 2015/16
Total Assets	382 368	432 022	504 993	557 943	658 879
Total Liabilities	279 264	322 882	385 209	440 778	478 316
Net Assets	103 104	109 140	119 784	117 165	180 563

REVIEW OF OPERATING RESULTS

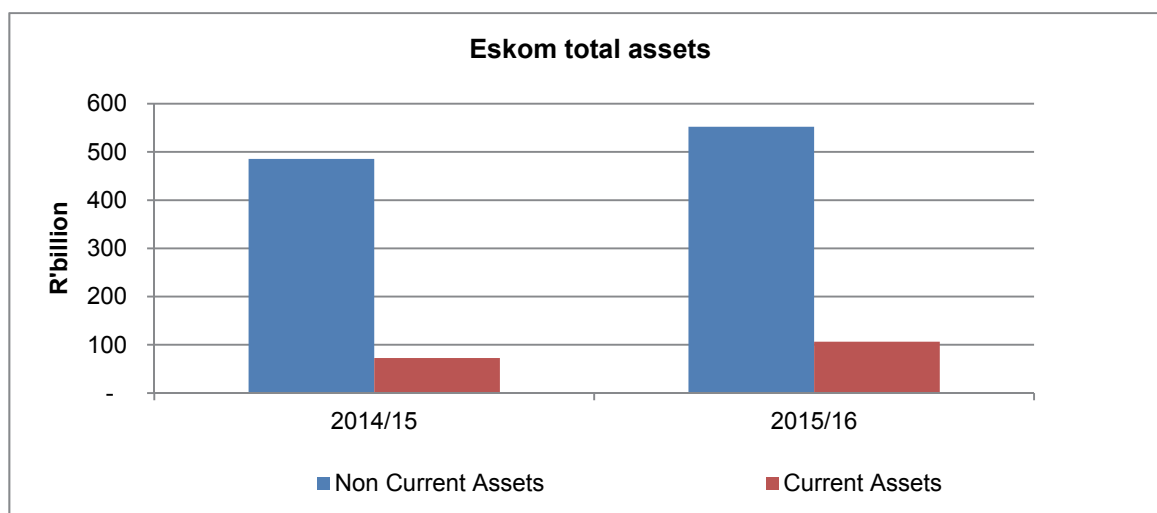
For the year ended 31 March 2016



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 R180 billion was realised for 2015/16 as opposed to R117 billion in 2014/15 financial year end.

Eskom contributes 20 percent of the total national public entities assets worth of R 3.2 trillion, with 84 percent of total assets of the entity being non-current assets. Eskom's total assets increased by 18 percent to R 659 billion (2014/15: R558 billion) in the current year, mainly due to an increase of 21 percent in financial assets and a 14 percent increase in property, plant and equipment. The increase in property, plant and equipment is attributable to continued capital expansion programme that the entity is embarking on up to the completion of the Kusile power station and Medupi power stations.

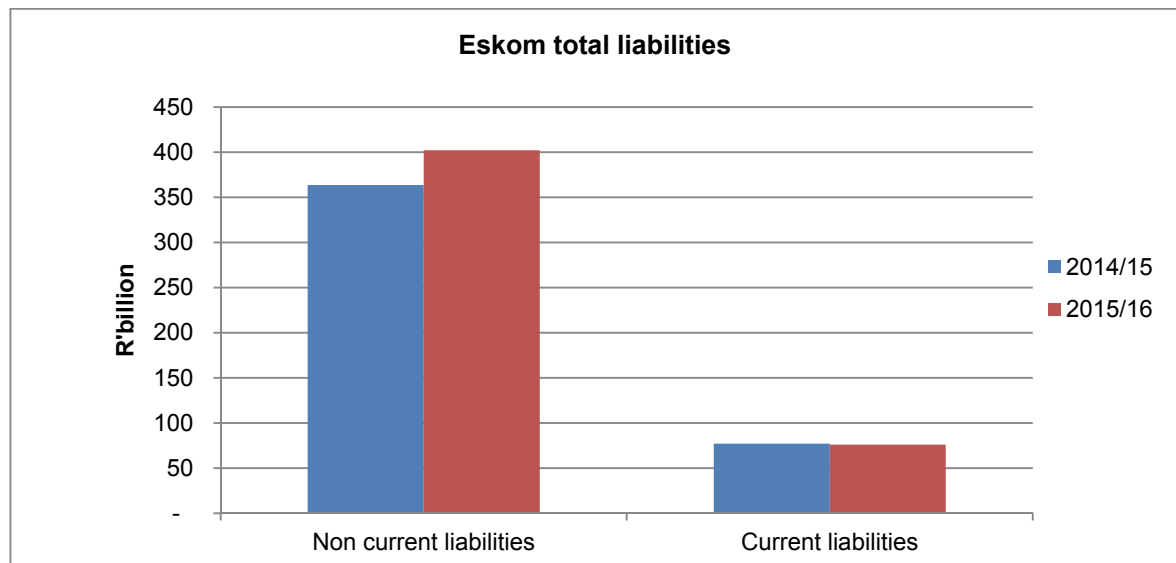
Current assets increased by 47 percent to R106 billion (2014:15 R72 billion) during the current year, with a major increase of 221 percent coming from cash and cash equivalents. The increase in cash was as a result of R23 billion cash injection from Government.



Eskom total liabilities increased by 9 percent in the current year to R478 billion (2014/15: R441 billion), contributing 22 percent of total national public entities liabilities. The increase is highly attributable to a 11 percent increase in non-current liabilities. Long term borrowings increased by R29 billion to R307 billion, deferred income increased by R1,5 billion to R16 billion during the current year.

REVIEW OF OPERATING RESULTS

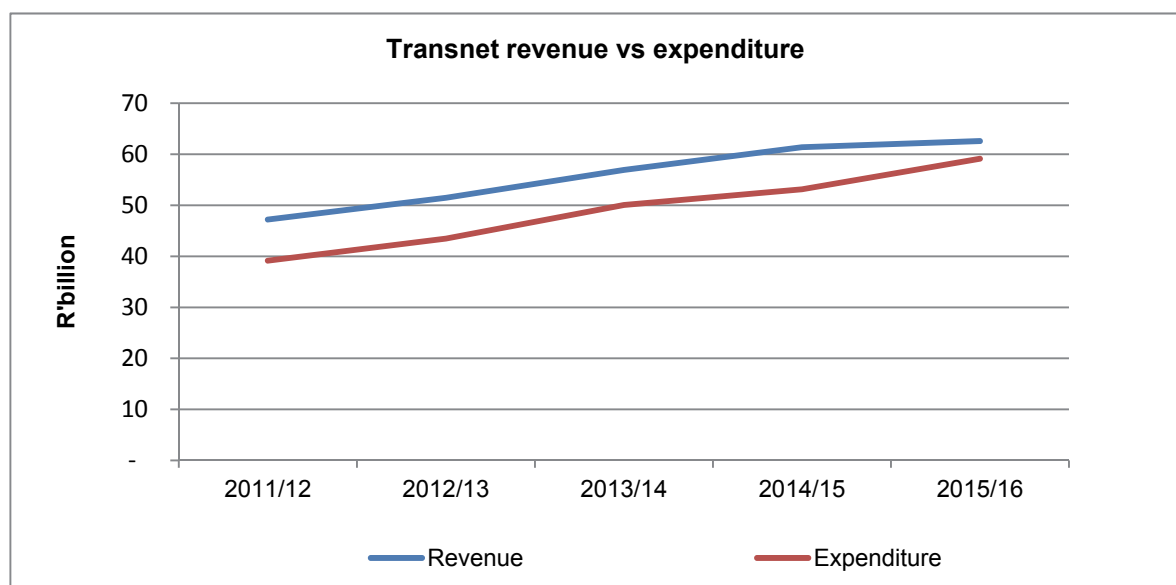
For the year ended 31 March 2016



Transnet

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

Transnet Summary R' million	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual 2015/16
Revenue	47 210	51 466	56 918	61 374	62 575
Expenditure	39 148	43 468	50 058	53 123	59 116
Surplus/(Deficit) from Operations	8 062	7 998	6 860	8 251	3 459



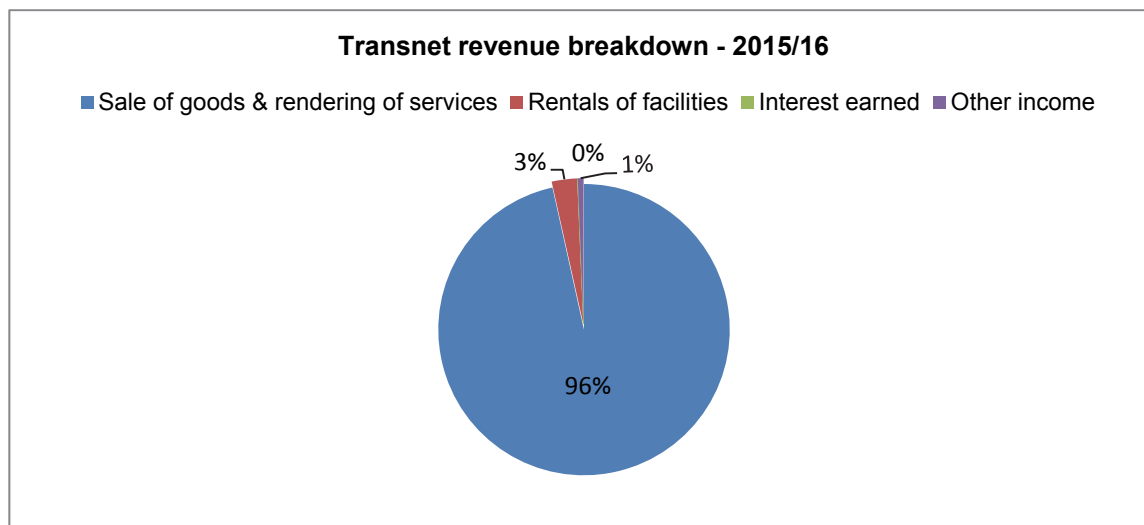
Transnet's operating surplus decreased by 58 percent to R 3.4 billion (2014/15: R8.2 billion) during the current year.

REVIEW OF OPERATING RESULTS

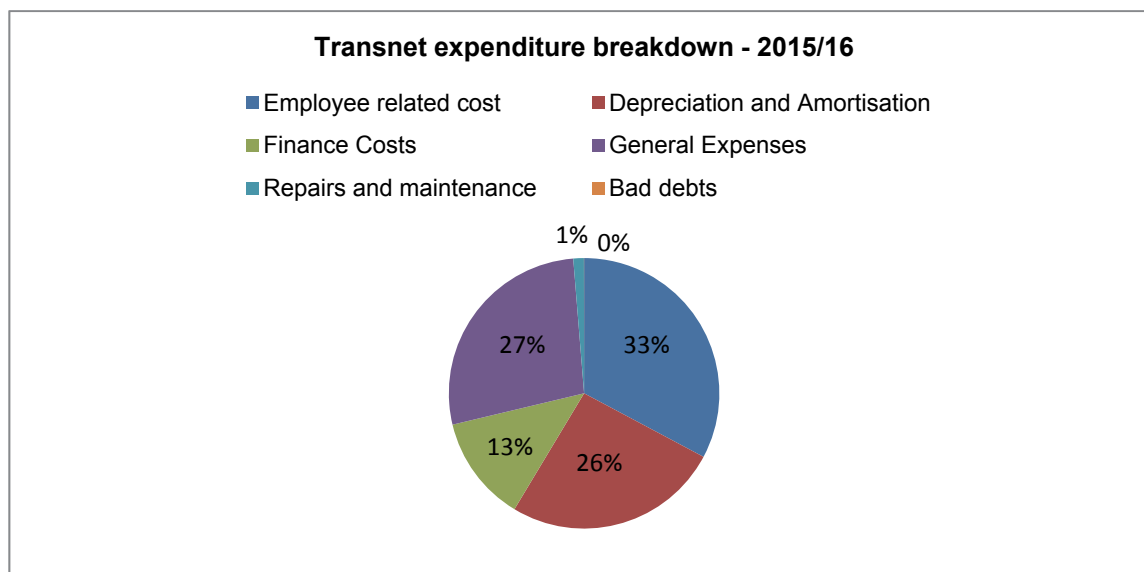
For the year ended 31 March 2016

Revenue slightly increased by 2 percent in the current year to R63 billion (2014/15: R61 billion). Revenue from exchange transactions contributes 96 percent of the total revenue in the current year. Interest earned from external investment has decreased by 39 percent to R3.8 million (2014/15: R6.3 million) while non current investment increased by 35% to R901 million (2014/15: R668 million) in the current year.

Transnet's expenditure increased by 11 percent to R 59 billion in the current year, with major increases noted for repairs and maintenance costs (560% increase – R752 million, (2014/15: R114 million)), depreciation and amortisation costs (39% increase – R15 billion, (2014/15: R11 billion)) and employee related costs (5% increase – R19 billion, (2014/15: R18 billion)).



The sale of goods & rendering of services are the biggest contributor of revenue, contributing 96% of the total revenue, while interest earned, rental of facilities and other income combined makes up the remaining 4%.

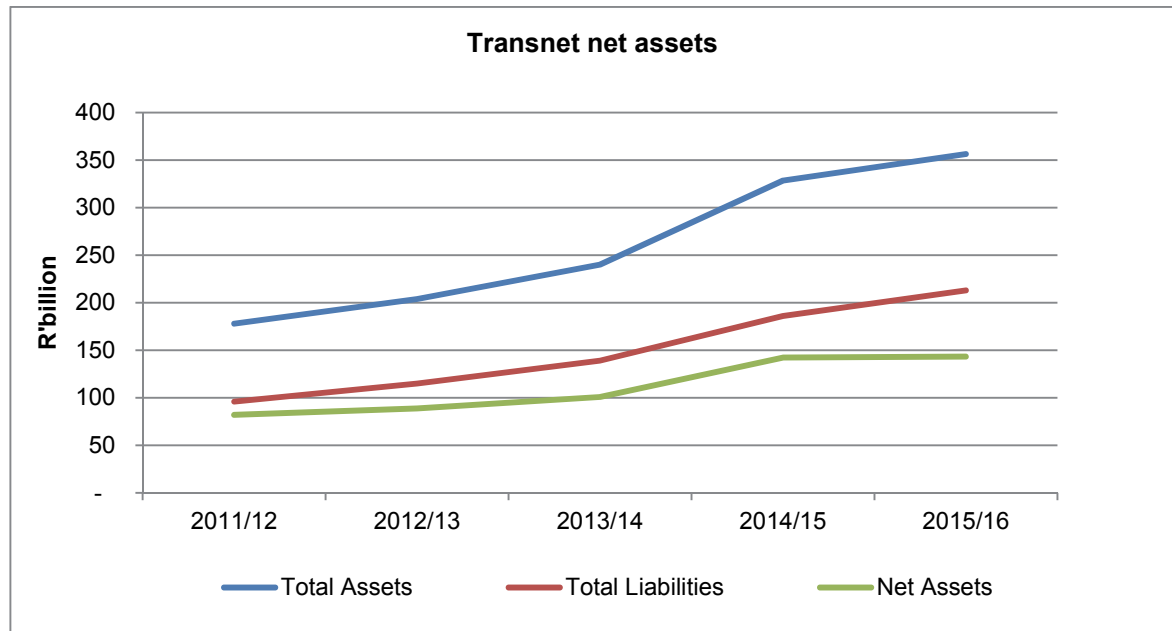


Employee costs is the biggest contributor of expenditure, contributing 33% of the total expenditure, followed by general expenses contributing 27%, while depreciation costs, finance costs, repairs & maintenance and bad debts combined makes up the remaining 40%.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016

Transnet Asset vs. Liabilities R 'million	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual 2015/16
Total Assets	178 005	203 896	240 073	328 439	356 393
Total Liabilities	95 993	115 095	139 166	186 110	213 103
Net Assets	82 012	88 801	100 907	142 329	143 290

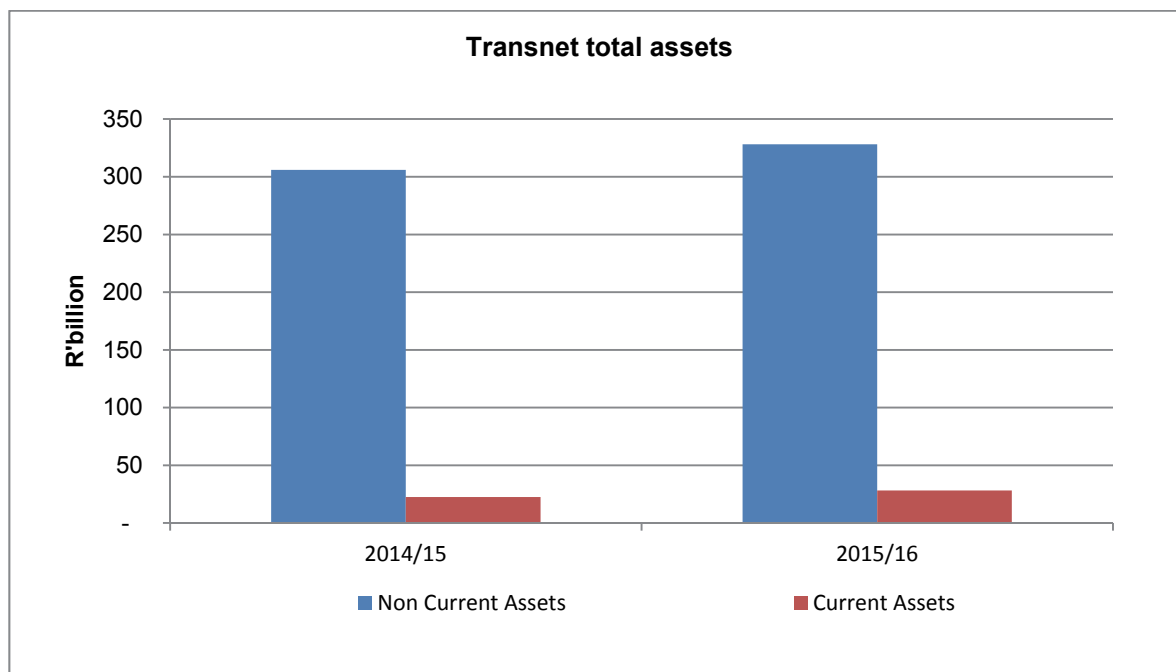


Net assets have increased gradually over the years but have slightly increase by 0.6% percent to R143 billion (2014/15: R142 billion) during the current year.

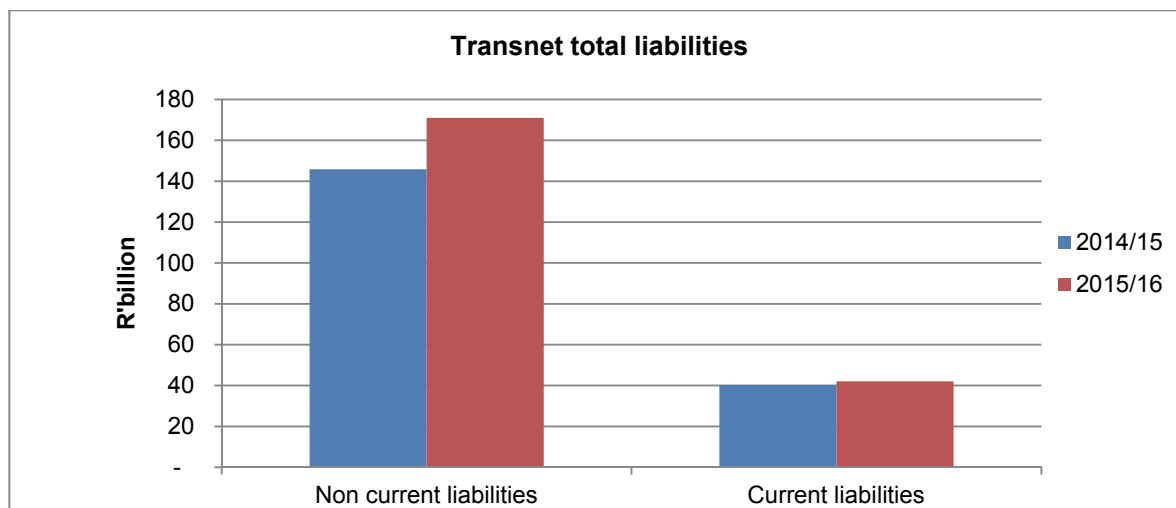
Total assets increased by 9 percent to R356 billion (2014/15: R328 billion) in the current year. The rise in total assets is highly attributable to 5% increase in property, plant and equipment resulting from various capital expansions in infrastructure and maintenance of existing capacity. Cash and cash equivalents increased by R8 billion and Trade and other receivables from exchange transactions increased by R202 million.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016



Total liabilities increased by 15 percent in the current year and the increase is highly attributable to a R23 billion increase in long term borrowings to R116 billion and deferred tax increase of R1.3 billion to R44 billion. Long term borrowings and deferred tax liability contributes 55 percent and 20 percent respectively, of total liabilities.



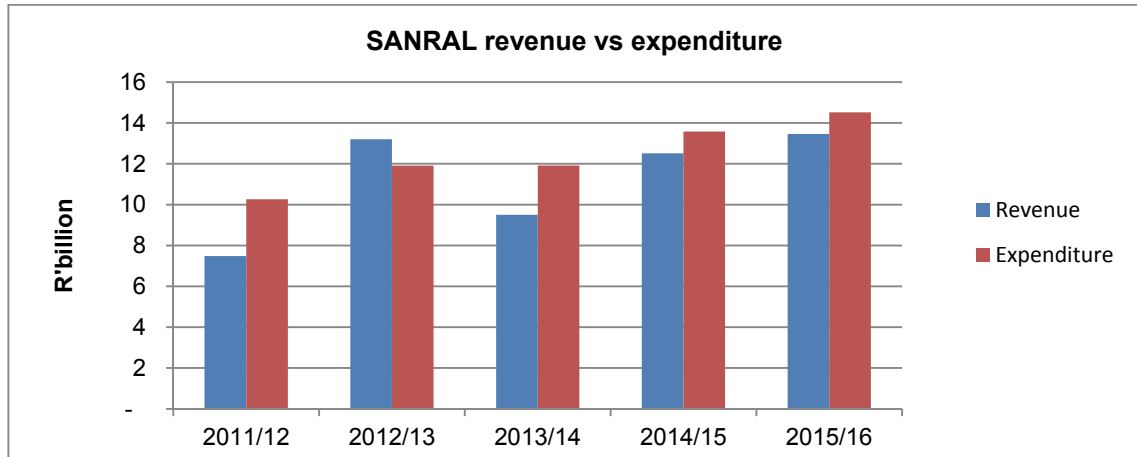
The South African National Roads Agency Soc Limited (SANRAL)

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

SANRAL Summary R' million	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual 2015/16
Revenue	7 484	13 203	9 500	12 513	13 465
Expenditure	10 264	11 909	11 918	13 576	14 517
Surplus/(Deficit) from Operations	(2 780)	1 294	(2 418)	(1 063)	(1 052)

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016

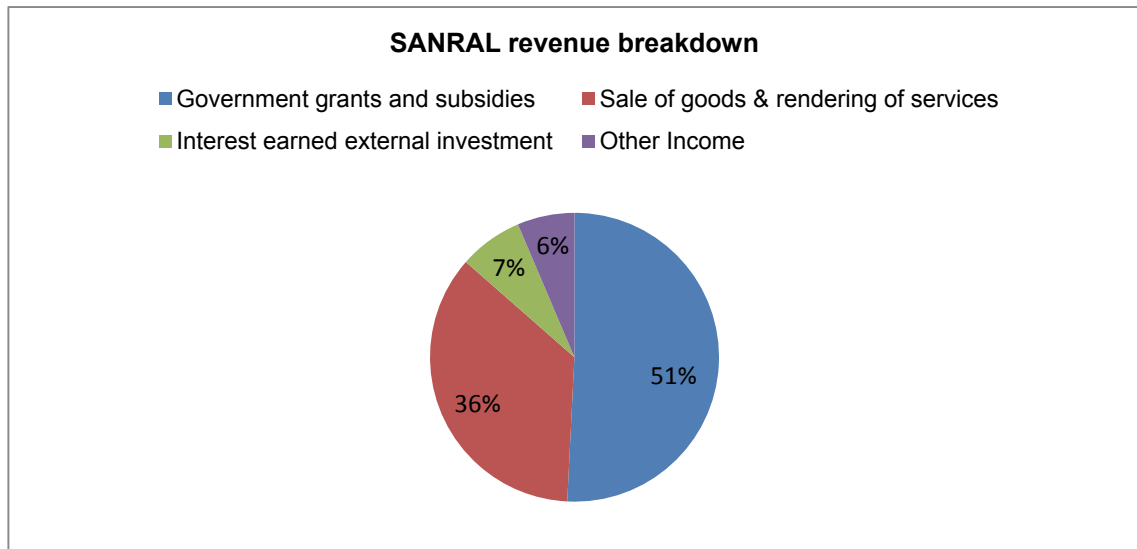


SANRAL remains in a deficit position for the past 3 years. Deficit has remained relatively the same at R1 billion for the past 2 years.

Revenue increased in the current year by 7.6 percent to R13 billion (2014/15: R12.5 billion). The increase is mainly as a result of the 27 percent increase in government grants and subsidies.

Government grants and subsidies represent 51 percent of the total revenue of SANRAL followed by Sale of goods & rendering of services at 36%.

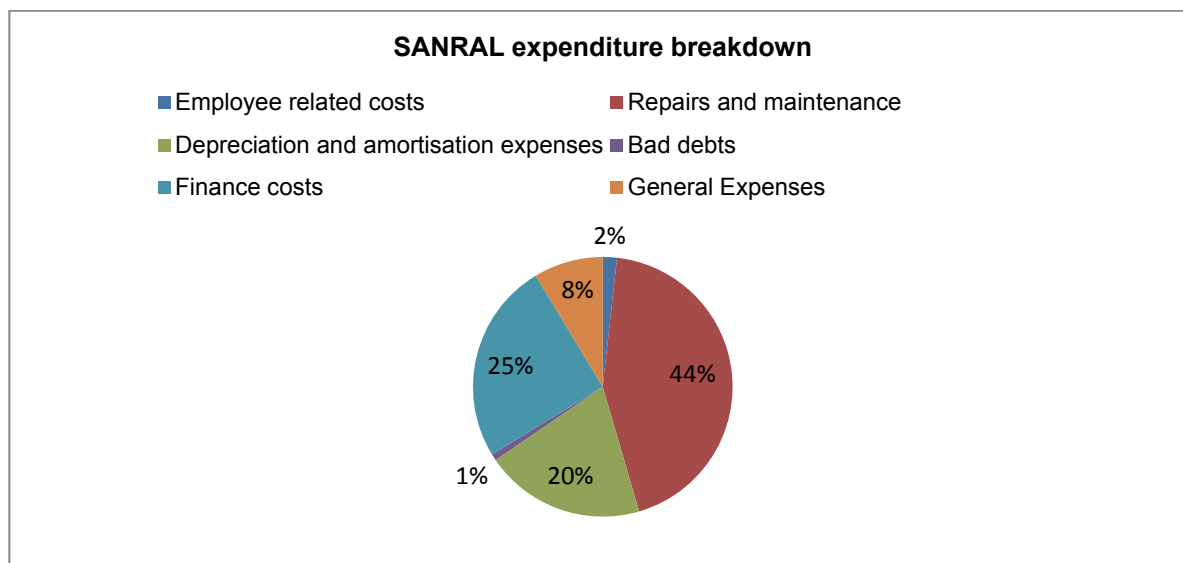
Below is the revenue breakdown of SANRAL.



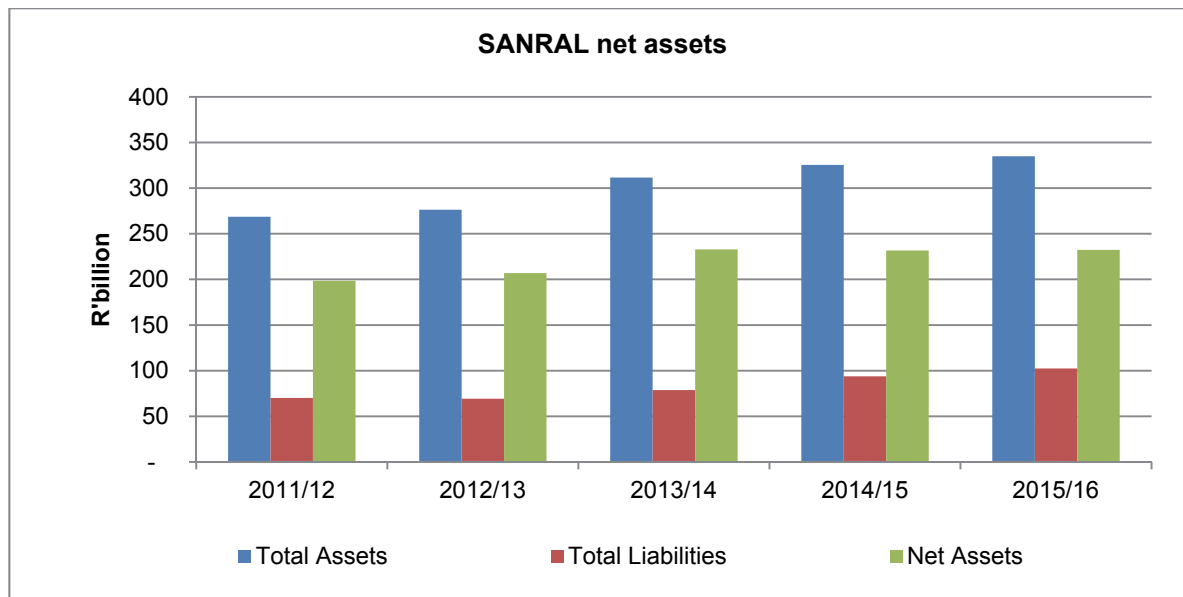
Expenditure increased by 7 percent to R14.5 billion (2014/15: R13.5 billion) in the current year. The increase is highly attributable to an increase of 11% in repairs and maintenance, 12 percent in general expenses, 15.5 percent in employee related costs and 14 percent in in depreciation and amortisation costs. Below is SANRAL expenditure breakdown.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016



SANRAL Assets vs. Liabilities	Actual	Actual	Actual	Actual	Actual
R 'million	2011/12	2012/13	2013/14	2014/15	2015/16
Total Assets	268 714	276 296	311 581	325 368	334 856
Total Liabilities	70 193	69 329	78 707	93 771	102 476
Net Assets	198 521	206 967	232 874	231 597	232 380



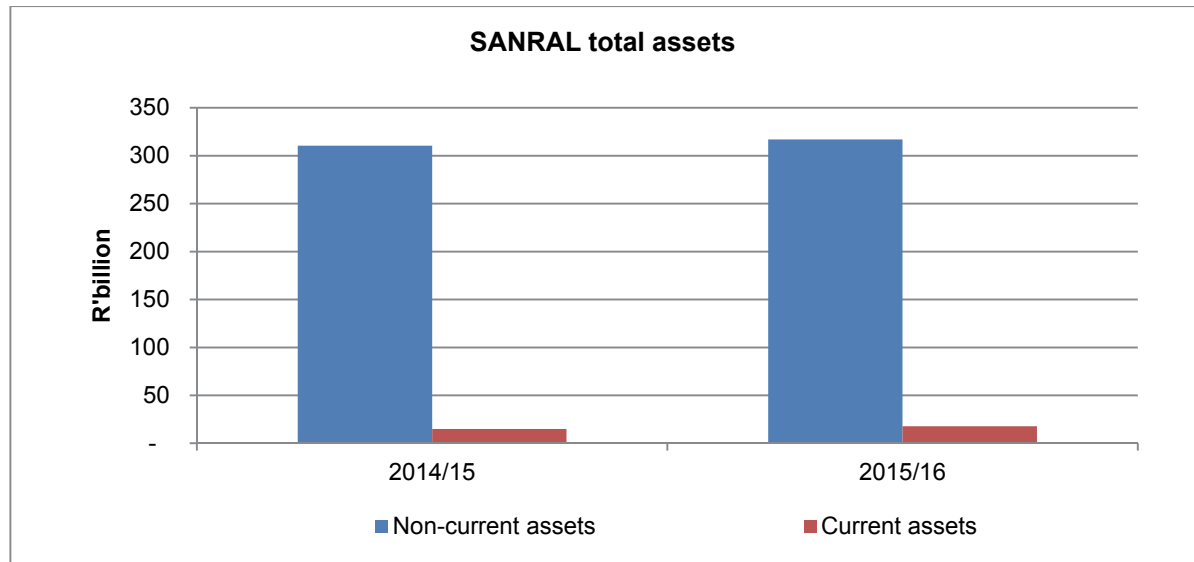
The net asset value of SANRAL has increased steadily from 2011/12 to the current year. The increase in assets was initially triggered in 2010/11 when the entity changed its accounting policy of subsequently measuring property, plant and equipment from the historical cost less depreciation and impairment to currently carrying them at depreciated replacement cost, resulting in an increase in its total assets.

SANRAL's total assets increased by 3 percent to R335 billion (2014/15: R325 billion) in the current year. Non-Current assets constitutes 94 percent of the total assets of the entity, with property, plant and equipment contributing 95 percent of the total assets of the entity. SANRAL is also one of the highest contributor of property, plant and equipment for the Non-GBEs.

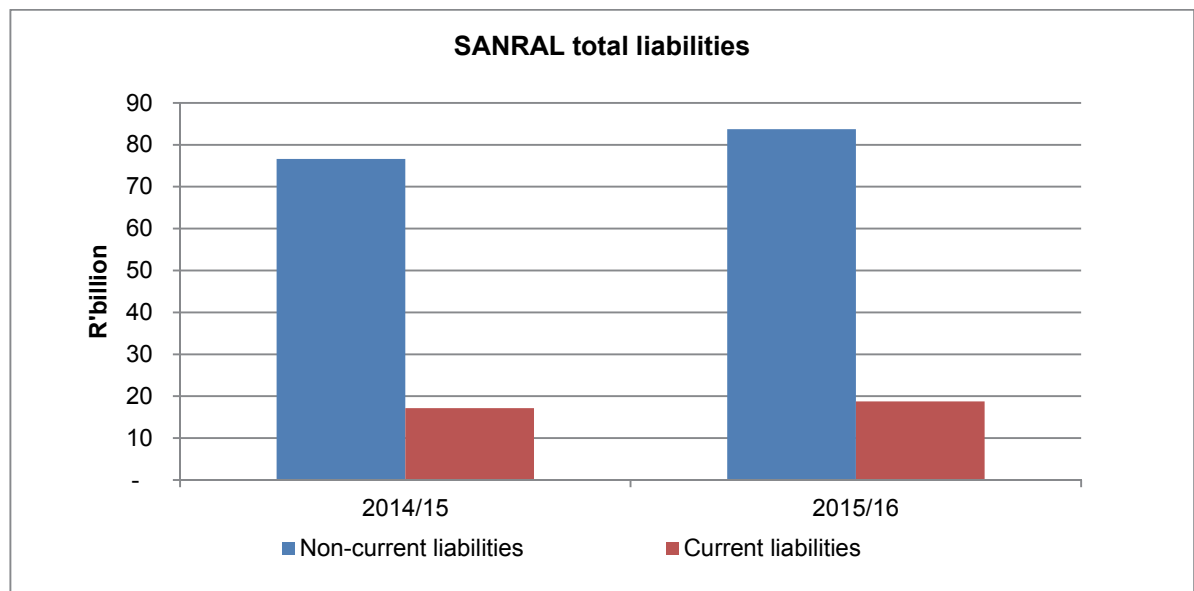
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016

The 3 percent increase in total assets is largely due to a 54 percent increase in trade and other receivables from exchange transactions. The increase in trade and other receivables is as a result of an increase in the number of cars using the Johannesburg highway.



