



2022 CFS

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2022



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



**STAY
SAFE**

VACCINATE TO SAVE SOUTH AFRICA

2022 CFS
**CONSOLIDATED
FINANCIAL STATEMENTS**

for the year ended 31 March 2022

Published by National Treasury

Private Bag X115, Pretoria, 0001, South Africa | **Tel:** +27 12 315 5944 | **Fax:** +27 12 406 9055 | **www.treasury.gov.za**

Consolidated Financial Statements

Annual Financial Statements 31 March 2022

is also available on www.treasury.gov.za

ISBN: 978-0-621-50797-3 | RP: 353/2022

Layout: National Treasury Communications



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA





2022 CFS

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2022

TABLE OF CONTENTS

Accounting officer's approval and review	
Accounting officer's approval	1
Accounting officer's Review.....	2
Departments' Consolidated Financial Statements	
Executive Summary	9
Review of Operating Results.....	11
Report of the Auditor-General: Departments	41
Consolidated Statement of Financial Performance	48
Consolidated statement of Financial Position	49
Consolidated Statement of Changes in Net Assets.....	50
Consolidated Cash Flow Statement.....	51
Accounting Policies.....	52
Notes to the Consolidated Financial Statements	60
Unaudited Supplementary Segment Reports.....	111
Annexure: Names of Government Departments.....	119
Public Entities' Consolidated Financial Statements	
Review of Operating Results.....	122
Report of the Auditor-General: Public Entities.....	147
Annexures to the Consolidated Financial Statements.....	165
Statement of Financial Performance	174
Statement of Financial Position.....	176
Statement of Changes in Net Assets.....	178
Consolidated Cash Flow Statement	179
Group Accounting Policies.....	181
Notes to the Consolidated Financial Statements	199
National Revenue Fund's Financial Statements	
Accounting Officer's Approval	269
Accounting Officer's Review	270
Executive Summary	272
Review of Operating Results.....	273
Report of the Auditor-General: National Revenue Fund.....	279
Statement of Accounting Policies and related matters	283
Statement of Financial Performance	288
Statement of Financial Position	289
Statement of changes in Net Assets	290
Cash Flow Statement	291
Notes to the Annual Financial Statements	292
Disclosure Notes to the Annual Financial Statements.....	305
Unaudited Supplementary Working Papers	311

2022 CFS
**CONSOLIDATED
FINANCIAL STATEMENTS**

for the year ended 31 March 2022

**ACCOUNTING OFFICER'S
APPROVAL AND
REVIEW**



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

ACCOUNTING OFFICER'S APPROVAL

For the year ended 31 March 2022

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 26 January 2023.



Ismail Momoniat
Acting-Director-General
Accounting Officer



Shabeer Khan
Accountant-General

ACCOUNTING OFFICER'S REVIEW

For the year ended 31 March 2022

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 2022 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 35 on Consolidated and Separate Financial Statements for the 2022 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 Auditor General of South Africa. 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 the 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 the 2013/14 financial year, and as part of the cash-to-accrual process, the OAG developed and published two separate but related documents referred to as the Modified Cash Standard (MCS) and the Accounting Manual for departments (AMD). These are the accounting framework for departments.

ACCOUNTING OFFICER'S REVIEW

For the year ended 31 March 2022

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 additional information relating to elements that do not qualify for recognition.

In developing the Standard the OAG considers and makes use of pronouncements issued by the Accounting Standards Board (ASB); the International Public Sector Accounting Standards Board (IPSASB); the International Accounting Standards Board (IASB); and other organisations that develop financial reporting, accounting and auditing requirements for the public sector. In addition, 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.

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 38 standards that are effective as approved by the Minister of Finance.. The effective Standards of GRAP are 1-14, 16-21, 23-27, 31-32, 34-38, 100 and 103-110. The Standards of GRAP approved, but for which the Minister of Finance has not yet determined an effective date are GRAP 25 and GRAP 104. 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 publicly 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. 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.

These clusters are:

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

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.

ACCOUNTING OFFICER'S REVIEW

For the year ended 31 March 2022

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 35 requires that the entity that prepares consolidated financial statements establishes whether it controls an entity before consolidating it. It uses criteria such as: is the controlling entity exposed or has rights to variable benefits from its involvement with the other entity and does it have the ability to affect the nature and amount of those benefits through its power over 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 35.

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.

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.

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 is completed by each entity, authorised and then submitted to the National Treasury.

ACCOUNTING OFFICER'S REVIEW

For the year ended 31 March 2022

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 2022, 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 2022.

Parliament reports on the accrual basis of accounting using the GRAP framework. Parliament's GRAP based financial statements were 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.

The OAG is tasked with, amongst others, the responsibility to develop standard reporting formats (including AFS templates), Modified Cash Standards and Accounting Manual for Departments, 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 Departments 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 consolidation AFS template.

The NT is grateful for the efforts of the national departments, public entities and the OAG in the preparation of the CFS for 2021/22.

ACCOUNTING OFFICER'S REVIEW

For the year ended 31 March 2022

2022 CFS
**CONSOLIDATED
FINANCIAL STATEMENTS**

for the year ended 31 March 2022

EXECUTIVE SUMMARY



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



EXECUTIVE SUMMARY

For the year ended 31 March 2022

The economy began to bounce back from the pandemic lockdowns in 2021, but the recovery weakened in the second half of the year. GDP growth is expected to average 1.8 per cent over the next three years. Significant risks to the outlook include the emergence of new COVID-19 variants in the context of low vaccination levels, rising global inflation, and continued disruptions to power supply. Longstanding structural constraints entrench South Africa's high levels of poverty and unemployment. Government continues to advance a multifaceted strategy to achieve higher and sustained economic growth rates. These reforms are intended to build private-sector confidence and investment. The combined impact of structural reforms, support for small business and new infrastructure investment will enable higher rates of growth and job creation over the long term. Over the next three years, government will introduce additional measures to improve the delivery of public infrastructure and attract private capital.

Over the medium term, government will devote considerable attention to strengthening the fight against corruption flowing from the reports of the State Capture Commission, cutting red tape for small businesses and strengthening the green transition. In line with government's international and domestic commitments to climate change adaptation and mitigation, the National Treasury plans to pilot a climate budget tagging methodology, which can inform future spending priorities and budget reforms.

Government is on track to achieve the fiscal goals outlined in the 2021 MTBPS. The fiscal outlook has benefited from higher tax collection compared with the 2021 Budget estimates. The fiscal strategy divides this revenue between deficit reduction and spending priorities. As a result, debt will stabilise at 75.1 per cent in 2024/25, a year earlier than estimated in the 2021 MTBPS. The budget deficit is now expected to reach 5.7 per cent of GDP in 2021/22, compared with 7.8 per cent estimated at the time of the MTBPS.

The character of the economic recovery from the COVID-19 pandemic has been markedly different to previous negative shocks. Following the 2008 global financial crisis, it was several years before major tax categories recovered to pre-crisis collections from income and consumption. Tax resiliency in this recovery has been far stronger, potentially due to the artificial nature of the downturn through lockdowns and enforced restrictions on activity, rather than damage inflicted by a recession.

Tax receipts for 2021/22 have exceeded initial expectations and are now projected to reach R1.55 trillion, compared to an estimated R1.37 trillion at the time of the 2021 Budget. Although revenue gains from elevated commodity prices are expected to dissipate, some of the improved revenue collection is expected to continue over the MTEF period.

The introduction of a new fiscal anchor – a method to ensure that government maintains expenditure within agreed limits – will help secure a sustainable fiscal position for the long term.

While remaining on course to stabilise debt, government proposes raising spending in the areas of greatest need. The 2022 Budget provides for a 12-month extension of the R350 per month special COVID-19 social relief of distress grant. This will ensure the continuation of public support for poor households as the pandemic recedes.

South Africa's comprehensive social wage has been significantly augmented in the last two budgets. Spending on the social wage has risen from 58.2 per cent to 59.5 per cent of consolidated non-interest spending between 2019/20 and 2021/22, and nearly half of the population currently receives at least one social grant from the state. At the same time, a key weakness in economic performance has been persistently high joblessness, which lies at the root of poverty and exacerbates inequality.

The pandemic has elevated the public debate on how government should provide social protection to poor and vulnerable households. The special COVID-19 social relief of distress grant, like South Africa's other social grants, has helped to alleviate poverty. However, in a context of overstretched public finances and persistently high unemployment, the continuation of such a social transfer must be matched by a combination of permanent spending reductions and tax revenue increases.

Matching new spending with permanent revenue sources is prudent and responsible fiscal policy. Given the economic outlook, the current improvement in revenue performance is not considered permanent. The Presidency, the National Treasury, the Department of Social Development and interested parties are working on a sustainable

long-term approach to social protection consistent with government's broad development mandate and the need to ensure affordability.

As outlined in the 2021 Budget, government is working to reduce pressure exerted on the budget by public-service compensation costs. These efforts have successfully reduced the rate of growth in the wage bill. Between 2014/15 and 2019/20, public-service compensation grew at an average annual rate of 7.3 per cent. Between 2019/20 and the end of the MTEF period, it will grow at 2.1 per cent per year. Although the 2021 public-service wage agreement was higher than the budgeted amount, it consists of a cash gratuity rather than a permanent adjustment of salaries. As a result, public-service compensation spending increased by R20.5 billion in 2021/22.

2022 CFS
**CONSOLIDATED
FINANCIAL STATEMENTS**

for the year ended 31 March 2022

**REVIEW OF
OPERATING RESULTS**



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022

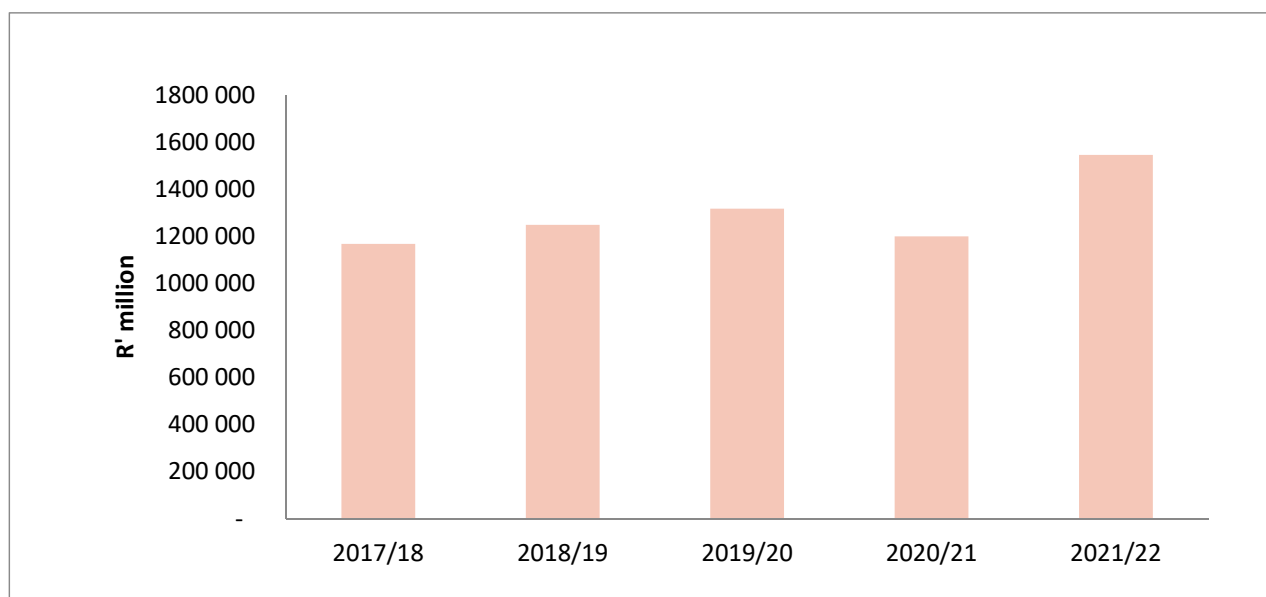
Total revenue

Table 1: Total revenue

Year Ended 31 March <i>R' million</i>	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22
Taxes, Levies & Duties	1 168 400	1 248 857	1 317 827	1 200 564	1 546 203
Departmental revenue	36 828	24 063	26 811	36 251	16 168
Local & foreign aid assist.	1 508	1 719	4 448	2 209	2 565
Other	5 320	7 884	1 957	4 491	6 271
Total Revenue	1 212 055	1 282 523	1 351 043	1 243 515	1 571 208
Year on year increase in revenue	6%	6%	5%	(8%)	26%

Total revenue increased by 26% in 2021/22 against a decrease of 8% in the preceding year. This is due to the improvement in collection of tax revenue that was affected as a result of the negative impact of the Covid19 pandemic on the economy and ensuing restrictions of trade during the lockdown periods in 2020/21. 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 local & foreign aid assistance. SARS collected a total of R1.661 trillion in taxes but only paid R1.546 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.

Graph 1: Total taxes, levies and duties



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

Table 2: Reconciliation of SARS Revenue to the National Revenue Fund

Year Ended 31 March <i>R' million</i>	Actual 2021/22	Actual 2020/21
SARS Revenue	1 563 754	1 249 711
Less: South African Customs Union Agreement	45 966	63 395
Less: Payment to UIF	19 451	16 715
Less: Amount payable by SARS to UIF	1 982	1 681
Less: Payment to RAF	47 059	40 560
Less: Amount payable by SARS to RAF	155	(54)
Net Revenue as reflected by NT	1 449 142	1 127 415

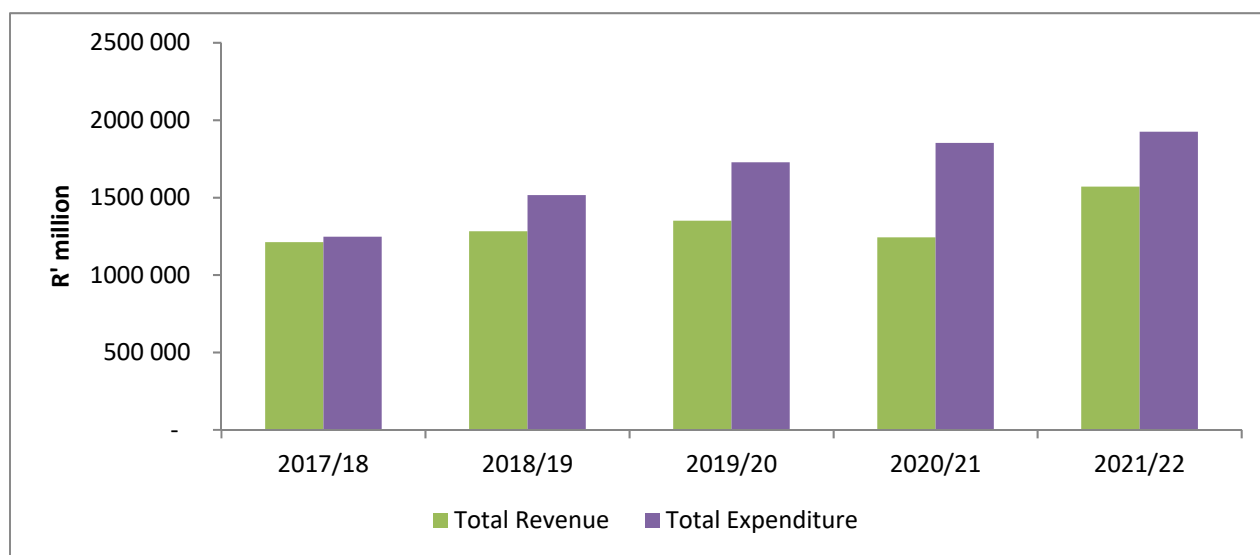
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022

As noted, taxes levies and duties makeup the largest portion of total revenue at 98% and has remained above 95% since 2017/18. Revenue other than taxes, levies and duties have seen a decrease of 42% in the current year against an increase of 29% in the prior year. Departmental revenue contributed significantly to the sharp decline of other revenue. For a detailed analysis of Departmental Revenue and Aid Assistance constituents, refer to Notes 3 and 5 of the Notes to the Consolidated Financial Statements.

Year Ended 31 March <i>R' million</i>	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22
Taxes, Levies & Duties	1 168 400	1 248 857	1 317 827	1 200 564	1 546 203
Other	43 656	33 161	33 215	42 951	25 005
Total Revenue	1 212 055	1 282 018	1 351 043	1 243 515	1 571 208
Total Expenditure	1 247 051	1 516 072	1 727 659	1 852 860	1 925 166

Graph 2: Revenue vs. Expenditure



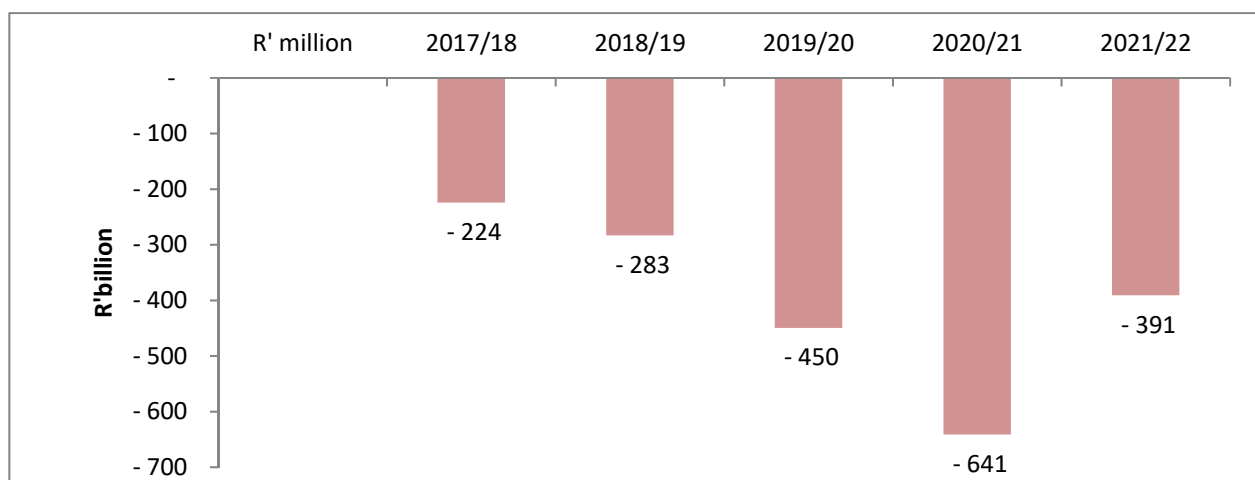
Illustrated above is revenue versus expenditure for National Government. In 2021/22, total revenue has increased by 26% and 4%, respectively.

Year Ended 31 March <i>R' million</i>	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22
Surplus/ (Deficit) for the year	(224 444)	(283 351)	(449 563)	(641 339)	(390 815)
Movement	(13%)	(26%)	(59%)	(43%)	39%

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022

Graph 3: Deficit net of revaluation gains/losses



As depicted in the graph above, the budget has been in deficit for the past five years, resulting from the sharp decline in nominal GDP and associated tax revenues, higher borrowings and assistance to financially distressed state-owned companies over the period. The global economic effects of the Covid-19 pandemic in 2020 have also been far reaching. The COVID-19 pandemic disrupted the plans of state-owned companies and public sector institutions, curtailing revenue growth and growing operational costs, being the key driver in the sharp decline in 2020/21 tax revenue. Government adopted a balanced and prudent fiscal framework strategy that is designed to promote economic recovery and stabilize public finances to a sustainable position.

The COVID-19 shock is estimated to have led to a 7.2 per cent contraction in GDP growth in 2020 with GDP only expected to recover to pre-pandemic levels in late 2023. The 2022 MTBPS provides continued support to the economy and public health in the short term, funding a massive and free Covid-19 vaccination programme, without adding to long-term spending pressures. Over and above the free vaccination programme, government instituted a Social Relief Grant which was part of the Covid-19 fiscal stimulus package. However, it was expected to stop by the end of October 2020, but it was extended twice to 30 April 2021, and due to extremely high levels of unemployment and inflation exceeding the Reserve Bank's target range, cost of living continued to increase and government decided to continue with the Social Relief Grant which became a significant contribution to high expenditure. While exercising continued restraint in spending, public money is allocated to learning and culture, health, and social development, improving the composition of spending by shifting expenditure growth to investment rather than consumption. These proposed measures are expected to narrow the consolidated budget deficit from 7.5 per cent of GDP in 2020/21 to 0.8 per cent of GDP in 2023/24.

Total expenditure

Table 3: Total Expenditure Before Adjustments

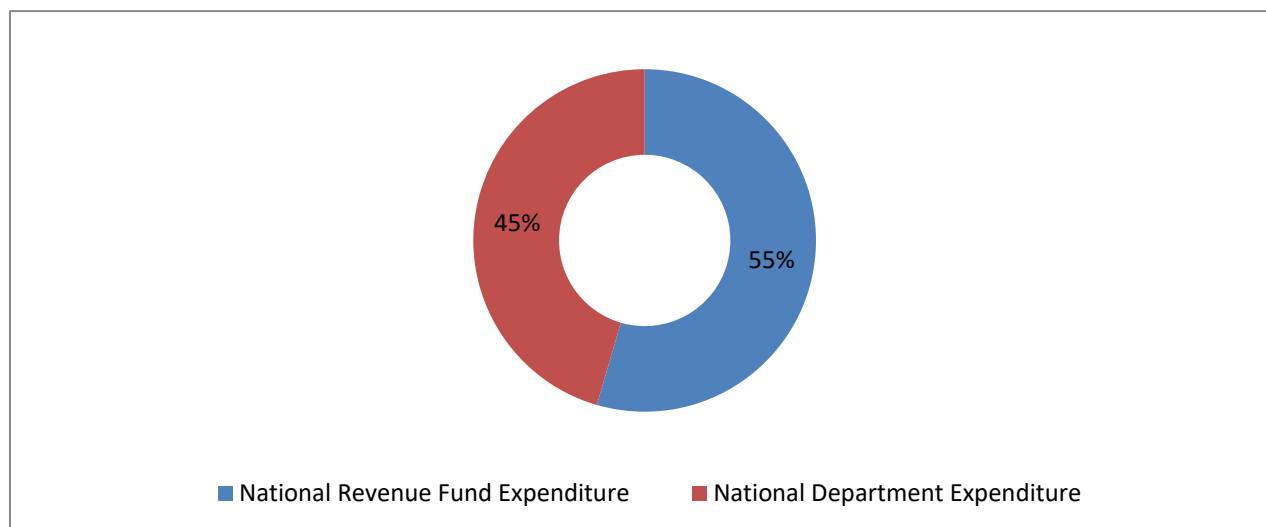
Year Ended 31 March R' million	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22
National Revenue Fund Expenditure	1 427 452	1 524 987	1 722 764	1 871 324	1 940 882
National Department Expenditure	792 517	844 879	932 166	1 554 771	1 620 287
Total Expenditure	2 219 969	2 369 866	2 654 930	3 426 095	3 561 169
Movement in expenditure	10%	7%	12%	29%	4%

Total expenditure increased by 4% (2020/21: 29%). Although expenditure increased, the rate at which it is increasing is declining and that is a contributing factor to the deficit of the overall financial performance beginning to narrow. Total expenditure is made up of National Departments' expenditure plus NRF expenditure. National Departments' expenditure is at an average of 55% of total expenditure for the past five years. Included in National Departments' expenditure are transfers to provinces and municipalities of R797 billion (2020/21: R766 billion). These are further analysed under the section on Transfers and Subsidies.

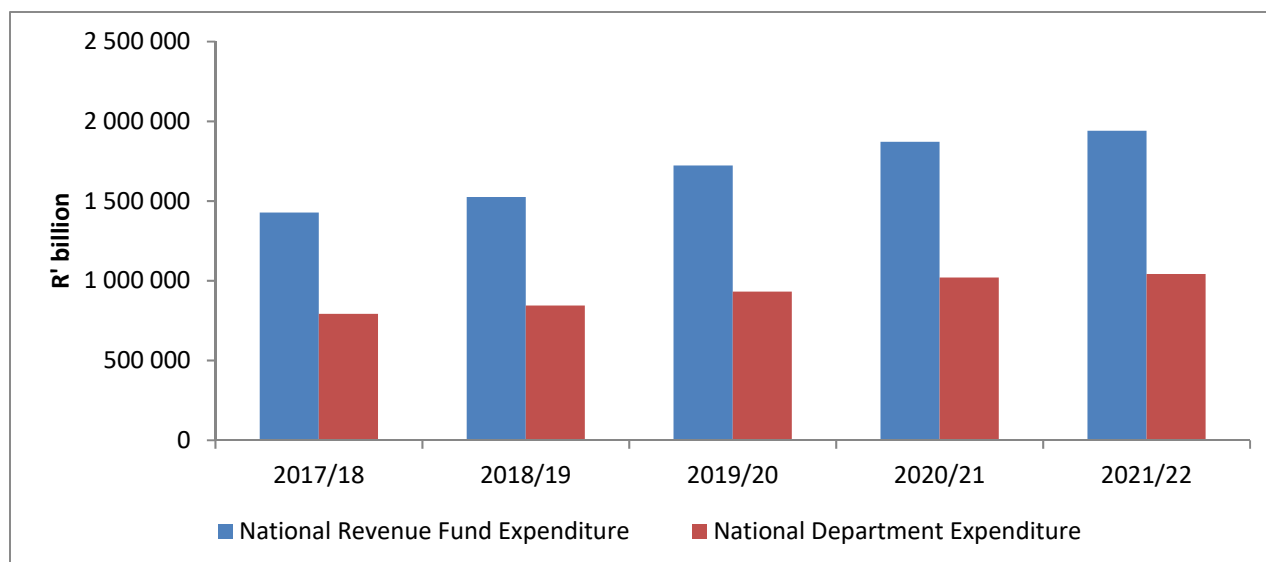
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022

Graph 4: NRF expenditure vs. National Departments expenditure



Graph 5: Total expenditure



National revenue fund expenditure

Equitable share transfers to provinces

The National Revenue Fund’s (NRF) expenditure includes debt-service costs and equitable share transfers to provinces. Equitable share transfers to provinces represents amounts distributed to provincial departments to perform their assigned functions.

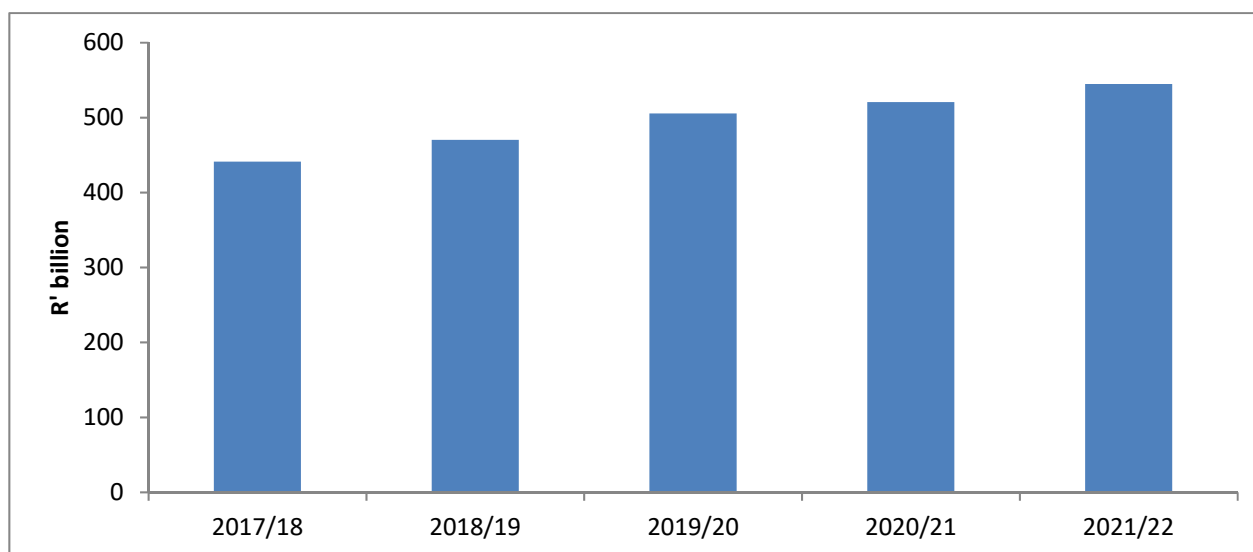
Table 4: Equitable share transfers to provinces

Year ended 31 March	Actual	Actual	Actual	Actual	Actual
R' million	2017/18	2018/19	2019/20	2020/21	2021/22
Equitable Shares – Provinces	441 331	470 287	505 554	520 717	544 835
Movement in Prov Equitable shares	7%	7%	7%	3%	5%

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022

Graph 6: Equitable transfers – provinces



There was a 5% increase in equitable share transferred to provinces in the current financial year. There is a slight increase in the equitable shares to provinces in the current year compared to the 3% of the 2020/21 increase.

Transfers to provinces amounted to R545 billion in the current financial year (2020/21: R520 billion), which is 28% of NRF expenditure (2020/21: 28%).

Debt-service costs

Debt-service costs continue to consume an increasing share of revenue, and for 2021/22 debt service cost as a percentage of GDP was 4.3 per cent. Interest payments on debt have crowded out spending on essential public services such as social development, health and basic education. Over the medium term, debt service costs are expected to average to R333.4 billion a year. Over the medium-term an average of 20 cents of every rand collected in revenue every year will be needed to pay debt-service costs.

In 2021/22 gross borrowing requirement outcome was R388.4 billion, or 6.2 per cent of GDP, mainly driven by the lower main budget deficit of R323.1 billion, in comparison to the revised 2021/22 main budget balance deficit of R346.8 billion.

Table 5: Debt-service costs

Year ended 31 March	Actual	Actual	Actual	Actual	Actual
R' million	2017/18	2018/19	2019/20	2020/21	2021/22
Domestic	150 825	167 438	187 276	213 517	250 523
Foreign	11 819	14 411	17 493	19 078	17 549
Total debt-service costs	162 644	181 849	204 769	232 596	268 072
Increase in costs	11%	12%	13%	13%	15%

Borrowing in the domestic capital markets remains the major source of financing. Borrowing in the international capital markets is used to finance government's foreign currency commitments and to maintain benchmarks in major currencies. In 2021/22, given unfavourable conditions, government did not issue any bonds in the global capital markets. Instead, government raised US\$5.8 billion from the International Monetary Fund, the New Development Bank, and the African Development bank. Of this amount, US\$4.6 billion was converted into local currency to partially finance Rand-denominated financial commitments.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022

Graph 7: Debt-service costs as a % of expenditure and revenue

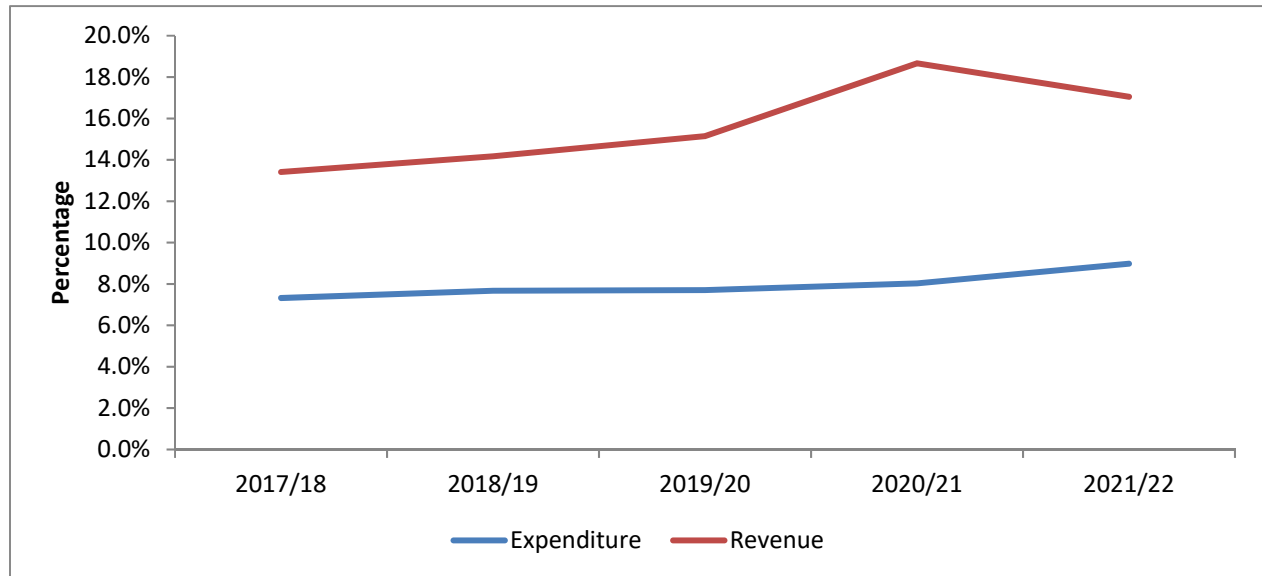


Table 6: Actual Expenditure vs. Adjusted Appropriation 2021/22

Name of Department	Appropriation R'000	Actual Expenditure excluding unauthorised expenditure funded by NRF R'000	Variance R'000	%
Presidency	604 579	604 579	-	0%
Parliament	2 144 148	2 144 148	-	0%
Cooperative Governance and Traditional Affairs	101 259 931	101 259 931	-	0%
Government Communication and Information	757 430	757 430	-	0%
Home Affairs	9 431 436	9 431 436	-	0%
International Relations and Cooperation	6 517 872	6 517 872	-	0%
School of Government	214 297	214 297	-	0%
National Treasury	63 646 707	45 546 707	18 100 000	28%
Planning Monitoring and Evaluation	459 213	459 213	-	0%
Public Enterprise	36 274 819	36 274 819	-	0%
Public Service and Administration	531 684	530 184	1 500	0%
Public Service Commission	286 271	286 271	-	0%
Public Works	8 354 210	8 354 210	-	0%
Statistics S A	4 931 640	4 931 640	-	0%
Traditional Affairs	172 690	172 690	-	0%
Basic Education	27 239 260	27 239 260	-	0%
Higher Education and Training	97 889 005	97 889 005	-	0%
Health	65 908 765	64 771 081	1 137 684	2%
Social Development	234 972 118	232 146 315	2 825 803	1%
Women	1 195 508	1 170 821	24 687	2%
Civilian Secretariat for Police	151 043	151 043	-	0%
Correctional Services	25 943 252	25 943 252	-	0%
Defence	48 796 421	48 796 421	-	0%
Independent Police Investigative Directorate	353 778	353 778	-	0%
Justice and Constitutional Development	19 508 708	19 508 708	-	0%
Military Veterans	607 388	607 388	-	0%
Office of the Chief Justice	1 241 780	1 241 780	-	0%
Police	100 473 833	100 473 833	-	0%
Agriculture, Land Reform and Rural Development	18 023 260	18 023 260	-	0%
Communications and Digital Technologies	3 884 456	3 884 456	-	0%

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022

		Actual Expenditure excluding unauthorised expenditure funded by NRF		
	Appropriation		Variance	%
Name of Department	R'000	R'000	R'000	
Employment and Labour	3 816 493	3 816 493	-	0%
Environmental, Forestry and Fisheries	9 099 737	9 099 737	-	0%
Human Settlements	31 679 787	31 679 787	-	0%
Minerals Resources and Energy	9 241 464	9 241 464	-	0%
Science and Innovation	9 005 638	9 005 638	-	0%
Small Business Development	2 637 063	2 627 063	10 000	0%
Sports, Arts and Culture	5 747 273	5 747 273	-	0%
Tourism	2 545 338	2 545 338	-	0%
Trade, Industry and Competition	11 812 005	11 806 188	5 817	0%
Transport	65 425 538	65 425 538	-	0%
Water and Sanitation	17 735 057	17 735 057	-	0%
Total	1 050 520 895	1 028 415 404	22 105 491	2%

The above table shows amounts appropriated to departments in the 2021/22 financial year against actual expenditure incurred by departments excluding unauthorised expenditure funded by NRF.

National department's expenditure

Table 7: National department's expenditure

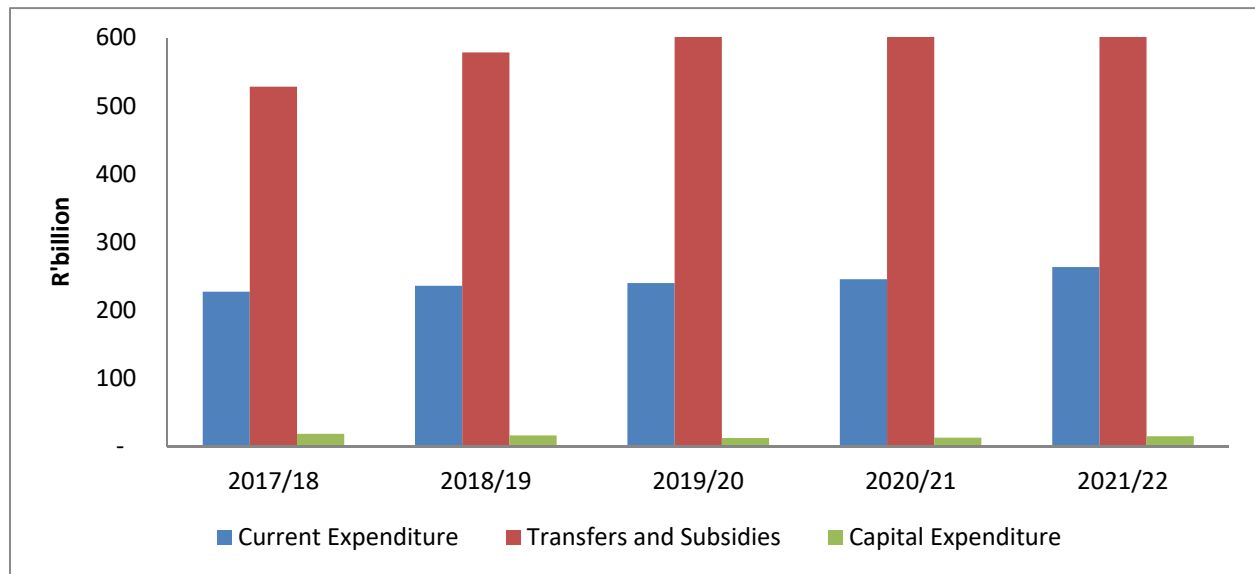
Year Ended 31 March	Actual	Actual	Actual	Actual	Actual
R' million	2017/18	2018/19	2019/20	2020/21	2021/22
Current Expenditure	227 132	235 792	239 948	245 476	263 444
Transfers and Subsidies	528 171	578 398	651 928	1 206 359	1 266 751
Capital Expenditure	18 701	16 262	12 500	12 842	15 038
Total	774 004	830 451	904 376	1 464 677	1 545 233
Movement in expenditure	5%	7%	9%	62%	5%

National departments' expenditure has increased to R1,545 trillion from R1,465 trillion in the prior year. This represents a 5% increase, as compared to the 62% increase in the prior year, with the highest increase in capital expenditure which increased by 17% in the 2021/22 financial year. The bulk of National Department's expenditure is attributable to transfers and subsidies with National Treasury being the significant transferor. Transfers and subsidies are further analysed in Note 11 of the Notes to The Consolidated Financial Statements.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022

Graph 8: National department's expenditure



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

Table 8: National department cluster expenditure

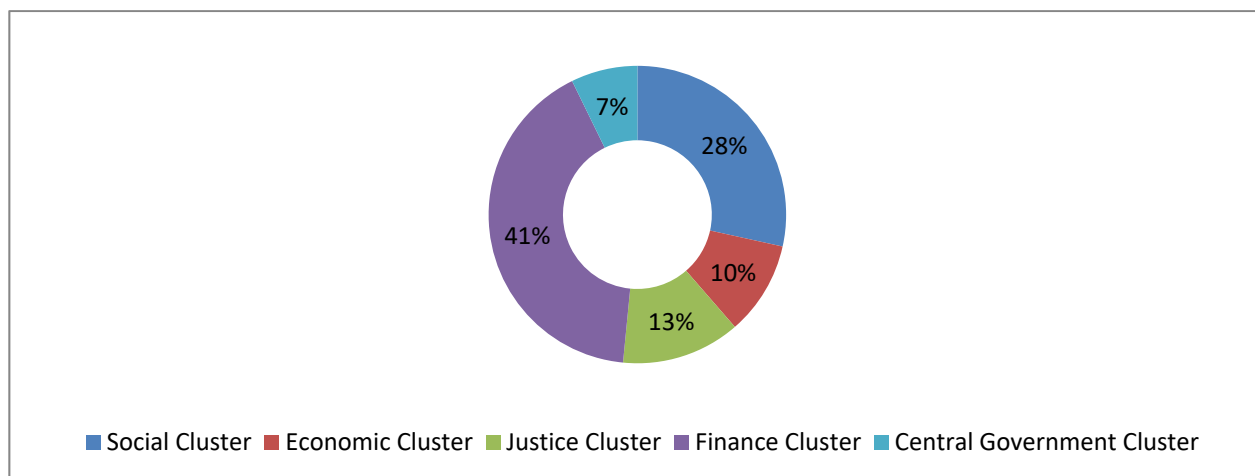
Year Ended 31 March R' billion	Actual 2020/21	Actual 2021/22	Movement
Social Cluster	433	461	6%
Economic Cluster	146	165	13%
Justice Cluster	203	209	3%
Finance Cluster	651	668	2,5%
Central Government Cluster	121	117	(3%)
Total	1 555	1 620	

The Finance cluster is the largest spender of all clusters with expenditure of R668 billion (2020/21: R651 billion) accounting for 41% of national departments' expenditure in 2021/22. The smallest spender is the Central cluster with expenditure of R117 billion (2020/21: R121 billion), accounting for 7% of national departments' expenditure in 2021/22. There was a 6.5% increase in Social cluster expenses due to an increase in social grants spending and a 12.7% increase in the Economic cluster expenditure mainly due to increase in transfers and subsidies.

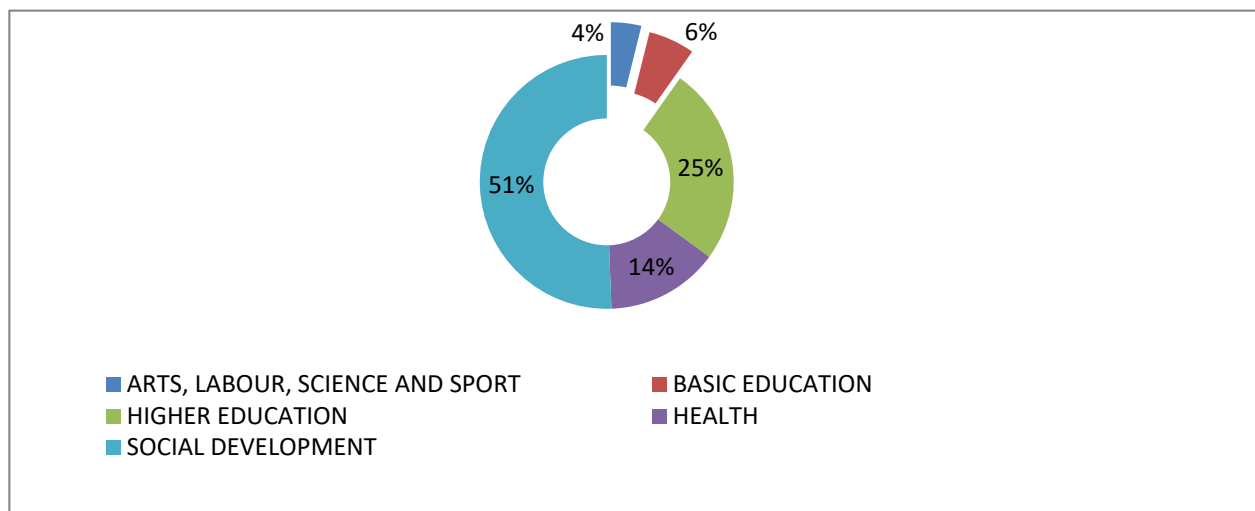
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022

Graph 9: Expenditure per cluster 2021/22



Graph 10: Expenditure per Social cluster 2021/22



Within the Social Cluster, the Department of Social development was the biggest spender. This department incurred total expenditure of R233 billion amounting to 51% of social cluster expenditure.

Of the R233 billion, 99.6% was transfers and subsidies, the major recipients of which were households. Social assistance remains government’s most direct means of combating poverty. In this regard, social grants account for an estimated 95.5% (R223.2 billion per year on average) of the department’s total budget over the MTEF period.

The 2022 Budget allocates additional amounts of R6.2 billion in 2023/24 and R8.5 billion in 2024/25 to ensure that social grants rise in line with inflation over the MTEF period. In addition, R44 billion is allocated to extend the special COVID-19 social relief of distress grant for 12 months until March 2023.

This function has allocated R1 trillion over the MTEF period to facilitate access to social grants and welfare services to reduce poverty and inequality, protect children, and empower women, youth and people with disabilities. Three new allocations are made to social grants, including special COVID-19 social relief of distress grant for another 12 months and the new extended child support grant.

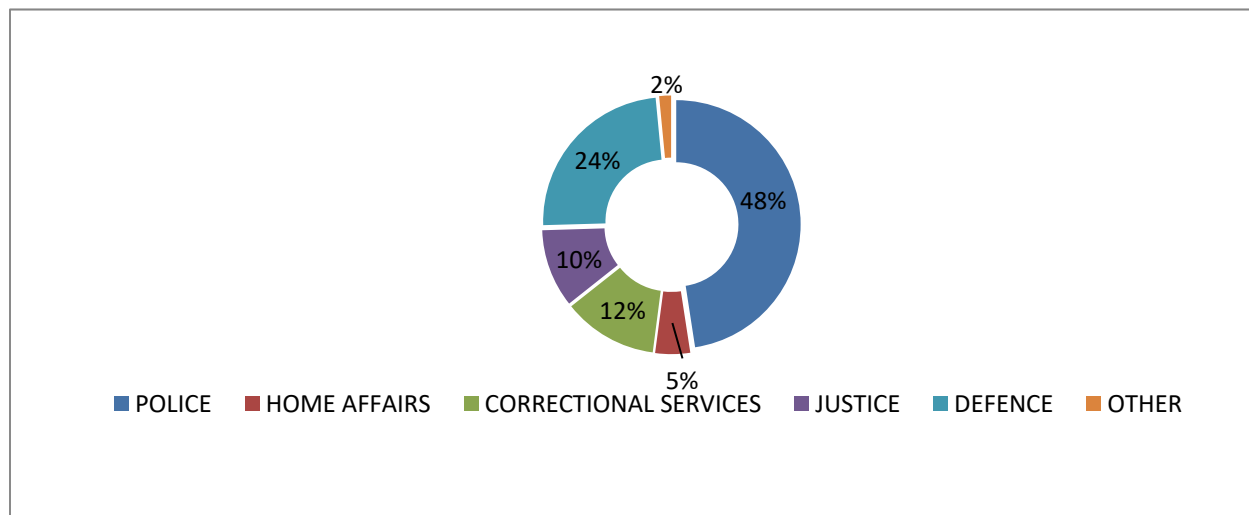
Main budget noninterest spending will increase from R1.67 trillion in 2022/23 to R1.73 trillion in 2024/25. This represents a net increase of R282.3 billion in spending relative to the 2021 Budget. The largest allocation of additional funds is to extend the special COVID19 social relief of distress grant until March 2023. A further R14.7 billion is allocated to increase social grants in line with inflation in 2023/24 and 2024/25 and for a new

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022

extended child support grant for double orphans. The National Student Financial Aid Scheme will receive a further R32.6 billion over the medium term, with the Department of Higher Education and Training expected to fund any shortfall in funding for student bursaries that may arise.

Graph 11: Expenditure per Justice cluster 2021/22



The second largest spending cluster is the Justice and Protection Services cluster. A substantial amount of this cluster’s spending goes towards the compensation of employees amounting to R148 billion (71%). The cluster has the largest staff complement of all clusters, with the cluster’s employees constituting 81% of National departments’ employees.

The largest spender within the Justice and Protection services cluster is the Department of Police at 53% of the total cluster expenses. Unsurprisingly, due to the labour-intensive nature of policing, a large component of its spending is compensation of employees at 78% of total cost of that department.

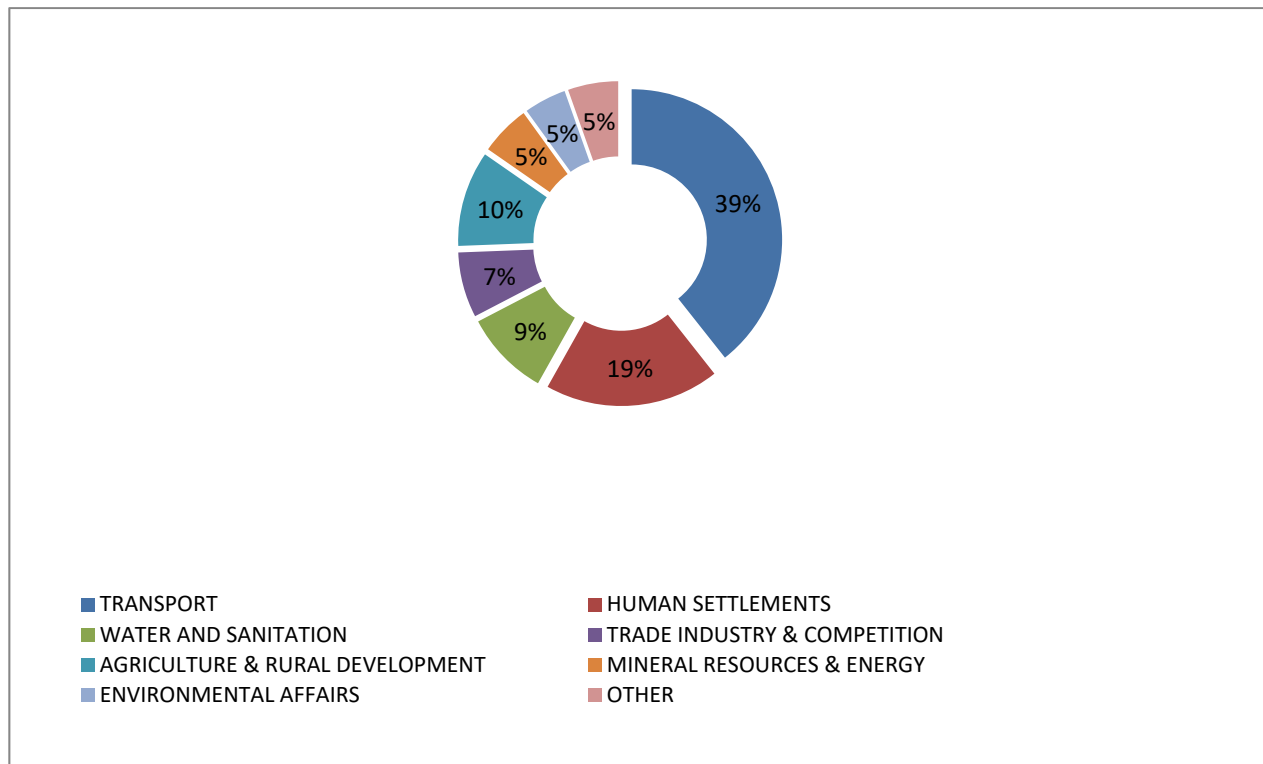
The second largest spender in the Justice and Protection services cluster is the Department of Defence at 23%. The spending focus of the Department was on the Landward Defence programme, whose focus is on providing prepared and supported landward defence capabilities for the defence and protection of South Africa. The compensation of employees increased by 2.9% from the previous year.

The Department of Correctional Services is the third largest spender in this cluster at 12%, with compensation of employees being the largest cost at 65% of its total expenditure.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022

Graph 12: Expenditure per Economic cluster 2021/22



The third largest spending cluster is the Economic Cluster. The Department of Transport remains the highest spending department in the cluster at 39% of the total cluster expenditure. The highest expenditure item for this department being transfers and subsidies at R64 billion (2020/21: R54 billion) accounting for 98% of the department’s budget. Of the R64 billion spent, R22 billion were allocated to its public entities, these entities accounted for 35% of the total transfers and subsidies budget for the department.

The following are some expenditure analyses of the main components that will drive public sector infrastructure spending over the medium term:

The Department of Transport through The Passenger Rail Agency of South Africa is expected to spend R42.1 billion over the MTEF period to implement its commuter rail recovery plan, bringing 10 corridors back to full service. As a result, total passenger trips provided by Metrorail are expected to increase from 69 million in 2021/22 to 358 million by 2024/25.

The Department of Human settlements projects include six Integrated Residential Development Programmes, 10 social housing projects and two high-impact privately led developments. The 18 projects gazetted under the strategic integrated project portfolio have a total investment value of R142 billion and will provide housing for over 170 000 people. The portfolio is projected to create more than 578 000 jobs during development and over 89 000 permanent jobs.

The Department of Water and Sanitation published the Green Drop Report, assessing the state of municipal wastewater management systems on, 31 March 2022. Based on the results of the report, the department will prioritise medium-term projects for implementation in the water services infrastructure grant. The budget for municipal water and sanitation is to increase from R11.6 billion in 2021/22 to R13.9 billion in 2024/25.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022

National department's current expenditure

Table 9: Major items of current Expenditure

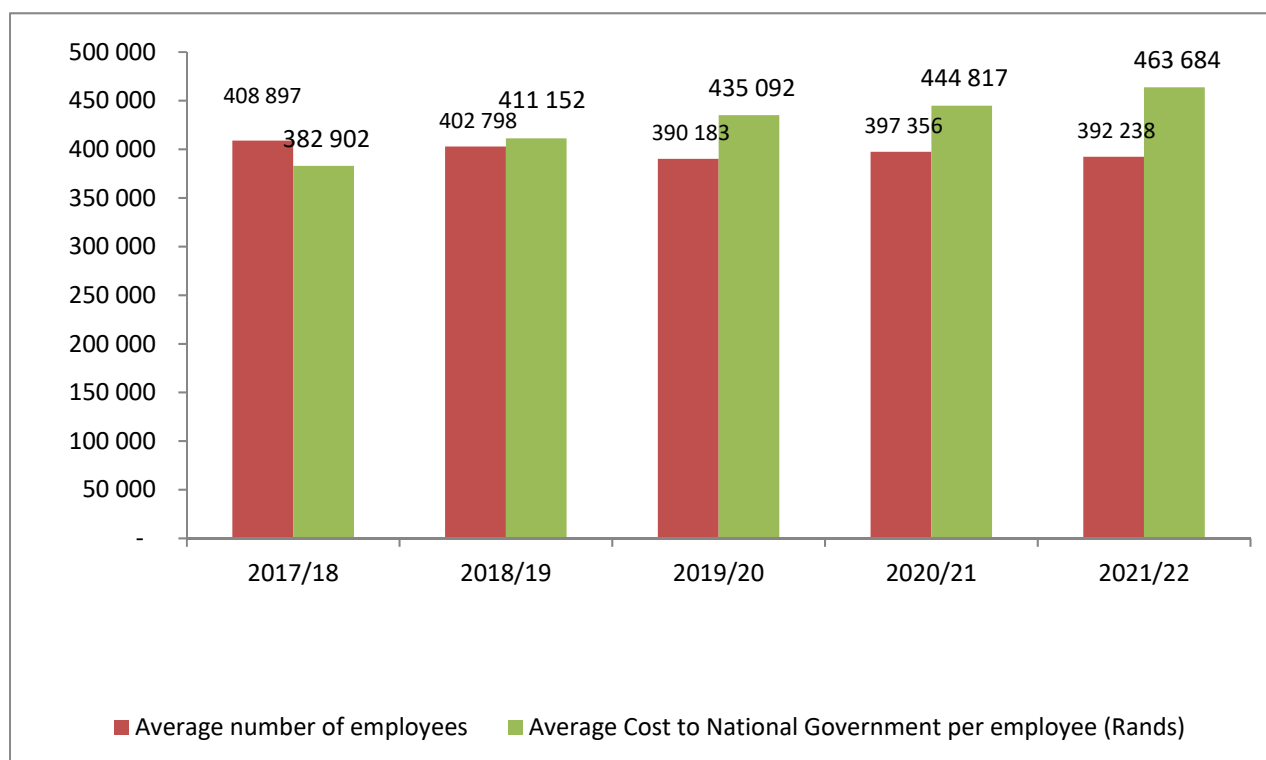
Year Ended 31 March R' million	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22
Compensation of employees	156 567	165 611	169 765	176 751	181 875
Goods and Services	69 429	69 913	69 006	67 307	79 636

Table 10: Compensation of employees

Year Ended 31 March R' million	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22
Total Compensations costs (R' million)	156 567	165 611	169 765	176 751	181 875
Average number of employees	408 897	402 798	390 183	397 356	392 238
Average Cost to National Government per employee (Rands)	382 902	411 152	435 092	444 817	463 684

The above information illustrates the costs to national government departments and excludes provincial departments. The average number of employees at national departments has decreased from 397 356 in 2020/21 to 392 238 in 2021/22, a decrease of -1.3%. Compensation, in Rand terms we have however seen an increase from R176 billion in 2020/21 to R181 billion in 2021/22 thus resulting in a 2.9% increase (2020/21: 4.1%).

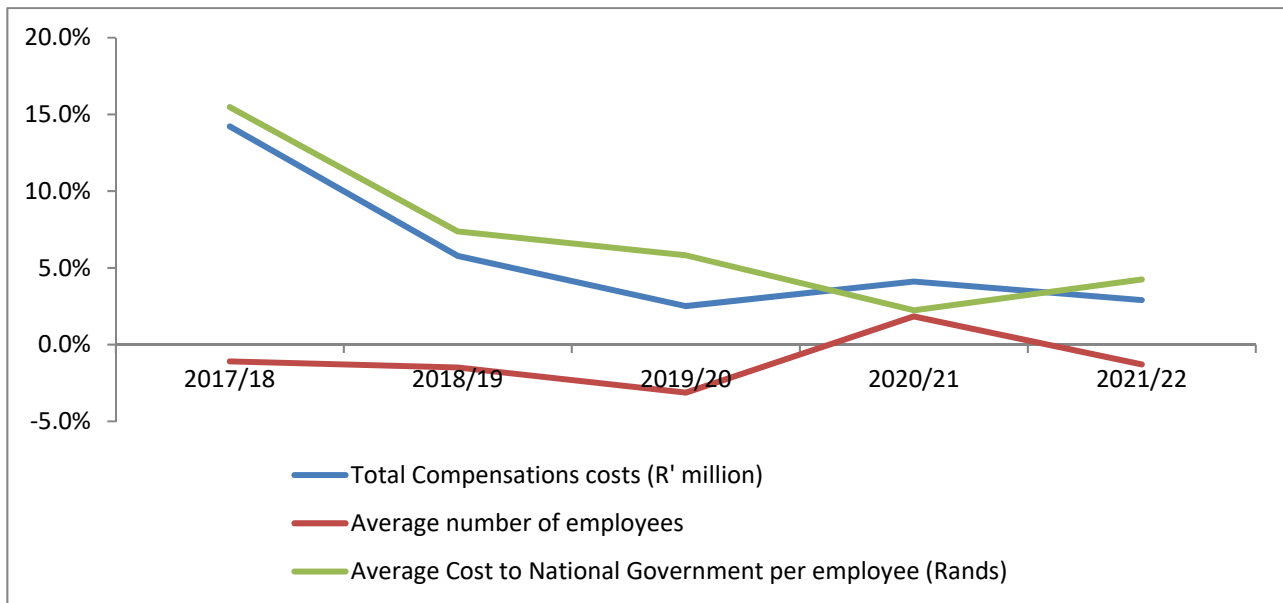
Graph 13: Compensation of employees



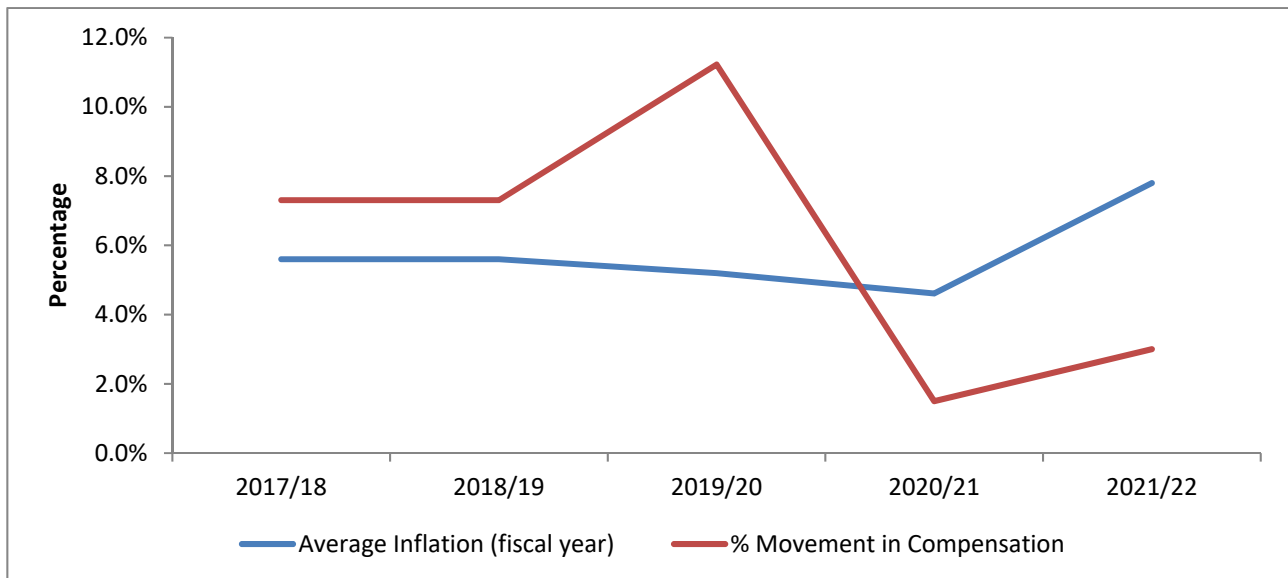
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022

Graph 14: Year on year movement – compensation of employees



Graph 15: Compensation % increase vs. inflation

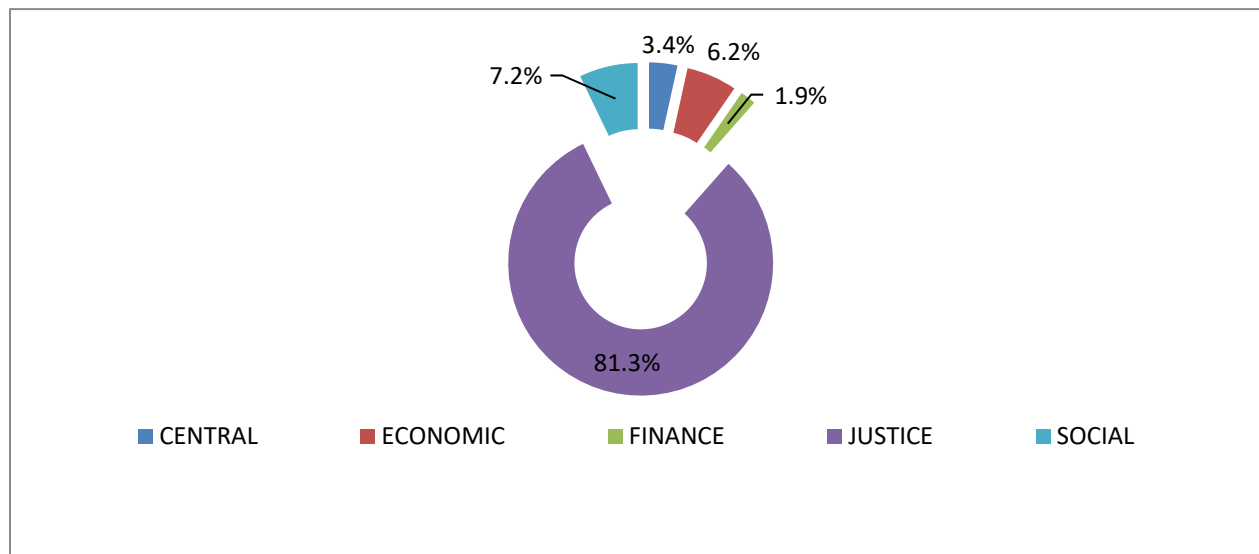


The graphs above also indicate the percentage movement in compensation of employees against the inflation rate over the same period. The in-inflation rate has increased above the movement in compensation of employees since 2020/21. This is mainly due to the efforts made by government in curbing the wage bill.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022

Graph 16: Average number of employees per cluster



The majority of national departments employees are employed in the Justice and Protection Services cluster numbering 324 428 (2020/21: 330 787) which equates to 83% of the total employees for the year under review and the prior year. The Justice and Protection Services cluster includes, amongst others, the following departments which each employ a large number of civil servants:

Table 11: Average number of employees

Year Ended 31 March Department	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22
Department of Police	191 760	190 144	189 518	183 369	178 351
Department of Defence	76 616	74 349	73 609	73 065	71 143
Department of Correctional Services	39 634	39 108	40 309	39 451	39 565

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 is R78 billion and accounts to 43% of total compensation costs.