Total liabilities increased by 9 percent to R102 billion (2014/15: R94 billion). The increase in liabilities is as a result of a 13 percent increase in unspent conditional grants and receipts, a 26 percent increase in financial liabilities and a 12 percent increase in trade and other payables from exchange transactions. Non current liabilities constitutes 82% of the entity's total liabilities.



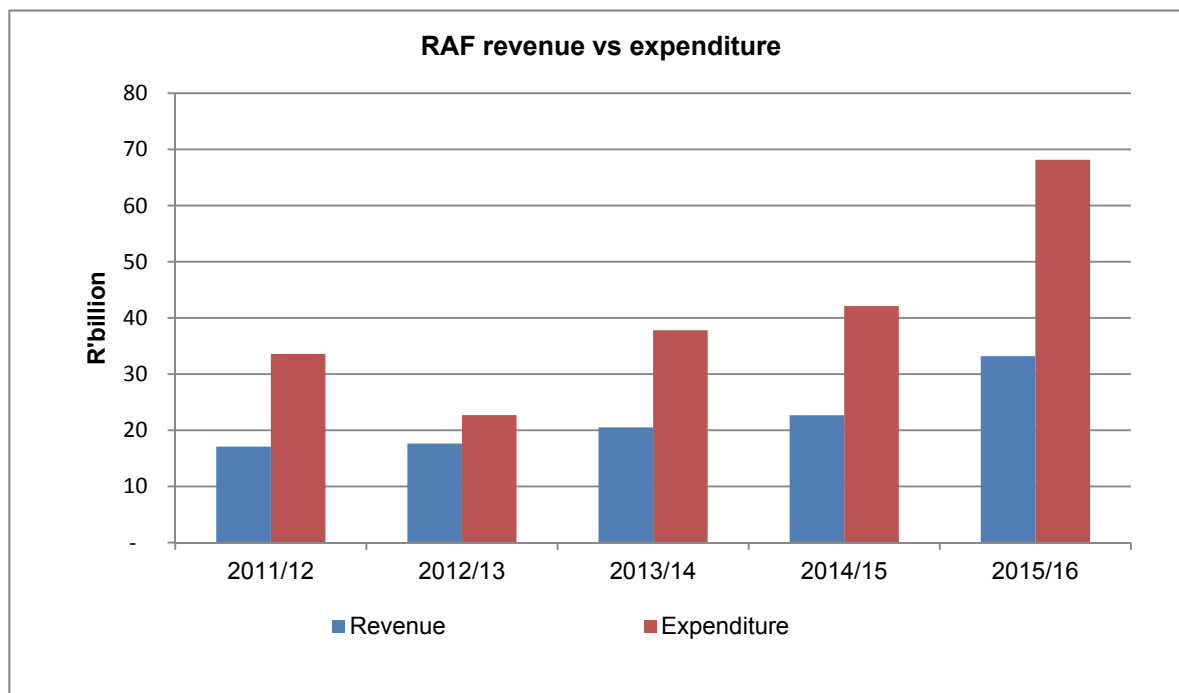
Road Accident Fund

The Road Accident Fund (RAF) is a schedule 3(A) entity, wholly owned by government. 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 2016

RAF Summary	Actual	Actual	Actual	Actual	Actual
R' million	2011/12	2012/13	2013/14	2014/15	2015/16
Revenue	17 104	17 640	20 516	22 680	33 204
Expenditure	33 592	22 726	37 815	42 131	68 164
Surplus/(Deficit) from Operations	(16 488)	(5 086)	(17 299)	(19 451)	(34 960)



The RAF remains in a deficit position for the past 5 years. Deficit has increased by 80% to R35 billion (2014:15 R19.5 billion) in the current year.

Profitability:

This deficit position was largely due to an increase in the provision for outstanding claims of R33.9 billion (2014/15: R12.4 billion). Efforts to reduce the number of outstanding claims resulted in higher claims expenditure (in cash), as well as an increase in the accrual for claims requested but not yet paid at the time of reporting as a result of cash constraints, together with an increase in the provision for outstanding claims. These totalled R66.3 billion (2014/15: R40.5 billion) and far exceeded the revenue received from fuel levies of R33.1 billion (2014/15: R22.6 billion). Cash and cash equivalents increased from R1.05 billion at the end of the previous financial year to R20.04 billion mainly due to higher fuel levy received and the fact that the actual levy receipt for a month takes place approximately one week before the end of a month.

Solvency and Capitalisation:

The RAF remains severely under-capitalised with liabilities exceeding assets by R145 billion (2014/15: R110 billion) (GRAP 7). The only assets of substance, other than cash, are land and buildings worth R98 million). Organisations similar to the RAF elsewhere in the world have, as part of their major assets, investments that cover in excess of 100% of the full outstanding liability. The liquidity ratio of the RAF is at 0.06:1 (current ratio: 0.20:1). This means that the RAF has only 6 cents (current ratio: 20 cents) worth of assets for every R1 of its liabilities and puts into sharp perspective just how unsustainable the current

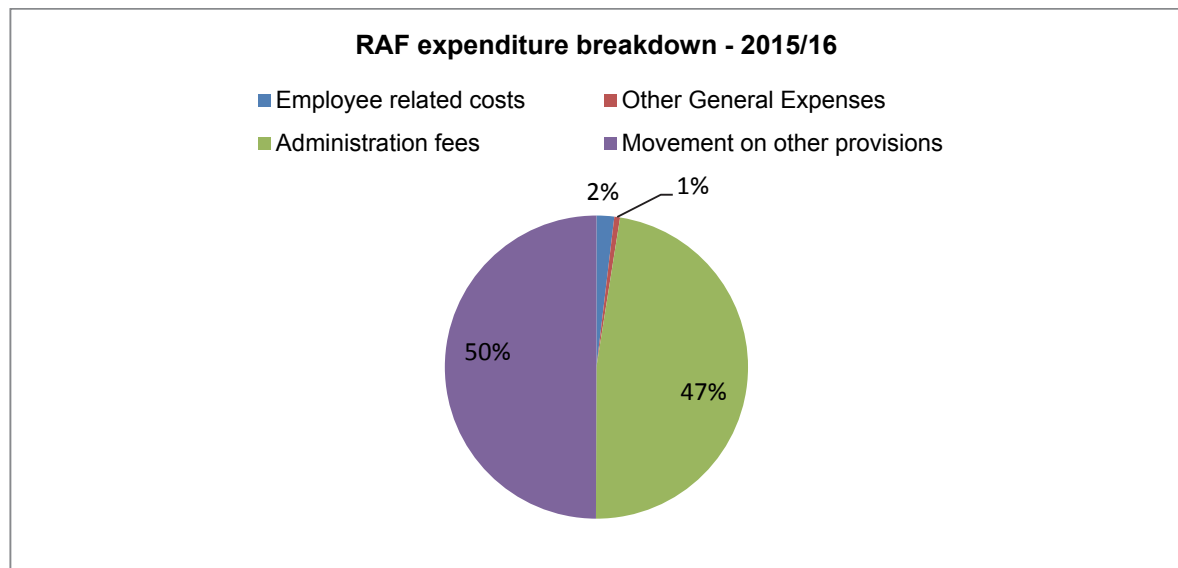
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016

system is. RAF does not therefore have sufficient cash or near cash assets to cover its short-term liabilities. Several high level discussions took place between the Fund and National Treasury on RAF's liquidity challenges. The 50c per litre increase in the RAF Fuel levy to 154 cents per litre at the beginning of the 2015/16 financial year has assisted towards the progress made by the RAF in clearing the claims backlog. Notwithstanding, this is also a reflection of the unsustainability of the current compensation system, which has accumulated a R145 billion unfunded liability. Legislation towards providing affordable and equitable support for those injured in road accidents, i.e the establishment of the new RABS, will be tabled in the foreseeable future. Once the legislation has been passed, the levy will be assigned to the new scheme.

Total revenue has increased by 46 percent to R33 billion (2014:15 R23 billion) in the current year. The increase is mainly as a result of 46 percent increase in the Fuel Levy income. Net fuel levy (legislative and oversight function) account for almost 100% of total revenue, while interest earned from external investments and other income accounts for a very small portion of revenue.

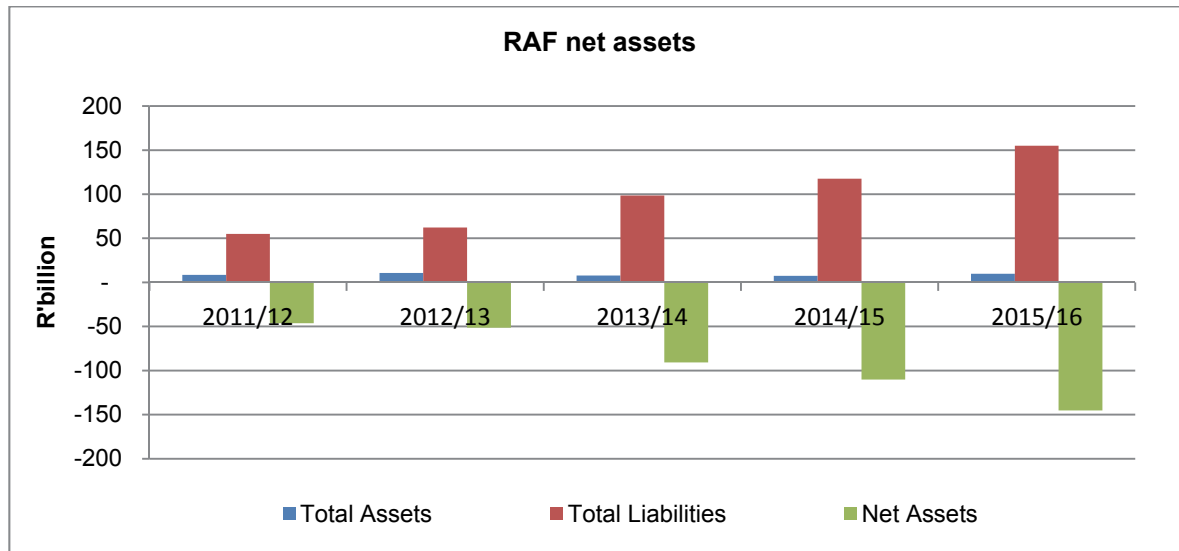
Expenditure increased by 62 percent to R68 billion (2014/15: R42 billion) in the current year. The increase is highly attributable to a 64 percent increase in the general expenses. Total claims expenditure inclusive of the provision for outstanding claims accounts for 98 percent of total expenditure followed by employee related costs which accounts for 2 percent of the total expenditure, while repairs & maintenance, depreciation & amortisation and finance costs combined accounts for a very small portion of the total expenditure.



REVIEW OF OPERATING RESULTS

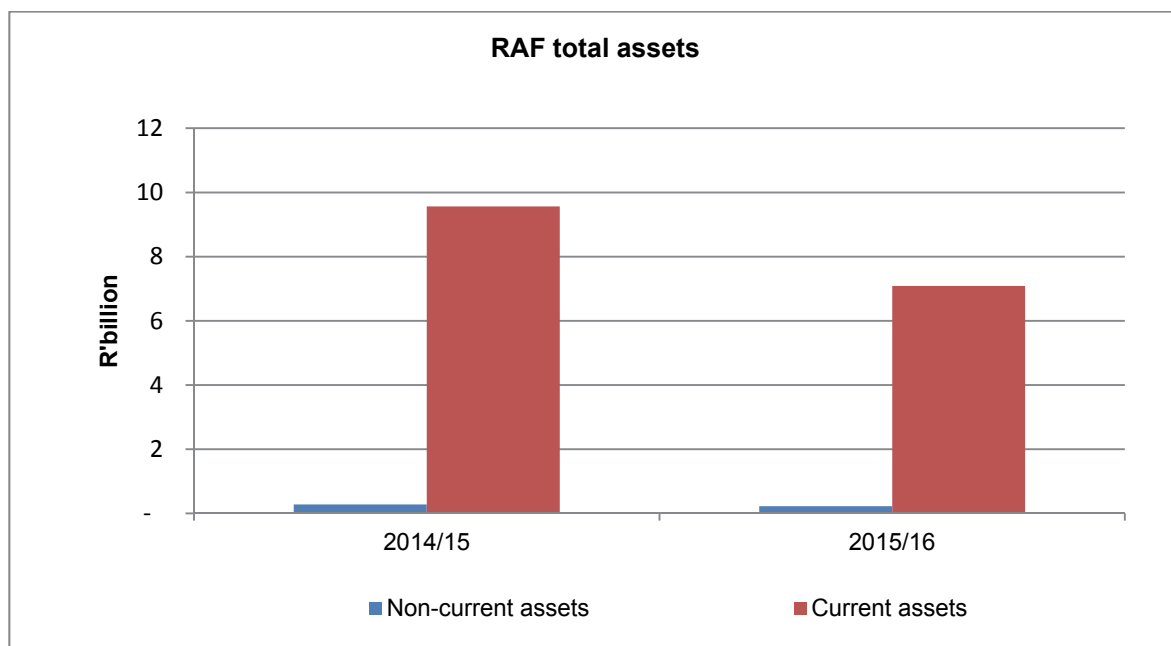
For the year ended 31 March 2016

RAF Assets vs Liabilities R' million	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual 2015/16
Total Assets	8 572	10 717	7 694	7 367	9 796
Total Liabilities	54 972	62 181	98 492	117 614	155 048
Net Assets	(46 400)	(51 464)	(90 798)	(110 247)	(145 252)



The RAF remains grossly under-capitalised with liabilities exceeding assets by R145 billion. Net assets have deteriorated further in the current year by R 35 billion.

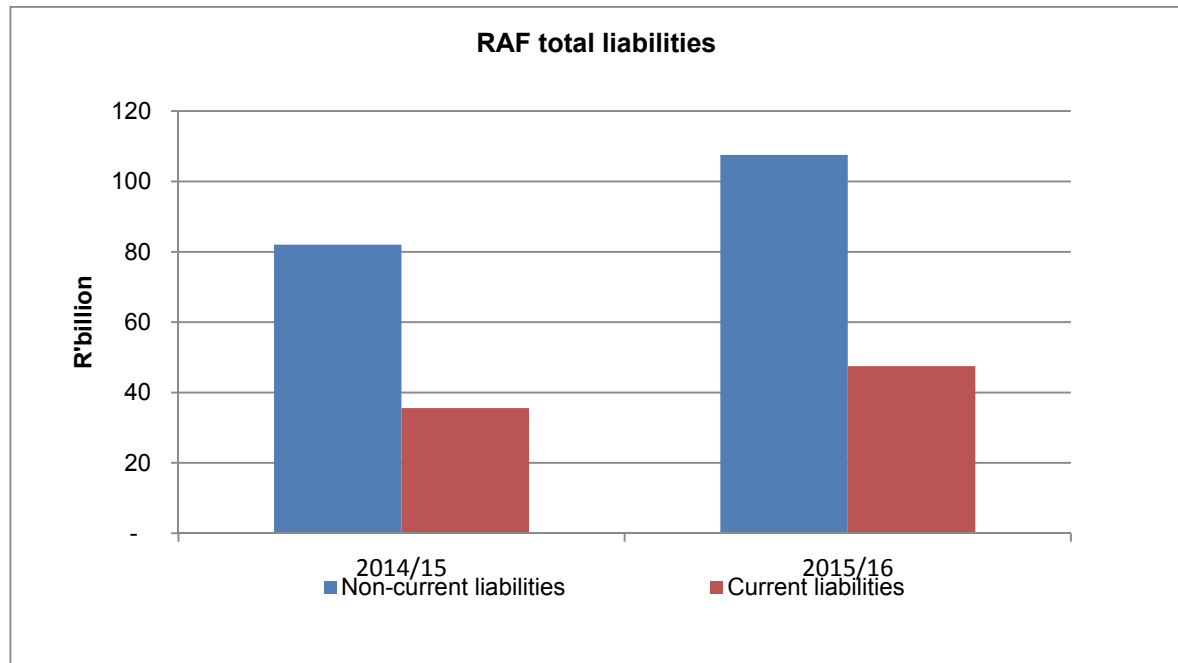
Total assets increased by 33 percent to R10 billion (2014/15: R7 billion) in the current year. The increase is due to 95 percent increase in cash and cash equivalents and a 25 percent increase in other receivables from non-exchange transactions (net fuel receivables). Current assets contribute 98 percent of total assets in the current year.



REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016

Total liabilities increased by 32 percent to R155 billion (2014/15: R117 billion) in the current year. The increase is highly attributable to an increase in provisions for outstanding claims which has increased by 31 percent to R107 billion (2014:15 R82 billion). Non-current liabilities constitute 69 percent of total liabilities in the current year.



South African Reserve Bank

The South African Reserve Bank is the central bank of the Republic of South Africa. The primary object and independence are entrenched in the Constitution (Sections 224 and 225 of the Constitution), being 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 by the SARB Act, read with section 223 of the Constitution of South Africa, Act 108 of 1996 (Constitution).

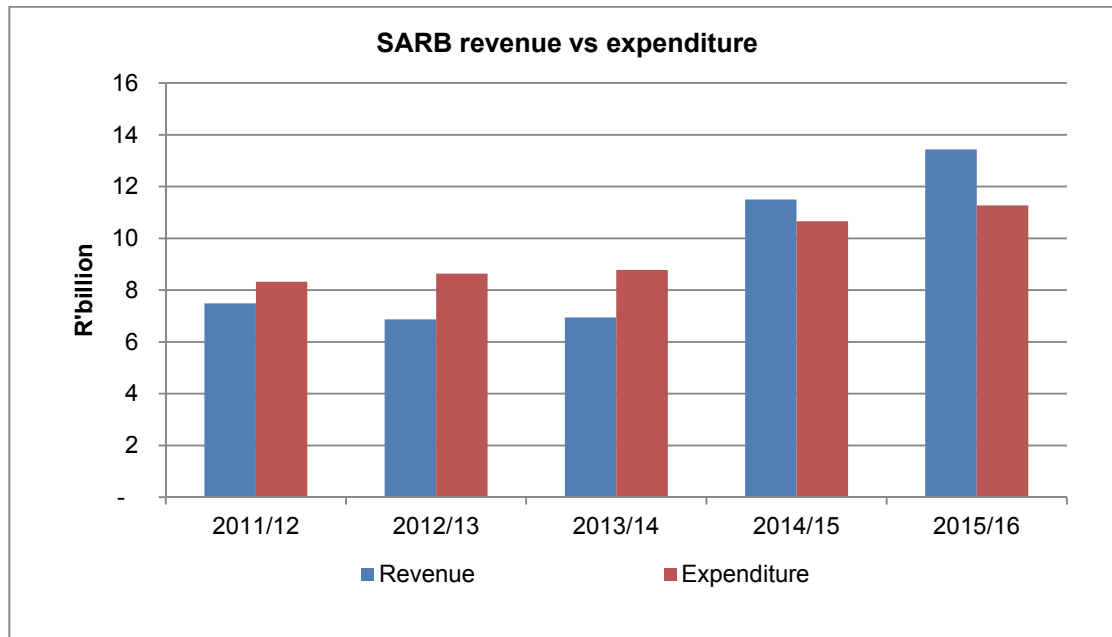
Some of the Functions of the bank are:

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

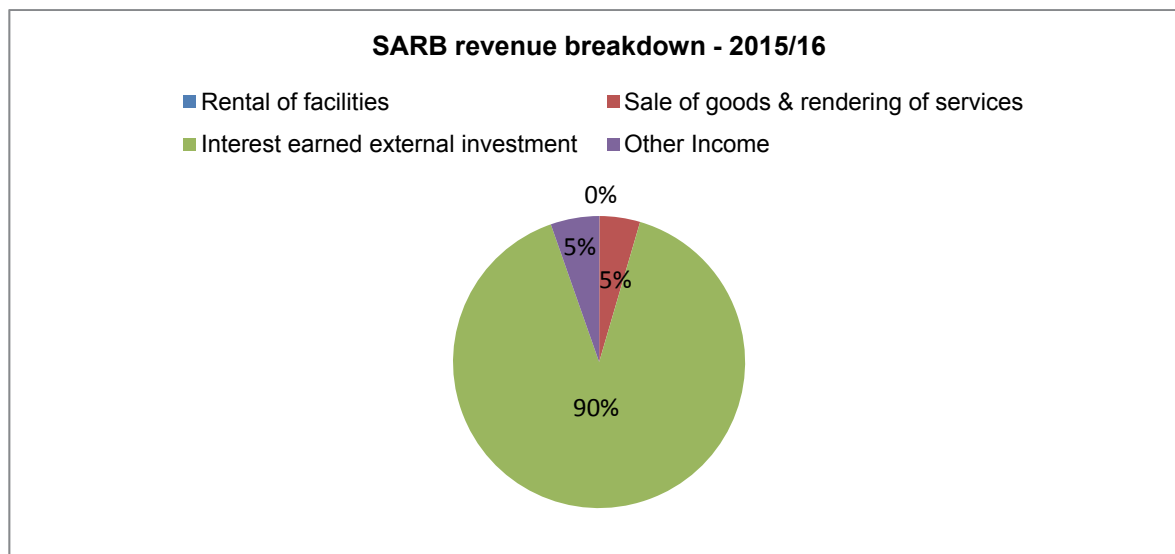
SARB Summary	Actual	Actual	Actual	Actual	Actual
R' million	2011/12	2012/13	2013/14	2014/15	2015/16
Revenue	7 487	6 869	6 942	11 502	13 432
Expenditure	8 325	8 639	8 782	10 657	11 272
Surplus/(Deficit) from Operations	(838)	(1 770)	(1 840)	845	2 160

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016



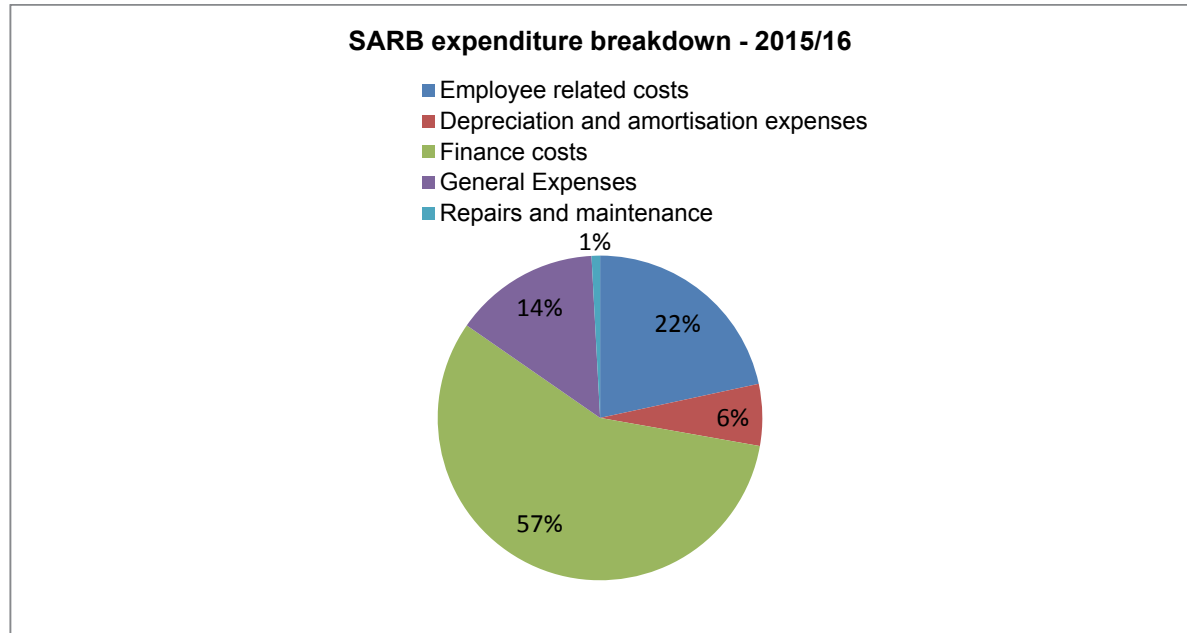
SARB's operating surplus increased by 156 percent to R2.1 billion (2014/15: R845 million) in the current year. Both revenue and expenditure increased slightly in the current year by R1.9 billion and R615 million respectively. The reason for the massive increase in surplus in the current year is the recovery of South African economy. The Bank's revenue is derived mainly from foreign investments.



The interest earned from external investments is the biggest contributor of revenue, contributing 90% of the total revenue while rental of facilities, sale of goods and services and other income combined makes up the remaining 10%.

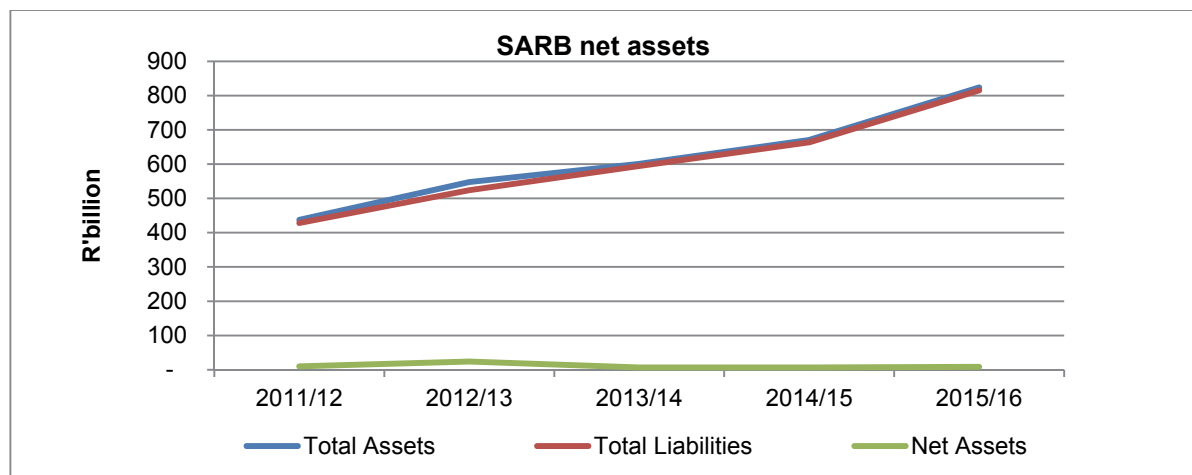
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016



Finance costs is the biggest contributor of expenditure, contributing 57% of the total expenditure, followed by employee costs contributing 22%, while depreciation costs, general expenses, repairs & maintenance and bad debts combined makes up the remaining 21%.

SARB Assets vs liabilities	Actual	Actual	Actual	Actual	Actual
R' million	2011/12	2012/13	2013/14	2014/15	2015/16
Total assets	437 540	547 589	600 889	670 407	823 676
Total liabilities	428 060	553 889	594 502	663 780	815 386
Net Assets	9 480	(6 300)	6 387	6 627	8 290

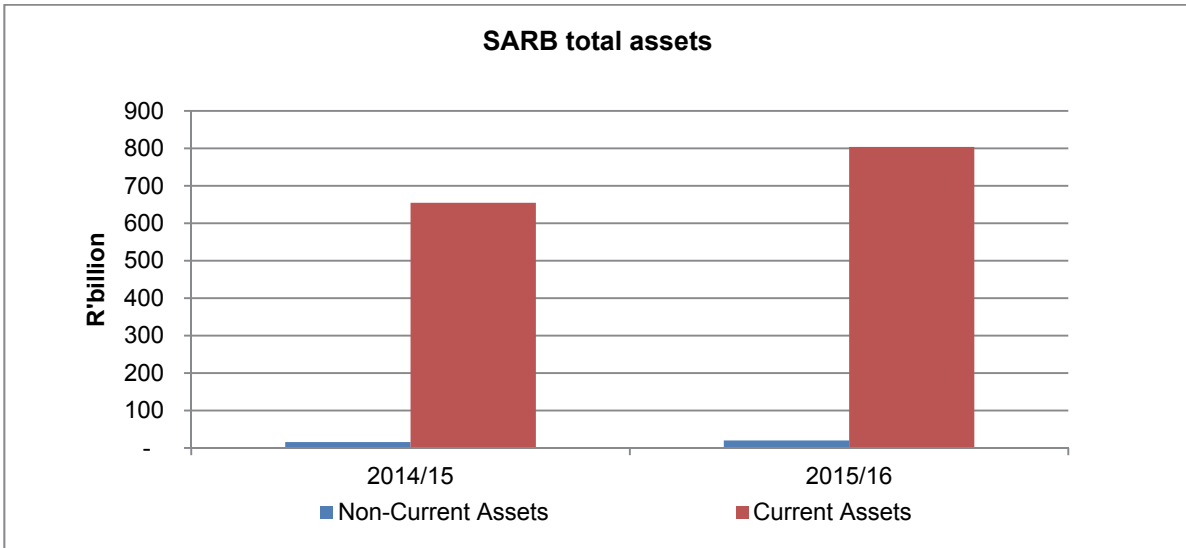


Net assets have been increasing gradually over the past 3 years, with the current year showing a R1.6 billion increase (2014/15: R240 million).

Current assets of SARB constitute about 98 percent of total assets in the current year. Current assets increased by 23 percent to R804 billion (2014/15: R655 billion). The major contributor in the current assets are other financial assets, contributing 96% of the total current assets followed by Deposits accounts contributing 3%.

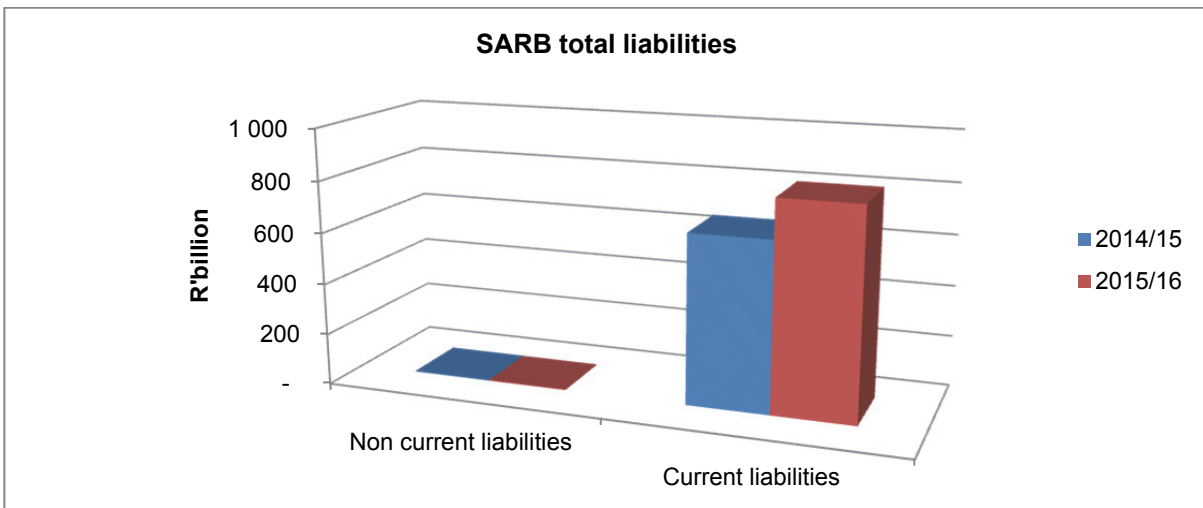
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016



Current liabilities like current assets make up almost 100 percent of total liabilities for current and previous financial year. Total liabilities increased by 23 percent to R815 billion (2014/15: R664 billion) in the current year. The increase in liabilities is as a result of an increase in Gold and Foreign exchange liabilities of R101 billion and Deposits account of R38 billion.

The greatest contributors of total liabilities is the Deposit account contributing 37% to the total liabilities while the second largest contributor is Gold and foreign liabilities which makes up 33% of the total liabilities.



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

CONSOLIDATED FINANCIAL STATEMENTS
2016

Annual Financial Statements
for the year ended 31 March 2016



AUDITOR-GENERAL
SOUTH AFRICA

339 970
56 969
1 817
58
6
373 497
804 029
1 859 317
2 499 808
3 227 076
4 050 935
R 28 331



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2016

■ 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 161 to 236, which comprise the consolidated statement of financial position as at 31 March 2016, 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-general'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

Revenue from non-exchange transactions

6. I was unable to obtain sufficient appropriate audit evidence for revenue from non-exchange transactions totalling R7,7 billion (2014-15: R8,6 billion) because some entities did not maintain proper accounting records of and adequate control over assessment revenue. These 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.

General expenses

7. I was unable to obtain sufficient appropriate audit evidence concerning employee-related

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2016

expenses totalling R8,4 billion (2014-15: R6,8 billion) included in note 54 to the consolidated financial statements due to the status of the accounting records of some entities. Consequently, I was unable to determine whether any further adjustments to employee-related costs were necessary.

Property, plant and equipment

8. I was unable to obtain sufficient appropriate audit evidence for property, plant and equipment transactions totalling R77,7 billion (2014-15: R1,3 billion) because some entities did not adequately review the useful lives of property, plant and equipment at each reporting date in accordance with the Standards of Generally Accepted Accounting Practice, GRAP 17, *Property, plant and equipment*. Consequently, I was unable to determine the impact that any adjustments would have on the surplus for the period and accumulated surplus in the financial statements.

Provisions

9. I was unable to obtain sufficient appropriate audit evidence for provisions totalling R34 billion (2014-15: R30,4 billion) because some entities did not maintain proper accounting records of and adequate control over provisions in accordance with GRAP 19, *Provisions*. These entities' records did not permit the application of alternative auditing procedures. Consequently, I was unable to determine whether any further adjustments to provisions 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*. Since these entities did not maintain adequate records of heritage assets, I was unable to determine the full extent of the understatement of heritage assets, as it was impracticable to do so.

Basis of preparation

11. I was unable to obtain sufficient appropriate audit evidence of the completeness and accuracy of the elimination of inter-entity transactions and balances in respect of the current and prior year because government's systems and processes were not 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 unable to obtain sufficient appropriate audit evidence in respect of two government business enterprises (GBEs), a government component, a trading entity, a major public entity and two other public entities whose unaudited financial information was included for consolidation because the audits of these entities had not been finalised in time to prepare the consolidated financial statements. Consequently, I could not determine by alternative means whether any further adjustments to the consolidated financial information of these GBEs and public entities were necessary.

Aggregation of uncorrected misstatements

13. The consolidated financial statements 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 total assets as per the statement of financial position by R5,6 billion:

- Trade and other receivables from exchange transactions - R1,4 billion
- Other receivables from non-exchange transactions - R3,7 billion
- Other non-current financial assets - R0,4 billion
- Intangible assets - R0,1 billion

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2016

Disclaimer of opinion

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

Emphasis of matter

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

Ministerial exemption in terms of section 92 of the PFMA from preparing 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 section 8(1) of the act. The exemption applies to the financial periods 2012-13 to 2016-17 and allows the National Treasury not to prepare a single set of consolidated financial statements for departments and public entities.

Report on other legal and regulatory requirements

16. 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 on 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 compliance are as follows:

17. 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 contingent assets, other current financial assets, government grants and subsidies, repairs and maintenance, general expenses and cash flow statement items 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 disclaimer of opinion included in this report.

Leadership

18. Processes whereby national public entities and officials are held responsible for their decisions and actions, including their stewardship of public funds, requires strengthening.

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2016

Financial management

19. 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.
20. Consolidation systems and processes are not at the required level of maturity to enable compliance with the requirements of the PFMA in respect of whole-of-government consolidation.