Department of Correctional Services

Spending on compensation of employees increased by 1.8% in 2021/22, with a slight increase in the number of employees from 39 451 to 39 565 in the current year.

Department of Defence

The department’s staff compliment has marginally decreased from 73 605 in the prior year to approximately 71 143 in 2021/22. Spending on compensation increased by 2.9% in the current year. This has been a trend for the past three years.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022

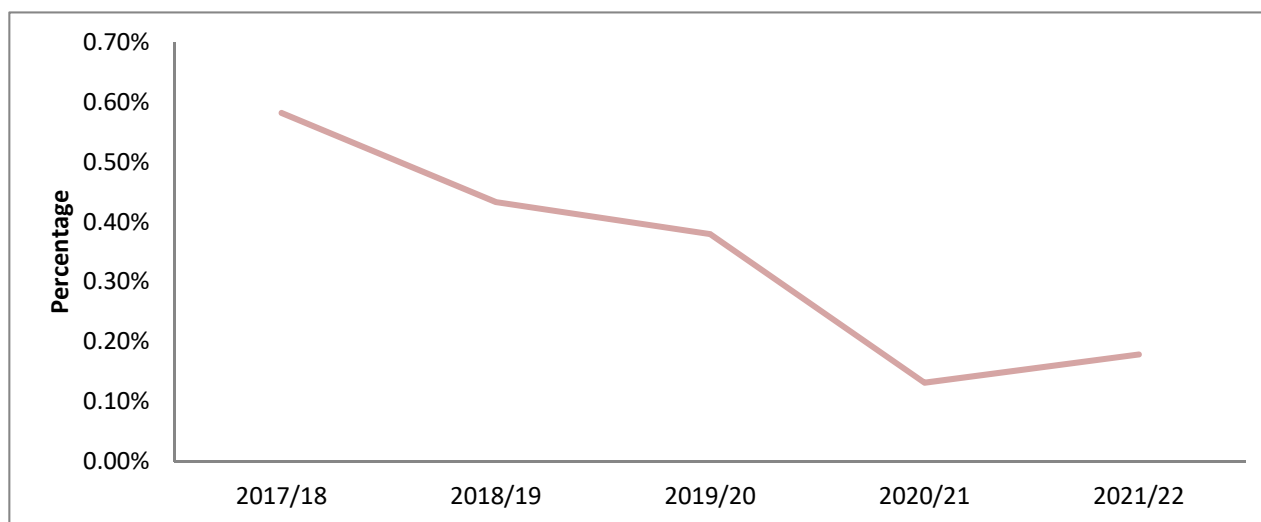
Performance awards

Table 12: Performance awards

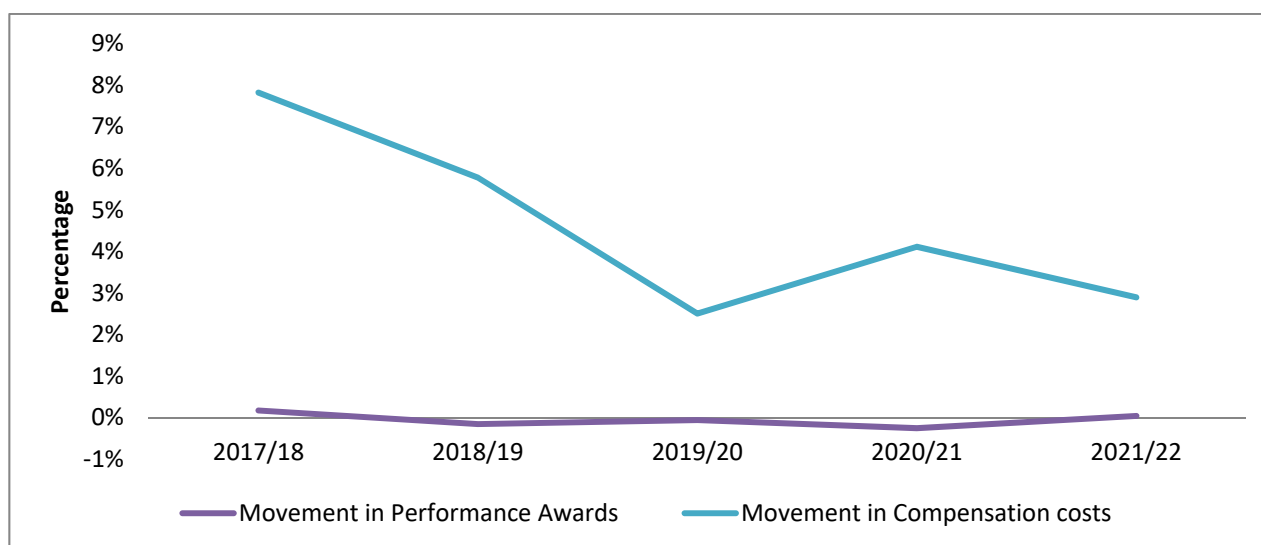
Year Ended 31 March Description	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22
Performance Awards (R mil)	779	717	644	233	325
Total Compensation of Employees	156 567	165 611	169 765	176 751	181 875
Performance awards as a % of Compensation	0,58%	0,43%	0,38%	0,13%	0,18%
Movement in Performance Awards	0,18%	(0,15%)	(0,05%)	(0,25%)	0,05%
Movement in Compensation costs	7,82%	5,78%	2,51%	4,11%	2,90%

During the 2021/22 financial year, the performance awards slightly increased from R233 million to R325 million. Performance awards make up 0.18% of compensation (0.13% in 2020/21). Refer to the graphs below showing performance awards as a percentage of compensation and the movement in performance awards versus movement in compensation.

Graph 17: Performance awards as a % of compensation costs



Graph 18: Movement in performance awards vs. compensation



REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022

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 employee benefits/costs.

Table 13: Training and staff development

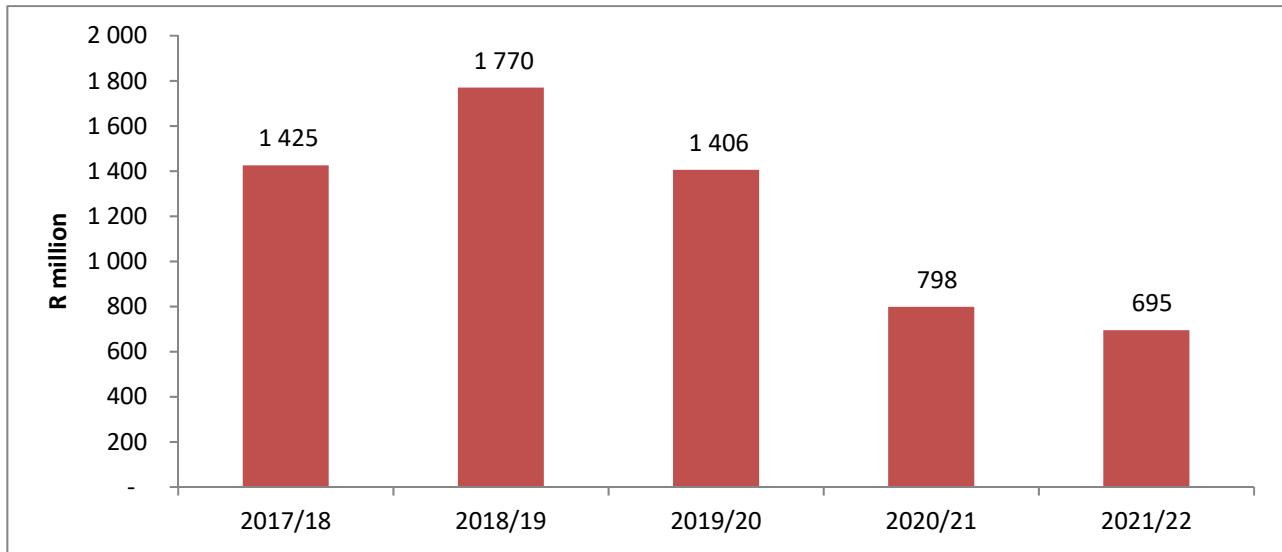
Year Ended 31 March					
R million	2017/18	2018/19	2019/20	2020/21	2021/22
Training & Staff Development	1 425	1 770	1 406	798	695
Total Compensation of Employees	156 567	165 611	169 765	176 751	181 875
Training as a % of Compensation	0,91%	1,07%	0,83%	0,45%	0,38%

As can be noted in the graphs 19 and 20 below, training and staff development costs had an increasing trend until 2018/19. In the current year, training and development cost decreased by 13% in the current year from R798 million in the year 2020/21 to R695 million in the year 2021/22. As a component of compensation, the ratio decreased from 0.45% to 0.38%. The Department of Defence currently accounts for the highest spending on training costs at R187 million followed by the Department of Environment, Forestry and Fisheries at R116 million.

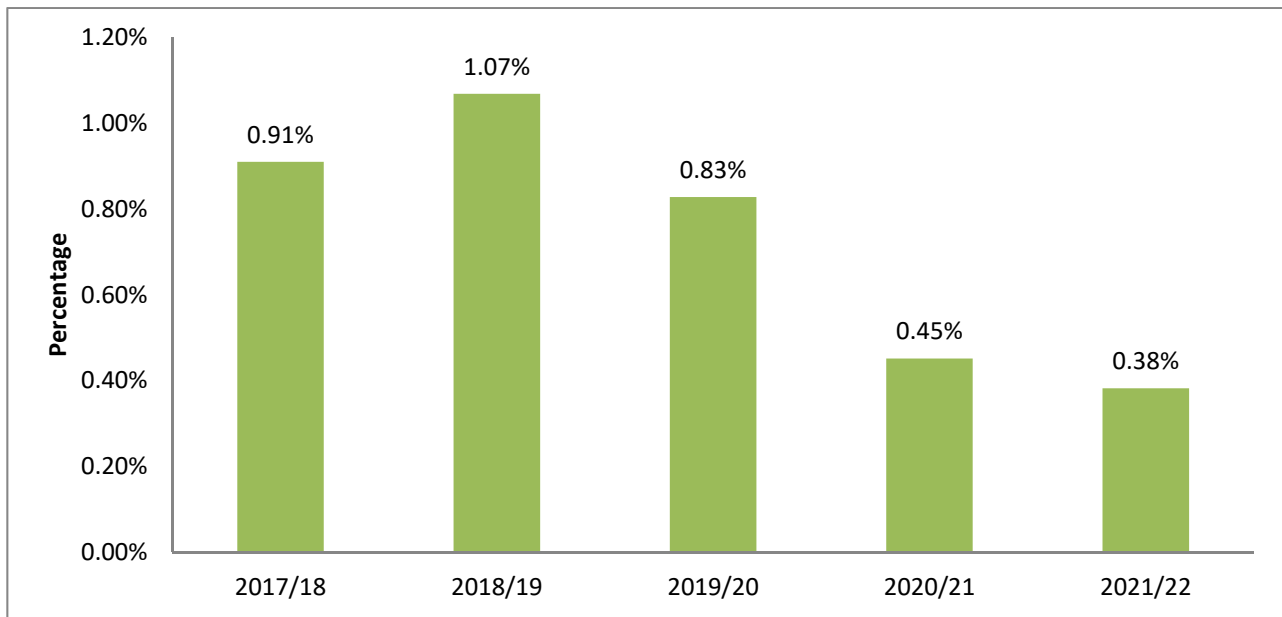
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022

Graph 19: Training and staff development



Graph 20: Training as a % of compensation of employees costs



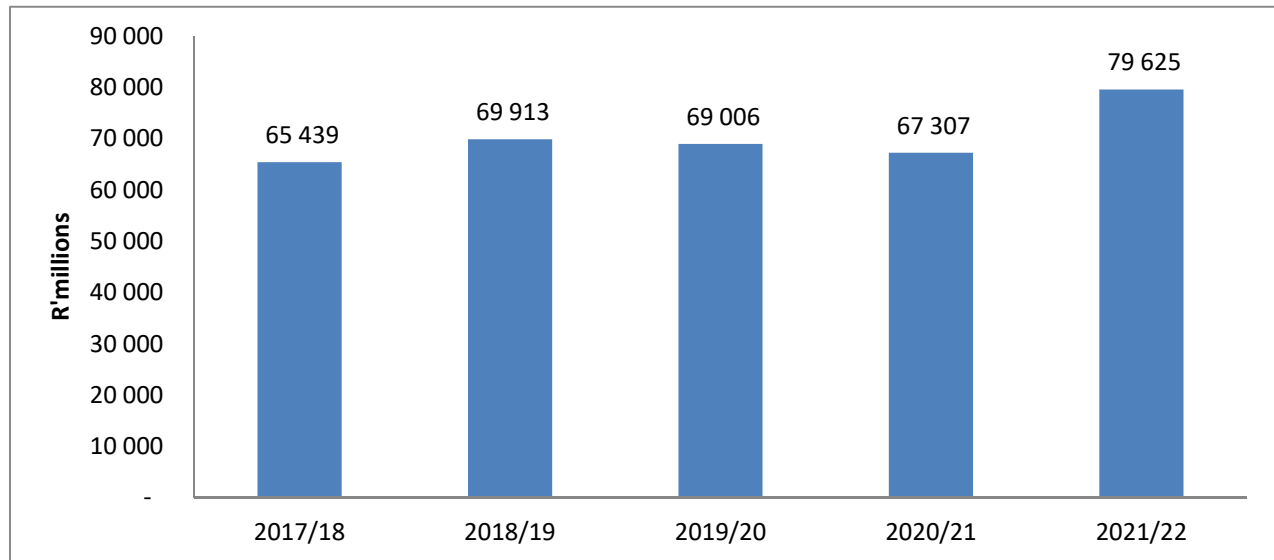
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022

Table 14: Goods and services

Year Ended 31 March R' million	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22
Goods and Services	65 439	69 913	69 006	67 307	79 636
Movement in expenditure	8%	7%	(1%)	(3%)	18%

Graph 21: Goods and services



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

Table 15: Major items of goods and services

Year Ended 31 March R' million	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22
Consultants, contractors and special services	16 433	15 436	16 413	12 948	15 761
Inventory	9 321	9 952	9 315	12 839	17 791
Operating leases	10 145	11 299	10 233	11 937	10 728
Travel and subsistence	5 562	6 046	5 698	2 986	5 197
Computer Services	6 932	5 497	7 029	7 248	7 800
Property payments	5 824	6 016	6 459	6 860	8 351
Communication	1 434	1 346	1 193	1 306	1 448
Other	13 778	14 320	12 668	11 182	12 559
Total	69 429	69 913	69 006	67 307	79 636

The major contributor to Goods and Services was expenditure on Inventory as well as expenditure on Consultants, contractors and special services. Inventory increased from R9 billion in 2020/21 to R15 billion in 2021/22. This is mainly from Department of Health for medicine.

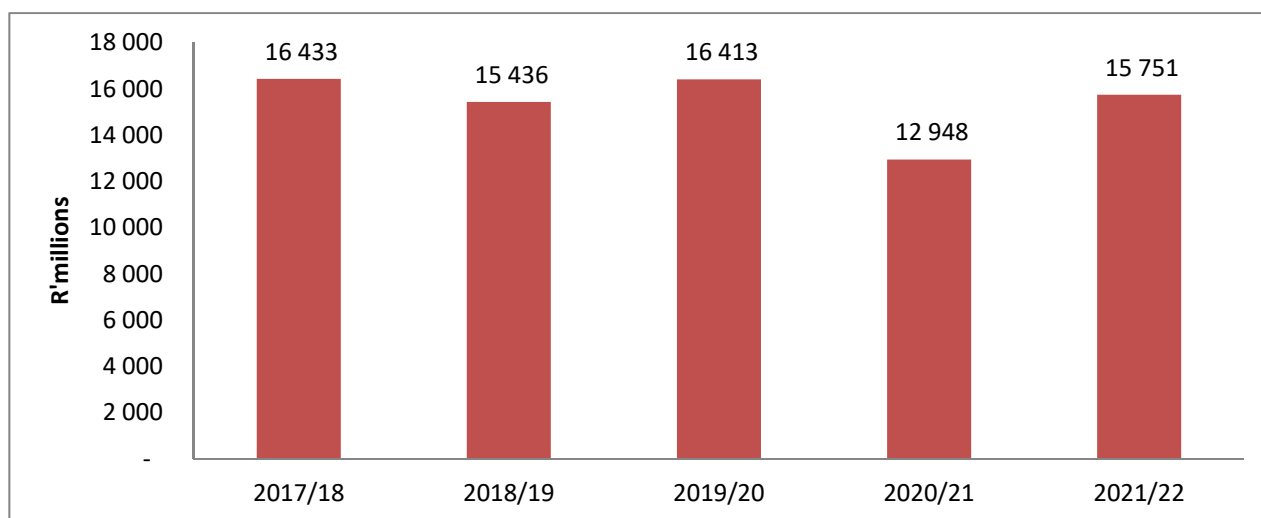
Table 16: Consultants, contractors and special services

Year Ended 31 March R' million	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22
Consultants, contractors and special services	16 433	15 436	16 413	12 948	15 761
Movement in expenditure	(16%)	(12%)	6%	(21%)	22%

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022

Graph 22: Consultants, contractors and special services

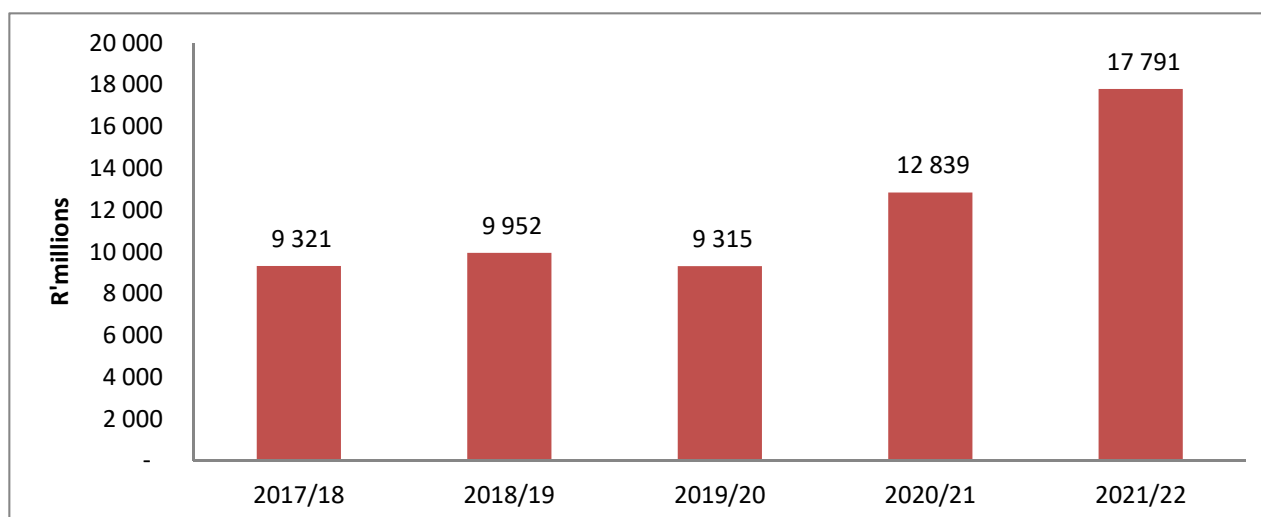


In the past five years payments for consultants, contractors and special services (CCSS) was the leading expenditure within goods and services. The COVID-19 have contributed to the rapid increase in inventory that cause a significant jump in inventory. It must be noted that CCSS have not decreased significantly however inventory significantly increased.

Table 17: Inventory and consumables

Year Ended 31 March	Actual	Actual	Actual	Actual	Actual
R' million	2017/18	2018/19	2019/20	2020/21	2021/22
Inventory	9 321	9 952	9 315	12 839	17 791
Movement in expenditure	14%	8%	(6%)	38%	39%

Graph 23: Inventory and consumables



Inventory and consumables purchases increased by 39% in the 2021/22 year. The major purchases of inventory were incurred by the Department of Health amounting to R7.7 billion which was mainly for medicine (including medical supplies) and Department of Defence at R659 million.

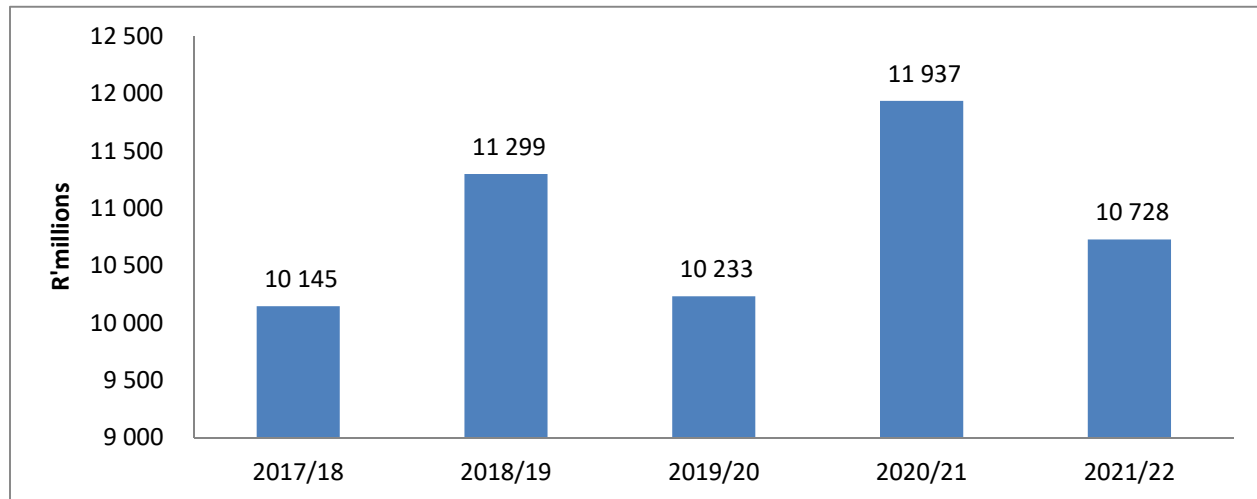
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022

Table 18: Operating leases

Year Ended 31 March <i>R' million</i>	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22
Operating leases	10 145	11 299	10 233	11 937	10 728
Movement in expenditure	2%	11%	(9%)	17%	(10%)

Graph 24: Operating leases

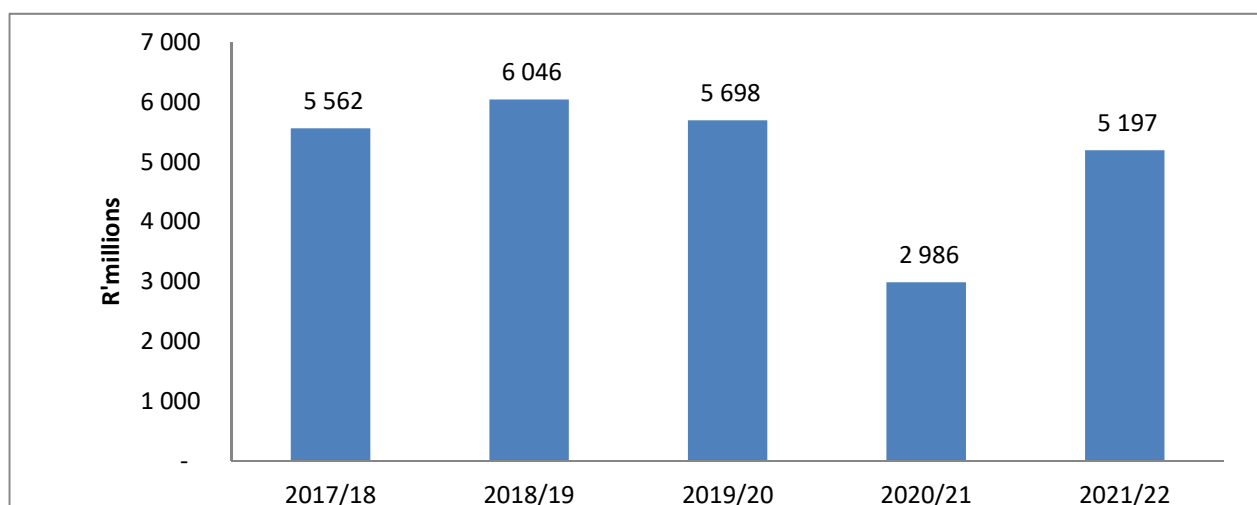


Expenditure on operating leases decreased by 10% in the 2021/22 year as compared to a 17% decrease in 2020/21. The three highest spending departments in this regard are Police at R3.3 billion, Defence R1.4 billion, DIRCO at R941 million and Correctional Services at R770 million. The decrease is attributable to a -38% decrease in Defence expenditure and a -28% decrease in Correctional Services.

Table 19: Travel and subsistence

Year Ended 31 March <i>R' million</i>	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22
Travel and subsistence	5 562	6 046	5 698	2 986	5 197
Movement in expenditure	4%	9%	(6%)	(48%)	74%

Graph 25: Travel and subsistence



REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022

Travel and subsistence show a 74% increase, as compared to a 48% decrease in the previous year. The Justice cluster accounts for 63% of the total expenditure with R3.2 billion while the Economic cluster spending accounts for 15% at R801 million. The major spenders within the Justice cluster were again Police and Defence who spent R1.5 billion (2020/21: R774 million) and R1.1 billion (2020/21: R745 million) respectively followed by the Department of Agriculture, Land Reform and Rural Development with R316 million.

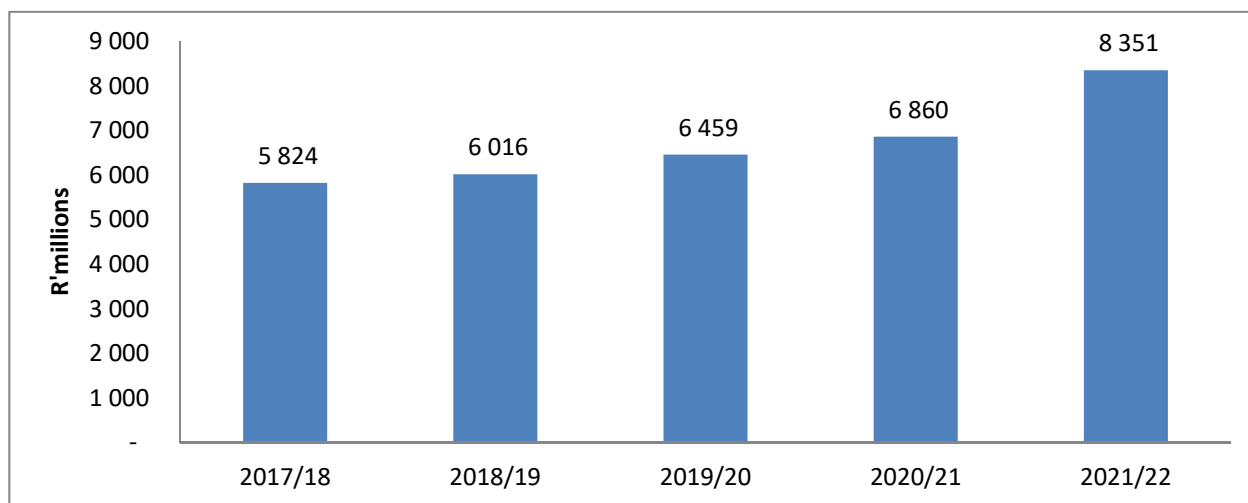
Table 20: Computer services

Year Ended 31 March R' million	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22
Computer Services	6 932	5 497	7 029	7 248	7 800
Movement in expenditure	(9%)	(21%)	28%	3%	8%

Table 21: Property payments

Year Ended 31 March R' million	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22
Property payments	5 824	6 016	6 459	6 860	8 351
Movement in expenditure	(8%)	3%	7%	6%	22%

Graph 26: Property payments



This expenditure amounts to 10% of the total goods and services expenditure and has increased by 22% in the current year compared to an increase of 6% in the 2020/21 financial year. The largest contributors to the expenditure is Correctional Service with 21%, Police 18%, Defence 18% and Justice 16%. The other major spenders in this area are International Relations and Cooperation with R415 million (2020/21: R406 million) and Agriculture, Land Reform and Rural Development spent R614 million.

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

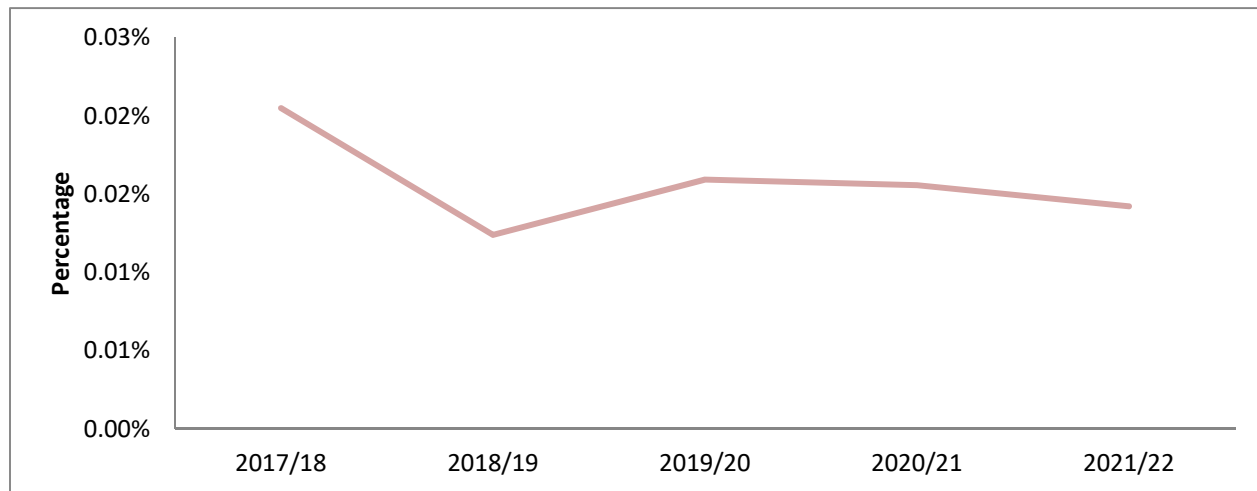
Table 22: Catering and entertainment

Year Ended 31 March R' million	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22
Catering and entertainment	270	294	275	79	121
Movement in expenditure	(2%)	9%	(6%)	(71%)	53%

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022

Graph 27: Catering and entertainment as a % of total expenditure



In the current year Catering and entertainment expenditure increased by 53% compared to a decrease of 71% in the 2020/21 financial year. Traditional Affairs, Government Communications and Information System, Public Service and Administration and Civilian Secretariat saw a significant increase of 492%, 444%, 328% and 264% respectively. The other departments increased at a significant average rate of 53%.

Table 23: Bursaries

Year Ended 31 March R million	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22
Bursaries	68	80	59	74	92
Total Compensation of employees	147 802	165 611	169 765	176 751	181 875
As a % of Compensation of employees	5%	5%	3%	4%	5%

There were no major changes in the bursary expenditure. The total compensation expenditure increased by 3% in the current year. The bursary expenditure as a percentage of compensation is still low at 5% of total compensation of employees, a slight increase to what was reported in the previous year.

Table 24: Transfers and subsidies

Year Ended 31 March R' million	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22
Provinces and Municipalities	196 812	207 975	213 535	766 330	796 966
Departmental agencies and accounts	98 554	114 177	162 380	127 311	141 396
Higher education institutions	31 597	36 911	42 363	43 329	43 292
Public corporations and private enterprises	32 438	32 910	22 976	26 775	37 422
Households	162 311	174 402	199 727	232 302	236 354
Other	6 277	9 718	10 616	10 312	11 321
Total	527 990	576 092	651 597	1 206 359	1 266 751
Increase from prior year	6%	9%	13%	85,1%	5,0%
As a % of Total revenue	44%	45%	48%	97,0%	80,6%
As a % of Total expenditure	38%	38%	38%	65,1%	65,8%

Transfers and subsidies increased by 5% in the current year. A significant portion of subsidies relate to Provinces and Municipalities and Households representing 63% of the total. The Finance Service cluster takes the largest portion of transfers and subsidies amounting to 46% of the total transfers and subsidies.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022

Graph 28: Breakdown of transfers and subsidies 2021/22

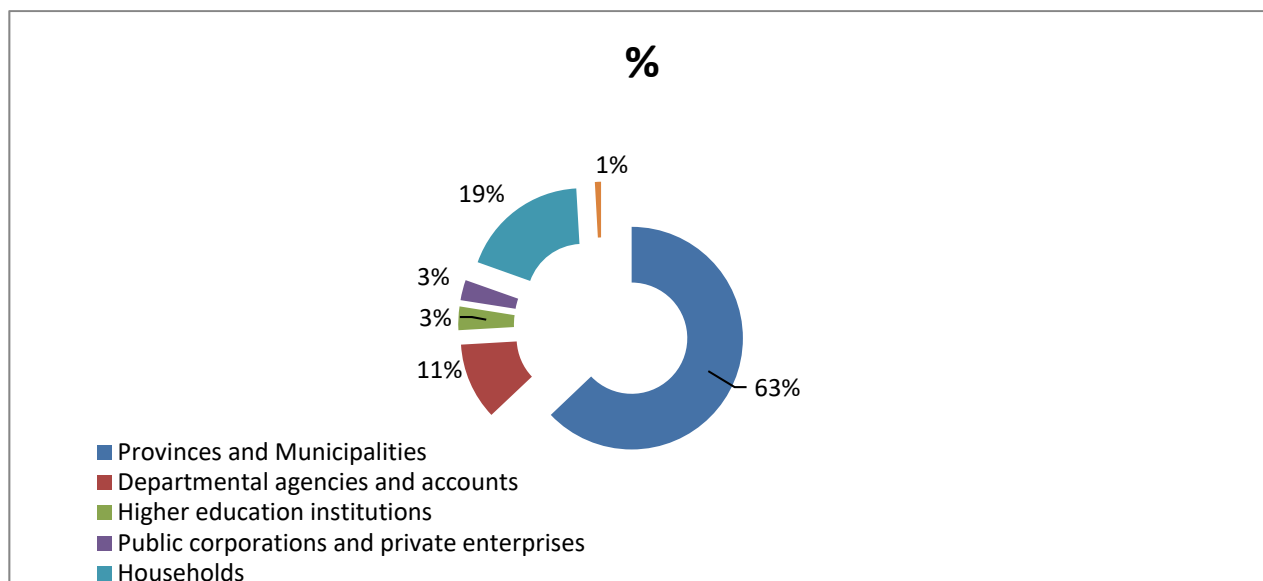


Table 25: Expenditure for capital assets

Capital Expenditure R' million	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22
Total capital expenditure	18 701	16 262	12 500	12 842	15 038
Movement in expenditure	17%	(13%)	(23%)	3%	17%

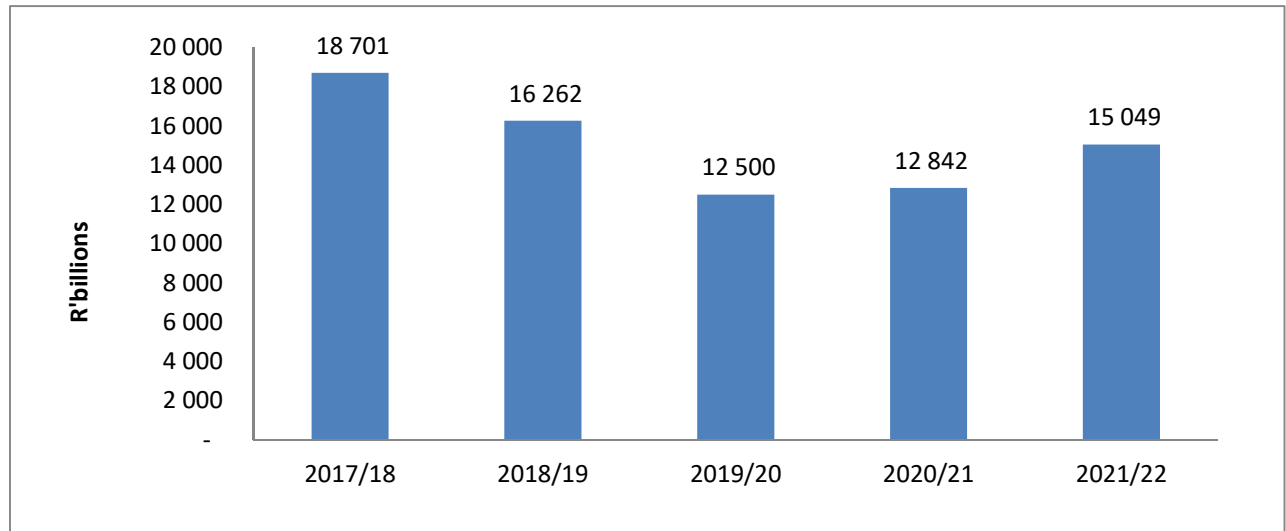
Capital expenditure has increased by 17% during the current year from R12.8 billion in 2020/21 to R15 billion in 2021/22. The majority of the capital expenditure was spent on buildings and other fixed structures which accounted for R8.8 billion of the total expenditure. Capital expenditure on machinery and equipment amounts to R4.6 billion.

Expenditure by cluster shows that the Justice and Protection Service cluster is the biggest spender at R6.4 billion, Economic cluster accounts R4.9 billion of total capital expenditure, followed by the Social Service cluster at R3 billion.

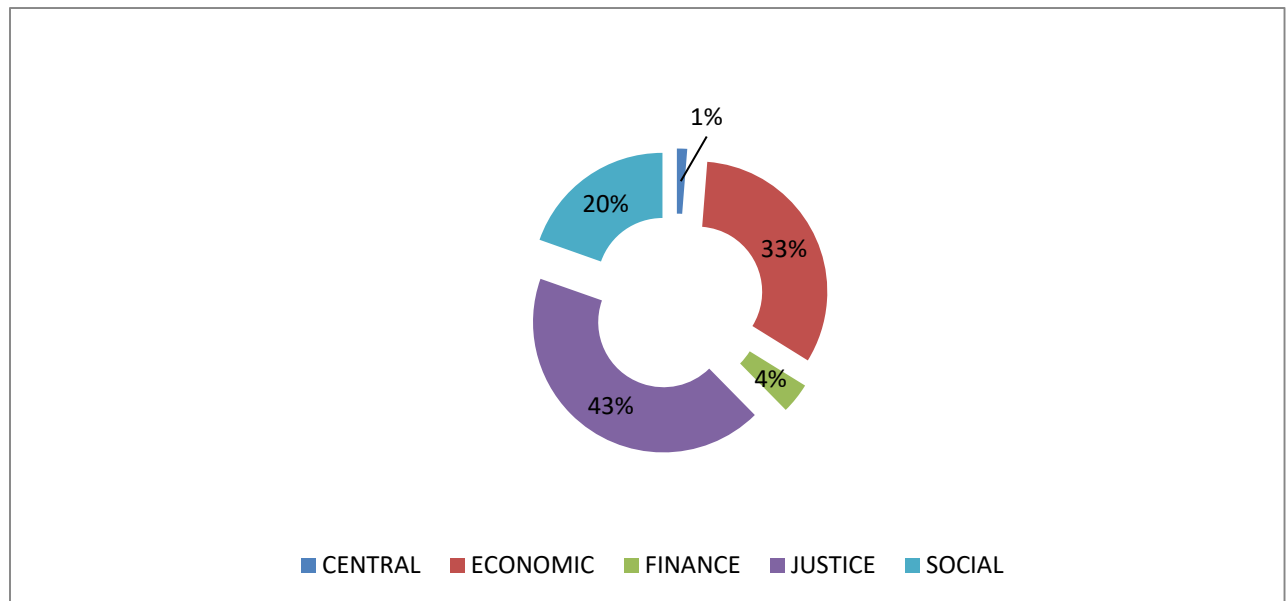
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022

Graph 29: Total capital expenditure



Graph 30: Capital expenditure by cluster 2021/22



REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022

Assets

Table 28: Cash and cash equivalents

Year Ended 31 March R' million	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22
Cash and equivalents	209 186	229 377	251 408	322 477	247 048
Movement in cash and cash equivalents	1%	10%	10%	28%	(23%)

Cash and cash equivalents stand at R247 billion (gross R283 billion less R36 billion bank overdraft). This is made up by 33% of foreign currency deposits, 16% sterilisation deposits and 51% deposits held with commercial banks.

Graph 30: Cash and cash equivalents by cluster 2021/22

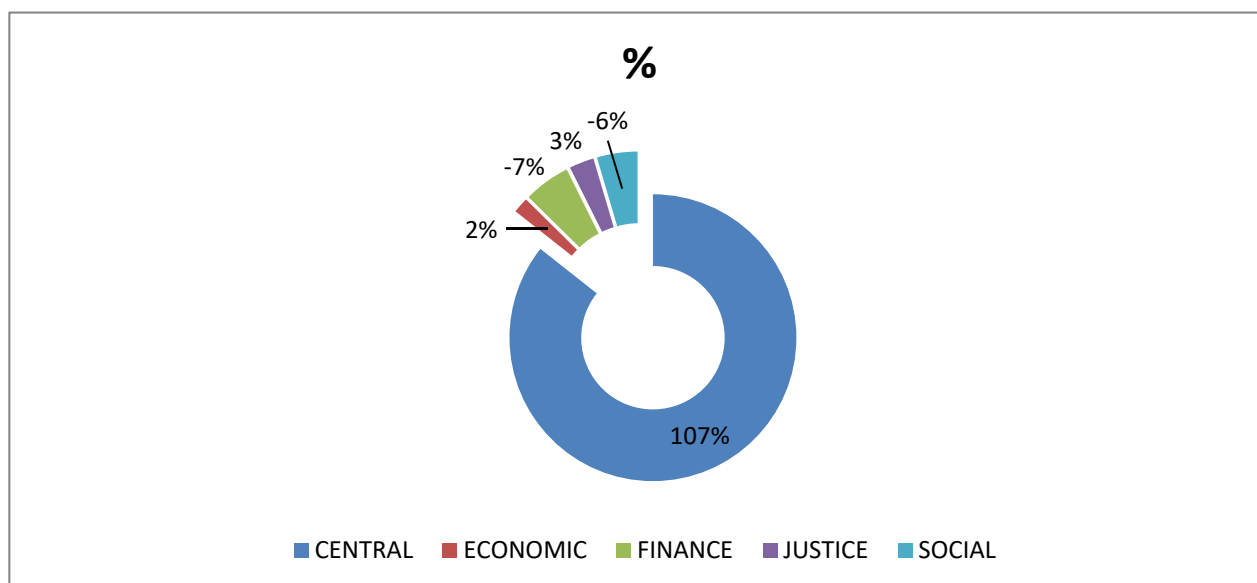


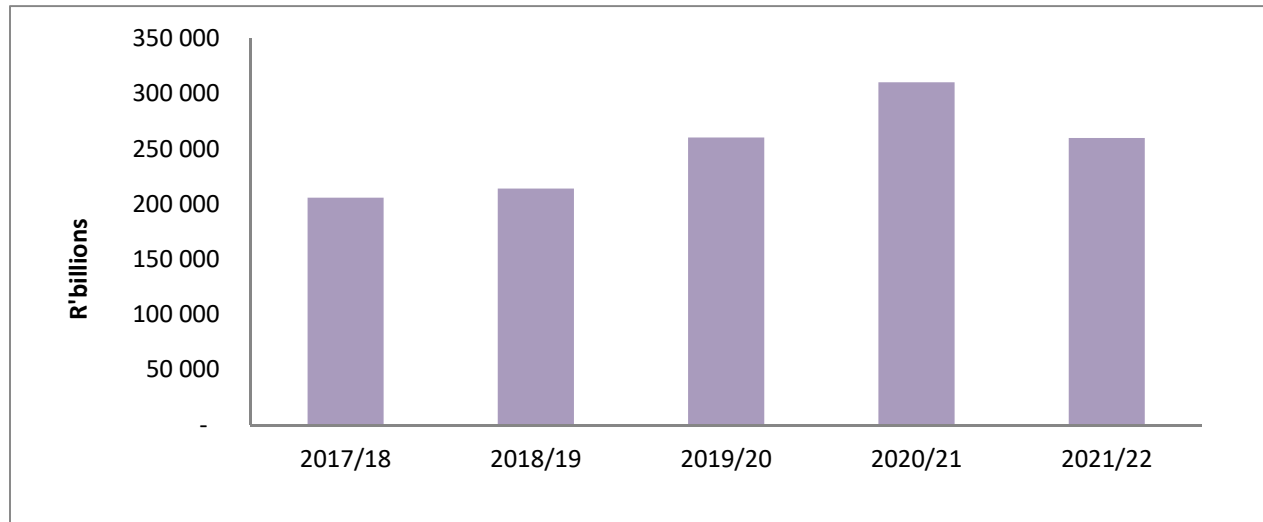
Table 29: National Revenue Fund Holding

Year Ended 31 March R' million	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22
Commercial Banks					
Tax and Loan account	44 634	47 354	44 436	175 136	133 318
South African Reserve Bank					
Sterilisation deposits	67 157	67 157	67 157	41 157	41 157
Foreign currency deposits	94 404	102 083	148 196	93 282	85 130
Other	-481	-2 534	491	540	227
US \$ equivalent of foreign cash balances	\$8,6 bn	\$8,5 bn	\$8,3 bn	\$6,3 bn	\$5,8bn
Total	205 715	214 060	260 280	310 115	259 832

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022

Graph 31: National Revenue Fund Holding



The National Treasury is responsible for maintaining adequate cash in the National Revenue Fund to meet its commitments and investing any surplus cash. Government's total cash includes deposits held by the Reserve Bank and commercial banks. Cash deposits with the Reserve Bank comprise the following:

- Deposits used to "sterilise" the excess cash created in the money market when buying foreign exchange reserves.
- Foreign exchange deposits made from money borrowed in international markets, or from purchases in the local market.

Sterilisation deposits are available for bridging finance purposes. Cash with commercial banks is invested in line with predetermined credit-risk benchmarks. Foreign currency deposits decreased from R93.3 billion in 2020/21 to R85.1 billion in 2021/22. This is due to government converting US\$4.6 billion of the foreign currency deposit into Rand to finance Rand-denominated commitments. In future government will revert to its original strategy of utilising foreign currency deposits to finance foreign-currency denominated commitments.

Table 30: Receivables (Current and Non-Current)

Year Ended 31 March R' million	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22
Receivables	22 626	9 574	9 245	10 403	27 210
Movement in receivables	8%	(58%)	(3%)	13%	161%

Receivables increased by 161.2% in 2021/22 from R10.4 billion to R27.2 billion. The increase is mainly attributable to significant increase of investment funds made to SASRIA by National Treasury. The increase in receivables from the 2020/21 financial year to 2021/22 financial year is due to the R18,1 billion equity injection that was paid over to SASRIA for it to be able to be claims because of the July unrest. The payment will be cleared once an allocation is appropriated in the next year 2nd appropriation bill.

Table 31: Investments

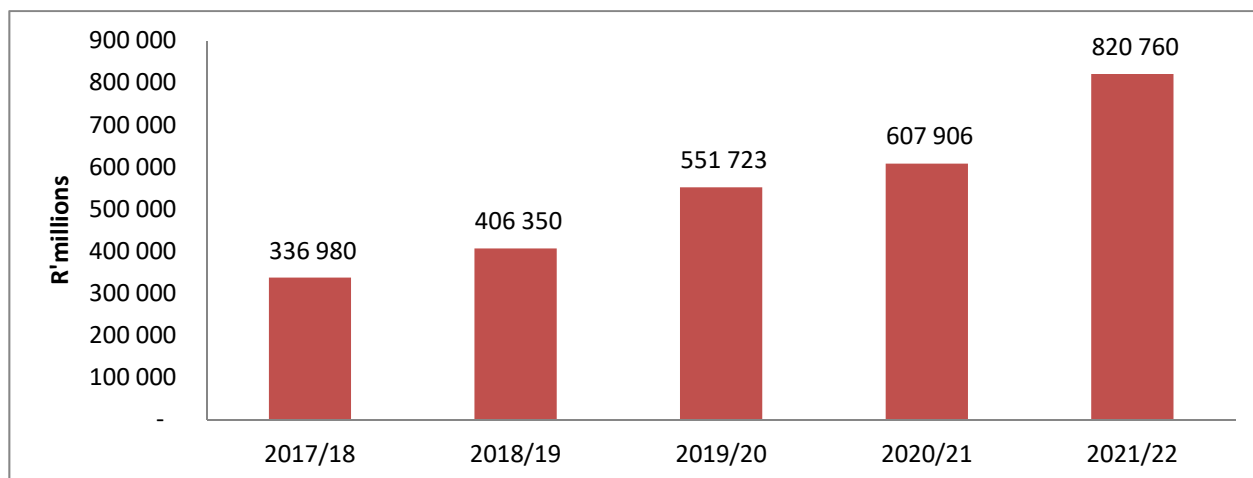
Year Ended 31 March R' million	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22
Investments	336 980	406 350	551 723	607 906	820 760
Movement in investments	6%	21%	36%	10%	35%

Investments include South Africa's subscription to shares in multilateral institutions such as International Monetary Fund, the African Development Bank, World Bank and the New Development Bank. Total investments increased from R608 billion in 2020/21 to R821 billion in 2021/22 or 35%. The increase is mainly due to new investments made by Treasury and Public Enterprises on state owned entities.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022

Graph 32: Investments



The major investments reported on in the audited financial statements of parent departments are listed in the following table which indicates actual Rand amounts of the cost of investments held by government for the past two years. Most investments have remained similar in the current year with little or no movement. The estimated impairment of investments is R81 billion (2020/21: R48 billion).

Table 32: Major Investments

Year Ended 31 March R' 000	Actual 2021/22	Actual 2020/21
Onderstepoort Biological Products Ltd	1	1
Telkom SA Limited	2 070 381	2 070 381
South African Post Office Limited	8 164 116	8 164 116
Sentech	2	2
Vodacom	3 743	3 743
Broadband Infraco	1 351 130	-
SABC	3 200 000	-
National Housing Finance Corporation	2 363 635	2 363 635
SERVCON	604	604
Nuclear Energy Corporation of South Africa	2 205	2 205
IDC A SHARE 1 000 000 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
Passenger Rail Agency of South Africa Ltd.	4 248 259	4 248 259
Airports Company Ltd.	2 884 242	2 884 242
Air Traffic and Navigational Services Company Ltd.	190 646	190 646
S.A. National Roads Agency (SOC) Ltd.	1 091 044	1 091 044
Development Bank of Southern Africa	200 000	200 000
Public Investment Corporation Limited	1	1
Sasria	22 000 000	-
Land Bank	2 585 810	7 397 655
Alexkor SOC Ltd	400 000	400 000
Denel SOC Ltd	11 621 262	8 552 376
Eskom SOC Ltd	219 692 945	188 000 000
Safcol SOC Ltd	318 013	318 013
Transnet SOC Ltd	12 660 986	12 660 986
South African Express SOC Ltd	2 277 395	2 277 395
South African Express SOC Ltd	58 561 573	54 483 709
South African Airways SOC Ltd	75 000	75 000
Armcor	104 156	107 164
Total Investments Shares and Other Equity	357 460 118	296 884 146

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022

Table 33: Loans (Current and Non-Current)

Year Ended 31 March <i>R' million</i>	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22
Loans	1 580	1 582	1 582	1 385	31
Movement in Loans	(41%)	0,1%	0%	(12%)	(98%)

Loans decreased by 98% in 2021/22 compared to the 12% decrease in the previous financial year. The significant decrease is from new issues by public corporations.

Liabilities

Table 34: Payables (Current and Non-Current)

Year Ended 31 March <i>R' million</i>	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22
Payables	13 324	6 058	5 567	9 563	26 389
Movement in Payables	81%	(41%)	(3%)	62%	176%

Payables have increased from R9.6 billion in 2020/21 to R26.4 billion in 2021/22. There has been a significant increase in the voted funds to be transferred in the NRF which increased by more than 100%. There has also been a significant increase of 47% in special pensions accounted for by National Treasury.

Table 35: Multilateral institutions

Year Ended 31 March <i>R' million</i>	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22
Multilateral Institutions	177 874	227 209	307 747	334 944	474 746
Movement in Multilateral Institutions	0,6%	27,7%	35,4%	8,8%	41,7%

South Africa is a member of the African Development Bank, International Monetary Fund, New Development Bank and World Bank Group. Membership incurs certain financial obligations, some of which are categorised as contingent liabilities. These obligations are capital and quota contributions to maintain the country's shareholding in the institutions and strengthen the global safety net that they support. Liabilities to multilateral institutions consist of the African Development bank R123 billion (2020/21: R55 billion), International Monetary Fund - Securities Account R110 billion (2020/21: R114.3 billion), International Monetary Fund - SDR Allocations R95 billion (2020/21: R37.4 billion), International Bank for Reconstruction and Development R30.3 billion both years, Multilateral Investments Guarantee Agency (R0.21 billion), and New Development Bank R117 billion (2020/21: R97.7 billion).

Current and non-current borrowings

Government incurs debt when financing the shortfall between its expenditure and revenue. This shortfall is financed through raising loans in the domestic and international capital markets. The stock of debt is also influenced by inflation and currency movements.

Table 36: Borrowings

Year Ended 31 March <i>R' million</i>	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22
Current borrowings	328 462	406 957	428 447	518 810	539 331
Non-current borrowings	2 161 227	2 381 332	2 832 896	3 416 890	3 738 132
Total	2 489 688	2 788 289	3 261 342	3 935 701	4 277 463
Movement in Borrowings	12%	12%	17%	21%	9%

Table 36 splits the debt portfolio between current and non-current borrowings. Current borrowings represent debt with a remaining term not exceeding one year, of which Treasury bills account for the largest portion. Non-current borrowings consist of fixed rate and inflation-linked bonds and foreign loan with an outstanding term exceeding one year.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022

Graph 33: Borrowings

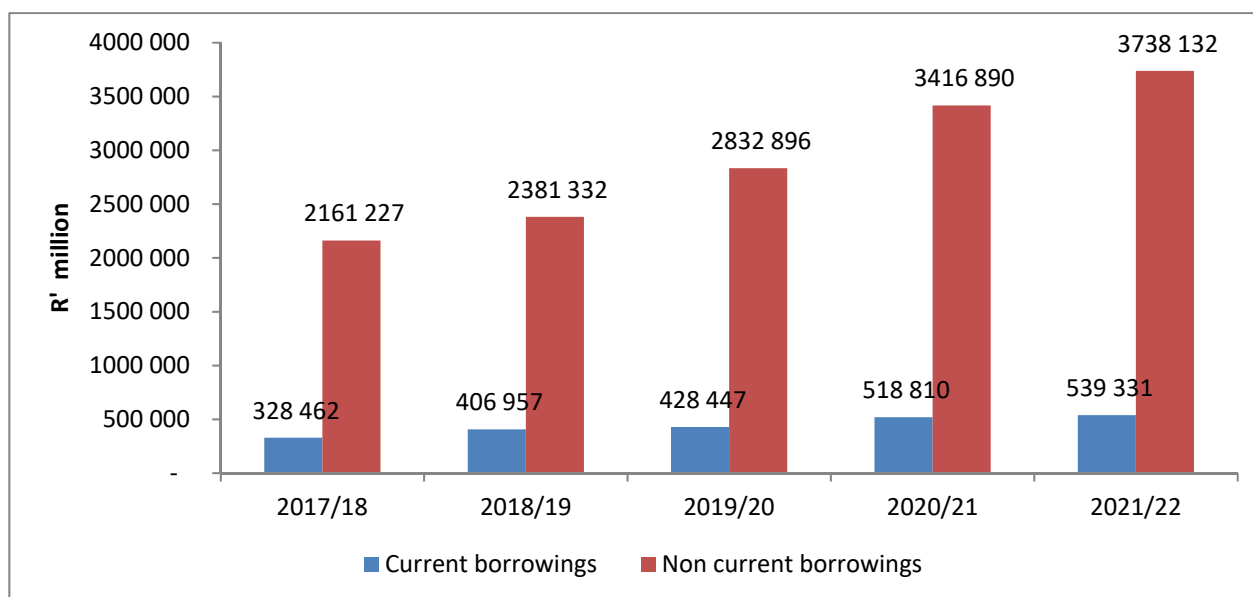


Table 37 below shows government debt split between domestic and foreign debt. In addition, government's debt is also disclosed on a gross and net basis. Net loan debt consists of total domestic and foreign debt less the cash balances of the NRF. Gross government debt as per cent of GDP, has increased from 59 per cent in 2020/21 to 70 per cent in 2021/22.

Table 37: National government debt

<i>R' million</i>	2017/18	2018/19	2019/20	2020/21	2021/22
Domestic debt	2 271 877	2 496 976	2 874 118	3 543 266	3 865 359
Foreign debt	217 811	291 314	387 225	392 434	412 104
Gross loan debt	2 489 688	2 788 289	3 261 342	3 935 701	4 277 463
Less: National Revenue Fund bank balances	(205 715)	(214 060)	(260 280)	(310 115)	(259 832)
Net loan debt	2 283 973	2 574 229	3 001 062	3 625 586	4 017 631
<i>As percentage of GDP:</i>					
<i>Gross loan debt</i>	43	51	66	59	70
<i>Net loan debt</i>	39	47	61	54	66

2022 CFS

**CONSOLIDATED
FINANCIAL STATEMENTS**

for the year ended 31 March 2022

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



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2022

Report on the audit of the consolidated financial statements

Qualified opinion

1. I have audited the consolidated financial statements of the National Treasury set out on pages 48 to 110, which comprise the consolidated statement of financial position as at 31 March 2022, the consolidated statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as notes to the consolidated financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects of the matters described in the basis for qualified opinion section of this auditor's report, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the National Treasury as at 31 March 2022, and its consolidated financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) as prescribed by the National Treasury and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Division of Revenue Act 9 of 2021 (DoRA).

Basis for qualified opinion

Goods and services

Department of Cooperative Governance

3. I was unable to obtain sufficient appropriate audit evidence for payments made to Consultants: Business and advisory services. The department could not provide accurate and complete substantiating records for payments made for project management fees to Community Work Programme (CWP) implementing agents. Consequently, I was unable to determine whether any adjustments were necessary to Consultants: Business and advisory services stated at R4 362 953 000 (2021: R4 114 117 000) in note 8 to the consolidated financial statements. I was unable to confirm the amount by alternative means.

Department of Defence

4. The department accounts for non-sensitive and sensitive projects expenditure in connection with special defence activities as per section 2(2)(a) of the Defence Special Account Act 6 of 1974, as amended. I was unable to obtain sufficient appropriate audit evidence on sensitive projects expenditure and related investments due to the sensitivity of the environment and the circumstances under which the related transactions were incurred and recorded. Consequently, I was unable to determine whether any adjustments were necessary to sensitive projects expenditure included in the expenditure of R79 635 580 000 (2021: R67 307 101 000), as per note 8 to the consolidated financial statements, and investments for special defence activities included in the investment amount of R820 759 831 000 (2021: R607 905 506 000), as per note 18 to the consolidated financial statements.

Irregular expenditure

Department of Forestry, Fisheries and the Environment

5. The department did not account for irregular expenditure in the notes to the financial statements, as required by section 40(3)(i) of the PFMA. The department did not implement adequate internal control systems to identify and record all instances of irregular expenditure incurred in both the current and prior years. This resulted in the irregular expenditure disclosure being understated. The full extent of the misstatement identified could not be quantified and I was unable to confirm the amount of irregular expenditure, stated at R57 796 258 000 (2021: R50 033 780 000) in note 34 to the consolidated financial statements, by alternative means.

Department of Defence

6. The department did not fully record irregular expenditure in the notes to the financial statements, as required by section 40(3)(b)(i) of the PFMA. This was due to inadequate systems to detect, record and appropriately disclose this expenditure in the consolidated financial statements. Consequently, I was unable to determine the full extent of the understatement of irregular expenditure, stated at R57 796 258 000 (2021: R50 033 780 000) in note

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2022

34 to the consolidated financial statements, as it was impracticable to do so.

Movable Tangible Capital Assets

Department of Cooperative Governance

7. I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for movable tangible capital and minor assets for the Community Work Programme (CWP), due to the status of the accounting records. I could not trace the assets from the asset register to the floor and I could not trace assets selected from the floor to the asset register due to the absence of unique identification information. I was unable to confirm these assets by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to movable tangible capital assets stated at R108 584 175 000 (2021: R105 564 739 000) and minor assets stated at R5 806 646 000 (2021: R5 576 542 000) in notes 41 and 42 to the consolidated financial statements

Department of Defence

8. I was unable to obtain sufficient appropriate audit evidence for movable tangible capital assets as the department could not indicate where these assets are located or provide other information relating to the existence of these assets. I was unable to confirm or verify these assets by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to movable tangible capital assets stated at R108 584 175 000 (2021: R105 564 739 000) in note 41 to the consolidated financial statements.

9. I was unable to obtain sufficient appropriate audit evidence to confirm movable tangible capital asset additions amounting to R800 million, as the supporting information was not provided. Consequently, I was unable to determine whether any adjustments were necessary to the movable tangible capital assets stated at R108 584 175 000 in note 41 to the financial statements.

10. The department did not recognise all items of movable tangible capital assets in accordance with MCS chapter 11, Capital assets. I identified items of movable tangible capital assets belonging to the department that were not included in the underlying accounting records. I was unable to determine the impact on the closing balance of movable tangible capital assets as it was impracticable to do so.

Consequently, movable tangible capital assets were understated by an unknown amount in the consolidated financial statements.

11. The department did not recognise all movable tangible capital assets at cost in accordance with MCS chapter 11, Capital assets. I identified a significant number of assets acquired after 1 April 2002 which were recorded at R1. This is in contravention of the MCS which allows R1 values to be assigned only to those assets acquired prior to 1 April 2002 and where documentation to establish the cost is not available. Consequently, I was unable to determine the full extent of the understatement of movable tangible capital assets stated at R108 584 175 000 in note 41 to the consolidated financial statements as it was impracticable to do so.