Auditor-General

Pretoria
28 October 2016



ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

Annexure A

List of entities consolidated

31 March 2016	31 March 2015
1 Academy of Science of South Africa	1 Academy of Science of South Africa
2 Accounting Standards Board	2 Accounting Standards Board
3 African Renaissance International Cooperation	3 Africa Institute of South Africa
4 Agricultural Land Holding Account	4 African Renaissance International Cooperation
5 Agricultural Research Council	5 Agricultural Land Holding Account
6 Agricultural Sector Education and Training Authority	6 Agricultural Research Council
7 Air Traffic and Navigation Services Company Limited	7 Agricultural Sector Education and Training Authority
8 Airports Company of South Africa Ltd	8 Air Traffic and Navigation Services Company Limited
9 Alexkor Limited	9 Airports Company of South Africa Ltd
10 Amatola Water Board	10 Alexkor Limited
11 Armaments Corporation of South Africa Limited (ARSMCOR)	11 Amatola Water Board
12 Artscape	12 Armaments Corporation of South Africa Limited (ARSMCOR)
13 Auditor General of South Africa	13 Artscape
14 Banking Sector Education and Training Authority	14 Auditor General of South Africa
15 Bloem Water	15 Banking Sector Education and Training Authority
16 Boxing South Africa	16 Bloem Water
17 Brand SA	17 Boxing South Africa
18 Breede River Catchment Management Agency	18 Brand SA
19 Broadband Infrastructure Company (Pty) Ltd	19 Breede River Catchment Management Agency
20 Castle Control Board	20 Broadband Infrastructure Company (Pty) Ltd
21 CEF (Pty) Ltd	21 Castle Control Board
22 Chemical Industries Education and Training Authority	22 CEF (Pty) Ltd
23 Commission for Conciliation, Mediation & Arbitration	23 Chemical Industries Education and Training Authority
24 Commission for Gender Equality (CGE)	23 Commission for Conciliation, Mediation & Arbitration
25 Community Schemes Ombud Services	24 Commission for Gender Equality (CGE)
26 Companies and Intellectual Property Commission	25 Community Schemes Ombud Services
27 Companies Tribunal	26 Companies and Intellectual Property Commission
28 Compensation Fund, including Reserve Fund	27 Companies Tribunal
29 Competition Commission	28 Compensation Fund, including Reserve Fund
30 Competition Tribunal	29 Competition Commission
31 Construction Education and Training Authority	30 Competition Tribunal
32 Construction Industry Development Board	31 Construction Education and Training Authority
33 Co-Operatives Banks Development Agency	32 Construction Industry Development Board
34 Council for Geoscience	33 Co-Operatives Banks Development Agency
35 Council for Medical Schemes	34 Co-Operatives Banks Development Agency
36 Council for Scientific and Industrial Research	35 Council for Geoscience
37 Council for the Built Environment	36 Council for Medical Schemes
38 Council on Higher Education	37 Council for Mineral Technology
39 Cross-Border Road Transport Agency	38 Council for Scientific and Industrial Research
40 Culture, Arts, Tourism, Hospitality and Sport Education	39 Council for the Built Environment
41 Deeds Registration Trading Account	40 Council on Higher Education
42 DENEL (Pty) Ltd	41 Cross-Border Road Transport Agency
43 Development Bank of Southern Africa	42 Culture, Arts, Tourism, Hospitality and Sport Education
	43 Deeds Registration Trading Account
	44 DENEL (Pty) Ltd

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

31 March 2016	31 March 2015
44 Die Afrikaanse Taal Museum	45 Development Bank of Southern Africa
45 Ditsong: Museums of Africa	46 Die Afrikaanse Taal Museum
46 Driving License Card Trading Account	47 Ditsong: Museums of Africa
47 Education, Training and Development Practices SETA	48 Driving License Card Trading Account
48 Energy & Water Sector Education and Training Authority	49 Education and Labour Relations Council
49 Equalisation Fund	50 Education, Training and Development Practices SETA
50 ESKOM	51 Energy & Water Sector Education and Training Authority
51 Estate Agency Affairs Board	52 Equalisation Fund
52 Export Credit Insurance Corporation of South Africa Limited	53 ESKOM
53 Fibre Processing Manufacturing Sector Education and Training	54 Estate Agency Affairs Board
54 Film and Publication Board	55 Export Credit Insurance Corporation of South Africa Limited
55 Financial & Fiscal Commission	56 Fibre Processing Manufacturing Sector Education and Training
56 Financial and Accounting Services SETA	57 Film and Publication Board
57 Financial Intelligence Centre	58 Financial & Fiscal Commission
58 Financial Services Board	59 Financial and Accounting Services SETA
59 Food and Beverages Manufacturing Industry SETA	60 Financial Intelligence Centre
60 Freedom Park Trust	61 Financial Services Board
61 Government Pensions Administration Agency	62 Food and Beverages Manufacturing Industry SETA
62 Government Printing Works	63 Freedom Park Trust
63 Government Technical Advisory Centre	64 Government Pensions Administration Agency
64 Health and Welfare Sector Education and Training Authority	65 Government Printing Works
65 Housing Development Agency	66 Government Technical Advisory Centre
66 Human Sciences Research Council	67 Health and Welfare Sector Education and Training Authority
67 Independent Communications Authority of South Africa	68 Housing Development Agency
68 Independent Development Trust	69 Human Sciences Research Council
69 Independent Electoral Commission	70 Independent Communications Authority of South Africa
70 Independent Regulatory Board for Auditors	71 Independent Development Trust
71 Industrial Development Corporation of South Africa Limited	72 Independent Electoral Commission
72 Ingonyama Trust Board	73 Independent Regulatory Board for Auditors
73 Inkomati Catchment Management Agency	74 Industrial Development Corporation of South Africa Limited
74 Insurance Sector Education and Training Authority	75 Ingonyama Trust Board
75 International Trade Administration Commission	76 Inkomati Catchment Management Agency
76 Isimangaliso Wetland Park	77 Insurance Sector Education and Training Authority
77 Iziko Museums of Cape Town	78 International Trade Administration Commission
78 Kwa-Zulu Natal Museum	79 Isimangaliso Wetland Park
79 LANDBANK	80 Iziko Museums of Cape Town
80 Legal Aid South Africa	81 Kwa-Zulu Natal Museum
81 Lepelle Northern Water	82 LANDBANK
82 Local Government Education and Training Authority	83 Legal Aid South Africa
83 Luthuli Museum	84 Lepelle Northern Water
84 Magalies Water	85 Local Government Education and Training Authority
85 Manufacturing Engineering and Related Services Education Training Authority	86 Luthuli Museum

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

31 March 2016	31 March 2015
86 Marine Living Resources Fund	87 Magalies Water
87 Market Theatre Foundation	88 Manufacturing Engineering and Related Services Education Training Authority
88 Media Development Diversity Agency	89 Marine Living Resources Fund
89 Media, Information and Communication Technologies Sector Edu	90 Market Theatre Foundation
90 Medical Research Council of South Africa	91 Media Development Diversity Agency
91 Mhlathuze Water	92 Media, Information and Communication Technologies Sector Edu
92 Mine Health and Safety Council	93 Medical Research Council of South Africa
93 Mining Qualifications Authority	94 Mhlathuze Water
94 MINTEK	95 Mine Health and Safety Council
95 Municipal Demarcation Board	96 Mining Qualifications Authority
96 Municipal Infrastructure Support Agency	97 Municipal Demarcation Board
97 National Agricultural Marketing Council	98 Municipal Infrastructure Support Agency
98 National Arts Council of South Africa	99 National Agricultural Marketing Council
99 National Consumer Commission	100 National Arts Council of South Africa
100 National Consumer Tribunal	101 National Consumer Commission
101 National Credit Regulator	102 National Consumer Tribunal
102 National Development Agency	103 National Credit Regulator
103 National Economic Development and Labour Council	104 National Development Agency
104 National Electronic Media Institute of South Africa	105 National Economic Development and Labour Council
105 National Empowerment Fund	106 National Electronic Media Institute of South Africa
106 National Energy Regulator of South Africa	107 National Empowerment Fund
107 National English Literary Museum	108 National Energy Regulator of South Africa
108 National Film and Video Foundation of South Africa	109 National English Literary Museum
109 National Gambling Board of South Africa	110 National Film and Video Foundation of South Africa
110 National Health Laboratory Service	111 National Gambling Board of South Africa
111 National Heritage Council of South Africa	112 National Health Laboratory Service
112 National Home Builders Registration Council	113 National Heritage Council of South Africa
113 National Housing Finance Corporation Limited	114 National Home Builders Registration Council
114 National Library of South Africa	115 National Housing Finance Corporation Limited
115 National Lotteries Commission	116 National Library of South Africa
116 National Metrology Institute of South Africa	117 National Lotteries Commission
117 National Museum, Bloemfontein	118 National Metrology Institute of South Africa
118 National Nuclear Regulator	119 National Museum, Bloemfontein
119 National Regulator for Compulsory Specifications	120 National Nuclear Regulator
120 National Research Foundation	121 National Regulator for Compulsory Specifications
121 National Skills Fund	122 National Research Foundation
122 National Student Financial Aid Scheme	123 National Skills Fund
123 National School of Government	124 National Student Financial Aid Scheme
124 National Urban Reconstruction and Housing Agency	125 National Urban Reconstruction and Housing Agency
125 National Youth Development Agency	126 National Youth Development Agency
126 Ncera Farms (Pty) Ltd	127 Ncera Farms (Pty) Ltd
127 Nelson Mandela National Museum	128 Nelson Mandela National Museum
128 Office of Health Standards Compliance	129 Office of the Ombud for Financial Services Providers
129 Office of the Ombud for Financial Services Providers	130 Office of the Pension Fund Adjudicator

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

31 March 2016	31 March 2015
130 Office of the Pension Fund Adjudicator	131 Onderstepoort Biological Products Limited
131 Onderstepoort Biological Products Limited	132 Overberg Water
132 Overberg Water	133 PALAMA
133 Coega Development Corporation (Pty) Ltd	134 Pan South African Language Board
134 Pan South African Language Board	135 Passenger Rail Agency of South Africa
135 Passenger Rail Agency of South Africa	136 Performing Arts Council of the Free State
136 Performing Arts Council of the Free State	137 Perishable Products Export Control Board
137 Perishable Products Export Control Board	138 Playhouse Company
138 Playhouse Company	139 Ports Regulator of South Africa
139 Ports Regulator of South Africa	140 President's Fund
140 President's Fund	141 Private Security Industry Regulatory Authority
141 Private Security Industry Regulatory Authority	142 Productivity SA
142 Productivity SA	143 Project Development Facility
143 South African Express (Pty) Ltd	144 Property Management Trading Entity
144 Property Management Trading Entity	145 Public Investment Corporation Limited
145 Public Investment Corporation Limited	146 Public Protector of South Africa
146 Public Protector of South Africa	147 Public Service Sector Education and Training Authority
147 Public Service Sector Education and Training Authority	148 Quality Council for Trades and Occupations
148 Quality Council for Trades and Occupations	149 Railway Safety Regulator
149 Railway Safety Regulator	150 Rand Water
150 Rand Water	151 Represented Political Parties Fund
151 Represented Political Parties Fund	152 Road Accident Fund
152 Road Accident Fund	153 Road Traffic Infringement Agency
153 Road Traffic Infringement Agency	154 Road Traffic Management Corporation
154 Road Traffic Management Corporation	155 Robben Island Museum
155 Robben Island Museum	156 Rural Housing Loan Fund
156 Rural Housing Loan Fund	157 Safety and Security Education and Training Authority
157 Safety and Security Education and Training Authority	158 Sasria Limited
158 Sasria Limited	159 Sedibeng Water
159 Sedibeng Water	160 Sentech Limited
160 Sentech Limited	161 Services Sector Education and Training Authority
161 Services Sector Education and Training Authority	162 Sheltered Employment Factories
162 Sheltered Employment Factories	163 Small Enterprise Development Agency
163 Small Enterprise Development Agency	164 Social Housing Regulatory Authority
164 Social Housing Regulatory Authority	165 South African Airways (Pty) Ltd
165 South African Airways (Pty) Ltd	166 South African Express (Pty) Ltd
166 South African Broadcasting Corporation	167 South African Broadcasting Corporation
167 South African Bureau of Standards	168 South African Bureau of Standards
168 South African Civil Aviation Authority	169 South African Civil Aviation Authority
169 South African Council for Educators	170 South African Council for Educators
170 South African Diamond and Precious Metals Regulator	171 South African Diamond and Precious Metals Regulator
171 South African Forestry Company Limited	172 South African Forestry Company Limited
172 South African Heritage Resources Agency	173 South African Heritage Resources Agency
173 South African Human Rights Commission	174 South African Human Rights Commission
174 South African Institute for Drug-Free Sport	175 South African Institute for Drug-Free Sport
175 South African Library for the Blind	176 South African Library for the Blind
176 South African Local Government Association	177 South African Local Government Association
177 South African Maritime Safety Authority	178 South African Maritime Safety Authority
178 South African National Accreditation System	179 South African National Accreditation System

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

31 March 2016	31 March 2015
179 South African National Biodiversity Institute	180 South African National Biodiversity Institute
180 South African National Energy Development Institute	181 South African National Energy Development Institute
181 South African National Parks	182 South African National Parks
182 South African National Roads Agency Limited	183 South African National Roads Agency Limited
183 South African National Space Agency	184 South African National Space Agency
184 South African Nuclear Energy Corporation Limited	185 South African Nuclear Energy Corporation Limited
185 South African Post Office Limited	186 South African Post Office Limited
186 South African Qualifications Authority	187 South African Qualifications Authority
187 South African Reserve Bank	188 South African Reserve Bank
188 South African Revenue Services (SARS)	189 South African Revenue Services (SARS)
189 South African Social Services Agency	190 South African Social Services Agency
190 South African State Theatre	191 South African State Theatre
191 South African Tourism	192 South African Tourism
192 South African Weather Service	193 South African Weather Service
193 Special Defence Account	194 Special Defence Account
194 Special Investigation Unit	195 Special Investigation Unit
195 State Diamond Trader	196 State Diamond Trader
196 State Information Technology Agency	197 State Information Technology Agency
197 Technology Innovation Agency	198 Technology Innovation Agency
198 Telkom SA Limited	199 Telkom SA Limited
199 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
200 Thubelisha Homes	201 Thubelisha Homes
201 Trans-Caledon Tunnel Authority	202 Trans-Caledon Tunnel Authority
202 Transnet Limited	203 Transnet Limited
203 Transport Education and Training Authority	204 Transport Education and Training Authority
204 uMalusi Council for Quality Assurance in General and Further	205 uMalusi Council for Quality Assurance in General and Further
205 Umgeni Water	206 Umgeni Water
206 uMsunduzi Museum (Includes Voortrekker Museum)	207 uMsunduzi Museum (Includes Voortrekker Museum)
207 Unemployment Insurance Fund	208 Unemployment Insurance Fund
208 Universal Service and Access Agency of South Africa	209 Universal Service and Access Agency of South Africa
209 Universal Service and Access Fund	210 Universal Service and Access Fund
210 War Museum of the Boer Republics	211 War Museum of the Boer Republics
211 Water Research Commission	212 Water Research Commission
211 Water Trading Account	213 Water Trading Account
213 Wholesale and Retail Sector Education and Training Authority	214 Wholesale and Retail Sector Education and Training Authority
214 William Humphreys Art Gallery	215 William Humphreys Art Gallery
215 Windybrow Theatre	216 Windybrow Theatre

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

■ Annexure B

Entities not consolidated that are included in the PFMA listing

31 March 2016		31 March 2015	
1	EDI Holdings (Pty) Ltd	1	EDI Holdings (Pty) Ltd
2	Inala Farms (Pty) Ltd	2	Inala Farms (Pty) Ltd
3	Servcon Housing Solutions (Pty) Ltd	3	Khula Enterprises Finance Limited
4	Social Housing Foundation	4	Namaqua Water Board
5	Compensation Commissioner for Occupational Diseases	5	Urban Transport Fund
6	Africa Institute of South Africa	6	Servcon Housing Solutions (Pty) Ltd
7	Botshelo Water	7	Social Housing Foundation
8	Bushbuckridge Water Board	8	Compensation Commissioner for Occupational Diseases
9	National Lottery Distribution Fund	9	Development Bank of SA Development Fund
10	Pelladrift Water Board		
11	Development Bank of SA Development Fund		
12	Project Development Facility		
13	Municipal infrastructure Investment unit		
14	Deeds Registration Trading Account		
15	Driving License Card Trading Account		
16	Education and Labour Relations Council		

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

■ Annexure C

List of entities consolidated with year ends other than 31 March

31 March 2016		31 March 2015	
1	Amatola Water Board	1	Amatola Water Board
2	Bloem Water	2	Bloem Water
3	Lepelle Northern Water	3	Lepelle Northern Water
4	Magalies Water	4	Magalies Water
5	Mhlathuze Water	5	Mhlathuze Water
6	Overberg Water	6	Overberg Water
7	Rand Water	7	Rand Water
8	Sedibeng Water	8	Sedibeng Water
9	Umgeni Water	9	Umgeni Water

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

■ Annexure D

List of entities consolidated based on draft AFS

31 March 2016	31 March 2015
1 Amatola Water Board	1 Amatola Water Board
2 Overberg Water	2 South African Airways (Pty) Ltd
3 Ingonyama Trust Board	3 South African Post Office
4 Municipal Infrastructure Support Agency	4 South African Nuclear Energy Corporation Limit
5 Property Management Trading Entity	5 Broadband Infrastructure Company (Pty) Ltd
6 South African Express (Pty) Ltd	6 Represented Political Parties Fund
7 Government Technical Advisory Centre	

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 March 2016

	Note	2015/16 R '000	2014/15 R '000
REVENUE			
REVENUE FROM NON-EXCHANGE TRANSACTIONS		133 925 968	120 443 168
Government grants and subsidies	37	55 446 993	50 578 492
Public contributions and donations	38	2 057 732	2 676 447
Transfers and Sponsorships	39	12 579 791	11 415 786
Fines and Penalties	40	415 684	376 511
Legislative and Oversight functions	41	55 911 419	48 737 669
Taxation revenue	42	6 185 564	5 370 819
Licences and permits		1 328 785	1 287 444
REVENUE FROM EXCHANGE TRANSACTIONS		481 567 260	451 164 032
Sale of Goods & Rendering of Services	43	388 837 622	370 881 668
Rental of facilities and equipment	44	4 511 962	3 691 149
Interest earned - external investments	45	46 588 219	41 725 352
Interest earned - outstanding receivables	46	790 687	1 028 744
Other income	47	40 838 770	33 837 119
TOTAL REVENUE		615 493 228	571 607 200
EXPENSES			
Employee related costs	48	(119 878 361)	(111 904 971)
Repairs and maintenance	49	(21 028 036)	(18 758 421)
Depreciation and amortisation expense	50	(53 796 160)	(46 691 360)
Contracted services	51	(3 268 791)	(2 844 757)
Grants and subsidies paid	52	(17 908 009)	(15 208 090)
Finance costs	53	(43 629 544)	(41 199 480)
General expenses	54	(330 928 162)	(293 261 867)
Bad debts		(2 344 908)	(4 870 486)
Non Profit institutions and donor project expenses		(694 967)	(637 192)
TOTAL EXPENSES		(593 476 938)	(535 376 624)
OTHER GAINS / (LOSSES)		(19 907 235)	(38 238 956)
Gain / (Loss) on sale of assets	55	64 937	322 797
Impairment (Loss) / Reversal of impairment loss	56	(10 643 520)	(25 868 516)
Gain / (Loss) on fair value adjustment	57	(12 047 422)	(12 675 322)
Gain / (Loss) on Revaluation of Assets	58	2 418 936	(344 403)
Gain/(Loss) on sale of shares		462 207	608 365
Inventories: Reversal of write-down to net realisable value		15	20 597
Inventories: Write-down to net realisable value		(162 388)	(302 474)
Share of surplus/ (deficit) of joint venture using equity method	16	62 902	75 421
Share of surplus/ (deficit) of associate	17	598 934	1 395 831
Continuing Operations Surplus / (Deficit) before tax		2 770 891	(537 128)
Taxation	59	(6 297 962)	(3 358 400)
Continuing Operations Surplus / (Deficit) after tax		(3 527 071)	(3 895 528)

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 March 2016

	Note	2015/16 R '000	2014/15 R '000
DISCONTINUED OPERATIONS SURPLUS/ (DEFICIT) AFTER TAX	60	(48 376)	(86 783)
TOTAL SURPLUS / (DEFICIT) FOR THE PERIOD NET OF TAX		(3 575 447)	(3 982 311)
Attributable to:			
Owners of the controlling entity		(3 351 964)	(3 758 539)
Minority interest		(223 483)	(223 772)

STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2016

	Note	2015/16 R '000	2014/15 R '000
ASSETS			
Current assets		1 238 167 474	1 021 214 220
Cash and cash equivalents	1	174 036 170	145 689 527
Trade and other receivables from exchange transactions	2	78 096 748	72 728 772
Other receivables from non-exchange transactions	3	1 588 602	(842 409)
Other current financial assets	4	843 970 717	693 955 828
Current portion of non-current receivables	5	537 073	648 799
VAT receivable	6	1 950 489	1 318 890
Inventories	7	32 789 331	30 066 866
Prepayments	8	26 459 204	23 382 273
Current Investments	9	68 895 271	52 094 042
Construction contract receivables	10	1 955 988	1 616 877
Current assets held for sale	11	7 826 883	487 652
Finance lease receivable	12	60 998	67 103
Non-current assets		2 017 954 699	1 870 018 482
Non-current receivables from exchange transactions	13	46 902 746	41 942 079
Non-Current Investments	14	322 966 227	301 646 142
Non-Current Finance Lease Receivable	12	562 061	549 050
Other non-current financial assets	15	62 894 821	51 412 204
Investments in Joint Ventures	16	531 334	501 487
Investments in Associates	17	37 132 871	28 547 242
Deferred Tax Assets	18	5 675 022	10 760 529
Defined benefit plan assets	30	2 772 692	1 589 637
Property, plant and equipment	31	1 470 936 951	1 369 712 720
Heritage assets	32	2 389 055	2 160 053
Intangible assets	33	28 651 929	26 969 104
Investment property	34&35	32 471 412	30 150 809
Biological assets	36	4 067 578	4 077 426
TOTAL ASSETS		3 256 122 173	2 891 232 702

STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2016

	Note	2014/15 R '000	2013/14 R '000
LIABILITIES			
Current liabilities		1 109 342 829	930 871 777
Bank overdraft	1	2 338 911	2 534 179
Trade and other payables from exchange transactions	19	109 346 204	97 105 591
VAT payable	20	2 388 832	2 320 354
Taxes and transfers payable	21	1 738 547	2 275 527
Other current financial liabilities	22	851 336 738	696 413 711
Current provisions	23	73 162 796	58 813 420
Current portion of unspent conditional grants and receipts	24	13 792 982	12 341 459
Current portion of long-term borrowings	25	52 868 592	57 729 048
Short-Term Borrowings	26	1 927 451	1 205 113
Current portion of finance lease liability	27	441 776	133 375
Non-current liabilities		1 081 428 672	950 695 240
Deferred Tax Liabilities	18	75 378 581	75 360 525
Unspent conditional grants and receipts	24	83 702 960	70 046 651
Long-term borrowings	25	598 969 631	531 981 978
Finance lease liability	27	4 622 622	694 477
Non-current provisions	28	197 004 726	160 848 297
Other non-current financial liabilities	29	73 821 063	68 611 924
Defined benefit plan obligations	30	24 373 283	24 502 135
Deferred Income	47	23 189 181	18 244 898
Operating Lease Liability		366 625	404 355
TOTAL LIABILITIES		2 190 771 501	1 881 567 017
NET ASSETS		1 065 350 672	1 009 665 685
Ordinary Shares		120 589 161	37 096 985
Preference Shares		1 550 000	1 550 000
Revaluation Reserve		406 281 741	431 024 227
Contributed Capital		26 492 768	53 541 372
Translation Reserve		2 771 339	1 385 208
Other Reserves		60 923 554	56 664 016
Accumulated Surplus/ (Deficit)		446 492 842	428 199 105
Minority Interest		249 267	204 772
TOTAL NET ASSETS AND LIABILITIES		3 256 122 173	2 891 232 702

STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 March 2016

Attributable to Owners of the Controlling Entity									
Ordinary Shares	Preference Shares	Revaluation Reserve	Contributed Capital	Translation Reserve	Other Reserves	Accumulated Surplus/ (Deficit)	Minority Interest	Total Net Assets	
R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
37 096 985	1 550 000	346 684 229	50 324 403	1 248 684	51 024 887	447 142 389	265 727	935 337 304	
		(296)			131	31 645 037		31 644 872	
		5 910	2 393	23 673	(1 723 071)	1 774 397	4 113	87 415	
37 096 985	1 550 000	346 689 843	50 326 796	1 272 357	49 301 947	480 561 823	269 840	967 069 591	
		39 574 807						39 574 807	
		-						-	
		598						598	
		2 705						2 705	
		(6 062)	(15 424)	(27 313)	1 686 993	(2 095 466)		(27 313)	(429 959)
		(19 454 439)		489 990	4 457 440	(3 758 539)	(223 772)	(3 982 311)	
			3 230 000			(5 165 037)	213 000	(19 459 046)	
		64 216 808		(349 826)	428 062	(651 280)	(51 000)	(702 280)	
					267 163	1 108		268 271	
					522 679	(509 475)		3 243 204	
						(40 189 692)	(3 296)	24 102 056	
37 096 985	1 550 000	431 024 260	53 541 372	1 385 208	56 664 284	428 193 442	204 772	1 009 660 323	
		(33)			(268)	5 663		5 362	
37 096 985	1 550 000	431 024 227	53 541 372	1 385 208	56 664 016	428 199 105	204 772	1 009 665 685	

Balance at 31 March 2014

Changes in accounting policy

Correction of prior period error

Balance at 1 April 2014 - Restated balance

Net of Tax Surplus / (Deficit) on revaluation of Property, Plant & Equipment

Net of Tax Surplus / (Deficit) on revaluation of Intangible Assets

Net of Tax Surplus / (Deficit) on revaluation of heritage assets

Net of Tax Surplus / (Deficit) on Revaluation of Investments Available For Sale

Net Of Tax Currency Translation Differences

Transfers to / from other reserves

Increase / (Decrease) in Share Capital / Capital Contributions

Surplus / (Deficit) for the period as per Statement of Financial Performance

Transfers to / from accumulated surplus/(deficit)

Dividends Paid (Net Of STC)

Cash flow hedges

Contributions introduced

Other movements

Balance at 31 March 2015

Changes in accounting policy

Correction of prior period error

Restated as at 1 April 2015

STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 March 2016

Attributable to Owners of the Controlling Entity									
Ordinary Shares	Preference Shares	Revaluation Reserve	Contributed Capital	Translation Reserve	Other Reserves	Accumulated Surplus/ (Deficit)	Minority Interest	Total Net Assets	
R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
37 096 985	1 550 000	431 024 227	53 541 372	1 385 208	56 664 016	428 199 105	204 772	1 009 665 685	
		720 307						720 307	
		(1 246)						(1 246)	
		(11 693)	5 919	(13 217)	(4 479 671)	4 813 491		2 016	
83 492 176			(30 459 339)					314 829	
		(6 310 452)	304 816	760 563	2 447 756	(3 351 964)	(223 483)	53 032 837	
					(18 745)	(4 014 053)		(3 575 447)	
					1 046 421	(673 248)		(6 477 370)	
		(19 139 402)	3 100 000	636 769	(79 523)	(410 529)		(757 793)	
					5 343 300	21 930 040	(223)	1 046 421	
								2 609 948	
120 589 161	1 550 000	406 281 741	26 492 768	2 771 339	60 923 554	446 492 842	249 267	1 065 350 672	

Restated as at 1 April 2015
Net of Tax Surplus / (Deficit) on revaluation of Property, Plant & Equipment
Net of Tax Surplus / (Deficit) on revaluation of Intangible Assets
Net of Tax Surplus / (Deficit) on revaluation of heritage assets
Net of Tax Surplus / (Deficit) on Revaluation of Investments Available For Sale
Net Of Tax Currency Translation Differences
Transfers to / from other reserves
Increase / (Decrease) in Share Capital / Capital Contributions
Surplus / (Deficit) for the period as per Statement of Financial Performance
Transfers to / from accumulated surplus/(deficit)
Dividends Paid (Net Of STC)
Cash flow hedges
Contributions introduced
Other movements

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2016

	Note	2015/16 R '000	2014/15 R '000
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS			
		595 959 915	553 741 436
Transfers and Subsidies		75 325 063	59 847 580
Taxation Revenue		18 752 118	17 984 957
Sale of goods and rendering of services		390 843 589	363 145 986
Other Operating Revenue		11 082 876	12 212 665
Service charges		685 607	585 769
Grants		42 958 257	41 566 796
Interest, Dividends and Rent on land		36 713 125	30 952 207
Fines, penalties and forfeits		3 328 821	2 918 996
Other Receipts		16 270 459	24 526 480
PAYMENTS			
		(466 988 217)	(444 233 389)
Compensation of Employees		(118 818 621)	(108 695 036)
Goods and Services		(241 891 004)	(235 550 033)
Interest and Rent on land		(24 399 570)	(22 263 308)
Taxation Paid		(3 458 194)	(2 749 615)
Other payments		(78 420 828)	(74 975 397)
Net cash flows from operating activities	61	128 971 698	109 508 047
CASH FLOWS FROM INVESTING ACTIVITIES			
		(189 625 163)	(160 356 817)
Purchase of assets		(124 517 499)	(135 502 108)
Proceeds from sale of assets		2 912 460	6 437 605
Purchase of available-for-sale financial assets		(2 602 387)	(2 093 468)
Proceeds from sale of Investments		37 321 804	40 499 376
Purchase of other intangible assets		(4 378 373)	(4 779 891)
Purchase of controlled entity (net of cash acquired)		15 331	1 763
Dividend income		1 267 798	1 295 322
Movement in pension assets / liabilities		(22 727)	(141 242)
Loans granted to associates / other economic entities		(16 958 899)	(12 641 342)
Loan repayments received from associates / other economic entities		6 066 707	6 982 830
Borrowing costs capitalised		(3 506 591)	(2 485 035)
Acquisition of investments		(86 056 142)	(59 603 352)
Additional movements		833 355	1 672 725
Net cash flows from investing activities.		(189 625 163)	(160 356 817)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2016

	Note	2015/16 R '000	2014/15 R '000
CASH FLOWS FROM FINANCING ACTIVITIES		88 843 855	63 772 421
Proceeds from borrowings		128 351 891	111 518 157
Repayment of borrowings		(70 665 303)	(56 059 092)
Proceeds from issuance of ordinary shares / contributed capital		26 562 716	3 107 081
Proceeds from issuance of redeemable preference shares		687 083	(433 093)
Purchase of treasury shares		5 776 714	6 870 809
Repayment / issuance of financial guarantee contracts		(196 988)	311 697
Finance lease payments		(1 177 023)	(1 290 997)
Distribution / dividends paid		(495 235)	(252 141)
Net cash flows from financing activities		88 843 855	63 772 421
Net increase/(decrease) in cash and cash equivalents		28 190 390	12 923 651
Cash and cash equivalents at the beginning of the year		143 155 348	129 236 631
Effect of exchange rate movement on cash balances		351 521	995 066
Cash and cash equivalents at the end of the year	1	171 697 259	143 155 348

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2016

■ 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.

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

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2016

combined view of entities considered to be a part of government as envisaged by the PFMA. The decision to include or exclude entities cannot be based solely on an analysis of control where this would deviate from the objectives of the consolidation, and hence the users' needs; it must therefore be further based on some other suitable criteria that are in line with the needs of users. In accordance with the definition of a public entity in the PFMA, the Accountant-General has determined that accountability to Parliament for the use of public funds must be the primary driver and considers this to be the primary criterion for including entities in the consolidation, with ownership control by government being assumed to exist in such cases.

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

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

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

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

Budget information

As there is no publically available budget that is reconcilable with the group of entities for the purposes of the National 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.

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

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2016

of accounting policies in accordance with GRAP 3 as read with Directive 5:

GRAP 109 Accounting by Principals and Agents

The standard requires the identification of principal-agent arrangements as well as disclosure arising from such arrangements. . When an entity is party to a principal-agent arrangement, it applies the principles documented in this Standard to assess whether it is a principal or an agent before applying other Standards of GRAP dealing with the recognition and measurement of revenue, expenses, assets and/or liabilities.

The proposed effective date for entities is 1 April 2017 and it would apply to those arrangements that are in place when the Standard becomes effective.

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 medical post-employment benefits

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

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

Depreciation and amortisation

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

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availability of finance to replace the asset at the end of its useful life.

In evaluating 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.

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

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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.

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.

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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.

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.

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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 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.

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■ 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 non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired

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

Impairments

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of

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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.

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 have **cultural**, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations are shown at cost. They are not depreciated due to the uncertainty regarding their estimated useful lives, as reflected in the table below:

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

Intangible assets

Initial recognition and measurement

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

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

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

Intangible assets are initially recognised at cost.

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

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

Subsequent measurement

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

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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
Computer Software	3 – 5

Impairments

The entity tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is performed at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service

amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Derecognition

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

Investment property

Initial recognition and measurement

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

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

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

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

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property (property, plant and equipment), the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner

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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>15 - 50</i>
<i>Land</i>	<i>Indefinite Life</i>

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

Fair value model

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

Impairments

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

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

Derecognition

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

Biological assets

Recognition

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

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

- The entity controls the asset; and
- Future economic benefits or service potential from the asset is probable; and

The fair value or cost of the asset can be determined.

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Measurement

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

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

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

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

Derecognition

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

Biological assets are derecognised when the entity disposes thereof or when it is no longer probable that future economic benefits or service potential

will be generated from the biological asset. Any gain or loss that arises at the point of derecognition is recognised in surplus or deficit at the point of derecognition.

■ Impairment of non-financial assets

Recognition

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

Measurement

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

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

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

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

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

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

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

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

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

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

Reversal of impairment losses

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss

was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Employee benefits

Short term employee benefits

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

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

Post-employment benefits

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

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

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2016

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

Assets classified as 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.

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2016

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 at 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 recognises the asset subject to the lease at the inception of the lease. Along with the recognition of the asset the entity recognises a finance lease receivable. Finance lease income is allocated 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 recognised and no lease receivable is recognised at the inception of the lease. Lease payments received under an operating lease are recognised as income, in the Statement of Financial Performance, in the period that the income accrues.

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

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

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.

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2016

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:

- The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably; and
- 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.

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

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2016

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 disclosed as such in the notes to the annual financial statements 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 disclosed as such in the notes to the annual financial statements 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 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

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2016

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.

■ Segment Reporting

Operating segments are identified and aggregated into reportable segments on the basis of the consolidated financial statements. For each of the reportable segments identified, details of the financial performance and financial position will be disclosed as additional disclosures.