Context for the opinion

12. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the consolidated financial statements section of my report.

13. I am independent of the department in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

14. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matter

15. 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

16. As disclosed in note 48 to the consolidated financial statements, the minister of Finance granted the

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2022

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 2020-21 to 2024-25 and allows the National Treasury not to prepare a single set of consolidated financial statements for national departments and national public entities given the different financial reporting frameworks in use at public entities and departments.

Other matter

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

Unaudited supplementary schedules

18. The supplementary information set out on pages 111 to 118 does not form part of the consolidated financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

Responsibilities of the accounting officer for the consolidated financial statements

19. The accounting officer is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the MCS and the requirements of the PFMA and 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.

20. In preparing the consolidated financial statements, the accounting officer is responsible for assessing the department's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the department or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the consolidated financial statements

21. My objectives are to obtain reasonable assurance about whether the consolidated financial statements

as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

22. A further description of my responsibilities for the audit of the consolidated financial statements is included in the annexure to this auditor's report.

Performance information reporting

23. The department is not required to prepare a report on its performance against predetermined objectives, as required by section 8 of the PFMA.

Report on the audit of compliance with legislation

24. The audit of compliance with legislation is not required, as the department does not fall within the audit of compliance with legislation scope included in the Audit Directive issued under section 13(3)(b) of the Public Audit Act 25 of 2004 on 13 December 2021 per *General Notice* 45637.

Other information

25. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the consolidated financial statements and the auditor's report.

26. My opinion on the consolidated financial statements does not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

27. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2022

28. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

29. I considered internal control relevant to my audit of the consolidated financial statements, however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion included in this report

30. Management did not exercise adequate oversight and monitoring to prevent repeat findings on the consolidated financial statements and ensure that these were prepared in accordance with the prescribed financial reporting framework. This was mainly due to management's failure to implement action plans developed to address deficiencies that were identified in prior years. In the current year, I also noted that the developed action plans were not implemented and that the associated monitoring controls were not adequate to assist in addressing the recurring audit opinion modifications in some of the consolidated departments.

Auditor General
Pretoria

31 January 2023



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2022

Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the consolidated financial statements.

Consolidated financial statements

2. In addition to my responsibility for the audit of the consolidated financial statements as described in this auditor’s report, I also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit 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 department’s internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
- conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the consolidated financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the National Treasury to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the consolidated financial statements about the material uncertainty or, if

such disclosures are inadequate, to modify my opinion on the consolidated financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a department to cease operating as a going concern

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and determine whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 March 2022

	Notes	2021/22 R'000	2020/21 R'000
OPERATING INCOME			
Revenue from Taxes, Levies & Duties	2	1 546 202 899	1 200 563 747
Departmental revenue	3	16 167 996	36 251 290
Other Revenue	4	6 271 450	4 491 038
Aid assistance		2 565 281	2 209 001
TOTAL REVENUE		1 571 207 626	1 243 515 077
REVENUE FUND EXPENDITURE			
		307 967 619	298 370 747
Appropriated Funds	6	307 937 204	298 220 048
CARA payments		30 415	150 699
DEPARTMENTAL EXPENDITURE			
Current Expenditure			
		263 444 062	245 476 167
Compensation of employees	7	181 874 561	176 750 551
Goods and services	8	79 635 580	67 307 101
Interest and rent on land	9	347 868	210 697
Aid assistance		1 586 053	1 207 818
Transfers and subsidies			
		1 266 988 949	1 207 011 285
Transfers and subsidies	11	1 266 751 193	1 206 359 078
Aid assistance		237 756	652 207
Expenditure for capital assets			
		15 038 180	12 842 008
Tangible assets	10.1	14 641 382	12 432 569
Intangible assets	10.2	396 798	409 439
Payments for financial assets			
	13	71 727 267	88 985 706
TOTAL EXPENDITURE		1 925 166 077	1 852 685 913
SURPLUS/(DEFICIT)		(353 958 451)	(609 170 836)
Foreign exchange revaluation		(36 856 923)	(32 168 141)
SURPLUS/(DEFICIT) FOR THE YEAR		(390 815 374)	(641 338 977)
Reconciliation of Net Surplus/(Deficit) for the year			
Voted Funds		(391 397 664)	(637 331 780)
Departmental revenue and NRF Receipts		(80 078)	(4 253 842)
Aid assistance	5	662 368	246 645
SURPLUS/(DEFICIT) FOR THE YEAR		(390 815 374)	(641 338 977)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2022

	Notes	2021/2022 R '000	2020/2021 R '000
ASSETS			
Current Assets		308 667 067	351 241 334
Cash and cash equivalents	14	283 452 473	342 282 479
Other financial assets	12	15 194	21 486
Prepayments and advances	15	1 044 473	1 808 399
Receivables	16	24 070 266	6 938 486
Loans	17	2 099	4 039
Aid assistance receivable	6	82 562	186 445
Non-Current Assets		823 974 351	612 821 102
Investments	18	820 759 831	607 905 506
Receivables	16	3 140 189	3 464 578
Loans	17	28 753	1 381 356
Other financial assets	12	45 578	69 662
TOTAL ASSETS		1 132 641 418	964 062 435
LIABILITIES			
Current Liabilities		601 294 712	547 121 360
Bank overdraft	19	36 404 232	19 805 010
Payables	20.1	24 678 995	7 908 479
Borrowings	21	539 331 134	518 810 498
Aid assistance repayable	6	626 774	344 446
Aid assistance unutilised	6	253 577	252 927
Non-Current Liabilities		4 214 588 841	3 753 489 312
Payables	20.2	1 710 271	1 654 913
Borrowings	22	3 738 132 121	3 416 890 254
Multi-lateral institutions	23	474 746 449	334 944 145
TOTAL LIABILITIES		4 815 883 553	4 300 610 672
NET ASSETS		(3 683 242 135)	(3 336 548 236)
Represented by:			
Capitalisation reserve		362 194 203	298 160 599
Recoverable revenue		1 103 252	1 462 573
Retained funds		(4 046 539 590)	(3 636 171 408)
TOTAL		(3 683 242 135)	(3 336 548 236)

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 March 2022

	Notes	2021/2022 R'000	2020/2021 R'000
NET ASSETS			
Capitalisation Reserves			
Opening balance		298 160 599	215 144 633
Transfers:		64 033 605	83 015 966
Movement in Equity		64 039 696	83 019 096
Other movements		(6 091)	(3 130)
Closing balance		362 194 204	298 160 599
Recoverable revenue			
Opening balance		1 519 194	2 066 345
Transfers		(414 280)	(547 151)
Irrecoverable amounts written off		(48 773)	(44 173)
Debts revised		(47 125)	(248 150)
Debts recovered (included in departmental receipts)		(748 827)	(240 805)
Debts raised		430 446	(14 023)
Closing balance		1 104 914	1 519 194
Retained funds			
Opening balance		(3 636 171 408)	(2 977 143 406)
Transferred from voted funds to be surrendered (Parliament/Legislatures ONLY)		45 445	206 677
Utilised during the year		(1 347 249)	2 909 062
Other		(409 066 378)	(662 143 741)
Closing balance		(4 046 539 590)	(3 636 171 408)
Revaluation Reserves			
Opening balance		(56 621)	73 447
Other		54 958	(130 068)
Closing balance		(1 663)	(56 621)
TOTAL		(3 683 242 135)	(3 336 548 236)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2022

	Notes	2021/22 R'000	2020/21 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS DISCLOSED BY THE NATIONAL REVENUE FUND			
		1 590 764 831	1 253 756 239
Revenue collected by SARS		1 546 653 474	1 200 333 015
Departmental Revenue collected		16 474 715	37 164 805
CARA Receipts		71 577	85 835
Surrenders from departments		21 293 616	11 681 545
Other revenue received by the revenue fund		6 271 450	4 491 038
RECEIPTS DISCLOSED BY NATIONAL DEPARTMENTS			
		15 931 252	12 295 461
Annual appropriated funds received		3 566 074	250 414
Statutory appropriated funds received		(11 601)	(72 186)
Departmental revenue received		4 342 682	3 300 365
Interest received		5 540 393	6 693 702
Aid assistance received		2 493 704	2 123 166
PAYMENTS DISCLOSED BY THE NATIONAL REVENUE FUND			
		327 529 204	315 620 706
Statutory Appropriation		326 583 293	315 469 497
CARA Payments		30 415	150 699
Other		915 497	511
Net (increase)/ decrease in working capital		(661 662)	2 370 999
Surrendered to Revenue Fund		(31 045 161)	(22 954 596)
Surrendered to RDP Fund/Donor		(282 185)	(404 756)
Current payments		(263 123 198)	(245 105 520)
Interest paid		(305 704)	(170 789)
Payments for financial assets		(71 727 267)	(89 060 072)
Transfers and subsidies paid		(1 270 089 105)	(1 207 600 727)
Net cash flow available from operating activities	24	(358 067 403)	(612 494 467)
CASH FLOWS FROM INVESTING ACTIVITIES			
Distribution/dividend received		63	319 114
Payments for capital assets		(15 038 180)	(12 842 008)
Proceeds from sale of capital assets		136 301	124 150
(Increase)/ decrease in loans		1 354 543	209 133
(Increase)/ decrease in investments		(65 387 817)	(83 019 097)
(Increase)/ decrease in other financial assets		30 376	(2 346)
(Increase)/ decrease in non-current receivables		324 389	(243 153)
Net cash flows from investing activities		(73 768 480)	(95 454 207)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/ (decrease) in net assets		63 674 283	82 353 519
Increase/ (decrease) in non-current payables		55 358	32 396
Increase/ (decrease) in borrowings		297 437 018	696 184 522
Net cash flows from financing activities		361 166 659	778 570 437
Net increase/ (decrease) in cash and cash equivalents		(75 481 069)	70 621 763
Cash and cash equivalents at beginning of period		322 477 469	251 564 650
Unrealised gains and losses within cash and cash equivalents		51 840	291 057
Cash and cash equivalents at end of period	25	247 048 240	322 477 470

ACCOUNTING POLICIES

For the year ended 31 March 2022

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 annual Division of Revenue Act.

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 National Treasury.

Departmental revenue is collected 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 are also recognised.

Inter-departmental prepayment advances and payables and inter-entity transactions and balances between the departments and the National Revenue Fund (NRF) are eliminated. However, PAYE is not eliminated as it is not considered as an interdepartmental transaction. VAT is also 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 departments.

1.3 Rounding

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

1.4 Comparative figures

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

1.5 Revenue

Appropriated funds include equitable share and conditional grants to entities in terms of an Act of Parliament / Province. Appropriated funds are recognised in the financial records on the date the appropriation becomes effective. Adjustments to the appropriated funds made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.

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

The net amount of surrenders consists of unexpended appropriated funds which are surrendered to the National Revenue Fund less amounts exceeding the 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 monies 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 are recognised when instructed by SARS.

ACCOUNTING POLICIES

For the year ended 31 March 2022

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 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.

Forex gains and losses are recognised on settlement of loans.

1.5.2.6 Transfers received

Transfers received include transfers from universities and technikons, foreign governments, international organisations, public corporations and private enterprises, households and non-profit institutions and other governmental units. Revenue is recognised in the Statement of Financial Performance on receipt of the funds from the departments.

1.5.3 Gifts, donations and sponsorships (transfers received)

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

ACCOUNTING POLICIES

For the year ended 31 March 2022

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 recognised in the statement of financial performance on the date of payment [i.e. on the date on which the expenditure is authorised for payment (by no later than 31 March of each year).

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 on the date of payment (by no later than 31 March of each year).

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

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

1.6.3 Goods and services

Payments made for goods and/or services are recognised as an expense in the statement of financial performance on the date of payment (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 on the date of payment (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 is 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 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 on the date of payment (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 on the date of payment (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 on 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.

ACCOUNTING POLICIES

For the year ended 31 March 2022

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

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

1.6.11 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred. Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables or written off.

Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

1.6.12 Irregular expenditure

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note.

Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery, not condoned and removed or written-off.

Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently 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 plus transaction costs that are directly attributable to the acquisition or issue of the financial asset

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, where interest is charged, less amounts already settled or written-off. Amounts that are potentially irrecoverable are included in the notes.

ACCOUNTING POLICIES

For the year ended 31 March 2022

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, where interest is charged, less amounts already settled or written off

Amounts that are potentially irrecoverable are included in the 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, New

Development Bank 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 as at 31 March.

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 notes.

1.7.9 Inventory

Inventories that qualify for recognition are recognised initially at cost. Where inventories are acquired as part of non-exchange transaction, the inventories are measured at fair value as 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 Movable capital assets

Initial recognition

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

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

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 are expensed as current "goods and services" in the statement of financial performance.

ACCOUNTING POLICIES

For the year ended 31 March 2022

Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.

1.7.10.2 Immovable capital assets

Initial recognition

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

Subsequent recognition

Immovable assets are subsequently carried at cost and are not subject to depreciation or impairment.

1.7.10.3 Project costs: Work-in-progress

Work-in-progress of a capital nature is recorded in the statement of financial performance as "expenditure for capital asset" when paid. Amounts paid towards capital projects are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is ready for use. Once ready for use, the total accumulated payments are recorded in the asset register of the department that is accountable for the asset.

Subsequent payments to complete the project are added to the capital asset in the asset register.

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

1.7.10.4 Intangible assets

Initial recognition

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

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

Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.

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 not apportioned between the capital and interest portions. The finance lease liability is disclosed in the 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.

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 recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department, or the national revenue fund, or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.

1.8.5 Contingent assets

Contingent assets are recorded in the 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.

ACCOUNTING POLICIES

For the year ended 31 March 2022

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 at cost.

1.8.7 Employee benefits

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the 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 recorded in the notes to the financial statements 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.

The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.

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, New Development Bank 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 1 to 365 days, CPD borrowings and long-term domestic loans due to be settled within 12 months of the reporting date. Treasury bills and CPD borrowings are recognised at face value.

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

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

1.9.2 Foreign Loans and Bonds

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

1.10 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 notes.

Related party transactions within the Minister/MEC's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.

The number of individuals and full compensation of key management personnel (including compensation paid to their family members where relevant) is recorded in the notes to the financial statements.

1.13 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

ACCOUNTING POLICIES

For the year ended 31 March 2022

- 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.

PPPs are accounted for based on the nature and or he substance of the partnership. The transaction is accounted for in accordance with the relevant accounting policies.

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

1.14 Restatements and adjustments

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

1.15 Events after the reporting date

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	Notes	2021/22 R'000	2020/21 R'000
2	Revenue from Taxes, levies and Duties		
	Taxation		
	DTIC Taxes and Income tax	912 876 939	718 183 803
	Value-added tax / Sales tax	390 895 100	331 196 848
	Fuel levies	84 453 514	71 837 171
	Customs duties	57 075 262	46 333 356
	Excise duties	52 226 311	48 513 717
	Skills Development Levy	19 335 917	18 486 280
	Environmental levies	12 858 151	10 681 065
	Transfer duties	10 576 131	7 119 627
	Securities transfer tax	7 680 453	6 240 209
	Road accident fund recoupment	4 435 556	4 768 315
	Estate duty	3 140 787	3 485 353
	Southern African Customs Union member duties	3 122 455	2 047 843
	Health promotion levy	2 259 832	2 512 790
	Other taxation revenue	1 128 810	867 500
	State miscellaneous revenue	1 060 510	1 068 258
	Donations Tax	635 423	742 798
	Total Taxation	1 563 761 151	1 249 714 611
	Non-taxation revenue		
	Road accident fund levy	47 282 230	40 628 194
	Mineral and petroleum resource royalty	28 456 420	14 227 647
	Unemployment Insurance Fund (UIF)	21 432 659	18 395 499
	Other non-taxation revenue	(117 084)	(105 789)
	Total Non-taxation	97 054 225	73 145 551
	Total Gross Revenue	1 660 815 376	1 322 860 162
	Less		
	Less: South African Customs Union Agreement	45 966 212	63 395 241
	Less: Payment to UIF	19 450 972	16 714 800
	Less: Payable by SARS to UIF	1 981 687	1 680 699
	Less: Payment to RAF	47 058 717	40 559 570
	Less: Payable by SARS to RAF	154 889	(53 895)
	Less: South African Customs Union Agreement	45 966 212	63 395 241
	Total	114 612 477	122 296 415
	Total Net Revenue for the Year	1 546 202 899	1 200 563 747
3	Departmental Revenue		
	NRF receipts	6 068 425	25 769 916
	Sales of goods and services other than capital assets	2 819 802	1 627 288
	Fines, penalties and forfeits	271 149	353 870
	Interest, dividends and rent on land	5 556 385	7 024 328
	Sales of capital assets	136 301	124 150
	Transactions in financial assets and liabilities	951 981	929 150
	Transfer received	363 953	430 724
	Total Revenue Collected	16 167 996	36 259 426
	Less: Own revenue included in appropriation	-	8 136
	Total	16 167 996	36 251 290

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	Notes	2021/22 R'000	2020/21 R'000
4	Other Revenue		
	Surrenders	4 176 857	2 688 913
	Other revenue received	2 094 593	1 802 126
	Total	6 271 450	4 491 038
5	5.1 Aid assistance		
	Opening Balance	410 928	533 750
	Prior period error	-	-
	As restated	410 928	533 750
	Transferred from statement of financial performance	662 368	246 645
	Transferred to/from retained funds	6 678	35 197
	Paid during the year	(282 185)	(404 664)
	Closing Balance	797 789	410 928
	5.2 Analysis of balance by source		
	Aid assistance from RDP	567 349	200 290
	Aid assistance from other sources	197 534	178 543
	CARA	32 906	32 095
	Closing Balance	797 789	410 928
	Analysis of Balance		
	Aid assistance receivable	(82 562)	(186 445)
	Aid assistance unutilised	253 577	252 927
	Aid assistance repayable	626 774	344 446
	Closing Balance	797 789	410 928
	Aid assistance prepayments (expensed)		
5.2.1	Opening balance		
	Goods and services	118 519	54 657
	Transfers and subsidies	185 278	49 185
	Closing Balance	303 797	103 842
	Less: Received in the current year		
	Goods and services	538 167	267 361
	Transfers and subsidies	(96 434)	(52 715)
	Closing balance	441 733	214 646
	Less: Other		
	Goods and services	(115 046)	(54 657)
	Closing Balance	(115 046)	(54 657)
	Add: Current Year prepayments		
	Goods and services	(484 453)	(148 842)
	Transfers and subsidies	-	188 808
	Closing balance	(484 453)	39 966
	Closing balance		
	Goods and services	57 187	118 519
	Transfers and subsidies	88 844	185 278
	Closing balance	146 031	303 797

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	Notes	2021/22 R'000	2020/21 R'000
5.3	Aid assistance expenditure per economic classification		
	Current	1 586 053	1 207 818
	Capital	7 527	16 496
	Transfers and subsidies	237 756	652 207
	Total aid assistance expenditure	1 831 336	1 876 521
5.4	Donations received in kind (not included in the main note)		
	<i>List in kind donations received</i>		
	BMZ Skills Development for a Green Economy	34 235	50 124
	International Finance Corporation: Employability Study	2 328	3 154
	Computer equipment and software	2 182	295
	BMBF: TrainMe	1 286	631
	Donation of Hygiene Products	1 356	1 720
	COVID-19 and Disability Research Project	539	77
	Strengthening the Inclusive Disability Machinery, South Africa	1 230	506
	Toys, baby accessories and recreation	1	34
	Police Transport asset/Service and Equipment	38 463	33 280
	US Government	-	510
	Mebendazole Tablets: National Deworming programme	48 077	238
	453 doses of JNJ AD26.SARS.CO.2 Vaccine - Sisonke 2	58 983	657
	Phizer Covax doses	1 263 757	-
	Total	1 452 437	91 226
6	Appropriated funds		
	Annual appropriation	(18 713 413)	(21 535 475)
	Statutory appropriation	326 650 617	319 755 523
	Total appropriation	307 937 204	298 220 048
7	Compensation of employees		
	Salaries and Wages		
	Basic Salary	114 056 984	115 258 803
	Performance Award	325 364	232 840
	Service Based	563 278	548 099
	Compensative/circumstantial	7 970 738	8 102 489
	Periodic Payments	225 996	181 293
	Other non-pensionable allowances	28 371 336	22 871 485
	Total	151 513 696	147 195 009
	Social Contributions		
	Employer contributions		
	Pension	16 637 797	16 714 145
	Medical	13 657 426	12 786 113
	UJF	2 698	2 447
	Bargaining Council	13 616	13 216
	Official unions and associations	18 720	18 151
	Insurance	30 608	21 470
	Total	30 360 865	29 555 542
	Total compensation of employees	181 874 561	176 750 551
	Average number of employees	392 238	397 356

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	Notes	2021/22 R'000	2020/21 R'000
8	Goods and services		
	Administrative fees	493 351	585 630
	Advertising	499 785	401 817
	Minor assets	8.1 594 875	613 259
	Bursaries (employees)	92 029	73 745
	Catering	114 844	74 498
	Communication	1 447 988	1 306 361
	Computer services	8.2 7 799 589	7 248 126
	Consultants, contractors and outsourced services	4 362 953	4 114 117
	Infrastructure and planning services	235 919	140 431
	Laboratory services	119 752	95 003
	Scientific and technological services	687 554	891 056
	Legal services	1 307 885	912 734
	Contractors	6 349 180	4 494 765
	Agency and support / Outsourced services	5 049 217	4 339 372
	Entertainment	6 042	4 337
	Audit cost – external	8.3 658 004	510 414
	Fleet services	5 120 435	4 323 720
	Inventory	8.4 15 096 417	9 077 546
	Consumables	8.5 2 694 424	3 761 457
	Operating leases	10 727 994	11 937 038
	Property payments	8.6 8 351 432	6 859 900
	Rental and hiring	49 791	101 853
	Transport provided part of departmental activities	43 798	54 698
	Travel and subsistence	8.7 5 197 283	2 986 082
	Venues and facilities	251 049	123 459
	Training and staff development	694 825	798 063
	Other operating expenditure	8.8 1 589 165	1 477 620
	Total	79 635 580	67 307 101
8.1	Minor Assets		
	Tangible assets	564 663	576 112
	Buildings and other fixed structures	189	341
	Biological assets	2 408	2 453
	Machinery and equipment	560 391	570 848
	Transport assets	46	49
	Specialised military assets	1 629	2 421
	Intangible assets	30 212	37 147
	Software	30 212	37 147
	Total	594 875	613 259
8.2	Computer services		
	SITA computer services	3 700 862	3 538 346
	External computer service providers	4 098 727	3 709 780
	Total	7 799 589	7 248 126

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	Notes	2021/22 R'000	2020/21 R'000
8.3	Audit cost – external		
	Regularity audits	588 898	468 026
	Performance audits	1 757	655
	Investigations	40 393	26 092
	Environmental audits	13	1 993
	Computer audits	26 943	13 648
	Total	658 004	510 414
8.4	Inventory	520 142	620 291
	Clothing material and accessories	1 223 051	568 593
	Farming supplies	2 271 115	2 362 740
	Food and food supplies	521 391	512 865
	Fuel, oil and gas	1 266 169	1 027 733
	Learning and teaching support material	192 315	134 966
	Materials and supplies	472 720	1 167 771
	Medical supplies	7 997 062	807 119
	Medicine	520 142	620 291
	Other supplies	632 452	1 875 468
	Total	15 096 417	9 077 546
8.4.1	Other Supplies		
	Ammunition and security supplies	42 624	54 803
	Assets for distribution	247 278	391 182
	Machinery and equipment ⁹	166 414	48 007
	Sports furniture	29 679	69 240
	Sports and recreation	7 558	18 108
	Other assets for distribution	43 627	255 827
	Other	342 550	1 429 483
	Total	632 452	1 875 468
8.5	Consumables	1 387 316	2 856 265
	Consumable supplies	354 350	170 257
	Uniform and clothing	433 948	1 133 112
	Household supplies	126 399	66 995
	Building material and supplies	2 405	755
	Communication accessories	85 066	91 243
	IT consumables	385 148	1 393 903
	Other consumables	1 307 108	905 192
	Stationery, printing and office supplies	2 694 424	3 761 457
	Total	2 694 424	3 761 457

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	<i>Notes</i>	2021/22 R'000	2020/21 R'000
8.6	Property payments		
	Municipal services	5 402 871	4 271 354
	Property management fees	702 510	581 846
	Property maintenance and repairs	495 522	414 335
	Other	1 750 529	1 592 365
	Total	8 351 432	6 859 900
8.7	Travel and subsistence		
	Local	4 862 396	2 765 599
	Foreign	334 887	220 483
	Total	5 197 283	2 986 082
8.8	Other operating expenditure		
	Professional bodies, membership and subscription fees	134 864	174 014
	Resettlement costs	139 529	97 865
	Other	1 314 772	1 205 741
	Total	1 589 165	1 477 620
9	Interest and Rent on Land		
	Interest expense	305 704	170 789
	Rent on land	42 164	39 908
	Total interest and rent on land	347 868	210 697

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	Notes	2021/22 R'000	2020/21 R'000
10	Expenditure on capital assets		
10.1	Tangible assets	14 641 382	12 432 569
	Buildings and other fixed structures	8 791 031	7 262 029
	Heritage assets	21 307	69 931
	Machinery and equipment	4 614 575	4 786 153
	Specialised military assets	589 066	282 148
	Land and subsoil assets	616 500	27 191
	Biological assets	8 903	5 117
10.2	Intangible assets	396 798	409 439
	Computer software	396 786	409 439
	Patents, licences, copyright, brand names, trademarks	12	-
	Total	15 038 180	12 842 008
	Compensation for capital expenditure		
	Compensation of employees	9 081	9 676
	Goods and services	11 749	14 414
	Total	20 830	24 090
	Analysis of funds utilised to acquire capital assets		
	Tangible assets		
	Voted Funds	14 636 345	12 416 081
	Buildings and other fixed structures	8 762 270	7 258 089
	Heritage assets	47 371	69 875
	Machinery and equipment	4 612 235	4 773 661
	Specialised military assets	589 066	282 148
	Land and subsoil assets	616 500	27 191
	Biological assets	8 903	5 117
	Aid assistance	5 050	16 488
	Buildings and other fixed structures	2 696	3 940
	Machinery and equipment	2 354	12 548
	TOTAL	14 641 395	12 432 569
	Software and other intangible assets		
	Voted Funds	394 308	409 431
	Computer software	394 308	395 922
	Patents, licences, copyright, brand names, trademarks	-	13 509
	Aid assistance	2 477	8
	Computer software	2 477	8
	TOTAL	396 785	409 439
10.3	Finance lease expenditure included in expenditure for capital assets		
	Tangible assets		
	Buildings and other fixed structures	484 822	465 777
	Machinery and equipment	516 663	492 653
	Total	1 001 485	958 430

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	<i>Notes</i>	2021/22 R'000	2020/21 R'000
11	Transfers and subsidies		
	Provinces and municipalities	796 965 700	766 330 063
	Departments agencies and accounts	141 396 450	127 310 782
	Higher education institutions	43 292 363	43 329 215
	Foreign governments and international organisations	2 952 752	2 227 123
	Public corporations and private enterprises	37 421 571	26 775 292
	Non-profit institutions	8 368 544	8 084 463
	Households	236 353 813	232 302 140
	Total	1 266 751 193	1 206 359 078
12	Other financial assets		
	Current		
	Local		
	Total	-	-
	Foreign		
	Rental deposits for employees based abroad	15 194	21 486
	Total	15 194	21 486
	Total Current other financial assets	15 194	21 486
	Non-current		
	Local		
	Municipality deposit	100	100
	Total	100	100
	Foreign		
	Rental deposits for employees based abroad	45 478	69 562
	Total	45 478	69 562
	Total Non-Current other financial assets	45 578	69 662
13	Payments for financial assets		
	Material losses through criminal conduct	97	6 111
	Theft	97	13
	Other material losses	-	6 098
	Purchase of equity	60 839 696	80 019 095
	Extension of loans policy purposes	6 049 897	8 613 037
	Other materials losses written off	52 930	28 652
	Debt written off	161 997	230 137
	Forex losses	59 772	88 674
	Debt take overs	4 562 878	-
	Total	71 727 267	88 985 706

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	Notes	2021/22 R'000	2020/2 R'000
14	Cash and Cash equivalents		
	Consolidated Paymaster General Account	21 348 460	31 568 785
	Cash receipts	216 433	142
	Disbursements	(17 430)	(60 840)
	Cash on hand	133 409 629	175 221 398
	Investments (Domestic)	1 856 661	475 332
	Investments (International)	124 215	98 782
	Cash with SARB	41 157 404	41 157 404
	Foreign Currency Investment	85 130 325	93 281 754
	Other	226 776	539 721
	Total Cash and cash equivalents	283 452 473	342 282 479
15	Prepayments and Advances		
	Staff advances	29 720	1 541
	Travel and subsistence	193 122	123 317
	Prepayments (Not expensed)	15.2 86 251	244 210
	Advances paid (Not expensed)	15.1 735 380	1 439 331
	Total	1 044 473	1 808 399
15.1	Advances paid (Not expensed)		
	Balance at the beginning of the year		
	National departments	414 654	219 734
	Provincial departments	124 289	224 966
	Public entities	375 278	619 689
	Other institutions	695 597	154 972
	Total	1 609 818	1 219 361
	Less: Amount expensed in current year		
	National departments	(518 511)	(391 932)
	Provincial departments	(27 422)	(115 213)
	Public departments	(1 105 946)	(1 309 923)
	Other institutions	(1 505 176)	(1 013 635)
	Total	(3 157 055)	(2 830 703)
	Add/Less: Other		
	National departments	124 001	130 691
	Provincial departments	925	(464)
	Public entities	-	-
	Other institutions	(65 564)	(14 330)
	Total	59 362	115 897
	Add: Current year advances		
	National departments	384 348	456 161
	Provincial departments	3 776	15 000
	Public entities	988 024	1 065 512
	Other institutions	1 251 599	1 568 590
	Total	2 627 747	3 105 263
	Closing Balance at Year End		
	National departments	-	244 167
	Provincial departments	101 568	124 289
	Public entities	257 356	375 278
	Other institutions	376 456	695 597
	Total	735 380	1 439 331

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	<i>Notes</i>	2021/22 R'000	2020/21 R'000
15.2 Prepayments (Not expensed)			
Balance at the Beginning of the Year			
<i>Listed by economic classification</i>			
Goods and services		234 545	343 990
Transfers and subsidies		89	68 877
Capital assets		7 983	3 734
Other		1 593	973
Total		244 210	417 574
Less: Amount expensed in current year			
<i>Listed by economic classification</i>			
Goods and services		(706 831)	(782 685)
Transfers and subsidies		(308 385)	(264 396)
Capital assets		(7 692)	(22 489)
Other		-	(973)
Total		(1 022 908)	(1 070 543)
Add/Less: Other			
<i>Listed by economic classification</i>			
Goods and services		(218)	51 911
Capital assets		(291)	
Total		(509)	51 911
Add: Current year payments			
<i>Listed by economic classification</i>			
Goods and services		554 891	621 329
Transfers and subsidies		310 000	195 608
Capital assets		-	26 738
Other		567	1 593
Total		865 458	845 268
Closing Balance at Year End			
<i>Listed by economic classification</i>			
Goods and services		82 387	234 545
Transfers and subsidies		1 704	89
Capital assets		-	7 983
Other		2 160	1 593
Total		86 251	244 210

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	Notes	2021/22 R'000	2020/21 R'000
15.3 Prepayments (Expensed)			
Balance at the Beginning of the Year			
<i>Listed by economic classification</i>			
Goods and services		1 039 049	995 393
Transfers and subsidies		33 671	33 263
Capital assets		45 321	126 164
Total		1 118 041	1 154 820
Less: Received in the current year			
<i>Listed by economic classification</i>			
Goods and services		(779 275)	(1 762 145)
Transfers and subsidies		(4 152)	(3)
Capital assets		(115 024)	(123 773)
Total		(898 451)	(1 885 921)
Add/Less: Other			
<i>Listed by economic classification</i>			
Goods and services		(339 721)	74 246
Capital assets		775	1 156
Total		(338 946)	75 402
Add: Current Year prepayments			
<i>Listed by economic classification</i>			
Goods and services		1 187 690	1 731 555
Transfers and subsidies		2	411
Capital assets		96 963	41 774
Total		1 284 655	1 773 740
Closing Balance at Year End			
<i>Listed by economic classification</i>			
Goods and services		1 107 743	1 039 049
Transfers and subsidies		29 521	33 671
Capital assets		28 035	45 321
Total		1 165 299	1 118 041

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	Notes	2021/22 R'000	2020/21 R'000
15.4 Advances paid (Expensed)			
Balance at the Beginning of the Year			
National departments		196 375	302 933
Provincial departments		7 471	10 376
Public entities		4 617 267	4 175 114
Other institutions		181 557	107 135
Total		5 002 670	4 595 558
Less: Received in the current year			
National departments		3 197	4 800
Provincial departments		301	161
Public entities		(603 889)	(1 632 845)
Other institutions		7 437	60 304
Total		(592 954)	(1 567 580)
Add/Less: Other			
National departments		(671 486)	(819 709)
Provincial departments		(42 743)	(39 566)
Public entities		(455 305)	(108 849)
Other institutions		(61 937)	(61 877)
Total		(1 231 471)	(1 030 001)
Add: Current Year advances			
National departments		984 432	708 351
Provincial departments		42 200	36 500
Public entities		1 190 399	2 183 847
Other institutions		509 835	75 995
Total		2 726 866	3 004 693
Closing Balance at Year End			
National departments		512 518	196 375
Provincial departments		7 229	7 471
Public entities		4 748 472	4 617 267
Other institutions		636 892	181 557
Total		5 905 111	5 002 670
16 Receivables			
Claims recoverable	16.1	5 614 259	5 930 624
Trade receivables	16.2	13 148	16 130
Recoverable expenditure	16.3	184 891	178 660
Staff debt	16.4	681 745	599 563
Fruitless and wasteful expenditure	16.6	40 973	48 671
Other receivables	16.5	2 286 634	2 491 519
Voted funds to be surrendered to the Revenue Fund		18 346 733	1 077 481
Unauthorised expenditure to be surrendered		15 160	
Departmental Revenue to be surrendered to the Revenue Fund		(58 648)	(42 319)
Other		85 560	102 735
Total		27 210 455	10 403 064

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	<i>Notes</i>	2021/22 R'000	2020/21 R'000
Current			
Claims recoverable		4 611 904	4 751 926
Trade receivables		-	3 777
Recoverable expenditure		145 514	141 158
Staff debt		407 763	307 331
Fruitless and wasteful expenditure		23 063	39 372
Other receivables		493 217	557 025
Voted funds to be surrendered to the Revenue Fund		18 346 733	1 077 481
Unauthorised expenditure to be surrendered		15 160	-
Departmental Revenue to be surrendered to the Revenue Fund		(58 648)	(42 319)
Other		85 560	102 735
Total Current		24 070 266	6 938 486
Non-current			
Claims recoverable		1 002 391	1 178 698
Trade receivables		13 148	12 353
Recoverable expenditure		39 377	37 502
Staff debt		273 966	292 232
Fruitless and wasteful expenditure		17 910	9 299
Other receivables		1 793 397	1 934 494
Total Non-current		3 140 189	3 464 578
16.1 Claims Recoverable			
National departments		2 296 411	2 375 212
Provincial departments		2 112 130	2 041 380
Foreign government		1 799	1 763
Public entities		955 247	1 470 757
Private enterprises		242 012	33 246
Higher education institutions		37	445
Households and non-profit institutions		1 444	2 642
Local governments		5 179	5 179
Total		5 614 259	5 930 624
16.2 Trade receivables			
Trade receivables		13 148	16 130
Total		13 148	16 130

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	<i>Notes</i>	2021/22 R'000	2020/21 R'000
16.3 Recoverable expenditure			
Disallowance		74 804	82 478
Damaged Vehicles		43 598	37 026
Salary related		43 670	37 408
Service Providers		13 563	12 455
Departmental Suspense Account		9 256	9 293
Total		184 891	178 660
16.4 Staff debt			
Debt Account		127 754	106 198
Salary and other related debt		511 881	451 859
Bursary & Student Debt		42 110	41 506
Total		681 745	599 563
16.5 Other debtors			
Armscor receivables		24 862	7 889
Bursary and Study debt		91 069	95 755
Claims and other		154 237	143 513
Administration related debt		218	15 354
Aviation services and fuel		3 977	3 449
Disallowance, Damages and Losses		73 448	32 785
Ex-employees		9 571	7 196
Salary related		61 883	61 924
Fraud		363	345
Municipal and supplier debt		136 324	132 059
United Nations and Medical Embassy		373 155	694 408
Grant Incentives overpayments		2 201	2 112
SASSA - Debtors, Unauthorised and Social Relief		1 269 314	1 228 907
Telephone		256	603
VAT		1 836	3 845
Property related		16 163	16 768
Tax debt		80	213
General Other		67 677	44 394
Total		2 286 634	2 491 519

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	<i>Notes</i>	2021/22 R'000	2020/21 R'000
16.6	Fruitless and wasteful expenditure		
	Opening balance	48 671	37 955
	Less amounts recovered	(17 605)	(6 592)
	Less amounts written off	(251)	(2 050)
	Transfers from note 32 Fruitless and wasteful expenditure	9 713	19 156
	Interest	445	202
	Total	40 973	48 671
16.7	Impairment of receivables		
	Estimate of impairment of receivables	3 709 943	3 600 569
	Total	3 709 943	3 600 569
17	Loans		
	Public corporations	28 838	1 380 298
	Higher education institutions	2 014	5 097
	Total Loans Balance	30 852	1 385 395
	Less: Current	2 099	4 039
	Total Non-Current	28 753	1 381 356
	Analysis of Total Loans Balance		
	Opening balance	1 385 395	1 594 528
	New Issues	(1 351 077)	72
	Repayments	(3 466)	(3 474)
	Write-offs	-	(205 731)
	Closing balance	30 852	1 385 395

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	<i>Notes</i>	2021/22 R'000	2020/21 R'000
18	Investments		
	Non-Current Investments		
	Foreign	458 487 868	311 021 360
	Shares and other equity	362 271 963	296 884 146
	Total non-current	820 759 831	607 905 506
	Analysis of non-current investments		
	Opening balance	296 884 146	213 665 050
	Additions in cash	65 390 825	83 019 096
	Non-cash movements	(3 008)	
	Closing balance	362 271 963	296 884 146
	Impairment of Investments		
	Estimate of impairment of Investments	79 251 034	81 042 739
	Total	79 251 034	81 042 739
	Number of shares		
	International Finance Corporation	132 805	132 805
	International Bank for Reconstruction and Development	18 409	18 084
	Multilateral Investment Guarantee Agency	1 662	1 662
	African Development Bank	724 933	330 749
	New Development Bank	100 000	82 500
	Special Drawing Rights		
	International Monetary Fund Quota-Subscription	3 051 200	3 051 200
	International Monetary Fund SDR Holding	4 422 014	1 497 440
	Issue price per share		
	Foreign:		
	<i>Issued in American dollars</i>		
	International Finance Corporation	14 579	14 797
	International Bank for Reconstruction and Development	1 758 780	1 785 078
	Multilateral Investment Guarantee Agency	157 749	160 107
	New Development Bank	1 457 935	1 479 735
	<i>Issued in unit of account</i>		
	African Development Bank	175 878	178 508
	Exchange rates as at year end used to convert issue price		
	American dollar (USD)	14,58	14,80
	Special Drawing Rights (SDR)	20,15	20,97

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	Notes	2021/22 R'000	2020/21 R'000
Agriculture, Land Reform and Rural Development			
Onderstepoort Biological Products Ltd		1	1
		<u>1</u>	<u>1</u>
Communications and Digital Technologies			
Telkom SA Limited		2 070 381	2 070 381
South African Post Office Limited		8 164 116	8 164 116
Sentech (Pty) (Ltd)		2	2
Vodacom Group Limited		3 743	3 743
Broadband Infraco		1 351 130	
SABC		3 200 000	
		<u>14 789 371</u>	<u>10 238 242</u>
Human Settlements			
National Housing Finance Corporation		2 363 635	2 363 635
SERVCON		604	604
		<u>2 364 239</u>	<u>2 364 239</u>
Mineral Resources and Energy			
Nuclear Energy Corporation of South Africa		2 205	2 205
		<u>2 205</u>	<u>2 205</u>
National Treasury			
Development Bank of Southern Africa		200 000	200 000
Public Investment Corporation Limited		1	1
Sasria		22 000 000	
Land Bank		7 397 655	7 397 655
		<u>29 597 656</u>	<u>7 597 656</u>
Public Enterprises			
Alexkor SOC Ltd		400 000	400 000
Denel SOC Ltd		11 621 262	8 552 376
Eskom SOC Ltd		219 692 945	188 000 000
Safcol SOC Ltd		318 013	318 013
Transnet SOC Ltd		12 660 986	12 660 986
South African Express SOC Ltd		2 277 395	2 277 395
South African Airways SOC Ltd		58 561 573	54 483 709
		<u>305 532 174</u>	<u>266 692 479</u>
Defence			
ARMSCOR		75 000	75 000
Special Defence activities		104 156	107 164
		<u>179 156</u>	<u>182 164</u>
Trade, Industry and Competition			
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
		<u>1 392 969</u>	<u>1 392 969</u>
Transport			
Passenger Rail Agency of South Africa Ltd.		4 248 259	4 248 259
Airports Company Ltd.		2 884 242	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
		<u>8 414 191</u>	<u>6 089 441</u>
Total Investments - Shares and other equity		<u>362 271 963</u>	<u>296 884 146</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	Notes	2020/21 R'000	2019/20 R'000
19	Bank Overdraft		
	Consolidated Paymaster General Account	36 404 225	19 805 006
	Overdraft with commercial banks (Local)	7	4
		36 404 232	19 805 010
20	Payables		
20.1	Payables- Current		
	Amounts owing to other entities	82 061	2 701 072
	Advances received	1 932 901	676 608
	Clearing accounts	93 138	112 197
	Other payables	1 621 195	1 534 723
	Voted funds to be transferred	18 360 529	915 496
	Other	2 396 442	1 760 495
	Unauthorised Expenditure NOT funded by Revenue Fund	192 728	207 888
	Total	24 678 994	7 908 479
20.1.1	Advances received		
	National departments	99 117	-
	Provincial departments	293 058	225 439
	Public entities	1 531 915	450 519
	Other institutions	8 811	650
	Total	1 932 901	676 608
20.1.2	Clearing accounts		
	Disallowance and Damages & Losses	2 225	4 678
	Clearing accounts	113	211
	Government Employee Housing Scheme	6 229	2 670
	Pension Fund	259	2 594
	Sal: Income Tax	26 000	29 749
	Sal: Medical and Other	3 748	(1 573)
	Salary deductions and reversals	50 984	39 896
	PAYE	2 109	4 330
	SETA contributions for the Heritage Expo	1 471	-
	Arm Scor suspense account	-	29 642
	Total	93 138	112 197

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	Notes	2021/22 R'000	2020/21 R'000
20.1.3 Other payables			
Restitution Bank Account and Unclaimed Vouchers		159 467	99 743
Disallowance and unallocated		75 367	60 251
Armscor contract creditors		63 929	34 649
Debt related		2 856	2 797
Unspent and Surrendered Funds		645 764	566 731
Civil and military pensions		16 207	18 200
Special pensions		13 370	9 124
Direct charge		-	50 000
Parliament		20 589	19 886
DHA revenue owed to NRF		51 674	284 899
Departmental Suspense Account		94 550	78 701
Rejected payments		58 214	24 244
Salary related		51 537	42 179
Suppliers		178 915	29 075
Unidentified receipts		34 551	2
SASSA Unallocated receipts		8 302	23 760
NRF, CWP, EPWP projects and Other payables		54 226	133 312
SABC Loan		11 457	-
Foreign exchange differences and other		22 147	5 635
Service Terminations, Liquor licence deposits and other		58 073	51 535
Total		1 621 195	1 534 723
20.2 Payables-Non-current			
Amounts owing to other entities		521 862	522 667
Advances received		332	332
Other payables		1 188 077	1 131 914
Total		1 710 271	1 654 913
One to two years			
Other payables		24 085	-
Total		24 085	-
Two to three years			
Other payables		44 292	-
Total		44 292	-
More than three years			
Amounts owing to other entities		521 862	-
Advances received		332	-
Other payables		1 119 700	-
Total		1 641 894	-
20.2.1 Advances received			
Provincial departments		212	212
Public entities		120	120
Total		332	332

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	<i>Notes</i>	2021/22 R'000	2020/21 R'000
20.2.2	Other Payables		
	SASSA - Unallocated receipts, Claims payables and others	24 306	847
	Salary related	2 479	894
	Debt receivable interest and income	1 148 507	1 117 282
	HWSETA	3 871	3 871
	Disallowance and unallocated receipts	302	129
	Damaged vehicles	193	572
	Appeal deposits	94	62
	Payable Adv: For&Int Org Adv Acc	8 232	8 232
	Other	93	25
	Total	1 188 077	1 131 914
21	Borrowings		
	Current		
	Domestic	524 751 784	514 794 981
	Foreign	14 579 350	4 015 517
	Total Current Borrowings	539 331 134	518 810 498
21.1	Domestic short-term bonds, debentures and other loans		
	Debt as at 1 April	41 176 085	53 057 774
	Created	(40 548 024)	4 891 996
	Reduced	(48 653 061)	(57 949 770)
	Transfer from long-term	124 660 978	41 176 085
	Revaluation premium on inflation-linked bonds	-	17 568 655
	Treasury bills	448 108 840	456 043 275
	Other Loans	6 966	6 966
	Total	524 751 784	514 794 981
21.1.1	Composition of short-term bonds, treasury and other loans		
	Composition of short-term bonds, treasury bills and other loans		
	1-day Treasury bills	145 170	72 585
	91-day Treasury bills	8 684 400	15 334 900
	182-day Treasury bills	72 806 380	70 980 300
	273-day Treasury bills	149 364 410	154 146 890
	365-day Treasury bills	217 108 480	215 508 600
	Fixed-rate bonds	75 907 352	-
	Inflation-linked bonds	-	55 089 692
	Retail Bonds	728 626	3 655 048
	Other	6 966	6 966
	Total	524 751 784	514 794 981
21.2	Foreign short-term bonds, debentures and other loans		
	Debt as at 1 April	1 995 428	7 960 585
	Created	-	-
	Reduced	(1 995 428)	(7 960 585)
	Transfer from long-term	7 115 000	1 995 428
	Revaluation of foreign loans	7 464 350	2 020 089
	Total	14 579 350	4 015 517

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	Notes	2021/22 R'000	2020/21 R'000
22	Non-current Borrowings		
	Long Term		
	Domestic	3 340 606 978	3 028 471 416
	Foreign	397 525 143	388 418 838
	Total Long-Term Borrowings	3 738 132 121	3 416 890 254
	Domestic long-term bonds, debentures and other loans		
22.1	Debt as at 1 April	2 869 310 493	2 305 114 325
	Created	391 735 340	603 081 075
	Reduced	-	-
	Transfer to short-term	(124 660 978)	(38 884 909)
	Revaluation premium on inflation-linked bonds	204 183 256	159 122 056
	Former Regional Authorities	38 867	38 867
	Total	3 340 606 978	3 028 471 416
	Composition of long-term bonds and other loans		
22.1.1	Fixed-rate bonds	2 469 096 418	2 283 672 537
	Inflation-linked bonds	853 461 582	732 164 384
	Retail bonds	18 010 111	12 595 628
	Other	38 867	38 867
	Total	3 340 606 978	3 028 471 416
22.1.2	Redemption Analysis		
	Financial year(s)		
	2021-2024	354 514 013	136 527 981
	2024-2027	252 116 504	428 894 756
	2027-2030	520 503 999	502 742 471
	2030-2033	406 026 877	321 109 449
	2033-2037	741 078 517	627 649 359
	2037-2040	167 967 264	231 905 406
	2040-2043	93 381 857	151 719 427
	2043-2047	319 688 395	309 640 637
	2047-2050	485 290 617	280 347 539
	2050-2053	68	37 895 525
	Total	3 340 568 111	3 028 432 549

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	Notes	2021/22 R'000	2020/21 R'000
22.2 Foreign long-term bonds and other loans			
Debt as at 1 April		350 411 631	260 487 312
Created		31 315 515	91 919 747
Reduced		-	-
Transfer to short-term		(7 115 000)	(1 995 428)
Revaluation premium on inflation-linked bonds		22 912 997	38 007 207
		397 525 143	388 418 838
22.2.1 Redemption analysis			
Financial years(s)			
2022-2025		21 869 025	36 993 375
2025-2028		131 546 614	120 757 712
2028-2031		78 728 490	73 986 750
2031-2034		-	20 716 290
2034-2038		10 934 512	-
2038-2041		15 942 677	-
2041-2044		-	16 106 176
2044-2048		34 990 440	29 594 700
2048-2051		103 513 385	90 263 835
		397 525 143	388 418 838
22.2.2 Currency analysis			
South African Rand		5 008 164	5 008 164
Euro		8 088 988	8 679 755
Japanese yen		-	-
Special Drawing Rights		61 495 389	63 986 569
United States dollar		322 932 602	310 744 350
		397 525 143	388 418 838
23 LIABILITIES IN MULTI-LATERAL INSTITUTIONS			
IMF- Securities Account		109 846 566	114 298 475
African Development Bank		122 745 424	55 008 973
New Development Bank		116 634 800	97 662 510
IMF – SDR Allocations		94 924 702	37 441 855
International Bank for Reconstruction and Development		30 382 549	30 316 748
Multilateral Investment Guarantee Agency		212 408	215 584
Total Multi-lateral Institutions		474 746 449	334 944 145

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

23.1 INTERNATIONAL MONETARY FUND- SECURITIES ACCOUNT	109 846 566	114 298 475
---	-------------	-------------

This commitment represents the balance of securities in the International Monetary Fund's (IMF) General Resources Account held with the South African Reserve Bank.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	<i>Notes</i>	2021/22 R'000	2020/21 R'000
23.2 AFRICAN DEVELOPMENT BANK		122 745 424	55 008 973
	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.		
23.3 NEW DEVELOPMENT BANK		116 634 800	97 662 510
	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.		
23.4 INTERNATIONAL MONETARY FUND – SDR ALLOCATIONS		94 924 702	37 441 855
	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.		
23.5 INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT		30 382 549	30 316 748
	This commitment represents the callable portion of a country's subscription available to the International Bank for Reconstruction and Development (IBRD) to meet its obligations for funds borrowed or loans guaranteed by it.		
23.6 MULTI-LATERAL INVESTMENT GUARANTEE AGENCY		212 408	215 584
	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.		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	Notes	2021/22 R'000	2020/21 R'000
24	Net cash flow available from operating activities		
	Net surplus/(deficit) as per Statement of Financial Performance	(390 815 373)	(641 413 342)
	Add back non-cash/cash movements not deemed operating activities	32 967 959	3 989 464
	(Increase)/decrease in receivables – current	21 178 492	(12 097 759)
	(Increase)/decrease in prepayments and advances	529 921	(161 756)
	(Increase)/decrease in other current assets	109 994	(783 160)
	Increase/(decrease) in payables – current	(1 061 300)	3 093 668
	Proceeds from sale of capital assets	(136 301)	(124 151)
	Proceeds from sale of investments	5 568	(319 114)
	(Increase)/decrease in other financial assets	(6 292)	370
	Expenditure on capital assets	15 038 180	12 842 008
	Surrenders to Revenue Fund	(31 045 161)	(22 960 566)
	Surrenders to RDP Fund/Donor	(282 185)	(404 756)
	Voted funds not requested/not received	(18 247 495)	(21 813 373)
	Own revenue included in appropriation	-	8 136
	Other non-cash items	46 884 538	46 709 918
	Net cash flow generated by operating activities	(357 847 414)	(637 423 877)
25	Reconciliation of cash and cash equivalents for cash flow purposes		
	Consolidated paymaster General Account	(15 055 765)	11 763 779
	Cash receipts	216 378	85
	Disbursements	(17 430)	(60 840)
	Cash on hand	41 476 265	41 782 986
	Cash with commercial banks (Local)	135 174 253	175 610 922
	Cash with commercial banks (Foreign)	85 254 540	93 380 536
	Total cash and cash equivalents for cash flow purposes	247 048 241	322 477 469

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	<i>Notes</i>	2021/22 R'000	2020/21 R'000
26	Reconciliation of prior year net surplus to current comparatives		
	Net surplus as reported in prior year	(642 454 209)	
	Restatement	1 115 232	
	Restated Net Surplus for the Year	(641 338 977)	
	Reconciliation of cash and cash equivalents reported in prior year and Restated cash and cash equivalents in the current year		
	Cash and cash equivalents as reported in prior year	342 264 076	
	Restatement	18 403	
	Restated cash and cash equivalents	342 282 479	
	Reconciliation of statement of position reported in prior year and Restated amounts in current year		
	ASSETS		
	Current assets as reported in prior year	351 188 407	
	Restatement	52 927	
	Restated current assets for the financial year	351 241 334	
	Non-current Assets		
	Non-current assets as reported prior year	612 813 808	
	Restatement	7 294	
	Restated non-current assets for the financial year	612 821 102	
	LIABILITIES		
	Current liabilities		
	Current liabilities as reported in prior year:	523 485 150	
	Restatement	23 636 210	
	Restated current liabilities for the financial year	547 121 360	
	Non-Current Liabilities		
	Non-current liabilities as reported prior year	3 755 931 978	
	Restatement	(2 442 666)	
	Restated non-current liabilities for the financial year	3 753 489 312	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	<i>Notes</i>	2021/22 R'000	2020/21 R'000
NET ASSETS/(LIABILITIES)			
Net Liabilities as reported in prior year (Capital Reserves)		298 148 122	
Restatement		12 477	
Restated net liabilities for the year		298 160 599	
Net Liabilities as reported in prior year (Recoverable Revenue)		1 477 304	
Restatement		(14 731)	
Restated net liabilities for the year		1 462 573	
Net Liabilities as reported in prior year (Retained Funds)		(3 615 040 340)	
Restatement		(21 131 068)	
Restated net liabilities for the year		(3 636 171 408)	
Net Liabilities as reported in prior year (Total)		(3 315 414 914)	
Restatement		(21 133 322)	
Restated net liabilities for the year		(3 336 548 236)	
27	Contingent liabilities and contingent Assets		
27.1	Motor vehicle guarantees	176	176
	Housing loan guarantees	3 037	4 281
	Other guarantees	397 041 318	384 729 866
	Claims against the department	45 576 057	44 764 160
	Other departments (interdepartmental unconfirmed balances)	3 915 841	3 031 498
	Environmental rehabilitation liability	1 399 143	1 309 792
	Other	1 207 482	723 983
	Total	449 143 054	434 563 756
	Other		
	Public Works and QCC	501 129	56 954
	Military Pension, Injury on Duty, Special Pension	416 154	429 194
	EOH claim for ABIS project and Other Claims	167 699	167 699
	Construction of Pan African Parliament and claim for Repatriation Flights	81 232	35 615
	Miscellaneous	41 268	34 521
	Total	1 207 482	723 983

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	Notes	2021/22 R'000	2020/21 R'000
<i>Underwritten by government</i>			
Development Bank of Southern Africa		5 197 819	4 928 020
Land and Agricultural Development Bank of South Africa		1 922 676	2 480 707
South African Reserve Bank		14 575 329	13 726 182
Nuclear Energy Corporation of South Africa		20 000	20 000
Telkom SA Ltd		123 028	132 013
Industrial Development Corporation of South Africa		129 685	145 059
S.A. National Roads Agency Ltd.		42 023 094	37 378 106
SA Express		19 905	19 905
South African Airways		2 761 055	6 748 704
Denel		3 537 886	3 430 000
Eskom		313 020 495	298 288 577
Komati Basin Water Authority		368 465	425 625
Trans-Caledon Tunnel Authority		9 584 785	13 255 072
Transnet		3 757 096	3 757 096
Total		397 041 318	384 735 065

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	Notes	2021/22 R'000	2020/21 R'000
Road Accident Fund		24 928 214	29 572 408
<p>This represents the underfunding of the Fund's future commitment in respect of claims against the Fund according to the actuarial valuation. Actuarial valuations are conducted every year.</p>			
Export Credit Insurance Corporation of South Africa Ltd		10 622 745	16 336 775
<p>The Export Credit Insurance Corporation of South Africa Ltd and its predecessor, the Credit Guarantee Insurance Corporation of Africa Ltd, provide export credit and foreign investment cover to South African exporters. In terms of the Export Credit and Foreign Investment Act, 1957, as amended, the Government of South Africa acts as a guarantor for the liabilities of the company. The Government's commitment represents the net of the total underwriting exposure of the company and its total assets.</p>			
South African Reserve Bank (SARB)		111 446	111 446
<p>This contingent liability in respect of old coinage still in circulation is limited to 73,67% of the net cost of disposal of the old coins when they are returned to the SARB. A portion of the coinage will probably never be returned. The Government's related costs are set-off against surpluses of the SARB paid to Government. The SARB raises the full liabilities for old coinage in their books.</p>			
27.2 Contingent Assets			
Assets seized by AFU		13 010	13 010
SABC Recapitalisation and Administration fines		2 700	3 203 325
Agency Services disputed claims and Expired ration Packs		28 837	967 744
Penalties levied by DHA to EOH for ABIS project		65 394	59 492
Giyani Project		3 520 499	3 185 971
Claims		483 033	255 624
Recoverable costs		45 423	34 242
Service Providers and Breach of Contract		93 253	52 097
Damages to Property and Losses		98 674	102 283
GFECA		314 283 429	315 584 260
Total		318 634 252	323 458 049

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	<i>Notes</i>	2021/22 R'000	2020/21 R'000
28	Post-retirement benefit		
	Post-employment Health Care Fund	69 938 325	69 938 325
28.1	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 Pol-med members have been excluded from the actuarial valuation.		
28.2	Pension funds		
	Governments 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	110%	110%
	Temporary Employees Pension Fund	116%	116%
	Associated Institutions Pension Fund	153%	153%
	Valuation Dates		
	Government Employees Pension Fund	31 March 2021	31 March 2021
	Temporary Employees Pension Fund	31 March 2021	31 March 2021
	Associated Institutions Pension Fund	31 March 2021	31 March 2021
	Government Employees Pension Fund balance of assets after contingency reserves is (R706 013) million and the Temporary Employees and the Associated Pension Fund are in surplus(deficit) after reserves with R62,6 million and R5,764 million respectively.		
29	Capital Commitments		
	Buildings and other fixed structures	13 525 169	12 254 858
	Heritage assets	16 098	24 723
	Machinery and equipment	1 588 177	1 384 338
	Specialised military assets	9 187 380	10 214 528
	Land and subsoil assets	9	657
	Biological assets	15 389	12 252
	Intangible assets	274 045	335 345
	Total Commitments	24 606 268	24 226 701

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	Notes	2021/22 R'000	2020/21 R'000
30	Accruals and Payable not recognised		
	Accruals not recognised		
	Goods and services	3 108 758	2 177 313
	Interest and rent on land	3 390	3 388
	Transfers and subsidies	1 016 261	814 625
	Capital assets	567 109	437 580
	Other	114 337	116 381
	Total	4 809 855	3 549 287
	30 Days		
	Accruals not recognised		
	Goods and services	1 959 112	
	Interest and rent on land	3 390	
	Transfers and subsidies	371 019	
	Capital assets	354 524	
	Other	26 192	
	Total	2 714 236	
	30+ Days		
	Accruals not recognised		
	Goods and services	1 145 747	
	Transfers and subsidies	645 242	
	Capital assets	212 585	
	Other	88 145	
	Total	2 095 619	
	Payables not recognised		
	Goods and services	1 163 855	1 646 396
	Interest and rent on land	44 174	32 046
	Transfers and subsidies	85 871	218 639
	Capital assets	546 633	519 202
	Other	19 178	4 788
	Total	1 859 711	2 421 071
	30 Days		
	Payables not recognised		
	Goods and services	681 510	
	Interest and rent on land	41 622	
	Transfers and subsidies	75 976	
	Capital assets	394 540	
	Other	15 639	
	Total	1 209 287	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	Notes	2021/22 R'000	2020/21 R'000
30+ Days			
Payables not recognised			
Goods and services		482 345	
Interest and rent on land		2 552	
Transfers and subsidies		9 895	
Capital assets		152 093	
Other		3 539	
Total		650 424	
Confirmed balances			
Confirmed balances with departments		434 170	506 363
Confirmed balances with other government entities		592 313	547 137
Total		1 026 483	1 053 500
31 Employee benefits			
Leave entitlement		8 045 136	9 552 223
Service bonus		4 757 535	4 705 208
Performance awards		24 287	283 944
Capped leave		5 929 046	6 539 459
Other		616 801	518 027
Total		19 372 805	21 598 861

32 Lease commitments**32.1 Operating lease expenditure**

2021/2022	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	-	37 915	2 476 985	251 419	2 766 319
Later than 1 year and not later than 5 years	-	32 311	4 411 640	139 294	4 583 244
Later than five years	-	46 414	443 088	-	489 502
Total lease commitments	-	116 640	7 331 712	390 713	7 839 065

2020/2021	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	-	37 253	2 096 934	335 915	2 470 102
Later than 1 year and not later than 5 years	-	102 987	3 650 968	153 153	3 907 108
Later than five years	-	49 026	646 441	-	695 467
Total lease commitments	-	189 265	6 394 343	489 068	7 072 676

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

32.2 Finance lease expenditure

2021 / 2022	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	-	-	-	200 519	200 519
Later than 1 year and not later than 5 years	-	-	-	134 800	134 800
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	335 320	335 320

2020 / 2021	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	-	-	-	245 254	245 254
Later than 1 year and not later than 5 years	-	-	-	177 280	177 280
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	422 534	422 534

32.3 Operating lease revenue

2021 / 2022	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	-	7 228	-	-	7 228
Later than 1 year and not later than 5 years	-	43 498	-	-	43 498
Later than five years	-	2 150 888	-	-	2 150 888
Total operating lease revenue receivable	-	2 201 614	-	-	2 201 614

2020 / 2021	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	-	5 817	-	-	5 817
Later than 1 year and not later than 5 years	-	30 630	-	-	30 630
Later than five years	-	1 989 871	-	-	1 989 871
Total operating lease revenue receivable	-	2 026 318	-	-	2 026 318