For consolidation purposes, the National Treasury will report on these segments based on service segments, which is a distinguishable component of an entity that is engaged in providing related outputs or achieving particular operating objectives consistent with the overall mission of each entity. These are the 5 clusters that were approved by the South African government.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

	2015/16 R '000	2014/15 R '000
1 Cash and Cash Equivalents		
Cash and cash equivalents consist of the following:		
Cash on hand	4 177 906	5 460 473
Cash at bank	93 663 218	75 954 723
Call deposits	68 740 314	57 954 095
Call investments	7 454 732	6 320 236
Less : Bank Overdraft	(2 338 911)	(2 534 179)
	171 697 259	143 155 348

	Gross Balances R '000	Provision for Doubtful Debts R '000	Net Balance R '000
2 Trade and Other Receivables from Exchange Transactions			
Balance as at 31 March 2016			
Recoveries of staff expenses	42 904	(10 271)	32 633
Other receivables	106 955 855	(37 552 985)	69 402 870
Employee advances	317 849	-	317 849
Provincial Government	8 309 952	(2 987 187)	5 322 765
National Government	4 714 745	(1 694 113)	3 020 631
Total Trade and other receivables from exchange transaction as at 31 March 2016	120 341 303	-42 244 556	78 096 748
Balance as at 31 March 2015			
Recoveries of staff expenses	40 443	(7 915)	32 529
Other receivables	91 446 399	(25 221 894)	66 224 505
Employee advances	181 201	-	181 201
Provincial Government	8 048 653	(3 109 924)	4 938 728
National Government	3 377 850	(2 026 042)	1 351 808
Total Trade and other receivables from exchange transaction as at 31 March 2015	103 094 547	(30 365 775)	72 728 772
Ageing of Trade & Other Receivables from Exchange Transactions (Net of Provision For Doubtful Debts)	2015/16 R'000	2014/15 R'000	
Current (0 – 30 days)	50 372 773	53 536 694	
31 - 60 Days	4 471 297	4 439 275	
61 - 90 Days	3 173 919	3 640 581	
91 - 120 Days	6 338 982	4 718 098	
121 + Days	13 739 777	6 394 124	
Total	78 096 748	72 728 772	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

Summary of Debtors by Customer Classification	Recoveries of Staff Expenses R '000	Other Trade Receivables R '000	Employee Advances R '000	Provincial Government R '000	National Government R '000
Balance as at 31 March 2016					
Current (0 – 30 days)	24 964	48 561 666	312 825	1 964 884	4 078 588
31 - 60 Days	1 010	3 925 537	4 036	644 328	186 947
61 - 90 Days	511	3 565 242	315	272 604	87 994
91 - 120 Days	2 814	12 689 176	6	473 285	119 120
121 - 365 Days	13 605	38 214 234	667	4 954 851	242 096
Sub-total	42 904	106 955 855	317 849	8 309 952	4 714 745
Less: Provision for doubtful debts	-	-	-	-	-
	10 271	37 552 985	-	2 987 187	1 694 113
Total debtors by customer classification	32 633	69 402 870	317 849	5 322 765	3 020 631

Summary of Debtors by Customer Classification	Recoveries of Staff Expenses R '000	Other Trade Receivables R '000	Employee Advances R '000	Provincial Government R '000	National Government R '000
Balance as at 31 March 2015					
Current (0 – 30 days)	24 610	53 806 043	175 095	2 087 341	2 457 951
31 - 60 Days	1 432	3 740 707	5 666	972 024	141 562
61 - 90 Days	952	7 338 540	173	36 031	204 018
91 - 120 Days	363	6 960 360	5	591 162	155 853
121 - 365 Days	13 086	19 600 749	262	4 362 095	418 467
Sub-total	40 443	91 446 399	181 201	8 048 653	3 377 850
Less: Provision for doubtful debts	7 915	25 221 894	-	3 109 924	(2 026 042)
Total debtors by customer classification	32 529	66 224 505	181 201	4 938 728	1 351 808

	2015/16 R '000	2014/15 R '000
2.1 Reconciliation of the doubtful debt provision		
Balance at beginning of the year	(28 553 564)	(23 484 901)
Contributions to provision	(5 062 473)	(8 291 777)
Doubtful debts written off against provision	1 140 454	1 458 913
Reversal of provision	755 705	170 814
Amounts used	56 380	70 783
Increase/ (Decrease) due to change in estimate	(10 579 373)	(289 607)
Change due to correction of errors	(1 686)	-
Balance at end of year	(42 244 556)	(30 365 775)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

	2015/16 R '000	2014/15 R '000
3 Other Receivables from Non-Exchange Transactions		
Insurance claims	78	27
Subsidies	44 031	46 932
Other debtors	352 991	(1 973 003)
Provincial Government	101 104	60 821
National Government	187 691	290 032
Prepayments (if not material)	902 707	732 782
Total Other Debtors	1 588 602	(842 409)
4 Other Current Financial Assets		
Other current financial assets	843 970 717	693 955 828
5 Current Portion of Non-Current Receivables		
Current portion of non-current receivables	537 073	648 799
6 Vat Receivable		
Vat receivable	1 950 489	1 318 890
7 Inventories		
Carrying value of inventory	32 789 331	30 066 866
Consumable stores	1 570 808	1 527 968
Raw Materials	14 850 630	12 926 085
Work in Progress	1 747 300	1 535 802
Finished Goods	4 579 682	4 357 219
Maintenance materials	9 863 416	9 633 628
Spare parts	92 539	2 561
Other goods held for resale	84 955	83 604

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

	2015/16 R '000	2014/15 R '000
7.1 Inventory carried at Net Realisable Value		
The following classes of inventory are carried at net realisable value:		
Consumable Stores	1 398 077	1 374 527
Raw Materials	14 852 949	12 927 057
Work in Progress	1 750 699	1 537 458
Finished Goods	4 581 191	4 358 682
Maintenance materials	9 577 726	9 390 270
Spare parts	94 465	4 026
Other goods held for resale	89 679	94 671
Water	1 403	1 430
Write-downs of inventory to Net Realisable Value	(23 829)	(22 929)
Total	32 322 359	29 665 192
7.2 Inventory carried at Current Replacement Cost		
The following classes of inventory are carried at current replacement cost:		
Consumable stores	12 532	10 656
Raw Materials	137 957	127 172
Finished Goods	17 562	9 121
Maintenance materials	298 032	253 913
Other goods held for resale	888	812
Total	466 971	401 673
8 Prepayments		
Prepaid expenses	26 459 204	23 382 273
9 Current Investments		
Deposits	41 003 489	30 855 989
Equity investments	27 891 782	21 238 053
	68 895 271	52 094 042
10 Construction Contract Receivables		
Contracts in progress at reporting date:		
Construction contract receivables	1 955 988	1 616 877
11 Current Assets Held for Sale		
Current Assets Classified as held for sale	7 826 883	487 652

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

12 Finance Lease Receivables

2016	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	113 873	(65 115)	48 758
Within two to five years	377 537	(208 786)	168 751
Later than five years	572 222	(166 673)	405 549
	1 063 633	(440 574)	623 059
Less: Amount due within 12 months (current portion)	(126 113)	65 115	(60 998)
	937 520	(375 459)	562 061
<hr/>			
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	128 050	(74 637)	53 413
Within two to five years	408 630	(242 018)	166 612
Later than five years	660 489	(264 361)	396 128
	1 197 169	(581 016)	616 153
Less: Amount due within 12 months (current portion)	(141 739)	74 636	(67 103)
	1 055 430	(506 380)	549 050
<hr/>			
		2015/16	2014/15
		R '000	R '000
<hr/>			
13 Non-Current Receivables from Exchange Transactions			
Staff loans		25 010	27 817
Other non-current receivables		46 877 736	41 914 262
Total Non-Current Receivables after transfers to current receivables		46 902 746	41 942 079
<hr/>			
14 Non-Current Investments			
Financial Instruments			
Fixed Deposits		1 746 941	704 214
Listed Investments		60 042 142	61 411 225
Other Investments		89 617 037	82 574 364
Loans Granted		132 598 442	116 823 539
Debt Securities		38 961 665	40 132 800
		322 966 227	301 646 142
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15 Other Non-Current Financial Assets			
Other Non-Current Financial Assets		62 894 821	51 412 204
		62 894 821	51 412 204

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

	2015/16 R '000	2014/15 R '000
16 Investments in Joint Ventures		
Share of the joint venture's statement of financial position:		
Current Assets	30 092	29 716
Non-current assets	601 797	577 426
Current liabilities	(3 404)	(1 299)
Non-current liabilities	(97 151)	(104 356)
Equity	531 334	501 487
Share of the joint venture's revenue and profit:		
Revenue	28 308	45 895
Cost of sales	(79)	(2 546)
Administrative expenses	(16)	(27)
Other Expenses	(439)	(7 586)
Other Income	43 441	49 444
Finance cost	(8 312)	(9 759)
Profit before tax	62 902	75 421
Income tax expense	-	-
Profit for the year from continuing operations	62 902	75 421
Profit from discontinued operations	-	-
Net Profit for the year	62 902	75 421
17 Investments in Associates		
Share of the associate's statement of financial position:		
Current Assets	825 893	717 719
Non-current assets	52 825 225	36 789 056
Current liabilities	(1 677 086)	(810 813)
Non-current liabilities	(14 841 161)	(8 148 720)
Equity	37 132 871	28 547 242
Share of the associate's revenue and profit:		
Revenue	2 639 494	3 296 861
Cost of sales	(20 356)	(19 969)
Administrative expenses	(1 934 930)	(1 852 233)
Other Expenses	(37 796)	(28 430)
Other Income	7 797	5 089
Finance Income	3 732	248
Finance cost	(54 423)	(101)
Profit before tax	603 518	1 401 465
Income tax expense	(4 584)	(5 634)
Profit for the year from continuing operations	598 934	1 395 831
Profit from discontinued operations	-	-
Net Profit for the year	598 934	1 395 831
18 Deferred Taxation		
Deferred taxation liabilities/(assets)	69 703 559	64 599 996
- Opening balance	64 612 804	50 972 324
- Recognised in taxation	2 759 033	1 050 903
- Raised through Equity	3 298 426	15 042 165
- Raised through Other	(966 704)	(2 465 396)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

	2015/16 R '000	2014/15 R '000
Analysis of temporary differences		
Deferred taxation assets		
	5 675 022	10 760 529
- Provisions	1 877 408	1 785 335
- Employee benefit obligations	1 005 613	1 033 422
- Revenue received in advance and deferred income	1 264 773	898 405
- Capitalised lease liability	245	368
- Doubtful debts	40 102	30 289
- Other	1 486 881	7 012 710
Deferred taxation liabilities		
	75 378 581	75 360 525
Deferred expenditure	183 488	188 066
Property, Plant and Equipment	105 824 565	95 343 273
Future expenditure allowance	329 893	209 777
Other	(30 959 364)	(20 380 591)
Net deferred taxation liability/(asset)	69 703 559	64 599 996
19 Trade and Other Payables from Exchange Transactions		
Trade creditors	57 596 236	52 173 621
Payments received in advance	15 580 772	12 644 116
Retentions	3 378 213	3 509 223
Staff leave accrual	2 250 596	2 555 548
Accrued interest	1 589 603	1 227 040
Other creditors	28 950 784	24 996 043
Total creditors	109 346 204	97 105 591
20 VAT Payable		
VAT payable	2 388 832	2 320 354
21 Taxes and Transfers Payable		
Taxes and transfers payable (Non-Exchange)	2 083 443	2 356 704
Taxes and transfers payable (Exchange)	39	5
Income Tax Payable	(344 935)	(81 182)
Total Taxes and transfers payable	1 738 547	2 275 527
22 Other Current Financial Liabilities		
Notes and Coins in Circulation	130 560 627	122 170 165
Debentures	3 176 420	7 910 100
Forward Exchange Contract Liabilities	3 018 838	2 647 084
Gold and Foreign Exchange financial liabilities	304 653 117	203 396 438
Deposit Accounts	274 516 719	236 158 128
Foreign loans and deposits	102 083 334	94 414 334
Other Current Financial liabilities	33 327 683	29 717 462
	851 336 738	696 413 711

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

23 Current Provisions

23.1 Reconciliation of Movement in Current Provisions – 2015/16

	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
Opening Balance	3 489 784	4 303 755	7 172 884	43 846 997	58 813 420
Provisions Raised	4 546 992	1 891 466	10 080 134	8 670 872	25 189 464
Unused Amounts Reversed	(634 879)	(65 437)	(214 258)	(40 848)	(955 422)
Unwinding of Time Value of Money	(43 302)	(1 181)	40 580	2 186 000	2 182 097
Amounts Used	(2 631 542)	(1 822 245)	(8 488 880)	(8 331 784)	21 274 551)
Exchange differences			7		7
Transferred to disposal group/classified as held for sale					-
Settlement of Provision without cost to entity	-359	-312	-6 875		-7 546
Transfer from Non-Current Provision				1 890 054	1 890 054
Change in Provision due to change in Estimation inputs	37 517	20 905	74 336	(94 286)	38 472
Other Movements	47 484	12 787	73 429	7 153 001	7 286 701
Closing Balance	4 811 695	4 339 738	8 731 357	55 280 006	73 162 796

23.2 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
Opening Balance	3 926 882	3 871 264	7 186 655	39 733 847	54 718 647
Provisions Raised	3 658 772	1 928 246	6 314 826	5 414 619	17 316 464
Unused Amounts Reversed	(170 888)	(59 603)	(273 803)	(34 669)	(538 964)
Unwinding of Time Value of Money	27 718	(3 871)	43 588	1 940 000	2 007 435
Amounts Used	(4 067 691)	(1 510 575)	95 970 248)	(7 049 948)	(18 579 641)
Transferred to disposal group/classified as held for sale	19 820				19 820
Settlement of Provision without cost to entity	1 667	(96)	83		1 654
Transfer from Non-Current Provision	12 000	584	(26 683)	617 812	603 713
Change in Provision due to change in Estimation inputs	35 278	18 514	98 824	553 250	705 867
Other Movements	46 226	59 292	(200 358)	2 672 085	2 577 245
Closing Balance	3 489 784	4 303 755	7 172 884	43 846 996	58 813 420

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

	2015/16 R '000	2014/15 R '000	
24 Unspent Conditional Grants and Receipts			
Non-current unspent conditional grants and receipts	83 702 960	70 046 651	
Current portion of unspent conditional grants and receipts	13 792 982	12 341 459	
25 Long-Term Borrowings			
Local Registered Stock Loans	65 401 769	61 534 095	
Long-term interest bearing loans	363 120 445	302 873 233	
Government Loans : Other	27 390	26 648 733	
Other borrowings	223 288 619	198 654 965	
Less: current portion transferred to current liabilities	(52 868 592)	(57 729 048)	
	598 969 631	531 981 978	
26 Short-Term Borrowings			
Short-term Borrowings	1 927 451	1 205 113	
27 Finance Lease Liability			
2015/16	Minimum lease payment	Future finance charges	Present value of minimum lease payments
Amounts payable under finance leases	R '000	R '000	R '000
Within one year	1 035 548	(786 389)	249 159
Within two to five years	4 153 809	(2 624 073)	1 529 736
Later than five years	5 726 837	(2 441 334)	3 285 503
	10 916 194	(5 851 796)	5 064 398
Less: Amount due for settlement within 12 months (current portion)	(1 034 668)	592 892	(441 776)
	9 881 526	(5 258 904)	4 622 622
2014/15	Minimum lease payment	Future finance charges	Present value of minimum lease payments
Amounts payable under finance leases	R '000	R '000	R '000
Within one year	228 393	(107 015)	121 378
Within two to five years	628 532	(319 241)	309 292
Later than five years	784 161	(386 978)	397 182
	1 641 086	(813 234)	827 852
Less: Amount due for settlement within 12 months (current portion)	(218 395)	85 020	(133 375)
	1 422 691	(728 214)	694 477

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

28 Non-Current Provisions

Reconciliation of Movement in Non-Current Provisions – 2015/16			
	Provision for long-service awards R '000	Other Non-Current Provisions R '000	TOTAL R '000
Opening Balance	318 701	160 529 597	160 848 298
Provisions Raised	50 539	47 932 150	47 982 690
Unused Amounts Reversed	(12 754)	(2 930 455)	(2 943 209)
Unwinding of Time Value of Money	(59)	9 166 393	9 166 334
Amounts Used	(55 146)	(33 278 679)	(33 333 825)
Exchange differences		100 000	100 000
Transfer to Current Provision	(1 343)	(6 945 204)	(6 946 547)
Change in Provision due to change in Estimation inputs	6 190	(495 926)	(489 736)
Other Movements	426	22 620 295	22 620 721
Closing Balance	306 554	196 698 171	197 004 726

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
Opening Balance	261 601	129 126 885	129 388 486
Provisions Raised	65 393	47 416 271	47 481 664
Unused Amounts Reversed		(75 026)	(75 026)
Unwinding of Time Value of Money	1 034	7 069 850	7 070 884
Amounts Used	(12 264)	(28 645 191)	(28 657 455)
Exchange differences		400 456	400 456
Transfer to Current Provision	(140)	(4 917 414)	(4 917 553)
Change in Provision due to change in Estimation inputs	2 206	2 102 987	2 105 193
Other Movements	870	8 050 778	8 051 648
Closing Balance	318 701	160 529 596	160 848 297

	2015/16 R '000	2014/15 R '000
29 Other Non-Current Financial Liabilities		
Other non-current financial liabilities	73 821 063	68 611 924

30 Defined Benefit Plan

Defined Benefit Plans

Statement of Financial Position

Present value of Defined benefit obligation	24 373 283	24 502 135
Fair value of plan assets	(2 772 692)	(1 589 637)
Total Defined benefit plan Liability/(Asset)	21 600 591	22 912 498

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

	2015/16 R '000	2014/15 R '000
Pension benefits		
Present value of unfunded obligations	12 447 334	13 048 410
Present value of funded obligations	7 487 472	7 650 134
Total present value of obligations	19 934 806	20 698 544
Fair Value of plan assets	(18 214 858)	(17 144 645)
Unrecognised past service cost	821 561	640 999
Defined pension benefit obligation/(asset) disclosed in statement of financial position	2 541 509	4 194 898
Medical benefits		
Present value of unfunded obligations	15 555 625	14 988 281
Present value of funded obligations	3 656 220	3 976 313
Total present value of obligations	19 211 845	18 964 594
Fair value of plan assets	(160 258)	(254 246)
Unrecognised past service costs	7 494	7 251
Defined medical benefit obligation/(asset) disclosed in statement of financial position	19 059 081	18 717 599

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

	Pension Plan(s) R'000	Medical Plan(s) R'000
Defined benefit obligation as at 1 April 2015	20 698 544	18 964 594
Current service costs	704 288	670 239
Interest costs	1 604 329	1 635 258
Contributions by plan participants	68 830	(202 665)
Actuarial losses/(gains)	(1 787 160)	(305 469)
Exchange differences	98 000	(23 832)
Benefits paid	(739 026)	(624 112)
Past Service Cost	7 671	52 678
Curtailments		(104 531)
Settlements	(677 070)	(21 670)
Other	(43 600)	(828 645)
Defined benefit obligation as at 31 March 2016	19 934 806	19 211 845

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

	2015/16 R '000	2014/15 R '000
	Pension Plan(s) R'000	Medical Plan(s) R'000
Defined benefit obligation as at 1 April 2014	16 895 134	16 633 019
Current service costs	416 269	684 193
Interest costs	1 446 761	1 416 332
Contributions by plan participants	51 370	(316 188)
Actuarial losses/(gains)	1 897 063	1 031 949
Exchange differences	(39 000)	137
Benefits paid	(643 876)	(568 627)
Past Service Cost	2 856	3 936
Curtailments	(223)	1 923
Settlements	(2 953)	(2 460)
Other	675 143	80 380
Defined benefit obligation as at 31 March 2015	20 698 544	18 964 594

	2015/16 R '000	2014/15 R '000
	Pension Plan(s) R'000	Medical Plan(s) R'000
30.2 Changes in the fair value of plan assets are as follows:		
Fair value of plan assets as at 1 April 2015	(16 503 646)	(246 995)
Expected return on plan assets	302 422	87 933
Actuarial losses/(gains)	(1 196 839)	(44 132)
Exchange differences	(76 982)	86
Employer contributions	(327 615)	4 794
Employee contributions	(104 611)	-
Benefits paid	243 922	67 153
Entity combinations	254	-
Other	269 798	(21 603)
Fair value of plan assets as at 31 March 2016	(17 393 297)	(152 764)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

	2015/16	2014/15
	R '000	R '000
	Pension Plan(s)	Medical Plan(s)
	R'000	R'000
Fair value of plan assets as at 1 April 2014	(13 415 657)	(131 483)
Expected return on plan assets	(1 235 494)	112 851
Actuarial losses/(gains)	(1 411 263)	56 306
Exchange differences	32 374	-
Employer contributions	(278 393)	(89 152)
Employee contributions	(151 325)	-
Benefits paid	296 318	(28 688)
Other	(340 206)	(166 829)
Fair value of plan assets as at 31 March 2015	(16 503 646)	(246 995)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

31 Property, Plant and Equipment

Reconciliation of Carrying Value

	2015/16			2014/15		
	Cost R '000	Accumulated Depreciation & Impairment R '000	Carrying Value R '000	Cost R '000	Accumulated Depreciation & Impairment R '000	Carrying Value R '000
Land	84 496 095	(219 595)	84 276 500	81 769 259	(68 078)	81 701 181
Buildings	146 418 945	(28 863 175)	117 555 770	138 808 910	(23 991 785)	114 817 125
Vehicles	13 005 274	(6 858 266)	6 147 008	11 250 488	(5 996 964)	5 253 524
Infrastructure	727 792 023	(202 852 876)	524 939 147	715 126 431	(195 110 501)	520 015 930
Capital Work in Progress	375 047 150	(3 078 735)	371 968 416	362 729 861	(2 211 400)	360 518 461
Finance Lease Assets	1 401 413	(955 112)	446 301	1 297 402	(829 649)	467 753
Furniture & Fittings	7 352 607	(4 460 026)	2 892 581	7 130 428	(4 007 619)	3 122 809
Plant, Machinery & Equipment	428 139 076	(146 489 216)	281 649 860	342 252 279	(129 968 372)	212 283 907
Office Equipment	2 594 801	(1 645 457)	949 344	2 465 437	(1 466 495)	998 942
Computer Equipment	10 667 522	(7 207 290)	3 460 232	9 405 282	(6 295 500)	3 109 782
Aircraft	12 293 386	(9 735 873)	2 557 513	11 720 539	(9 104 830)	2 615 709
Ships	4 138 393	(1 094 836)	3 043 557	3 124 197	(943 333)	2 180 864
Other Assets	107 559 552	(36 508 830)	71 050 722	103 517 355	(40 890 622)	62 626 733
Total	1 920 906 238	(449 969 287)	1 470 936 951	1 790 597 868	(420 885 148)	1 369 712 720

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2016

31.1 Reconciliation of Property Plant and Equipment –2015/16

	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	81 701 181	893 737	(36 330)	(44 446)	(147 357)	(4 165)	1 913 880	-	-	-	-	-	-	-	-	-	-	84 276 501	
Buildings	114 817 126	4 681 316	(62 942)	2 516 068	(4 941 456)	(142 420)	686 978	1 062	39	117 555 770									
Vehicles	5 253 525	1 563 572	(38 160)	393 660	(1 015 608)	(6 697)	(3 330)	(10)	57	6 147 008									
Infrastructure	520 015 929	2 048 129	(13 673)	14 997 363	(10 424 249)	(47 239)	(1 649 936)	12 822	524 939 147										
Capital Work in Progress	360 518 462	128 291 417	-373 376	-114 809 739	-121 286	-1 519 858	-17 204	371 968 416											
Finance Lease Assets	467 753	99 498	(220)	5 504	(126 162)	(69)	(3)	446 301											
Furniture & Fittings	3 122 808	358 806	(34 420)	57 353	(606 534)	(9 123)	2 041	19	1 630	2 892 581									
Plant, Machinery & Equipment	212 283 907	11 623 836	(641 877)	79 793 819	(20 294 690)	(968 378)	2 525	(155 077)	5 795	281 649 860									
Office Equipment	998 942	189 313	(12 345)	3 487	(228 848)	(2 482)	910	367	949 343										
Computer Equipment	3 109 782	1 232 567	(45 911)	316 202	(1 149 676)	(4 059)	28	47	1 252	3 460 232									
Aircraft	2 615 709	243 819	(48 829)	355 817	(621 908)	-	12 906	-	(1)	2 557 513									
Ships	2 180 864	182 122	(834 411)	834 411	(153 837)	(3)	-	-	-	3 043 558									
Other Assets	62 626 733	2 901 714	(214 520)	15 591 585	(9 992 137)	(711 688)	134 681	-	714 354	71 050 721									
Total	1 369 712 720	154 309 847	-1 522 605	11 086	-49 823 743	-3 416 183	1 099 774	-153 051	719 107	1 470 936 951									

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

31.2 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	Revaluation	R '000	Discontinued Operations	R '000	Prior Year Errors	R '000	Carrying Value Closing Balance	R '000
Land	79 581 898	1 167 848	(16 318)	487 172	(1 679)	545	481 715	-	-	-	-	-	-	-	-	-	-	81 701 181	
Buildings	111 961 146	4 458 679	(183 555)	2 584 444	(4 872 434)	(29 410)	898 106	91	59	114 817 126									
Vehicles	5 304 663	876 444	(56 900)	228 656	(1 069 512)	(29 784)	(277)	8	227	5 253 525									
Infrastructure Capital Work in Progress	455 472 545	3 589 565	(1 355 722)	16 617 402	(8 747 211)	(120 420)	54 559 709	-	62	520 015 929									
Finance	303 201 127	124 242 314	(2 588 698)	(63 092 070)	(102 969)	(1 143 686)	-	-	2 443	360 518 462									
Lease Assets	473 586	103 657	(342)	6 360	(115 613)	(30)	(56)	-	191	467 753									
Furniture & Fittings	3 164 693	555 423	(54 387)	96 646	(537 371)	(105 453)	1 429	(3)	1 832	3 122 808									
Plant, Machinery & Equipment	190 932 562	5 663 179	(421 460)	33 125 139	(17 072 360)	(121 941)	13 000	(2 907)	168 694	212 283 907									
Office	979 530	245 761	(15 139)	12 407	(221 412)	(3 895)	530	-	1 160	998 942									
Computer Equipment	2 757 136	1 145 634	(41 229)	340 542	(1 102 051)	1 473	6 475	(2)	1 804	3 109 782									
Aircraft	3 822 193	3 772 738	(2 770 196)	(31 653)	(686 656)	(1 507 138)	16 420	-	-	2 615 709									
Ships	2 116 146	39 230	(34)	167 999	(142 477)	-	-	-	-	2 180 864									
Other Assets	68 531 497	7 522 416	(121 322)	8 973 692	(7 900 452)	(14 678 888)	(7 880)	-	307 671	62 626 733									
Total	1 228 298 722	153 382 888	(7 625 302)	(483 264)	(42 572 198)	(17 738 627)	55 969 170	(2 813)	484 142	1 369 712 720									

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

	2015/16			2014/15		
	Cost R '000	Accumulated Impairment R '000	Carrying Value R '000	Cost R '000	Accumulated Impairment R '000	Carrying Value R '000
32 Heritage Assets						
Reconciliation of Carrying Value						
Art Collections	30 954	(4)	30 950	29 745	(1)	29 744
Stamp Collections	18 319	-	18 319	18 319	-	18 319
Collections of rare books or manuscripts	7 749	-	7 749	6 015	-	6 015
Historical Buildings	1 608 684	(104)	1 608 580	1 421 984	(104)	1 421 880
Other Assets	723 457	0	723 457	684 095	-	684 095
Total	2 389 163	(108)	2 389 055	2 160 158	(105)	2 160 053

32.1 Reconciliation of Heritage Assets - 2015/16

	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	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Art Collections	29 744	1 206	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	30 950
Stamp Collections	18 319	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18 319
Collections of rare books or manuscripts	6 015	1 735	(1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7 749
Historical Buildings	1 421 880	180 198	-	(450)	-	6 952	-	-	-	-	-	-	-	-	-	-	-	1 608 579
Other Assets	684 095	39 753	-	-	-	(391)	-	-	-	-	-	-	-	-	-	-	-	723 457
Total	2 160 053	222 892	(1)	(450)	(391)	6 952	(391)	(450)	(391)	6 952	-	-	-	-	-	-	-	2 389 055

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

32.2 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	24 800	1 087	(16)	-	-	3 873	-	-	29 744
Stamp Collections	18 319	-	-	-	-	-	-	-	18 319
Collections of rare books or manuscripts	4 451	1 564	-	-	-	-	-	-	6 015
Historical Buildings	1 196 402	225 478	-	-	-	-	-	-	1 421 880
Other Assets	541 380	34 166	-	-	-	108 549	-	-	684 095
Total	1 785 351	262 296	(16)	-	-	112 422	-	-	2 160 053

33 Intangible Assets

Reconciliation of Carrying Value

	2015/16			2014/15		
	Cost	Accumulated Amortisation & Impairment	Carrying Value	Cost	Accumulated Amortisation & Impairment	Carrying Value
	R '000	R '000	R '000	R '000	R '000	R '000
Computer Software	16 500 705	(11 700 463)	4 800 242	14 173 991	(9 935 465)	4 238 526
Copy rights	88 580	(25 764)	62 816	88 580	(17 650)	70 930
Internally Generated Software	816 259	(612 117)	204 142	768 440	(463 496)	304 943
Licenses	2 016 390	(1 313 038)	703 352	1 953 459	(1 275 473)	677 986
Servitudes	2 555 028	(238 064)	2 316 963	2 141 208	(232 640)	1 908 568
Patents and models	1 054 108	(65 977)	988 131	863 303	(65 445)	797 858
Trademarks	1 518	(774)	744	1 518	(596)	922
Other	25 564 352	(5 988 814)	19 575 538	23 155 757	(4 186 387)	18 969 371
Total	48 596 940	(19 945 011)	28 651 929	43 146 256	(16 177 152)	26 969 104

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2014

33.1 Reconciliation of Intangible Assets - 2015/16

	Carrying Value Opening Balance	Additions	Disposals	Transfers	Amorti- sation	Impairment Revaluation	Internally Developed Operations	Dis- Carrying Value Closing Balance
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Computer Software	4 238 526	1 759 477	(13 275)	563 039	(1 722 956)	20		4 800 242
Copy rights and Trademarks	70 930				(8 114)			62 816
Internally generated software	304 944	50 615	(346)	(2 340)	(13 745)			204 142
Licenses	677 986	36 949	(2 730)	240 964	(248 566)	(1 251)		703 352
Servitudes	1 908 568	413 820		(63 799)	(5 424)			2 316 964
Patents and models	797 858	254 605			(533)			988 131
Research assets	922				(178)			744
Other	18 969 370	2 470 531	(7 530)	108 623	(1 802 884)	(162 572)		19 575 538
Total	26 969 104	4 985 997	(23 881)	846 487	(3 802 400)	20	0	28 651 929

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

33.2 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	Revaluation	Internally De-veloped	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	R '000	R '000	R '000	R '000	R '000
Computer Software	4 568 557	1 457 887	(61 939)	121 487	(1 829 516)	(18 248)	325	(27)							4 238 526
Copy rights Internally generated software	79 066				(8 136)										70 930
Licenses	288 460	78 195	(419)	-51 303	(8 624)		(15)	(1 350)							304 944
Servitudes	535 629	10 769		334 982	(203 394)										677 986
Patents and models	1 596 623	309 732	(212)	6 453	(4 028)										1 908 568
Trademarks	644 584	392 909		(238 982)	(531)	(122)									797 858
Other	878				(30)		74								922
	18 761 446	2 166 516	(231)	(73 288)	(1 883 223)	(1 850)									18 969 370
Total	26 475 243	4 416 008	(62 801)	99 350	(3 937 482)	(20 221)	384	(1 350)	(27)						26 969 104

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

34 Investment Property Carried at Cost

Reconciliation of carrying value

	2015/16			2014/15		
	Cost	Accumulated Depreciation	Carrying Value	Cost	Accumulated Depreciation	Carrying Value
	R '000	R '000	R '000	R '000	R '000	R '000
	6 189 431	(567 357)	5 622 074	6 189 028	(402 537)	5 786 491
Total	6 189 431	(567 357)	5 622 074	6 189 028	(402 537)	5 786 491

34.1 Reconciliation of Investment Property Carried at Cost - 2015/16

	Carrying Value Opening Balance	Additions	Disposals	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
	5 786 491	7 132	(1 458)	(8 076)	(165 460)	-	3 445	5 622 074
Total	5 786 491	7 132	(1 458)	(8 076)	(165 460)	-	3 445	5 622 074

34.2 Reconciliation of Investment Property Carried at Cost - 2014/15

	Carrying Value Opening Balance	Additions	Disposals	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
	5 889 901	2 659	-	40 907	(162 028)	-	15 052	5 786 491
Total	5 889 901	2 659	-	40 907	(162 028)	-	15 052	5 786 491

35 Investment Property Carried at Fair Value

Reconciliation of carrying value

	2015/16			2014/15		
	Cost	Fair Value Adjustments	Carrying Value	Cost	Fair Value Adjustments	Carrying Value
	R '000	R '000	R '000	R '000	R '000	R '000
	26 849 338	-	26 849 338	24 364 318	-	24 364 318
Total	26 849 338	-	26 849 338	24 364 318	-	24 364 318

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

35.1 Reconciliation of Investment Property Carried at Fair Value - 2015/16

	Carrying Value Opening Balance	Additions	Disposals	Transfers	Fair Value Adjustment	Carrying Value Closing Balance
	R '000	R '000	R '000	R '000	R '000	R '000
	24 364 318	569 327	(44 530)	739 784	1 220 439	26 849 338
Total	24 364 318	569 327	(44 530)	739 784	1 220 439	26 849 338

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

	Carrying Value Opening Balance	Additions	Disposals	Transfers	Fair Value Adjustment	Carrying Value Closing Balance
	R '000	R '000	R '000	R '000	R '000	R '000
	22 665 562	685 485	(105 306)	181 779	936 797	24 364 318
	22 665 562	685 485	(105 306)	181 779	936 797	24 364 318

36 Biological Assets

Reconciliation of Carrying Value

	2015/16			2014/15		
	Cost	Accumulated Depreciation and Impairment	Carrying Value	Cost	Accumulated Depreciation and Impairment	Carrying Value
	R '000	R '000	R '000	R '000	R '000	R '000
Trees in plantation	4 044 060	-	4 044 060	4 057 329	-	4 057 329
Maize	16 000	-	16 000	13 000	-	13 000
Dairy Cattle	1 139	-	1 139	1 086	-	1 086
Other Assets	6 427	(48)	6 379	6 011	-	6 011
Total	4 067 626	(48)	4 067 578	4 077 426	-	4 077 426

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

36.1 Reconciliation of Biological Assets - 2015/16

	Carrying Value Opening Balance	Purchases	Decrease due to harvest/sales	Gains/losses from Depreciation changes in fair value less estimated point of sales costs	Depreciation	Impairment loss/ Reversal of impairment loss	Other move-ments	Transfers	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
Trees in plantation	4 057 329	20 000	(2 000)	(31 269)	-	-	-	-	-	4 044 060
Maize	13 000	13 000	(13 000)	3 000	-	-	-	-	-	16 000
Dairy Cattle	1 085	53	-	-	-	-	-	-	-	1 139
Other Assets	6 011	1 927	(34)	(496)	(48)	-	(981)	-	-	6 379
Total	4 077 426	34 980	(15 034)	(28 765)	(48)	-	(981)	-	-	4 067 578

36.2 Reconciliation of Biological Assets - 2014/15

	Carrying Value Opening Balance	Purchases	Decrease due to harvest/sales	Gains/losses from Depreciation changes in fair value less estimated point of sales costs	Depreciation	Impairment loss/ Reversal of impairment loss	Other move-ments	Transfers	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
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	1 086	-	-	-	-	-	-	-	-	1 086
Other Assets	5 310	374	(182)	590	-	-	(80)	-	-	6 011
Total	3 729 308	27 374	(9 182)	330 006	-	-	(80)	-	-	4 077 426