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	Notes	2021/22 R'000	2020/21 R'000
33	Accrued departmental revenue		
	Sales of goods and services other than capital assets	2 129 816	46 040
	Fines, penalties and forfeits	240 902	216 781
	Interest, dividends and rent on land	962 604	1 136 586
	Sale of capital assets	-	1
	Transactions in financial assets and liabilities	36 998	27 457
	Transfers received (incl conditional grants to be repaid by prov depts)	157 750	164 652
	Other	41 406	44 299
	Total	3 569 476	1 635 816
	Analysis of accrued departmental revenue		
	Opening balance	1 634 672	1 409 626
	Less: Amounts received	1 231 072	1 235 469
	Less: Services received in lieu of cash	2 149	3 629
	Add: Amounts recognised	3 196 824	1 505 119
	Less: Amounts written-off/reversed as irrecoverable	28 808	38 955
	Other	9	(876)
	Closing balance	3 569 476	1 635 816
	Accrued department revenue written off		
	Trade and Lease Debtors	1 297	2 082
	Fines Retracted	330	585
	Penalty imposed by the United Nations	27 181	35 080
	Total	28 808	37 747
	Impairment of accrued departmental revenue		
	Estimate of impairment of accrued departmental revenue	681 149	612 074
	Total	681 149	612 074
34	Irregular expenditure		
34.1	Reconciliation of irregular expenditure		
	Opening balance	50 033 780	38 835 354
	Prior period error	-	1 319 008
	As restated	50 033 780	40 154 362
	Add: Irregular expenditure - relating to prior year	2 660 759	4 884 135
	Add: Irregular expenditure - relating to current year	7 255 693	5 243 212
	Less: Prior year amounts condoned	(1 677 073)	(155 287)
	Less: Current year amounts condoned	(198 668)	(26 018)
	Less: Prior year amounts not condoned and removed	(276 296)	(60 676)
	Less: Current year amounts not condoned and removed	(225)	(5 405)
	Less: Amounts recoverable (current and prior year)	(1 595)	(543)
	Less: Amounts written off	(117)	-
	Irregular expenditure awaiting condonation	57 796 258	50 033 780
	Analysis of awaiting condonation per age classification		
	Current Year	7 163 918	9 067 069
	Prior Years	50 632 340	40 966 711
	Total	57 796 258	50 033 780

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	Notes	2021/22 R'000	2020/21 R'000
34.2 Prior period error			
Nature of prior period error			
Relating to 2020/21 (affecting the opening balance)			1 319 008
SCM Non-compliance			302 657
Payments made			2 137
Procurement of Goods and Services			1 014 214
Relating to 2020/21			889 359
SCM Non-compliance			93 802
Invoices Paid for Vehicles service and repairs and PPE			273 029
Procurement of Goods and Services/Tax requirements not complied with			522 528
Total			2 208 367
35 Fruitless and wasteful expenditure			
35.1 Reconciliation of fruitless and wasteful expenditure			
Opening balance		1 630 706	1 703 247
Prior period error		-	(197 884)
As restated		1 630 706	1 505 363
Fruitless and wasteful expenditure – relating to prior year		35 963	55 881
Fruitless and wasteful expenditure – relating to current year		100 177	121 849
Less: Amounts condoned		(2 759)	(24 041)
Less: Amounts transferred to receivables for recovery		(85 375)	(28 346)
Fruitless and wasteful expenditure awaiting condonement		1 678 712	1 630 706
35.2 Prior period error			
Nature of prior period error			
Relating to 2020/21 (affecting the opening balance)			(197 884)
IFMS restatement, NRM and EPIP implementing entities			(240 851)
Waterboards			38 458
Overpayments			4 509
Relating to 2020/21			(8 475)
Interest paid			(8 474)
Interest on claims against the state			(49)
Penalties on licence fees			48
Total			(206 359)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	<i>Notes</i>	2021/22 R'000	2020/21 R'000
36	Related-party transactions		
	Revenue received (paid)		
	Interest, dividends and rent on land	51 425	44 842
	Transactions in financial assets and liabilities	18 133	20 160
	Total	69 558	65 002
	Payments made		
	Compensation of employees	311 674	284 160
	Goods and services	1 112 548	907 419
	Expenditure for capital assets	-	14 576
	Payments for financial assets	38 851 872	80 028 295
	Transfers and subsidies	15 404	95 753
	Total	40 291 498	81 330 203
	Year end balances arising from revenue/payments		
	Receivables from related parties	17 659	18 199
	Payables to related parties	14 566	12 222
	Total	32 225	30 421
	Loans to/from related parties		
	Non-interest bearing loans to/(from)	-	1 351 130
	Interest bearing loans to/(from)	27 391	27 391
	Total	27 391	1 378 521
	Guarantees issued		
	Mineral Resources and Energy - Necsa	20 000	20 000
	Communications and Digital Technologies-Guarantees	279 927	300 371
	Transport: SA National Roads Agency (SOC) Ltd	42 023 094	37 378 106
	National Treasury - Land Bank	1 887 971	2 305 637
	National Treasury - Development Bank of Southern Africa	5 197 819	4 894 926
	National Treasury - South African Reserved Bank	14 575 329	13 468 402
	Public Enterprises: Guarantees	34 333 691	14 619 528
	Trade Industry and Competition: Guarantees	129 685	145 059
	Total	98 447 516	73 132 029
	In kind goods and services provided/received		
	Sentech Connectivity for 20 Sites	-	2 000
	CBDA and GTAC Professional Services and Office Space	23 726	27 747
	Justice Goods and Services & Compensation of Employees	97 923	104 820
	Agriculture, Land Reform and Rural Development	(87 556)	(97 982)
	Office of Chief Justice	11 278	8 150
	Higher Education	(19 862)	(10 811)
	GTAC Goods and Services	107	1 323
	Total	25 616	35 247

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	<i>Notes</i>	2021/22 R'000	2020/21 R'000
37	Key management personnel		
37.1	Description		
	Political office bearers	137 001	131 431
	Officials:	20 069	18 834
	Salary level 15 to 16	741 400	728 881
	Salary level 14	1 211 823	1 206 147
	Salary level 13	225 777	221 826
	Family members of key management personnel	43 862	45 271
	Total	2 379 931	2 352 390
	Description		
	Speaker to Parliament/the Legislature	5 622	5 650
	Deputy Speaker to Parliament/the Legislature	3 956	3 956
	Secretary to Parliament/ the Legislature	4 961	5 021
	Deputy Secretary	2 338	2 272
	Chief Financial Officer	2 033	2 365
	Legal Advisor	2 285	2 219
	Other	54 494	47 727
	Total	75 689	69 210
38	Public Private Partnership		
	Concession fee received		
	Other fees received	-	-
	Unitary fee paid	2 256 830	2 262 514
	Fixed component	799 134	776 257
	Indexed component	1 457 696	1 486 257
	Analysis of indexed component	1 457 696	1 486 257
	Goods and Services (excluding lease payments)	1 332 344	1 364 689
	Operating leases	346	5 028
	Interest	125 006	116 540
	Capital/ (Liabilities)	2 336 559	2 046 445
	Property	2 279 089	1 988 975
	Plant and equipment	57 470	57 470
	Loans		
	Other	50 725	53 416
	Prepayments and advances	4 249	4 249
	Other Obligations	50 725	49 167

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	<i>Notes</i>	2021/22 R'000	2020/21 R'000
39	Impairment		
	Staff debtors	35 102	26 099
	Other debtors	2 001	2 518
	Other Material Losses	41 412	42 917
		78 515	71 534
40	Provisions		
	Legal and related claims	413 603	454 643
	Parliament	1 674 764	1 825 448
	ASIDI Retentions	207 956	168 533
	Armscor	207 996	488 625
	Curators	192 769	200 796
	Environmental Liability - Aviation fuel contamination	156 219	156 219
	Military and Special Pension	64 686	59 107
	EPIP and other Retention Fees	94 170	96 114
	Social Assistance Debtors over recovery	14 888	16 080
	SEIF (Product markets)	55 923	
	Other	26 200	52 436
	Total	3 109 174	3 518 001

40.1 Reconciliation in movement in provisions – 2021/22

	Claims and Environment				TOTAL R'000
	Admin R'000	and related R'000	Fees R'000	Other R'000	
Opening balance	1 970 766	503 269	679 092	364 874	3 518 001
Increase in provision	227 812	273 359	96 689	26 802	624 662
Settlement of provision	(360 161)	(168 306)	(42 257)	(184 841)	(755 565)
Unused amount reversed	(2 891)	(20 870)	(708)		(24 469)
Change in provision due to change in estimation of inputs	(571)	45 220	(298 104)		(253 455)
Closing balance	1 834 955	632 672	434 712	206 835	3 109 174

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

40.2 Reconciliation in movement in provisions – 2020/21

	Claims and Admin R'000	Environment and related R'000	Fees R'000	Other R'000	TOTAL R'000
Opening balance	2 164 822	558 890	953 348	352 651	4 029 711
Increase in provision	268 125	93 260	36 903	44 373	442 661
Settlement of provision	(330 649)	(109 559)	(114 955)	(28 664)	(583 827)
Unused amount reversed	(22 758)	(57 429)			(80 187)
Reimbursement expected from third party			(123 234)		(123 234)
Change in provision due to change in estimation of inputs	(108 774)	18 107	(73 120)	(3 336)	167 123
Closing balance	1 970 766	503 269	678 942	365 024	3 518 001

41 Movable Tangible Capital Assets

41.1 MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2022

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing balance R'000
HERITAGE ASSETS	334 307	-	1 000	93	335 214
Heritage assets	334 307	-	1 000	93	335 214
MACHINERY AND EQUIPMENT	54 309 269	-	4 404 611	1 371 872	57 342 007
Transport assets	25 353 550	-	2 348 668	782 551	26 919 667
Computer equipment	10 062 800	-	1 071 697	324 858	10 809 640
Furniture and office equipment	2 417 208	-	124 490	40 146	2 501 551
Other machinery and equipment	16 475 711	-	859 756	224 317	17 111 149
SPECIALISED MILITARY ASSETS	50 023 048	-	37 978	-	50 061 026
Specialised military assets	50 023 048	-	37 978	-	50 061 026
BIOLOGICAL ASSETS	898 115	(44 765)	19 015	26 438	845 927
Biological assets	898 115	(44 765)	19 015	26 438	845 927
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	105 564 739	(44 765)	4 462 604	1 398 403	108 584 175

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

41.2 MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2021

	Opening balance R'000	Prior Period Error R'000	Additions R'000	Disposals R'000	Closing balance R'000
HERITAGE ASSETS	332 763	(157)	1 898	197	334 307
Heritage assets	332 763	(157)	1 898	197	334 307
MACHINERY AND EQUIPMENT	49 607 246	348 637	5 573 709	1 220 323	54 309 269
Transport assets	23 483 192	7 011	2 665 157	801 810	25 353 550
Computer equipment	8 631 608	68 318	1 516 837	153 963	10 062 800
Furniture and office equipment	2 209 630	1 553	235 933	29 908	2 417 208
Other machinery and equipment	15 282 817	271 755	1 155 782	234 643	16 475 711
SPECIALISED MILITARY ASSETS	49 650 032	352 350	20 666	-	50 023 048
Specialised military assets	49 650 032	352 350	20 666	-	50 023 048
BIOLOGICAL ASSETS	307 915	3 836	1 567 244	980 880	898 115
Biological assets	307 915	3 836	1 567 244	980 880	898 115
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	99 897 956	704 666	7 163 517	2 201 400	105 564 739

42 Minor assets

42.1 MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2022

	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	-	11 038	5 323	5 546 329	13 852	5 576 542
Value adjustments	-	-	-	-	(1 068)	(1 068)
Additions	-	41	-	381 543	6 861	388 445
Disposals	-	381	23	152 971	3 897	157 272
TOTAL MINOR ASSETS	-	10 698	5 300	5 774 900	15 748	5 806 646

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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

42.2 2021

	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	-	13 426	5 319	4 959 173	17 109	4 995 027
Value adjustments	-	(2 487)	-	41 953	(13 437)	26 029
Additions	-	137	4	614 719	15 987	630 847
Disposals	-	38	-	69 516	5 807	75 361
TOTAL MINOR ASSETS	-	11 038	5 323	5 546 329	13 852	5 576 542

42.3 MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2022

	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	793	-	76	1 018 568	23 685	1 043 122
	793	-	76	1 018 568	23 685	1 043 122

42.4 MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2021

	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	2	4	-	952 923	29 788	982 717
	2	4	-	952 923	29 788	982 717

43 Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED

43.1 31 MARCH 2022

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing balance R'000
Software	8 689 474	-	572 695	407 827	8 854 341
Mastheads and Publishing titles	36	-	-	-	36
Patents, Licences, Copyright, Brand names, Trademarks	21 674	-	32 641	-	54 315
Recipes, Formulae, Prototypes, Designs, Models	4 504 760	-	292 495	-	4 797 255
Services and Operating rights	-	-	-	-	-
TOTAL INTANGIBLE CAPITAL ASSETS	13 215 944	-	897 831	407 827	13 705 947

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

43.2 MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2021

	Opening balance R'000	Prior Period Error R'000	Additions R'000	Disposals R'000	Closing balance R'000
Software	8 451 718	(317 036)	564 035	9 243	8 689 474
Mastheads and Publishing titles	36	-	-	-	36
Patents, Licences, Copyright, Brand names, Trademarks	8 086	9	13 579	-	21 674
Recipes, Formulae, Prototypes, Designs, Models	4 044 763	120 994	339 003	-	4 504 760
Services and Operating rights	382	-	-	382	-
TOTAL INTANGIBLE CAPITAL ASSETS	12 504 985	(196 033)	916 617	9 625	13 215 944

44 Immovable Tangible Capital Assets

44.1 MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2022

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	48 970 542	-	5 432 322	1 401 081	53 001 783
Dwellings	3 752 978	-	39 689	34 675	3 757 992
Non-residential buildings	24 838 271	-	2 852 479	806 995	26 883 755
Other fixed structures	20 379 293	-	2 540 154	559 411	22 360 036
HERITAGE ASSETS	3 033 905	-	9 458	1 173	3 042 190
Heritage assets	3 033 905	-	9 458	1 173	3 042 190
LAND AND SUBSOIL ASSETS	14 155 642	-	198 539	448 993	13 905 188
Land	14 155 642	-	198 539	448 993	13 905 188
Mineral and similar non- regenerative resources	-	-	-	-	-
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	66 160 089	-	5 640 319	1 851 247	69 949 161

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

44.2 MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2021

	Opening balance R'000	Prior Period Error R'000	Additions R'000	Disposals R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	46 247 464	1 234 626	4 098 624	2 604 624	48 976 090
Dwellings	3 768 183	(49 130)	39 519	5 594	3 752 978
Non-residential buildings	24 537 618	105 056	1 858 565	1 662 968	24 838 271
Other fixed structures	17 941 664	1 178 700	2 200 539	936 062	20 384 841
HERITAGE ASSETS	3 059 486	-	1 081	26 662	3 033 905
Heritage assets	3 059 486	-	1 081	26 662	3 033 905
LAND AND SUBSOIL ASSETS	13 113 567	-	1 054 235	12 160	14 155 642
Land	13 113 567	-	1 054 235	12 160	14 155 642
Mineral and similar non-regenerative resources	-	-	-	-	-
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	62 420 517	1 234 626	5 153 940	2 643 446	66 165 637

44.3 CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2022

	Opening Balance 1 April 2021 R'000	Current Year WIP R'000	Ready for use (Assets to the AR) / Contracts terminated R'000	Closing Balance 31 March 2022 R'000
Heritage assets	390 271	11 847		402 118
Buildings and other fixed structures	29 636 569	6 863 244	4 239 291	32 260 522
Machinery and equipment	34 482	3 255	2 490	35 247
Specialised military assets	12 686 611	1 459 785		14 146 396
Intangible assets	981 463	76 913	80 968	977 408
TOTAL	43 729 396	8 415 044	4 322 749	47 821 691

44.5 Accruals and payables not recognised relating to Capital WIP

	2021/22 R'000	2020/21 R'000
Amounts relating to progress certificates received but not paid at year end and therefore not included in capital work-in-progress	256 776	298 183
TOTAL	256 776	298 183

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

CAPITAL WORK-IN-PROGRESS AS AT 31

44.6 MARCH 2021

	Opening Balance 1 April 2020 R'000	Prior period error R'000	Current Year WIP R'000	Ready for use (Assets to the AR) / Contracts terminated R'000	Closing Balance 31 March 2021 R'000
Heritage assets	321 752		68 519		390 271
Buildings and other fixed structures	28 624 538	(2 062 534)	6 223 969	3 149 404	29 636 569
Machinery and equipment			34 482		34 482
Specialised military assets	11 522 051	37 847	1 126 713		12 686 611
Intangible assets	487 634	426 740	92 745	25 656	981 463
TOTAL	40 955 975	(1 597 947)	7 546 428	3 175 060	43 729 396

	Notes	2021/22 R'000	2020/21 R'000
45	Agent-principal arrangements		
45.1	Department acting as the principal		
	Cooperative Governance - CWP Implementing Agents and DBSA	207 308	293 165
	Public Works and Infrastructure - Independent Development Trust	46 624	33 818
	Public Works and Infrastructure - International Labour Organisation	981	1 159
	Agriculture, Land Reform and Rural Development - Nkosi Sabelo Incorp, Vodacom, Landbank and other	71 577	33 985
	Environment, Forestry and Fisheries - Postbank and Nedbank	351	2 030
	Transport - Taxi relief scheme and Cost of Taxi Scrapped		1 368 979
	Transport - Anthus Services 84 and other	5 130	167 871
	Correctional Services - IDT and DBSA	4 656	
	National Treasury - Government Pension Administration Agency	59 832	59 716
	National Treasury - GTAC and DBSA	5 189	6 643
	Sports, Arts and Culture	1 079	616
	Basic Education - Mvula Trust, DBSA, Independent Development Trust and Other	134 217	120 075
	Tourism		27 000
	Science and Innovation		309
	Health - DBSA and CDC	61 440	34 742
	Social Development	122	712
	Total	598 506	2 150 820
45.2	Department acting as the agent		
	Revenue received for agency activities		
	National Skills Fund	6 876	8 018
	Total	6 876	8 018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	Notes	2021/22 R'000	2020/21 R'000
46	Prior period errors		
	Correction of prior period error for secondary information		
	Revenue: (e.g. Annual Appropriation, Departmental Revenue, Aid assistance, etc.)		
	Salaries and Wages		(2 427)
	Goods and Services		2 427
	Receivables		(726)
	Related Party Transactions		(16 052)
	Principal Agents		(1 840)
	Conditional Grants Received		(883)
	Accrued Revenue		37 783
	Impairment		37 783
	Final Appropriation		410 298
	Appropriation received		(2 139 443)
	Statutory Appropriation		(410 298)
	CFS Surrendered to Revenue Fund		5 969
	Net working capital Adjustment		(5 969)
	Transfers		2 282 838
	Net effect on the note		199 460
	Expenditure: (e.g. Compensation of employees, Goods and services, Tangible capital assets, etc.)		
	Compensation of Employees		8 029
	Communication		(559)
	Computer services		6 583
	Consultants		2 427
	Contingent liability		210 277
	Expenditure for capital assets		31 461
	Goods and services		(275 627)
	Transfers		507
	Net effect on the note		(16 902)
	Assets: (e.g. Receivables, Investments, Accrued departmental revenue, Movable tangible capital assets, etc.)		
	Minor assets		27 237
	Loans		12 477
	Contingent Assets		48 026
	Accrued departmental revenue		25 808
	Prepayments and advances		37 103
	Moveable Tangible capital assets		366 180
	Immoveable tangible capital assets		(766 834)
	Intangible capital assets		32 627
	capital work in progress		(1 815 093)
	Receivables		(382 014)
	Operating revenue		79 211
	Inventory		(700)
	Computer service		5
	Net effect on the note		(2 335 967)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	Notes	2021/22 R'000	2020/21 R'000
Liabilities: (e.g. Payables current, Voted funds to be surrendered, Commitments, Provisions, etc.)			
Voted funds to be surrendered			(65 817)
Employee Benefits:			26 172
Revenue to be surrendered			(27 125)
Payables			(49 748)
Contingent liabilities			1 293 865
Contingent assets			2 313
Commitments			577 932
State Guarantees Housing			(70)
Leases			447 925
Provisions			29 640
Accruals			58 673
Net effect on the note			2 293 760

	Notes	2021/22 R'000	2020/21 R'000
Other: (e.g. Irregular expenditure, fruitless and wasteful expenditure, etc.)			
irregular			1 504 365
fruitless			(210 061)
Moveable assets			(378 265)
Minor assets			(2 430)
Accrued department revenue			(305)
Immoveable assets			17 197
Donations in Kind			1 350
Related Party Transactions			141 648
Principal Agent Arrangements			(502 052)
Contingent liabilities			636 932
Lease commitments			(11)
Key management Personell			(1 135)
Capital commitments			(23 310)
Provisions			43 961
Net effect on the note			1 227 884

47

Inventory

Opening balance	20 176	21 503
Add/(less): Adjustment to prior year balances	(700)	(88)
Add: Additions/Purchases - Cash	892 014	769 509
Add: Additions - Non-Cash	185	-
(Less): Issues	(849 870)	(770 748)
Add/(less): Adjustments	(1)	-
Closing balance	61 804	20 176

48

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

prepare separate sets of consolidated financial statements for departments and public entities respectively.

49 Financial Sustainability

Government expenditure has for the past few years exceeded its revenue base. The medium-term fiscal strategy prioritises the achieving of fiscal sustainability by narrowing the budget deficit and stabilising debt, increasing spending on policy priorities such as security and infrastructure, thereby promoting economic growth and reducing fiscal and economic risks, including through targeted support to key public entities and building fiscal buffers for future shocks. Any large permanent increases in spending must be matched by permanent increases in revenue or reductions in spending elsewhere, including suspending or terminating programmes.

Risks to the global and domestic outlook remain elevated. South Africa needs to restore the health of its public finances during a global slowdown marked by high levels of economic risk and fiscal distress, particularly for developing countries. Many of the global and domestic risks to the economic outlook outlined in the 2022 Budget materialised, including slower global growth, higher levels of inflation, accelerating interest rate increases and intensified power supply interruptions. The International Monetary Fund has revised global growth estimates downwards for both 2022 and 2023. The Russia-Ukraine war (and subsequent sanctions) and energy disruptions to Europe have renewed the surge in global inflation which erodes purchasing power, leading to higher interest rates and discouraging and delaying investment and hiring. Lower global growth means lower external demand threatening the pace of economic growth in South Africa.

A strong fiscal strategy will reduce the risks to the economy and the public finances over the medium term. A clear and stable macroeconomic framework lays a foundation for a growing economy. South Africa is also doing everything necessary to prevent grey-listing by the international standard-setting body that oversees global compliance with anti-money laundering rules, namely the Financial Action Task Force. We have tabled two bills in Parliament aimed at addressing weaknesses in our legislative framework. All of this will contribute to a flexible exchange rate, low and stable inflation and a sustainable fiscal policy.

Urgent action is required to mitigate risks and accelerate growth-enhancing reforms, especially to boost electricity supply. Domestically, increased power cuts will compromise an already fragile and recovering economy. Conversely, accelerating the implementation of energy reforms could mitigate the adverse effects of load-shedding and support higher business confidence and investment. Industrial action in the ports and rail sector could constrain economic activity and reduce South Africa's competitiveness. A deterioration of the fiscal outlook due to unfunded spending pressures or the materialisation of contingent liabilities and the weak financial position of several state-owned companies that rely on government support to operate could increase borrowing costs, and crowd out both private and public investment.

The higher-than-anticipated revenues will be used to reduce the gross borrowing requirement, support spending priorities and reduce risks to the fiscal outlook. Lifted by better-than-expected revenues and expenditure discipline, the fiscal position is stronger. The unallocated and contingency reserves cushion the fiscal framework from fiscal risks that may materialise over the medium term. The unallocated reserve is increased by R11.3 billion to R41.3 billion in 2024/25. The contingency reserve has also been increased by R2 billion over the next two years. As a result of determined and disciplined budgeting, supported by favourable revenue dynamics, government expects to achieve a primary budget surplus in 2023/24. Gross debt is now projected to stabilise at 71.4 per cent of GDP in 2022/23 much more quickly than previously expected.

During 2022, the global funding environment has been characterised by elevated risk aversion and sharp increases in risk premia. Over the medium term, government will need to manage large redemptions, reflected in the gross borrowing requirement, which has been revised down from R484.5 billion at the time of the 2022 Budget to R411.2 billion in 2022/23. Over the medium term, the gross borrowing requirement will average R445.7 billion, which puts the gross borrowing requirement medium term path at pre-COVID levels. Long-term borrowing in the domestic bond market will decline from R330.4 billion estimated in the 2022 Budget to R299.4 billion in 2022/23, averaging R312.4 billion over the medium term. Gross loan debt is expected to increase from R4.75 trillion in 2022/23 to R5.61 trillion in 2025/26, driven mainly by the budget balance and fluctuations in the interest, inflation and exchange rates

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

Consolidated government spending is projected to increase from R2.21 trillion in 2022/23 to R2.48 trillion in 2025/26, growing at an annual rate of 4 per cent. The consolidated budget deficit is projected to narrow from 4.9 per cent of GDP in 2022/23 to 3.2 per cent of GDP in 2025/26.

The strategic goal of this government is to reduce poverty, inequality and unemployment, in pursuit of a better life for all. Government is working to improve the efficiency of spending and remains committed to returning the public finances to a sustainable position. Government plays an important role in ensuring that the overarching regulatory environment and the provision of critical public goods and services are supportive of inclusive and sustainable growth. The state must boost its capacity to prioritise, sequence and coordinate interventions through adaptable policymaking and institutions that are accountable and capable, with the ability to make choices where trade-offs arise.

50 Subsequent Events

In October 2022 the Minister of Finance announced an additional allocation in the Second Special Appropriation Bill (2022) totalling R30 billion which was specifically and exclusively appropriated for the following:

- R3,4 billion to Denel Limited for the implementation of the turnaround plan.
- R2,9 billion to Transnet Limited for the acceleration of repair and maintenance of locomotives.
- R23,7 billion to the South African National Roads Agency Limited for debt redemption fund.

In the 2022 MTBPS, the gross borrowing requirement for 2022/23 was projected to be R411.2 billion. As at 31 October 2022, a total R11.4 billion was raised through net domestic short-term loans, R210.0 billion was raised through net domestic long-term loans (inclusive of redemptions and switches) and a foreign market loan of US\$3.1 billion (equivalent to R46.6 billion). In addition, government received a euro loan of €391 million (equivalent to R6.8 billion).

The foreign market loan was raised in two tranches comprising US\$1.4 billion from 10-year notes (maturing in 2032) as well as US\$1.6 billion from 30-year notes (maturing in 2052).

Government received a further US\$100 million (equivalent to R1.485 billion) disbursement from the New Development Bank (NDB) under the NDB National Non-Toll Road Management Programme Loan Agreement, Tranche B maturing in 2046.

In addition, government also received a €391 million Covid-19 Emergency Response Project Loan from The World Bank. This loan was issued in two tranches, raising €238 million (equivalent to R4.130 billion) received on 16th September 2022 and €153 million (equivalent to R2.661 billion) received on 22nd September 2022; both maturing in November 2035.

In the 2022 MTBPS, it was also announced that government plans to take over a portion of Eskom's R400 billion debt in order to allow the entity to implement planned capital investment and critical maintenance and ensure that Eskom no longer relies on government bailouts. The National Treasury is leading a process to finalise the debt relief programme and specific details on this programme will be announced in the 2023 Budget.

On 20 May 2022, S&P revised South Africa's credit rating outlook to positive from stable, while affirming the long term foreign and local currency debt ratings at 'BB-' and 'BB', respectively. According to S&P, recent favourable terms of trade in South Africa have improved the external and fiscal trajectory, while the country's reasonably large net external asset position, flexible currency and deep domestic capital markets provide strong buffers against shifts in external financing. In addition, the agency expects South Africa to post a current account surplus in 2022 for the third consecutive year, as prices for key metals and mining exports have risen significantly since the start of the Russia-Ukraine conflict.

On 7 July 2022, Fitch affirmed South Africa's long term foreign and local currency debt ratings at 'BB-' and maintained a stable outlook. The affirmation takes into consideration that government's debt trajectory is lower than previously anticipated as well as recent improvements in several key credit metrics, including the current account balance. However, the agency anticipates debt stabilisation to remain a challenge.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

51 Financial Risk Management

Market Risk

Government's debt portfolio during 2021/22 was assessed for the eighth 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.

Strategic portfolio risk benchmarks

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

Government's gross loan debt of R4.2 trillion consists of domestic (R3.9 trillion) and foreign debt (R412.1 billion). Domestic debt comprises short-term debt (Treasury bills and borrowing from the Corporation for Public Deposits) and long-term debt (fixed-rate plus inflation-linked bonds, retail and other loans). For purposes of calculating the risk benchmarks, borrowings from the CPD, retail bonds and other non-marketable loans were excluded from gross loan debt. This is because these items are generally small in nominal values and difficult to price.

Inflation risk

Inflation risk is the risk that adverse changes in month-on-month inflation might result in increases in the outstanding amount of inflation-linked bonds and thus result in higher future redemption amounts. This risk is managed by setting a benchmark for inflation-linked bonds (ILBs) as a percentage of domestic debt to range between 20 to 25 per cent. Domestic debt includes Treasury bills, fixed-rate- and inflation-linked bonds. Due to the redemption of the R212 bond in January 2022, the share of ILBs as a percentage of total domestic debt decreased to 22.2 per cent (as at the end of March 2022) from 22.3 per cent as at the end of March 2021.

Inflation-linked bonds as a per cent of domestic debt

Indicator	31 March 2022	31 March 2021
Domestic debt ¹	R3 846.4 bn	R3 526.9 bn
Inflation-linked bonds	R 853.4 bn	R 787.3 bn
ILBs as % of domestic debt	22,2	22,3

1. Excludes retail bonds, borrowing from the CPD, and other loans.

Currency risk

Currency risk arises from the change in the price of the rand against major currencies in which the sovereign's foreign debt is denominated. The impact of a weaker currency affects the rand value of interest and redemption amounts on foreign loans. The risk tolerance level is expressed through the limit of 15 per cent for foreign currency debt as a percentage of total debt. Changes in the exchange rate, mainly the USD/ZAR also impact 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 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. For the period under review, government's exposure to Dollar denominated debt increased by 2.7 percentage points, from 79.2 per cent in March

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

2021 to 81.9 per cent as of 31 March 2022. This is a result of the three additional multi-lateral loans that were sourced during the 2021/22 fiscal year.

Composition of foreign debt

Indicator	31 March 2022	31 March 2021
Percentage		
As % of total debt		
- Gross foreign debt	9,7	10,0
- Net foreign debt	7,9	8,3
Currency composition		
- US Dollar	81,9	79,2
- Euro	2,0	2,2
- Yen	0	1
- GBP	0,0	0,0
- Swedish krona	0	0
- XDR	14,9	16,3
- ZAR	1,2	1,3

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 2021/22; a sum of R48.0 billion was switched out of the R2023 bond hence the share of long-term debt maturing in 5 years declined from 15.9 per cent (31 March 2021) to 14 per cent (31 March 2022).

Refinancing risk benchmarks

Indicator	31 March 2022	31 March 2021
Treasury bills as % of domestic debt	11,7	12,9
Long-term debt maturing in 5 years as % of bonds	15,8	15,9
Weighted term-to-maturity of fixed-rate bonds plus Treasury bills (in years)	11,5	11,8
Weighted term-to-maturity of inflation-linked bonds (in years)	13,6	13,2

Credit Risk

Credit risk exposure from explicit contingent portfolio

The explicit contingent liabilities of government consist mainly of government guarantees issued to state-owned companies (SOCs), Public-Private Partnerships (PPPs) as well as Independent Power Producers (IPPs).

The explicit contingent liability portfolio of government exposes government to credit risk, in that, should the guaranteed entities fail to settle their government guaranteed financial obligations; government as the guarantor will have to settle the obligations in default on behalf of the entities.

As at 31 March 2022, guarantees to public institutions decreased by around R39.7 billion, from R581.7 billion in 2020/21 to R542.1 billion. The decline in guarantees was due to Denel's guarantee facilities declining to R3.4 billion after R2.5 billion lapsed following the cancellation of the Egyptian missile contract. The guarantee amount for the Trans Caledon Tunnel Authority (TCTA) was revised from R43 billion to

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

the original facility of R25 billion, while the guarantee to South African Airways (SAA) declined with the transfer of funds from the fiscus in line with the conditions of the appropriation.

As at 31 March 2022, the guarantee exposure amount decreased by around R12.1 billion from R384.7 billion in 2020/21 to R396.8 billion. The decline reflects mainly increased exposure from Eskom, SANRAL and the loan guarantee scheme facility, which was offset by the repayment of debt by the Land Bank, SAA and the TCTA.

Meanwhile, guarantees issued to IPPs increased to R208.5 billion with the addition of projects that were added on to the program in the year under review. The exposure from the program increased to R177 billion. On the other hand, guarantees to PPPs declined to R7.9 billion as exposure to individual projects continue to decline.

Counterparty risk exposure from investment of government surplus cash

Government's gross loan debt of R4.2 trillion consists of domestic (R3.9 trillion) and foreign debt (R412.1 billion). Domestic debt comprises short-term debt (Treasury bills and borrowing from the Corporation for Public Deposits) and long-term debt (fixed-rate plus inflation-linked bonds, retail and other loans). For purposes of calculating the risk benchmarks, borrowings from the CPD, retail bonds and other non-marketable loans were excluded from gross loan debt. This is because these items are generally small in nominal values and difficult to price.

Sovereign Risk

Sovereign credit ratings play an important role in a country's ability to access capital markets, as they influence investor perceptions of the quality of its debt. Credit rating agencies carry out annual reviews of South Africa's creditworthiness. However, since the inception of the European Union's Credit Regulation Act 3 in 2013, European-based credit rating agencies are obliged to review their credit ratings every six months. South Africa solicits ratings from the three major rating agencies: Moody's Investors Service (Moody's), S&P Global Ratings (S&P), and Fitch Ratings (Fitch).

Following multiple credit rating downgrades from the solicited credit ratings in 2020, as a result of the outbreak of the Covid-19 pandemic and associated long-lasting and devastating effects, South Africa's credit ratings began to stabilize in 2021/22.

On 21 May 2021, S&P affirmed South Africa's long term foreign and local currency debt ratings at 'BB-' and 'BB', respectively. The agency maintained a stable outlook. On the same day, Fitch affirmed the country's long term foreign and local currency debt ratings at 'BB-' and maintained a negative outlook. However, both agencies highlighted that long standing structural constraints are expected to continue to hinder economic growth. Further, high and rising government debt as well as high inequality remain the key rating weaknesses.

On 15 December 2021, Fitch affirmed the country's non-investment ratings ('BB-') and revised the outlook to stable from negative. The agency indicated that the outlook revision reflects the faster than expected economic recovery, surprisingly strong fiscal performance as well as significant improvements to key GDP based credit metrics following the rebasing of national accounts.

Rating agencies remain concerned about South Africa's low economic growth, slow pace of economic reforms implementation as well as socioeconomic inequalities which complicate policy efforts and intensify tensions that fuel political risk in South Africa. Additionally, the country's large debt burden, and the financially weak SOC sector remains a drain on public finances, although government has recently limited financial support to SOCs.

The table below shows the current ratings from the solicited rating agencies. Credit ratings from all the credit rating agencies now carry stable outlooks.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

Table: South Africa's Credit Ratings by all Solicited CRAs

Rating Agency	Latest credit rating action	Action	LTFC ¹	LTLC ²	Outlook
Moody's	20 November 2020	Affirmation	Ba2	Ba2	Negative
Fitch	15 December 2021	Affirmation	BB-	BB-	Stable
S&P	21 May 2021	Affirmation	BB-	BB	Stable

¹LTFC = Long Term Foreign Currency Rating, ²LTLC = Long Term Local Currency Rating

52 Non-adjusting events after reporting date

To address the effects of the April 2022 flood disaster on Road and Transport Infrastructure	11 429 935
Notice of intent to impose a fine (Sections 24G of NEMA)	250
Cost implications for restoration of damaged court buildings during April 2022 disaster in KZN	9 107
Total	11 439 292

UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

For the year ended 31 March 2022

■ CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

	Note	2021/22				2021/22			
		Central Government Administration	Economic Services and Infrastructure Development	Financial administration Services	Justice and Protection Services	Social Services			
REVENUE									
Annual Appropriation	2	120 708 151	172 095 307	109 719 801	206 507 639	444 578 552			
Statutory Appropriation	3	479 252	-	559 522 239	3 514 910	19 011 610			
Departmental Revenue	5	120 191	775 261	5 518 497	3 098 267	594 262			
Aid assistance		23 214	302 804	559 260	33 738	1 574 688			
TOTAL REVENUE		121 330 808	173 173 372	675 319 797	213 154 554	465 759 112			
EXPENDITURE									
Current expenditure									
Compensation of employees	8	6 268 793	11 205 336	3 469 490	147 916 673	13 014 269			
Goods and services	9	6 818 098	10 791 292	4 297 090	44 297 031	13 432 069			
Interest and rent on land	10	125 562	103 642	4	77 262	41 398			
Aid assistance		340	18 206	492 141	33 005	1 042 361			
Total current expenditure		13 212 793	22 118 476	8 258 725	192 323 971	27 530 097			
Transfers and subsidies									
Transfers and subsidies	13	103 810 944	137 723 385	587 594 726	10 479 310	430 231 383			
Aid assistance		-	167 256	-	-	70 500			
Total transfers and subsidies		103 810 944	137 890 641	587 594 726	10 479 310	430 301 883			

UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

For the year ended 31 March 2022

	Note	Central Government Administration	Economic Services and Infrastructure Development	Financial administration Services	Justice and Protection Services	Social Services
		2021/22	2021/22	2021/22	2021/22	2021/22
Expenditure for capital assets						
Tangible assets	11.1	188 401	4 848 743	570 902	6 133 473	2 899 863
Intangible assets	11.2	1 671	52 421	827	301 884	39 995
Total expenditure for capital assets		190 072	4 901 164	571 729	6 435 357	2 939 858
Payments for financial assets	14	110 436	6 681	71 455 280	128 623	26 247
TOTAL EXPENDITURE		117 324 245	164 916 962	667 880 460	209 367 261	460 798 085
SURPLUS/(DEFICIT) FOR THE YEAR						
Reconciliation of Net Surplus/(Deficit) for the year		4 006 563	8 256 410	7 439 337	3 787 293	4 961 027
Voted Funds		3 857 584	7 366 284	1 853 845	689 807	3 908 069
Departmental revenue and NRF Receipts		126 386	775 261	5 518 497	3 098 267	594 262
Aid assistance		22 593	114 865	66 995	(781)	458 696
SURPLUS/(DEFICIT) FOR THE YEAR		4 006 563	8 256 410	7 439 337	3 787 293	4 961 027

UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

For the year ended 31 March 2022

■ CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2021/22				2021/22			
		Central Government Administration	Economic Services and Infrastructure Development	Financial administration Services	Justice and Protection Services	Social Services	2021/22	2021/22	2021/22
ASSETS									
Current Assets		5 285 653	8 580 476	1 054 262	15 401 219	19 046 802			
Unauthorised expenditure	12	1 115 487	2 035 599	200 531	6 708	15 159 437			
Cash and cash equivalents	15	3 724 901	6 120 412	754 401	10 965 039	2 055 616			
Other financial assets		14 978	216	-	-	-			
Prepayments and advances	16	52 029	283 780	47 632	508 542	556 982			
Receivables	17	378 258	124 782	51 698	3 920 930	1 205 793			
Loans	18	-	881	-	-	1 218			
Aid assistance receivable	6	-	14 806	-	-	67 756			
Non-Current Assets		355 106	27 080 935	335 153 103	1 556 450	1 340 889			
Investments	19	-	26 962 977	335 129 830	179 156	-			
Receivables	17	310 884	88 645	23 273	1 377 294	1 340 093			
Loans	18	-	27 957	-	-	796			
Other financial assets		44 222	1 356	-	-	-			
TOTAL ASSETS		5 640 759	35 661 411	336 207 365	16 957 669	20 387 691			

UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

For the year ended 31 March 2022

	Note	Central Government Administration 2021/22	Economic Services and Infrastructure Development 2021/22	Financial administration Services 2021/22	Justice and Protection Services 2021/22	Social Services 2021/22
LIABILITIES						
Current Liabilities		4 659 688	8 611 316	1 068 547	7 024 048	19 132 839
Voted funds to be surrendered to the Revenue Fund	20	3 705 608	7 321 402	16 344 995	2 029 898	(54 341)
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	21	163 411	30 098	7 123	2 111 467	108 397
Bank overdraft	22	216 602	730 528	16 879 544	2 430 424	16 147 134
Payables	23.1	551 474	433 758	283 320	419 408	2 445 827
Aid assistance repayable	6	-	81 938	59 841	(44)	485 039
Aid assistance unutilised	6	22 593	13 592	183 714	32 895	783
Non-Current Liabilities						
Payables	23.2	530 140	95	-	2 558	1 177 478
TOTAL LIABILITIES		5 189 828	8 611 411	1 068 547	7 026 606	20 310 317
NET ASSETS						
Represented by:						
Capitalisation reserve		-	26 990 367	335 129 830	71 992	2 014
Recoverable revenue		7 465	59 633	8 988	952 058	75 108
Retained funds		443 466	-	-	8 907 013	252
TOTAL		450 931	27 050 000	335 138 818	9 931 063	77 374

UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

For the year ended 31 March 2022

■ CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

	Central Government Administration	Economic Services and Infrastructure Development	Financial administration Services	Justice and Protection Services	Social Services
Note	2020/21	2020/21	2020/21	2020/21	2020/21
REVENUE					
Annual Appropriation	124 753 532	152 450 369	117 404 506	208 959 316	422 850 456
Statutory Appropriation	484 189	-	534 888 2656	3 560 390	12 412 974
Departmental Revenue	164 110	901 139	6 940 654	2 417 197	61 650
Aid assistance	-	626 528	288 025	108 277	1 100 336
TOTAL REVENUE	125 401 831	153 978 036	659 521 450	215 045 180	436 425 416
EXPENDITURE					
Current expenditure					
Compensation of employees	6 528 669	10 900 349	3 220 321	143 044 219	13 056 993
Goods and services	4 257 378	11 282 501	2 492 053	43 671 783	5 603 386
Interest and rent on land	118 103	47 505	11	2 417	42 661
Aid assistance	-	29 281	164 778	57 746	956 013
Total current expenditure	10 904 150	22 259 636	5 877 163	186 776 165	19 659 053
Transfers and subsidies					
Transfers and subsidies	110 091 829	117 431 946	558 748 994	9 910 348	410 632 087
Aid assistance	-	523 929	-	38 224	90 054
Total transfers and subsidies	110 091 829	117 955 875	558 748 994	9 948 572	410 722 141

UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

For the year ended 31 March 2022

	Note	Central Government Administration	Economic Services and Infrastructure Development	Financial administration Services	Justice and Protection Services	Social Services
		2020/21	2020/21	2020/21	2020/21	2020/21
Expenditure for capital assets						
Tangible assets	11.1	240 995	3 712 659	362 025	6 010 868	2 106 022
Intangible assets	11.2	5 012	81 213	16 315	278 732	28 167
Total expenditure for capital assets		246 007	3 793 872	378 340	6 289 600	2 134 189
Payments for financial assets	14	86 398	2 335 623	86 313 685	242 365	7 635
TOTAL EXPENDITURE		121 328 384	146 345 006	651 318 182	203 256 702	432 523 018
SURPLUS/(DEFICIT) FOR THE YEAR		4 073 447	7 633 030	8 203 268	11 788 478	3 902 398
Reconciliation of Net Surplus/(Deficit) for the year						
Voted Funds		3 909 337	6 658 573	1 139 367	9 362 247	3 799 702
Departmental revenue and NRF Receipts		164 110	901 139	6 940 654	2 417 197	61 650
Aid assistance		-	73 318	123 247	9 034	41 046
SURPLUS/(DEFICIT) FOR THE YEAR		4 073 447	7 633 030	8 203 268	11 788 478	3 902 398

UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

For the year ended 31 March 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Central Government Administration	Economic Services and Infrastructure Development	Financial administration Services	Justice and Protection Services	Social Services
Note	2020/21	2020/21	2020/21	2020/21	2020/21
ASSETS					
Current Assets	5 545 184	8 436 129	4 334 112	20 615 394	19 731 233
Unauthorised expenditure	1 115 487	2 035 599	185 371	6 708	15 159 437
Cash and cash equivalents	3 961 820	5 804 837	4 052 356	16 307 394	2 041 598
Other financial assets	20 609	877	-	-	-
Prepayments and advances	152 495	383 133	35 120	491 189	916 949
Receivables	294 773	196 635	61 265	3 810 103	1 437 813
Loans	-	881	-	-	3 158
Non-Current Assets	269 290	23 863 851	274 310 063	1 974 698	1 381 840
Investments	-	22 411 847	274 290 135	182 164	-
Receivables	200 271	71 944	19 928	1 792 534	1 379 901
Loans	-	1 379 417	-	-	1 939
Other financial assets	69 019	643	-	-	-
TOTAL ASSETS	5 814 474	32 299 980	278 644 175	22 590 092	21 113 073

UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

For the year ended 31 March 2022

	Note	Central Government Administration 2020/21	Economic Services and Infrastructure Development 2020/21	Financial administration Services 2020/21	Justice and Protection Services 2020/21	Social Services 2020/21
LIABILITIES						
Current Liabilities						
Voted funds to be surrendered to the Revenue Fund	20	4 943 014	8 339 371	4 345 494	11 008 128	19 902 041
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	21	3 998 766	5 762 511	798 098	6 405 005	3 224 010
Bank overdraft	22	165 985	65 031	73 935	2 437 257	9 980
Payables	23.1	310 796	1 629 316	-	1 871 999	15 992 899
Aid assistance repayable	6	467 467	826 422	3 178 660	260 781	461 757
Aid assistance unutilised	6	-	17 745	117 753	1 132	207 816
		-	38 346	177 048	31 954	5 579
Non-Current Liabilities						
Payables	23.2	530 625	63	371	955	1 122 899
TOTAL LIABILITIES		5 473 639	8 339 434	4 345 865	11 009 083	21 024 940
NET ASSETS						
Represented by:		340 835	23 960 546	274 298 310	11 581 009	88 133
Capitalisation reserve		-	23 790 367	274 290 135	75 000	5 097
Recoverable revenue		(50 791)	170 179	8 175	1 257 226	77 784
Retained funds		391 626	-	-	10 248 783	5 252
TOTAL		340 835	23 960 546	274 298 310	11 581 009	88 133

ANNEXURES: NAMES OF GOVERNMENT DEPARTMENTS

For the year ended 31 March 2022

Central Government Administration	
	The Presidency
	Parliament
DIRCO	International Relations and Cooperation
DCOG	Cooperative Governance
DPWI	Public Works and Infrastructure
DWYPD	Women, Youth and Persons with Disabilities
DPME	Planning, Monitoring and Evaluation
DTA	Traditional Affairs
Economic Services and Infrastructure Development	
DALRRD	Agriculture, Land Reform and Rural Development
DCDT	Communications and Digital Technologies
DFFE	Forestry, Fisheries and the Environment
DHS	Human Settlements
DMRE	Mineral Resources and Energy
TOURISM	Tourism
DTIC	Trade, Industry and Competition
DOT	Transport
DWS	Water and Sanitation
DSBD	Small Business Development
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 2022

Justice and Protection Services

SAPS	Police
IPID	Independent Police Investigative Directorate
DCS	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
DHA	Home Affairs

Social Services

DSAC	Sports, Arts and Culture
DBE	Basic Education
DHE	Higher Education and Training
HEALTH	Health
DOLE	Labour and Employment
DSD	Social Development
DST	Science and Technology

2022 CFS
**CONSOLIDATED
FINANCIAL STATEMENTS**

for the year ended 31 March 2022

**REVIEW OF
OPERATING RESULTS**



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022

Public entities

The Consolidated Financial Statements (CFS) 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 (ASB) 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 (NT) 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 24 May 2019. 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.

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

The following is a statistical consolidation summary:

	Actual 2021/22		Actual 2020/21	
	Listed entities	Non Listed entities	Listed entities	Non Listed entities
Total Entities	206	13	202	13
Consolidated	200	11	195	11
Not consolidated	6	2	7	2

In 2021/22, a total of 211 entities were consolidated, please refer to Annexure A. Of the total entities consolidated, a total of 200 (94%) of listed entities are consolidated. The total number of listed consolidated entities in the current

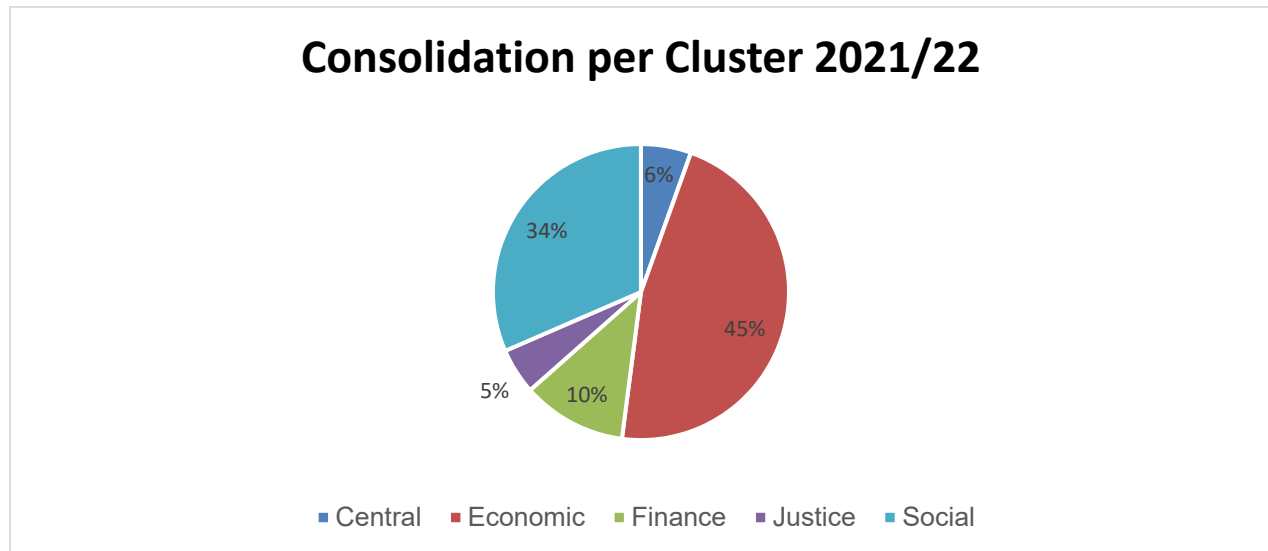
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022

year is 3% more than that of the previous where 195 of the listed entities were consolidated. A total of 11 (85%) non listed entities were consolidated in 2021/22.

There are entities whose reporting date differs from the reporting date of other 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 largest proportion (45%) of total number of entities consolidated, followed by the Social Services cluster (34%), Finance Services cluster (10%), Central Services cluster (6%) and lastly, the Justice and Protection Services cluster (5%).



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 2021/22 financial year.

The reason for consolidating public entities using draft financial information as well as not consolidating others, is because they are involved with extended audit processes or disputes with the auditors. The Water Boards have a different year-end of 30 June, and this results in National Treasury not receiving final audited financial information from them.

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 2022
- **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 12.42% from R619 billion in 2020/21 to R695 billion in 2021/22. Non-exchange revenue consisting of government grants and subsidies, public contributions and donations, transfers and sponsorships, fines and penalties, legislative and oversight functions, taxation revenue and licences and permits, increased by 19.04%.

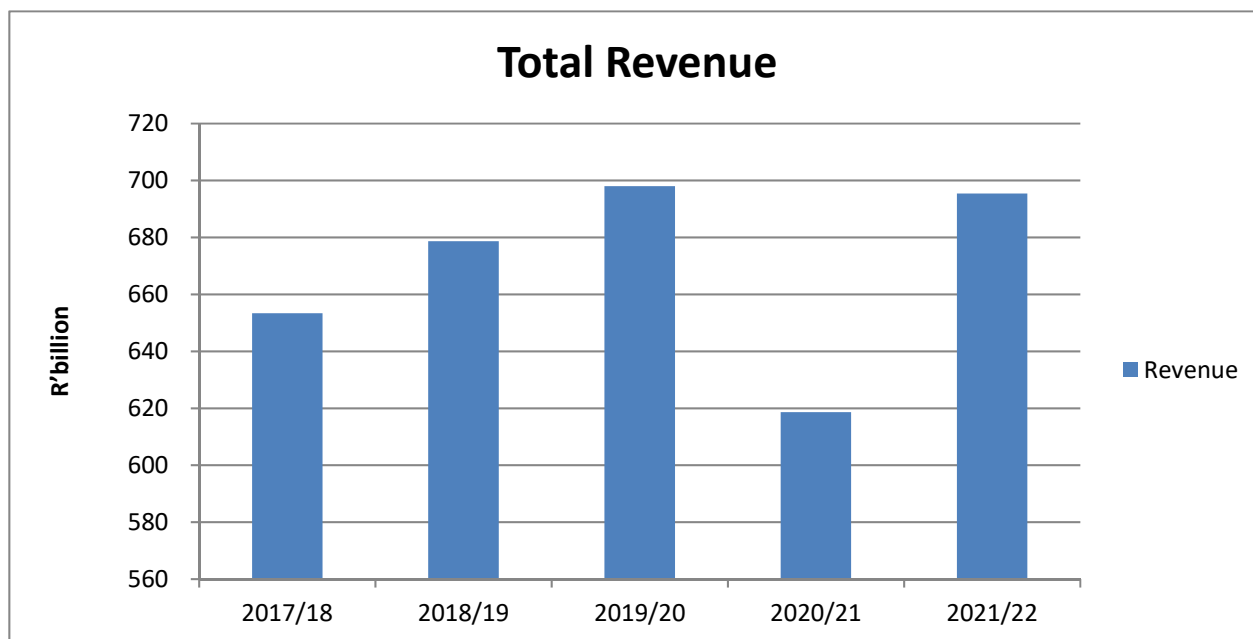
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022

Exchange revenue for both 2021/22 and 2020/21 constitutes 71% and 73% of total revenue respectively. The major drivers of exchange revenue are sale of goods and rendering of services, rental of facilities and equipment, interest earned from external investments and outstanding receivables as well as other income. Sale of goods and rendering of services constitutes 63% of exchange revenue and 62% of total revenue in the current year.

Revenue	Actual 2021/22 R'million	Actual 2020/21 R'million
Revenue from non-exchange transactions		
Government grants and subsidies	110 467	95 735
Public contributions and donations	833	782
Transfers and Sponsorships	8 542	6 160
Fines and Penalties	374	385
Legislative and Oversight functions	72 192	59 910
Taxation revenue	7 153	4 683
Licences and permits	527	427
	200 088	168 082
Revenue from exchange transactions		
Sale of Goods & Rendering of Services	435 447	385 010
Rental of facilities and equipment	5 975	4 974
Interest earned - external investments	32 966	34 952
Interest earned - outstanding receivables	5 913	6 939
Other income	14 124	17 787
Licences and permits	905	867
	495 330	450 528
TOTAL REVENUE	695 418	618 610

Total Revenue



Although growth in revenue has remained relatively stable at an average of 3% for the past years, there has been a decline of 12,8% in the previous year. However, it has seen a growth of 10% in the current year. The finance cluster is the major driver of revenue making up 53% of total revenue followed by the economic cluster making up 31% of total revenue. Approximately 67% of the revenue generated from the finance cluster is through Eskom with total revenue of R250 billion. In 2021/22 financial year, RAF, SANRAL, Rand Water and Water Trading Account collectively contributed 46% of the revenue within economic cluster, remaining relatively the same as the previous year with a combined total of R102 billion (cluster total revenue of R218 billion). These entities derive revenue through exchange and non-exchange transactions.

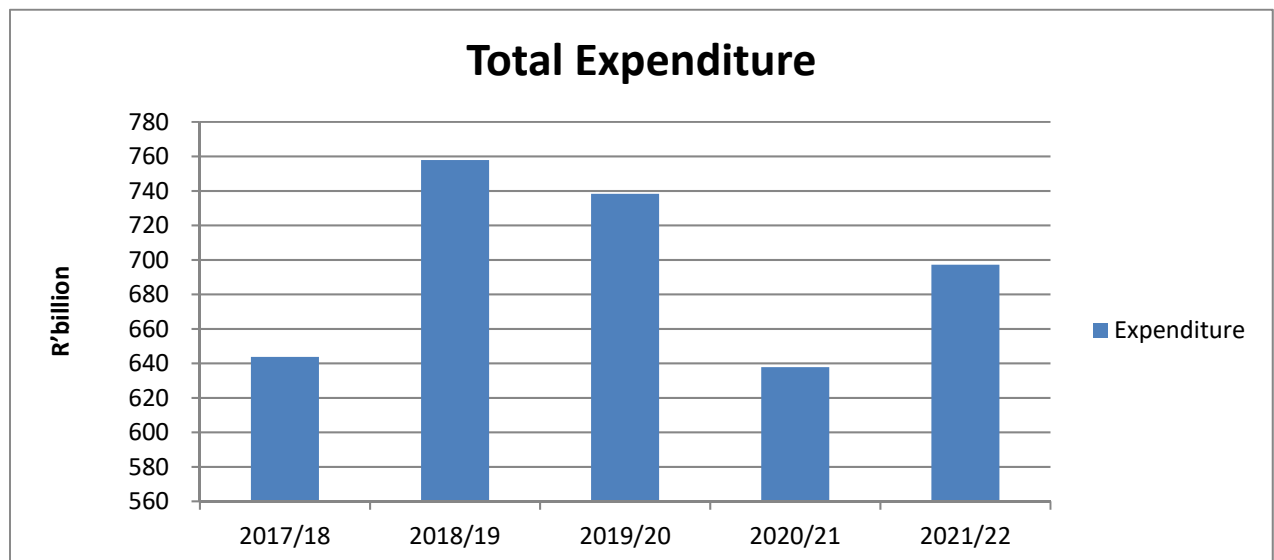
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022

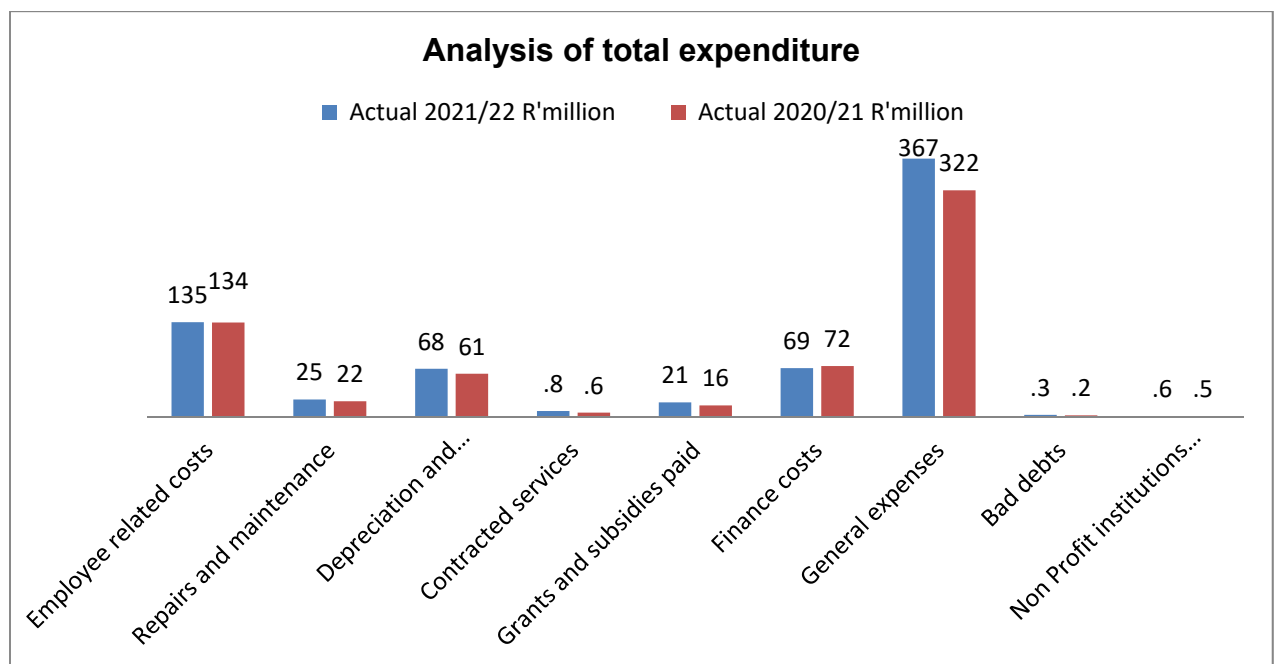
Total expenditure

Analysis of total expenditure	Actual 2021/22 R'million	Actual 2020/21 R'million
Employee related costs	134 794	134 327
Repairs and maintenance	24 678	22 187
Depreciation and amortisation expense	68 397	61 360
Contracted services	8 322	6 022
Grants and subsidies paid	20 723	16 419
Finance costs	69 310	72 278
General expenses	367 427	322 406
Bad debts	2 916	2 236
Non Profit institutions and donor project expenses	600	516
Total expenditure	697 168	637 750

Total expenditure



Analysis of Total expenditure



REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022

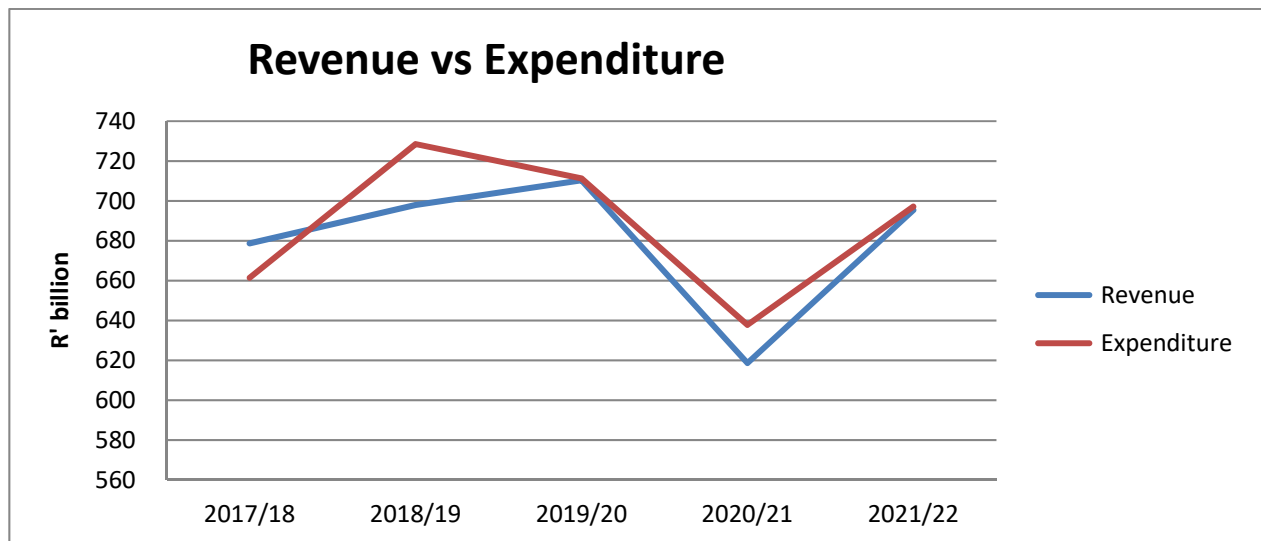
Total expenditure amounted to R697 billion for the current year which is just above R60 billion increase from the prior year's total of R637 billion. The economic cluster and the finance cluster accounts for 28% and 58% of total expenditure, respectively.

Employee related costs and general expenses account for 72% of total expenditure; with general expenses at 53% and employee related costs at 19% of total expenditure. The main expenditure items under general expenses are cost of sales (54%), bursaries (12%) and administration fees (14%).

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

Revenue vs. Expenditure R'million	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22
Revenue	678 653	697 992	710 345	618 610	695 418
Expenditure	661 404	728 527	711 259	637 750	697 168
Surplus/(Deficit) from operations	17 249	(30 535)	(914)	(19 140)	(1 750)

Revenue vs. Expenditure



A deficit from operations has improved from R19 billion in the previous year to a deficit of R1.7 billion. The improvement is due to the fact that the revenue in the current year is not too low compared to the current year expenditure. The entities' major revenue comes from sale of goods & rendering of services contributing 63% of the total revenue. The number of loss-making entities have decreased including the value of deficit.

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	2021/22 R'000	2020/21 R'000	Movement in Loss R'000
Schedule 1			
Financial & Fiscal Commission	(1 700)	(2 236)	536
Pan South African Language Board	(24 314)	5 871	(30 185)
Independent Electoral Commission	(251 493)	946 123	(1 197 616)
	(277 507)	949 758	(1 227 265)

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022

Name of Entity	2021/22	2020/21	Movement in Loss
Schedule 2	R'000	R'000	R'000
Air Traffic and Navigation Services Company Limited	(377 922)	(578 228)	200 306
Airports Company of South Africa Ltd	(1 002 359)	(2 560 538)	(1 558 179)
Broadband Infraco	(146 905)	(106 330)	(40 575)
CEF (Pty) Ltd	(324 619)	(303 095)	(21 524)
ESKOM	(6 371 254)	(18 932 131)	12 560 877
South African Airways	(3 209 262)	(8 738 520)	5 529 258
South African Broadcasting Corporation Limited	(200 784)	(530 175)	329 391
South African Nuclear Energy Corporation Limited	(23 199)	(297 175)	273 976
South African Post Office Limited	(2 181 242)	(2 418 755)	237 513
	(13 837 546)	(34 464 947)	20 627 401

Name of Entity	2021/22	2020/21	Movement in Loss
Schedule 3A	R'000	R'000	R'000
Accounting Standards Board	(184)	23	(207)
African Renaissance International Cooperation Fund	(216 357)	(158 241)	(58 116)
Companies Tribunal	(2 040)	1 897	(3 937)
Construction Education and Training Authority	(214 955)	(378 981)	(164 026)
Council for Geoscience	(12 175)	(773)	(11 402)
Ditsong: Museums of Africa	(2 946)	(2 324)	(622)
Energy & Water Sector Education and Training Authority	(201 638)	(134 839)	(66 799)
Fibre Processing Manufacturing Sector Education and Training	(21 984)	(81 263)	59 279
Freedom Park Trust	(265 573)	(467 326)	201 753
Financial Sector Conduct Authority	(4 995)	30 983	(35 978)
Health and Welfare Sector Education and Training Authority	(199 376)	(429 326)	229 950
Ingonyama Trust Board	(1 685)	1 253	(2 938)
Kwa-Zulu Natal Museum	(1 066)	(3 946)	2 880
Marine Living Resources Fund	(13 688)	(136 907)	123 219
Media Development Diversity Agency	(14 137)	(821)	(13 316)
Mine Health and Safety Council	(5 082)	(11 528)	6 446
National Arts Council of South Africa	(16 297)	(2 806)	(13 491)
National Consumer Commission	(83)	(1 008)	925
National Energy Regulator of South Africa	(3 250)	(5 309)	2 059
National Skills Fund	(337 277)	980 230	(1 317 507)
Office of the Ombud for Financial Services Providers	(57)	15 439	(15 496)
Performing Arts Council of the Free State	(35 409)	341	(35 750)
Playhouse Company	(10 096)	(16 632)	6 536
Quality Council for Trades and Occupations	(12 475)	16 379	(28 854)
Robben Island Museum	(3 088)	(55 007)	51 919
Small Enterprise Development Agency	(261 241)	119 072	(380 313)
South African National Parks	(223 116)	(78 009)	(145 107)
	(2 080 270)	(799 429)	(1 280 841)

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022

Name of Entity	2021/22	2020/21	Movement in Loss
Schedule 3B	R'000	R'000	R'000
Lepelle Northern Water	(109)	(103 588)	103 697
Amathole Water	(182 048)	(96 816)	(85 232)
Overberg Water	(2 616)	1 279	(3 895)
	(184 773)	(199 125)	14 352

Name of Entity	2021/22	2020/21	Movement in Loss
Unlisted	R'000	R'000	R'000
Commission on Restitution of Land Rights	(113)	(53)	(60)
Government Pensions Administration Agency	(62 029)	(26 364)	(35 665)
Sasria Limited	(27 428 918)	1 502 559	(28 931 477)
South African Reserve Bank	(1 491 919)	3 764 147	(5 256 066)
Supported Employment Enterprises	(20 993)	29 050	(50 043)
South African Heritage Resources Agency	(9 433)	7 011	(16 444)
Property Management Trading Entity	(1 911 829)	945 871	(2 857 700)
	(30 925 234)	(6 222 221)	(24 703 013)

Loss/deficit making public entities accounts for 22% (36% in 2020/21) of entities consolidated while profit/surplus making entities accounts for 78% of the consolidated entities. Sasria Limited had the highest loss with R27 billion decrease in the current year from a surplus of R1.5 billion in the 2020/21 financial year. This was mainly attributable to an R29.5 billion increase in general expenses particularly the cost of sales. Eskom decreased their deficit from R19 billion in 2020/21 to R6 billion in 2021/22.

Financial position

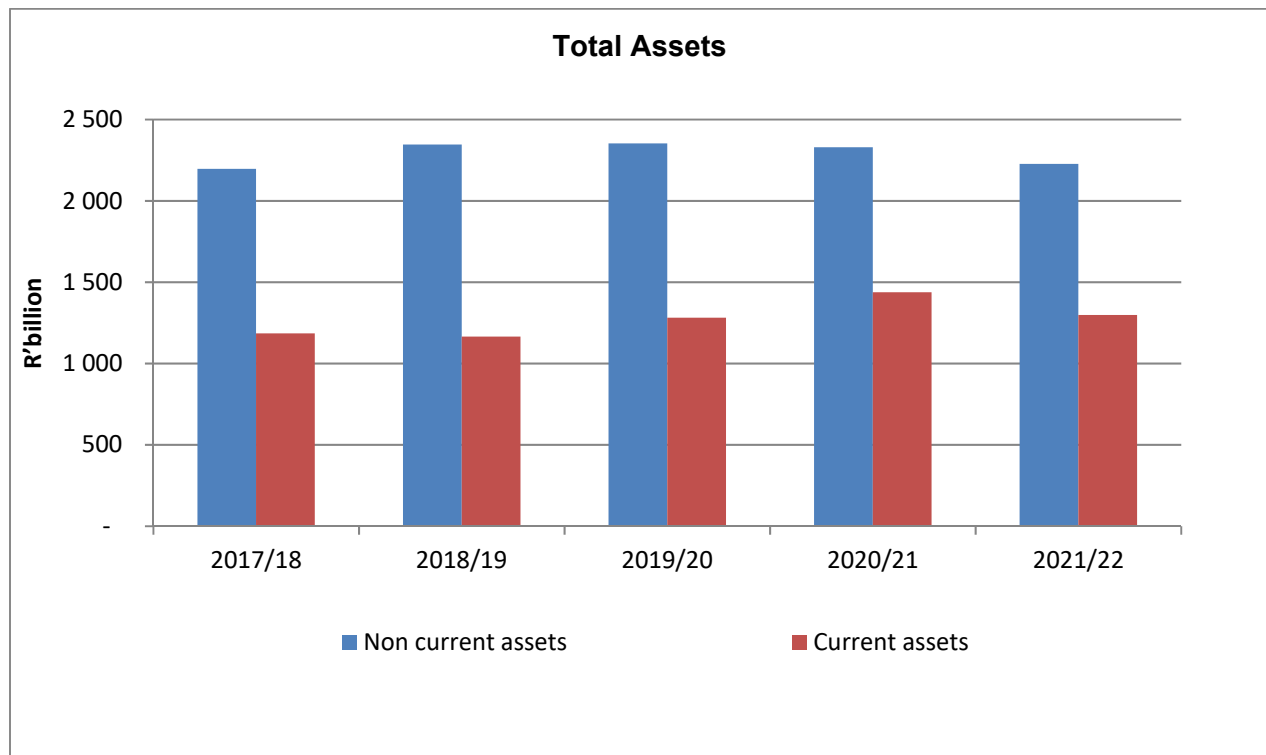
Total assets

Assets	2021/22	2020/21
R'million	R' million	R' million
Non-current assets	2 329 098	2 227 041
Current assets	1 438 073	1 298 187
Total Assets	3 767 171	3 525 228

Total assets increased by R243 billion to R3.767 trillion (2020/21: R3.525 trillion) in the current year. This significant increase is mainly attributable to an increase in other receivables from non-exchange transaction as well as deferred tax assets.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022



Non-current assets constitute 62% (R 2.329 trillion) of total assets in the current financial year. The significant contributors of non-current assets are Eskom (R692 billion), SANRAL (R519 billion) and Transnet (R354 billion). The three entities combined contribute 67% of the total non-current assets. In addition, SARB (R927 billion) and Eskom (R114 billion) significantly contributed towards current assets. The three entities combined contribute 72% of the total current assets.

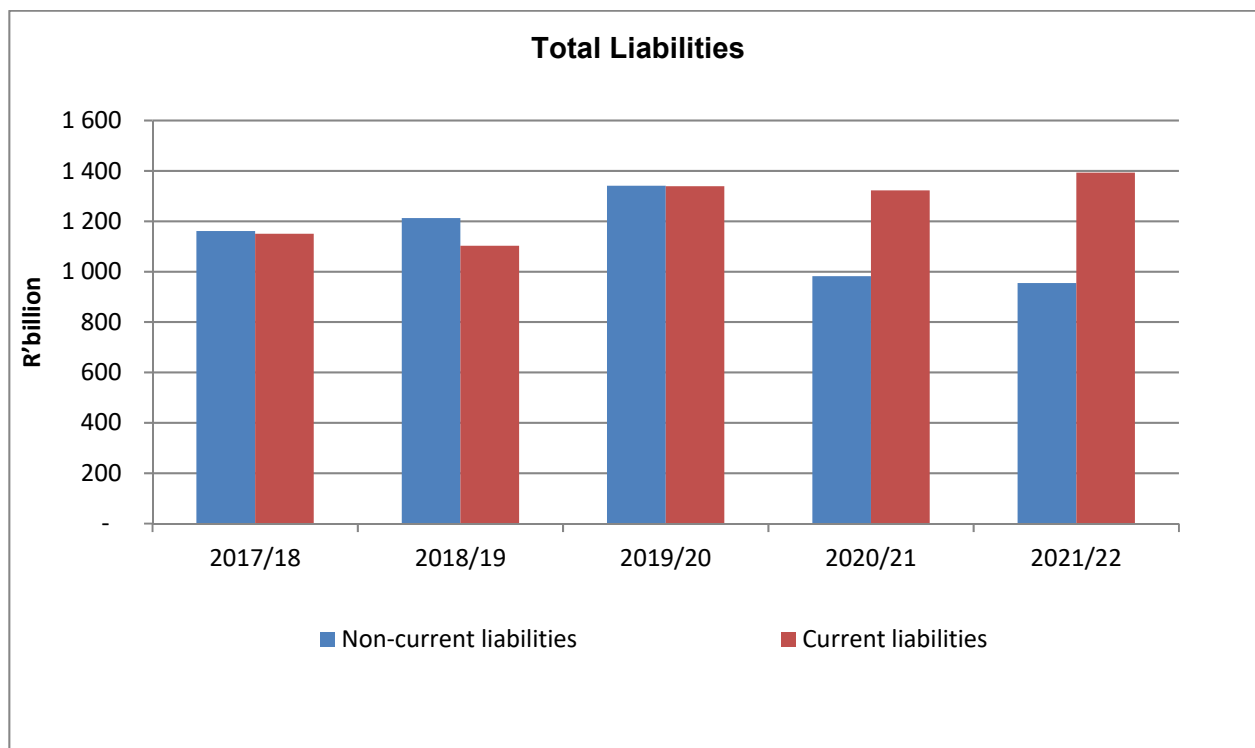
Total liabilities

Liabilities R'million	2021/22 R' million	2020/21 R' million
Non-current liabilities	981 919	954 558
Current liabilities	1 322 771	1 392 901
Total liabilities	2 304 690	2 347 458

Total liabilities decreased by R43 billion to R2.305 trillion (2020/21: 2.347 trillion) in the current year. This is attributable to a 19% increase in deferred income and 22% non-current provisions. Current liabilities constitute 57% (2020/21: 59%) of total liabilities in the current year. SARB and Eskom combined contributed a significant 67% (R 1.535 trillion) to total liabilities.

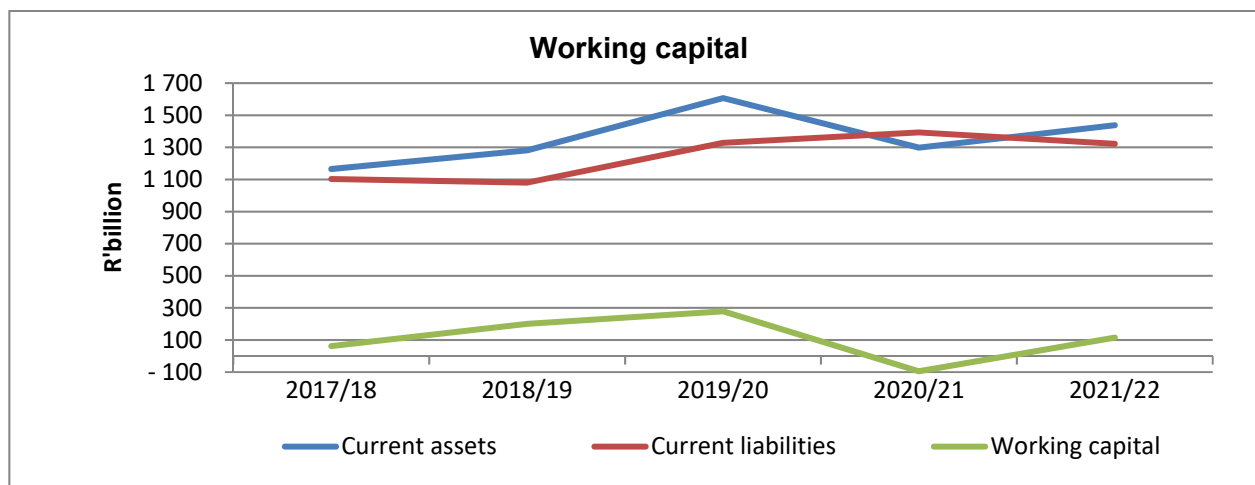
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022



Working Capital

Working Capital R'million	2017/18 R' million	2018/19 R' million	2019/20 R' million	2020/21 R' million	2021/22 R' million
Current assets	1 165 133	1 281 698	1 606 876	1 298 187	1 438 073
Current liabilities	1 102 830	1 080 575	1 328 336	1 392 901	1 322 771
Working capital	62 303	201 123	278 540	(94 714)	115 302



The working capital graph indicates 222% increase in liquidity for the 2021/22 financial year. This is a positive change compared to the previous year when the liquidity ratio experienced a significant decrease in 2020/21. The improvement is due to current assets exceeding the current liabilities by R115 billion. This positive move indicates that the entities will be able to meet their current obligations.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022

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.

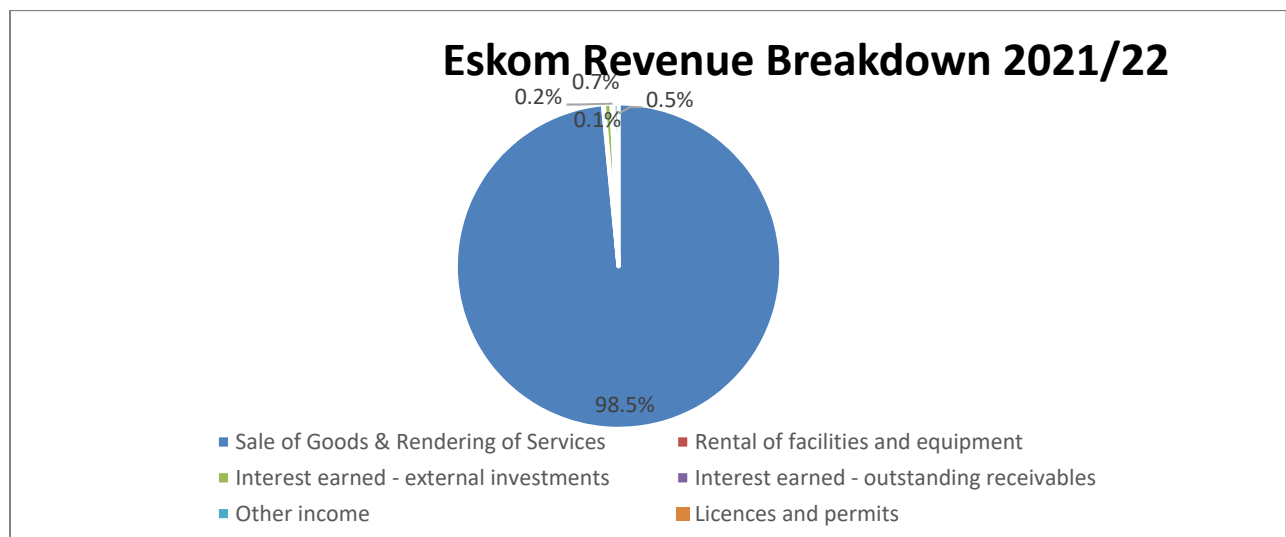
Eskom Summary R' million	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22
Revenue	181 677	184 774	203 319	209 397	250 361
Expenditure	210 626	219 817	220 153	231 758	254 020
Surplus/(Deficit) from Operations	(28 949)	(35 043)	(16 835)	(22 361)	(3 659)

In 2021/22 Eskom generated a total revenue of R250 billion which represents 36% of national public entities revenues. Revenue from sale of goods & rendering of services increased by 21%. The realised increase is mainly due to the tariff increase of 13% allowed by NERSA which was to allow Eskom to be financially sustainable. Interest from external investments decreased by 5% to R1.9 billion (2020/21: R2 billion) and the decrease is mainly attributable to a slight decrease in the acquisition of investments. Other income decreased by 50% to R1.2 billion (2020/21: R2.4 billion).

The potential adverse impact of COVID-19 restrictions on the economy has been factored into the expected credit loss calculations at 31 March 2022 in a manner consistent with that applied in the comparative financial year. The group applied judgement in determining whether a significant increase in credit risk had occurred as a result of COVID-19 and no indicators of a significant increase were identified at the reporting date. The impact of COVID-19 on expected credit losses at 31 March 2022 was calculated based on the group's best estimates using information available at the time of preparation of the financial statements and includes forward-looking assumptions. The probability of default was increased in a manner similar to the default rate levels observed by Standard & Poor's in 2016 (31 March 2021: increased in a manner similar to the default rate levels observed by Standard & Poor's during the 2008 financial crisis) to account for the forward-looking stress scenario impact of COVID-19 as this was determined to be the most appropriate stress scenario. The probability of defaults of the municipality and small power user portfolios were not increased as the models for these portfolios are considered to be sensitive to the economic environment and are representative of the stress scenario impact of COVID-19.

Expenditure increased by 9.5% to R254 billion (2020/21: R232 billion) in the current year. The increase is mainly attributable to an increase in general expenses, depreciation and amortisation expenses contract services, finance costs as well as bad debts.

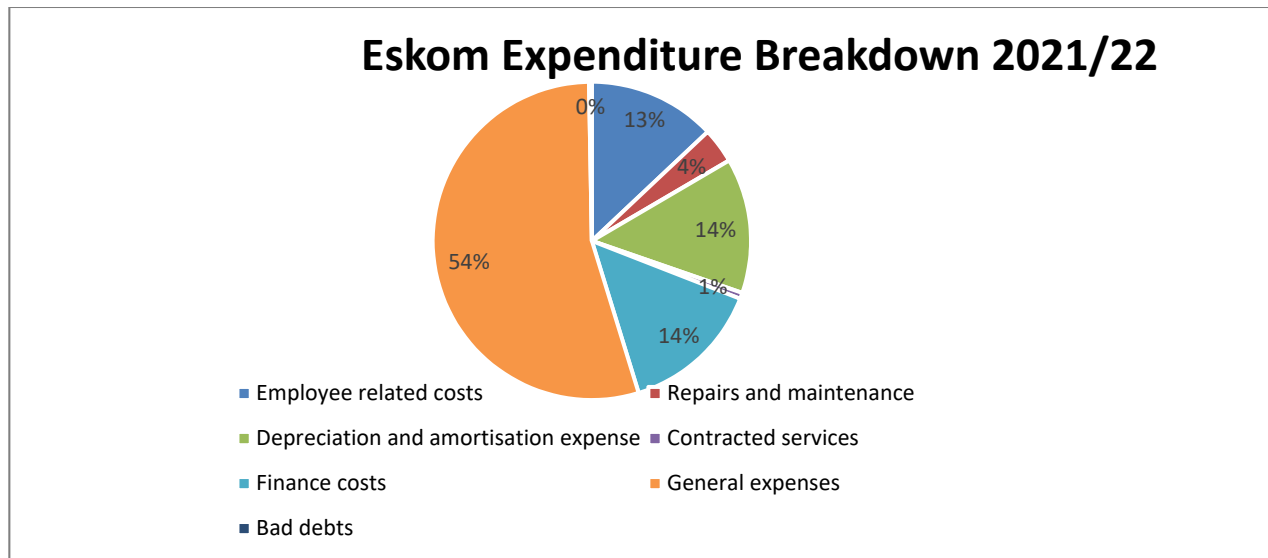
Eskom recognized the operating deficit of R3.7 billion (84% improvement) from operating deficit of R22.4 billion as a result of a 20% revenue increase and 9% total expenditure increase. The lower increase in expenses is attributable to lower increases in all related entities' operating expenses.



REVIEW OF OPERATING RESULTS

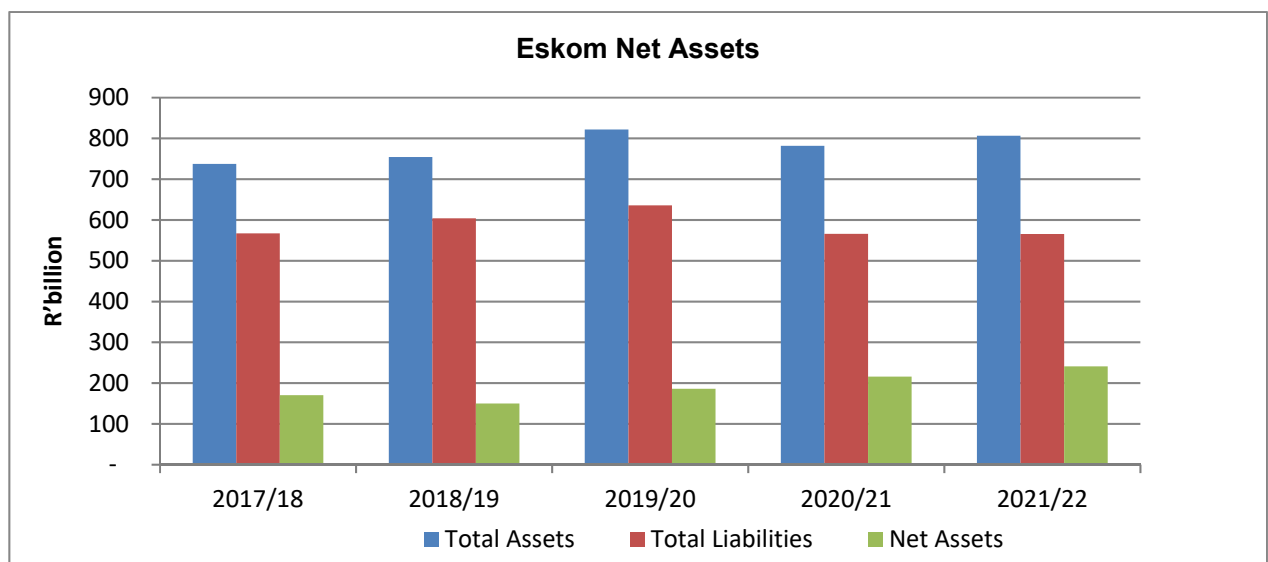
For the year ended 31 March 2022

The sale of goods & rendering of services are the biggest contributor of revenue, contributing 98.5% of the total revenue, whilst interest earned, rental of facilities and other income combined makes up the remaining 1.5%.



General expenses is the biggest contributor of expenditure, contributing 54% of the total expenditure. Included in general expenses is the expenditure on primary energy costs, which represent Eskom's cost of sales and contributed 92% of general expenditure. Other costs included in total expenditure are as follows, employee costs, which contributed 13%, whilst depreciation costs accounted for 14% and finance costs 14%.

Eskom Summary R' million	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22
Total Assets	737 431	754 022	821 749	781 645	806 187
Total Liabilities	567 095	604 045	635 682	565 809	565 414
Net Assets	170 336	149 977	186 067	215 837	240 773



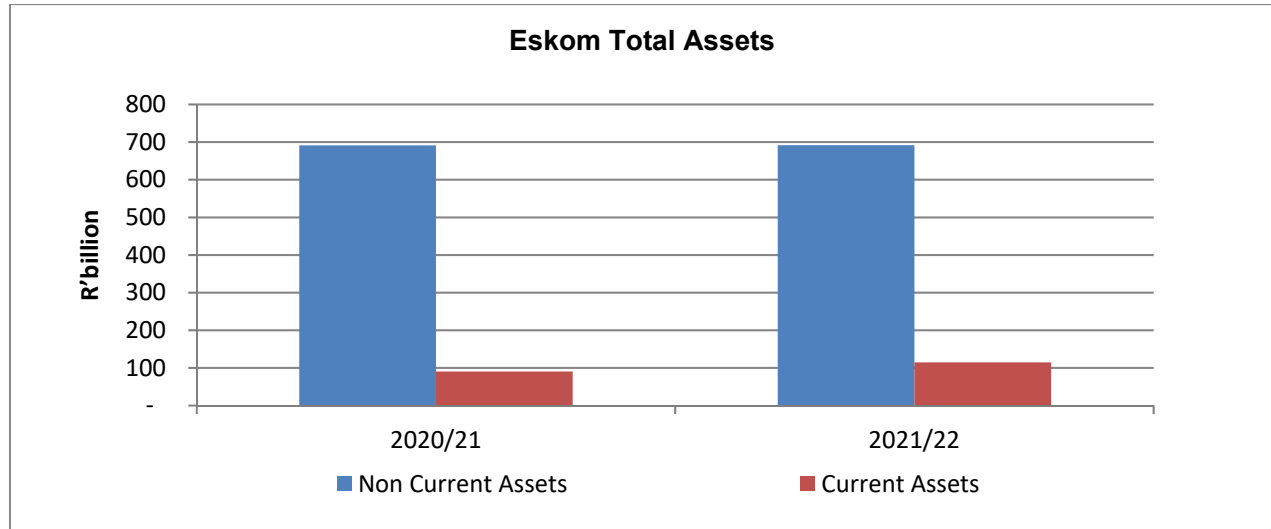
The trend over the last five years since 2017/18 has seen a steady increase in total liabilities with 2020/21 and 2021/22 total liabilities registering a decrease of about 6.7% and 6.9% respectively. The trend for total assets has also been steadily increasing in the past five years with an increase of 3% in 2021/22 compared to 2020/21 financial year.

Eskom contributes 21% of the total assets of national public entities assets in 2021/22, same results as 2020/21. Total assets of Eskom increased by 3% to R806 billion (2020/21: R782 billion) in the current year, with non-current assets remaining relatively the same as the previous year. The slight increase in total assets is attributable to an

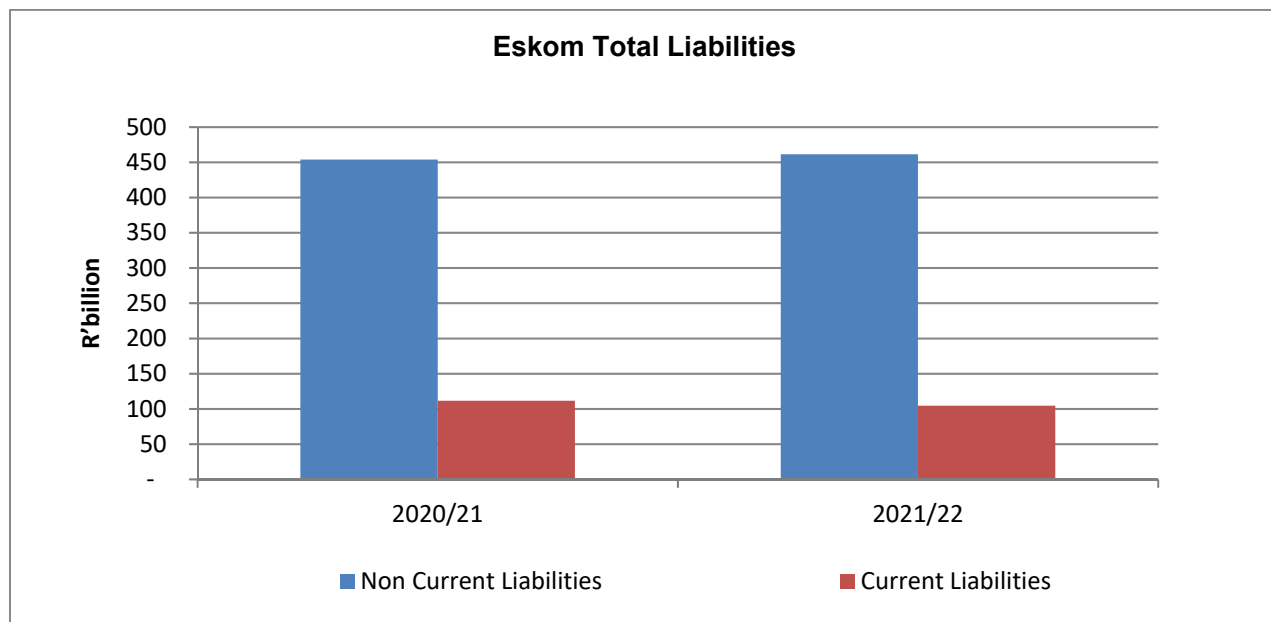
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022

increase of R11.8 billion in cash and cash equivalents to R15 billion (2020/21: R4 billion). Eskom has restricted organisational cash requirements to improve liquidity through targeted savings on operating and capital expenditure.



Eskom's total liabilities contributed 25% of the total liabilities of national public entities liabilities. The 2021/22 total liabilities of Eskom decreased by a slight 0.1% to R565 billion (2020/21: R566 billion). The decrease is mainly attributable to the long-term borrowings which decreased by R12 billion.



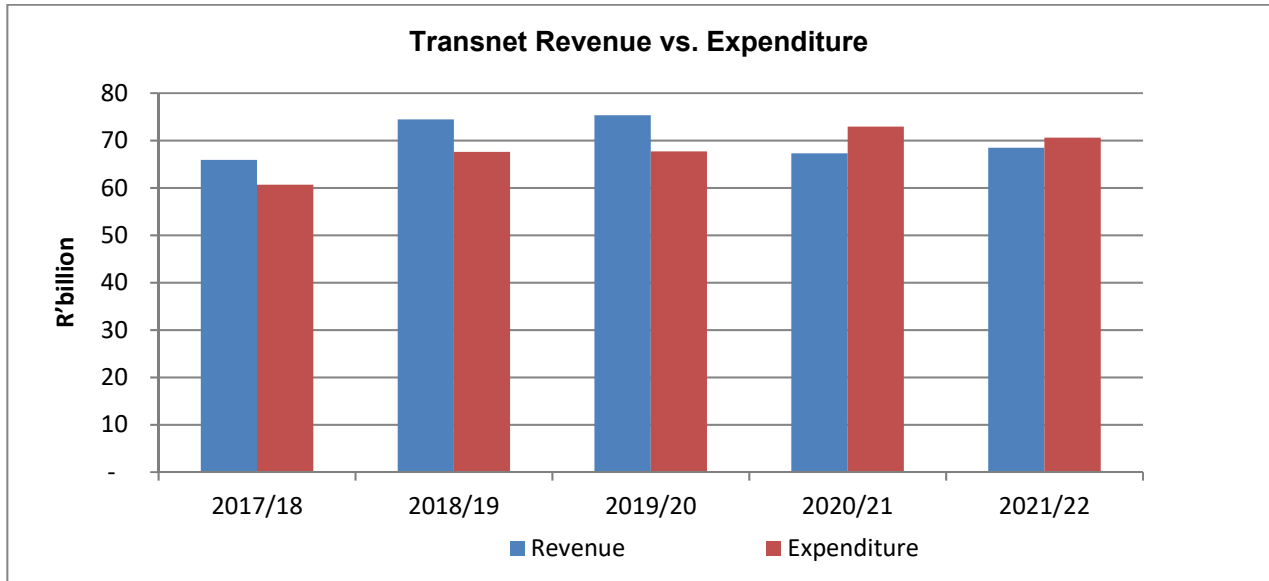
Transnet

Transnet is a public company wholly owned by the Government of the Republic South Africa and is the custodian of the country's rail, ports and pipelines. Transnet is responsible for enabling competitiveness, growth and development of the South African economy through delivering reliable freight transport in a cost-effective and efficient manner, within acceptable benchmarks.

Transnet Summary R' million	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22
Revenue	65 887	74 457	75 338	67 273	68 459
Expenditure	60 679	67 590	67 693	72 927	70 605
Surplus/(Deficit) from Operations	5 208	6 867	7 645	(5 654)	(2 146)

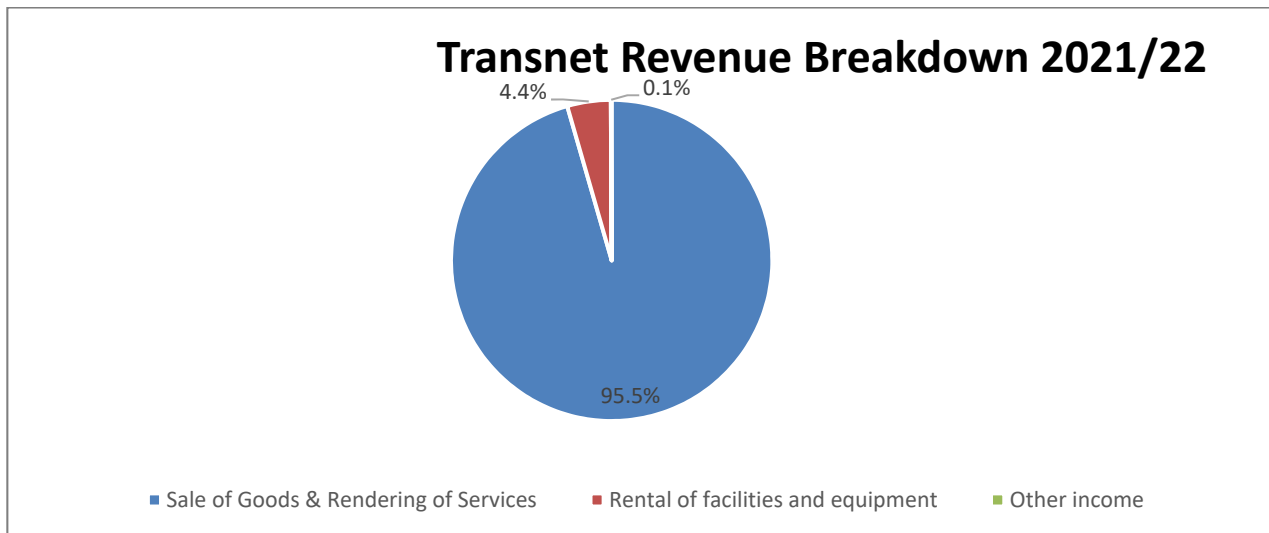
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022



Transnet generated total revenue of R68 billion, which represents 10% of national public entities revenues. Total revenue increased by 1.7%, the entity’s major revenue comes from sale of goods & rendering of services contributing 95% of the total revenue of Transnet which increased by 1.7% in the current year. Transnet has also generated other income of R62 million compared to R0 in the previous year as reported in their financials. This also contributed to the marginal total revenue increase.

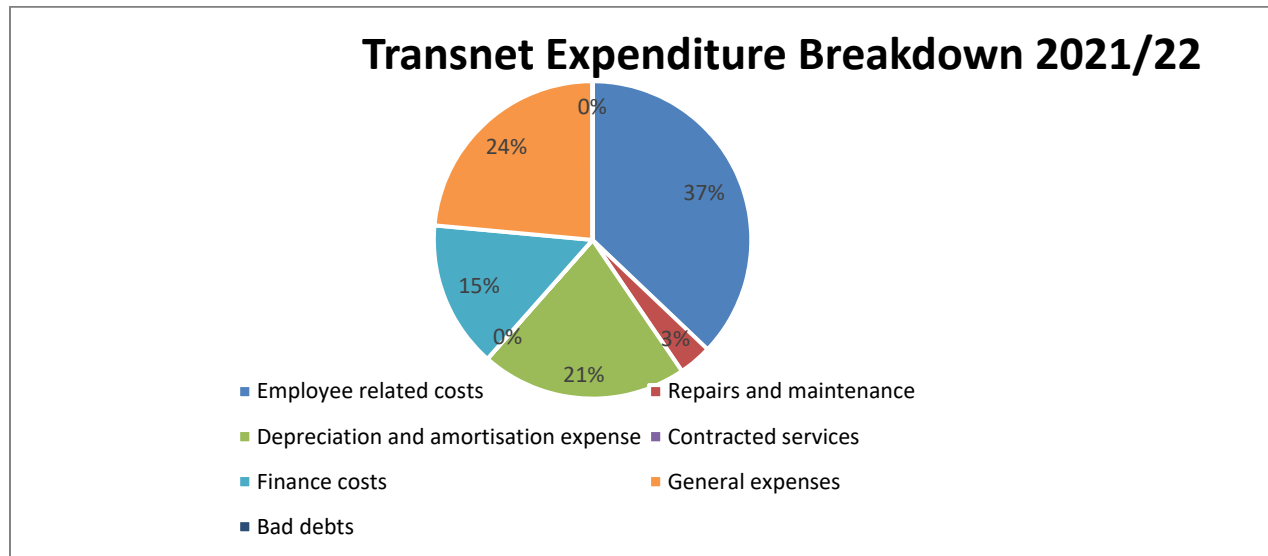
Expenditure decreased by 3% in the current year to R71 billion (2020/21: R73 billion). The decrease is mainly attributable to general expenses which decreased by 30% to R16.6 billion (2020/21: R21.5 billion). The legal fees seem to be the major contributor to the realised decrease in general expenses which is reported to be R168 million compared to R1.2 billion in the previous year. Overall, the operating deficit improved significantly by 62% to a deficit of R2.1 billion (2020/21: R5.6 billion surplus) during the current year.



Sale of goods & rendering of services was the biggest contributor of revenue, contributing 95.5% of the total revenue. Rental of facilities and other income combined makes up the remaining 4.5%.

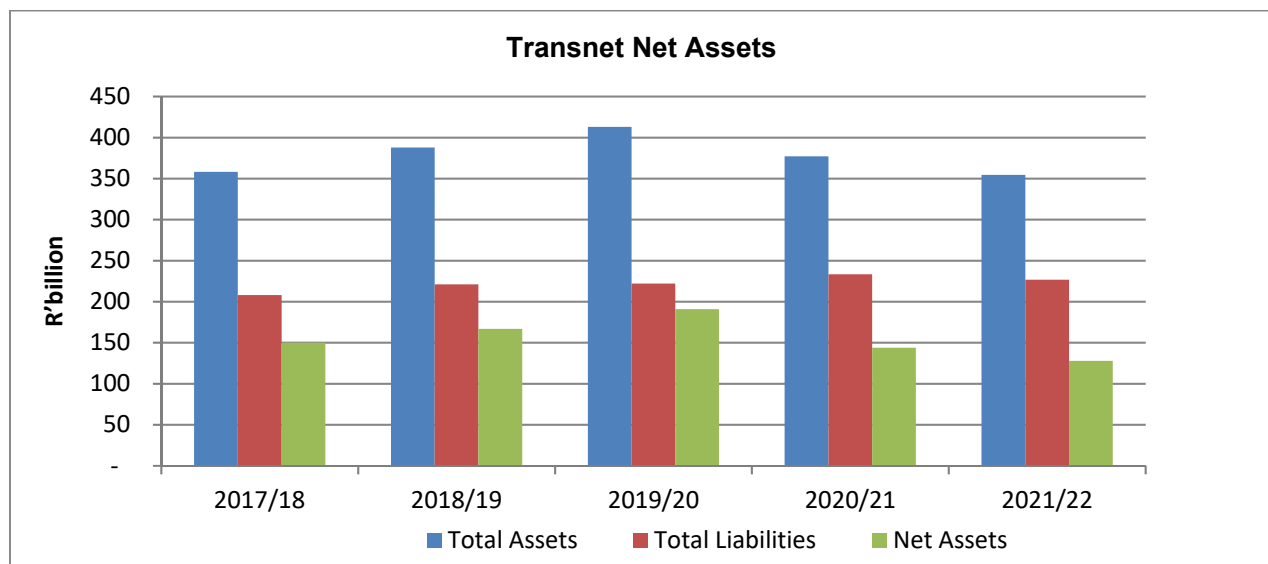
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022



Employee related costs is the biggest contributor of expenditure, contributing 37% of the total expenditure, followed by general expenses contributing 24%, while depreciation costs contributed 21% and finance costs 15%.

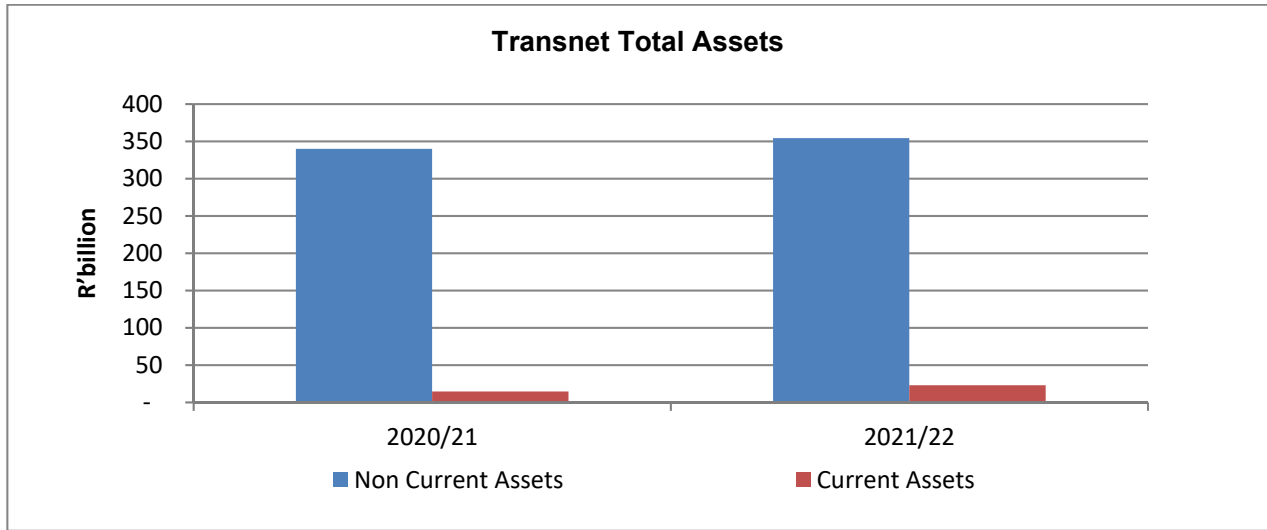
Transnet Asset vs. Liabilities R' million	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22
Total Assets	353 139	369 766	351 006	354 457	377 177
Total Liabilities	208 494	221 134	221 499	226 637	233 399
Net Assets	144 645	148 632	129 507	127 820	143 778



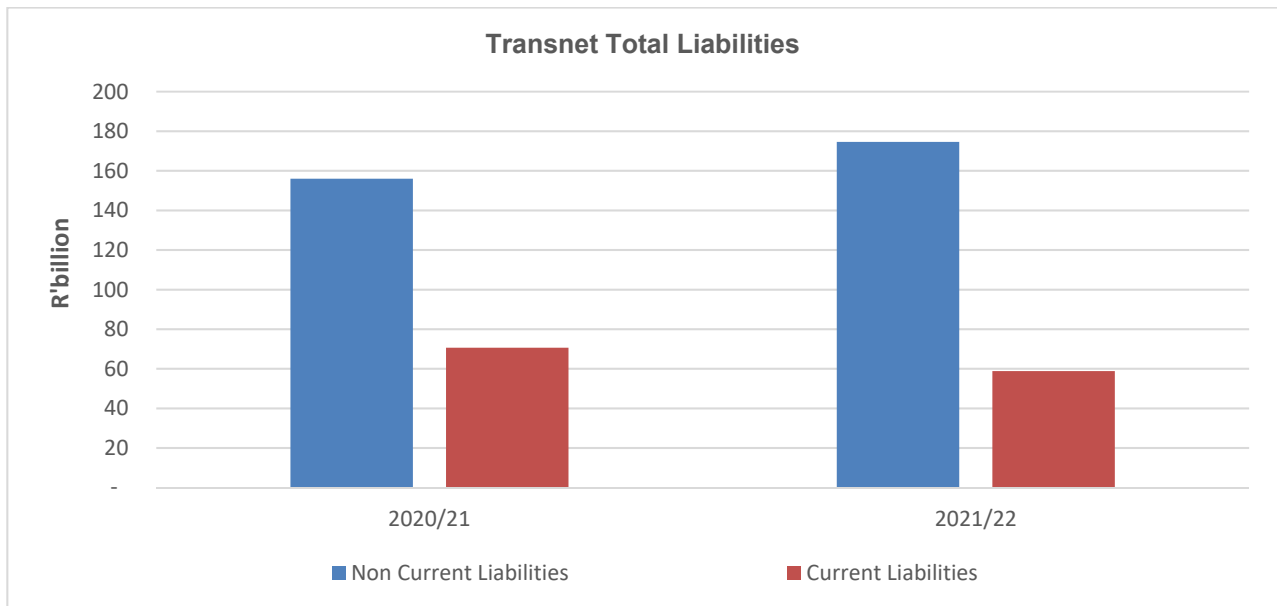
Transnet contributes 10% of the total assets of national public entities assets. Total assets slightly increased by 6% to R377 billion (2020/21: R354 billion) in the current year, with current assets increasing by 36% and non-current assets increasing by 4%. The increase in current assets is due to the significant increase of other current financial assets which increased by 99% to R6.5 billion (2020/21: R20 million).

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022



Transnet total liabilities contributed 10% of the total liabilities of national public entities assets. In 2021/22 total liabilities of Transnet increased by 2.9% to R233 billion (2020/21: R227 billion). The increase is mainly attributable to both trade and other payables from exchange transactions and the long-term borrowings which increased to R19 billion (2020/21: R15.7 billion) and R90.7 billion (2020/21: R76 billion) respectively.



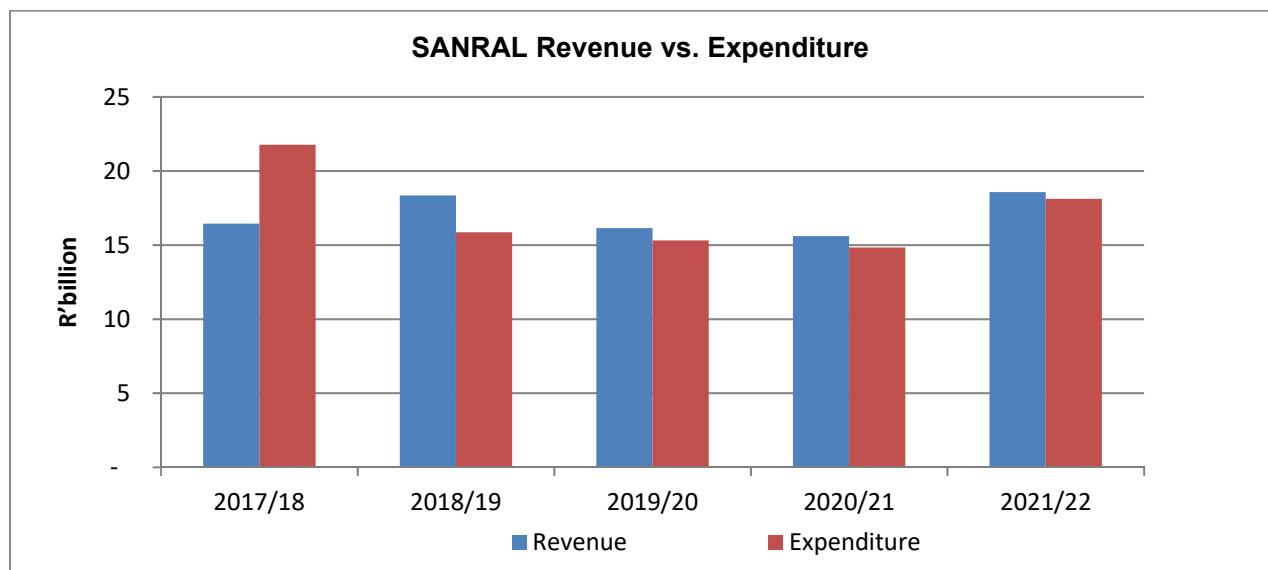
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022

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 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22
Revenue	16 450	18 345	16 139	15 605	18 578
Expenditure	21 766	15 860	15 308	14 832	18 119
Surplus/(Deficit) from Operations	(5 316)	2 485	831	774	459



There has been a year-on-year (y-o-y) decline in operating surplus from R774 million to R459 million in the current year under review. The total revenue in 2021/22 increased by 16% alongside an increase of 22% in total expenditure based on y-o-y review which is attributable to the deteriorating operating surplus.

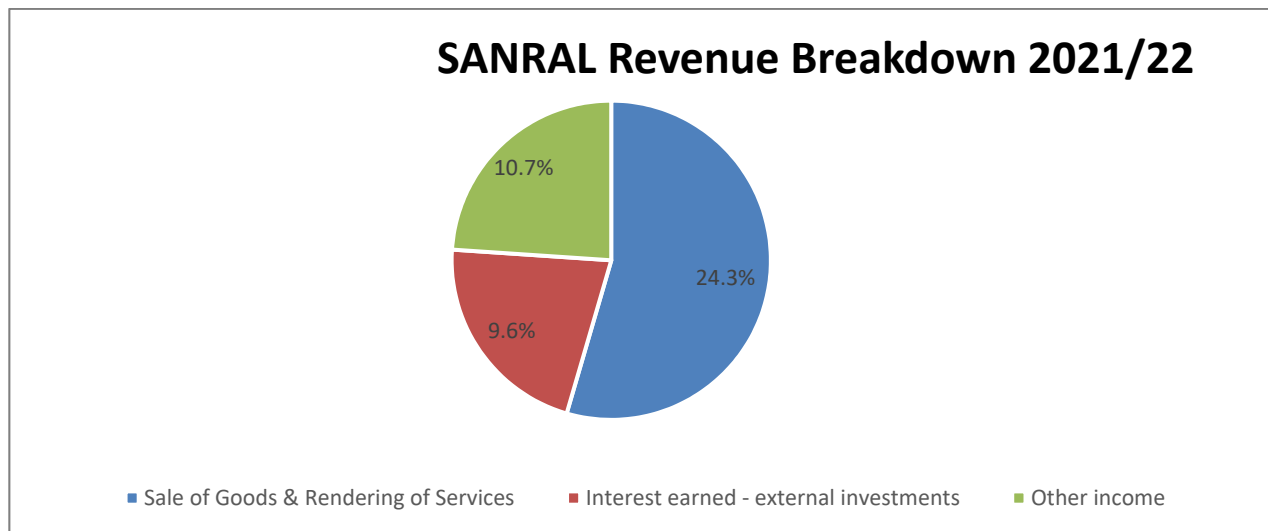
Revenue in the current year increased by 19% to R18.5 billion (2020/21 R15.6 billion) which is mainly attributable to a 15.5% increase in government grants, followed by an increase of 22% in sale of goods and rendering of services. There was no material impact on toll revenue caused by COVID-19 in the current year. The traffic volumes returned to normal projections and fluctuations.

In the 2021 financial year, based on the traffic forecasting model, the impact of COVID-19 lockdown and travel restrictions during the 2021 financial year resulted in a decrease in toll revenue of between 15% - 20% across the country. After the relaxation of lockdown restrictions to level 1, between November 2020 and 31 March 2021, the traffic volumes returned to almost pre-COVID-19 (normal) forecasted volumes.

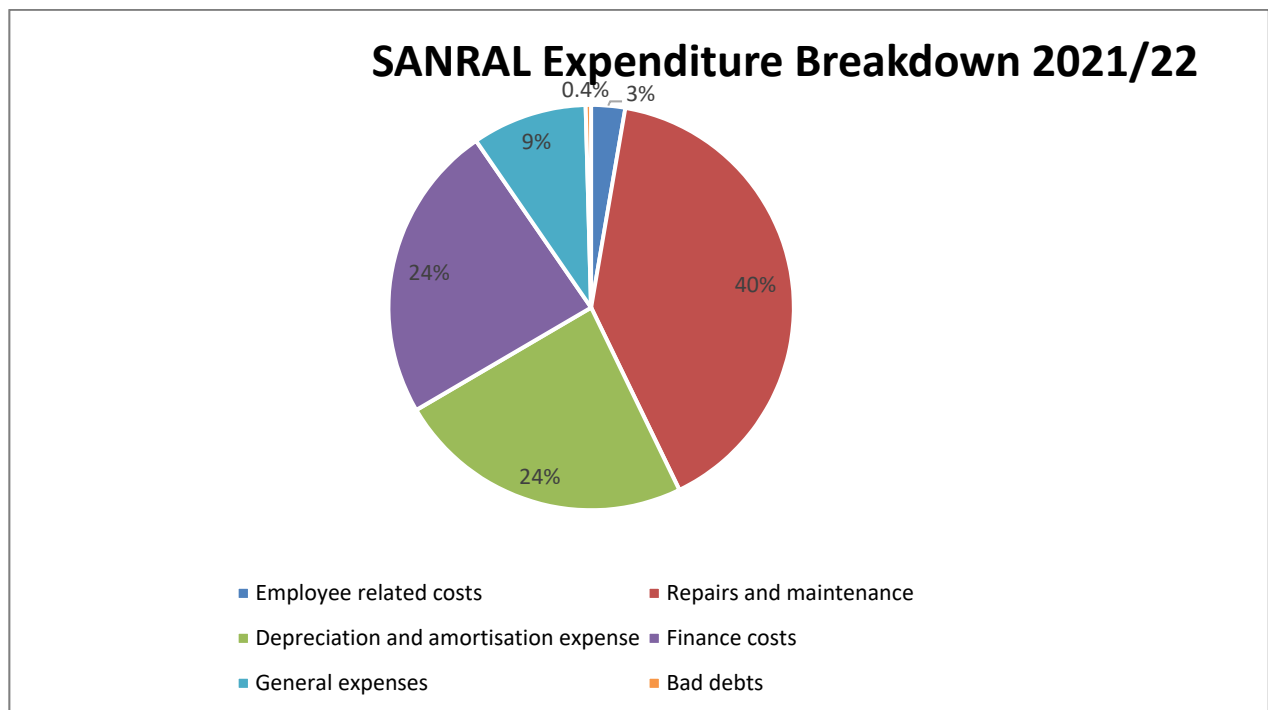
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022

Below is the revenue breakdown of SANRAL.



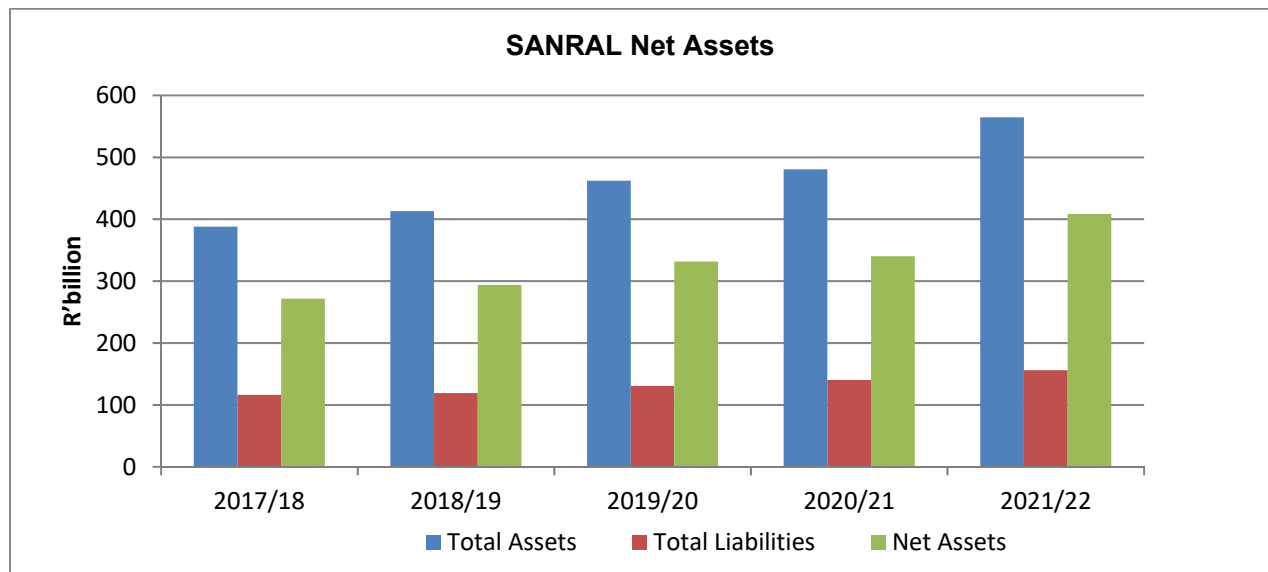
Expenditure also increased by 22% to R18 billion (2020/21 R14.8 billion) in the current year. The increase is highly attributable to an increase of 39% in repairs and maintenance and a further 39% increase in general expenses i.e. advertising and admin fees, these have resulted in a total 78% increase. Below is the expenditure breakdown of SANRAL.



SANRAL Summary R' million	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22
Total Assets	387 861	412 921	462 082	480 509	564 553
Total Liabilities	116 348	119 110	130 586	140 357	156 171
Net Assets	271 513	293 811	331 496	340 152	408 382

REVIEW OF OPERATING RESULTS

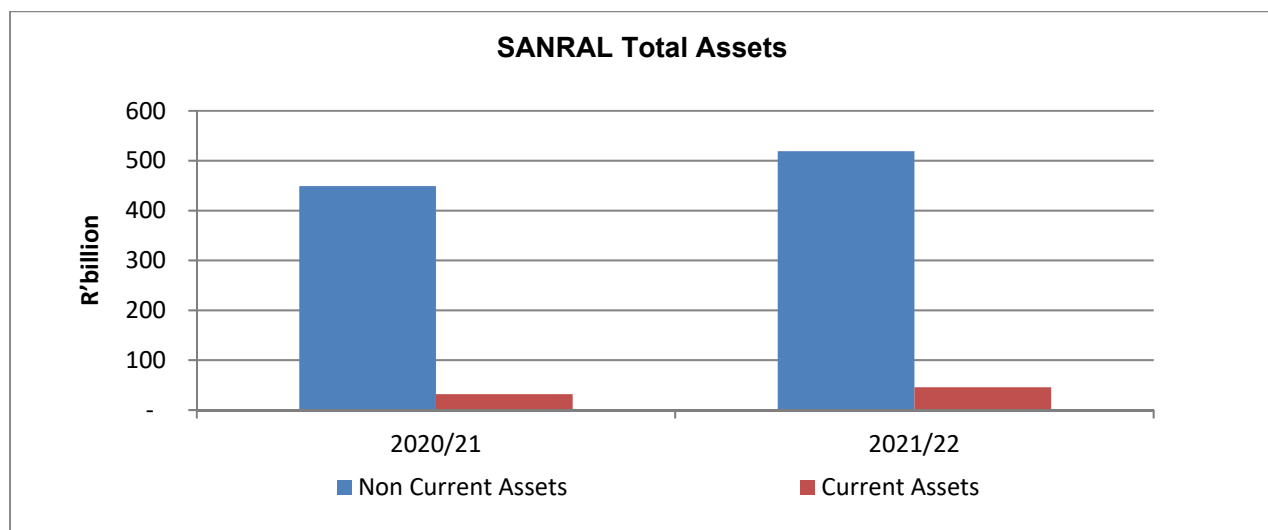
For the year ended 31 March 2022



The net asset value of SANRAL has significantly increased by 20% from R340 billion to R408 billion in the current financial year. This is mainly attributable to a R70 billion increase in revaluation of property plant and equipment because of revaluation of land and road networks during the current year as well as the current portion of non-current receivables with just below R2 billion increase.

Total assets increased by 17.5% to R565 billion (2020/21: R481 billion) in the current year. Non-current assets constitute 92% of the total assets of the entity, with property plant and equipment also contributing 92% of the total assets of the entity.

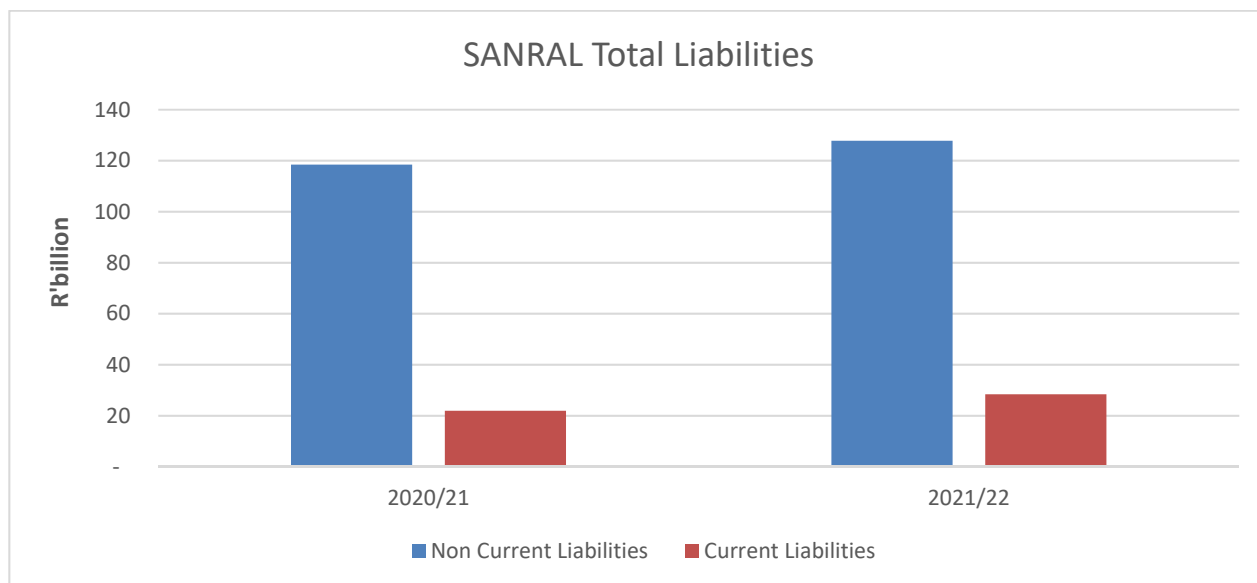
The current assets increased by 44% to R45.4 billion (2020/21: R31.6 billion) in the current year attributable to the increase in cash and cash equivalents.