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

37 Government Grants and Subsidies

	Balance unspent at beginning of year	Current year receipts	Conditions met - transferred to revenue	Conditions still to be met - remain liabilities
	R '000	R '000	R '000	R '000
Reconciliation of Movement in Grant - 2016				
Other Government Grants and Subsidies	27 685 613	50 694 583	55 446 993	22 933 204
Total Government Grant and Subsidies	27 685 613	50 694 583	55 446 993	22 933 204
Reconciliation of Movement in Grant - 2015				
Other Government Grants and Subsidies	31 810 110	46 453 996	50 578 492	27 685 613
Total Government Grant and Subsidies	31 810 110	46 453 996	50 578 492	27 685 613

	2015/16	2014/15
	R '000	R '000
38 Public contributions and donations		
Public contributions - Conditional	1 321 038	1 379 500
Public contributions - Unconditional	161 859	637 790
Donations	574 835	659 157
Total public contributions and donations	2 057 732	2 676 447

39 Transfers and Sponsorships

Transfer payment from controlling entity	9 822 665	6 658 099
Transfer payment from other departments/entities	2 059 185	1 941 703
Local and foreign aid assistance	46 715	26 310
Gifts, donations and sponsorships received	607 625	717 032
Other Transfers and Sponsorships	43 601	2 072 642
Total	12 579 791	11 415 786

40 Revenue from Fines and Penalties

Fines	100 412	72 691
Penalties (including forfeits)	315 272	303 820
Total	415 684	376 511

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

	2015/16 R '000	2014/15 R '000
41 Legislative and oversight functions		
Administration	3 254 688	3 873 007
Legislation and Oversight	39 691 417	30 838 370
Associated Services	157 480	137 754
Statutory Appropriation	12 807 834	13 888 538
Total	55 911 419	48 737 669
42 Taxation Revenue		
Taxes on income and profits	1 664 375	1 397 412
Taxes on payroll and workforce (incl SDL)	4 519 161	3 972 038
Domestic taxes on goods and services	2 028	1 369
Total	6 185 564	5 370 819
43 Revenue from Exchange Transactions - Sale of Goods and Services		
Revenue from Exchange Transactions - Sale of goods and services	388 837 622	370 881 668
44 Income from Rental of Facilities and Equipment		
Rental of facilities	2 679 941	2 089 688
Rental of equipment	(54 161)	(54 690)
Other rentals	1 886 182	1 656 151
Total rentals	4 511 962	3 691 149
45 Interest Earned - External Investments		
Bank	6 579 928	5 641 839
Financial assets	38 420 233	32 693 299
Other	1 588 058	3 390 213
Total interest	46 588 219	41 725 352
46 Interest Earned - Outstanding Receivables		
Interest Earned – Outstanding Receivables	790 687	1 028 744
47 Other Income		
Other income	21 993 073	15 708 257
Revenue from Exchange Transactions - Sundry income	18 647 692	17 928 464
Insurance commissions	64 117	52 085
Bad debt recoveries	65 688	15 422
Recovery of unauthorised, irregular, fruitless and wasteful expenditure	68 200	132 891
Total Other Income	40 838 770	33 837 119
Deferred Income	23 189 181	18 244 898

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

	2015/16 R '000	2014/15 R '000
48 Employee Related Costs		
Salaries – Employees – Salaries and Wages	81 882 301	76 614 073
Salaries – Employees – UIF, Pensions and Medical Aid	11 858 796	10 682 159
Salaries – Employees – Performance and other bonuses	4 757 071	5 023 700
Salaries – Employees – Overtime payments	5 345 751	5 016 900
Salaries – Employees – Other employee related costs	3 196 021	4 013 874
Salaries – Employees – Long-service awards	801 249	65 094
Salaries – Employees – Housing benefits and allowances	2 029 419	1 781 349
Salaries – Employees - Allowances	5 189 512	4 917 031
Salaries – Benefits Paid – Post-retirement medical aid contributions	309 246	229 863
Salaries – Benefits Paid – Movement in long-term employee benefits	616 695	497 996
Salaries – Accounting Authority – Basic remuneration	90 524	86 260
Salaries – Accounting Authority – Performance awards	7 127	5 967
Salaries – Accounting Authority – UIF	1 040	938
Salaries – Accounting Authority – Periodic payments	6 896	6 700
Salaries – Accounting Authority – Pension	4 599	2 446
Salaries – Accounting Authority – Other non-pensionable allowances	25 228	23 548
Salaries – Accounting Authority – Medical	215	206
Salaries – Accounting Authority – Insurance	8 676	6 040
Salaries – Accounting Authority – Gratuities	58 534	18 208
Salaries – Accounting Authority – Compensative or circumstantial	4 850	8 183
Employee benefits expensed – liability for long service leave	2 270	3 842
Employee benefits expensed – termination benefits	44 626	1 232
Employee benefits expensed – Other	85 152	74 226
Movement in Provision – Provision for Performance Bonus	2 161 768	1 395 382
Movement in Provision – Provision for Leave Pay	812 078	923 706
Movement in Long-term Provisions – Provision for Long Service Awards	6 350	2 618
Movement in Long-term Provisions – Other Long-term employee related provisions	572 368	503 429
Total Employee Related Costs	119 878 361	111 904 971
49 Repairs and Maintenance		
Repairs and maintenance during the year	21 028 036	18 758 421
50 Depreciation and Amortisation Expense		
Property, plant and equipment	49 832 605	42 590 976
Intangible assets	3 798 046	3 938 352
Investment property carried at cost	165 461	162 032
Biological assets carried at cost	48	-
Total Depreciation and Amortisation	53 796 160	46 691 360

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

	2015/16 R '000	2014/15 R '000
51 Contracted Services		
Consultants on various projects	2 615 826	2 282 285
Agency fees	217 721	272 854
Research	435 244	289 618
	3 268 791	2 844 757
52 Grants and Subsidies Paid		
Total grants and subsidies paid	17 908 009	15 208 090
53 Finance Costs		
Borrowings	13 739 547	17 539 025
Interest Charged on Overdue Trade and other payables	387 413	287 481
Finance Leases	479 302	140 067
Other financial liabilities	28 838 966	23 106 184
Bank overdrafts	184 315	126 723
Total Finance Costs	43 629 544	41 199 480
54 General Expenses		
Included in general expenses are the following:		
Advertising	2 654 836	2 511 858
Admin fees	36 181 166	31 841 566
Audit fees	1 019 328	933 462
Bank charges	309 659	263 035
Bursaries	7 007 592	6 630 822
Cleaning	782 567	724 032
Conferences and delegations	362 615	370 043
Connection charges	138 558	106 108
Consulting fees	2 229 936	2 859 215
Consumables	457 118	486 856
Cost of sales	152 795 888	146 807 936
Debt collection commission	98 620	103 648
Departmental consumption	7 574	8 241
Entertainment	118 310	131 960
Electricity	8 716 512	7 869 427
Financial management grant	298 834	287 710
Fuel and oil	10 240 940	13 904 369
Insurance	1 827 841	1 482 828
Legal expenses	1 682 813	1 914 004
Levies paid	1 453 246	1 186 234
Licence fees - vehicles	61 471	53 703
Licence fees - computers	944 942	769 161
Membership fees	140 392	140 573
Movement in other provisions	34 308 624	12 344 380
Parking	37 185	32 870
Postage	198 778	172 446
Printing and stationery	755 448	837 087

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

	2015/16 R '000	2014/15 R '000
Professional fees	4 857 433	4 348 826
Rental of buildings	7 689 209	7 864 347
Rental of office equipment	458 926	338 817
Rental of computer equipment	91 321	57 364
Other rentals	4 143 659	3 823 642
Security costs	1 850 110	1 729 169
Skills development levies	824 598	912 842
Stocks and material	10 571 503	10 052 379
Subscription & publication	320 869	253 040
Telephone cost	1 377 936	1 309 332
Training	3 656 544	3 711 055
Transport claims	173 349	146 282
Travel and subsistence - Local	2 830 978	2 859 552
Travel and subsistence - Foreign	482 858	394 799
Uniforms & overalls	77 483	94 720
Valuation costs	3 363	1 794
Water	546 175	532 692
Other	26 141 055	20 057 638
	330 928 162	293 261 867
55 Gain / (Loss) on Sale of Assets		
Property, plant and equipment	(170 067)	80 803
Intangible assets	(4 168)	(20 108)
Investment property	(11 381)	2 080
Other financial assets	250 553	260 022
Total Gain / (Loss) on Sale of Assets	64 937	322 797
56 Reversal of Impairment Loss / (Impairment Loss)		
Property, plant and equipment	(4 514 841)	(17 926 240)
Intangible assets	(173 081)	7 656
Investment property	13 769	-
Other financial assets	(5 969 368)	(7 949 933)
Total Reversal of Impairment loss / (Impairment Loss)	(10 643 520)	(25 868 516)
57 Profit / (Loss) on Fair Value Adjustment		
Investment property carried at fair value	495 307	460 358
Biological assets carried at fair value	21 439	146 690
Other financial assets	(34 707 830)	(13 120 585)
Other financial liabilities	21 838 057	(159 307)
Other fair value adjustment gain/(loss)	305 605	(2 477)
Total Profit / (Loss) on Fair Value Adjustment	(12 047 422)	(12 675 322)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

	2015/16 R '000	2014/15 R '000
58 Profit / (Loss) on Revaluation of Assets		
Gain/ (loss) on revaluation of property, plant and equipment	1 393 416	(443 883)
Gain/ (Loss) on revaluation on other financial assets	1 025 520	99 480
Total Profit / (Loss) on Revaluation of Assets	2 418 936	(344 403)
59 Taxation		
Income tax expense		
South African normal taxation		
Current tax	2 859 697	1 984 083
Deferred taxation	3 438 265	1 375 317
- Movement in temporary differences	7 435 373	3 798 185
- Unused tax loss created	(4 093 797)	(2 468 488)
- Recognition of unused tax loss not previously recognised	(137 272)	55 964
- Change in tax rate	105	
- Other movements in deferred taxation	233 856	(10 344)
SA normal tax	6 297 962	3 359 400
Foreign taxation		(1 000)
TOTAL INCOME TAX EXPENSE	6 297 962	3 358 400
Tax rate reconciliation		
Accounting profit	15 319 881	(7 636 750)
Tax calculated at tax rate 28%	4 289 567	(2 138 290)
Tax effect of non-taxable/non-deductible items	2 008 395	5 496 690
- Dividends not taxable	(65 115)	(57 193)
- Fines not deductible	2 103	40 689
- Donations not deductible	(69 543)	10 885
- Depreciation not deductible	211 840	225 673
- Unused tax loss not recognised	837 364	1 321 349
- Other movements of non-taxable/non-deductible items	1 091 746	3 955 287
INCOME TAX EXPENSE	6 297 962	3 358 400

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

	2015/16 R '000	2014/15 R '000
60 Surplus / (Deficit) from discontinued operations		
Revenue	306 658	391 071
Net operating expenses excluding Depreciation and Amortisation	(319 599)	(463 420)
Surplus / (deficit) from operations before Depreciation, Amortisation and Other Items	(12 941)	(72 349)
Other Income	(596)	11 676
Depreciation and amortisation	(245)	(13 387)
(Impairment)/Reversal of impairment of assets	7 727	(298)
Finance costs	(44 086)	(41 340)
Finance Income	3 584	28 914
Profit / (Loss) before taxation	(46 557)	(86 783)
Taxation	(1 819)	
Surplus / (Deficit) for the year from Discontinued Operations	(48 376)	(86 783)
61 Cash flows from operating activities		
Surplus/(deficit) for the year from:		
Continuing operations	(3 527 071)	(3 895 527)
Discontinued operations	(48 376)	(86 783)
<i>Adjustment for: -</i>		
(Gain) / Loss on sale of tangible Assets	(258 074)	(757 042)
(Gain) / Loss on sale of Intangible Assets	6 250	207
Amortisation	3 642 882	3 764 787
Contribution to provisions – current	11 589 104	5 517 044
Contribution to provisions – non-current	25 537 052	9 324 688
Depreciation	49 532 620	42 248 517
Discount on bonds amortised	39 265	35 982
Dividend Income	(1 704 868)	(1 849 039)
Fair value adjustments	8 697 603	(4 046 554)
Fair value losses in financial instruments	(6 057 693)	(3 213 515)
Finance Costs	21 855 147	20 786 666
Finance Income	(3 960 408)	(3 836 094)
Foreign exchange (gains)/losses on operating activities	7 865 235	3 360 177
Increase/(decrease) in provisions	17 088 030	16 784 771
Interest received-Held-to-maturity investments	(962 477)	(952 094)
Increase in provision for post-retirement benefit obligation	1 282 895	1 226 728
Movements in other employee benefit items	2 129 091	2 013 486
Movement in rehabilitation liability	24 562	(38 446)
Net foreign exchange losses on translation	6 285 150	(890 290)
Provision for inventory obsolescence	94 055	(55 160)
Release of firm commitments	(505 705)	(181 840)
Revaluation of Assets	(660 268)	477 550
Security of supply of petroleum levy		
Share of (income)/loss from associates and Joint Ventures	(927 138)	(1 602 440)
Unrealised foreign exchange losses/(gains)	(748 515)	256 372
Impairment loss / (reversal of impairment loss)	11 187 020	25 570 564
Other non-cash item	(9 179 588)	(1 923 848)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

	2015/16 R '000	2014/15 R '000
Operating surplus before working capital changes:	138 315 780	108 038 867
(Increase)/decrease in inventories	586 067	1 718 109
(Increase)/decrease in trade and other receivables	(27 611 354)	(21 796 565)
(Increase)/decrease in VAT receivable	(743 884)	3 941 032
Increase/(decrease) in conditional grants and receipts	(2 709 106)	(2 115 881)
Increase/(decrease) in consumer deposits	(154 508)	195 864
Increase/(decrease) in deferred income	2 103 622	1 239 095
Increase/(decrease) in trade and other payables	10 010 856	13 082 580
Increase/(decrease) in VAT payable	(113 096)	(41 196)
Movements in payments made and received in advance	1 606 079	1 815 414
Other working capital movements	7 681 242	3 430 728
Net cash flows from operating activities	128 971 698	109 508 047
62 Change in Accounting Policy		
Financial statement line items affected as a result of a change in accounting policy:		
Changes in cost of sales	18 301	(15 573)
Changes in other income/(expenses)	(20 551)	26 797
Changes in Profit/(loss) After Tax		(2 228)
Changes in Inventory	(62)	
Changes in Equity/Reserves		261 310
<i>Other</i>	(1 151)	40 164 857
	(3 463)	40 435 163
63 Correction of Error		
The comparative amount(s) relating to the Statement of Financial Performance have been restated as follows:		
Depreciation	20 898	1 421 368
<i>Other</i>	4 151 237	(3 166 671)
Net effect on surplus/(deficit) for the year	4 172 135	(1 745 303)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

	2015/16 R '000	2014/15 R '000
The comparative amount(s) relating to the Statement of Financial Position have been restated as follows:		
Property, plant and equipment	(146 871)	(792 343)
VAT receivable not previously recognised	490	2 538
Non current receivables incorrectly recognised (Investing Act)		23
Provisions	(4 116 272)	58 967 955
Accruals	(534 302)	(13 703 782)
<i>Other</i>	659 141	(94 130 199)
Net effect on Statement of Financial Position	(4 137 814)	(49 655 808)

The comparative amount(s) relating to the Statement of changes in Net Assets has/have been restated as follows:

Accumulated Surplus/(Deficit)	5 663	1 774 397
<i>Revaluation Reserve</i>	(33)	5 910
<i>Contributed Capital</i>		2 393
<i>Translation Reserve</i>		23 673
<i>Other Reserve</i>	(268)	(1 723 071)
<i>Minority interest</i>		4 113
Net Effect on Statement of changes in Net Assets	5362	87 415

64 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
Change in depreciation / amortisation resulting from reassessment of useful lives. The following categories are affected:	3 538 970	3 173 354	(361 747)
Buildings	485 234	483 810	(1 018)
Infrastructure assets	155 167	152 952	(1 639)
Community assets	146 895	145 937	(998)
Machinery	1 683 617	1 533 294	(145 690)
Office equipment	(57 735)	(34 450)	32 610
Furniture	(1 800)	40 030	43 471
Vehicles	1 309 741	1 031 155	(283 609)
Computer equipment	187 847	191 898	(6 578)
Computer software	(370 191)	(371 629)	1 307
Other intangible asset 1	195	357	397

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

	Value derived using the original estimate R'000	Value derived using amended estimate R'000	R-value impact of change in estimate R'000
Change in depreciation resulting from reassessment of residual values. The following categories are affected:	4 375	6 368	669
Buildings	530	-	530
Machinery	-	2 365	
Office equipment	2 758	2 588	(170)
Vehicles			(3)
Computer software	183	171	(12)
Other intangible asset 1	904	1 244	324

	Value derived using the original estimate R'000	Value derived using amended estimate R'000	Value impact of change in estimate R'000
Change in depreciation / amortisation resulting from a change in the depreciation / amortisation method. The following categories are affected:	2784	2 528	37
Office equipment	565	562	(3)
Vehicles	511	376	(22)
Computer equipment	1 131	1 102	(27)
Computer software	577	488	89

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

Rehabilitation provision	(989 135)	(543 438)	445 697
- Interest rate change	(989 135)	(543 438)	445 697
Bonus Provision	(4 723 869)	18 068 385	13 235 356
- Projection rate change	72 773	54 580	18 193
- Provision period	(4 796 642)	18 013 805	13 217 163

	2015/16 R '000	2014/15 R '000
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65 Fruitless and Wasteful Expenditure

Reconciliation of fruitless and wasteful expenditure

Opening balance -	2 442 095	1 187 845
Fruitless and wasteful expenditure current year	2 559 649	1 474 665
Condoned or written off by relevant authority	(318 740)	(219 011)
Transfer to receivables for recovery	(896 486)	(1 405)
Fruitless and wasteful expenditure closing balance	3 786 518	2 442 094

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

	2015/16 R '000	2014/15 R '000
66 Irregular Expenditure		
Reconciliation of irregular expenditure		
Opening balance	290 682 323	272 938 852
Irregular expenditure current year	14 947 522	24 844 700
Condoned or written off by relevant authority	(38 453 576)	(7 116 745)
Transfer to receivables for recovery – not condoned	(1 030 841)	15 516
Irregular expenditure awaiting condonement	266 145 428	290 682 323
67 Capital Commitments		
Commitments in respect of capital expenditure		
- Approved and contracted for	317 067 089	324 842 091
Infrastructure	249 744 433	265 012 520
Community	82 837	47 700
Heritage	14 237	-
Other	67 225 582	59 781 871
- Approved but not yet contracted for	231 885 762	279 550 230
Infrastructure	217 356 790	275 077 844
Community	714	706
Heritage	-	-
Other	14 528 258	4 471 681
Total	548 952 851	604 392 321
This expenditure will be financed from:		
- External Loans	174 665 009	200 144 385
- Government Grants	117 044 579	113 202 695
- Own resources	257 243 264	291 045 241
	548 952 851	604 392 321

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

	2015/16 R '000	2014/15 R '000
68 Operating leases		
At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:		
Operating lease arrangements		
Lessee		
At the reporting date the entity had outstanding commitments under non-cancellable operating leases, which fall due as follows:		
Up to 1 year	35 211 660	9 918 354
1 to 5 years	25 542 165	17 097 955
More than 5 years	34 998 342	35 857 415
	95 752 167	62 873 724
Lessor		
At the reporting date the entity had contracted with tenants for the following future minimum lease payments:		
Up to 1 year	4 395 205	3 907 506
1 to 5 years	14 805 733	11 450 746
More than 5 years	28 784 313	17 263 563
	47 985 251	32 621 815
69 Contingent Liabilities		
Accumulated Surplus	372 814	254 149
Employee Claims	1 563 918	1 811 396
Legal Claims	12 263 211	3 093 776
Other	149 636 174	81 081 371
	163 836 117	86 240 692
70 Contingent Assets		
Various	4 611 502	7 844 169
71 Related Parties		
Related party balances	312 608 420	665 657 382
Departments	313 421 519	727 080 224
Entities	(20 616 153)	(73 243 087)
Directors and key management	19 803 055	11 820 244
Related party transactions	839 373 254	666 378 278
Departments	133 181 598	144 429 591
Entities	702 274 797	517 639 904
Directors and key management	3 916 859	4 308 782

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

	2015/16 R '000	2014/15 R '000
72 Contributed capital		
The reserve consists of funds directly paid to the entity for the purpose of funding the net assets of the entity.		
Opening balance	58 897 990	56 103 616
Contributions	(26 927 363)	2 794 374
	31 970 627	58 897 990

73 Events after the Reporting Date

73.1 Adjusting subsequent events

South African State Theatre

The company with the approval of the council will be implementing a new business model and company organogram. Due to the high fixed costs - of which employee costs form the majority - a restructuring has become necessary. On 29 May 2016 the council approved the restructuring of the organisation. As a result, 10 employees were retrenchment of 10. The financial impact is an estimated R804 337.87 to be paid in retrenchment packages.

Insurance Sector Education and Training Authority

In August 2015, the Labour Court declared regulation section 3(11) of the 2012 Grant Regulations regarding the surplus surrender to be invalid and was set aside to be effective on 31 March 2016. The DHET has communicated to the SETAs through the Skills Development Circular No. 6/2016 (issued and effective on 31 May 2016) that this Labour Court decision is under legal review and based on this position, a contingent liability has been disclosed to reflect the potential surplus surrender should the DHET be successful.

Transport Education and Training Authority

The renovations to the TETA Head Office in Randburg were completed in the 2015/2016 Financial Year. TETA then appointed an independent valuator to complete a valuation of the renovated building. The valuation was received on 13 June 2016. The current market value of the Land and buildings is R 20 750 000.

Special Investigation Unit

- Two new leases for offices in Mafikeng and Bloemfontein regions were concluded. Lease period for Mafikeng is for a period of 5 years commencing 01 April 2016 with a total contractual value of R 4 071 146. Though building has been identified for the Bloemfontein office, the contract is still being finalised.
- The SIU received approval from National Treasury for the rollover of funds at the end of 2015/16 financial year amounting to R 120,9 million.

Driving License Card Trading Account

The lease contract between Driving Licence Card Account and SITA for the building was signed in June 2016. It was agreed that the lease contract will be effective from 01 May 2015.

Prodiba has made an application to the North Gauteng High Court of South Africa for the liquidation. The reason provided was that Prodiba's sole revenue was derived from the manufacturing and production of drivers licence cards for the Driving Licence Card Account. Prodiba also indicated that due to the termination of the agreement with the Driving Licence Card Account, Prodiba is no longer in business and has ceased trading. Furthermore, Prodiba indicated that since they have ceased trading, they have no source of income and no realisable assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

Estate Agency Affairs Board

Minister of Human Settlements appointed 15 board members after the reporting date. There are no further material events after the reporting date.

73.2 Non-adjusting subsequent events

Passenger Rail Agency of South Africa

Rolling stock was vandalised and burnt in incidents which occurred between April and May 2016 around the country. The incident in Cape Town resulted in service delays and other damage to property of PRASA. Estimated damage to property is Cape Town R59million, Durban R7million and Pretoria R2.6million which amounts to a total loss of R68,6 million. PRASA's (14 buses) and Autopax's (5 buses) were torched on 20 June 2016 during protest strike action in Mamelodi. The latter incident resulted in the total loss of the buses valued at approximately R24.4 million and this includes ticket machines, C-Track and Fuel E-tags that were installed in the buses. This incident will affect Autopax's daily services around Mamelodi and collection of revenue. On 23 June 2016 two trains collided in Durban. Approximately 100 passengers were injured. The loss estimate inclusive of infrastructure, rolling stock and bus hire charges is R12 million. This accident will interrupt the normal service of PRASA and will affect the collection of revenue. During June 2016 PRASA issued a summons against Swifambo claiming the repayment of the R2.6 billion that was paid to Swifambo. A letter of demand was received from Siyangena in the amount of R1.2 billion after year end. PRASA received a signed addendum in court submission to the value of R794million for Siyangena which subsequently resulted in adjustment on capital commitments.

Development Bank of Southern Africa

The financial statements were authorised for issue by the Board on the 7 July 2016. Disposal of equity investment - a project sponsor invoked the buyout clause in so far that an offer was made to minority shareholders. The offer was accepted during April 2016. The cash was raised in May 2016 in the market through the issuance of shares and regulatory approval been obtained. Home ownership scheme loans were sold to a third party. After the financial year end, the remaining portion of the proceeds from the sale to the third party was received.

LandBank

During current financial year, the Free State Maize (Pty) investment was fully impaired as at 31 March 2016 as the entity was under Business Rescue. Landbank's 10% share therefore amounts to R nil (FY 2015:R11.4million). On 19 April 2016 the Bank was granted a Liquidation Order. Subsequent to the financial year end, Mr Mpumi Tyikwe, the Managing Director for LBIC and LBLIC resigned, left the Group with effect from 31 May 2016. Subsequent to the financial year end, the Company secretary, Mr Nazir Ebrahim, retired and Mr Andile Yabo will assume the role of Company secretary with effect from 1 June 2016.

Alexkor Limited

Alexkor through the PSJV entered into a contract with IMDSA for deep sea mining of alluvium diamond, at no cost basis. In terms of this contract and at base case scenario, IMDSA will mine 10,000 carats per month for which the PSJV will share 12, 5% yielding 15,000 carats per annum. Alexkor share will be 7,650 carat production translated into average price of \$450 per carat, at the exchange rate of USD/ZAR rate of R15 translating into projected R51 million per annum, only 66% of this equating to R34 million will be distributed to the Alexkor subject to PSJV board approval. To date, due to being in its infancy IMDSA operation experienced teething problems thus missed the monthly targets resulting in less than expected production and appropriate measure are taken to address the shortfall. It is expected that the operations will recover and make up for the shortfall within the forthcoming months.

South African Reserve Bank

The Bank acquired 250 million shares (50% of the issued share capital) of ABHL on 31 March 2016. Subsequently on 4 April 2016, the effective date of the restructuring of African Bank Investments Limited, ABHL, acquired the good business, including the assets and liabilities of the entity under curatorship. On 1 April 2016, the Bank provided a loan to Residual Debt Services Limited of R3.3 billion. The conditions and repayment terms of the loan are as follows:

- Outstanding's from time to time shall accrue interest at a rate of: 225 basis points above JIBAR; and
- Repayable over three years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

The loan is collateralised by a debtors book. A total of R1,9 billion has been repaid on this loan by 1 June 2016.

South African National Roads Agency Limited

The Less60 campaign, as part of the New Dispensation of GFIP, was extended by the Minister of Transport to 17 May 2016. During the final weekend of the discount period a huge number of users tried to pay or enquire about their outstanding accounts. This created a backlog over the long weekend, ending 2 May 2016, and therefore the Minister granted an extension. SANRAL's management are not in a position to quantify the impact of the extension.

Moodys Ratings

Even though Moodys indicated in March 2016 that SANRAL's rating would be reviewed, during May 2016 the ratings agency applied a methodology in rating sovereigns and adjusted the South African sovereign rating. Following this, Moody's recalibrated the SANRAL rating to follow the sovereign rating and had no further need for a review. The adjusted rating was issued, still with a negative outlook as follows:

National Scale Issuer Ratings:

Long-Term: Aa3.za

Short-Term: P-1.za

Global Scale Issuer Ratings (Unchanged):

Long-Term: Baa3

Short-Term: P-3

Construction Cartel

SANRAL issued summonses on 15 April 2016 in the Gauteng Local Division, Pretoria claiming damages totalling R760 million against Construction Contractors.

GFIP Debt

SANRAL commenced with issuing of civil summonses for outstanding GFIP debt. As at 19 May 2016, a total of 6268 summons, with a total value of R575 million were served.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

74 Segment Reporting

2015/16

STATEMENT OF FINANCIAL POSITION

ASSETS

	CENTRAL	ECONOMIC	FINANCE	JUSTICE	SOCIAL	ELIMINATION	TOTAL
Segment assets	124 613 799	854 295 766	2 012 813 193	14 035 646	230 854 383	(18 300 063)	3 218 312 724
Investment in associates (equity method)	-	31 122 805	6 010 066	-	-		37 132 871
Unallocated assets							(17 623 486)

Total assets 124 613 799 885 418 571 2 018 823 260 14 035 646 230 854 383 (18 300 063) 3 237 822 110

LIABILITIES

Segment liabilities	15 532 903	502 623 451	1 642 870 221	2 098 849	49 035 830	18 300 063	2 230 461 316
Unallocated liabilities							(21 389 748)

Total liabilities 15 532 903 502 623 451 1 642 870 221 2 098 849 49 035 830 18 300 063 2 209 071 568

OTHER INFORMATION

Capital expenditure	4 185 286	40 831 370	113 834 698	106 386	1 172 438		160 130 177
Non cash items excluding depreciation and amortisation	(2 344 908)	(308 387)	(658 130)	(425 436)	(114 961)		(3 851 822)
Accrued expenses	2 437	1 064 623	519 758	1 362	1 423		1 589 603
Deferred Revenue	633 641	3 330 341	21 978 911	54 287	34 994		26 032 175

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

2015/16 STATEMENT OF FINANCIAL PERFORMANCE	CENTRAL	ECONOMIC	FINANCE	JUSTICE	SOCIAL ELIMINATION	TOTAL
REVENUE						
Revenue from non-exchange transactions	6 985 007	70 046 271	10 770 278	9 337 292	37 218 394	134 357 242
Revenue from exchange transactions	10 947 545	137 576 493	306 063 994	1 107 313	45 762 655	501 458 001
Inter-entirety transfers	278 841	9 311 555	6 763 631	146 973	21 702 041	-
Share of surplus/ (deficit) of associate	-	406 840	192 094	-	-	598 934
Total Segment Revenue	18 211 393	217 341 159	323 789 997	10 591 577	104 683 091	636 414 177
EXPENSES						
Employee related costs	(3 005 179)	(35 380 212)	(71 539 899)	(2 819 198)	(7 134 829)	(119 879 318)
Depreciation and amortisation expense	(2 793 319)	(15 213 464)	(35 104 945)	(111 358)	(476 050)	(53 699 137)
Other expenses	(12 093 336)	(176 399 838)	(194 314 957)	(6 796 069)	(51 984 094)	(419 752 829)
Total segment expenses	(17 891 834)	(226 993 515)	(300 959 801)	(9 726 626)	(59 594 973)	(593 331 283)
Total segment surplus/deficit	319 560	(9 652 355)	22 830 196	864 952	45 088 117	43 082 893
Interest Revenue						(1 412 139)
Other unallocated revenue						(18 909 876)
Unallocated expenses						(145 655)
Surplus/Deficit for the period						22 615 224
Other items not included in the segment report						(26 190 670)
TOTAL SURPLUS / (DEFICIT) FOR THE PERIOD NET OF TAX AS PER CFS						(3 575 446)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

2014/15	CENTRAL	ECONOMIC	FINANCE	JUSTICE	SOCIAL ELIMINATION	TOTAL
STATEMENT OF FINANCIAL POSITION						
ASSETS						
Segment assets	122 225 828	816 016 382	1 715 263 380	12 941 067	212 294 432	2 862 443 779
Investment in associates (equity method)	4 757	27 711 254	831 230	-	-	28 547 242
Unallocated assets						(16 055 630)
Total assets	122 230 585	843 727 637	1 716 094 611	12 941 067	(16 297 310)	2 874 935 390
LIABILITIES						
Segment liabilities	12 621 497	434 293 916	1 410 692 322	2 048 597	44 202 013	1 920 155 655
Unallocated liabilities						(22 291 329)
Total liabilities	12 621 497	434 293 916	1 410 692 322	2 048 597	44 202 013	1 897 864 326
OTHER INFORMATION						
Capital expenditure	3 785 987	40 945 306	113 213 969	104 120	727 328	158 776 709
Non cash items excluding depreciation and amortisation	(4 870 486)	(134 519)	(798 668)	(2 658 063)	(144 856)	(8 606 592)
Accrued expenses	2 310	789 383	428 553	840	5 953	1 227 040
Deferred Revenue	702 355	3 144 381	20 592 431	69 491	51 245	24 559 903

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

2014/15	CENTRAL	ECONOMIC	FINANCE	JUSTICE	SOCIAL	ELIMINATION	TOTAL
STATEMENT OF FINANCIAL PERFORMANCE							
REVENUE							
Revenue from non-exchange transactions	6 436 761	57 987 271	11 258 785	8 690 807	35 743 982		120 117 606
Revenue from exchange transactions	11 448 435	127 038 163	284 160 337	1 077 300	43 518 337		467 242 571
Inter-entity transfers	227 138	32 933 147	6 923 393	151 796	20 176 111	(60 411 585)	-
Share of surplus/ (deficit) of associate	-	1 324 132	71 699	-	-		1 395 831
Total Segment Revenue	18 112 334	219 282 712	302 414 214	9 919 903	99 438 430	(60 411 585)	588 756 008
EXPENSES							
Employee related costs	(2 815 750)	(34 712 486)	(65 148 262)	(2 577 407)	(6 642 056)		(111 895 962)
Depreciation and amortisation expense	(2 722 728)	(15 374 208)	(27 994 771)	(107 603)	(420 641)		(46 619 951)
Other expenses	(10 656 299)	(143 057 764)	(188 206 180)	(5 102 948)	(45 871 195)	16 173 227	(376 721 160)
Total segment expenses	(16 194 777)	(193 144 458)	(281 349 213)	(7 787 958)	(52 933 893)	16 173 227	(535 237 072)
Total segment surplus/deficit	1 917 557	26 138 254	21 065 000	2 131 945	46 504 537	(44 238 358)	53 518 936
Interest Revenue							(11 032)
Other unallocated revenue							(15 740 493)
Unallocated expenses							(141 004)
Surplus/Deficit for the period							37 626 407
Other items not included in the segment report							(41 608 718)
TOTAL SURPLUS / (DEFICIT) FOR THE PERIOD NET OF TAX AS PER CFS							(3 982 311)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

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 still being constrained. Slow global growth and volatility have affected investment and trade in many developing economies. Economic growth for South Africa is 0.5% for 2016, rising to 1.7% in 2017. South Africa's debt portfolio has been growing for the past number of years. If South Africa does the right things to support investment and confidence, the budget deficit can decline to 2.5% in 2019/2020. 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 2016 *Medium Term Budget Policy Statement*, the Minister of Finance has announced proposals to maintain the health of the public finances, taking into account the difficult world economic situation. Relevant to government's current and future economic health is the following actions:

- Inclusive growth is South Africa's objective. Macroeconomic and fiscal framework sets limits to government debt and expenditure while also supporting stronger public and private sector investment.
- Concerted implementation of our nine point plan of the National Development Plan.
- Policy initiatives across a wide range of sectors aimed at broadening participation and enhancing economic development.

76 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

C. FINANCE LEASE RECEIVABLES

The exposure to credit risk arising from finance lease receivables is limited by using the underlying assets of the finance leases as collateral. Also, finance lease receivables comprise a widespread customer base to reduce the concentration of credit risk exposure.

D. LONG TERM RECEIVABLES

Long term receivables consist exclusively of loans and advances made to the employees of participating public entities. Repayment of these receivables is ensured through properly authorised payroll deductions. Where an employee leaves the services of the public entity the remaining balance is deducted from the employee benefits payable to the employee in accordance with the loan agreements signed with the employees.