Total liabilities increased by 11.43% to R156 billion (2020/21 R140 billion). This is mainly as a result of a R15 billion increase in deferred income.

REVIEW OF OPERATING RESULTS

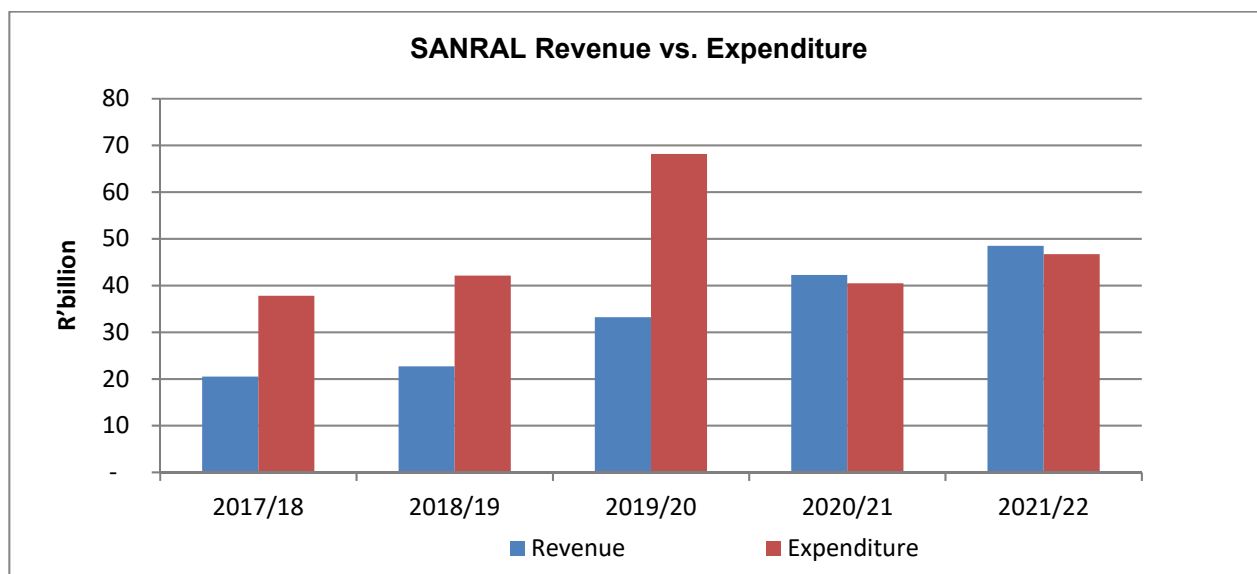
For the year ended 31 March 2022



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.

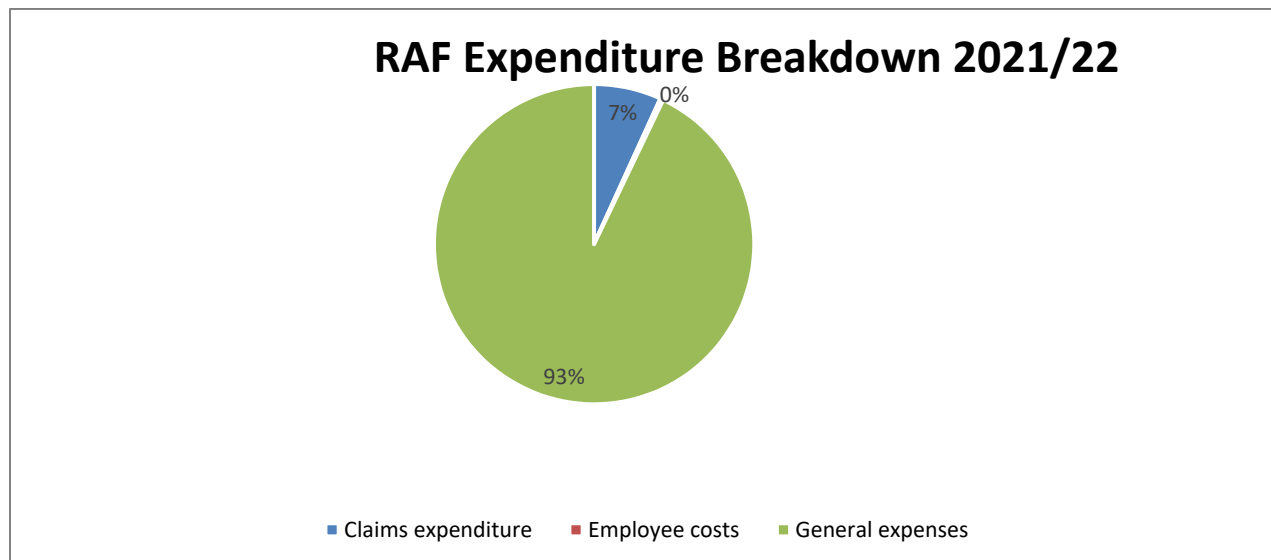
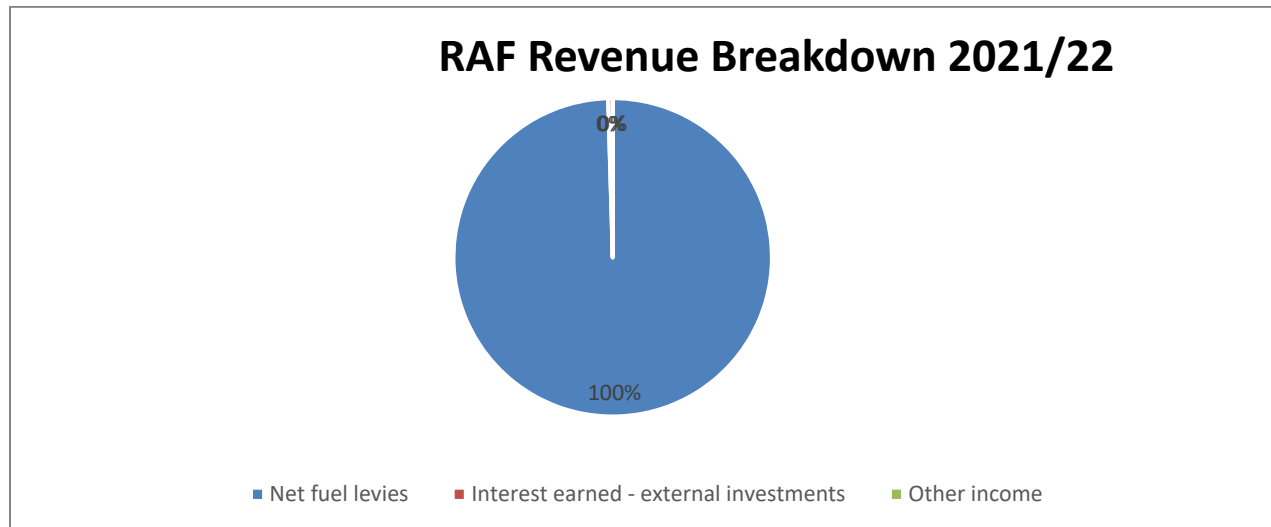
RAF Summary R' million	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22
Revenue	37 340	43 239	41 240	42 249	48 501
Expenditure	63 691	99 019	46 497	40 465	46 720
Surplus/(Deficit) from Operations	(26 350)	(55 779)	(5 256)	1 784	1 781



RAF's revenue was generated mainly from fuel levy which comprises 99.8% of the total revenue and the remainder being other income and interest earned - external investments. Below is a graph depicting the breakdown of the total revenue during the year under review:

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022



RAF has registered a continued surplus position since last year after suffering consecutive deficit for the financial years 2017/18 to 2019/20. The entity generated a surplus of R1.7 billion in the current financial year. This is attributable to the increase in legislative and oversight function by 14%. However, total expenses increased by 18% due to the increase in general expenses and employee costs.

Total revenue during the 2021/22 financial year increased to R49 billion from R42 billion in the previous financial year driven by increase in legislative and oversight functions. The total expenditure increased by 18% to R47 billion in 2021/22 from R40 billion in the previous year attributable to increase in general expenses and employee costs.

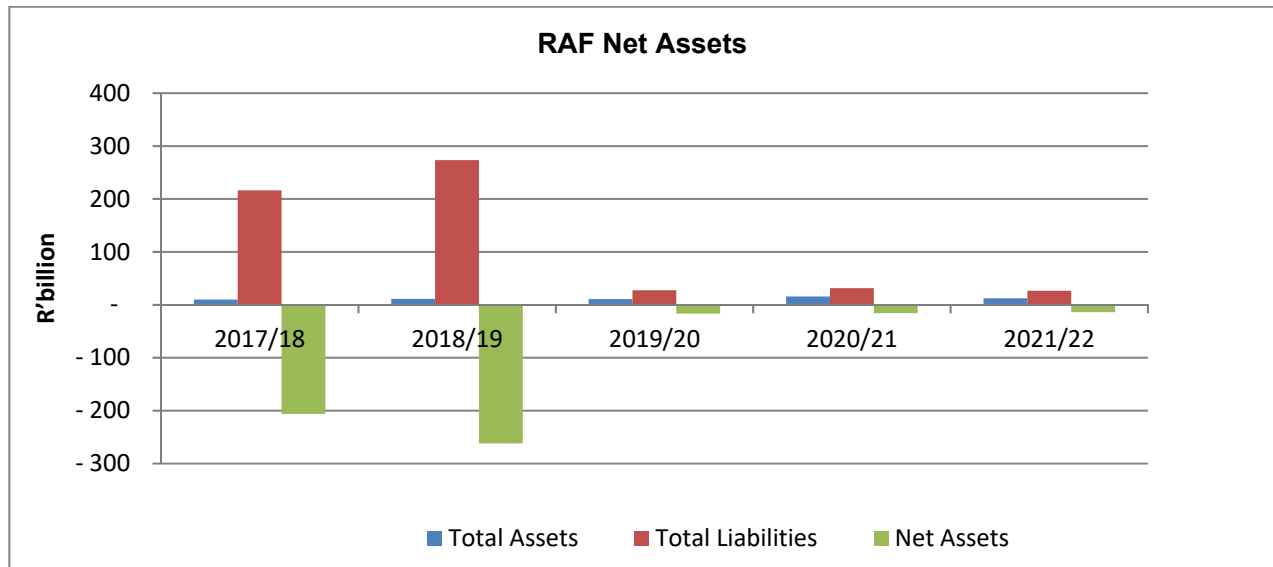
The net surplus recorded by RAF was largely attributable to an increase in increase in core revenue i.e. legislative and oversight function by 14% and a further increase in interest earned from external investments by 42%.

The RAF remains severely under-capitalised, with liabilities exceeding assets (assets deficiency) by R14 billion (2020/21 R16 billion)

RAF Summary R' million	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22
Total Assets	9 806	11 220	10 657	15 663	12 314
Total Liabilities	216 147	273 334	27 299	31 497	26 360
Net Assets	{206 341}	(262 115)	(16 642)	(15 834)	(14 046)

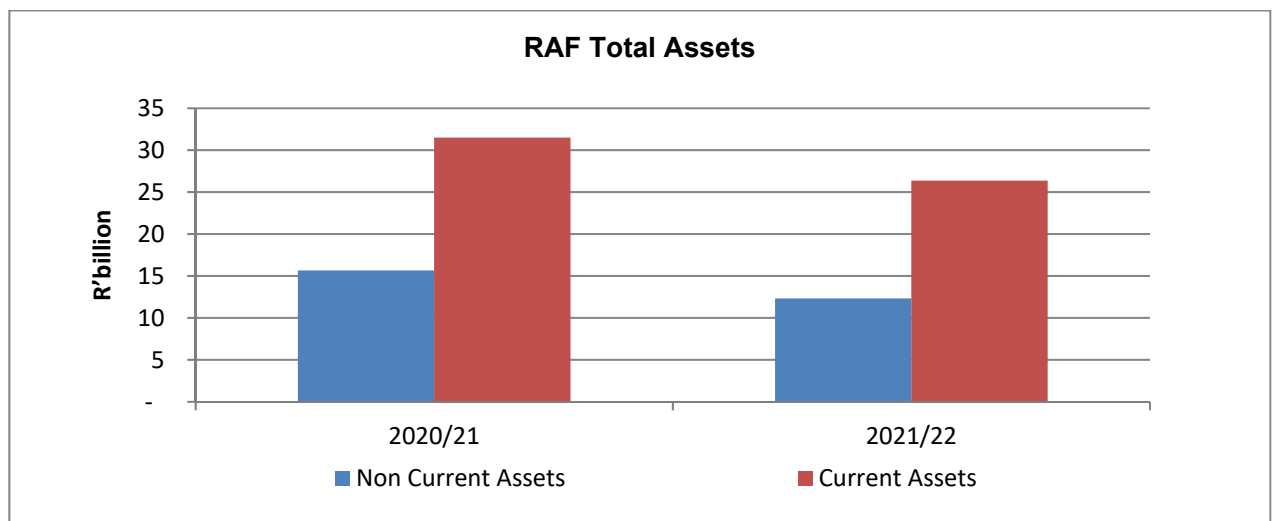
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022



The assets deficiency position has improved slightly from R16 billion in the prior year to R14 billion in the current year. This improvement is driven by a decrease in both total assets and total liabilities 25% and 19% respectively.

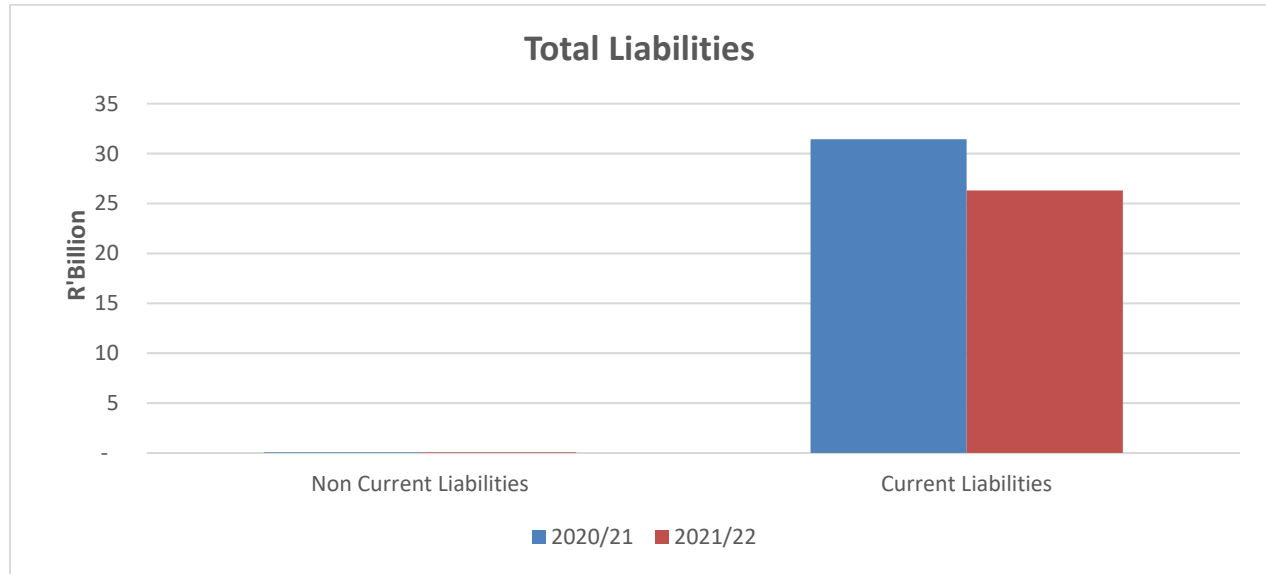
The decrease in total assets by 25% from R16 billion in 2020/21 to R12 billion in the current year is due to a decrease in cash and cash equivalents as well as a decrease in other current financial assets.



Total liabilities decreased by 16% from R31 billion in 2020/21 to R26 billion in the current year. The decrease is mainly attributable to a 33% decrease in other current financial liabilities. The RAF current liabilities constitute 99.76% of total liabilities in the current year.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022



South African Reserve Bank

The South African Reserve Bank is the central bank of the Republic of South Africa. The primary objective 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).

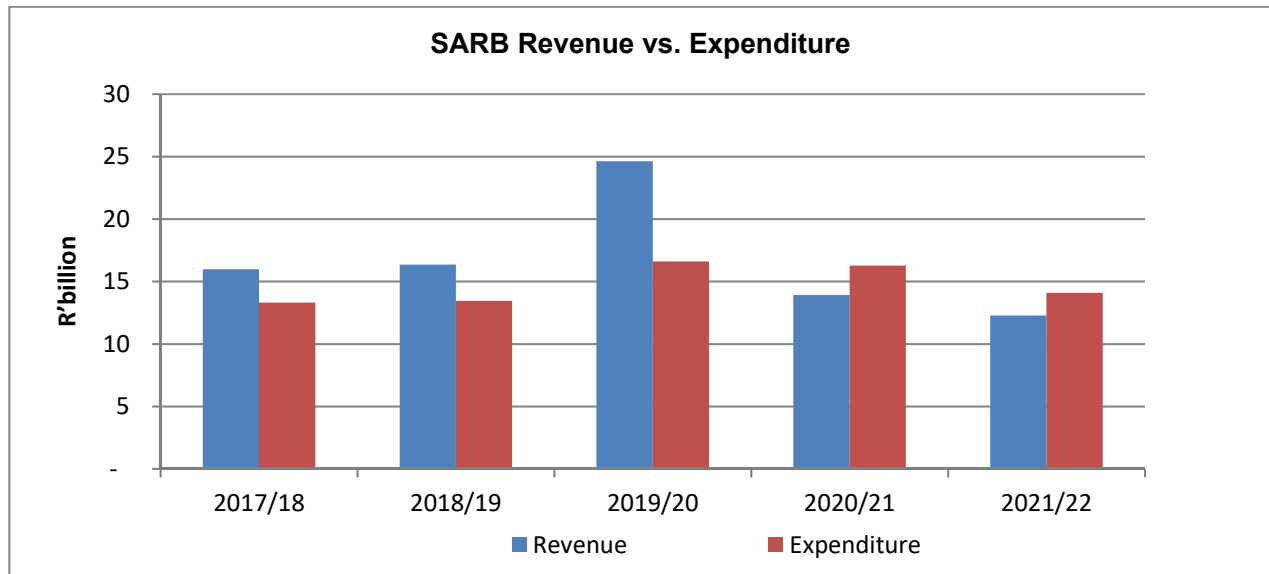
Some of the Functions of the bank are:

- 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 R' million	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22
Revenue	16 348	24 629	16 596	13 910	12 282
Expenditure	13 457	16 604	17 959	16 280	14 092
Surplus/(Deficit) from Operations	2 891	8 025	(1 363)	(2 369)	(1 811)

REVIEW OF OPERATING RESULTS

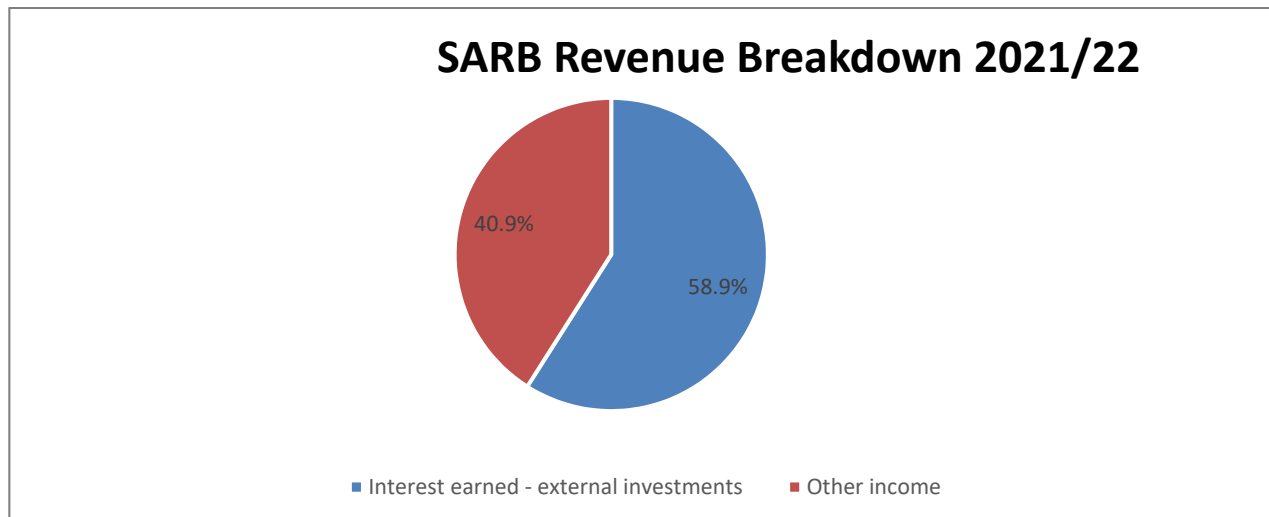
For the year ended 31 March 2022



The SARB total revenue amounted to R12 billion in the current year comprising mainly of interest earned from external investments (foreign investments and accommodation to banks) and other income. Total revenue decreased by 11% in the current year under review driven by a decline of 14.8%.

Expenditure also decreased by 13% to R14 billion (2020/21: R16 billion) in the current year, mainly attributable to finance costs which decreased by 33% compared to 44% decline in the prior year.

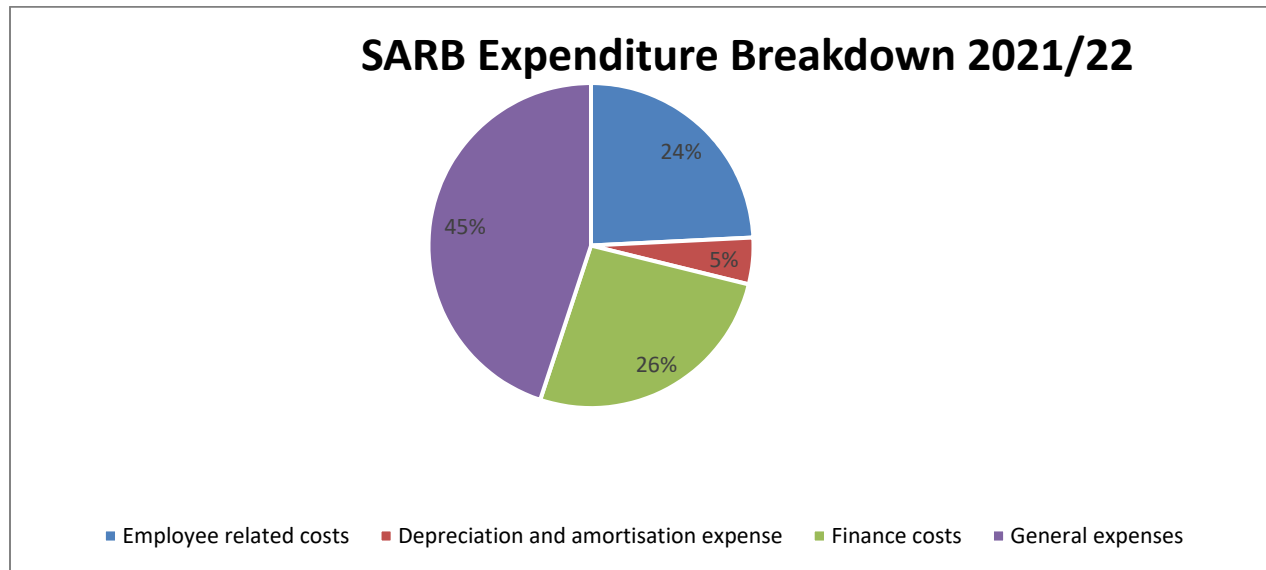
The net result of these factors was a 34% decrease in the operating deficit of R1.8 billion (2020/21: R2.4 billion deficit).



The interest earned from external investments is the biggest contributor of revenue, contributing 59% of the total revenue while other income makes up the remaining 41%.

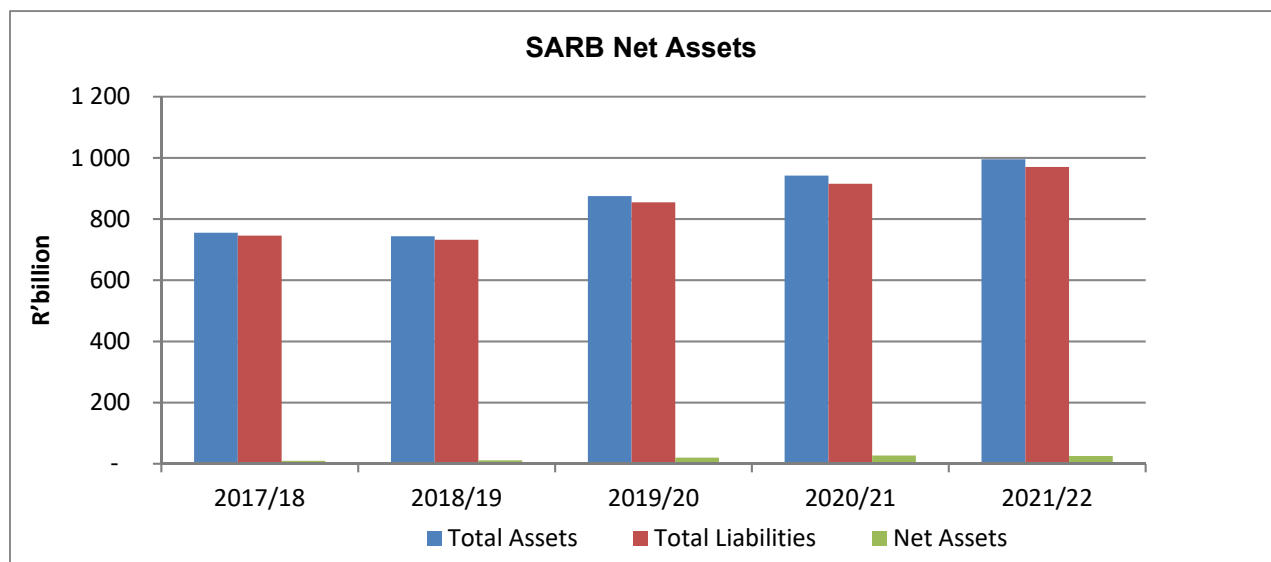
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022



General expenses were the larger portion of the expenditure, contributing 45% of the total expenditure, followed by finance costs with 26%, employee related costs contributing 24% and depreciation costs making up the remaining 5%.

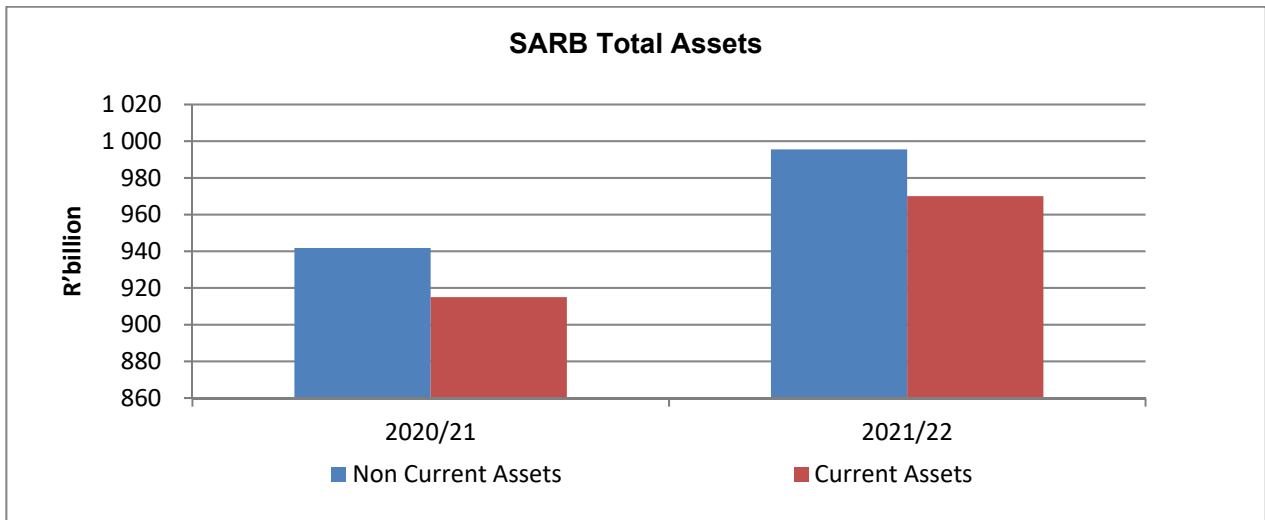
SARB Summary R' million	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22
Total Assets	743 457	874 768	1 120 122	941 792	995 489
Total Liabilities	732 346	854 713	1 096 796	914 967	970 018
Net Assets	11 111	20 055	23 326	26 824	25 471



SARB reported total assets of R995 billion and total liabilities of R970 billion respectively in the current period under review. There was an increase in both total assets and total liabilities by 5.7% and 6% respectively in 2021/22. The increase in total assets is driven by an increase in non-current investments and statutory receivables.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022



The increase in total liabilities is mainly attributable to the increase in trade and other payables from exchange transactions by 137%. Current liabilities contributed 99% of the total liabilities same as last financial year and comprising mainly of other current financial liabilities.

2022 CFS
**CONSOLIDATED
FINANCIAL STATEMENTS**

for the year ended 31 March 2022

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



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2022

Report on the audit of the consolidated financial statements

Disclaimer of opinion

1. I was engaged to audit the consolidated financial statements of the national public entities set out on pages 174 to 266, which comprise the consolidated statement of financial position as at 31 March 2022, the consolidated statement of financial performance, statement of changes in net assets and consolidated cash flow statement, as well as the notes to the consolidated financial statements, including a summary of significant accounting policies.
2. I do not express an opinion on the consolidated financial statements of the national public entities. Because of the significance of the matters described in the basis for disclaimer of opinion section of this auditor's report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

Basis for disclaimer of opinion

Basis of preparation

3. I was unable to obtain sufficient appropriate audit evidence in respect of 27¹ 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 entities were necessary, as it was impracticable to do so.
4. The national public entities' financial statements have not consolidated eight² public entities as required by the Standards of Generally Recognised Accounting Practice 35, Consolidated financial statements (GRAP 35), due to non-submission of financial information for the 2021-22 financial year. The

effects of the non-submission by the individual public entities on the consolidated financial statements could not be determined for 31 March 2022 and its comparative as it was impracticable to do so.

5. 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 the government's systems and processes were not developed to enable credible whole-of-government consolidation. I was unable to perform alternative procedures to obtain reasonable assurance that inter-entity transactions and balances were eliminated in full. As a result, some inter-entity balances have not been fully eliminated and this has a resultant impact on related-party disclosures required by GRAP. These remaining balances not eliminated have not been disclosed as related-party transactions as required by GRAP 20, *Related party disclosures*.

Revenue from exchange transactions

South African Post Bank (SOC) Ltd

6. I was unable to obtain sufficient appropriate audit evidence for fee and transactional income, due to the inadequate status of accounting records and failure to conduct the required reconciliations between the supporting information systems. I was unable to confirm the fee and transactional income by alternative means. Consequently, I was unable to determine whether any adjustment were necessary to the fee and transactional income included in revenue from exchange transactions – Sale of goods and services, stated at R435 447 399 000 (2021: R385 009 545 000) in note 43, to the consolidated financial statements. Since the trade receivables balance is determined based on fee and transactional income, I was unable to determine whether any adjustments were necessary to the trade receivables at amortised costs stated at R82 447 768 000(2021: R69 650 716 000) in note 2, to the consolidated financial statements.

¹ Independent Development Trust, CEF (Pty) Ltd, Driving Licence Card Trading Account, Isimangaliso Wetland Park, Road Accident Fund, South Africa Bureau of Standards, South African National Parks, Water Trading Entity, Broadband Infrastructure Company (Pty) Ltd, Alexcor Limited, Eskom, Sasria Limited, South African Airways (Pty) Ltd, Freedom Park Trust, Insurance Sector Education and Training Authority, National Arts Council of South Africa, National Film and Video Foundation of South Africa, National Students Financial Aid

Scheme, Amatola Water, Bloem Water, Lepelle Water, Magalies Water, Mhlathuze Water, Overberg Water, Rand Water, Umgenni Water and Represented Political Parties Fund.

² Sedibeng Water, Passenger Rail Agency of South Africa, South African Express (Pty) Ltd, Amazwi South Africa Museum of Literature, Unemployment Insurance Fund, Government Printing Works, Compensation Fund including Reserve Fund and Denel.

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2022

South African Post Office Limited

7. I was unable to obtain sufficient appropriate audit evidence that financial services revenue had been properly accounted for, due to the failure of the related information systems which support the financial reporting. I was unable to confirm financial service revenue by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to financial service revenue included in revenue from exchange transactions – sale of goods and services, stated at R435 447 399 000 (2020-21: R385 009 545 000) in note 43 to the consolidated financial statements.

State Information Technology Agency

8. The public entity did not recognise revenue in accordance with GRAP 1, *Presentation of Financial Statements*. Revenue transactions that occurred in the prior financial period as well as revenue relating to a future period were recorded in the current financial year and resulted in an overstatement of revenue by R99 million. There was an impact on the surplus for the period, accumulated surplus and income received in advance. In addition, I was unable to obtain sufficient appropriate audit evidence to substantiate some of the recorded revenue transactions as the public entity did not have adequate systems to maintain records for revenue. I was unable to confirm revenue by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to revenue from exchange transactions – sale of goods and services stated at R435 447 399 000 in note 43 to the consolidated financial statements.
9. The public entity did not recognise cost of sales in accordance with GRAP 1. Cost of sales transactions relating to the prior year and future periods were recorded in the current financial year. Items were also recorded at incorrect amounts and some items were classified incorrectly resulting in the understatement of cost of sales by R298 million. There was a resultant impact on the surplus for the period; accumulated surpluses; operating expenses and trade and other payables. In addition, I was unable to obtain sufficient appropriate audit evidence to substantiate some of the recorded cost of sales transactions as the public entity did not have adequate systems to maintain records for cost of sales. I was unable to confirm cost of sales by alternative means. Consequently, I was unable to determine whether any

adjustments were necessary to cost of sales included in general expenses, stated at R367 427 214 000 in note 54 to the consolidated financial statements. I was unable to determine the consequential impact on the carrying amount of the property, plant and equipment; intangible assets; trade and other payables as well as operating expenses.

General expenses

South African Nuclear Energy Corporation Limited

10. I was unable to obtain sufficient appropriate audit evidence for general expenses, because the public entity was unable to provide the information and supporting documentation for general expenses. I could not confirm the general expenses by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to general expenses, stated at R367 427 214 000 in note 55 to the consolidated financial statements.
11. The public entity did not account for expenses in terms of the conceptual framework for financial reporting. Included in admin fees is an amount of R49 092 935 relating rental of buildings which is an internal charge not an expense as defined. Consequently, admin fees and other operating expenses as included in general expenses, stated at R367 427 214 000 (2020-21: 322 405 780 000) in note 54 to the consolidated financial statements were over and understated by R49 092 935 (2020-21: R49 087 144).

South African Post Office Limited

12. During 2021, I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for general expenses, due to the status of the accounting records. I was unable to confirm the expenditure by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the corresponding figure of general expenses stated at R322 405 780 000 in note 54 to the consolidated financial statements. My audit opinion on the financial statements for the period ended 31 March 2021 was modified accordingly. My opinion on the current year financial statements was also modified because of the possible effect of this matter on the comparability of the general expenses for the current period.

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2022

State Information Technology Agency

13. The public entity did not recognise operating expenses in accordance with GRAP 1. Operating expense transactions were recorded in the incorrect financial year and at incorrect amounts and also included losses from historically impaired assets that were not removed from the fixed assets and intangible asset register resulting in the overstatement of operating expenses by R134 million as included in general expenses, stated at R367 427 214 000 (2020-21: 322 405 780 000) in note 54 to the consolidated financial statements. There was a resultant impact on the cost of sales; surplus for the period; trade and other payables; accumulated surpluses; property, plant and equipment; intangible assets as well as prepayments.
14. The public entity did not recognise cost of sales in accordance with GRAP 1. Cost of sales transactions relating to the prior year and future periods were recorded in the current financial year. Some items were recorded at incorrect amounts and some items were classified incorrectly resulting in the understatement of cost of sales by R298 million. There was a resultant impact on the surplus for the period; accumulated surpluses; operating expenses and trade and other payables. In addition, I was unable to obtain sufficient appropriate audit evidence to substantiate some of the recorded cost of sales transactions as the public entity did not have adequate systems to maintain records for cost of sales. I was unable to confirm cost of sales by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to cost of sales as included in general expenses, stated at R367 427 214 000 (2020-21: 322 405 780 000) in note 54 to the consolidated financial statements and the consequential impact on the carrying amount of the property, plant and equipment; intangible assets; trade and other payables as well as operating expenses.
15. The public entity did not recognise operating expenses in accordance with GRAP 1. Operating expense transactions were recorded in the incorrect financial year and at incorrect amounts and also included losses from historically impaired assets that were not removed from the fixed assets and intangible asset register resulting in the overstatement of operating expenses by R134 million as included in general expenses, stated at R367 427 214 000 (2020-21: 322 405 780 000) in note 54 to the consolidated financial statements. There was a resultant impact on the cost of sales; surplus for the period; trade and other payables; accumulated surpluses; property, plant and equipment; intangible assets as well as prepayments.
16. In addition, I was unable to obtain sufficient appropriate audit evidence that skills development levies for the current and previous years had been properly accounted for, as evidence that the services had been received could not be provided. This was due to inadequate project monitoring and expenditure approval processes. I was unable to confirm the skills development levies by alternative means, as the public entity's systems did not permit this. Consequently, I was unable to determine whether any adjustment was necessary to the skills development levies, as included in general expenses, stated at R367 427 214 000 (2020-21: 322 405 780 000) in note 54 to the consolidated financial statements. This also had an impact on deferred expenditure included under prepayments in the consolidated financial statements note 7 related to skills development levies included in prepayments, stated at R16 439 778 000 (2020-21: R14 045 550 000) in note 7 to the consolidated financial statements.
17. I was unable to obtain sufficient appropriate audit evidence that the accruals from non-exchange transactions had been properly accounted for, as evidence that the services had been received could not be provided. This was due to inadequate project monitoring and expenditure approval processes at the public entity. I was unable to confirm accruals from non-exchange transactions by alternative means as the public entity's systems did not permit this. Consequently, I was unable to determine whether any adjustment was necessary to accruals from non-exchange transactions included in taxes and transfers payables, stated at R6 399 465 000 (2020-21: R4 188 655 000) in note 21 to the consolidated financial statements. This also has an impact on deferred expenditure included under prepayments in the consolidated financial statements note 7 related to skills development funding included in prepayments, stated at R16 439 778 000 (2020-21: R14 045 550 000) in note 7 to the consolidated financial statements.

National Skills Fund

15. The public entity did not have adequate systems in place to account for skills development levies in accordance with GRAP 1, as expenses were not recorded in the correct period. Consequently, skills development levies expenses as included in general expenses, stated at R367 427 214 000 (2020-21: 322 405 780) in note 54 in the consolidated financial statements were overstated by R226 million (2020-21: R48, 4 million), with a corresponding overstatement

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2022

Grants and subsidies paid included under other current financial liabilities consolidated financial statements

South African Post Bank (SOC) Ltd

18. I was unable to obtain sufficient and appropriate audit evidence for other deposits (grants) included under other current financial liabilities in the consolidated financial statements due to the limitations imposed by the information system that manages the related transactions. I was unable to confirm the other deposits (grants) included under other current financial liabilities consolidated financial statements by alternative means. Consequently, I was unable to determine whether any adjustment were necessary to the other deposits (grants) included under other current financial liabilities consolidated financial statements stated at R994 858 650 000 (2020-21: R1 076 264 521 000) in note 22, and the related amount included in financial instruments and risk management disclosure in note 75, to the consolidated financial statements.

Finance costs

South African Nuclear Energy Corporation Limited

19. I was unable to obtain sufficient appropriate audit evidence of the finance cost on decommission and decontamination(D&D) provisions, calculated in relation to the D&D stage 1 and stage 2 liabilities, due to numerous limitations placed on the audit of the calculation of these liabilities. Finance cost on D&D provisions is calculated for and recognised on these liabilities and therefore the inability to obtain sufficient appropriate audit evidence for the liabilities impeded my ability to conclude on the amount presented for finance costs. I could not confirm the amount by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to finance cost on D&D provisions stated at R69 309 539 000 (2020-21: R72 278 285 000) in note 53 to the consolidated financial statements.

Trade and other receivables from exchange transactions

Breede-Gouritz Catchment Management Agency

20. I was unable to obtain sufficient appropriate audit evidence for receivables from exchange transactions relating to a category of water debtors termed “non-payers” due to the status of the accounting records. I was further unable to confirm these trade and other receivables from exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to trade and other receivables from exchange transactions, stated at R82 447 768 000 (2020-21: R69 650 716 000) in note 2 to the consolidated financial statements.

Estate Agency Affairs Board

21. I was unable to obtain sufficient appropriate audit evidence for receivables from exchange transactions due to a lack of proper record keeping and reconciliation of control accounts by the Estate Agency Affairs Board group. I was unable to confirm these receivables from exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to trade and other receivables from exchange transactions stated at R82 447 768 000 in note 2 to the consolidated financial statements.

Housing Development Agency

22. Management of the public entity did not recognise project receivables in accordance with GRAP 1. Project receivables were recognised when project agreements were concluded with a municipality or province to act as an implementing agent. The public entity has no assets or right to receive an asset as a result of past events as it has not performed any activity. Consequently, other trade receivables and other payables included in trade and other receivables from exchange transactions, stated at R82 447 768 000 in note 2 and in note 19 for trade and other payables from exchange transactions stated at R132 200 333 000 to the consolidated financial statements were overstated by R165 849 955.

South African Post Bank (SOC) Ltd

23. I was unable to obtain sufficient appropriate audit evidence for the other trade receivable and its related accounts due to the inadequate status of accounting records and a lack of sufficient and appropriate supporting

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2022

information. I was unable to confirm the other trade receivables and the impact on other related accounts by alternative means. Consequently, I was unable to determine whether any adjustment were necessary to other trade receivables, included in trade and other receivables from exchange transactions stated at R82 447 768 000 (2020-21: R69 650 716 000), related parties stated at -R100 661 773 000 (2021: -R113 930 417 000); and the risk management disclosure as included in notes 77 and 75 to the o the consolidated financial statements. In addition, I was unable to determine whether any adjustments were necessary to the provision for expected credit loss on financial assets stated at R9 305 643 000 (2020-21: R8 002 757 000), as included in note 56, to the consolidated financial statements.

South African Post Office Limited

24. I was unable to obtain sufficient appropriate audit evidence for uncleared control accounts and other receivables included in trade and other receivables from exchange transactions due to a lack of proper record keeping and reconciliation of control accounts by the South African Post Office Limited group. I was unable to confirm these uncleared control accounts and other receivables by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to uncleared control accounts and other receivables included in trade and other receivables from exchange transactions stated at R82 447 768 000 (2020-21: R69 650 716 000) in note 2 to the consolidated financial statements.

Universal Service and Access Agency of South Africa

25. I was unable to obtain sufficient appropriate audit evidence for other receivables due to the status of accounting records. I was unable to confirm the other receivables by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to other receivables included in trade and other receivables from exchange transactions stated at R82 447 768 000 (2020-21: R69 650 716 000) in note 2 to the consolidated financial statements. The amount was further included in note 77 for related parties.

26. Staff debt/advances were materially misstated by R967 512 because of the cumulative effect of individually immaterial uncorrected misstatements in staff debt/advances due to the status of accounting records. Consequently, I was unable to determine

whether any adjustment was necessary to staff debt/advances included in trade and other receivables from exchange transactions stated at R82 447 768 000 in note 2 to the consolidated financial statements.

State Information Technology Agency

27. The public entity did not recognise trade and other receivables from exchange transactions in accordance with GRAP 1. Trade and other receivables from exchange transactions were recorded at incorrect amounts resulting in the overstatement of trade and other receivables from exchange transactions by R165 million. There was an impact on revenue; related parties disclosure and the surplus for the year. In addition, I was unable to obtain sufficient appropriate audit evidence for trade and other receivables from exchange transactions as not all supporting evidence was provided for vat receivables. I could not confirm the balance by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to trade and other receivables from exchange transactions, stated at R82 447 768 000 in note 2 to the consolidated financial statements.

Supported Employment Enterprises

28. The trading entity did not correctly account for receivables from exchange transactions in accordance with GRAP 9, Revenue from exchange transactions. The entity did not adequately reconcile the individual receivable balances, resulting in misstatement of debtors' balances. I was unable to determine the full extent of the misstatement of receivables from exchange transactions stated at R82 447 768 000 in note 2 to the consolidated financial statements as it was impractical to do so.

Wholesale and Retail Sector Education and Training Authority

29. I was unable to obtain sufficient appropriate audit evidence for other receivables as management did not maintain adequate records to support the figures disclosed. I was unable to confirm the balance by alternative means as the public entity's records did not permit it. Consequently, I was unable to determine whether any adjustment were necessary to other receivables included in trade and other receivables from exchange transactions stated at R82 447 768 000 in note 2 to the consolidated financial statements.

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2022

Accruals

National Skills Fund

30. I was unable to obtain sufficient appropriate audit evidence that the accruals from non-exchange transactions had been properly accounted for, as evidence that the services had been received could not be provided. This was due to inadequate project monitoring and expenditure approval processes at the public entity. I was unable to confirm other current financial liabilities by alternative means as the public entity's systems did not permit this. Consequently, I was unable to determine whether any adjustment was necessary to other current financial liabilities stated at R994 858 650 000 (2020-21: R 1 076 264 521 000) in note 22 to the consolidated financial statements. This also had an impact on deferred expenditure related to skills development funding included in prepayments, stated at R16 439 778 000 (2020-21: R14 045 550 000) in note 7 to the consolidated financial statements.

Inventories

Estate Agency Affairs Board

31. I was unable to obtain sufficient appropriate audit evidence relating to the existence and completeness of inventory because the public entity did not perform the inventory count at year-end. I was unable to verify the existence and completeness of inventory by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the inventory balance stated at R53 599 706 000 in note 6 to the consolidated financial statements.

Universal Service and Access Fund

32. I was unable to obtain sufficient and appropriate audit evidence that management had properly accounted for inventories in the current and previous year as the public entity did not maintain a register of inventories held by third parties that could be reconciled to the financial statements. I was unable to confirm the inventories by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to inventories stated at R53 599 706 000 (2020-21: R49 522 536 000) in note 6 to the consolidated financial statements.

Supported Employment Enterprises

33. I was unable to obtain sufficient appropriate evidence that inventories and cost of sales for the current and previous year had been properly accounted for, due to the status of the

accounting records, as evidence of the previous year's production times could not be provided. I could not confirm production times by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to: inventories, stated at R53 599 706 000 (2020-21: R49 522 536 000) in note 6 to the consolidated financial statements and cost of sales included in general expenses, stated at R367 427 214 000(2020-21: R322 405 780 000 in note 54 to the consolidated financial statements.

Other receivables from non-exchange transactions

Construction Industry Development Board

34. The public entity did not bill and collect all the revenue due to it in accordance with GRAP 23, Revenue from non-exchange transactions. I identified construction contracts that qualify for the best practice project assessment scheme but for which a build fee was not billed and recorded. I was unable to determine the full extent of the understatement of build fees, included in revenue from non-exchange transactions - legislative and oversight functions, stated at R18 251 873 000, and the related receivables from non-exchange transactions other receivables stated at R18 251 873 000 as included on notes 41 and 3 respectively. There was a resultant impact on the surplus for the period and on the accumulated surplus.

Agricultural Land Holding Account

35. I was unable to obtain sufficient appropriate audit evidence for trade and other receivables from non-exchange transactions and the related provision for impairment, if any, as the Agricultural Land Holding trading account did not adequately assess the recapitalisation and development grants included in other trade receivables in trade and other receivables from non-exchange transactions to determine the grants that had to be repaid and recognised as receivables. I could not confirm the amount of the trade and other receivables from non-exchange transactions and the resultant impact on the prior period error disclosure by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to trade and other receivables from non-exchange transactions stated at R18 251 873 000(202021: R7 328 531 000) and the prior period error disclosure for the recapitalisation and development grants in notes 3 and 64 to

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2022

the consolidated financial statements, respectively.

Estate Agency Affairs Board

36. I was unable to obtain sufficient appropriate audit evidence for other receivables included in receivables from non-exchange transactions due to a lack of proper record keeping and reconciliation of control accounts by the group. I was unable to confirm these penalties and fines by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to trade and other receivables from non-exchange transactions stated at R18 251 873 000 in note 3 to the consolidated financial statements.

Other non-current financial liabilities

South African Nuclear Energy Corporation Limited

37. I was unable to obtain sufficient appropriate audit evidence in respect of the Decommissioning and decontamination (D&D) stage 1 liability due to the lack of appropriate audit evidence to support the South African Nuclear Energy Corporation Limited group's estimated timing and quantum of estimated cash flows used in determining the liability. The group did not have adequate systems of internal control in place for record keeping and for recording transactions to substantiate the forecasted cash flows used as a basis for the calculation of the D&D stage 1 liability. I was unable to confirm the D&D on stage 1 liability by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the D&D stage 1 liability included in other non-current financial liabilities stated at R31 159 785 000 (2020-21: R32 348 781 000) in note 29 to the consolidated financial statements. Furthermore, due to my inability to obtain sufficient appropriate audit evidence for the D&D on stage 1 liability, I was unable to determine by alternative means, whether any adjustments were required to the D&D on stage 1 asset disclosed as part of the R18 251 873 000 included on other receivables from non-exchange transactions stated at R18 251 873 000 (2020-21: R7 328 531 000) in note 3 to the consolidated financial statements.

Interest earned – external investments

South African Nuclear Energy Corporation Limited

38. I was unable to obtain sufficient appropriate audit evidence for investment income: stage 1 D&D disclosed as part of interest earned – external investments, because this interest income is calculated based on the D&D stage 1 asset, for which I was not able to obtain sufficient appropriate audit evidence. Consequently, I was unable to determine whether any adjustments were necessary to the interest earned – external investments stated at R32 966 244 000 (2020-21: R34 951 902 000) in note 45 to the consolidated financial statements.

Property, plant and equipment

Property Management Trading Entity

39. I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding amounts for property, plant and equipment in the consolidated financial statements, as described in note 31. The restatement was as a result of the trading entity reconstructing the asset register, overriding the one that was audited in the prior year. The restatement could not be substantiated by supporting audit evidence and I was unable to confirm the restatement by alternative means. As a result, I was unable to determine whether any adjustments effected in the corresponding opening balance of R 1 721 023 239 000 in note 31 was necessary. Consequently I was unable to place reliance on the closing balance of property, plant and equipment stated at R1 796 804 195 000.

Agricultural Research Council

40. I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for property, plant and equipment, as the public entity did not have adequate systems to record and maintain proper accounting records for adjustments made to corresponding figures of property, plant and equipment. There were material differences between the financial statements, fixed assets register and underlying schedules relating to the adjustments to the corresponding figures. I was unable to confirm property, plant and equipment by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to property, plant and equipment, stated at R1 796 804 195 000 (2020-21: R1 721 023

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2022

239 000) in note 31 to the consolidated financial statements.

Housing Development Agency

41. I was unable to obtain sufficient appropriate audit evidence for property, plant and equipment due to the assets being dismantled during the office relocation and placed in a storeroom at the new premises. I was unable to confirm these physical assets by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to property, plant and equipment stated at R1 796 804 195 000 in note 31 to the consolidated financial statements. Additionally, I was unable to assess the condition of the assets for impairment and to determine the impact on the net carrying amount of the property, plant and equipment as it was impracticable to do so.

South African Nuclear Energy Corporation Limited

42. During 2021, I was unable to obtain sufficient appropriate audit evidence that the public entity group had performed an adequate impairment assessment which considered all indicators of impairment as required by International Accounting Standards (IAS) 36: Impairment of assets, in respect of the classes of property, plant and equipment. I was unable to confirm by alternative means that property, plant and equipment were fairly stated. Consequently, I was unable to determine whether any adjustment was necessary to the property, plant and equipment corresponding amount stated at R1 721 023 239 000 in note 31 to the consolidated financial statements. My audit opinion on the consolidated statements for the period ended 31 March 2021 was modified accordingly. My opinion on the current year financial statements was also modified because of the possible effects of this matter on the comparability of property, plant and equipment between the current year and prior year as well as on the effect on the opening balance.

State Information Technology Agency

43. The public entity did not review the useful lives of the property plant and equipment in accordance with GRAP 17, Property, plant and equipment. In addition, the public entity did not perform an adequate impairment assessment at the reporting date for property, plant and equipment in accordance with GRAP 26, Impairment of cash generating assets. As a result, I was unable to determine the correct carrying amount of property plant and equipment, stated at R1 796 804 195 000

(2020-21: R1 721 023 239 000) in note 31 to the consolidated financial statements as it was impractical to do so. This had a consequential impact on other expenses under general expenses, cost of sales, deferred tax liability, correction of prior period error note, surplus for the period and on the accumulated surplus. In addition the impairment reversal exceeded the historically impaired assets and resulted in a R52 million overstatement of the carrying amount of property plant and equipment.

South African State Theatre

44. I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for property, plant and equipment, due to the fixed asset register not being complete as assets on the floor had not been included in the asset register and were therefore not accounted for in the annual financial statements. I was unable to confirm these assets by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to property, plant and equipment stated at R1 796 804 195 000 (2020-21: R1 721 023 239 000) in note 31 to the consolidated financial statements as it was impracticable to do so.

South African Post Office Limited

45. The public entity did not account for the right-of-use assets and lease liability in accordance with International Financial Reporting Standards 16, Leases (IFRS 16), as contractual amounts instead of actual payments were used in the valuation. In addition, the escalation rate to the lease amount was not taken into account. Consequently, right-of-use assets and lease liabilities included in property, plant and equipment stated at R1 796 804 195 000 (2020-21; R1 721 023 239 000) in notes 31 to the consolidated financial statements were understated by R195 233 773 (2021: R228 847 027) and R132 829 223 (2021: R190 774 279) respectively. Additionally, there was an impact on the accumulated depreciation and on the finance cost in the consolidated financial statements.
46. I was unable to obtain sufficient appropriate audit evidence that funds collected on behalf of third parties included in trade and other payables from exchange transactions had been properly accounted for due to the inadequate status of accounting records. I was unable to confirm the funds collected on behalf of third parties by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to funds collected on behalf of third parties

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2022

included in trade and other payables from exchange transactions stated at R132 200 333 000 (2021: R118 650 823 000) in note 19, to the consolidated financial statements.

Heritage assets

Iziko Museums of Cape Town

47. I was unable to obtain sufficient appropriate audit evidence that heritage assets for the current and previous year had been properly accounted for, due to duplications identified in the population and the heritage assets register not being complete. I was unable to confirm the heritage assets by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to heritage assets stated at R11 178 810 000 (2021: R11 076 165 000) in note 32 to the consolidated financial statements.

Intangible assets

State Information Technology Agency

48. The public entity did not review the useful lives of intangible assets in accordance with GRAP 31, Intangible assets. Intangible assets were not adequately assessed for impairment at the reporting date as required by GRAP 26 as well as GRAP 21, Impairment of Non-Cash generating assets (GRAP 21). As a result, I was unable to determine the carrying value of the intangible assets, stated at R34 819 901 000 (2020-21: R33 239 981 000) in note 33 to the consolidated financial statements as it was impracticable to do so. This had a consequential impact on operating expenses; cost of sales; deferred tax liability; correction of prior period error note; surplus for the period and on the accumulated surplus. The impairment reversal exceeded the historically impaired assets and resulted in a R45 million overstatement of the carrying amount of intangible assets. In addition, in the current year disclosure, the line item movements in intangible assets should have been accounted for as a correction of the opening balance. Furthermore, the additions line item is misstated as it does not agree with the underlying accounting records. I was unable to confirm intangible assets by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to intangible assets.

Trade and other payables from exchange transactions

Property Management Trading Entity

49. The trading entity did not correctly recognise trade and other payables from exchange transactions in accordance with GRAP 104, Financial instruments (GRAP 104). Lease accruals were recorded at incorrect amounts. As a result, lease accrual included in payables from exchange transactions in note 19 was overstated by R172 915 495, revenue accrual-recoverable leases included in trade and other receivable from exchange transactions in note 2 were overstated by R104 988 114 and operating lease expense included under general expenses in note 54 was overstated by R67 927 381 to the consolidated financial statements.

Breede-Gouritz Catchment Management Agency

50. Included in trade and other payables from exchange transactions was an amount of R761 663 relating to debtors with credit balances and termed "debtors in credit refund". I was unable to obtain sufficient appropriate audit evidence for payables from exchange transactions, due to the status of the accounting records. Consequently, I was unable to determine whether any adjustment was necessary to trade and other payables from exchange transactions in respect of receivables from exchange transactions, stated at R132 200 333 000 (2020-21: R118 650 823 000) in note 19 to the consolidated financial statements.

Estate Agency Affairs Board

51. I was unable to obtain sufficient appropriate audit evidence for estate agency funds received in advance included in trade and other payables from exchange transactions due to a lack of proper record keeping and reconciliation of control accounts by the group. I was unable to confirm these estate agency funds received in advance by alternative means. Consequently, I was unable to determine whether any further adjustment was necessary to estate agency funds received in advance stated at R132 200 333 000 in note 19 in the consolidated financial statements.

South African Nuclear Energy Corporation Limited

52. Included in trade and other payables from exchange transactions is an amount of R64 731 829 000 relating to trade and other

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2022

payables - accrued expenses. The public entity did not have adequate internal controls to maintain records to support the amount recorded. I was unable to obtain sufficient appropriate audit evidence to substantiate the accrued expenses included under trade and other payables from exchange transactions, stated at R132 200 333 000 in note 20 in the consolidated financial statements. Consequently, I was unable to determine whether any adjustments were required to trade and other payables from exchange transactions.

South African Post Office Limited

53. I was unable to obtain sufficient appropriate audit evidence that the Postbank payable - daily settlement included in trade and other payables from exchange transactions had been properly accounted for due to the status of accounting records. I was unable to confirm this by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to Postbank payables- daily settlement included in trade and other payables from exchange transactions stated at R132 200 333 000 (2020-21: R118 650 823 000) in note 19 to the consolidated financial statements.
54. I was unable to obtain sufficient appropriate audit evidence for trade and other payables from exchange transactions due to the poor status of the accounting records. I could not confirm the trade and other payables from exchange transactions by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to trade and other payables from exchange transactions stated at R132 200 333 000 (2020-21: R118 650 823 000) in note 19, to the consolidated financial statements.

Other current financial liabilities

South African Nuclear Energy Corporation Limited

55. I was unable to obtain sufficient appropriate audit evidence for the D&D stage 2 liability due to the lack of sufficient appropriate audit evidence for the South African Nuclear Energy Corporation Limited group's estimated timing and quantum of cash flows used in determining the liability. I was unable to confirm the liability by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to D&D stage 2 liability, stated at R994 858 650 000 (2021: R1 076 264 521 000) in note 22 to the consolidated financial statements. Furthermore, because I was unable to obtain

sufficient appropriate audit evidence for the D&D on stage 2 liability, I was also unable to determine by alternative means whether any adjustments were required to the D&D on stage 2 asset, stated at R916 951 035 000 (2020-21: R847 396 148 000) in note 4 to the consolidated financial statements.

56. I was unable to determine whether any adjustments were necessary to the acceptance of D&D stage 1, stated at R994 858 650 000(2021: R1 076 264 521 000) in note 22 to the consolidated financial statements, because I could not obtain sufficient appropriate audit evidence for the D&D stage 1 liability. This related to the lack of appropriate audit evidence to support the group's estimated cash flows in determining the liability, which informs the calculation of the acceptance of D&D stage 1. Furthermore, because I could not obtain sufficient appropriate audit evidence for the D&D stage 1 liability, I was unable to determine whether any adjustments were necessary to government grant income (D&D stage 1), stated at R110 467 029 000 (2021: R95 734 938 000) in note 37 to the consolidated financial statements. This item is a movement to release the government grant to profit or loss based on the D&D stage 1 liability.

Current portion of unspent conditional grants and receipts

Housing Development Agency

57. I was unable to obtain sufficient appropriate audit evidence that project obligations included in current portion of unspent conditional grants and receipts had been appropriately accounted for due to the status of the accounting records and some confirmations that were not received. The public entity recognises commitments for projects from departments and municipalities as receivables and obligations. Consequently, I was unable to determine whether any adjustments were necessary to project obligation included in current portion of unspent conditional grants and receipts stated at R22 324 112 000 (2020-21: R23 124 393 000), and project receivables included in trade and other receivables from exchange transactions stated at R82 447 768 000 (2020-21: R69 650 716 000) in notes 24 and 2 respectively to the consolidated financial statements.
58. During the 2020-21 audit, the public entity did not have adequate systems to maintain records of project obligations and reconcile the balances monthly. This resulted in project

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2022

obligations being misstated by R 23 124 393 000.

Non-current provisions

South African Nuclear Energy Corporation Limited

59. I was unable to obtain sufficient appropriate audit evidence in respect of the other provisions included in current provisions as the South African Nuclear Energy Corporation Limited group implemented a payroll and leave management system in the prior year but did not ensure that accrued leave balances were correctly migrated from the old system to the new system, which resulted in numerous errors the full extent of which could not be determined. As a result, I could not confirm the other provisions by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the current provisions stated at R39 912 395 000 (2020-21: R38 780 517 000) in note 23 of the consolidated financial statements.

Other reserves

South African Post Bank (SOC) Ltd

60. I was unable to obtain sufficient appropriate audit evidence that other reserves had been properly transferred and accounted for, on 1 April 2019, due to the poor status of accounting records. The other reserves were determined and included after deducting the liability of the other deposits (grants) liability transferred to the public entity. I was unable to confirm the other reserves by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to other reserves stated at R64 034 065 000 (2020-21: R61 254 704 000).

Net cash flow available from operating activities

South African Nuclear Energy Corporation Limited

61. I was unable to determine whether any adjustments were necessary to the net cash flows from operating activities as required by IAS 7, Statement of cash flows. This was due to a limitation on trade and other payables from exchange transactions, and trade and receivables from exchange transactions. I was not able to determine the full extent of the errors in the net cash flows from operating activities as it was impracticable to do so. Consequently, I was unable to determine

whether any adjustments were necessary to cash flows from operating activities stated at R65 384 050 000 in note 61 to the consolidated financial statements.

State Information Technology Agency

62. The public entity's payment to suppliers and employees was incorrectly calculated as it included payments of a capital nature which is not in accordance with GRAP 2, Cash flow statements. Consequently, cash paid to suppliers and employees stated at R635 096 904 000, was overstated by R253 million and the cash flow for investing activities stated at R65 014 965 000, was understated by R253 million.

Net cash flow available from investing activities

South African Nuclear Energy Corporation Limited

63. The South African Nuclear Energy Corporation Limited group incorrectly classified movement in other financial assets as cash flows from investing activities which is not in accordance with the requirements of IAS 7, as these cash flows related to the call account which is cash and cash equivalents. Consequently, net cash flows from investing activities stated at R65 014 965 000, was understated by R118 272 000 (2020-21: R122 401 000). In addition, due to the incorrect classification, cash and cash equivalents stated at R272 849 669 000 (2020-21: R242 317 161 000) were understated by R576 053 000 (2020-21: R457 781 000, 2019-20: R335 380 000) and financial assets at amortised cost stated at R272 849 669 000 (2020-21: R242 317 161 000) were overstated by R576 053 000 (2020-21: R457 781 000, 2019-20: R335 380 000).

Operational commitments

Construction Education and Training Authority

64. I was unable to obtain sufficient appropriate audit evidence that commitments for the current year had been properly accounted for, due to the status of the accounting records. I was unable to confirm commitments by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to commitments, stated at R7 907 300 000 in note 68 to the financial statements.

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2022

Capital commitments

Universal Service and Access Fund

65. I was unable to obtain sufficient and appropriate audit evidence that broadcasting digital migration project expenses were properly accounted for, due to the status of accounting records. I was unable to confirm the broadcasting digital migration project expenses by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the broadcasting digital migration project expenses included in the capital commitments stated at R103 603 321 000 (2021: R91 788 801 000) in note 67 to the consolidated financial statements. The amount was further included in note 23, (accruals), note 67, (commitments) and note 77, (related parties).

State Information Technology Agency

66. The public entity did not correctly recognise commitments in accordance with GRAP 1. The commitments disclosure balance included misstatements relating to contracts that had expired and contracts entered into post year-end, differences between purchase orders on the system and the commitments register as well as incorrect classification between operational and capital commitments, due to inadequate systems of internal controls. Consequently, the commitments stated at R103 603 321 000 in note 67 to the consolidated financial statements were overstated by R4 792 315 373.

67. Included in the commitment balance for the 2020-21 financial year disclosed in note 67 were accruals that were raised and recognised in the prior financial year, but not excluded from the commitment balance due to inadequate systems of internal controls. Consequently, the prior year balance for commitments was overstated by R313 187 329.

Irregular expenditure

Agricultural Research Council

68. The public entity incorrectly included transactions that do not meet the definition of irregular expenditure in its irregular expenditure note, while it also omitted some transactions that meet the definition of irregular expenditure. Consequently, irregular expenditure was misstated. Furthermore, I could not confirm that the requirements of the irregular expenditure framework had been met with regard to the removal of irregular expenditure written off amounting to R208 659

336, as I was not provided with appropriate evidence. I was unable to determine the full extent of the misstatement of the irregular expenditure, amounting to R260 934 101 000, and the amount of R208 659 336 written off, as it was impracticable to do so. Consequently, I was unable to determine whether any further adjustments were necessary to the irregular expenditure stated at R260 934 101 000 (2020-21: R251 162 487 000) in note 66 to the consolidated financial statements.

Housing Development Agency

69. Section 55(2)(b)(i) of PFMA requires the public entity to disclose in a note to the financial statements particulars of all irregular expenditure incurred during the year. The public entity did not have adequate systems for identifying and recording all irregular expenditure and there were no satisfactory alternative procedures that could be performed to obtain reasonable assurance that all irregular expenditure was disclosed in the note 66 to the consolidated financial statements for R260 934 101 000 (2020-21: R251 162 487 000).

The public entity did not include the required information on irregular expenditure in the notes to the consolidated financial statements, as required by 55(2) (b) (i) of the PFMA. The public entity made payments in contravention of the supply chain management requirements, resulting in irregular expenditure of R61 069 385.

Road Traffic Infringement Agency

70. Section 55(2)(b)(i) of the PFMA requires the public entity to disclose in a note to the financial statements, particulars of all irregular expenditure incurred during the year. In the prior year the public entity did not have an adequate system for identifying and disclosing all irregular expenditure with the result that the opening balance is still effected by this deficiency and remains unresolved. There were no satisfactory alternative procedures that I could perform to obtain sufficient appropriate evidence that all irregular expenditure had been properly recorded in note 66 to the consolidated financial statements. Consequently, I was unable to determine whether any further adjustment was necessary to the irregular expenditure stated at R260 934 101 000 (2020-21: R251 162 487 000) in note 66 to the consolidated financial statements.

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2022

South African Broadcasting Corporation Limited

71. I was unable to obtain sufficient appropriate audit evidence that the irregular expenditure for the previous years had been completely accounted for, due to the public entity not implementing adequate procedures in the past to identify and record all instances of irregular expenditure. I was unable to confirm the completeness of irregular expenditure by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the irregular expenditure disclosure stated at R260 934 101 000 (2020-21: R251 162 487 000), in note 66 to the consolidated financial statements.

Fruitless and wasteful expenditure

Housing Development Agency

72. Section 55(2)(b)(i) of PFMA requires the public entity to disclose in a note to the financial statements particulars of all fruitless and wasteful expenditure incurred during the year. The public entity did not have adequate systems for identifying and recording all fruitless and wasteful expenditure and there were no satisfactory alternative procedures that could be performed to obtain reasonable assurance that all fruitless and wasteful expenditure was disclosed in note 65 to the consolidated financial statements for R3 488 618 000 (2021: R3 245 353 000).

South African Post Office Limited

73. I was unable to obtain sufficient appropriate audit evidence relating to the write off of fruitless and wasteful expenditure as approved policies and procedures were not in place. In addition, I was unable to confirm that the South African Post Office the group followed appropriate investigation and recovery processes as required by the relevant framework due to non-submission of information to support the write-off. I was unable to confirm by alternative means the fruitless and wasteful expenditure written-off. Consequently, I was unable to determine whether any further adjustment were necessary to the fruitless and wasteful expenditure disclosure, stated at R3 488 618 000 in note 65 to the consolidated financial statements.

Related party transactions

South African Post Office Limited

74. The group did not recognise related party transactions and balances at the correct amount in accordance with IAS 24, related party disclosure. The amounts disclosed did not agree to the supporting schedules. As a result, the related party transactions and balances disclosed in note 77 to the consolidated financial statement were understated by R761 620 215.

Universal Service and Access Fund

75. I was unable to obtain sufficient and appropriate audit evidence that broadcasting digital migration project expenses were properly accounted for, due to the status of accounting records. I was unable to confirm the broadcasting digital migration project expenses by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the broadcasting digital migration project expenses stated at R367 427 214 000(2021: R322 405 780 000) in note 54 to the consolidated financial statements. The amount was further included in note 23: (accruals), note 67: (commitments) and note 77: (related parties).

Going concern

South African Nuclear Energy Corporation Limited

76. The consolidated and separate financial statements of the public entity contained a material limitation of scope, which creates an uncertainty about the reliability of the information on which the group's forecasts are based. I was unable to confirm the extent of this material uncertainty by alternative means.

Decommissioning and decontamination on stage 1 liability and asset

I was unable to obtain sufficient appropriate audit evidence in respect of the D&D stage 1 liability due to the lack of appropriate audit evidence to support the group's estimated timing and quantum of estimated cash flows used in determining the liability. The group did not have adequate systems of internal control in place for record keeping and for recording transactions in the consolidated and separate financial statements to substantiate the forecasted cash flows used as a basis for the calculation of the D&D stage 1 liability. I was unable to confirm the D&D on stage 1 liability by alternative means. Consequently, I was unable to determine whether any adjustments

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2022

were necessary to the D&D stage 1 liability stated at R31 159 785 000 (2021: R32 348 781 000) in note 29 to the consolidated financial statements. Furthermore due to my inability to obtain sufficient appropriate audit evidence for the D&D on stage 1 liability, I was unable to determine by alternative means, whether any adjustments were required to the D&D on stage 1 asset stated at R28 721 480 000 (2021: R42 082 400 000) in note 15 to the consolidated financial statements.

South African Post Office Limited

77. As indicated in the consolidated and separate financial statements of the South African Post Office Limited, the public entity incurred losses of R2 181 243 000 and R2 193 971 000, respectively, for the year ended 31 March 2022. Furthermore, at that date, total liabilities exceeded total assets by R4 081 666 000 while current liabilities exceeded current assets by R6 513 340 000 for the public entity. The public entity was further unable to pay its debts as and when they were due. The public entity is commercially and technically insolvent.
78. The entity's consolidated and separate financial statements further indicates multiple factors that impact on the assessment of the public entity's ability to continue as a going concern. However, the public entity did not adequately disclose in the consolidated financial statements, all the principle events and conditions that may cast significant doubt on its ability to continue as a going concern, the public entity's management's evaluation of its significance, and management plan to mitigate the effect of these events as required by GRAP 1.
79. Additionally, supporting information, including a cash flow forecast, together with management assumptions to support the appropriateness of the financial statements being prepared using the going concern basis of accounting, have not been provided. Therefore, I was unable to obtain sufficient appropriate audit evidence to confirm the reasonableness of the cash flow forecast and the related assumptions, conditions and events to support management's assessment of the group and company's viability in the foreseeable future. I was unable to confirm the going concern assessment by alternative means. Consequently, I was unable to confirm or dispel whether it was appropriate to prepare the public entity's consolidated financial statements using the going concern assumption

Deferred expenditure

National Skills Fund

80. The public entity did not have adequate systems in place to account for skills development funding in accordance with GRAP 1, Presentation of financial statements, as expenses were not recorded in the correct period. Consequently, skills development funding expenses reported in the statement of financial performance and note 19 to the financial statements were overstated by R226 million (2020-21: R48,4 million), with a corresponding overstatement in the prior year deferred expenditure related to skills development funding balance reported in the statement of financial position and note 7 to the financial statements. This also had an impact on the surplus for the period and on the accumulated surplus.
81. In addition, I was unable to obtain sufficient appropriate audit evidence that skills development funding for the current and previous years had been properly accounted for, as evidence that the services had been received could not be provided. This was due to inadequate project monitoring and expenditure approval processes. I was unable to confirm the skills development funding by alternative means, as the public entity's systems did not permit this. Consequently, I was unable to determine whether any adjustment was necessary to the skills development funding, stated at R367 427 214 000 (2020-21: R322 405 780 000) in the consolidated statement of financial performance and note 54 to the consolidated financial statement. This also had an impact on deferred expenditure related to skills development funding stated at R904 million (2020-21: R823, 9 million) in the consolidated statement of financial position and note 7 to the consolidated financial statements.
82. I was unable to obtain sufficient appropriate audit evidence that the accruals from non-exchange transactions had been properly accounted for, as evidence that the services had been received could not be provided. This was due to inadequate project monitoring and expenditure approval processes at the public entity. I was unable to confirm accruals from non-exchange transactions by alternative means as the public entity's systems did not permit this. Consequently, I was unable to determine whether any adjustment was necessary to accruals from non-exchange transactions stated at R6 399 465 000 (2020-21: R 4 188 655 000) in the consolidated statement of financial position, as disclosed in note 21 to the consolidated financial

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2022

statements. This also had an impact on deferred expenditure related to skills development funding state in the consolidated statement of financial position and note 7 to the consolidated financial statements.

Aggregation of uncorrected misstatements

83. The consolidated financial statements were materially misstated due to the cumulative effect of numerous uncorrected misstatements emanating from the audited financial statements of national public entities. These misstatements impacted the statement of financial performance by R5, 38 billion, the statement of financial position by R13, 5 billion and disclosure notes by R1, 6 billion.

Emphasis of matter

84. 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

85. As disclosed in note 79 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 2020-21 to 2024-25 and allows the National Treasury not to prepare a single set of consolidated financial statements for national departments and national public entities, due to the different financial reporting frameworks in use at public entities and departments. Other matter
86. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited supplementary schedules

87. The supplementary information set out on pages 255 to 258 does not form part of the consolidated financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

Responsibilities of the accounting officer for the consolidated financial statements

88. The accounting officer is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Standards of GRAP and the requirements of the PFMA, and for such internal control as the accounting officer determines is necessary to enable the preparation of consolidated and financial statements that are free from material misstatement, whether due to fraud or error.
89. In preparing the consolidated financial statements, the accounting officer is responsible for assessing the national public entities ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the national public entities or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the consolidated financial statements

90. My responsibility is to conduct an audit of the consolidated financial statements in accordance with the International Standards on Auditing and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of this auditor's report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.
91. I am independent of the national public entities in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code), as well as the other ethical requirements that relevant to my audit of the consolidated financial statements in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code

Performance information reporting

92. The department is not required to prepare a report on its performance against predetermined objectives, as required by section 8 of the PFMA.

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2022

Report on the audit of compliance with legislation

93. The audit of compliance with legislation is not required, as the entity does not fall within the audit of compliance with legislation scope included in the audit directive issued under section 13(3)(b) of the Public Audit Act 25 of 2004, which was issued on 13 December 2021 as per General notice 45637.

Internal control deficiencies

94. I considered internal control relevant to my audit of the consolidated financial statements; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the disclaimer of opinion, included in this report.
95. Management did not exercise adequate oversight regarding the requirements of the PFMA and monitoring of the audit action plans to prevent repeat findings on the consolidated financial statements and ensure that these were prepared in accordance with the prescribed financial reporting framework. This was mainly due to inadequate action plans developed to address deficiencies identified in prior years. In the current year I also noted that the developed action plan was not implemented and that the associated monitoring controls were inadequate to address the recurring audit opinion modifications at some of the individual consolidated entities.

Auditor General

Pretoria,

28 January 2023



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2022

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

Annexure A

List of entities consolidated

31 March 2022		31 March 2021	
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 Fund	3	African Renaissance International Cooperation Fund
4	Agrément South Africa	4	Agrément South Africa
5	Agricultural Land Holding Account	5	Agricultural Land Holding Account
6	Agricultural Research Council	6	Agricultural Research Council
7	Agricultural Sector Education and Training Authority	7	Agricultural Sector Education and Training Authority
8	Air Traffic and Navigation Services Company Limited	8	Air Traffic and Navigation Services Company Limited
9	Airports Company of South Africa Ltd	9	Airports Company of South Africa Ltd
10	Alexkor Limited	10	Amazwi South African Museum of Literature
11	Amatola Water Board	11	Armaments Corporation of South Africa Limited (ARSMCOR)
12	Armaments Corporation of South Africa Limited (ARSMCOR)	12	Artscape
13	Artscape	13	Auditor General of South Africa
14	Auditor General of South Africa	14	Banking Sector Education and Training Authority
15	Banking Sector Education and Training Authority	15	Bloem Water
16	Bloem Water	16	Boxing South Africa
17	Boxing South Africa	17	Brand SA
18	Brand SA	18	Breede-Gouritz Catchment Management Agency
19	Breede-Gouritz Catchment Management Agency	19	Broadband Infraco
20	Broadband Infraco	20	Castle Control Board
21	Castle Control Board	21	CEF (Pty) Ltd
22	CEF (Pty) Ltd	22	Chemical Industries Education and Training Authority
23	Chemical Industries Education and Training Authority	23	Commission for Conciliation, Mediation & Arbitration
24	Commission for Conciliation, Mediation & Arbitration	24	Commission for Gender Equality (CGE)
25	Commission for Gender Equality (CGE)	25	Commission on Restitution of Land Rights
26	Commission on Restitution of Land Rights	26	Community Schemes Ombud Services
27	Community Schemes Ombud Services	27	Companies and Intellectual Property Commission
28	Companies and Intellectual Property Commission	28	Companies Tribunal
29	Companies Tribunal	29	Compensation Fund, including Reserve Fund
30	Compensation Commissioner for Occupational Diseases	30	Competition Commission
31	Competition Commission	31	Competition Tribunal
32	Competition Tribunal	32	Construction Education and Training Authority
33	Construction Education and Training Authority	33	Construction Industry Development Board
34	Construction Industry Development Board	34	Co-Operatives Banks Development Agency
35	Co-Operatives Banks Development Agency	35	Council for Geoscience
36	Council for Geoscience	36	Council for Medical Schemes
37	Council for Medical Schemes	37	Council for Scientific and Industrial Research
38	Council for Mineral Technology	38	Council for the Built Environment

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

31 March 2022		31 March 2021	
39	Council for Scientific and Industrial Research	39	Council on Higher Education
40	Council for the Built Environment	40	Cross-Border Road Transport Agency
41	Council on Higher Education	41	Culture, Arts, Tourism, Hospitality and Sport Education and Training Authority
42	Cross-Border Road Transport Agency	42	Deeds Registration Trading Account
43	Culture, Arts, Tourism, Hospitality and Sport Education and Training Authority	43	Development Bank of Southern Africa
44	Deeds Registration Trading Account	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	ECIC	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	Fibre Processing Manufacturing Sector Education and Training	55	Financial & Fiscal Commission
56	Film and Publication Board	56	Financial and Accounting Services SETA
57	Financial & Fiscal Commission	57	Financial Intelligence Centre
58	Financial and Accounting Services SETA	58	Financial Sector Conduct Authority
59	Financial Intelligence Centre	59	Food and Beverages Manufacturing Industry SETA
60	Financial Sector Conduct Authority	60	Freedom Park Trust
61	Food and Beverages Manufacturing Industry SETA	61	Government Pensions Administration Agency
62	Freedom Park Trust	62	Government Technical Advisory Centre (GTAC)
63	Government Pensions Administration Agency	63	Health and Welfare Sector Education and Training Authority
64	Government Technical Advisory Centre (GTAC)	64	Housing Development Agency
65	Health and Welfare Sector Education and Training Authority	65	Human Sciences Research Council
66	Housing Development Agency	66	Independent Communications Authority of South Africa
67	Human Sciences Research Council	67	Independent Development Trust
68	Independent Communications Authority of South Africa	68	Independent Electoral Commission
69	Independent Development Trust	69	Independent Regulatory Board for Auditors
70	Independent Electoral Commission	70	Industrial Development Corporation of South Africa Limited
71	Independent Regulatory Board for Auditors	71	Ingonyama Trust Board
72	Industrial Development Corporation of South Africa Limited	72	Inkomati-Usuthu Catchment Management Agency
73	Ingonyama Trust Board	73	Insurance Sector Education and Training Authority
74	Inkomati-Usuthu Catchment Management Agency	74	International Trade Administration Commission
75	Insurance Sector Education and Training Authority	75	Isimangaliso Wetland Park

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

31 March 2022		31 March 2021	
76	International Trade Administration Commission	76	Iziko Museums of South Africa
77	Isimangaliso Wetland Park	77	Kwa-Zulu Natal Museum
78	Iziko Museums of South Africa	78	LANDBANK
79	Kwa-Zulu Natal Museum	79	Legal Aid South Africa
80	LANDBANK	80	Lepelle Northern Water
81	Legal Aid South Africa	81	Local Government Education and Training Authority
82	Lepelle Northern Water	82	Luthuli Museum
83	Local Government Education and Training Authority	83	Magalies Water
84	Luthuli Museum	84	Manufacturing Engineering and Related Services Education Tra
85	Magalies Water	85	Marine Living Resources Fund
86	Manufacturing Engineering and Related Services Education Tra	86	Market Theatre Foundation
87	Marine Living Resources Fund	87	Media Development Diversity Agency Media, Information and Communication Technologies Sector Edu
88	Market Theatre Foundation	88	Technologies Sector Edu
89	Media Development Diversity Agency Media, Information and Communication Technologies Sector Edu	89	Medical Research Council of South Africa
90	Medical Research Council of South Africa	90	Mhlathuze Water
91	Mhlathuze Water	91	Mine Health and Safety Council
92	Mine Health and Safety Council	92	Mining Qualifications Authority
93	Mining Qualifications Authority	93	MINTEK
94	Municipal Demarcation Board	94	Municipal Demarcation Board
95	Municipal Demarcation Board	95	Municipal Infrastructure Support Agency
96	Municipal Infrastructure Support Agency	96	National Agricultural Marketing Council
97	National Agricultural Marketing Council	97	National Arts Council of South Africa
98	National Arts Council of South Africa	98	National Consumer Commission
99	National Consumer Commission	99	National Consumer Tribunal
100	National Consumer Tribunal	100	National Credit Regulator
101	National Credit Regulator	101	National Development Agency
102	National Development Agency	102	National Economic Development and Labour Council
103	National Economic Development and Labour Council	103	National Electronic Media Institute of South Africa
104	National Electronic Media Institute of South Africa	104	National Empowerment Fund
105	National Empowerment Fund	105	National Energy Regulator of South Africa
106	National Energy Regulator of South Africa	106	National Film and Video Foundation of South Africa
107	National Film and Video Foundation of South Africa	107	National Gambling Board of South Africa
108	National Gambling Board of South Africa	108	National Health Laboratory Service
109	National Health Laboratory Service	109	National Heritage Council of South Africa
110	National Heritage Council of South Africa	110	National Home Builders Registration Council
111	National Gambling Board of South Africa	111	National Housing Finance Corporation Limited
112	National Housing Finance Corporation Limited	112	National Library of South Africa
113	National Library of South Africa	113	National Lotteries Commission
114	National Lotteries Commission	114	National Metrology Institute of South Africa
115	National Metrology Institute of South Africa	115	National Museum, Bloemfontein
116	National Museum, Bloemfontein	116	National Nuclear Regulator
117	National Nuclear Regulator	117	National Radioactive Waste Disposal Institute
118	National Radioactive Waste Disposal Institute	118	National Regulator for Compulsory Specifications
119	National Regulator for Compulsory Specifications	119	National Research Foundation

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

31 March 2022	31 March 2021
120 National Research Foundation	120 National School of Government
121 National School of Government	121 National Skills Fund
122 National Skills Fund	122 National Student Financial Aid Scheme
123 National Youth Development Agency	123 National Youth Development Agency
124 National School of Government	124 Nelson Mandela National Museum
125 National Skills Fund	125 Office of Health Standards Compliance
126 National Student Financial Aid Scheme	126 Office of the Ombud for Financial Services Providers
127 National Youth Development Agency	127 Office of the Pension Fund Adjudicator
128 Nelson Mandela National Museum	128 Office of the Valuer-General
129 Office of Health Standards Compliance Office of the Ombud for Financial Services Providers	129 Onderstepoort Biological Products Limited
130 Office of the Pension Fund Adjudicator	130 Overberg Water
131 Office of the Valuer-General	131 Pan South African Language Board
132 Onderstepoort Biological Products Limited	132 Passenger Rail Agency of South Africa
133 Overberg Water	133 Performing Arts Council of the Free State
134 Pan South African Language Board	134 Perishable Products Export Control Board
135 Performing Arts Council of the Free State	135 Playhouse Company
136 Perishable Products Export Control Board	136 Ports Regulator of South Africa
137 Playhouse Company	137 President's Fund
138 Ports Regulator of South Africa	138 Private Security Industry Regulatory Authority
139 President's Fund	139 Productivity SA
140 Private Security Industry Regulatory Authority	140 Property Management Trading Entity
141 Productivity SA	141 Public Investment Corporation Limited
142 Property Management Trading Entity	142 Public Protector of South Africa
143 Public Investment Corporation Limited	143 Public Service Sector Education and Training Authority
144 Public Protector of South Africa Public Service Sector Education and Training Authority	144 Quality Council for Trades and Occupations
145 Quality Council for Trades and Occupations	145 Railway Safety Regulator
146 Railway Safety Regulator	146 Rand Water
147 Rand Water	147 Represented Political Parties Fund
148 Represented Political Parties Fund	148 Road Accident Fund
149 Road Accident Fund	149 Road Traffic Infringement Agency
150 Road Traffic Infringement Agency	150 Road Traffic Management Corporation
151 Road Traffic Management Corporation	151 Robben Island Museum
152 Robben Island Museum Safety and Security Education and Training Authority	152 Safety and Security Education and Training Authority
153 Sasria Limited	153 Sasria Limited
154 Sentech Limited Services Sector Education and Training Authority	154 Sentech Limited
155 Sasria Limited	155 Services Sector Education and Training Authority
156 Sentech Limited Services Sector Education and Training Authority	156 Small Enterprise Development Agency
157 Small Enterprise Development Agency	157 Social Housing Regulatory Authority
158 Social Housing Regulatory Authority	158 South African Broadcasting Corporation Limited
159 South African Airways (Pty) Ltd South African Broadcasting Corporation Limited	159 South African Bureau of Standards
160 South African Bureau of Standards	160 South African Civil Aviation Authority
	161 South African Council for Educators
	162 South African Diamond and Precious Metals Regulator
	163 South African Forestry Company Limited

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

31 March 2022		31 March 2021	
164	South African Civil Aviation Authority	164	South African Health Products Regulatory Authority
165	South African Council for Educators	165	South African Heritage Resources Agency
166	South African Diamond and Precious Metals Regulator	166	South African Human Rights Commission
167	South African Forestry Company Limited	167	South African Institute for Drug-Free Sport
168	South African Health Products Regulatory Authority	168	South African Library for the Blind
169	South African Heritage Resources Agency	169	South African Local Government Association
170	South African Human Rights Commission	170	South African Maritime Safety Authority
171	South African Institute for Drug-Free Sport	171	South African National Accreditation System
172	South African Library for the Blind	172	South African National Biodiversity Institute
173	South African Local Government Association	173	South African National Energy Development Institute
174	South African Maritime Safety Authority	174	South African National Parks
175	South African National Accreditation System	175	South African National Roads Agency Limited
176	South African National Biodiversity Institute	176	South African National Space Agency
177	South African National Energy Development Institute	177	South African Nuclear Energy Corporation Limited
178	South African National Parks	178	South African Post Office Limited
179	South African National Roads Agency Limited	179	South African Qualifications Authority
180	South African National Space Agency	180	South African Reserve Bank
181	South African Nuclear Energy Corporation Limited	181	South African Revenue Services (SARS)
182	South African Post Bank SOC (Pty)	182	South African Social Security Agency
183	South African Post Office Limited	183	South African State Theatre
184	South African Qualifications Authority	184	South African Tourism
185	South African Reserve Bank	185	South African Weather Service
186	South African Revenue Services (SARS)	186	Special Investigation Unit
187	South African Social Security Agency	187	State Diamond Trader
188	South African State Theatre	188	State Information Technology Agency
189	South African Tourism	189	Supported Employment Enterprises
190	South African Weather Service	190	Technology Innovation Agency
191	Special Investigation Unit	191	Telkom SA Limited
192	State Diamond Trader	192	The Commission for PPRCRLC
193	State Information Technology Agency	193	Thubelisha Homes
194	Supported Employment Enterprises	194	Trans-Caledon Tunnel Authority
195	Technology Innovation Agency	195	Transnet Limited
196	Telkom SA Limited – 40.5% Journal	196	Transport Education and Training Authority
197	The Commission for PPRCRLC	197	uMalusi Council for Quality Assurance in General and Further
198	Thubelisha Homes (in liquidation)	198	Umgeni Water
199	Trans-Caledon Tunnel Authority	199	uMsunduzi Museum (Includes Voortrekker Museum)
200	Transnet Limited	200	Unemployment Insurance Fund
201	Transport Education and Training Authority	201	Universal Service and Access Agency of South Africa
202	uMalusi Council for Quality Assurance in General and Further	202	Universal Service and Access Fund
203	Umgeni Water	203	War Museum of the Boer Republics
204	uMsunduzi Museum (Includes Voortrekker Museum)	204	Water Research Commission
205	Universal Service and Access Agency of South Africa	205	Water Trading Account

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

31 March 2022		31 March 2021	
206	Universal Service and Access Fund	206	Wholesale and Retail Sector Education and Training Authority
207	War Museum of the Boer Republics	207	William Humphreys Art Gallery
208	Water Research Commission		
209	Water Trading Account		
210	Wholesale and Retail Sector Education and Training Authority		
211	William Humphreys Art Gallery		

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

■ Annexure B

PFMA listed and unlisted entities not consolidated

31 March 2022	31 March 2021
1 Amazwi South African Museum of Literature	1 Alexkor Limited
2 Compensation Fund, including Reserve Fund	2 Amatola Water Board
3 DENEL	3 Compensation Commissioner for Occupational Diseases
4 Government Printing Works	4 DENEL
5 Passanger Rail Agency of South Africa	5 Government Printing Works
6 Sedibeng Water	6 Sedibeng Water
7 South African Express (Pty) Ltd	7 South African Airways (Pty) Ltd
8 Unemployment Insurance Fund	8 South African Express (Pty) Ltd
	9 South African Postbank SOC Ltd

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

■ Annexure C

List of entities consolidated with year ends other than 31 March

31 March 2022		31 March 2021	
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	Umgeni Water	8	Sedibeng Water
		9	Umgeni Water

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

Annexure D

List of entities consolidated based on draft AFS

31 March 2022		31 March 2021	
1	Alexkor Limited	1	Independent Development Trust
2	Amatola Water Board	2	Bloem Water
3	Bloem Water	3	Breede-Gouritz Catchment Management Agency
4	Broadband Infrastructure Company (Pty) Ltd	4	CEF (Pty) Ltd
5	CEF (Pty) Ltd	5	Isimangaliso Wetland Park
6	Driving License Card Trading Account	6	Lepelle Northern Water
7	ESKOM	7	Magalies Water
8	Freedom Park Trust	8	Marine Living Resources Fund
9	Independent Development Trust	9	Mhlathuze Water
10	Insurance Sector Education and Training Authority	10	National Lotteries Commission
11	Isimangaliso Wetland Park	11	Overberg Water
12	Lepelle Northern Water	12	Passenger Rail Agency of South Africa
13	Magalies Water	13	Rand Water
14	Mhlathuze Water	14	Road Accident Fund
15	National Arts Council of South Africa	15	Road Traffic Infringement Agency
16	National Film and Video Foundation of South Africa	16	South African Maritime Safety Authority
17	National Student Financial Aid Scheme	17	South African Nuclear Energy Corporation Limited
18	Overberg Water	18	South African Post Office Limited
19	Rand Water	19	Trans-Caledon Tunnel Authority
20	Represented Political Parties Fund	20	Umgeni Water
21	Road Accident Fund	21	Water Trading Account
22	Sasria Limited	22	State Information Technology Agency
23	South African Airways (Pty) Ltd	23	LANDBANK
24	South African Bureau of Standards	24	Sasria Limited
25	South African National Parks	25	Transnet Limited
26	Umgeni Water	26	Represented Political Parties Fund
27	Water Trading Entity	27	Compensation Fund, including Reserve Fund
		28	Robben Island Museum
		29	Supported Employment Enterprises
		30	Unemployment Insurance Fund

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 March 2022

	Note	2021/22 R '000	2020/21 R '000
REVENUE			
REVENUE FROM NON-EXCHANGE TRANSACTIONS		200 087 904	168 081 736
Government grants and subsidies	37	110 467 029	95 734 938
Public contributions and donations	38	832 748	781 621
Transfers and Sponsorships	39	8 542 259	6 160 019
Fines and Penalties	40	374 061	385 479
Legislative and Oversight functions	41	72 191 757	59 909 571
Taxation revenue	42	7 153 362	4 682 873
Licences and permits		526 688	427 236
REVENUE FROM EXCHANGE TRANSACTIONS		495 330 148	450 528 665
Sale of Goods & Rendering of Services	43	435 447 399	385 009 545
Rental of facilities and equipment	44	5 974 822	4 973 619
Interest earned - external investments	45	32 966 244	34 951 902
Interest earned - outstanding receivables	46	5 912 604	6 939 339
Other income	47	14 124 423	17 786 877
Licences and permits		904 655	867 381
TOTAL REVENUE		695 418 052	618 610 401
EXPENSES			
Employee related costs	48	(134 794 478)	(134 327 198)
Repairs and maintenance	49	(24 678 466)	(22 186 602)
Depreciation and amortisation expense	50	(68 397 275)	(61 360 141)
Contracted services	51	(8 322 434)	(6 021 767)
Grants and subsidies paid	52	(20 722 826)	(16 418 557)
Finance costs	53	(69 309 539)	(72 278 285)
General expenses	54	(367 427 214)	(322 405 780)
Bad debts		(2 915 604)	(2 235 507)
Non Profit institutions and donor project expenses		(600 107)	(516 355)
TOTAL EXPENSES		(697 167 943)	(637 750 193)
OTHER GAINS / (LOSSES)		(75 292 173)	52 400 881
Gain / (Loss) on sale of assets	55	(2 764 484)	(1 521 373)
Impairment (Loss) / Reversal of impairment loss	56	(9 305 643)	(8 002 757)
Gain / (Loss) on fair value adjustment	57	10 598 700	(112 923 510)
Gain / (Loss) on revaluation of assets	58	71 922	(292 591)
Gain / (Loss) on sale of shares		175	-
Inventories: Reversal of write-down to net realisable value		10	2
Inventories: Write-down to net realisable value		231 646	(1 389 523)
Share of surplus/ (deficit) of joint venture using equity method	16	51 946	78 359
Share of surplus/ (deficit) of associate	17	6 290 273	2 455 081

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 March 2022

	Note	2021/22 R '000	2020/21 R '000
Continuing Operations Surplus/ (Deficit) before tax		3 424 653	(140 736 103)
Taxation	59	227 289	6 342 257
Continuing Operations Surplus/ (Deficit) after tax		3 651 942	(134 393 847)
DISCONTINUED OPERATIONS SURPLUS / (DEFICIT) AFTER TAX	60	(975 862)	(305 377)
TOTAL SURPLUS / (DEFICIT) FOR THE PERIOD NET OF TAX		2 676 080	(134 699 223)
<i>Attributable to:</i>			
<i>Owners of the controlling entity</i>		2 528 265	(134 739 500)
<i>Non-Controlling Interests</i>		147 815	40 277

STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2022

	Note	2021/22 R '000	2020/21 R '000
ASSETS			
Current assets		1 438 073 170	1 298 186 698
Cash and cash equivalents	1	273 957 188	243 354 904
Trade and other receivables from exchange transactions	2	82 447 768	69 650 716
Other receivables from non-exchange transactions	3	18 251 873	7 328 531
Other current financial assets	4	916 951 035	847 396 148
Current portion of non-current receivables	5	5 025 456	3 407 862
Inventories	6	53 599 706	49 522 536
Prepayments	7	16 439 778	14 045 550
Current Investments	8	51 398 222	47 796 842
Construction contract receivables	9	650 900	634 000
Current assets held for sale	10	481 106	341 071
Finance lease receivable	11	165 034	138 338
Statutory receivables	12	18 693 890	14 561 168
Operating Lease Asset		11 214	9 034
Non-current assets		2 329 097 696	2 227 041 458
Non-current receivables from exchange transactions	13	33 357 239	38 370 170
Non-current statutory receivables	12	-	-
Non-Current Investments	14	271 945 196	261 042 616
Non-Current Finance Lease Receivable	11	463 787	531 736
Other non-current financial assets	15	28 721 480	42 082 400
Investments in Joint Ventures	16	668 243	652 961
Investments in Associates	17	58 530 209	49 889 915
Deferred Tax Assets	18	39 092 395	28 926 393
Defined benefit plan assets	30	5 042 302	4 558 515
Property, plant and equipment	31	1 796 804 195	1 721 023 239
Heritage assets	32	11 178 810	11 076 165
Intangible assets	33	34 819 901	33 239 981
Investment property	34&35	44 726 692	32 193 230
Biological assets	36.1	3 717 229	3 422 785
Living resources	36.2	4 607	5 521
Operating Lease Assets		25 410	25 831
TOTAL ASSETS		3 767 170 866	3 525 228 156

STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2022

	Note	2021/22 R '000	2020/21 R '000
LIABILITIES			
Current liabilities		1 322 771 183	1 392 900 613
Bank overdraft	1	1 107 518	1 037 742
Trade and other payables from exchange transactions	19	132 200 333	118 650 823
VAT payable	20	7 167 727	6 132 767
Taxes and transfers payable	21	6 399 465	4 188 655
Other current financial liabilities	22	994 858 650	1 076 264 521
Current provisions	23	39 912 395	38 780 517
Current portion of unspent conditional grants and receipts	24	22 324 112	23 124 393
Current portion of long-term borrowings	25	94 016 112	96 261 385
Short-Term Borrowings	26	17 031 227	18 421 440
Current portion of finance lease liability	27	1 995 272	1 818 224
Current portion of operating lease liability		504 239	535 983
Service Concession Arrangement	74	139 537	135 049
Deferred Income		5 114 596	7 549 114
Non-current liabilities		981 918 757	954 557 593
Deferred Tax Liabilities	18	82 441 497	71 793 221
Unspent conditional grants and receipts	24	7 103 789	6 900 218
Long-term borrowings	25	593 516 333	613 627 046
Finance lease liability	27	13 446 388	13 812 504
Non-current provisions	28	100 700 757	82 947 379
Other non-current financial liabilities	29	31 159 785	32 348 781
Defined benefit plan obligations	30	27 116 200	25 587 137
Deferred Income	47	121 027 324	102 305 765
Operating lease liability		5 406 684	5 235 543
TOTAL LIABILITIES		2 304 689 940	2 347 458 206
NET ASSETS		1 338 935 498	1 520 642 268
Ordinary Shares		308 641 291	252 614 530
Preference Shares		250 000	250 000
Revaluation Reserve		555 232 416	456 030 064
Contributed Capital		48 909 384	44 465 335
Translation Reserve		2 490 956	2 537 882
Other Reserves		64 034 065	61 254 704
Accumulated Surplus/ (Deficit)		483 737 082	361 308 975
Non-Controlling Interests		(814 268)	(691 540)
TOTAL NET ASSETS AND LIABILITIES		3 767 170 866	3 525 228 156

STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 March 2022

	Attributable To Owners Of The Controlling Entity							Non-Controlling Interests R '000	Total Net Assets R '000
	Ordinary Shares R '000	Preference Shares R '000	Revaluation Reserve R '000	Contributed Capital R '000	Translation Reserve R '000	Other reserves R '000	Accumulated Surplus/(Deficit) R '000		
FOR THE YEAR ENDED 31 MARCH 2020	174 285 002	250 000	415 740 421	43 690 384	3 707 711	55 407 320	503 550 679	-365 383	1 196 266 134
Changes in accounting policy			45 576			678 874	5 086		729 536
Correction of prior period error			-130 235			383 561	-1 371 410		-1 118 084
FOR THE YEAR ENDED 1 APRIL 2020	174 285 002	250 000	415 655 762	43 690 384	3 707 711	56 469 755	502 184 355	-365 383	1 195 877 586
Net of Tax Surplus/(Deficit) on revaluation of Property, Plant & Equipment			14 450 615						14 450 615
Net of Tax Surplus/(Deficit) on revaluation of Intangible Assets			144 235						144 235
Net of Tax Surplus/(Deficit) on revaluation of heritage assets			13 060						13 060
Net of Tax Surplus/(Deficit) on Revaluation of Investments Available For Sale			-60 153		-644 806	4 419 352	-2 169 571	5 050	-644 806
Net Of Tax Currency Translation Differences				21 274 951					2 194 677
Transfers to/from other reserves									79 104 481
Increase/(Decrease) in Share Capital / Capital Contributions	57 829 530								
Surplus/(Deficit) for the period as per Statement of Financial Performance			298 189		-545 212	5 647 367	-134 739 500	40 277	-134 699 223
Transfers to/from accumulated surplus/(deficit)							-5 793 337	-140 475	-533 469
Dividends Paid (Net Of STC)							-102 527	-201 009	-303 536
Cash flow hedges						-6 617 991	-65		-6 618 056
Contributions introduced	20 500 000		-20 500 000		20 189	1 336 222	-30 282	-30 000	-30 282
Other Movements	-2		25 528 356	44 465 335	2 537 882	61 254 704	2 307 844	-30 000	29 162 609
FOR THE YEAR ENDED 31 MARCH 2021	252 614 530	250 000	456 030 064	44 465 335	2 537 882	61 254 704	361 656 917	-691 540	1 178 117 892
Changes in accounting policy							-347 942		-347 942
BALANCE AT 1 APRIL 2021	252 614 530	250 000	456 030 064	44 465 335	2 537 882	61 254 704	361 308 975	-691 540	1 177 769 950
Net of Tax Surplus/(Deficit) on revaluation of Property, Plant & Equipment			78 393 076						78 393 076
Net of Tax Surplus/(Deficit) on revaluation of Intangible Assets			3 458						3 458
Net of Tax Surplus/(Deficit) on revaluation of heritage assets			431						431
Net of Tax Surplus/(Deficit) on Revaluation of Investments Available For Sale			-222 282		34 686	-3 608 746	2 587 564	2 251	-1 241 213
Net Of Tax Currency Translation Differences				6 777 864					38 470 809
Transfers to/from other reserves									
Increase/(Decrease) in Share Capital/Capital Contributions	31 692 945								
Surplus/(Deficit) for the period as per Statement of Financial Performance			226 468		-84 437	3 193 535	2 528 265	147 815	2 676 080
Transfers to/from accumulated surplus/(deficit)							-3 946 718	-22 274	-633 426
Dividends Paid (Net Of STC)							-135	-250 521	-250 656
Cash flow hedges			1			-1 804 225	-2		-1 804 226
Contributions introduced	24 333 815			-2 333 815			1		22 000 001
Other Movements	1		20 801 200	48 909 384	2 490 956	64 034 065	121 259 133	1	147 061 957
FOR THE YEAR ENDED 31 MARCH 2022	308 641 291	250 000	555 232 416	48 909 384	2 490 956	64 034 065	483 737 082	-814 268	1 462 480 926

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2022

	Note	2021/22 R '000	2020/21 R '000
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS			
		700 480 954	651 216 071
Transfers and Subsidies		95 250 675	79 832 449
Taxation Revenue		4 000 282	2 667 638
Sale of goods and rendering of services		488 164 630	430 146 010
Other Operating Revenue		19 142 303	16 604 000
Service charges		6 016 290	6 081 265
Grants		38 963 873	39 184 463
Interest, Dividends and Rent on land		28 829 645	29 107 485
Fines, penalties and forfeits		212 713	308 880
Other Receipts		19 900 543	47 283 880
PAYMENTS			
		(635 096 904)	(565 371 134)
Compensation of Employees		(128 582 849)	(127 637 243)
Goods and Services		(285 895 572)	(265 164 621)
Interest and Rent on land		(62 716 397)	(71 938 554)
Taxation Paid		(2 467 713)	(3 816 736)
Other payments		(155 434 372)	(96 813 980)
Net cash flows from operating activities	61	65 384 050	85 844 937
CASH FLOWS FROM INVESTING ACTIVITIES			
		(65 014 965)	(48 466 365)
Purchase of Property, Plant and Equipment		(60 638 359)	(53 105 025)
Purchase of Intangible Assets		(1 253 877)	(1 380 011)
Purchase of Investment Property		(71 530)	(61 272)
Purchase of Heritage Assets		(95 459)	(48 554)
Purchase of Living Resources		352	834
Proceeds on Disposal of Property, Plant and Equipment		645 498	243 752
Proceeds on Disposal of Intangible Assets		1 456	30 291
Proceeds on Disposal of Investment Property		(25)	15 528
Proceeds on Disposal of Living Resources		(2 610)	
Purchase of available-for-sale financial assets		12 285 688	11 113 730
Proceeds from sale of Investments		14 942 827	14 175 268
Purchase of controlled entity (net of cash acquired)		(299)	(28 016)
Dividend income		725 184	696 589
Movement in pension fund assets / liabilities		(922 345)	(431 958)
Loans granted to associates / other economic entities		(12 754 237)	(12 982 562)
Loan repayments received from associates / other economic entities		11 323 689	11 004 817
Borrowing costs capitalised		(1 979 284)	(1 255 316)
Acquisition of investments		(27 350 292)	(18 448 000)
Additional movements		128 659	1 993 541
Net cash flows from investing activities		(65 014 965)	(48 466 365)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2022

	Note	2021/22 R '000	2020/21 R '000
CASH FLOWS FROM FINANCING ACTIVITIES		29 920 211	13 911 674
Proceeds from borrowings		67 152 406	68 133 041
Repayment of borrowings		(99 862 581)	(132 674 936)
Proceeds from issuance of ordinary shares / contributed capital		60 471 933	77 200 645
Proceeds from issuance of redeemable preference shares		4 334 371	3 756 890
Proceeds from service concession arrangements			1
Purchase of treasury shares		(533 811)	(1 165 360)
Repayment / issuance of financial guarantee contracts		103 953	339 469
Finance lease payments		(1 474 604)	(1 317 049)
Distribution / dividends paid		(271 457)	(361 028)
Net cash flows from financing activities		29 920 211	13 911 674
Net increase/(decrease) in cash and cash equivalents		30 289 296	51 290 246
Cash and cash equivalents at the beginning of the year		242 317 161	195 354 787
Effect of exchange rate movement on cash balances		243 211	(4 327 872)
Cash and cash equivalents at the end of the year	1	272 849 669	242 317 161

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2022

■ Basis of preparation

The National Public Entity Consolidated Annual Financial Statements are prepared in accordance with the principles of GRAP. In particular, the principles of GRAP 35: 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 35.

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 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 GRAP 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 2020-21 to 2024-25 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 35. The motivation behind preparing these financial statements is not to show what is directly controlled, but rather to present a combined view of entities considered to be a part of government as envisaged by the PFMA. The decision to include or exclude entities cannot be based solely on an analysis of control where this would deviate from the objectives of the consolidation, and hence the users' needs; it must therefore be further based on some other suitable criteria that are in line with the needs of users. In accordance with the definition of a public entity in the PFMA, the Accountant-General has determined that accountability to Parliament for the use of public funds must be the primary driver and considers this to be the primary criterion for including entities in the consolidation, with ownership control by government being assumed to exist in such cases.

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

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2022

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

When an entity has not applied a new Standard of GRAP that has been issued but is not yet effective, the entity shall disclose: (a) this fact; and (b) known or reasonably estimable information relevant to assessing the possible impact that application of the new Standard will have on the entity's financial statements in the period of initial application. The impact of these standards on the consolidated AFS is still being assessed.

GRAP 25 Employee Benefits

This Standard requires an entity to recognise a liability when an employee has provided service in exchange for employee benefits to be paid in the future and an expense when the entity consumes the economic benefits or service potential arising from service provided by an employee in exchange for employee benefits.

This Standard shall be applied by an employer in accounting for all employee benefits, except share based payment transactions (see the International Financial Reporting Standard® on Share-based Payment), and to the initial recognition and initial measurement of assets and liabilities acquired in a transfer of functions between entities under common control (see the Standard of GRAP on Transfer of Functions Between Entities Under Common Control), a transfer of functions between entities not under common control (see the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control) or a merger (see the Standard of GRAP on Mergers).

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2022

The standard is approved and the effective date has been determined by the Minister of Finance as 1 April 2023.

GRAP 104 Financial Instruments

This Standard deals with the measurement of financial assets and financial liabilities. Residual interests evidence an interest in the assets of an entity after deducting all of its liabilities.

The Standard requires the presentation of financial assets and financial liabilities on a net basis when doing so reflects an entity's expected future cash flows from settling two or more separate financial instruments. When an entity has the right to receive or pay a single net amount and intends to do so, it has, in effect, only a single financial asset or financial liability. In other circumstances, financial assets and financial liabilities are presented separately from each other consistently with their characteristics as resources or obligations of the entity.

The standard has the proposed implementation date from the financial year commencing on 1 April 2025 according to the Government Gazette_13 August 2021.

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 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

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2022

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 financial liabilities, financial assets or residual interests in conformity with the substance of the contractual arrangement and to the extent that the instrument satisfies the definitions of a financial liability, a financial asset or a residual interest.

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

Initial measurement

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

Subsequent measurement

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

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

Financial instruments at fair value

- Derivatives.
- Compound instruments that are designated at fair value i.e. an instrument that includes a derivative and a non-derivative host contract.
- Instruments held for trading.
- Non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition.

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2022

- 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.

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

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2022

adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

For financial assets held at cost:

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

Policies relating to specific financial instruments

Investments at amortised cost

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

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

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

Investments at fair value

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

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

Investments at cost

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

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost.

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

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

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.

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2022

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.

■ 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.

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2022

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 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 assessed at each reporting date and change(s) is/are accounted for as a change in an accounting estimate in accordance with the relevant Standard of GRAP.

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</i>	5
<i>Plant, machinery & Equipment</i>	30
<i>Furniture & Fittings</i>	10
<i>Office Equipment</i>	10
<i>Landfill Sites</i>	50
<i>Security Systems</i>	5 - 15
<i>Tip Sites</i>	30
<i>Computer Equipment</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

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2022

Impairments

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

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>

Heritage asset shall not be depreciated but an entity shall assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the entity shall estimate the recoverable amount or the recoverable service amount of the heritage asset.

Subsequent measurement

Subsequent expenditure relating to Heritage Assets is capitalised if it is probable that future economic benefits or potential service delivery associated with the

subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the entity replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

After recognition as an asset, a class of heritage assets shall be carried at its cost less any accumulated impairment losses.

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.

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2022

Subsequent measurement

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

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

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

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

Amortisation and impairment

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

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

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

Impairments

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

Derecognition

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

Investment property

Initial recognition and measurement

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

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

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

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

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

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

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

Subsequent measurement

Cost model

Investment property is measured using the cost model. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment. Land is not depreciated.

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2022

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 Land</i>	<i>15 – 50 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.

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.

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2022

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 asset's 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:

- 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.

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2022

■ Employee benefits

Short term employee benefits

Short term employee benefits encompass 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 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 the notes to the financial statements – Post-employment benefits note).

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

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2022

Position. The operating lease expense is recognised over the course of the lease arrangement

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

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

Measurement

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

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

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

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

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2022

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 equaling the fair value of the asset received.

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

Expenditure relating to non-exchange transactions

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

Borrowing costs

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

Foreign currency transaction

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

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

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

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2022

■ 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 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.

Related party transactions that took place during the financial periods covered by the financial statements are disclosed in the financial statements where those transactions were not within:

- normal supplier and/or client/recipient relationships on terms and conditions that are 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, outstanding balances including commitments are disclosed in the notes to the financial statements.

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2022

■ 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.

■ Statutory Receivables

Initial recognition and measurement

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. The accounting policy followed for the recognition of statutory receivables is the same as the policy followed for receivables that arise from exchange and non-exchange transactions. When the statutory receivable does not arise from an exchange or non-exchange transaction, it is recognised as an asset when it is probable that future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Statutory receivables are initially measured at their transaction amount. The transaction amount of a statutory receivable is the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations or similar means.

Subsequent measurement

Subsequent to initial recognition, statutory receivables are measured at cost – i.e. the initial measurement of the receivable is changed to reflect interest or other charges that may have accrued on the receivable, impairment losses and amounts derecognised.

Impairment

The entity tests for impairment where there's an indication that the statutory receivable, or a group of statutory receivables, may be impaired. An assessment of whether there is an indication that a statutory receivable or a group of statutory receivables may be impaired, is done at each reporting date. If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the entity measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount of the statutory receivable or a group of statutory receivables is higher than the estimated future cash flows, the carrying amount of the statutory receivable or a group of statutory receivables is reduced to the estimated future cash flows and the impairment loss is charged to the Statement of Financial Performance.

An impairment is reversed to the extent that the carrying amount of the receivable or a group of receivables does not exceed the carrying amount of the receivable(s) that would have been determined had the impairment loss not been recognised. The reversal of the impairment loss is recognised in the Statement of Financial Performance.

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2022

Derecognition

A statutory receivable, or a part thereof is derecognised when the entity's rights to the cash flows from the receivables are settled, expire or waived; significant risks and rewards of ownership of the receivable are transferred to another party; or despite having retained some significant risks and rewards, the entity has transferred control of the receivable to another entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	2021/22 R '000	2020/21 R '000
1 Cash and Cash Equivalents		
Cash and cash equivalents consist of the following:		
Cash on hand	4 221 516	4 630 020
Cash at bank	120 792 293	94 253 825
Call deposits	135 542 275	105 432 471
Call investments	13 401 104	39 038 587
Less: Bank Overdraft	(1 107 518)	(1 037 742)
Total Cash and cash Equivalents	272 849 669	242 317 161

	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 2022			
Recoveries of staff expenses	49 424	(19 884)	29 541
Other Trade Receivables	113 224 100	(40 070 200)	73 153 900
Employee advances	46 352	(11 207)	35 145
Provincial Government	4 992 641	(1 242 274)	3 750 367
National Government	14 410 415	(8 931 601)	5 478 815
Total Trade & Other Receivables From Exchange Transactions As At 31 March 2022	132 722 933	(50 275 165)	82 447 768
Balance As At 31 March 2021			
Recoveries of Staff Expenses	57 377	(12 171)	45 206
Other Trade Receivables	97 317 253	(38 000 531)	59 316 722
Employee Advances	45 637	(5 158)	40 479
Provincial Government	5 113 918	(1 470 732)	3 643 186
National Government	12 669 745	(6 064 622)	6 605 124
Total Trade & Other Receivables From Exchange Transactions As At 31 March 2021	115 203 930	(45 553 214)	69 650 716

	2021/22 R '000	2020/21 R '000
Ageing of Trade & Other Receivables from Exchange Transactions (Net of Provision For Doubtful Debts)		
Current (0 – 30 days)	65 088 309	55 130 808
31 - 60 Days	(2 912 276)	3 357 821
61 - 90 Days	3 572 191	3 278 397
91 - 120 Days	6 482 870	5 136 212
121 + Days	10 216 674	2 747 477
Total	82 447 768	69 650 716

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

Summary of Debtors by 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 2022					
Current (0 – 30 days)	16 717	77 967 501	28 409	2 606 567	13 493 965
31 - 60 Days	2 083	4 943 272	(98)	215 050	86 317
61 - 90 Days	1 089	3 703 782	(134)	273 386	19 282
91 - 120 Days	8 048	11 359 647	1 742	815 935	48 994
121 - 365 Days	21 488	15 249 898	16 433	1 081 704	761 856
Total Debtors before Provision For Doubtful Debts	49 425	113 224 100	46 352	4 992 642	14 410 415
Less: Provision for doubtful debts	(19 884)	(40 070 200)	(11 207)	(1 242 274)	(8 931 601)
Total Debtors by Classification as at 31 March 2022	29 541	73 153 900	35 145	3 750 367	5 478 815
Balance as at 31 March 2021					
Current (0 – 30 days)	20 153	63 341 723	40 354	4 784 832	11 659 008
31 - 60 Days	1 193	3 918 204	35	270 667	24 218
61 - 90 Days	971	3 459 521	(105)	1 699	9 174
91 - 120 Days	7 225	11 051 918	1 460	11 553	11 893
121 - 365 Days	27 835	15 545 888	3 893	45 167	965 452
Total Debtors before Provision For Doubtful Debts	57 377	97 317 253	45 637	5 113 918	12 669 745
Less: Provision for doubtful debts	(12 171)	(38 000 531)	(5 158)	(1 470 732)	(6 064 622)
Total Debtors by Classification as at 31 March 2021	45 206	59 316 722	40 479	3 643 186	6 605 124

	2021/22 R '000	2021/21 R '000
2.1 Reconciliation of the doubtful debt provision		
Balance at beginning of the year	(45 553 214)	(45 249 149)
Contributions to provision	(10 270 368)	(5 901 786)
Doubtful debts written off against provision	1 942 317	4 426 869
Reversal of provision	3 339 049	1 289 434
Amounts used	490 623	279 374
Increase/ (Decrease) due to change in estimate	942 197	(231 475)
Change due to correction of errors	7 903	(167 465)
Balance at end of year	(50 275 165)	(45 553 214)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	2021/22 R '000	2020/21 R '000
3 Other Receivables from Non-Exchange Transactions		
Subsidies	24 427	313 040
Unauthorized expenditure	(0)	411
Other receivables	16 323 054	5 371 579
Provincial Government	2 459	2 204
National Government	365 648	274 920
Prepayments (if not material)	1 536 286	1 366 377
Total Other Receivables	18 251 873	7 328 531
4 Other Current Financial Assets		
Other current financial assets	916 951 035	847 396 148
5 Current Portion of Non-Current Receivables		
Current Portion of Non-Current Receivables	5 025 456	3 407 862
6 Inventories		
6.1 Carrying value of inventory	53 599 706	49 522 536
Consumable stores	1 490 597	1 441 302
Raw Materials	25 366 579	24 760 360
Work in Progress	1 252 327	1 375 938
Finished Goods	4 052 079	3 213 402
Maintenance materials	21 066 935	18 200 323
Spare parts	18 211	23 731
Other goods held for resale	352 979	507 481
Inventory carried at Net Realisable Value		
The following classes of inventory are carried at net realisable value:		
Consumable stores	1 301 036	1 236 998
Raw Materials	25 043 014	24 448 035
Work in Progress	1 188 914	1 217 201
Finished Goods	2 742 152	2 476 320
Maintenance materials	18 132 951	15 543 619
Spare parts	26 621	32 018
Other goods held for resale	1 095 883	978 035
Water	82 546	62 116
Write-downs of inventory to Net Realisable Value	(53 400)	(62185)
Reversals of previous write-downs of inventory	(244)	
Total	49 559 474	45 932 156

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	2021/22 R '000	2020/21 R '000	
6.2 Inventory carried at current replacement cost			
The following classes of inventory are carried at current replacement cost:			
Consumable stores	688 575	566 192	
Raw Materials	142 104	173 667	
Work in Progress	47 304	136 714	
Finished Goods	239 620	30 830	
Maintenance materials	2 912 220	2 664 366	
Spare parts	10 408	18 611	
Total	4 040 231	3 590 380	
7 Prepayments			
Prepaid expenses	16 439 778	14 045 550	
8 Current Investments			
Deposits	38 021 332	35 388 418	
Equity investments	13 376 891	12 408 424	
	51 398 222	47 796 842	
9 Construction Contract Receivables			
Contracts in progress at reporting date:			
Construction contract receivables	650 900	634 000	
10 Current Assets Held for Sale			
Current Assets Classified as held for Sale	481 106	341 071	
11 Finance Lease Receivable			
2021/22	Minimum Lease Receivable R '000	Future Finance Charges R '000	Present Value of Minimum Lease Receipts R '000
Amounts receivable under finance leases			
Within after one year	198 338	(33 303)	165 035
Within two to five years	448 624	(93 025)	355 599
Later than five years	111 924	(3 737)	108 187
	758 886	(130 065)	628 821
Less: Amount due for settlement within 12 months (current portion)	(198 337)	33 303	(165 034)
	560 549	(96 762)	463 787
2020/21	Minimum Lease Receivable R '000	Future Finance Charges R '000	Present Value of Minimum Lease Receipts R '000
Amounts receivable under finance leases			
Within after one year	178 029	(39 691)	138 338
Within two to five years	421 546	(114 900)	306 646
Later than five years	247 282	(22 192)	225 090
	846 857	(176 783)	670 074
Less: Amount due for settlement within 12 months (current portion)	(178 029)	39 691	(138 338)
	668 828	(137 092)	531 736

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	2021/22 R '000	2020/21 R '000
12 Statutory Receivables		
Current statutory receivables		
Opening balance	14 561 168	11 124 544
Current year receivables	15 485 882	12 959 427
Accrued interest, fines, penalties or other changes	114 007	8 646
Accumulated impairment losses	3 792	(28 160)
Amounts derecognised / Settled amounts	<u>(11 470 959)</u>	<u>(9 501 289)</u>
Closing balance at year end	<u>18 693 890</u>	<u>14 561 168</u>
Non- Current statutory receivables		
Opening balance	666	
Current year receivables		666
Amounts derecognised / Settled amounts	<u>(666)</u>	
Closing balance at year end	<u>-</u>	<u>666</u>
13 Non-Current Receivables from Exchange Transactions		
Other non-current receivables	<u>33 357 239</u>	<u>38 370 170</u>
Total Non-Current Receivables after transfers to current receivables	<u>33 357 239</u>	<u>38 370 170</u>
14 Non-Current Investments		
Financial Instruments		
Fixed Deposits	1 171 366	841 432
Listed Investments	77 208 451	59 307 766
Other Investments	20 189 003	20 175 148
Loans Granted	130 953 323	140 403 779
Debt Securities	<u>42 423 053</u>	<u>40 314 490</u>
	<u>271 945 196</u>	<u>261 042 616</u>
15 Other Non-Current Financial Assets		
Other Non-Current Financial Assets	<u>28 721 480</u>	<u>42 082 400</u>
16 Investments in Joint Venture		
Share of the joint venture's statement of financial position:		
Current Assets	194 544	274 483
Non current assets	510 019	490 524
Current liabilities	(20 139)	(37 123)
Non current liabilities	<u>(16 181)</u>	<u>(74 923)</u>
Equity	<u>668 243</u>	<u>652 961</u>
Share of the joint venture's revenue and profit:		
Revenue	29 405	32 623
Cost of sales		
Other Expenses	(29 429)	(32 655)
Other Income	51 970	78 391
Finance Income		
Profit before tax	<u>51 946</u>	<u>78 359</u>
Income tax expense		
Profit for the year from continuing operations	<u>51 946</u>	<u>78 359</u>
Profit from discontinued operations		
Net Profit for the year	<u>51 946</u>	<u>78 359</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	2021/22 R '000	2020/21 R '000
17 Investments in Associates		
Share of the associate's statement of financial position:		
Current Assets	1 571 071	1 616 470
Non current assets	58 252 276	49 646 122
Current liabilities	(61 524)	(77 899)
Non current liabilities	(1 231 614)	(1 294 778)
Equity	58 530 209	49 889 915
Share of the associate's revenue and profit:		
Revenue	6 785 963	3 022 895
Cost of sales	(7 185)	(8 314)
Administrative expenses	(175 161)	(80 102)
Other Expenses	(306 542)	(390 932)
Other Income	(5 673)	8 961
Finance Income	274	306
Finance cost	(3)	(92 177)
Profit before tax	6 291 673	2 460 637
Income tax expense	(3 466)	(3 466)
Profit for the year from continuing operations	6 291 673	2 457 171
Profit from discontinued operations	(1 400)	(2 090)
Net Profit for the year	6 290 273	2 455 081
18 Deferred taxation		
Deferred taxation liabilities/(assets)	43 349 102	42 866 827
- Opening balance	42 652 271	49 778 933
- Recognised in taxation	(2 790 942)	(5 694 077)
- Raised through Equity	3 613 034	(467 405)
- Raised through Other	(125 261)	(750 623)
Analysis of temporary differences:		
Deferred taxation assets	39 092 395	28 926 393
- Provisions	3 840 797	17 425 323
- Employee benefit obligations	2 235 917	6 449 841
- Revenue received in advance and deferred income	1 324 218	5 729 866
- Capitalised lease liability	587 038	501 612
- Doubtful debts	1 109 394	13 323 182
- Other	29 995 032	(14 503 431)
Deferred taxation liabilities	82 441 497	71 793 221
- Deferred expenditure	(844 201)	196 645
- Property, Plant and Equipment	66 590 952	62 725 642
- Future expenditure allowance	2 321 605	194 254
- Other	14 373 141	8 676 680
Net deferred taxation liability/(asset)	43 349 102	42 866 827

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	2021/22 R '000	2020/21 R '000
19 Trade and Other Payables from Exchange Transactions		
Trade payables	64 731 829	65 649 698
Payments received in advance	17 750 263	14 613 444
Retentions	2 618 699	3 148 730
Staff leave accrual	2 206 045	2 683 034
Accrued interest	1 713 377	1 759 878
Other payables	43 180 120	30 796 040
Total payables	132 200 333	118 650 823
20 VAT Payable		
VAT payable	7 167 727	6 132 767
21 Taxes and Transfers Payable		
Taxes and transfers payable (Non-Exchange)	6 226 454	3 646 658
Income Tax Payable	173 011	541 997
Total Taxes and transfers payable	6 399 465	4 188 655
22 Other Current Financial Liabilities		
Notes and Coins in Circulation	171 097 062	168 338 965
Debentures	3 806 503	15 010 035
Forward Exchange Contract Liabilities	5 805 476	12 156 911
Gold and Foreign Exchange financial liabilities	314 283 429	315 584 260
Deposit Accounts	392 763 123	312 349 352
Foreign loans and deposits	85 143 409	93 284 583
Other Current Financial liabilities	21 959 648	159 540 414
Total Other Current Financial Liabilities	994 858 650	1 076 264 521