The financial assets carried at amortised cost expose the entity to credit risk. The value of the maximum exposure to credit risk are as follows for each of classes of financial assets at amortised cost:

	2014/15 R '000	2014/15 R '000
--	-------------------	-------------------

76.1 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	155 654 706	128 968 577
Trade and other receivables from exchange transactions	83 446 056	72 151 563
Other current financial assets	60 813 949	60 101 231
Current Investments	155 218 743	127 215 956
Construction contracts and receivables	1 695 959	1 616 968
Non-current receivables from exchange transactions	57 334 316	53 214 369
Non-Current Investments	251 619 691	239 964 524
Other non-current financial assets	18 350 132	21 946 207

76.2 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	52 483 678	38 695 008
Financial guarantees	653 426	495 023
Trade and other receivables	7 648 618	7 155 542
Other	3 747 835	11 851 766

76.3 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

2015/16	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	46 795	235 115	1 057 170	10 699 371
Borrowings	3 992 361	25 965 739	83 451 421	845 793 739
Trade and other payables	11 927 658	60 035 203	32 525 823	29 204 885
Bank overdraft	1 308 167	94 002	-	-
Other	816 741 302	3 665 825	13 119 459	50 778 633

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	44 621	64 619	450 692	13 973 297
Borrowings	3 059 937	18 214 933	94 185 549	679 391 010
Trade and other payables	14 654 160	53 741 106	28 809 504	26 356 471
Bank overdraft	707 615	1 392 000	-	-
Other	664 720 519	6 400 155	9 643 675	54 637 946

76.4 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:

	2016 R'000	2015 R'000
Pledged collateral	78 302 592	67 133 059

76.5 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

Bank overdraft: These borrowings are obtained exclusively at variable interest rates from the major banks in South Africa.

76.6 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

77. Exemptions and departures granted by Office of the Accountant-General

For the financial period ended 31 March 2016, the Office of the Accountant-General issued the following exemptions and departures to the public entities specified below:

No	Name of Entity /Department	Details of exemption granted	Exemption period	Exemption extended?
1	Special Defence Account (SDA)	SDA has been exempted to use GRAP and has also been exempted from disclosing sensitive information they using GRAP 104 instead of GRAP 6	2013/14-2015/16	No, DOD should get a legal opinion on whether the SDA should be preparing separate set of financial statements or rather be included in the General Vote of the department.
2	Government Pensions Administrations Agency(GPAA)	Permission to report Annual Financial Statements in terms of GRAP and not the Modified Cash Standard	Since 2011/12	Yes , 31/03/2016
3	Government Technical Advisory Centre(GTAC)	Permission to report Annual Financial Statements in terms of GRAP and not the Modified Cash Standard	2015/16	No
4	Die Afrikaanse Taalmuseum Ditsong: Museums of	Exemption for DAC public entities from complying with generally recognised accounting practice 103.	2015/16	Yes, 2016/17

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

No	Name of Entity /Department	Details of exemption granted	Exemption period	Exemption extended?
	South Africa Freedom Park Trust Iziko Museums of South Africa KwaZulu-Natal Museum Luthuli Museum National Museum, Bloemfontein Nelson Mandela National Museum The National English Literary Museum uMsunduzi Museum War Museum of the Boer Republics William Humphreys Art Gallery Market Theatre Foundation Windybrow Theatre South African Heritage Resources Agency National Library of South Africa			
5	SARS	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	2014/15 - 2015/16	Yes, 2015/16
6	SARS	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	2014/15 - 2015/16	Yes, 2015/16

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2016

No	Name of Entity /Department	Details of exemption granted	Exemption period	Exemption extended?
		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.		

NATIONAL REVENUE FUND

Annual Financial Statements
for the year ended 31 March 2016



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

ACCOUNTING OFFICER'S APPROVAL

For the year ended 31 March 2016

The National Revenue Fund Financial Statements are prepared on the going concern basis. They are based on accounting policies which have been consistently applied and supported by reasonable and prudent judgements of estimates. The National Revenue Fund Financial Statements have been approved by the Accountant-General on 24 October 2016.

Paragraph

A handwritten signature in black ink, appearing to read 'Jayce Nair', with a large, sweeping flourish extending from the bottom right.

Jayce Nair

Acting Accountant-General

Accounting Officer

ACCOUNTING OFFICER'S REVIEW

For the year ended 31 March 2016

■ Mandate

In terms of section 11 of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) the National Treasury is responsible for the National Revenue Fund and must enforce compliance with the provisions of section 213 of the Constitution, namely that-

- a) All money received by the national government must be paid into the fund, except money reasonably excluded by this Act or another Act of Parliament; and
- b) No money may be withdrawn from the Fund except-
 - i) in terms of an appropriation by an Act of Parliament; or
 - ii) as a direct charge against the Fund, provided for in the Constitution or the Act, or in any other Act of Parliament provided the direct charge in such a case is listed in Schedule 5.

Section 11(3) of the PFMA, requires money that must be paid into the National Revenue Fund is paid into the Fund by depositing it into a bank account of the Fund in accordance with the requirements that may be prescribed. In this regard Tax and Loan accounts are held at the Commercial Banks and at other accounts at the South African Reserve Bank.

■ Revenue

Section 12 of the PFMA, requires the South African Revenue Services must promptly deposit into the National Revenue Fund all taxes, levies, duties, fees and other moneys collected by it in accordance with a framework determined by the National Treasury.

South Africa's tax system forms part of the foundation of the country's public finances. Over the past two decades South Africa has built a progressive tax system founded on the principles of equity, efficiency, simplicity, transparency and certainty.

Road Accident Fund, Unemployment Insurance Fund and SETAs funds are collected by SARS and are refunded to the institutions on a monthly basis. Transfers to a member of the South African

Customs Union are made on a quarterly basis. This is shared between South Africa, Botswana, Lesotho, Namibia and Swaziland.

Other sources of revenue are departmental receipts known as departmental revenue, national revenue fund receipts and other revenue which mainly consists of unused conditional grants and revenue received from entities.

■ Expenditure

Section 15(1) of the PFMA states that only the National Treasury may withdraw money from the National Revenue Fund, and may do so only-

- a) to provide funds that may have been authorised-
 - i) in terms of an appropriation by an Act of Parliament; or
 - ii) as a direct charge against the National Revenue Fund provided for in the constitution or this Act, or in any other Act of Parliament provided the direct charge is such a case is listed in Schedule 5;
- b) to refund money invested by a province in the National Revenue Fund; or
- c) to refund money incorrectly paid into, or which is not due to, the National Revenue Fund.

In terms of section 27(1) the Minister must table the annual budget for a financial year in the National Assembly before the start of the financial year or, in exceptional circumstances, on a date as soon as possible after the start of that financial year as the Minister may determine.

The medium-term expenditure framework establishes a predictable budget process that is open to public scrutiny. Over this period government is preparing the ground between the rate of economic growth and the affordability of social programmes.

■ Funding of the deficit

Section 11(5) of the PFMA, requires the National Treasury to ensure that there is at all times sufficient money in the National Revenue Fund. In this regard the deficit is funded in terms of section 66(2)(a) of the PFMA by the Asset and Liability section within the National Treasury.

ACCOUNTING OFFICER'S REVIEW

For the year ended 31 March 2016

Government's flexible debt management strategy ensures that additional borrowing minimises interest and repayment risks. These considerations are necessary to maintain a stable debt portfolio and avoid burdening the country with repayment obligations for many years to come.

South Africa's borrowing strategy is sufficiently responsive to withstand long-term adjustments in global and domestic capital allocations and short term market shocks. Debt levels remain sustainable with a long maturity structure and exposure to foreign currency liabilities remains low, reducing the impact on global volatility.

■ Accounting standards

On a drive to improve public accountability, there is a transition in progress from reporting on the modified cash basis of accounting to reporting on the accrual basis of accounting. Under the modified cash basis of accounting, transactions and other events are recognised when cash is received or paid, while provision is made in the

annual financial statements (AFS) for provisions, accruals, contingent liabilities and so on.

With effect from 2013/14, as part of the cash-to-accrual process, the OAG developed and published the Modified Cash Standard (MCS) which sets out the principles of the modified cash framework in a format ordinarily used by other public sector accounting standard setters such as Accounting Standards Board (ASB). The National Treasury guide on accounting for the Revenue Fund provides detailed guidance on the principles stated in the MCS.

This Accounting Officer's Review includes an Executive Summary and Review of Operating Results. The review of operating results reflects monetary values presented in accordance with Treasury Regulation 18.2. It is also a descriptive report clarifying the amounts presented.

EXECUTIVE SUMMARY

For the year ended 31 March 2016

For the past years, government has been budgeting and spending in the context of the global financial crisis and its long-term consequences. Although there were signs that growth will begin to accelerate over the medium term, the risks abound and the world economic outlook remains subdued. The 2015 budget is aimed at rebalancing fiscal policy to give greater incentives for investment, to support enterprise development, to promote agriculture and industry and to make our cities engines of growth. GDP growth was estimated to have been 2 per cent in 2015 and projected to reach 3 per cent in 2017. However this is currently projected considerably lower. It is projected that the economy will grow at about 0.9 per cent during 2016 and 1.7 per cent during 2017. The private sector will be the major contributor for job creation, while the public sector will continue to support growth through a range of initiatives. Public investment in infrastructure is expected to reduce bottlenecks in electricity and transport, and encourage private investment, while stronger employments growth will contribute to increased household consumption. South Africa should also benefit from the improved export opportunities presented by a stronger global and regional outlook.

Short term weaknesses in the economy resulted in a deficit of 4.2 per cent of GDP in 2015/16. It is expected to be 3.6 per cent of the GDP in 2016/17. To ensure fiscal sustainability, government has curbed the growth in spending by reducing allocations to goods and services and personnel compensation. Revenue collection was expected to improve in line with economic growth. However this has since been adjusted down as a result of the slowdown in economic activity. Without economic growth revenue will not increase. Revenue has none the less held up since the 2008/09 recession. This was mainly due to the resilience of South Africa's tax policy framework and continued strength of the tax administration. South Africa will over the medium term continue to explore reforms that promote an efficient and progressive tax system.

The Budget tabled was within the framework of the National Development Plan (NDP). The plan aims to accelerate growth to eliminate poverty and reduce inequality by 2030. The plan's success depends on partnerships between business,

labour, government and civil society. Regardless of the challenging economic environment government continues to budget within a spending ceiling that allows for moderate real growth in expenditure, while reducing the budget deficit over time. Spending will be targeted on policies and programmes with the greatest developmental impact. As the NDP emphasises, realising the economic dividends of urban growth requires a new approach to providing infrastructure, housing and public transport services.

The economic environment has deteriorated significantly, dragging down South Africa's GDP growth and revenue projections. Government is committed to achieving its medium term budget deficit targets and will take additional steps to fulfil its commitments. Over the next three years government will lower expenditure ceiling, strengthen tax revenues and actively manage fiscal risks.

For a detailed analysis and interpretation of actual revenue, spending and borrowing for 2015/16, refer to review of the operating results.

REVIEW OF OPERATING RESULTS

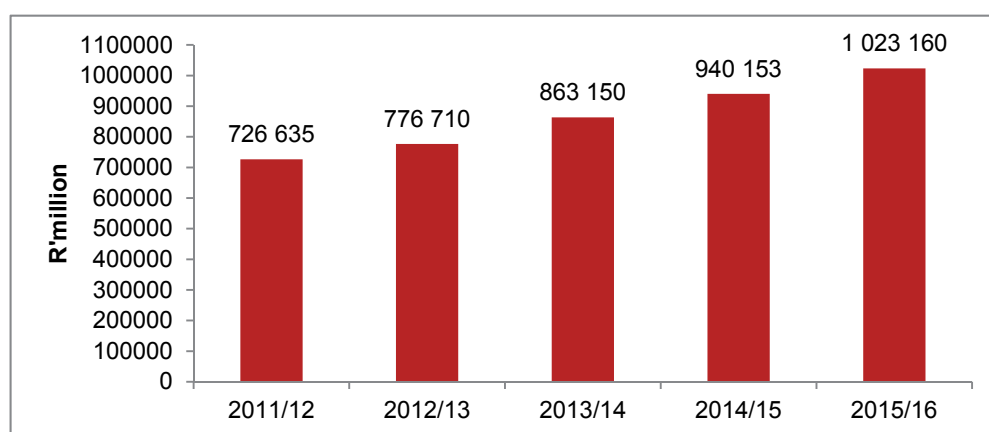
For the year ended 31 March 2016

Year Ended 31 March <i>R million</i>	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual 2015/16
Taxes Levies & Duties	777 157	849 858	941 476	1 029 597	1 122 504
Less: South African Customs Union Agreement	21 760	42 151	43 374	51 738	51 022
Less: Payment into sec 12(3) of the PFMA	3	3	3	-	-
Less: Payment to UIF	12 131	13 372	14 947	15 778	16 601
Less: Amount payable by SARS to UIF	-	-	-	200	150
Less: Payment to RAF	16 371	17 662	19 651	21 582	31 442
Less: Amount payable by SARS to RAF	257	(40)	351	145	129
Net Revenue for the Year	726 635	776 710	863 150	940 153	1 023 160
Movement in SARS revenue	10%	7%	11%	9%	9%

Revenue

South African Revenue Services (SARS) income increased by 9 per cent in 2015/16 similar to the prior year. This increase is indicative of the improvement in the economy although at a slower rate than anticipated.

Net Revenue for the year



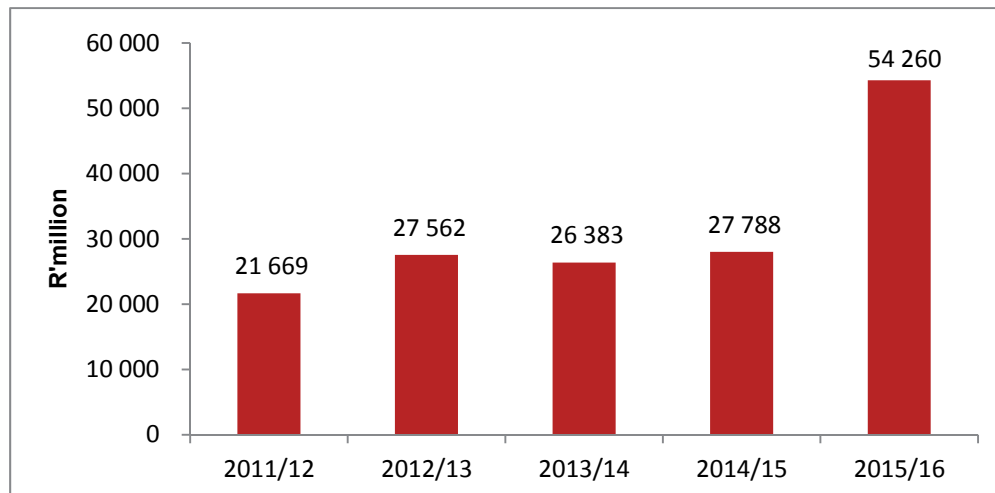
Other main sources of income are departmental revenue, inclusive of National Revenue Fund receipts. This amounts R51 billion for the 2015/16 financial year. The movement in other revenue of 95 per cent for the 2015/16 financial year is mainly due to an increase in financial transactions in assets and liabilities by the department of Telecommunications for the selling of Vodacom shares. For the full detailed analysis of what departmental revenue consist of refer to note 1.2 of the Notes to the Annual Financial Statements for the National Revenue Fund.

Year Ended 31 March <i>R million</i>	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual 2015/16
Departmental revenue	21 319	26 226	21 321	23 682	51 546
Other surrenders	350	1 330	2 333	2 182	599
Other revenue received	-	6	2 729	1 925	2 114
Total revenue	21 669	27 562	26 383	27 788	54 260
Movement in other revenue	87%	27%	-4%	5%	95%

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016

Other Revenue excluding CARA



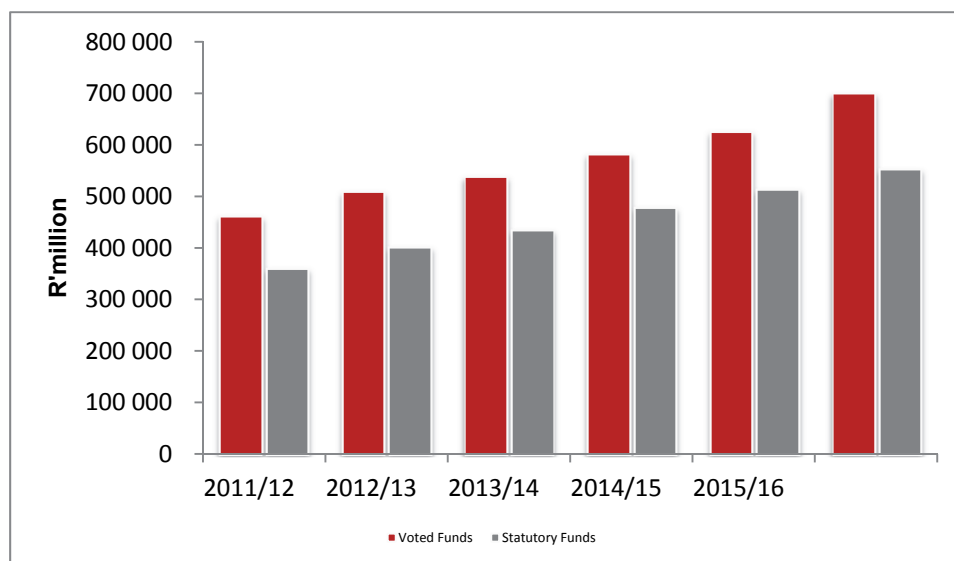
Expenditure

Total expenditure increased by 10 per cent in 2015/16 (2014/15: 7 per cent)

Year Ended 31 March	Actual	Actual	Actual	Actual	Actual
R million	2011/12	2012/13	2013/14	2014/15	2015/16
Voted Funds	508 510	538 481	582 595	625 933	699 524
Statutory Funds	402 180	435 736	478 779	513 747	553 700
Total Expenditure	910 690	974 217	1 061 374	1 139 681	1 253 224
Movement in expenditure	11%	7%	9%	7%	10%

*Included in Statutory Funds is National Revenue Fund payments.

Total Expenditure



REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016

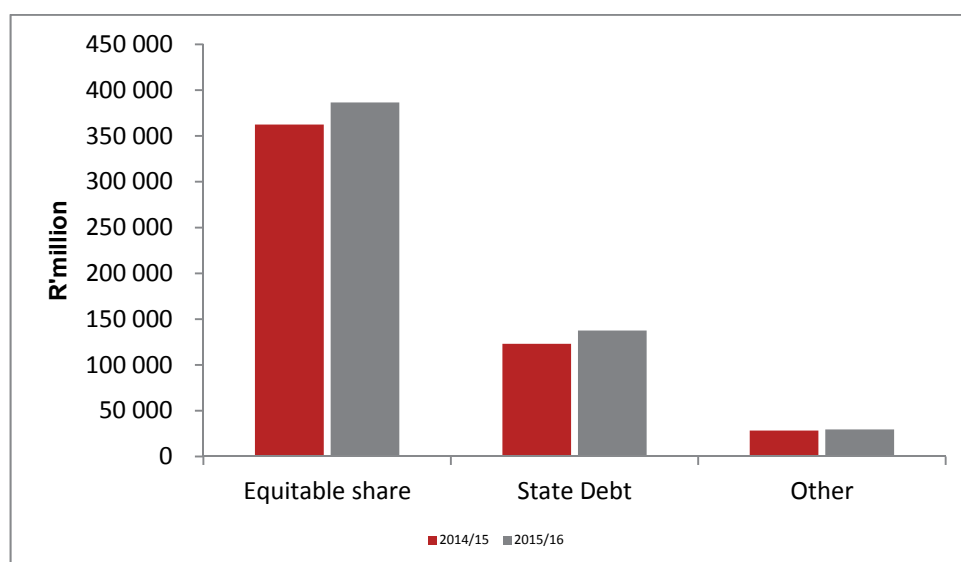
Statutory Funds

Statutory Funds <i>R million</i>	Actual	Actual
	2014/15	2015/16
Equitable share	362 468	386 500
State Debt	122 987	137 585
Other	28 292	29 615
Total	513 747	553 700

Statutory expenditure includes equitable share to provinces, debt-service costs, Revenue Fund Payments and other salaries that are a direct charge against the National Revenue Fund.

The equitable share is transferred to provinces to perform functions at the provincial sphere of government. This amounts to 70 per cent in 2015/16 (2014/15: 71 per cent) of the total statutory budget.

Debt service costs consist mainly of interest paid on government debt. This amounts to 25 per cent in 2015/16 (2014/15: 24 per cent) of the total statutory budget.



Assets

Cash and Cash Equivalent

Cash and Cash Equivalent <i>R million</i>	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual 2015/16
Cash and equivalent	198 291	174 966	197 054	206 336	214 250
Movement in cash and cash equivalent	16%	-12%	13%	5%	4%

Cash and cash equivalents amount to R214 billion. Total cash includes deposits held at South African Reserve Bank (SARB) and commercial banks. Operational cash to finance the borrowing requirement is held in the tax and loan accounts with the four commercial banks and in the foreign currency accounts with the SARB. The table below reflects the breakdown.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016

Break down of cash balances	Actual	Actual	Actual	Actual	Actual
<i>R million</i>	2011/12	2012/13	2013/14	2014/15	2015/16
Commercial banks					
<i>Tax and Loan account</i>	63 293	27 332	45 262	45 065	47 354
South African Reserve Bank					
Cash with SARB	67 157	67 157	67 157	67 157	67 157
Foreign Currency Investment	67 558	80 256	84 466	94 404	102 083
Escrow Investment Account	51	52	-	-	-
Other	232	169	168	(291)	(2 344)
Total Cash and cash equivalents	198 291	174 966	197 053	206 336	214 250

Investments

Investments	Actual	Actual	Actual	Actual	Actual
<i>R million</i>	2011/12	2012/13	2013/14	2014/15	2015/16
Investments	85 497	102 799	121 681	133 980	195 542
Movement in Investments	45%	20%	18%	10%	46%

Total investment increased to R196 billion for the current year. This is a 46 per cent increase for 2015/16 against a 10 per cent increase in the prior year. The table below reflects the investment held by government for the past two years.

Investments	Actual	Actual
<i>R million</i>	2014/15	2015/16
International Monetary Fund quota subscription	31 387	63 327
African Development Bank	47 036	58 781
International Monetary Fund SDR Holding	30 038	30 977
International Bank for Reconstruction and Development	25 088	30 886
New Development Bank	-	11 049
Other	431	522
Total	102 593	132 215

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016

Liabilities

Multilateral Institutions

Multilateral Institutions <i>R million</i>	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual 2015/16
Multilateral Institutions	82 527	99 114	116 321	127 353	184 505
Movement in Multilateral Institutions	42%	20%	17%	9%	45%

The balance presents the callable portion of South Africa's subscription in the various multilateral institutions. The total liabilities in multilateral institutions increased to R184 billion for the current year. This is a 45 per cent increase for 2015/16 against a 9 per cent increase in the prior year. The table below reflects the investment held by government for the past two years.

Multilateral Institutions <i>R million</i>	Actual 2014/15	Actual 2015/16
African Development Bank	43 811	54 766
IMF-Securities Account	29 795	54 601
IMF-SDR Allocations	29 991	37 056
International Bank for Reconstruction and Development	23 579	29 028
New Development Bank	-	8 839
Multi-Lateral investment Guarantee Agency	177	215
Total	83 542	184 505

Current and non-current borrowings

Borrowings <i>R million</i>	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual 2015/16
Current Borrowings	201 910	222 325	257 045	252 322	305 197
Non-Current Borrowings	985 458	1 143 017	1 327 479	1 546 466	1 713 713
Total	1 187 368	1 365 341	1 584 524	1 798 788	2 018 910
Movement in Borrowings	20%	15%	16%	14%	12%

Government gross borrowing requirements are financed through the issuance of domestic short term, long term and foreign loans. Domestic loans consist mainly of Treasury bills, fixed rate and inflation linked bonds. The total gross debt figure increase to R 2 019 billion for the current year. This is a 12 per cent increase for 2015/16 against a 14 per cent increase in the prior year. The table below reflects the breakdown between local and foreign debt:

National Government Debt <i>R million</i>	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Actual 2015/16
Domestic debt	1 070 517	1 240 786	1 440 865	1 631 957	1 819 303
Foreign debt	116 851	124 555	143 659	166 831	199 607
	1 187 368	1 365 341	1 584 524	1 798 788	2 018 910

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2016

The table below reflects the reconciliation of the deficit per National Revenue Fund to the budget review

Reconciliation to Deficit as reflected in 2016			
Budget Review	2015/16	2014/15	As Published In 2014/15
R million			
Surplus/(Deficit) per Income Statement (NRF)	(217 422)	(198 632)	(198 668)
Revaluation gains/(losses)	41 618	27 070	27 070
Increase/(Decrease) in revenue	(2 902)	(13 673)	(13 690)
Movement in Annual Appropriation: Net Financing	5 906	4 559	4 612
Other receipts:			
Recovery of criminal assets	(75)	(182)	(182)
Other payments:			
Recovery of criminal assets	12	5	5
Surplus/Deficit per Budget Review	(172 799)	(180 853)	(180 853)
Surplus/(Deficit) as percentage of GDP	(4.2)	(4.7)	(4.7)

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE NATIONAL REVENUE FUND

Annual Financial Statements
for the year ended 31 March 2016



AUDITOR-GENERAL
SOUTH AFRICA



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2016

■ Report of the auditor-general to Parliament on the National Revenue Fund

Report on the financial statements Introduction

1. I have audited the financial statements of the National Revenue Fund set out on pages 253 to 274, which comprise the statement of financial position as at 31 March 2016, the statement of financial performance, statement of changes in net assets, and cash flow statement for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

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

Auditor-general's responsibility

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

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Revenue Fund as at 31 March 2016 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.

■ Report on other legal and regulatory requirements

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

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2016

Compliance with legislation

8. I performed procedures to obtain evidence that the National Revenue Fund had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

Internal control

9. I considered internal control relevant to my audit of the financial statements and compliance with legislation. I did not identify any significant deficiencies in internal control.

Auditor-General

Pretoria

28 October 2016



STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS

For the year ended 31 March 2016

The Financial Statements have been prepared in accordance with the following accounting policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, (Act 1 of 1999) as amended by Act 29 of 1999, and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 2 of 2009.

■ 1. Presentation of the Financial Statements

1.1 Reporting Entity

The National Revenue Fund was established in terms of the Constitution of the Republic of South Africa (Section 213 of Act No. 108, 1996) into which all money received by the national government must be paid except money reasonably excluded by an Act of Parliament. Money may be withdrawn from the National Revenue Fund only in terms of an appropriation by an Act of Parliament or as a direct charge against the National Revenue Fund, when it is provided for in the Constitution or an Act of Parliament. A province's equitable share of revenue raised nationally is a direct charge against the National Revenue Fund.

1.2 Going concern

The Revenue Fund was established in terms of the Constitution of the Republic of South Africa, 1996. The financial statements of Revenue Fund are prepared on a going concern basis.

1.3 Basis of preparation

The Financial Statements have been, unless otherwise indicated, prepared on the modified cash basis of accounting in accordance with the under mentioned policies which have been applied consistently in all material respects.

The modified cash basis of accounting for the Revenue Fund comprise of the Modified Cash Standard which includes a chapter on Treasury Financial Instruments.

Near-cash balances are all recognised, as well as the revaluation of foreign and domestic investments and loans and the recognition of resulting revaluation gains and losses.

In addition supplementary information is provided in the disclosure notes to the financial statements where it is deemed to be useful to the users of the financial statements.

Unless otherwise stated, accounting policies adopted are consistent with those of the previous financial year.

1.4 Rounding and Presentation currency

All amounts are rounded to the nearest one thousand rands (R'000). All amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the Revenue Fund.

1.5 Comparative Figures

Prior period comparative information has been presented in the current year's financial statements.

1.6 Settlement period of assets and liabilities

1.6.1 Current and Non-Current Assets

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

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

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS

For the year ended 31 March 2016

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

1.6.2 Current and Non-Current Liabilities

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

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

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

1.7 Restatements and Adjustments

Where necessary figures included in the prior period financial statements have been reclassified/adjusted to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements. This includes prior years errors detected by Revenue Fund.

2. Revenue

2.1 South African Revenue Services (SARS) Revenue/ Revenue in terms of Section 12(3) of the PFMA

2.1.1 SARS

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

2.1.2 Revenue in terms of Section 12(3) of the PFMA

All transfers, duties, fees and other moneys collected (in terms of Section 12(3) of the PFMA) by the SARS for a province are deposited into the National Revenue Fund and then transferred to the respective Provincial Revenue Fund is recognised when instructed by SARS.

2.2 Departmental Revenue

All departmental revenue is recognised in the Statement of Financial Performance when received by the Revenue Fund, unless stated otherwise. Any amounts owing to National Revenue Fund at the end of the financial year are recognised as receivables in the Statement of Financial Position.

The main categories of Departmental Revenue are listed below together with the short definition:

2.2.1 Sale of goods and services other than capital assets

This comprises the proceeds from the sale of goods and/or services produced by the departments.

2.2.2 Transfers received

Transfers received comprise of all unrequited, voluntary receipts from other parties. This includes gifts, donations and sponsorships.

2.2.3 Fines, penalties and forfeits

Fines penalties and forfeits are compulsory receipts imposed by court or another judicial body or agreed upon by parties as an out of court settlement.

2.2.4 Interest, dividends and rent on land

Interest is revenue associated with the ownership of interest bearing financial instruments, such as

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS

For the year ended 31 March 2016

bank deposits, loans extended to others and bills and bonds issued by others.

Dividends are revenue associated with ownership of shares in a company whether fully or partially government owned. Gains or losses associated with buying or selling of shares do not belong to this line item.

Rent on land includes revenue and due to the ownership of land.

2.2.5 Sale of capital assets

The proceeds from the sale of capital assets includes compensation received from the sale of capital assets. A capital asset is an item of property, plant and or equipment that costs more than R5 000 (all inclusive). This also comprise of intangible items as computer software with a cost exceeding R5 000 (all inclusive).

2.2.6 Financial transactions in assets and liabilities

This includes receipts associated with certain transactions in financial assets and liabilities such as:

Repayments of loans and advances previously extended to employees and public corporations for policy purposes and forex gains and losses on settlement of loans.

Cheques issued in previous accounting periods that expire before being banked are recognised as revenue in the Statement of Financial Performance when the cheque becomes stale. When the cheque is re-issued the payment is made from Revenue.

2.2.7 Taxation revenue

This is compulsory, unrequited revenue collected by a government unit. Taxes are compulsory because the other party is required by law to pay them in certain circumstances and under certain conditions. Taxes are unrequited, which means that the government does not give any particular goods or service directly in return for paying taxes.

2.3 CARA receipts

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

2.4 Other revenue

Surrenders for appropriated funds are recognised when amounts become payable by departments at the end of the reporting date. Other revenue and surrenders are recognised when cash is received from the departments.

Amounts owing to the Revenue Fund at the end of the financial year are recognised as receivables in the Statement of Financial Position and exceeding of approved statutory appropriation are recognised as a payable in the Statement of Financial Position.

3. Expenditure

3.1 Actual Expenditure

Appropriated funds include annual appropriation and statutory appropriation. These are appropriated to entities in order to be utilised for the necessities of business operations. Appropriated funds are recognised in the financial records when approved by Parliament.

Expenses incurred but the funds not requested against the appropriation are reflected as a payable in the Statement of Financial Position.

Funds appropriated for annual appropriation during the financial year excluding unexpended funds and unauthorised expenditure funded by the Revenue Fund are represented in the Statement of Financial Performance.

Total statutory appropriations less unexpended funds plus actual expenditure in excess of the statutory appropriation are presented in the statement of financial performance.

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS

For the year ended 31 March 2016

3.2 Other expenditure

Expenditure is recognised on receipt of a request and the payment becomes payable.

3.3 Unauthorised expenditure approved (with funding) by an Act of Parliament and expenditure in terms of an Act of Parliament

Expenditure is recognised when an Act has been approved (with funding) by Parliament. Unauthorised expenditure approved with funding, but not yet requested is recognised as a payable.

3.4 CARA payments

Cara money is not appropriated as such and funds are transferred to department when approved by Cabinet in accordance with section 65 of the Prevention of Organized Crime Act, 1998 (Act 121 of 1998). Amounts transferred by the Revenue Fund are recognised in the Statement of Financial Performance when approved by Cabinet. Funds not requested when approved by Cabinet are recognised as a payable by the Revenue Fund in the Statement of Financial Position.

3.5 Revaluation Gains/Losses

Foreign liabilities, foreign investments and Multilateral Institutions liabilities are re-valued at the closing exchange rate of 31 March. Associated gains and losses are recognised in the Statement of Financial Performance. Gains and losses due to the revaluation of inflation-linked bonds are also included in the Statement of Financial Performance.

4. Assets

4.1 Cash and cash equivalents

Domestic cash and cash equivalents are recognised in the Statement of Financial Position at cost.

For the purpose of the Cash Flow Statement, cash and cash equivalents comprise cash on hand, deposits held and other short-term highly liquid investments.

Foreign cash and cash equivalents are carried in the statement of finance position at the closing rate of 31 March. Gains and losses on revaluation are recognised in the statement of financial performance.

4.2 Receivables

Receivables included in the Statement of Financial Position comprise of payments due at financial year end by departments which have not yet been received. Any unspent CARA fund assistance to departments does not need to be surrendered to the Revenue Fund.

Receivables outstanding at year-end are carried at cost.

4.3 Investments

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

Foreign investments represent South Africa's membership/shareholding in the African Development Bank, the International Bank for Reconstruction and Development, the International Finance Corporation and 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.

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS

For the year ended 31 March 2016

■ 5. Liabilities

5.1 Payables

Recognised payables mainly comprises of amounts owing by the Revenue Fund to other governmental entities and SARS. These payables are carried at cost in the statement of financial position.

5.2 Multi Lateral Institutions

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

The International Monetary Fund's securities account and SDR allocations represents South Africa's liability to the fund.

5.3 Borrowings

5.3.1 Domestic Borrowings

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

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

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

5.3.2 Foreign Loans and Bonds

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

■ 6. Contingent liabilities and contingent assets

6.1 Contingent liability

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

6.2 Contingent asset

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

■ 7. Events after the reporting date

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

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000	
REVENUE				
Revenue collected	1	T1	1 074 781 626	964 017 501
By SARS			1 023 160 315	940 153 313
Departmental Revenue			51 546 382	23 681 946
CARA Receipts			74 929	182 242
Other Revenue	2	T2	2 713 742	4 106 483
Other			2 713 742	4 106 483
TOTAL REVENUE			1 077 495 368	968 123 984
EXPENDITURE				
Actual Expenditure		T3	1 253 223 947	1 139 680 590
Annual Appropriation	3		699 524 159	625 933 365
Statutory Appropriation	4		553 699 788	513 747 225
CARA Payments	5	T4	11 831	5 422
Expenditure in terms of a separate Act of Parliament	6	T5	63 547	-
TOTAL EXPENDITURE			1 253 299 325	1 139 686 012
SURPLUS/(DEFICIT)			(175 803 957)	(171 562 028)
Foreign Exchange Revaluation	7	T16	(41 617 813)	(27 070 397)
SURPLUS/(DEFICIT) FOR THE YEAR			(217 421 770)	(198 632 425)

STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
ASSETS			
Current assets			
Cash and cash equivalents	8	T7 214 250 243	206 335 549
Receivables	9	T8 9 118 047	16 159 221
Funds to be surrendered to the Revenue Fund:			
Voted Funds		6 581 593	10 518 488
Unauthorised expenditure		155 217	6 844
Departmental Revenue		2 244 853	1 773 510
Other		136 384	3 860 379
Total		223 368 290	222 494 770
Non-current assets			
Investments	10	T9 195 542 281	133 979 709
Total		195 542 281	133 979 709
TOTAL ASSETS		418 910 571	356 474 479
RESERVES AND LIABILITIES			
RESERVES			
	T6	(1 791 819 105)	(1 574 397 335)
LIABILITIES			
Current liabilities			
Payables	11	T10 7 314 740	4 730 931
Voted Funds to be transferred		1 332 652	192 857
Unauthorised expenditure to be transferred		3 579 653	3 450 625
Other		2 402 435	1 087 449
Borrowings	12	T12 305 197 493	252 322 038
Total		312 512 233	257 052 969
Non-current liabilities			
Multi Lateral Institutions	13	T11 184 504 858	127 353 000
Borrowings	14	T12 1 713 712 585	1 546 465 845
Total		1 898 217 443	1 673 818 845
TOTAL LIABILITIES		2 210 729 676	1 930 871 814
TOTAL RESERVES AND LIABILITIES		418 910 571	356 474 479

STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 March 2016

	<i>Note</i>	2015/16 R'000
Opening balance as at 1 April 2014		(1 376 867 458)
Surplus / Deficit for the year 2015		(198 632 425)
Prior year errors for transactions 2014/15	D	1 102 548
Balance at 31 March 2015		(1 574 397 335)
Surplus / Deficit for the year 2016		(217 421 770)
Adjustments and restatement		-
Balance at 31 March 2016		(1 791 819 105)

CASH FLOW STATEMENT

For the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000	
CASH FLOWS FROM OPERATING ACTIVITIES				
RECEIPTS				
Revenue collected	15	T1	1 078 113 555	961 394 496
By SARS			1 026 963 587	936 733 012
Departmental Revenue collected			51 075 039	24 479 242
CARA Receipts			74 929	182 242
Surrenders from departments	16	T13	10 348 124	7 705 887
Other revenue received by the revenue fund	17	T2	2 713 742	4 106 483
			1 091 175 421	973 206 866
PAYMENTS				
Appropriated payments	18	T3 T4 & T14	1 258 397 247	1 149 624 641
Annual Appropriation			705 798 979	635 783 951
Statutory Appropriation			552 476 222	513 793 498
CARA Payments			11 831	5 422
Appropriation for unauthorised expenditure			110 215	41 770
Other Payments	19	T15	192 857	658 157
			1 258 590 104	1 150 282 798
Net cash flow available from operating activities	23		(167 414 683)	(177 075 932)
CASH FLOWS FROM INVESTING ACTIVITIES				
Other investing activities	20		-	-
Net cash flows from investing activities			-	-
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase/Decrease in borrowings	21		175 329 377	186 357 759
Net cash flows from financing activities			175 329 377	186 357 759
Net increase/(decrease) in cash and cash equivalents			7 914 694	9 281 827
Cash and cash equivalents at beginning of period			206 335 549	197 053 722
Cash and cash equivalents at end of period	8		214 250 243	206 335 549

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2016

		2015/16 R'000	2014/15 R'000
1	Revenue collected		
1.1	By SARS		
	Revenue collected by SARS	WP 2A	
	Taxation	1 069 982 618	986 295 019
	Non-taxation	52 521 864	43 302 152
	Less: Payments by SARS	99 344 167	89 443 858
	*Total Revenue collected by SARS	1 023 160 315	940 153 313
	*Refer to note 22 for Departures from the modified Cash Standard granted to SARS		
1.2	Departmental Revenue		
	Departmental Revenue collected	WP 2B,2C & 2D	23 681 946
	National Revenue Fund Receipts	51 546 382	12 693 502
	Sales of goods and services other than capital assets	14 444 597	1 716 641
	Fines, penalties and forfeits	2 131 487	305 061
	Interest, dividends and rent on land	288 533	6 627 737
	Sales of capital assets	6 341 132	78 183
	Financial transactions in assets and liabilities	121 355	1 709 703
	Transfers received	27 685 614	551 119
	Total Departmental Revenue collected	51 546 382	23 681 946
	*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. Detailed information on these transactions is provided in Working papers 2C and 2D. If exchange rate profit is not received in cash it is recognised during the financial year once the information by means of a journal is obtained from the Assets and Liability Management section (ALM).		
	** Home Affairs figures are restated but not audited		
1.3	CARA Receipts		
	CARA funds received	WP 1C	182 242
	Total CARA Receipts	74 929	182 242
2	Other Revenue		
2.1	Other		
	Other surrenders	WP3B	2 181 898
	Other revenue received	WP3C	1 924 585
	Total Other	2 713 742	4 106 483
3	Actual expenditure - Voted		
	Equitable Share / Voted Funds transferred to departments	WP1A	625 933 365
	Total Actual Expenditure	699 524 159	625 933 365
	** Home Affairs figures are restated but not audited		
3.1	Annual Appropriation		
	Equitable Share / Voted Funds transferred to departments	WP1A	636 618 927
	Total Annual Appropriation	706 653 049	636 618 927

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2016

		2015/16 R'000	2014/15 R'000
3.2	Outstanding Surrender		
	Equitable Share / Voted Funds transferred to departments	7 128 890	10 685 562
	Total Outstanding Surrender	7 128 890	10 685 562
4	Actual expenditure - Statutory		
	Equitable share / Statutory Funds transferred to departments	553 699 788	513 747 225
	Total Actual expenditure	553 699 788	513 747 225
4.1	Statutory Appropriation		
	Equitable Share / Statutory Funds transferred to departments	544 755 965	503 870 848
	Total Statutory Appropriation	544 755 965	503 870 848
4.2	Outstanding Surrender		
	Equitable Share / Statutory Funds transferred to departments	(8 943 823)	(9 876 377)
	Total Outstanding Surrender	(8 943 823)	(9 876 377)
5	CARA Payments		
	Cara funds transferred to departments	11 831	5 422
	Total CARA Fund assistance	11 831	5 422
6	Expenditure in terms of a separate Act of Parliament		
	Unauthorised Expenditure in terms of an Act of Parliament	63 547	-
	Total Expenditure in terms of an Act of Parliament	63 547	-
7	Foreign Exchange Revaluation		
	Foreign Exchange Revaluation	(41 617 813)	(27 070 397)
	Total Foreign Exchange Revaluation	(41 617 813)	(27 070 397)
8	Cash and cash equivalents		
	Exchequer account		
	Cash with commercial banks	47 353 898	45 064 791
	Cash with SARB	67 157 404	67 157 404
	Foreign Currency Investment	102 082 571	94 404 195
	Other	(2 343 630)	(290 841)
	Total Cash and cash equivalents	214 250 243	206 335 549

Cash and Cash equivalents balances are net off outstanding transfer

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2016

		2015/16 R'000	2014/15 R'000
9	Receivables		
	9.1 Current		
	9.1.1 Voted funds to be surrendered to the Revenue Fund		
	Opening Balance	10 518 488	7 610 585
	Prior period error*	-	124 660
	Restated opening balance	10 518 488	7 735 245
	Amounts to be surrendered	6 405 725	10 482 915
	Received during the year	(10 342 620)	(7 699 672)
	Closing balance	6 581 593	10 518 488
	*See disclosure note on restatements for more details		
	** Home Affairs figures are restated but not audited		
	9.1.2 Departmental Revenue to be surrendered to the Revenue Fund		
	Opening Balance	1 773 510	2 550 806
	Revenue collected	37 194 546	11 074 017
	Received during the year	(36 723 203)	(11 851 313)
	Closing balance	2 244 853	1 773 510
	** Home Affairs figures are restated but not audited		
	9.1.3 Other		
	Opening Balance	3 860 379	114 675
	Amounts to be received	136 384	3 860 379
	Received during the year	(3 860 379)	(114 675)
	Closing balance	136 384	3 860 379
	9.1.4 Unauthorised expenditure funded by NRF		
	Opening Balance	6 844	6 218
	Appropriation for unauthorised expenditure	153 877	6 841
	Received during the year	(5 504)	(6 215)
	Total Appropriation for unauthorised expenditure	155 217	6 844
	Total Receivables	9 118 047	16 159 221
10	Investments		
	Non-Current		
	Foreign		
	International Finance Corporation	256 604	212 096
	International Bank for Reconstruction and Development	30 886 078	25 088 167
	Multilateral Investment Guarantee Agency	264 925	218 973
	African Development Bank	58 780 940	47 035 870
	International Monetary Fund quota subscription	63 327 351	31 386 689
	International Monetary Fund SDR Holding	30 977 308	30 037 914
	New Development Bank	11 049 075	-
	Total Investments - Non-current	195 542 281	133 979 709

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2016

		2015/16 R'000	2014/15 R'000
Current Liabilities			
11	Payables		
	11.1 Current		
	11.1.1 Voted funds to be transferred		
	Opening Balance	192 857	658 157
	Funds not transferred WP 1A,1B & 1E	1 332 652	192 857
	Paid during the year WP 4A	<u>(192 857)</u>	<u>(658 157)</u>
	Closing balance	<u>1 332 652</u>	<u>192 857</u>
	*See disclosure note on restatements for more details		
	11.1.2 Other		
	Opening Balance	1 087 449	310 754
	Amounts to be paid WP 2E, 2F & 9C	2 402 440	1 087 454
	Amount paid during the year WP 9C	<u>(1 087 454)</u>	<u>(310 759)</u>
	Closing balance	<u>2 402 435</u>	<u>1 087 449</u>
	11.1.3 Unauthorised Expenditure NOT funded by Revenue Fund		
	Opening Balance	3 450 625	3 050 585
	Amount paid Approved by Finance Act WP 5A	(46 668)	-
	Unauthorised reported in current financial year WP 5B	<u>175 696</u>	<u>400 040</u>
	Total Appropriation for unauthorised expenditure	<u>3 579 653</u>	<u>3 450 625</u>
	11.1.4 Unauthorised Expenditure funded by Revenue Fund		
	Opening Balance	-	41 770
	Appropriation for unauthorised expenditure (Finance Act passed) WP 5A	63 547	-
	Amount paid during the year WP 5A	<u>(63 547)</u>	<u>(41 770)</u>
	Total Appropriation for unauthorised expenditure	<u>-</u>	<u>-</u>
	Total Payables	7 314 740	4 730 931

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2016

		2015/16 R'000	2014/15 R'000	
12	Borrowings			
	Current			
	Domestic	WP 8A	289 407 101	248 771 450
	Bonds		283 093 028	248 771 450
	Other		6 314 073	-
	Foreign	WP 8B	15 790 392	3 550 588
	Bonds		15 790 392	3 550 588
	Total Current Borrowings		305 197 493	252 322 038
	Non-current Liabilities			
13	Multi Lateral Institutions	WP 8D		
	IMF-Securities Account		54 600 743	29 795 331
	IMF-SDR Allocations		37 056 113	29 991 046
	International Bank for Reconstruction and Development		29 027 702	23 578 570
	Multi- Lateral investment Guarantee Agency		214 633	177 405
	African Development Bank		54 766 407	43 810 648
	New Development Bank		8 839 260	-
	Total Multi Lateral Institutions		184 504 858	127 353 000
14	Borrowings			
	Long Term			
	Domestic	WP 8A	1 529 896 256	1 383 185 815
	Bonds		1 469 976 276	1 336 257 832
	Other		59 919 980	46 927 983
	Foreign	WP 8B	183 816 329	163 280 030
	Bonds		183 816 329	163 280 030
	Total Long Term Borrowings		1 713 712 585	1 546 465 845
15	Revenue collected			
	By SARS		1 026 963 587	936 733 012
	Departmental Revenue collected	WP 2B, 2C, 2D & 9A	51 075 039	24 479 242
	CARA Fund assistance	WP 1C	74 929	182 242
	Total Revenue collected		1 078 113 555	961 394 496
16	Surrenders from Departments			
	Equitable Share / Voted & Statutory funds surrendered	WP 3A	10 342 620	7 699 672
	Unauthorised Expenditure funded by Revenue Fund	WP 5B	5 504	6 215
	Total Surrenders from Departments		10 348 124	7 705 887

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2016

		2015/16 R'000	2014/15 R'000
17	Other revenue received by the Revenue Fund		
	Other surrenders WP 3B	599 338	2 181 898
	Other revenue received WP 3C	2 114 404	1 924 585
	Total Other revenue received	2 713 742	4 106 483
18	Appropriated Payments		
	Annual Appropriation WP 1A	705 798 979	635 783 951
	Statutory Appropriation WP 1B	552 476 222	513 793 498
	CARA Fund assistance WP 4C	11 831	5 422
	Appropriation for unauthorised expenditure approved WP 5A	110 215	41 770
	Total Appropriated Payments	1 258 397 247	1 149 624 641
19	Other Payments		
	Amounts transferred to departments for previous appropriated funds WP 4A	192 857	658 157
	Total Other Payments	192 857	658 157
20	Other investing activities		
	Other investing activities WP 7C	-	-
	Total Other investing activities	-	-
21	Increase/Decrease in borrowings		
	Changes in borrowings WP 8C	175 329 377	186 357 759
	Total Other financing activities	175 329 377	186 357 759
22	Adjustments and Restatements		
	Restatements Disclosure Notes	-	1 102 548
	Adjustments Disclosure Notes	-	-
	Total Adjustments and Restatements	-	1 102 548

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2016

	2015/16 R'000	2014/15 R'000
23		
Net cashflow available from operating activities		
Net surplus /(deficit) as per Statement of Financial Performance	(217 421 770)	(198 632 425)
Add back non cash/cash movements not deemed operating activities		
(Increase)/decrease in receivables-current	50 007 087	21 556 493
(Increase)/decrease in other current assets	10 348 124	7 705 887
Increase/(decrease) in payables-current	3 139 072	(3 281 162)
Voted funds not requested/not received	(46 668)	(41 770)
Approved Statutory Overdrawn	(6 274 820)	(9 850 586)
Other non-cash items	1 223 566	(46 273)
Net cash flow generated by operating activities	41 617 813	27 070 397
	(167 414 683)	(177 075 932)

24 Departures from the Modified Cash Standard granted to SARS

The financial statements comply with the Modified Cash Standard with the Departures disclosed below.

24.1 Revenue recognition: Penalties

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.

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.

24.2 Revenue recognition: Revenue from SACU

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.

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.

24.3 Contingent assets and Liabilities

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.

This 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.

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2016

	2015/16 R'000	2014/15 R'000
Restatement done by NRF for prior years		
Presidency		
NRF did not reverse receivable raised in 2004/05		61

Summary of above mentioned prior period errors

	Revenue	Expenditure	Equity	Assets	Liability
Presidency-voted funds receivable 2004/05	-	-	(61)	(61)	-
Total	-	-	(61)	(61)	-

Reallocation done by Departments 2014/15		
Borrowings - Asset and Liability Management		
Current Borrowings		3 526 794
Non- Current Borrowings		(3 526 794)

Summary of above mentioned prior period errors

	Revenue	Expenditure	Equity	Assets	Liability
ALM-Current borrowing					3 526 794
ALM-Non Current Borrowings					(3 526 794)
Total	-	-	-	-	-

Restatement done by Departments 2014/15

Other (UIF collected by SARS)		
Receivable was not raised in 2014/15 by Unemployment Insurance Fund		199 942

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2016

	2015/16 R'000	2014/15 R'000
Departmental Revenue-The following departments restated revenue		
Home Affairs 14/15		182 989
Home Affairs 13/14		978 730
Civilian Secretariat		2
		1 161 721

Voted Funds to be Surrendered- Arts and Culture		
The department corrected prior period expenditure for 2013/14		124 721
The department restated prior period expenditure for 2014/15		(40 091)
		84 630

Unauthorised Expenditure- Statistics SA		
The department restated prior period unauthorised expenditure not in accordance for 2014/15		1 340

Departmental Revenue - Justice		
Revenue received in the commercial bank 31/03/2016 but not yet included in the PMG account		842

Voted Funds to be Surrendered- Cooperative Governance		
The department restated prior period expenditure for 2014/15		91 236

Summary of above mentioned prior period errors 2014/15

	Revenue	Expenditure	Equity	Assets	Liability
Receivable was not raised in 2014/15 by UIF	(199 942)		(199 942)		199 942
Departmental Revenue Civilian Secretariat	2		2	2	
Departmental Revenue Home Affairs 2014/15	182 989		182 989	182 989	
Voted funds to be surrendered Arts and Culture 2014/15		40 091	(40 091)	(40 091)	
Unauthorised expenditure Statistics SA 2014/15		(1 340)	1 340	1 340	
Voted Funds to be Surrendered-COGTA		(91 236)	91 236	91 236	
Total	(16 951)	(52 485)	35 534	235 476	199 942

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2016

Summary of above mentioned prior period errors 2013/14

	Revenue	Expenditure	Equity	Assets	Liability
Departmental Revenue Home Affairs 2013/14	-	-	978 730	978 730	-
Voted funds to be surrendered Arts and Culture 2013/14	-	-	124 721	124 721	-
Departmental Revenue-Justice	-	-	(842)	(842)	-
Total	-	-	1 102 609	1 102 609	-

	Reflected in Audited Financial Statements for 2014/15	Restatements	Reflected in prior year balance for Audited Financial Statements for 2015/16
	R'000	R'000	R'000
Revenue	968 140 935	(16 951)	968 123 984
Expenditure	1 139 738 497	(52 485)	1 139 686 012
Surplus and Deficit	(171 597 562)	35 534	(171 562 028)
Reserves/ Equity	(1 575 535 417)	1 138 082	(1 574 397 335)
Restatements 2014/15		35 534	
Restatements prior to 2014/15		1 102 548	
Assets	355 136 455	1 338 024	356 474 479
Liabilities	1 930 671 872	199 942	1 930 871 814

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2016

Contingent Asset

	2015/16 R'000	2014/15 R'000
GFE CRA	304 653 118	203 396 438

The GFE CRA, which operates in terms of Sec 28 of the SARB Act, represents the net revaluations profits and losses on gold and foreign exchange transactions which are for the account of the South African government.

Subsequent events

During September 2016, government issued an addition R4.7 billion perpetual going concern guarantee to the South African Airways bringing the total amount of guarantees issued to SAA to R19 billion.

Since March 2016 three credit rating agencies have affirmed South Africa sovereign credit ratings. On 6 May 2016, Moody's affirmed South Africa's 'Baa2' credit rating and revised the outlook from stable to negative. On 3 June 2016, S&P affirmed the country's 'BBB-' credit rating and the outlook remained negative. Fitch, on 8 June 2016, affirmed South Africa's credit rating at 'BBB-' and maintained the stable outlook. Subsequent to that, on 18 July 2016, Fitch aligned South Africa's long-term local currency rating to that of the long-term foreign currency rating at 'BBB-' from 'BBB'. R&I which currently rates the sovereign at 'BBB+' with a negative outlook recently conducted its annual credit review on South Africa from 17 – 19 August 2016 and is expected to make its announcement after the 2016 Medium Term Budget Policy Statement. This implies that South Africa has negative credit outlooks across three rating agencies, with the exception of Fitch which has affirmed the stable outlook on the country's credit worthiness.

Government's debt portfolio is exposed to currency and inflation risk. Since 31 March 2016 to 31 August 2016, the rand strengthened against the US dollar and the Euro by 1.3 and 3.6 per cent respectively. Consequently, the rand equivalent of foreign debt would have decreased by R2.8 billion or 1.4 per cent. In addition, government also held cash deposits of US\$6.9 billion or R102.1 billion. The stronger currency would have decreased the rand value of these deposits by R1.4 billion or 1.3 per cent to R100.7 billion.

Furthermore, revaluing the stock of inflation-linked bonds using the consumer price index (CPI) of 31 August 2016 would have resulted in the outstanding value of inflation-linked bonds increasing by R17.4 billion (4.2 per cent) to R426.4 billion.

Financial Risk Management

Government's debt portfolio during 2015/16 was assessed for a second year against the strategic risk benchmarks which were implemented in 2014/15. Government's 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 2016/17, they will continue to be monitored and reported on a quarterly basis.

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2016

Inflation Risk

Inflation risk is managed by setting a benchmark for the share of inflation-linked bonds (ILB) as a per cent of total domestic debt between 20 to 25 per cent. Due to increasing revaluations the share of inflation-linked bonds as a share of domestic debt was moved towards the upper band of 25 per cent as at the end of March 2016.

Currency Risk

Currency risk is managed by setting a limit of 15 per cent for the share of foreign currency debt as per cent of total debt. as at the end of March 2016, gross foreign debt was 10.1 per cent of total debt. The change in the price of the currency also impacts on the Rand value of government's foreign currency deposits with the Reserve Bank. Government monitors its net foreign debt exposure, the difference between gross foreign debt and foreign currency deposits. Although government does not enter into hedge transactions to limit its exposure to foreign currency volatility, foreign currency cash deposits provide a natural hedge to a portion of the foreign debt portfolio.

Refinancing Risk

Refinancing risk is managed by setting benchmarks for the share of debt maturing within a year (Treasury bills) to 15 per cent of total domestic debt (outcome – 11.8 per cent); the share of debt maturing in 5 years (fixed-rate and inflation-linked bonds) to 25 per cent of total domestic debt (outcome – 18.6 per cent); average term-to-maturity of fixed-rate bonds and Treasury bills within a range of 10 to 14 years (outcome – 12.6 years), and average term-to-maturity of inflation-linked bonds within a range of 14 to 17 years (outcome – 14.9 years). Refinancing risk is also reduced through an active switch programme whereby short dated bonds are exchanged for longer term bonds.

Credit Risk

Government's credit risk arises from the investment of surplus cash with commercial banks, settlement risk from government bond auctions as well as implicit and explicit guarantees to state-owned companies (SOC). Cash invested at commercial banks is limited to 50 per cent of banks' capital and reserves. In addition, National Treasury manages and monitors the risks emanating from its implicit and explicit contingent liabilities, which stem mostly from the issuance of guarantees to SOC. As at 31 March 2016, government guarantees issued to SOC amounted to R467 billion of which R258 billion had been used. On the other hand, exposure to Renewable Energy Independent Power Producers and Public Private Partnership projects amounted to R200 billion and R8.9 billion respectively.

Sovereign Risk

Sovereign credit ratings play an important role in the country's ability to access capital markets as they influence investor perceptions of the quality of a country's debt. South Africa continues to solicit ratings from four major credit rating agencies: Moody's Investors Service (Moody's), S&P Global Ratings (S&P), Fitch Ratings (Fitch) and Rating and Investment Information, Inc. (R&I).

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2016

In January 2016 R&I re-affirmed South Africa's BBB+ credit ratings and also revised its outlook from stable to negative. Moody's re-affirmed the country's at "Baa2" with a negative outlook in May 2016. Furthermore the country was downgraded by Fitch to "BBB-" and simultaneously re-affirmed by S&P with a negative outlook.

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 global growth and volatility have affected investment and trade in many developing economies. Economic growth for South Africa will be 0.5% for 2016, rising to 1.7% in 2017. South Africa's debt portfolio has been growing for the past number of years. If South Africa does the right things to support investment and confidence the budget deficit can decline to 2.5% in 2019/20. 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 2016 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:

- Inclusive growth is South Africa's objective.
- Macroeconomic and fiscal framework sets limits to government debt and expenditure while also supporting stronger public and private sector investment.
- Concerted implementation of our nine point plan of the National Development Plan.
- Policy initiatives across a wide range of sectors aimed at broadening participation and enhancing economic development.

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2016

Working Paper 1A STATEMENT OF EQUITABLE SHARE/VOTED FUNDS TRANSFERRED TO DEPARTMENTS AS AT 31 MARCH 2016

Name of Department	Appropriation Act	Funds transferred	Actual Expenditure	Unauthorised Expenditure funded by NRF/PRF WP 5B	Total Actual expenditure	Outstanding Request	Voted funds to be surrendered	Unauthorised expenditure not funded by NRF/PRF WP 5B
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Presidency	475 929	475 929	469 303	-	469 303	-	6 626	-
Parliament	1 594 238	1 594 238	1 594 238	-	1 594 238	-	-	-
Cooperative Governance and Traditional Affairs	70 815 477	70 815 477	68 097 537	-	68 097 537	-	2 717 940	-
Home Affairs **	7 348 725	7 348 725	7 343 331	-	7 343 331	-	5 394	-
International Relations and Cooperation	6 510 854	6 510 854	6 644 764	-	6 644 764	-	32 614	166 524
Planning Monitoring and Evaluation	754 200	754 200	748 777	-	748 777	-	5 423	-
Public Works	6 312 222	6 312 222	6 281 147	-	6 281 147	-	31 075	-
Women	189 102	189 102	188 366	-	188 366	-	2 984	2 248
Communications	1 290 888	1 290 888	1 288 042	-	1 288 042	-	2 846	-
National Treasury	29 005 061	29 005 061	28 690 816	-	28 690 816	-	314 245	-
Public Enterprise	23 302 594	23 302 594	23 259 675	-	23 259 675	-	42 919	-
Public Service and Administration	941 482	941 482	934 792	-	934 792	-	6 690	-
Statistics S A	2 323 256	2 323 256	2 273 540	-	2 273 540	-	56 519	6 803
Arts and Culture	3 826 047	3 826 047	3 762 353	-	3 762 353	-	63 694	-
Basic Education	21 286 426	21 286 426	20 796 125	153 877	20 642 248	-	490 301	-
Health	36 253 925	36 253 925	36 038 825	-	36 038 825	-	215 100	-
Higher Education and Training	41 880 138	41 880 138	41 795 554	-	41 795 554	-	84 584	-
Labour	2 704 234	2 704 234	2 611 995	-	2 611 995	-	92 239	-
Social Development	137 893 640	137 052 299	136 405 673	-	136 405 673	-	646 626	-
Sport and Recreation S A	980 879	980 879	979 902	-	979 902	-	977	-

UNAUDITED SUPPLEMENTARY WP

For the year ended 31 March 2016

Name of Department	Appropriation Act	Funds transferred	Actual Expenditure	Unauthorised Expenditure funded by NRF/PRF WP 5B	Total Actual expenditure	Outstanding Request	Voted funds to be surrendered	Unauthorised expenditure not funded by NRF/PRF WP 5B
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Correctional Services	20 588 554	20 588 554	20 588 675	-	20 588 675	-	-	121
Defence and Military Veterans	45 088 161	45 088 161	45 071 534	-	45 071 534	-	16 627	-
Independent Complaints Directorate	234 781	234 781	234 157	-	234 157	-	624	-
Justice and Constitutional Development	15 010 773	15 010 773	14 971 780	-	14 971 780	-	38 993	-
Office of the Chief Justice	783 379	783 379	767 686	-	767 686	-	15 693	-
Police	76 720 848	76 720 848	76 720 801	-	76 720 801	-	47	-
Agriculture, Forestry and Fisheries	6 408 750	6 408 750	6 400 542	-	6 400 542	-	8 208	-
Telecommunications	1 405 253	1 405 253	1 300 097	-	1 300 097	-	105 156	-
Economic Development	885 778	885 778	883 733	-	883 733	-	2 045	-
Energy	7 267 619	7 267 619	7 142 117	-	7 142 117	-	125 502	-
Environmental Affairs	5 943 297	5 943 297	5 937 920	-	5 937 920	-	5 377	-
Human Settlements	30 543 381	30 543 381	30 034 544	-	30 034 544	-	508 837	-
Minerals Resources	1 638 542	1 638 542	1 638 481	-	1 638 481	-	61	-
Rural Development and Land Reform	9 197 361	9 197 361	9 118 047	-	9 118 047	-	79 314	-
Science and Technology	7 466 106	7 466 106	7 437 462	-	7 437 462	-	28 644	-
Small Business Development	1 127 520	1 114 791	1 098 891	-	1 098 891	-	15 900	-
Tourism	1 794 178	1 794 178	1 777 394	-	1 777 394	-	16 784	-
Trade and Industry	9 497 844	9 497 844	9 471 659	-	9 471 659	-	26 185	-
Transport	53 615 077	53 615 077	53 320 787	-	53 320 787	-	294 290	-
Water Affairs	15 746 530	15 746 530	15 556 974	-	15 556 974	-	189 556	-
Total	706 653 049	705 798 979	699 678 036	153 877	699 524 159	-	6 296 639	175 696

** Home Affairs figures are not audited

UNAUDITED SUPPLEMENTARY WP

For the year ended 31 March 2016

WORKING PAPER 1A STATEMENT OF EQUITABLE SHARE/ VOTED FUNDS TRANSFERRED TO DEPARTMENTS AS AT 31 MARCH 2015

Name of Department	Appropriation Act	Funds transferred	Actual Expenditure Excluding Unauthorised Expenditure funded by NRF/PRF	Unauthorised Expenditure funded by NRF/PRF WP 5B	Total Actual expenditure	Outstanding Request	Voted funds to be surrendered	Unauthorised expenditure not funded by NRF/PRF WP 5B
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Presidency	652 170	652 170	620 432	-	620 432	-	31 738	-
Parliament	1 508 170	1 508 170	1 508 170	-	1 508 170	-	-	-
Cooperative Governance and Traditional Affairs*	63 453 885	63 453 885	59 386 548	-	59 386 548	-	4 067 337	-
Home Affairs **	7 223 702	7 223 702	7 223 328	-	7 223 328	-	374	-
International Relations and Cooperation	6 104 324	6 104 324	5 991 552	-	5 991 552	-	112 772	-
Planning Monitoring and Evaluation	733 842	733 842	709 147	-	709 147	-	24 695	-
Public Works	6 121 320	6 121 320	6 022 038	5 501	6 016 537	-	99 282	-
Women	184 764	184 764	181 538	-	181 538	-	3 226	-
Communications	425 069	425 069	424 631	-	424 631	-	1 148	710
National Treasury	26 703 923	26 703 923	26 182 531	-	26 182 531	-	521 392	-
Public Enterprise	322 927	317 927	298 446	-	298 446	-	19 481	-
Public Service and Administration	875 074	875 074	813 826	-	813 826	-	61 248	-
Statistics S A *	2 242 514	2 242 514	2 156 435	1 340	2 155 095	-	86 079	-
Arts and Culture*	3 524 748	3 524 748	3 492 221	-	3 492 221	-	32 527	-
Basic Education	19 689 873	19 689 873	19 528 903	-	19 528 903	-	167 458	6 488
Health	33 900 570	33 900 570	33 154 655	-	33 154 655	-	745 915	-

UNAUDITED SUPPLEMENTARY WP

For the year ended 31 March 2016

Name of Department	Appropriation Act R'000	Funds transferred R'000	Actual Expenditure Excluding Unauthorised Expenditure funded by NRF/PRF R'000	Unauthorised Expenditure funded by NRF/PRF WP 5B R'000	Total Actual expenditure R'000	Outstanding Request R'000	Voted funds to be surrendered R'000	Unauthorised expenditure not funded by NRF/PRF WP 5B R'000
Higher Education and Training	36 866 681	36 866 681	36 865 521	-	36 865 521	-	1 160	-
Labour	2 546 292	2 546 292	2 419 936	-	2 419 936	-	126 356	-
Social Development	128 593 644	127 919 246	127 856 460	-	127 856 460	-	62 786	-
Sport and Recreation S A	970 404	970 404	966 825	-	966 825	-	3 579	-
Correctional Services	19 721 839	19 721 839	19 529 254	-	19 529 254	-	192 585	-
Defence and Military Veterans	42 856 879	42 856 879	42 842 381	-	42 842 381	-	14 498	-
Independent Complaints Directorate	234 719	229 564	232 404	-	232 404	2 840	-	-
Justice and Constitutional Development	15 161 871	15 161 871	14 900 305	-	14 900 305	-	261 566	-
Police	72 507 243	72 507 243	72 507 225	-	72 507 225	-	18	-
Agriculture, Forestry and Fisheries	6 692 383	6 692 383	6 628 873	-	6 628 873	-	63 510	-
Telecommunications	2 236 657	2 236 657	2 181 676	-	2 181 676	-	54 981	-
Economic Development	696 860	696 860	694 912	-	694 912	-	1 948	-
Energy	7 437 794	7 437 794	6 220 113	-	6 220 113	-	1 217 681	-
Environmental Affairs	5 680 386	5 680 386	5 675 059	-	5 675 059	-	5 327	-
Human Settlements	29 417 605	29 417 605	29 358 232	-	29 358 232	-	59 373	-
Minerals Resources	1 475 541	1 475 540	1 475 157	-	1 475 157	-	383	-
Rural Development and Land Reform	9 455 305	9 455 305	9 395 755	-	9 395 755	-	59 550	-
Science and Technology	6 479 890	6 479 890	6 389 044	-	6 389 044	-	90 846	-
Tourism	1 583 260	1 583 260	1 557 594	-	1 557 594	-	25 666	-
Trade and Industry	9 918 729	9 886 222	9 785 299	-	9 785 299	-	100 923	-
Transport	48 770 669	48 770 669	49 147 098	-	49 147 098	-	16 413	392 842
Water Affairs	13 647 401	13 529 486	11 616 682	-	11 616 682	-	1 912 804	-
Total	636 618 927	635 783 951	625 940 206	6 841	625 933 365	2 840	10 246 625	400 040

* See disclosure note on restatements for more details

** Home Affairs figures are not audited

UNAUDITED SUPPLEMENTARY WP

For the year ended 31 March 2016

WORKING PAPER 1B STATEMENT OF EQUITABLE SHARE/ STATUTORY FUNDS TRANSFERRED TO DEPARTMENTS AS AT 31 MARCH 2016

Name of Department	Appropriation Act	Funds transferred	Actual Expenditure	Outstanding Request	Voted funds to be surrendered
	R'000	R'000	R'000	R'000	R'000
Presidency	5 726	5 726	5 620	-	106
Parliament	503 132	503 132	503 132	-	-
National Treasury					
Provinces	386 500 009	386 500 009	386 500 009	-	-
General Fuel Levy	10 658 909	10 658 909	10 658 909	-	-
State Debt Cost					
Interest	127 792 018	127 416 790	128 735 506	1 318 716	-
Management	60 000	41 235	41 237	2	-
Cost of raising loans	50 000	8 807 818	8 807 818	-	-
Higher Education and Training	15 800 000	15 156 433	15 156 433	-	-
Justice and Constitutional Development	1 830 769	1 830 769	1 721 789	-	108 980
Office of the Chief Justice	873 748	873 748	887 682	13 934	-
ALM (National Revenue Fund Payments)	681 654	681 653	681 653	-	-
Total	544 755 965	552 476 222	553 699 788	1 332 652	109 086

UNAUDITED SUPPLEMENTARY WP

For the year ended 31 March 2016

WORKING PAPER 1B STATEMENT OF EQUITABLE SHARE/ STATUTORY FUNDS TRANSFERRED TO DEPARTMENTS AS AT 31 MARCH 2015

Name of Department	Appropriation Act		Funds transferred		Actual Expenditure		Outstanding Request		Voted funds to be surrendered	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Presidency	5 450	5 450	5 450	4 830	-	620	-	-	-	-
Parliament	481 006	481 781	481 781	481 781	-	-	-	-	-	-
National Treasury										
Provinces	362 468 075	362 468 075	362 468 075	362 468 075	-	-	-	-	-	-
General Fuel Levy	10 190 162	10 190 162	10 190 162	10 190 162	-	-	-	-	-	-
State Debt Cost										
Interest	114 375 032	114 513 781	114 513 781	114 703 789	190 008	-	-	-	-	-
Management	60 000	37 928	37 928	37 937	9	-	-	-	-	-
Cost of raising loans	50 000	8 245 351	8 245 351	8 245 351	-	-	-	-	-	-
Higher Education and Training	13 200 000	13 838 798	13 838 798	13 838 798	-	-	-	-	-	-
Justice and Constitutional Development	2 730 266	2 730 266	2 730 266	2 494 596	-	-	-	-	235 670	-
ALM (National Revenue Fund Payments) ¹	310 857	1 281 906	1 281 906	1 281 906	-	-	-	-	-	-
Total	503 870 848	513 793 498	513 793 498	513 747 225	190 017	236 290				

¹National Revenue Fund payments (previously known as extra-ordinary payments) are also included in expenditure in line with global standards, in particular the International Monetary Fund's Government Finance Statistics Manual 2001. Detailed information on these transactions is provided in Working paper 4F.