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

23 Current Provisions

23.1 Reconciliation of Movement in Current Provisions – 2021/22

	Performance Bonus	Provision for Leave Pay	Other Provisions	Current Portion of Other Non-Current Provisions	TOTAL
	R '000	R '000	R '000	R '000	R '000
Opening Balance	2 706 204	4 490 549	6 079 437	25 504 328	38 780 517
Provisions Raised	3 324 855	1 450 327	6 650 807	16 130 604	27 556 594
Unused Amounts Reversed	(281 534)	(91 008)	(1 800 312)	(354 273)	(2 527 126)
Unwinding of Time Value of Money	(12 402)	(254)	(4 006 684)	67 784	(3 951 556)
Amounts Used	(2 081 883)	(2 045 070)	(1 111 050)	(15 693 906)	(20 931 910)
Exchange differences	(7 668)	(3 285)		(12 906)	(23 859)
Transferred to disposal group/classified as held for sale	(5 966)		(2 616)		(8 582)
Settlement of Provision without cost to entity					
Transfer from Non-Current Provision			23 131	1 384 734	1 407 865
Change in Provision due to change in Estimation inputs	28 218	52 271	(5 445)	(375 669)	(300 625)
Other Movements	(16 437)	88 226	(174 438)	13 726	(88 923)
Closing Balance	3 653 387	3 941 756	5 652 831	26 664 422	39 912 395

23.2 Reconciliation of Movement in Current Provisions – 2020/21

	Performance Bonus	Provision for Leave Pay	Other Provisions	Current Portion of Other Non-Current Provisions	TOTAL
	R '000	R '000	R '000	R '000	R '000
Opening Balance	1 982 294	(29 041 103)	7 959 884	21 880 758	2 781 834
Provisions Raised	2 006 294	34 878 511	6 512 392	16 228 967	59 626 165
Unused Amounts Reversed	(152 561)	(21 504)	(729 104)	(1 858 963)	(2 762 133)
Unwinding of Time Value of Money	(71 879)	(61 553)	(39 301)		(172 733)
Amounts Used	(1 269 599)	(1 606 305)	(4 601 736)	(11 073 910)	(18 551 551)
Exchange differences	(5 819)	(2 420)	(43)	(211 522)	(219 804)
Transferred to disposal group/classified as held for sale					-
Settlement of Provision without cost to entity					-
Transfer from Non-Current Provision			(166 883)	587 763	420 880
Change in Provision due to change in Estimation inputs	30 127	8 129	17 384	(47 499)	8 141
Other Movements	187 347	336 794	(2 873 157)	(1 266)	(2 350 282)
Closing Balance	2 706 204	4 490 549	6 079 437	25 504 328	38 780 517

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	2021/22 R '000	2020/21 R '000
24 Unspent Conditional Grants and Receipts		
Non-current unspent conditional grants and receipts	7 103 789	6 900 218
Current portion of unspent conditional grants and receipts	22 324 112	23 124 393
25 Long-Term Borrowings		
Long-term interest bearing loans	475 161 989	478 645 059
Government Loans: Other	-	14 913
Other borrowings	212 370 456	231 228 458
Less: current portion transferred to current liabilities	(94 016 112)	(96 261 385)
	593 516 333	613 627 046
26 Short-Term Borrowings		
Short-Term Borrowings	17 031 227	18 421 440

2021/22	Minimum Lease Payment R '000	Future Finance Charges R '000	Present Value of Minimum Lease Payments R '000
Amounts payable under finance leases			
Within one year	3 517 269	(1 748 297)	1 768 972
Within two to five years	12 348 680	(4 667 968)	7 680 712
Later than five years	6 982 824	(990 847)	5 991 977
	22 848 773	(7 407 112)	15 441 660
Less: Amount due for settlement within 12 months (current portion)	(3 295 597)	1 300 325	(1 995 272)
	19 553 176	(6 106 787)	13 446 388

2020/21	Minimum Lease Payment R '000	Future Finance Charges R '000	Present Value of Minimum Lease Payments R '000
Amounts payable under finance leases			
Within one year	3 532 483	(2 019 033)	1 513 450
Within two to five years	10 800 195	(4 451 037)	6 349 158
Later than five years	10 203 888	(2 435 768)	7 768 120
	24 536 566	(8 905 838)	15 630 728
Less: Amount due for settlement within 12 months (current portion)	(3 291 458)	1 473 234	(1 818 224)
	21 245 108	(7 432 603)	13 812 504

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

28 Non-Current Provisions Reconciliation of Movement in Non-Current Provisions – 2021/22

	Provision for long- service awards R '000	Other Non- Current Provisions R '000	TOTAL R '000
Opening Balance	137 092	82 810 287	82 947 379
Provisions Raised	34 364	38 637 103	38 671 468
Unused Amounts Reversed	(3 513)	(19 170 400)	(19 173 913)
Unwinding of Time Value of Money		4 454 728	4 454 728
Amounts Used	(24 311)	(5 226 044)	(5 250 355)
Exchange differences		(73 392)	(73 392)
Transfer to Current Provision	(421)	(1 602 423)	(1 602 844)
Change in Provision due to change in Estimation inputs		617 227	617 227
Other Movements		110 460	110 460
Closing Balance	143 211	100 557 546	100 700 757

Reconciliation of Movement in Non-Current Provisions – 2020/21

	Provision for long- service awards R '000	Other Non- Current Provisions R '000	TOTAL R '000
Opening Balance	136 130	71 306 971	71 443 101
Provisions Raised	18 982	23 825 559	23 844 541
Unused Amounts Reversed	7 048	(11 075 667)	(11 068 619)
Unwinding of Time Value of Money		4 332 560	4 332 560
Amounts Used	(27 717)	(7 872 018)	(7 899 735)
Exchange differences		(520 625)	(520 625)
Settlement of Provision without cost to entity			-
Transfer to Current Provision		104	104
Change in Provision due to change in Estimation inputs	(9 035)	(3 338 259)	(3 347 294)
Other Movements		6 030 590	6 030 590
Closing Balance	137 092	82 810 287	82 947 379

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	2021/22 R '000	2020/21 R '000
29 Other Non-Current Financial Liabilities		
Other non-current financial liabilities	<u>31 159 785</u>	<u>32 348 781</u>
30 Defined Benefit Plan		
Defined Benefit Plans		
Statement of Financial Position		
Present value of Defined benefit obligation	27 116 200	25 587 137
Fair value of plan assets	<u>(5 042 302)</u>	<u>(4 558 515)</u>
Total Defined benefit plan Liability/(Asset)	<u>22 073 898</u>	<u>21 028 623</u>
Pension benefits		
Present value of unfunded obligations	1 244 996	1 286 538
Present value of funded obligations	<u>106 903 406</u>	<u>111 296 787</u>
Total present value of obligations	108 148 402	112 583 325
Fair value of plan assets	(104 594 147)	(109 157 067)
Unrecognised past service costs	<u>(2 531 392)</u>	<u>(1 935 828)</u>
Defined pension benefit obligation/(asset) disclosed in Statement of Financial Position	<u>1 022 863</u>	<u>1 490 431</u>
Medical benefits		
Present value of unfunded obligations	20 569 311	19 055 614
Present value of funded obligations	<u>1 072 145</u>	<u>1 091 274</u>
Total present value of obligations	21 641 456	20 146 888
Fair value of plan assets	(247 106)	(257 901)
Unrecognised past service costs	<u>(343 314)</u>	<u>(350 795)</u>
Defined medical benefit obligation/(asset) disclosed in Statement of Financial Position	<u>21 051 036</u>	<u>19 538 192</u>

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 2021	112 583 325	20 146 888
Current service costs	3 230 494	375 542
Interest costs	16 313 840	2 690 456
Contributions by plan participants	1 367 762	(85 993)
Actuarial losses/(gains)	(17 501 349)	(1 042 802)
Exchange differences	37 551	(1 900)
Benefits paid	(7 548 207)	(980 314)
Past Service Cost	(31 790)	(179)
Curtailments		(2 048)
Settlements	(7 831)	(114 776)
Other	(295 393)	656 581
Defined benefit obligation plan as at 31 March 2022	<u>108 148 402</u>	<u>21 641 456</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	2021/22 R '000	2020/21 R '000
	Pension Plan(s) R '000	Medical Plan(s) R '000
Defined benefit obligation as at 1 April 2020	92 552 731	18 320 595
Current service costs	2 022 245	358 651
Interest costs	12 124 706	2 369 211
Contributions by plan participants	1 413 499	(78 743)
Actuarial losses/(gains)	11 220 455	524 033
Exchange differences	61 104	(2 969)
Benefits paid	(6 405 689)	(956 820)
Past Service Cost	(35 596)	4 839
Curtailments		(1 225)
Settlements	16 911	(1 112)
Other	(387 042)	(389 572)
Defined benefit obligation plan as at 31 March 2021	112 583 325	20 146 888

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

	Pension Plan(s) R '000	Medical Plan(s) R '000
Fair Value of Plan Assets as at 1 April 2021	(111 092 894)	(608 696)
Expected return on plan assets	(15 425 354)	(48 318)
Actuarial losses/(gains)	16 494 313	53 184
Employer contributions	(2 417 177)	4 402
Employee contributions	(1 362 352)	
Benefits paid	6 267 484	27 468
Other	410 441	(18 461)
Fair Value of Plan Assets as at 31 March 2022	(107 125 539)	(590 420)

	Pension Plan(s) R '000	Medical Plan(s) R '000
Fair Value of Plan Assets as at 1 April 2020	(91 311 567)	529 725
Expected return on plan assets	(11 869 031)	(53 189)
Actuarial losses/(gains)	(8 895 967)	458 475
Exchange differences	(33 000)	245 514
Employer contributions	(2 472 320)	89 278
Employee contributions	(1 374 124)	(824 353)
Benefits paid	5 616 175	(2 839 887)
Entity combinations		2 231 828
Other	(753 059)	(446 087)
Fair Value of Plan Assets as at 31 March 2021	(111 092 894)	(608 696)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

31 Property, Plant and Equipment

Reconciliation of Carrying Value

	2021/22			2020/21		
	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	98 288 820	(2 196 551)	96 092 269	98 676 041	(1 942 846)	96 733 195
Buildings	190 003 895	(50 729 277)	139 274 618	184 779 091	(45 402 486)	139 376 604
Capital Work in Progress (Buildings)	2 197 440	(1 444)	2 195 996	3 105 903	(1 372)	3 104 530
Vehicles	12 469 218	(7 927 245)	4 541 973	13 617 381	(8 799 038)	4 818 343
Infrastructure	998 306 407	(384 937 622)	613 368 785	798 147 059	(259 136 197)	539 010 862
Capital Work in Progress (Infrastructure)	53 668 454	(1 933 598)	51 734 856	53 763 727	(1 477 387)	52 286 340
Finance Lease Assets	15 715 172	(5 545 584)	10 169 588	15 576 032	(4 638 025)	10 938 007
Furniture & Fittings	4 861 167	(3 613 487)	1 247 680	5 147 528	(3 853 498)	1 294 030
Plant, Machinery & Equipment	783 970 839	(270 769 501)	513 201 339	748 816 139	(249 177 031)	499 639 108
Capital Work in Progress (Plant, Mach & Equip)	139 390 699	(2)	139 390 697	153 529 164	1	153 529 165
Office Equipment	8 130 301	(4 985 983)	3 144 318	8 130 801	(4 904 136)	3 226 665
Computer Equipment	15 467 209	(10 067 422)	5 399 787	14 892 578	(9 561 878)	5 330 700
Aircraft	10 224 581	(9 530 821)	693 760	10 821 375	(9 972 742)	848 633
Capital Work in Progress (Aircraft)	-	-	-	-	-	-
Ships	5 785 667	(2 466 706)	3 318 961	5 784 413	(2 069 752)	3 714 661
Capital Work in Progress (Ships)	-	-	-	-	-	-
Other Assets	262 519 734	(65 973 815)	196 545 920	329 620 073	(134 527 357)	195 092 716
Capital Work in Progress (Other Assets)	16 510 075	(26 424)	16 483 650	12 100 396	(20 717)	12 079 680
Total	2 617 509 678	(820 705 482)	1 796 804 195	2 456 507 702	(735 484 463)	1 721 023 239

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2022

31.1 Reconciliation of Property, Plant and Equipment – 2021/22																			
	Carrying Value Opening Balance	R '000	Additions	R '000	Disposals	R '000	Transfers	R '000	Depreciation	R '000	Impairment (Loss) / Reversal of impairment loss	R '000	Revaluation	R '000	Discontinued Operations	R '000	Carrying Value Closing Balance	R '000	
Land	96 733 195		355 440	(55 184)	(3 103 163)	(281 562)					(30 878)	2 474 421					96 092 269		
Capital Work in Progress (Land) Service Concession Asset	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Buildings	139 376 604		3 455 700	(242 030)	1 762 185	(5 214 775)					(135 011)	366 945	(95 000)				139 274 618		
Capital Work in Progress (Buildings)	3 104 530		260 219	9	(1 081 542)	(72)					(84 236)		(2 912)				2 195 996		
Vehicles	4 818 343		804 598	(71 994)	81 538	(1 062 263)					(27 230)	9	(1 028)				4 541 973		
Infrastructure	539 010 862		4 951 566	1 713 109	2 722 818	(8 641 484)					(97 295)	73 709 085	124				613 368 785		
Capital Work in Progress (Infrastructure)	52 286 340		9 915 796	(3 775 948)	(7 133 903)	(372 086)					814 658						51 734 856		
Finance Lease Assets	10 938 007		737 457	(331 424)	(152 324)	(1 573 412)					(6 377)	551 284	(1 000)				10 169 588		
Furniture & Fittings	1 294 030		2 12 876	(36 546)	29 636	(245 287)						348					1 247 680		
Plant, Machinery & Equipment	499 639 108		3 308 346	(2 171 242)	48 272 260	(35 815 732)					(139 189)	132 788	(25 000)				513 201 339		
Capital Work in Progress (Plant, Mach & Equip)	153 529 165		34 554 351	(672 872)	(47 987 825)						(8 894)		(23 228)				139 390 697		
Office Equipment	3 226 665		183 622	(33 355)	191 578	(419 861)					(4 403)	75	(3)				3 144 318		
Computer Equipment	5 330 700		1 466 039	(199 577)	126 397	(1 297 237)					(26 900)	441	(77)				5 399 787		
Aircraft	848 633		43 000	(58)	8 000	(205 815)											693 760		
Capital Work in Progress (Aircraft)	-		-	-	-	(0)					(187 211)						(0)		
Ships	3 714 661		2 025	(43)		(210 470)											3 318 961		
Capital Work in Progress (Ships)	-		-	-	-	(0)											(0)		
Other Assets	195 092 716		4 753 369	(730 573)	4 620 967	(10 209 210)					(2 313 671)	5 332 322					196 545 920		
Capital Work in Progress (Other Assets)	12 079 680		6 922 056	(1 682)	(2 502 804)	103 450							(117 050)				16 483 650		
Total	1 721 023 239		71 926 458	(6 609 411)	(4 146 182)	(65 445 816)					(2 246 637)	82 567 718	(265 174)				1 796 804 195		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

31.2 Reconciliation of Property, Plant and Equipment – 2020/21

	Carrying Value Opening Balance	Additions	Disposals	Transfers	Depreciation	Impairment Reversal of (Loss)/ impairment loss	Revaluation	Dis- continued operations	Prior Year Errors	Carrying Value Closing Balance
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Land	95 609 586	230 473	(59 001)	599 946	(295 563)	4 389	643 366			96 733 195
Capital Work in Progress (Land)	-									-
Service Concession Asset	-									-
Buildings	140 258 841	3 327 993	(51 612)	885 118	(5 043 512)	(290 654)	274 828		15 602	139 376 604
Capital Work in Progress (Buildings)	2 553 820	1 210 326	(2 246)	(350 482)	(175 621)				(131 268)	3 104 530
Vehicles	5 068 624	793 015	(63 408)	88 900	(1 057 480)	(11 385)			79	4 818 343
Infrastructure	530 116 753	5 180 469	(513 890)	7 711 746	(8 756 975)	(370 288)	5 649 359		(6 312)	539 010 862
Capital Work in Progress	50 059 480	13 477 348	(1 617 154)	(7 955 196)		(1 125 233)			(552 905)	52 286 340
(Infrastructure)										
Finance Lease Assets	11 753 601	1 032 390	(513 459)	7	(1 576 286)		241 754			10 938 007
Furniture & Fittings	1 405 301	175 166	(10 116)	3 739	(278 173)	(1 002)	483		(1 395)	1 294 030
Plant, Machinery & Equipment	448 456 364	5 662 435	(76 566)	75 477 776	(30 104 817)	132 032	93 647	(2 280)	517	499 639 108
Capital Work in Progress (Plant, Mach & Equip)	211 076 786	20 242 871	(1 901 802)	(75 898 564)	1 246	(1 245)		9 874		153 529 165
Office Equipment	3 366 602	183 322	(24 363)	40 723	(333 373)	(16 078)		29	9 803	3 226 665
Computer Equipment	4 532 789	1 647 873	(26 359)	2 15 818	(1 096 748)	(5 449)	74	42	62 660	5 330 700
Aircraft	1 163 736	1 303	(35 426)	6 465	(287 500)	55				848 633
Capital Work in Progress (Aircraft)										
Ships	3 939 363	264	(510)	711	(221 167)	(4 000)				3 714 661
Capital Work in Progress (Ships)										
Other Assets	188 206 680	4 823 079	(720 291)	2 306 960	(9 650 578)	590 216	9 536 646	4	(1)	195 092 716
Capital Work in Progress (Other Assets)	13 615 069	3 872 052	(913)	(5 770 047)	93 594	(4 087)			274 012	12 079 680
Total	11711 183 397	61 860 380	(5 617 117)	(2 636 350)	(58 782 953)	(1 098 643)	16 436 070	7 694	(329 208)	1 721 023 239

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2022

31.3 Property Plant and Equipment – additional disclosure

	2021/22 R '000	2020/21 R '000
Existence and amounts of restrictions on title and disposal of Property Plant and Equipment (PPE)	-	14 421
PPE pledged as security	4 178 430	-
Contractual commitments for the acquisition of PPE	155	10 479 938
Compensation from third parties for PPE impaired, lost or given up which are included in surplus or deficit	4	4

31.4 Disclosure on assets in the process of being constructed or developed

	2021/22 R '000	2020/21 R '000
Cumulative expenditure recognised in the carrying value of PPE per class of asset	209 805 199	220 999 715
The carrying value of PPE that is taking a significantly longer period of time to complete than expected	17 695 277	18 205 455
The carrying value of PPE where construction or development has been halted either during the current or previous reporting period(s).	5 461	2 396

31.5 Expenditure incurred to repair and maintain property plant and equipment

Property plant and equipment

15 889 119 **15 555 867**

32 Heritage Assets

Reconciliation of Carrying Value

	2021/22		2020/21	
	Cost R '000	Accumulated Impairment R '000	Cost R '000	Accumulated Impairment R '000
Art Collections	2 430 530	(3)	2 436 064	(3)
Stamp Collections	38 840	-	38 829	-
Collections of rare books or manuscripts	74 542	(14)	73 011	(14)
Historical Buildings	7 007 534	(25 865)	6 903 175	(25 732)
Other Assets	1 653 262	(15)	1 650 843	(8)
Total	11 204 707	(25 897)	11 101 922	(25 757)
				11 076 165

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

32.1 Reconciliation of Heritage Assets – 2021/22

	Carrying Value Opening Balance	R '000	Additions	R '000	Disposals	R '000	Transfers	R '000	Impairment (Loss) / Reversal of impairment loss	R '000	Revaluation	R '000	Other	R '000	Dis-continued Operations	R '000	Carrying Value Closing Balance	R '000
Art Collections	2 436 061		958			87					(6 580)						2 430 527	
Stamp Collections	38 829		11														38 840	
Collections of rare books or manuscripts	72 998		164	(1)				(45)			320		1 093				74 529	
Historical Buildings	6 877 443		53 051	52 399				(134)			(1 083)		(7)				6 981 669	
Other Assets	1 650 835		2 892			2		(10)			(448)		(25)				1 653 246	
Total	11 076 165		57 076	52 398		89		(189)			(7 791)		1 061				- 11 178 810	

32.2 Reconciliation of Heritage Assets – 2020/21

	Carrying Value Opening Balance	R '000	Additions	R '000	Disposals	R '000	Transfers	R '000	Impairment (Loss) / Reversal of impairment loss	R '000	Revaluation	R '000	Other	R '000	Dis-continued Operations	R '000	Carrying Value Closing Balance	R '000
Art Collections	2 289 361		1 004								2 221		143 482				2 436 061	
Stamp Collections	38 829																38 829	
Collections of rare books or manuscripts	72 827		55	(141)							116						72 998	
Historical Buildings	6 823 405		40 781								13 398						6 877 443	
Other Assets	1 616 419		33 612			(14)		(8)			827						1 650 835	
Total	10 840 841		75 452	(141)		(14)		(8)			16 562		143 482				11 076 165	

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2022

32.3 Heritage assets – additional disclosure

	2020/21 R '000	2019/20 R '000
Existence and amounts of restrictions on title and disposal of Heritage assets	-	-
Heritage assets pledged as security	-	-
Contractual commitments for the acquisition of Heritage assets	-	-
Compensation from third parties for Heritage assets impaired, lost or given up which are included in surplus or deficit	-	-

32.4 Disclosure on assets in the process of being constructed or developed

Cumulative expenditure recognised in the carrying value of heritage assets per class of asset

The carrying value of heritage assets that is taking a significantly longer period of time to complete than expected

The carrying value of heritage assets where construction or development has been halted either during the current or previous reporting period(s).

	520 711	483 744
	481 990	2 810
	-	-

33

Intangible Assets

Reconciliation of Carrying Value

	2021/22		2020/21	
	Cost R '000	Accumulated Amortisation & Impairment R '000	Cost R '000	Accumulated Amortisation & Impairment R '000
Computer Software	14 280 292	(10 121 246)	14 222 087	(10 052 765)
Copy rights	76 319	(80 837)	76 319	(72 048)
Internally Generated Software	771 442	(370 524)	833 652	(363 397)
Licenses	4 137 448	(3 309 887)	4 110 225	(3 123 444)
Service Concession Asset	820 705	(552 896)	575 150	(278 117)
Servitudes	3 760 425	(225 300)	3 624 559	(242 091)
Patents and models	61 290	(58 201)	61 290	(57 623)
Trademarks	17 845	(1 741)	275	(258)
Other	32 097 374	(6 482 607)	31 669 557	(7 743 389)
Total	56 023 139	(21 203 239)	55 173 114	(21 933 133)
				33 239 981

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

33.1 Reconciliation of Intangible Assets – 2021/22

	Carrying Value Opening Balance	Additions	Disposals	Transfers	Amortisation	Impairment (Loss)/ Reversal of impairment loss	Revaluation	Internally Developed	Dis-continued Operations	Carrying Value Closing Balance
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Computer Software	4 169 322	595 837	(88 685)	299 778	(804 043)	(19 997)	4 501	2 333		4 159 046
Copy rights and Trademarks	4 270	257		(2 896)	(6 149)					(4 518)
Internally Generated Software	470 255	75 271	(62 587)	49 019	(168 782)	(482)		38 225		400 918
Licenses	986 781	71 783	(24 400)	71 000	(282 603)	5 000				827 560
Service Concession Assets	297 033	193 131			(222 356)					267 808
Servitudes	3 382 468	150 172	(1 122)	7 180	(3 573)					3 535 126
Patents and models	3 668				(579)					3 089
Research assets	17			17 571	(1 484)					16 104
Other	23 926 168	3 312 692	(43 583)	(176 125)	(1 352 712)	(30 261)	(21 411)			25 614 768
Total	33 239 981	4 399 143	(220 376)	265 527	(2 842 281)	(45 740)	(16 910)	40 558	-	34 819 901

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2022

33.2 Reconciliation of Intangible Assets – 2020/21

	Carrying Value Opening Balance	Additions	Disposals	Transfers	Amortisation	Impairment Reversal of impairment loss	Revaluation	Internally Developed	Discontinued Operations	Carrying Value Closing Balance
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Computer Software	4 169 515	758 245	(91 374)	278 861	(973 053)	2 521	(84)	24 692	-	4 169 322
Copy rights Internally Generated	15 488	-	-	-	(10 599)	(618)	-	-	-	4 270
Software Licenses Service	560 480	30 012	-	(50 134)	(72 132)	(10 549)	-	12 576	1	470 255
Concession Assets	1 043 912	162 526	-	78 714	(298 371)	-	-	-	-	986 781
Servitudes	271 136	110 031	-	-	(84 134)	-	-	-	-	297 033
Patents and models	3 330 841	50 068	(3 155)	7 330	(2 616)	-	-	-	-	3 382 468
Trademarks	4 275	-	-	-	(608)	-	-	-	1	3 668
Other	34	-	-	-	(16)	-	-	-	(0)	17
	23 473 028	2 310 197	(196 013)	(504 901)	(1 026 344)	(21 845)	(107 954)	-	-	23 926 168
Total	2 868 709	3 421 078	(290 541)	(190 130)	(2 467 874)	(30 491)	(108 038)	37 268	1	33 239 981

33.3 Intangible assets – additional disclosure

	2021/22	2020/21
	R '000	R '000
Existence and amounts of restrictions on title and disposal of intangible assets	-	29 233
Intangible assets pledged as security	-	29 233
Contractual commitments for the acquisition of intangible assets	953 649	29 416
Compensation from third parties for intangible assets impaired, lost or given up which are included in surplus or deficit	-	-

33.4 Disclosure on assets in the process of being constructed or developed

Cumulative expenditure recognised in the carrying value of intangible assets per class of asset	30 593	33 072
The carrying value of intangible assets that is taking a significantly longer period of time to complete than expected, including reasons for any delays.	1 491	1 491
The carrying value of intangible assets where construction or development has been halted either during the current or previous reporting period(s).	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

34 Investment Property Carried at Cost

Reconciliation of carrying value

	2021/22		2020/21			
	Cost R '000	Accumulated Amortisation & Impairment R '000	Carrying Value R '000	Cost R '000	Accumulated Amortisation & Impairment R '000	Carrying Value R '000
Total	6 164 277	(1 019 983)	5 144 294	6 127 782	(918 487)	5 209 296

34.1 Reconciliation of Investment Property Carried at Cost – 2021/22

	Carrying Value Opening Balance R '000	Additions R '000	Disposals R '000	Transfers R '000	Depreciation R '000	Impairment (Loss) / Reversal of impairment loss R '000	Revaluation R '000	Carrying Value Closing Balance R '000
Total	5 209 296	44 805	(1 765)	503	(108 543)	(2)		5 144 294

34.2 Reconciliation of Investment Property Carried at Cost – 2020/21

	Carrying Value Opening Balance R '000	Additions R '000	Disposals R '000	Transfers R '000	Depreciation R '000	Impairment (Loss) / Reversal of impairment loss R '000	Revaluation R '000	Carrying Value Closing Balance R '000
Total	5 299 260	25 569	(6 181)		(108 786)	(566)		5 209 296

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	2021/22 R '000	2020/21 R '000
34.3 Investment property – additional disclosure		
Existence and amounts of restrictions on title and disposal of Investment property	-	-
Investment property pledged as security	-	-
Contractual commitments for the acquisition of Investment property	-	-
Compensation from third parties for Investment property impaired, lost or given up which are included in surplus or deficit	-	-
34.4 Disclosure on assets in the process of being constructed or developed		
Cumulative expenditure recognised in the carrying value of investment property per class of asset	-	-
The carrying value of investment property that is taking a significantly longer period of time to complete than expected	-	-
The carrying value of investment property where construction or development has been halted either during the current or previous reporting period(s).	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

35 Investment Property Carried at Fair Value

Reconciliation of carrying value	2021/22		2020/21			
	Cost R '000	Fair Value Adjustments R '000	Carrying Value R '000	Cost R '000	Fair Value Adjustments R '000	Carrying Value R '000
Total	39 407 691	174 708	39 582 398	26 695 842	288 092	26 983 934

35.1 Reconciliation of Investment Property Carried at Fair Value – 2021/22

Carrying Value Opening Balance R '000	Additions R '000	Disposals R '000	Transfers R '000	Fair Value Adjustment R '000	Carrying Value Closing Balance R '000
26 983 934	24 461	(265)	3 036 253	9 538 015	39 582 398

35.2 Reconciliation of Investment Property Carried at Fair Value – 2020/21

Carrying Value Opening Balance R '000	Additions R '000	Disposals R '000	Transfers R '000	Fair Value Adjustment R '000	Carrying Value Closing Balance R '000
27 457 969	45 295		219 300	(738 630)	26 983 934

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2022

36.1 Biological Assets

Reconciliation of Carrying Value

	2021/22		2020/21			
	Cost R '000	Accumulated Depreciation and Impairment R '000	Carrying Value R '000	Cost R '000	Accumulated Depreciation and Impairment R '000	Carrying Value R '000
Trees in plantation	3 712 455	-	3 712 455	3 418 273	-	3 418 273
Maize	-	-	-	-	-	-
Dairy Cattle	842	-	842	684	-	684
Other Assets	3 931	-	3 931	3 828	-	3 828
Total	3 717 229	-	3 717 229	3 422 785	-	3 422 785

36.1.1 Reconciliation of Biological Assets – 2021/22

	Carrying Value Opening Balance	Purchases	Decrease due to harvest/ sales	Gains/losses from changes in fair value less estimated point of sales costs	Depreciation	Impairment (Loss) / Reversal of impairment loss	Other move- ments	Trans- fers Operations	Dis- continued 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	3 418 273	-	-	294 182	-	-	-	-	-	3 712 455
Maize	-	-	-	-	-	-	-	-	-	-
Dairy Cattle	684	-	(74)	13	-	-	219	-	-	842
Other Assets	3 828	-	(160)	412	-	-	(149)	-	-	3 931
Total	3 422 785	-	(234)	294 607	-	-	70	-	-	3 717 229

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

36.1.2 Reconciliation of Biological Assets – 2020/21

	Carrying Value Opening Balance	Purchases	Decrease due to harvest/sales	Gains/losses from changes in fair value less estimated point of sales costs	Depreciation	Impairment (Loss) / Reversal of impairment loss	Other Transfers move-ments	Dis-continued Operations	Carrying Value Closing Balance
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Trees in plantation	3 317 758			114 515				(14 000)	3 418 273
Maize	-						(82)		684
Dairy Cattle	931		(268)	103			9		3 828
Other Assets	5 347	114	(235)	(307)			(1 100)		
Total	3 324 036	114	(503)	114 311	-	-	(73)	(14 000)	3 422 785

36.1.3 Biological assets - additional disclosure

	2021/22 R '000	2020/21 R '000
Existence and amounts of restrictions on title and disposal of Biological assets	-	-
Biological assets pledged as security	-	-
Contractual commitments for the acquisition of Biological assets	-	-
Compensation from third parties for Biological assets impaired, lost or given up which are included in surplus or deficit	-	-

36.1.4 Disclosure on assets in the process of being constructed or developed

Cumulative expenditure recognised in the carrying value of biological assets per class of asset	-	-
The carrying value of biological assets that is taking a significantly longer period of time to complete than expected	-	-
The carrying value of biological assets where construction or development has been halted either during the current or previous reporting period(s).	-	-

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2022

36.2 Living Resources

Reconciliation of Carrying Value	2021/22		2020/21			
	Cost R '000	Accumulated Depreciation and Impairment R '000	Carrying Value R '000	Cost R '000	Accumulated Depreciation and Impairment R '000	Carrying Value R '000
Plants	-	-	-	-	-	-
Service Concession Animals	7 312	(2 740)	4 572	7 972	(2 529)	5 443
Other Assets	46	(11)	35	92	(15)	77
Total	7 358	(2 751)	4 607	8 064	(2 544)	5 521

36.2.1 Reconciliation of Biological Assets – 2021/22

	Carrying Value Opening Balance	Purchases	Decrease due to harvest/ sales	Gains/losses from changes in fair value less estimated point of sales costs	Depreciation	Impairment (Loss) / Reversal of impairment loss	Other move- ments	Trans- fers	Dis- continued 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
Plants	-	-	-	-	-	-	-	-	-	-
Service Concession Animals	5 443	174	(483)	(629)	(56)	123	-	-	-	4 572
Other Assets	77	(37)	(5)	(5)	(5)	(5)	-	-	-	35
Total	5 521	174	(520)	(635)	(56)	123	-	-	-	4 607

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

36.2.2 Reconciliation of Biological Assets – 2020/21

	Carrying Value	Purchases	Decrease due to harvest/sales	Gains/losses from changes in fair value less estimated point of sales costs	Depreciation	Impairment (Loss) / Reversal of impairment loss	Other 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
Plants	-	-	-	-	-	-	-	-	-
Service	-	-	-	-	-	-	-	-	-
Concession	-	-	-	-	-	-	-	-	-
Animals	2 448	192	(122)	(966)	1 992	1 899	5 443		
Other Assets	85			438	(446)		77		
Total	2 533	192	(122)	(528)	1 546	1 899	5 521	-	5 521

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

37 Government Grants and Subsidies

Reconciliation of Movement in Grant – 2022	Balance unspent at beginning of year R '000	Current year receipts R '000	Conditions met - transferred to revenue R '000	Conditions still to be met - remain liabilities R '000
Other Government Grants and Subsidies	114 136 691	87 683 996	110 467 029	91 353 657
Total Government Grant and Subsidies	114 136 691	87 683 996	110 467 029	91 353 657

Reconciliation of Movement in Grant – 2021	Balance unspent at beginning of year R '000	Current year receipts R '000	Conditions met - transferred to revenue R '000	Conditions still to be met - remain liabilities R '000
Other Government Grants and Subsidies	169 077 808	40 793 821	95 734 938	114 136 691
Total Government Grant and Subsidies	169 077 808	40 793 821	95 734 938	114 136 691

	2021/22 R '000	2020/21 R '000
--	-------------------	-------------------

38 Public contributions and donations

Public contributions – Conditional	388 518	340 460
Public contributions – Unconditional	21 462	22 354
Donations	422 768	418 807
Total	832 748	781 621

39 Transfers and Sponsorships

Transfer payment from controlling entity	6 875 638	4 711 729
Transfer payment from other departments/entities	871 938	834 700
Local and foreign aid assistance	88 096	55 292
Gifts, donations and sponsorships received	153 583	113 867
Other Transfers and Sponsorships	553 003	444 432
Total	8 542 259	6 160 019

40 Revenue from Fines and Penalties

Fines	323 754	311 312
Penalties (including forfeits)	50 307	74 168
Total	374 061	385 479

41 Legislative and oversight functions

Administration	13 079 075	8 414 033
Legislation and Oversight	50 931 333	44 392 329
Public and International Participation	262 871	121 253
Member's Facilities	-	-
Associated Services	4 507 193	4 379 118
Statutory Appropriation	3 411 286	2 602 837
Total	72 191 757	59 909 571

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	2021/22 R '000	2020/21 R '000
42	Taxation Revenue	
	7 103 862	4 628 473
	49 501	54 400
	7 153 362	4 682 873
43	Revenue from Exchange Transactions – Sale of goods and services	
	435 447 399	385 009 545
44	Income from Rental of Facilities and Equipment	
	2 532 552	1 771 253
	470 142	675
	2 972 128	3 201 692
	5 974 822	4 973 619
45	Interest Earned - External Investments	
	6 388 391	6 060 116
	26 291 613	26 915 141
	286 240	1 976 645
	32 966 244	34 951 902
46	Interest Earned - Outstanding Receivables	
	5 786 476	6 789 619
	37 438	42 560
	88 690	107 160
	5 912 604	6 939 339
47	Other income	
	12 661 979	16 703 394
	1 081 538	970 260
	351 166	39 653
	29 662	73 553
	78	18
	14 124 423	17 786 877
	121 027 324	102 305 765
	5 114 596	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	2021/22 R '000	2020/21 R '000
48 Employee Related Costs		
Salaries - Employees - Salaries and Wages	80 026 034	81 102 647
Salaries - Employees - UIF, Pensions and Medical Aid	9 976 313	9 847 814
Salaries - Employees - Performance and other bonuses	3 374 210	2 273 953
Salaries - Employees - Overtime payments	5 589 264	5 086 440
Salaries - Employees - Other employee related costs	21 314 118	21 503 363
Salaries - Employees - Long-service awards	65 686	72 809
Salaries - Employees - Housing benefits and allowances	2 106 953	2 161 528
Salaries - Employees - Allowances	3 943 405	3 866 716
Salaries - Benefits Paid - Post-retirement medical aid contributions	(110 270)	161 754
Salaries - Benefits Paid - Movement in long-term employee benefits	180 330	(141 657)
Salaries - Accounting Authority - Basic remuneration	129 281	128 144
Salaries - Accounting Authority - Performance awards	7 559	24 754
Salaries - Accounting Authority - UIF	585	489
Salaries - Accounting Authority - Periodic payments	939	1 325
Salaries - Accounting Authority - Pension	10 025	9 716
Salaries - Accounting Authority - Other non-pensionable allowances	22 642	21 797
Salaries - Accounting Authority - Medical	3 302	3 286
Salaries - Accounting Authority - Insurance	5 825	5 230
Salaries - Accounting Authority - Gratuities	2 285	3 388
Salaries - Accounting Authority - Compensative or circumstantial	3 005	3 381
Employee benefits expensed - liability for long service leave	3 907	13 874
Employee benefits expensed - termination benefits	1 079 488	862 794
Employee benefits expensed - Other	1 179 729	1 670 498
Movement in Provision - Provision for Performance Bonus	1 532 114	1 521 210
Movement in Provision - Provision for Leave Pay	915 992	1 527 836
Movement in Long-term Provisions - Provision for Long Service Awards	199	865
Movement in Long-term Provisions - Other Long-term employee related provisions	3 431 558	2 593 243
Total	134 794 478	134 327 198
49 Repairs and Maintenance		
Property, plant and equipment	15 889 119	15 555 867
- Land	6 839	6 493
- Buildings	3 721 643	3 057 954
- Vehicles	66 231	60 222
- Infrastructure	219 888	229 299
- Capital Work in Progress	623	1 460
- Finance Lease Assets	83	106
- Furniture & Fittings	6 687	5 059
- Plant, Machinery & Equipment	11 187 456	10 707 081
- Office Equipment	48 373	39 855
- Computer Equipment	283 257	334 204
- Aircraft	340 437	1 111 922
- Ships	7 602	2 211
Heritage Assets	-	-
Intangible Assets	311 373	323 477
Investment Property	-	-
Biological Assets	-	-
Other Assets	8 477 973	6 307 258
	24 678 466	22 186 602

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	2021/22 R '000	2020/21 R '000
50	Depreciation and Amortisation Expense	
Property, plant and equipment	65 445 816	58 782 953
Intangible assets	2 842 281	2 467 874
Investment property carried at cost	108 543	108 786
Biological assets carried at cost	-	-
Living resources	635	528
Total Depreciation and Amortisation	68 397 275	61 360 141
51	Contracted Services	
Consultants on various projects	5 129 832	2 909 844
Agency fees	2 834 685	2 814 296
Research	357 916	297 627
	8 322 434	6 021 767
52	Grants and Subsidies Paid	
Total grants and subsidies paid	20 722 826	16 418 557
53	Finance Costs	
Borrowings	50 516 005	52 140 647
Interest Charged on Overdue Trade and other payables	374 631	419 285
Finance leases	2 188 269	2 193 554
Other financial liabilities	16 204 068	17 382 690
Bank overdrafts	26 566	142 109
Total Finance Costs	69 309 539	72 278 285

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	2021/22 R '000	2020/21 R '000
54 General Expenses		
Included in general expenses are the following:		
Advertising	2 730 584	1 501 268
Admin fees	47 851 555	38 262 612
Audit fees	1 180 194	1 011 448
Bank charges	377 993	477 111
Bursaries	41 120 807	37 135 190
Cleaning	809 567	892 674
Conferences and delegations	225 800	85 226
Connection charges	172 835	182 058
Consulting fees	3 044 886	2 524 337
Consumables	432 132	406 030
Cost of sales	204 616 375	156 569 411
Debt collection commission	9 597	13 398
Departmental consumption	3 712	10 503
Entertainment	34 577	283 756
Electricity	9 171 202	7 961 218
Financial management grant	228 207	205 822
Fuel and oil	3 333 158	2 708 717
Insurance	1 228 965	1 173 605
Legal expenses	1 500 867	2 313 038
Levies paid	3 917 189	927 467
Licence fees – vehicles	19 293	14 220
Licence fees – computers	1 316 734	1 177 322
Membership fees	135 006	120 460
Movement in other provisions	(417 793)	5 120 670
Parking	27 498	24 308
Postage	187 239	89 224
Printing and stationery	381 367	312 961
Professional fees	1 677 862	1 111 335
Rental of buildings	7 354 084	7 085 477
Rental of office equipment	503 273	538 801
Rental of computer equipment	19 459	12 220
Other rentals	2 135 812	3 107 334
Security costs	3 901 851	3 770 125
Skills development levies	464 869	353 416
Stocks and material	9 349 684	7 063 585
Subscription & publication	128 747	122 160
Telephone cost	1 152 112	1 287 649
Training	904 274	432 742
Transport claims	172 303	129 942
Travel and subsistence – Local	4 743 511	3 444 805
Travel and subsistence – Foreign	55 040	23 858
Uniforms & overalls	33 733	40 168
Valuation costs	21 564	23 210
Water	415 095	844 361
Other	10 754 397	31 510 537
	367 427 214	322 405 780
55 Gain / (Loss) on Sale of Assets		
Property, plant and equipment	(3 264 291)	(1 785 248)
Intangible assets	(3 203)	(10)
Investment property	(1 826)	(4 376)
Other financial assets	504 835	268 262
Total Gain / (Loss) on Sale of Assets	(2 764 484)	(1 521 373)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	2021/22 R '000	2019/20 R '000
56 Impairment (Loss) / Reversal of impairment loss		
Property, plant and equipment	(2 396 877)	(1 892 603)
Intangible assets	(31 101)	(50 315)
Investment property	-	(26 000)
Other financial assets	(6 993 175)	(5 505 470)
Heritage assets	(295)	116
Statutory Receivables	115 804	(528 485)
Total Impairment (Loss) / Reversal of impairment loss	(9 305 643)	(8 002 757)
57 Profit / (Loss) on Fair Value Adjustment		
Investment property carried at fair value	9 778 672	-806 117
Other financial assets	(3 427 280)	(33 754 884)
Other financial liabilities	4 153 945	35 968 120
Other fair value adjustment gain/(loss)	93 362	(114 330 629)
Total Profit / (Loss) on Fair Value Adjustment	10 598 700	(112 923 510)
58 Profit / (Loss) on Revaluation of Assets		
Gain/ (loss) on revaluation of heritage assets	-	-
Gain/ (loss) on revaluation of property, plant and equipment	121 087	1 613 484
Gain/ (loss) on revaluation of investment property	-	-
Gain/ (Loss) on revaluation on other financial assets	(49 165)	(1 906 075)
Total Profit / (Loss) on Revaluation of Assets	71 922	(292 591)
59 Taxation		
Income tax expense		
South African normal taxation		
Current tax	(526 501)	(30 524 725)
Deferred taxation	299 063	24 182 381
- Movement in temporary differences	1 048 633	(1 388 493)
- Unused tax loss created	(1 079 210)	(9 241 174)
- Recognition of unused tax loss not previously recognised	4 767	4 767
- Unused tax loss utilised	(2 779)	(1 995)
- Change in tax rate	6 418	
- Other movements in deferred taxation	321 234	34 760 887
SA normal tax	(227 438)	(6 342 344)
Foreign taxation	149	87
TOTAL INCOME TAX EXPENSE	(227 289)	(6 342 257)
Tax rate reconciliation		
Accounting profit	(18 634 690)	(170 203 199)
Tax calculated at tax rate 28.00%	(5 217 713)	(47 656 896)
Tax effect of non-taxable/non-deductible items	4 973 124	41 314 639
- Dividends not taxable	(1 832 023)	(1 000 799)
- Fines not deductible	(18 924)	(23 787)
- Donations not deductible	205 586	73 487
- Depreciation not deductible	135 515	84 214
- Unused tax loss not recognised	55 794	884 630
- Other movements of non-taxable/non-deductible items	6 427 177	41 296 894
Change in taxation rate	17 300	
INCOME TAX EXPENSE	(227 289)	(6 342 257)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	2021/22 R '000	2020/21 R '000
60 Surplus / (Deficit) from discontinued operations		
Revenue	589 000	1 054 000
Net Operating Expenses Excluding Depreciation and Amortisation	(1 563 000)	(1 358 640)
Surplus / (deficit) From Operations Before Depreciation, Amortisation And Other Items	(974 000)	(304 640)
Other Income	(60)	(66)
Administrative Expenses		
Depreciation And Amortisation (impairment)/reversal Of Impairment Of Assets		
Finance Costs	(1 802)	(671)
Finance Income		
Profit/ (loss) Before Taxation	(975 862)	(305 377)
Taxation		
Surplus / (Deficit) For The Year From Discontinued Operations	(975 862)	(305 377)
61 Cash flows from operating activities		
Surplus/(deficit) for the year from:		
Continuing operations	3 651 942	(134 393 847)
Discontinued operations	(975 862)	(305 377)
Adjustment for :		
(Gain) / loss on sale of tangible Assets	3 129 253	2 655 691
(Gain) / loss on sale of Intangible Assets	(1 445 507)	(1 445 507)
Amortisation	4 219 462	4 586 662
Contribution to provisions – current	(5 358 636)	2 232 822
Contribution to provisions - non-current	(170)	361
Depreciation	64 443 485	57 013 528
Discount on bonds amortised	57 000	44 104
Dividend Income	(6 759 884)	(3 673 533)
Fair value adjustments	(8 651 397)	(1 004 714)
Fair value losses on financial instruments	(1 728 879)	(1 728 879)
Finance Costs	24 502 906	20 012 365
Finance Costs: Service Concession	(3 162 400)	(3 526 529)
Finance Income	(695 600)	(788 288)
Foreign exchange (gains)/losses on operating activities	130 419	1 226 492
Increase/(decrease) in provisions	(2 775 460)	6 686 737
Interest received-Held-to-maturity investments	(177 432)	(84 220)
Increase in provision for post-retirement benefit obligation	637 334	45 939
Movements in other employee benefit items	(435 959)	(550 101)
Movement in rehabilitation liability	9 759	79 125
Net foreign exchange losses on translation	(15 429)	12 874
Provision for inventory obsolescence	111 617	29 359
Release of firm commitments	4 930	238 433
Revaluation of Assets	97 648	148 249
Share of (income)/loss from associates and Joint Ventures	(4 495 569)	(1 655 818)
Unrealised foreign exchange losses/(gains)	174 945	(4 919 227)
Impairment loss / (reversal of impairment loss)	5 476 603	9 643 595
Service costs: Service Concession	(73 657)	(28 955)
Other non-cash item	2 260 495	(14 979 768)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	2021/22 R '000	2020/21 R '000
Operating surplus before working capital changes:	72 155 958	(57 465 888)
(Increase)/decrease in inventories	(3 230 917)	(4 718 003)
(Increase)/decrease in trade and other receivables	(31 274 866)	(6 163 812)
(Increase)/decrease in statutory receivables	(648 737)	(1 015 736)
(Increase)/decrease in other operating lease assets	153 183	(210 924)
(Increase)/decrease in prepayments	(2 199 339)	4 832 809
Increase/(decrease) in conditional grants and receipts	2 171 642	450 967
Increase/(decrease) in consumer deposits	736 848	(3 479 517)
Increase/(decrease) in deferred income	6 616 463	9 739 993
Increase/(decrease) in trade and other payables	14 627 669	(3 793 545)
Increase/(decrease) in other payables	(511 267)	(3 588 315)
Increase/(decrease) in payments received in advance	4 727 871	3 139 008
Other working capital movements	2 059 542	148 117 900
Net cash flows from operating activities	65 384 050	85 844 937

62 Change in Accounting Policy

Financial statement line items affected as a result of a change in accounting policy:

Changes in cost of sales	(707)	212
Changes in other income/(expenses)	122 706	-
Changes in Equity/Reserves	(122 752)	(77)
Changes in Non-Exchange Revenue	182 488	227 607
Change in Assets classification from Major to Minor Living Resources	2 495	-
Living Resources	-	77
Changes in Current Liability	-	4 831
Right of use land-lease	89 374	-
Change in Assets under construction	-	(4 037)
Changes in Non-Current Liability	-	37 032
Changes in Trade Receivables	36 210	11 411
Depreciation	-	(8)
Revenue Received in Advance	66 205	323
	376 019	277 370

63 Correction of Prior Period Error

The Net effect of prior period error(s) relating to the Statement of Financial Performance are as follows:

	Amount before error correction	Prior period error	Restated amount
Depreciation	10 056 407	1 604 157	11 747 303
Government Grants	(593 719)	(1 042 203)	(1 635 922)
Expenditure	54 870 833	(9 141 580)	46 502 952
Revenue	75 240 951	61 285 070	136 388 773
Net effect on surplus/(deficit) for the year	139 574 472	52 705 443	193 003 106

The Net effect of prior period error(s) relating to the Statement of Financial Position are as follows:

Property, plant and equipment	421 100 398	33 648 945	454 749 342
VAT receivable not previously recognised	(39 410)	3 236	(36 173)
Non current and current receivables	33 622 590	599 555	34 809 405
Provisions	(669 096)	260 312	(408 807)
Accruals	9 679 836	(2 224 999)	7 592 278
Other	2 519 674 865	9 500 708	2 529 176 587
Net effect on Statement of Financial Position	2 983 369 183	41 787 756	3 025 882 631

The Net effect of prior period error(s) relating to the Statement of changes in Net Assets are as follows:

Accumulated Surplus/(Deficit)	(414 306 172)	(10 184 977)	(445 880 242)
Revaluation Reserve	2 505 769 841	9 219 380	2 514 976 977
Other Reserves	(931 180)	(102 514)	(1 040 494)
Net Effect on Statement of changes in Net Assets	2 090 532 489	(1 068 111)	2 068 056 241

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

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)	Value impact of change in estimate (R '000)
Change in depreciation / amortisation resulting from reassessment of useful lives. The following categories are affected:	46 671 991	42 396 516	5 458 213
Buildings	9 182 699	9 247 795	105 659
Infrastructure assets	95 316	5 376	692
Community assets	23	23	0
Machinery	13 007 508	11 593 844	1 446 174
Office equipment	26 556	23 932	92 591
Furniture	14 974 894	12 514 082	2 522 523
Vehicles	4 886 861	4 570 179	375 830
Computer equipment	211 644	249 137	95 847
Computer software	4 285 652	4 191 506	818 431
Other intangible asset 1	396	532	136
Biological asset at cost 1	442	111	330
	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 resulting from reassessment of residual values. The following categories are affected:	32 635	35 736	4 121
Buildings	4 222	3 290	(932)
Office equipment	215	205	-
Furniture	1 010	1 002	-
Computer equipment	2 994	2 781	-
Computer software	2 203	1 831	-
	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:	-	-	327
Machinery	-	-	59
Office equipment	-	-	41
Furniture	-	-	58
Computer equipment	-	-	164
Computer software	-	-	5
	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 amortisation as a result of a change from indefinite useful life, to finite useful life intangible assets:	(406)	-	-
Other intangible asset 1	(406)	-	-
Leave pay		16	25
- Projection rate change	-	16	25

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	2021/22 R '000	2020/21 R '000
65 Fruitless and Wasteful Expenditure		
Reconciliation of fruitless and wasteful expenditure		
Opening balance -	3 245 353	3 158 148
Prior period error		48 097
As restated		3 206 245
Add: Fruitless and wasteful expenditure - current year	1 365 543	1 628 084
Add: Fruitless and wasteful expenditure - prior year	69 379	16 591
Less: Condoned or written off by relevant authority	(936 635)	(307 643)
Less: Transfer to receivables for recovery	(255 022)	(1 297 923)
Fruitless and wasteful expenditure closing balance	3 488 618	3 245 353
66 Irregular Expenditure		
Reconciliation of irregular expenditure		
Opening balance -	251 162 487	225 949 195
Prior period error		163 871
As restated		226 113 021
Add: Irregular expenditure - current year	42 483 213	42 483 213
Add: Irregular expenditure - prior year	448 321	988 892
Less: Condoned or written off by relevant authority	(2 175 097)	(18 408 088)
Less: Transfer to receivables for recovery – not condoned	(1 224 110)	(14 551)
Irregular expenditure awaiting condonement	260 934 101	251 162 487
67 Capital Commitments		
Commitments in respect of capital expenditure:		
- Approved and contracted for	99 319 649	86 754 071
Infrastructure	84 789 437	70 903 345
Community	-	358 553
Heritage	2 344	1 844
Other	14 527 868	15 490 330
- Approved but not yet contracted for	4 283 672	5 034 730
Infrastructure	1 673 581	3 042 837
Community	638 362	-
Heritage	-	87 708
Other	1 971 729	1 904 185
Total	103 603 321	91 788 801
This expenditure will be financed from:		
- External Loans	19 578 204	16 703 656
- Government Grants	41 616 412	25 225 886
- Own resources	42 408 705	49 859 259
	103 603 321	91 788 801

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	2021/22 R '000	2020/21 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	7 907 300	8 074 561
1 to 5 years	14 348 471	14 589 839
More than 5 years	31 107 556	31 988 938
	53 363 326	54 653 338
Lessor		
At the reporting date the entity had contracted with tenants for the following future minimum lease payments:		
Up to 1 year	5 241 557	5 147 271
1 to 5 years	10 498 457	14 332 150
More than 5 years	5 751 494	16 833 920
	21 491 509	36 313 341
69 Contingent Liabilities		
69.1 Guarantees		
Guarantees	1 401 273	823 709
69.2 Court proceedings		
Legal court proceedings	60 714 044	58 465 884
69.3 Insurance claims		
Insurance claims	1 070 008	1 138 203
69.4 Forensic investigation		
Forensic investigation	28 389	269
69.5 Other contingent liabilities		
Other contingent liabilities	63 381 253 384	126 316 499 096
Total contingent liabilities	63 444 467 098	126 376 927 161
70 Contingent Assets		
70.1 Court proceedings		
Legal court proceedings	3 029 890	6 215 224
70.2 Insurance claims		
Insurance claims	370 817	417 476
70.3 Forensic investigation		
Forensic investigation	-	-
70.4 Other contingent assets		
Other contingent assets	2 239 427 699	17 784 048
Total contingent assets	2 242 828 405	24 416 748

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	2021/22 R '000	2020/21 R '000
71 Contributed Capital		
Opening balance	51 255 084	53 480 133
Contributions	4 444 049	(2 225 049)
	55 699 133	51 255 084

72 Events After the Reporting Date

Adjusting events

Council for the Built Environment

The CBE lodged a claim with their employment benefits service provider for a temporarily incapacitated employee. The claim was lodged on 30 March 2022 and finalised on 17 May 2022. During the current financial year, the CBE negotiated a labour dispute with a former employee. An assessment was made by a labour law attorney of the matter being negotiated. During an EXCO (Council) meeting held on 30 May 2022, EXCO (Council) resolved that the settlement negotiation be suspended while the opinion is assessed. On 2 June 2022, the Minister appointed six members of Council. The first meeting and induction was held on 13 June 2022.

Municipal Demarcation Board

MDB has won a CCMA case which was brought on by the former Chief Executive Officer. The case referred to a dispute regarding a contract renewal. The CCMA ruled in favour of MDB and there is no liability to be paid.

Council for GeoScience

Eminent Acquisition of Assets

Acquisition of assets in support of the GeoScience program. The estimated cost for this acquisition is R5 million.

Cross-Border Road Transport Agency

Condonation Of Prior Year Irregular Expenditure

Subsequent to year end National Treasury approved a request for condonation of irregular expenditure by the Agency on 12 July 2022. Irregular expenditure which amounted to R1 323 080 was in relation to the procurement of legal services through quotation system in prior year. However, due to the complexity of the processes, the case took longer than initially envisaged and the cost of legal services exceeded the tender threshold of R500 000. The investigations have been conducted and the outcome of the investigation had recommended disciplinary steps against an employee who is no longer in the employ of the Agency. Condonation by National Treasury has resulted in the reduction of the balance of irregular expenditure at year end by R1 323 080.

Estate Agency Affairs Board and the Controlled Entity

During March 2022, the Chief Executive Officer - Mamodupi Mohlala-Mulaudzi was placed on precautionary suspension.

Isimangaliso Wetland Park Authority

Procurement restrictions: During the year, National Treasury issued a circular relating to Preferential Procurement Regulations, 2017-Minister of Finance v Agribusiness NPC (2022) ZACC 4. This circular effectively frozen any procurement of goods and services for value above R30 000. After year end, the Authority received an exemption to allow the procurement of goods and services which were prohibited by the circular mentioned above.

Mine Health and Safety Council

The process to purchase a building is at an advanced stage before the expiry of lease in November 2022. The estimate of the financial effect could not be made at the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

National Credit Regulator

The entity received prior year irregular expenditure condonation amounting to R7million after 31 March 2022. This irregular expenditure existed, for which the entity has requested condoning at year end. The receipt of the letter of condonation from National Treasury that occurred between the reporting date and the date when the financial statements are authorised for issue, provided evidence of this condition that existed at reporting date. Due to the significance of the item, adjustments were made as reported in the irregular expenditure note in the AFS.

National Home Builders Registration Council

"The following events occurred subsequent to 31 March 2022 but prior to reporting date:

On 29 April 2022 Council resolved to approve a 7.5% salary increment for employees for the 2020/21 financial year in line with the 3- year wage agreement amounting to R30 502 207,46 for the 2020/21 financial year and R29 608 742,29 for the 2021/22 financial year.

On 17 May 2022 the Council approved a 6% salary increment for employees for the 2021/22 financial year to finalise the 3- year wage agreement amounting to R25 463 518.

Additionally on 17 May 2022 Council resolved to approve a 4.4% salary increment for management for the (Grade 1-6) for the 2020/21 and 2021/22 financial year amounting to R1 201 990,91 for 2020/21 financial year and R1 284 198,65 financial year.

NHBRC was made aware of a new litigation claim amounting to R79 million during May 2022. "

National Lotteries Commission

A CCMA matter between NLC and two Labour Unions was finalized after year end in favour of the Labour Unions. The CCMA ruled that a total amount of R 1 858 232,30 be paid to the Labour Unions. A total liability of R1 858 232,30 has been raised to this effect.

Council for the Built Environment

The CBE lodged a claim with their employment benefits service provider for a temporarily incapacitated employee. The claim was lodged on 30 March 2022 and finalised on 17 May 2022. During the current financial year, the CBE negotiated a labour dispute with a former employee. An assessment was made by a labour law attorney of the matter being negotiated. During an EXCO (Council) meeting held on 30 May 2022, EXCO (Council) resolved that the settlement negotiation be suspended while the opinion is assessed. On 2 June 2022, the Minister appointed six members of Council. The first meeting and induction was held on 13 June 2022.

Municipal Demarcation Board

MDB has won a CCMA case which was brought on by the former Chief Executive Officer. The case referred to a dispute regarding a contract renewal. The CCMA ruled in favour of MDB and there is no liability to be paid.

Council for GeoScience

Eminent Acquisition of Assets

Acquisition of assets in support of the GeoScience program. The estimated cost for this acquisition is R5 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

Cross-Border Road Transport Agency

Condonation Of Prior Year Irregular Expenditure

Subsequent to year end National Treasury approved a request for condonation of irregular expenditure by the Agency on 12 July 2022. Irregular expenditure which amounted to R1 323 080 was in relation to the procurement of legal services through quotation system in prior year. However, due to the complexity of the processes, the case took longer than initially envisaged and the cost of legal services exceeded the tender threshold of R500 000. The investigations have been conducted and the outcome of the investigation had recommended disciplinary steps against an employee who is no longer in the employ of the Agency. Condonation by National Treasury has resulted in the reduction of the balance of irregular expenditure at year end by R1 323 080.

Estate Agency Affairs Board and the Controlled Entity

During March 2022, the Chief Executive Officer - Mamodupi Mohlala-Mulaudzi was placed on precautionary suspension.

Isimangaliso Wetland Park Authority

Procurement restrictions: During the year, National Treasury issued a circular relating to Preferential Procurement Regulations, 2017-Minister of Finance v Agribusiness NPC (2022) ZACC 4. This circular effectively frozen any procurement of goods and services for value above R30 000. After year end, the Authority received an exemption to allow the procurement of goods and services which were prohibited by the circular mentioned above.

Mine Health and Safety Council

The process to purchase a building is at an advanced stage before the expiry of lease in November 2022. The estimate of the financial effect could not be made at the reporting date.

National Credit Regulator

The entity received prior year irregular expenditure condonation amounting to R7million after 31 March 2022. This irregular expenditure existed, for which the entity has requested condoning at year end. The receipt of the letter of condonation from National Treasury that occurred between the reporting date and the date when the financial statements are authorised for issue, provided evidence of this condition that existed at reporting date. Due to the significance of the item, adjustments were made as reported in the irregular expenditure note in the AFS.

National Home Builders Registration Council

"The following events occurred subsequent to 31 March 2022 but prior to reporting date:

On 29 April 2022 Council resolved to approve a 7.5% salary increment for employees for the 2020/21 financial year in line with the 3- year wage agreement amounting to R30 502 207,46 for the 2020/21 financial year and R29 608 742,29 for the 2021/22 financial year.

On 17 May 2022 the Council approved a 6% salary increment for employees for the 2021/22 financial year to finalise the 3- year wage agreement amounting to R25 463 518.

Additionally on 17 May 2022 Council resolved to approve a 4.4% salary increment for management for the (Grade 1-6) for the 2020/21 and 2021/22 financial year amounting to R1 201 990,91 for 2020/21 financial year and R1 284 198,65 financial year.

NHBRC was made aware of a new litigation claim amounting to R79 million during May 2022. "

National Lotteries Commission

A CCMA matter between NLC and two Labour Unions was finalized after year end in favour of the Labour Unions. The CMMA ruled that a total amount of R 1 858 232,30 be paid to the Labour Unions. A total liability of R1 858 232,30 has been raised to this effect.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

National Radioactive Waste Disposal Institute

"Condonation Of Irregular Expenditure:

In the 2021/22 financial year, a variation to an order which was placed for the services of a labour and employment law specialists was not approved prior to the additional service being rendered and this resulted in the entity incurring irregular expenditure in the amount of R102 251. A formal request for condonation of the irregular expenditure was sent to National Treasury in March 2022 and in June 2022, subsequent to the year end, National Treasury informed NRWDI that the irregular expenditure of R102 251 was not condoned as the entity did not obtain prior approval from the National Treasury. NRWDI was accordingly requested by National Treasury to ensure that paragraph 56 (a-h) of the Irregular Expenditure Framework is complied with."

Onderstepoort Biological Products SOC Ltd

The effect of COVID-19 did not materially affect the entity. The country remains on alert for the possibility for the spread of the disease and the possibility of another variant causing a new wave. The current global turmoil has impacted on imported materials.

Railway Safety