UNAUDITED SUPPLEMENTARY WP

For the year ended 31 March 2016

WORKING PAPER 1C STATEMENT OF CARA RECEIPTS

	2015/16		2014/15	
	Amount Received	Amount Received by Revenue Fund	Amount Received	Amount Received by Revenue Fund
Non-operating Income Items				
Criminal Assets Recovery Account	R'000	R'000	R'000	R'000
	74 929	74 929	182 242	182 242
Total	74 929	74 929	182 242	182 242

WORKING PAPER 2A STATEMENT OF REVENUE COLLECTED BY SARS

Revenue Items	2015/16		2014/15	
	Amount Collected	Amount Collected	Amount Collected	Amount Collected
Taxation				
Income tax	606 817 775	561 786 952		
Value-added tax / Sales tax	281 111 410	261 294 788		
Fuel levy	51 016 551	45 497 934		
Customs duties	45 397 883	39 986 347		
Excise duties	36 603 424	34 227 902		
Skills Development Levy	15 220 158	14 032 119		
Other taxes	15 044 472	12 470 331		
Environmental levy	9 983 738	10 396 682		
Road accident fund recoupment	4 590 750	2 968 598		
SACU member duties	2 339 598	1 774 605		
Air Passenger tax	941 226	906 575		
State miscellaneous revenue	564 550	638 292		
Universal Service Fund	198 612	176 681		
Diamond export levy	126 834	117 077		
Turnover Tax on small business	22 878	17 309		
Small business tax amnesty	2 759	2 827		
Total Taxation	1 069 982 618	986 295 019		

UNAUDITED SUPPLEMENTARY WP

For the year ended 31 March 2016

	2015/16	2014/15
Revenue Items	Amount Collected R'000	Amount Collected R'000
Non-taxation		
Road accident fund levy	32 027 309	22 038 712
Unemployment Insurance Fund (UIF)	16 751 065	15 807 982
Mineral and petroleum resource royalty	3 707 898	5 422 007
Mining leases and ownership	35 490	33 038
Provincial administration receipts	102	413
Total Non-taxation	52 521 864	43 302 152
Total Revenue	1 122 504 482	1 029 597 171
Less: South African Customs Union Agreement	51 021 909	51 737 656
Less: Payment to sec 12(3) of the PFMA	105	333
Less: Payment to UIF	16 601 186	15 777 974
Less: Payable by SARS to UIF	149 879	199 942
Less: Payment to RAF	31 441 748	21 582 491
Less: Payable by SARS to RAF	129 340	145 462
Net Revenue for the Year	1 023 160 315	940 153 313
Amount payable by SARS to RAF		
Amount collected by SARS	32 027 309	22 038 712
Less: Amount requested by RAF	31 441 748	21 582 491
Sub total	585 561	456 221
Recover/(refund) of receivable/(payable)	(456 221)	(310 759)
Total amount payable by SARS to RAF	129 340	145 462

UNAUDITED SUPPLEMENTARY WP

For the year ended 31 March 2016

Name of Department	STATEMENT OF DEPARTMENTAL REVENUE COLLECTED AS AT 31 MARCH 2016									
	National Revenue Fund receipts R'000	Sales of goods and services other than capital assets R'000	Transfers received R'000	Fines, penalties and forfeits R'000	Interest, dividends and rent on land R'000	Sale of capital assets R'000	Financial transactions in assets and liabilities R'000	Total received R'000	Amount Received by Revenue Fund R'000	
Presidency		355	-	-	107	495	1 967	2 924	3 246	
Cooperative Governance		158	-	-	291	-	667	1 116	926	
Traditional Affairs		29	-	-	-	-	-	29	31	
Home Affairs**		996 185	-	15 314	419	229	11 896	1 024 043	1 057 886	
International Relations and Cooperation		1 013	-	-	1 740	5 807	26 324	34 884	31 584	
Planning, Monitoring and Evaluation		88	-	-	42	16	271	417	399	
Public Works		985	-	-	2 300	9	3 812	7 106	6 857	
Women		17	-	-	-	-	25	42	72	
Government Communications and Information Systems		3 538	-	-	224	-	441	4 203	4 195	
National Treasury	92 761	38 639	-	-	4 640 219	17	923 456	5 695 092	5 237 948	
Public Enterprise		72	-	-	7	187	3 111	3 377	3 378	
Public Service Commission		88	-	-	(1)	-	124	211	339	
National School of Government		33	-	-	50	14	5	102	102	
Public Service and Administration		277	-	-	4	213	947	1 441	1 463	
Centre for Public Service Innovation		2	-	-	-	-	-	2	1	
Statistics S A		1 115	-	-	124	-	8 816	10 055	10 078	
Arts and Culture		322	-	-	8	125	2 515	2 970	3 113	
Basic Education		2 686	-	-	10 121	22	5 425	18 254	13 259	
Health		46 096	-	-	6 536	-	1 253	53 885	46 292	
Higher Education and Training		8 998	-	-	3 791	172	2 483	15 444	14 791	
Labour		4 141	-	1 009	1 303	105	3 498	10 056	10 059	
Social Development		3	-	-	12 312	-	11 611	23 926	51 962	
Sport and Recreation S A		60	-	-	2	-	344	406	266	
Correctional Services		56 028	-	20 087	322	7 305	45 575	129 317	130 274	
Defence and Military Veterans		442 016	-	524 130	3 890	36 212	75 775	1 082 623	1 066 636	
Military Veterans		23	-	-	-	-	766	789	2 353	
Independent Complaints Directorate		90	-	-	7	-	64	161	156	
Justice and Constitutional Development		62 161	-	5 135	237 084	4 567	14 459	328 627	340 433	

WORKING PAPER 2B

STATEMENT OF DEPARTMENTAL REVENUE COLLECTED AS AT 31 MARCH 2016

UNAUDITED SUPPLEMENTARY WP

For the year ended 31 March 2016

Name of Department	National Revenue Fund receipts	Sales of goods and services other than capital assets	Transfers received	Fines, penalties and forfeits	Interest, dividends and rent on land	Sale of capital assets	Financial transactions in assets and liabilities	Total received	Amount Received by Revenue Fund
	R'000								R'000
Office of the Chief Justice		533	-	30	21	-	194	778	645
Police		237 620	-	11 184	1 128	62 650	165 610	478 192	477 595
Civilian Secretariat		-	-	-	-	-	-	-	-
Agriculture, Forestry and Fisheries		186 027	355	270	5 143	1 720	18 899	212 414	187 671
Communications		12	-	-	3 406	-	68	3 486	3 487
Telecommunications		52	-	-	1 335 925	-	25 468 458	26 804 435	26 804 521
Economic Development		35	-	-	50 278	-	(17)	50 296	432
Small Business Development		46	-	-	-	-	75	121	119
Energy		3 885	1 059	-	489	111	800 443	805 987	807 293
Environmental Affairs		3 790	-	2 080	124	114	5 378	11 486	17 456
Human Settlements		202	-	-	166	-	869	1 237	1 248
Minerals Resources		6 486	-	847	22 268	-	162	29 763	28 525
Rural Development and Land Reform		23 695	-	-	20 947	790	9 211	54 643	71 781
Science and Technology		51	-	-	6	-	457	514	600
Tourism		165	-	-	559	84	5 962	6 770	6 914
Trade and Industry		538	2 985	28	3 561	360	54 507	61 979	56 736
Transport		556	-	-	205 644	-	3 735	209 935	209 928
Water Affairs		2 576	-	-	2 428	31	5 973	11 008	10 153
Total	92 761	2 131 487	533 664	288 533	6 341 132	121 355	27 685 614	37 194 546	36 723 203

** Home Affairs figures are not audited

UNAUDITED SUPPLEMENTARY WP

For the year ended 31 March 2016

WORKING PAPER 2B STATEMENT OF DEPARTMENTAL REVENUE COLLECTED AS AT 31 MARCH 2015

Name of department	National Revenue Fund receipts		Sales of goods and services other than capital assets		Transfers received		Fines, penalties and forfeits		Interest, dividends and rent on land		Sale of capital assets		Financial transactions in assets and liabilities		Total received		Amount Received by Revenue Fund	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Presidency		347	1 046	-	106	-	-	-	-	-	108	119	1 726	1 298	1 726	1 298		
Cooperative Governance and Traditional Affairs		174	-	-	1	-	-	-	-	53	1 688	1 916	2 892		1 916	2 892		
Traditional Affairs		4	-	-	-	-	-	-	-	-	-	4	-		4	-		
Home Affairs**		894 869	-	46 850	636	-	-	-	-	577	7 161	950 093	644 412		950 093	644 412		
International Relations and Cooperation		903	-	7	1 090	-	-	-	-	3 033	30 114	35 147	30 602		35 147	30 602		
Planning, Monitoring and Evaluation		54	-	-	8	-	-	-	-	-	26	88	85		88	85		
Public Works		6 667	-	7	5 019	-	-	-	-	-	4 439	16 132	57 051		16 132	57 051		
Women		18	-	-	-	-	-	-	-	-	6	24	23		24	23		
Government Communications and Information Systems		381	-	-	105	-	-	-	-	-	-	261	754		747	754		
National Treasury	85 573	65 791-	-	-	4 580 566	-	-	-	-	-	-	952 773	6 244 052		5 684 703	6 244 052		
Public Enterprise		68	-	-	3	-	-	-	-	130	2	203	247		203	247		
Public Service Commission		57	-	-	34	-	-	-	-	-	190	281	113		281	113		
National School of Government		30	-	-	50	-	-	-	-	31	-	111	111		111	111		
Public Service and Administration		284	-	-	11	-	-	-	-	205	479	979	1 045		979	1 045		
Statistics S A		936	-	-	94	-	-	-	-	10	3 963	5 003	4 745		5 003	4 745		
Arts and Culture		263	-	4	12	-	-	-	-	25	2 997	3 301	2 987		3 301	2 987		
Basic Education		4 672	-	-	13 355	-	-	-	-	301	39 244	57 572	66 227		57 572	66 227		
Health		54 033	-	-	6 337	-	-	-	-	-	5 770	66 140	128 441		66 140	128 441		
Higher Education and Training		5 623	-	-	3 343	-	-	-	-	15	2 585	11 566	11 439		11 566	11 439		
Labour		3 943	-	-	1 318	-	-	-	-	1 108	4 769	11 142	22 016		11 142	22 016		
Social Development		23	-	-	-	-	-	-	-	-	-	51 386	59 534		62 896	59 534		
Sport and Recreation S A		52	-	-	6	-	-	-	-	-	-	49	120		107	120		
Correctional Services		57 347	-	-	724	-	-	-	-	7 423	56 099	139 752	137 587		139 752	137 587		
Defence and Military Veterans		289 632	542 149	1 733	3 558	-	-	-	-	42 507	44 213	923 792	855 796		923 792	855 796		

UNAUDITED SUPPLEMENTARY WP

For the year ended 31 March 2016

Name of department	National Revenue Fund receipts	Sales of goods and services other than capital assets	Transfers received	Fines, penalties and forfeits	Interest, dividends and rent on land	Sale of capital assets	Financial transactions in assets and liabilities	Total received	Amount Received by Revenue Fund
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Military Veterans		16	-	-	-	-	3 033	3 049	1 505
Independent Complaints Directorate		150	-	-	16	-	540	706	710
Justice and Constitutional Development		52 129	3 481	204 892	11 564	1 999	63 492	337 557	340 404
Police		212 166	-	18 929	1 210	15 541	141 560	389 406	378 025
Civilian Secretariat		2	-	-	-	-	-	2	-
Agriculture, Forestry and Fisheries		31 368	727	33	6 727	1 034	19 901	59 790	65 415
Telecommunications		57	728	-	1 669 514	-	1 705	1 672 004	1 797 942
Economic Development		85	-	-	42 002	-	45	42 132	42 692
Energy		3 133	-	-	47	510	1 587	5 277	4 258
Environmental Affairs		3 662	-	1 742	98	1 443	24 946	31 891	29 681
Human Settlements		130	-	-	286	-	524	940	1 028
Minerals Resources		3 077	-	1 117	31 755	1 360	8 745	46 054	80 417
Rural Development and Land Reform		20 787	-	-	13 503	523	51 874	86 687	102 311
Science and Technology		50	-	-	3	-	1 549	1 602	2 229
Tourism		163	-	-	10	24	3 307	3 504	3 325
Trade and Industry		524	2 925	97	1 348	223	77 434	82 551	90 986
Transport		611	-	-	230 734	-	90 762	322 107	594 314
Water Affairs		2 360	63	-	2 544	-	10 366	15 333	44 494
Total	85 573	1 716 641	551 119	305 061	6 627 737	78 183	1 709 703	11 074 017	11 851 313

* See disclosure note on restatements for more details

** Home Affairs figures are restated but not audited

UNAUDITED SUPPLEMENTARY WP

For the year ended 31 March 2016

WORKING PAPER 2C STATEMENT OF NATIONAL REVENUE FUND RECEIPTS

Items	2015/16	2014/15
	Amount Received by Revenue Fund R'000	Amount Received by Revenue Fund R'000
Cash	92 761	85 573
Revenue Fund Receipts: SASRIA Special Restructuring Proceeds	-	40 000
Revenue Fund Receipts: Hermes fees on Foreign Loans	25 690	-
Revenue Fund Receipts: Local Government Surrender	67 071	45 573
Non-Cash	14 351 836	12 607 929
Revenue Fund Receipts: Penalties on Retail Bonds	2 968	2 647
Revenue Fund Receipts: Premium Received	2 564 903	2 730 037
Revenue Fund Receipts: Premium on Bonds issued	2 873 818	5 467 552
Revenue Fund Receipts: Profit on Foreign Currency Investment	8 869 129	4 406 735
Revenue Fund Receipts: Profit on scrip lending	10 129	958
Revenue Fund Receipts: Hermes fees on Foreign Loans	30 889	-
Total	14 444 597	12 693 502

UNAUDITED SUPPLEMENTARY WP

For the year ended 31 March 2016

WORKING PAPER 3A

STATEMENT OF VOTED FUNDS SURRENDERED FOR PREVIOUS APPROPRIATIONS

Name of Department	2015/16		2014/15	
	Appropriated funds/ Equitable Share R'000		Appropriated funds/ Equitable Share R'000	
Presidency	32 358		13 727	
Cooperative Governance and Traditional Affairs	3 976 101		2 056 685	
Home Affairs	374		2 165	
International Relations and Cooperation	108 689		200 888	
Performance Monitoring and Evaluation	24 695		1 018	
Public Works	99 284		152 613	
Women Children and People with Disabilities	5 665		10 932	
Government Communications and Information Systems	1 148		-	
National Treasury	521 392		125 208	
ALM	-		67 247	
Public Enterprise	19 481		21 671	
Public Service and Administration	61 248		29 440	
Statistics S A	86 079		13 199	
Arts and Culture	-		159 557	
Basic Education	167 458		608 161	
Health	745 915		703 085	
Higher Education and Training	1 160		1 931	
Labour	126 356		73 803	
Social Development	62 786		1 411 585	
Sport and Recreation S A	3 580		677	
Correctional Services	241 998		48 482	
Defence and Military Veterans	14 498		210 662	
Independent Police Investigative Directorate	-		23 848	
Justice	497 236		752 902	
Police	18		28	
Agriculture, Forestry and Fisheries	63 510		70 969	
Telecommunications	54 980		14 072	
Economic Development	1 947		71	

UNAUDITED SUPPLEMENTARY WP

For the year ended 31 March 2016

	2015/16	2014/15
	Appropriated funds/ Equitable Share	Appropriated funds/ Equitable Share
	R'000	R'000
Energy	1 217 681	26 180
Environmental Affairs	5 327	6 535
Human Settlements	59 378	552 463
Minerals Resources	383	6 628
Rural Development and Land Reform	59 550	5 684
Science and Technology	90 846	28 666
Tourism	25 666	7 907
Trade and Industry	100 925	87 418
Transport	16 413	127 575
Water Affairs	1 912 804	96 824
Refunds	(64 309)	(20 834)
Refund GCIS 2012/13 Surrender	-	(20 545)
Refund Sports 2012/13 Surrender	-	(220)
Refund Women 2012/13 Surrender	-	(69)
Arts and Culture	(64 309)	-
Total	10 342 620	7 699 672

UNAUDITED SUPPLEMENTARY WP

For the year ended 31 March 2016

WORKING PAPER 3B STATEMENT OF OTHER SURRENDERS

Name of Department	2015/16		2014/15	
	Amount Surrendered	R'000	Amount Surrendered	R'000
Other Sunders	108 480	783 452		
Parliament	-	51 944		
Palama	4 617	-		
Public Service Commission	231	-		
Public Enterprise	131	-		
Various received in excess	10	14		
Military Veterans	41 940	185 481		
Human Settlement-National Housing Finance Corporation	-	328 682		
Sports and Recreation	-	4 932		
Human Settlement-SHRA	-	170 629		
Arts and Culture	38 745	41 770		
Traditional Affairs	4 112	-		
Civilian Secretariat Police	17 403	-		
Economic Development	1 291	-		
Conditional Grant	532 758	1 398 446		
National Treasury: Western Cape	20 376	-		
Basic Education Gauteng	13	90		
Basic Education: Free State	-	26 223		
Basic Education: Limpopo	-	115 936		
Basic Education: Eastern Cape	-	22 304		
Basic Education: KZN	-	779		
Basic Education: Northern Cape	-	1 797		
Basic Education: Western Cape	-	37 157		
Basic Education: Mpumalanga	-	3 416		
Basic Education: Basic Education	-	8 042		
Health: Limpopo	-	266 226		
Health: Northern Cape	-	23 154		
Health: Mpumalanga	-	8 678		
Health: Free State	-	73 355		
Health: Kwazulu Natal	-	5 622		
Health: Western Cape	-	1 938		
Health: Eastern Cape	5 014	1 942		
Health: Gauteng	-	290 569		

UNAUDITED SUPPLEMENTARY WP

For the year ended 31 March 2016

	2015/16	2014/15
	Amount	Amount
	Surrendered	Surrendered
	R'000	R'000
Human Settlement: North West	-	88
Human Settlement: Gauteng	473 338	10 307
Human Settlement: Limpopo	-	213 233
Human Settlement: KZN	-	-
Human Settlement: Mpumalanga	8 000	47 143
Human Settlement: Northern Cape	-	26 185
Human Settlement: Eastern Cape	17 994	-
Arts & Culture: Northern Cape	-	2 741
Public Works: Eastern Cape	-	2 518
Arts & Culture: Free State	-	456
Arts & Culture: Eastern Cape	-	1 133
Arts & Culture: Gauteng	-	47
Arts & Culture: North West	-	23 559
Public Works: Free State	-	853
Public Works: Gauteng	-	914
Public Works: Limpopo	-	24 461
Public Works: Mpumalanga	-	1 847
Public Works: KZN	-	793
Public Works: Western Cape	-	234
Public Works: Northern Cape	-	3 035
Public Works: North West	-	81 962
Sports and Recreation: Northern Cape	-	879
Sports and Recreation: North West	-	6 041
Sports and Recreation: Eastern Cape	-	2 410
Sports and Recreation: Limpopo	-	3 861
Sports and Recreation: Gauteng	-	311
Sports and Recreation: Western Cape	-	9 064
Higher Education: KZN	-	38 743
Higher Education: North West	-	584
Higher Education: Gauteng	-	3 139
Higher Education: Eastern Cape	8 023	4 677
REFUNDS	(41 900)	-
Refund Arts and Culture	(41 769)	-
Refunds Public Enterprise	(131)	-
Total	599 338	2 181 898

UNAUDITED SUPPLEMENTARY WP

For the year ended 31 March 2016

WORKING PAPER 3C STATEMENT OF OTHER REVENUE RECEIVED

Name of Department	Amount to be Received	Amount Received by Revenue Fund	Amount to be Received	Amount Received by Revenue Fund
	R'000	R'000	R'000	R'000
Reallocated from Departmental Revenue		1 998 078		981 249
Department of Mineral Resources: Mineral Royalties	-	771		-
Department of Communication: ICASA	-	1 122 605		981 249
Reallocation of Revenue collected by DTI on behalf of various entities	-	194 261		-
Economic Development: Competition Commission	-	675 445		-
Telecommunication: ICASA	-	4 959		-
Rural Development	-	37		-
Other	-	116 326		943 336
Asset Forfeiture Unit Court Order	-	103 596		62 817
Economic Development	-	-		880 361
Justice and Constitutional Development	-	-		158
Prevention of Organised Crime Act (POCA)	-	12 730		-
Total	-	2 114 404		1 924 585

UNAUDITED SUPPLEMENTARY WP

For the year ended 31 March 2016

WORKING PAPER 4A STATEMENT OF AMOUNTS TRANSFERRED TO DEPARTMENTS FOR PREVIOUS APPROPRIATED FUNDS

Name of Department	2015/16			2014/15		
	Equitable Share R'000	Conditional Grants R'000	Amount Transferred R'000	Equitable Share R'000	Conditional Grants R'000	Amount Transferred R'000
Asset and Liability Management IPID	190 017 2 840	- -	190 017 2 840	658 157 -	- -	658 157 -
Total	192 857	-	192 857	658 157	-	658 157

WORKING PAPER 4B STATEMENT OF OTHER EXPENDITURE

NOT APPLICABLE TO NRF

WORKING PAPER 4C STATEMENT OF CARA PAYMENTS

Name of Department	2015/16		2014/15	
	Amount Approved R'000	Amount transferred by Revenue Fund R'000	Amount Approved R'000	Amount transferred by Revenue Fund R'000
Criminal Assets Recovery Account	11 831	11 831	5 422	5 422
Total	11 831	11 831	5 422	5 422

UNAUDITED SUPPLEMENTARY WP

For the year ended 31 March 2016

WORKING PAPER 4D
STATEMENT OF OTHER EXPENDITURE

NOT APPLICABLE TO NRF

WORKING PAPER 4E
STATEMENT OF OTHER EXPENDITURE

NOT APPLICABLE TO NRF

WORKING PAPER 4F
STATEMENT OF ADDITIONAL INFORMATION ON NATIONAL REVENUE FUND PAYMENTS

Items	2015/16		2014/15	
	Amount to be Transferred R'000	Amount Transferred by Revenue Fund R'000	Amount to be Transferred R'000	Amount Transferred by Revenue Fund R'000
GFE CRA	152 823		67 837	67 837
Premium paid	528 830		1 214 069	1 214 069
Total	681 653	-	1 281 906	1 281 906

UNAUDITED SUPPLEMENTARY WP

For the year ended 31 March 2016

WORKING PAPER 5A STATEMENT OF APPROPRIATION FOR UNAUTHORISED EXPENDITURE AS AT 31 March 2016

Name of Department	Unauthorised approved by Finance Act									
	With Funding					Without Funding				
	Finance Act No	Financial Year	Amount Approved Funded by NRF/PRF R'000	Amount Transferred R'000	Amount Approved Not funded by NRF/PRF R'000	Amount Transferred R'000	Amount Approved Not funded by NRF/PRF R'000	Amount Transferred R'000	Amount Approved Not funded by NRF/PRF R'000	Amount Cancelled Funded by NRF
Presidency	No.19	2015	-	-	14 511	14 511	-	-	-	-
Presidency Women	No.19	2015	-	-	28 428	28 428	-	-	-	-
Social Development	No.19	2015	-	-	3 729	3 729	-	-	-	-
DTI	No.19	2015	26 168	26 168	-	-	-	-	-	-
	No.19	2015	37 379	37 379	-	-	-	-	-	-
Total			63 547	63 547	46 668	46 668	-	-	-	-

WORKING PAPER 5A STATEMENT OF APPROPRIATION FOR UNAUTHORISED EXPENDITURE AS AT 31 March 2015

Name of Department	Unauthorised approved by Finance Act									
	With Funding					Without Funding				
	Finance Act No	Financial Year	Amount Approved Funded by NRF/PRF R'000	Amount Transferred R'000	Amount Approved Not funded by NRF/PRF R'000	Amount Transferred R'000	Amount Approved Not funded by NRF/PRF R'000	Amount Transferred R'000	Amount Approved Not funded by NRF/PRF R'000	Amount Cancelled Funded by NRF
Arts and Culture (Restatement done by Department)	R'000									(41 770)
NO FINANCE ACT PASSED FOR 2014/15										(41 770)

UNAUDITED SUPPLEMENTARY WP

For the year ended 31 March 2016

■ WORKING PAPER 5B STATEMENT OF UNAUTHORISED EXPENDITURE AS AT 31 March 2016

Name of Department	Unauthorised Reported		Unauthorised funded by NRF/PRF Surrendered by departments	
	NRF/PRF (Exceeding of vote) From Working Paper 1A, 1B & 1D	Funded by NRF/PRF	Financial Year	Amount R'000
Public Works	-	-	2014/2015	5 504
Basic Education	-	153 877		-
International Relations and Cooperation	166 524	-		-
Women	2 248	-		-
Statistics S A	6 803	-		-
Correctional Services	121	-		-
Total	175 696	153 877		5 504

■ WORKING PAPER 5B STATEMENT OF UNAUTHORISED EXPENDITURE AS AT 31 March 2015

Name of Department	Unauthorised Reported		Unauthorised funded by NRF/PRF Surrendered by departments	
	NRF/PRF (Exceeding of vote) From Working Paper 1A, 1B & 1D	Funded by NRF/PRF	Financial Year	Amount R'000
Public Works	-	5 501	2013/2014	6 215
Water Affairs	710	-		-
Transport	392 842	-		-
Basic Education	6 488	-		-
Statistics SA (restated 2014/15)	-	1 340		-
Total	400 040	6 841		6 215

UNAUDITED SUPPLEMENTARY WP

For the year ended 31 March 2016

WORKING PAPER 6 STATEMENT OF FOREIGN EXCHANGE REVALUATION

	2015/16	2014/15
	Amount	Amount
	R'000	R'000
Foreign Exchange Revaluation/Non-cash movement items		
Increase/(decrease) in Investments	61 562 572	12 298 987
Revaluation Exchequer Investments (Foreign and Escrow)	12 988 048	3 596 570
(Increase)/decrease in Multi-Lateral Institutions	(57 151 858)	(11 031 929)
Foreign revaluation reconciliation	(56 963 785)	(31 475 557)
ALM - Movement on Paymaster General Account	(2 052 789)	(458 468)
Rounding	(1)	-
Total	(41 617 813)	(27 070 397)

WORKING PAPER 7A STATEMENT OF CURRENT INVESTMENTS

NOT APPLICABLE TO NRF

UNAUDITED SUPPLEMENTARY WP

For the year ended 31 March 2016

WORKING PAPER 7B STATEMENT OF NON-CURRENT INVESTMENTS

Investee	2015/16			2014/15		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	R'000	R'000	R'000	R'000	R'000	R'000
International Finance Corporation		256 604	256 604		212 096	212 096
International Bank for Reconstruction and Development		30 886 078	30 886 078		25 088 167	25 088 167
Multilateral Investment Guarantee Agency		264 925	264 925		218 973	218 973
African Development Bank		58 780 940	58 780 940		47 035 870	47 035 870
International Monetary Fund quota subscription		63 327 351	63 327 351		31 386 689	31 386 689
International Monetary Fund SDR Holding		30 977 308	30 977 308		30 037 914	30 037 914
New Development Bank		11 049 075	11 049 075		-	-
Total	-	195 542 281	195 542 281	-	133 979 709	133 979 709

WORKING PAPER 8A STATEMENT OF DOMESTIC BORROWINGS AS AT 31 MARCH 2016

Borrowings	Opening balance as at 1 April 2015		Issued	Repaid	Closing balance as at 31 March 2016	
	R'000	R'000			Total	Non-current
	R'000	R'000	R'000	R'000	R'000	R'000
Domestic long-term bonds, debentures and other loans	1 336 257 832	183 054 115	2 911 716	1 516 400 231	-	1 516 400 231
Transfer to short-term	(46 423 955)	-	-	(46 423 955)	-	(46 423 955)
Revaluation of inflation bonds	42 011 488	59 919 980	42 011 488	59 919 980	-	59 919 980
Domestic short-term bonds, debentures and other loans	248 771 451	788 333 221	800 435 599	236 669 073	236 669 073	-
Transfer from long-term	46 423 955	-	-	46 423 955	46 423 955	-
Revaluation of inflation bonds/Difference	4 916 495	6 314 073	4 916 495	6 314 073	6 314 073	-
Total	1 631 957 266	1 037 621 389	850 275 298	1 819 303 357	289 407 101	1 529 896 256

UNAUDITED SUPPLEMENTARY WP

For the year ended 31 March 2016

WORKING PAPER 8A STATEMENT OF DOMESTIC BORROWINGS AS AT 31 MARCH 2015

	Opening balance as at 1 April 2014 R'000	Issued R'000	Repaid R'000	Closing balance as at 31 March 2015		
				Total R'000	Current R'000	Non-current R'000
Borrowings						
Domestic long-term bonds, debentures and other loans	1 164 327 384	226 385 763	3 273 162	1 387 439 985	-	1 387 439 985
Transfer to short-term	(51 182 153)	-	-	(51 182 153)	-	(51 182 153)
Revaluation of inflation bonds	30 375 263	46 927 983	30 375 263	46 927 983	-	46 927 983
Domestic short-term bonds, debentures and other loans	246 162 107	782 149 667	804 717 910	223 593 864	223 593 864	-
Transfer from long-term	51 182 153	(26 004 567)	-	25 177 586	25 177 586	-
Total	1 440 864 754	1 029 458 846	838 366 335	1 631 957 265	248 771 450	1 383 185 815

WORKING PAPER 8B STATEMENT OF FOREIGN BORROWINGS AS AT 31 MARCH 2016

	Opening balance as at 1 April 2015 R'000	Issued R'000	Repaid R'000	Closing balance as at 31 March 2016		
				Total R'000	Current R'000	Non-current R'000
Borrowings						
Loans	15 927 391	8 528 040	8 665 039	15 790 392	15 790 392	-
Transfer from long-term	2 364 579	-	2 364 579	-	-	-
Revaluation	7 262 352	-	-	7 262 352	7 262 352	-
	6 300 460	8 528 040	6 300 460	8 528 040	8 528 040	-
Loans	150 903 228	76 868 490	43 955 389	183 816 329	183 816 329	183 816 329
Transfer to short-term	114 210 191	-	-	114 210 191	-	114 210 191
Revaluation	(7 262 352)	-	-	(7 262 352)	-	(7 262 352)
	43 955 389	76 868 490	43 955 389	76 868 490	-	76 868 490
Total	166 830 619	85 396 530	52 620 428	199 606 721	15 790 392	183 816 329

UNAUDITED SUPPLEMENTARY WP

For the year ended 31 March 2016

WORKING PAPER 8B

STATEMENT OF FOREIGN BORROWINGS AS AT 31 MARCH 2015

Borrowings	Opening balance as at 1 April 2014	Issued	Repaid	Closing balance as at 31 March 2015	
				Total	Non-current
	R'000	R'000	R'000	R'000	R'000
Loans	15 828 755	1 186 009	13 464 176	3 550 588	-
Transfer from long-term	6 534 465	-	6 534 465	-	-
Revaluation	4 945 935	-	2 581 356	2 364 579	-
	4 348 355	1 186 009	4 348 355	1 186 009	-
Loans	127 830 452	72 249 923	36 800 345	163 280 030	163 280 030
Transfer to short-term	95 976 042	23 180 084	-	119 156 126	119 156 126
Revaluation	(4 945 935)	-	-	(4 945 935)	(4 945 935)
	36 800 345	49 069 839	36 800 345	49 069 839	49 069 839
Total	143 659 207	73 435 932	50 264 521	166 830 618	163 280 030

UNAUDITED SUPPLEMENTARY WP

For the year ended 31 March 2016

WORKING PAPER 8C STATEMENT OF CHANGES IN BORROWINGS

	2015/16				2014/15			
	Received	Paid	Increase/ Decrease		Received	Paid	Increase/ Decrease	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Other financing activities								
Treasury Bills	417 830 472	410 505 983	7 324 489		472 226 147	462 190 018	10 036 129	
IGCC	317 313 429	312 352 743	4 960 686		431 291	36 119	395 172	
	1 667 000	-	1 667 000		-	-	-	
Bonds	196 163 195	43 802 681	152 360 514		202 801 014	39 466 878	163 334 136	
Loan Deposit	2 604 327	-	2 604 327		1 384 719	-	1 384 719	
Foreign Loans	-	3 875 437	(3 875 437)		23 180 084	14 595 958	8 584 126	
Payment to Section 239 of the Constitution – Redemption of State Debt	-	27	(27)		-	514 625	(514 625)	
Payment to Section 58 of Act no 11 · 1997 IMF Valuation	-	647 433	(647 433)		-	-	-	
Reversal of Revaluation of exchequer investments (Foreign and Escrow)	10 935 259	-	10 935 259		3 138 102	-	3 138 102	
Rounding	(1)	-	(1)		-	-	-	
	946 513 681	771 184 304	175 329 377		703 161 357	516 803 598	186 357 759	

UNAUDITED SUPPLEMENTARY WP

For the year ended 31 March 2016

WORKING PAPER 8D STATEMENT OF MULTI LATERAL INSTITUTIONS

	2015/16		Current Year Increase/(Decrease)	2014/15
	Amount R'000	Amount R'000		
IMF-Securities Account	54 600 743	24 805 412	29 795 331	
IMF-SDR Allocations	37 056 113	7 065 067	29 991 046	
International Bank for Reconstruction and Development	29 027 702	5 449 132	23 578 570	
Multi- Lateral investment Guarantee Agency	214 633	37 228	177 405	
African Development Bank	54 766 407	10 955 759	43 810 648	
New Development Bank	8 839 260	8 839 260	-	
Total	184 504 858	57 151 858	127 353 000	

WORKING PAPER 9A STATEMENT OF OTHER RECEIVABLES

	2015/16		2014/15	
	Amount to be received R'000	Amount Received R'000	Amount to be received R'000	Amount Received R'000
SARS income intransit	136 384	3 860 379	3 860 379	94 675
Local government surrender	-	-	-	20 000
Total	136 384	3 860 379	3 860 379	114 675

UNAUDITED SUPPLEMENTARY WP

For the year ended 31 March 2016

WORKING PAPER 9B

STATEMENT OF OTHER FUNDS TRANSFERRED TO NATIONAL GOVERNMENT

NOT APPLICABLE TO NRF

WORKING PAPER 9C

STATEMENT OF OTHER PAYABLES/RECEIVABLES

Name of Department / Entity	2015/16				2014/15		
	Amount to be Paid R'000	Payable Amount Paid R'000	Receivable Amount Paid R'000	Amount Paid/(Received) R'000	Amount to be Paid R'000	Amount Paid R'000	Amount Paid/(Received) R'000
Reversal of Payable By SARS to RAF	-			456 221	-		310 759
Payable SARS to RAF 2015/16	585 561			-	456 221		-
Payable SARS to UIF	149 879			-	199 942		-
Reversal of Payable By SARS to UIF	-			199 942	-		-
Late request for Non Voted: ALM	1 667 000			431 291	431 291		-
Total	2 402 440	-	-	1 087 454	1 087 454	-	310 759

CONSOLIDATED FINANCIAL STATEMENTS 2016

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

National Treasury

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national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA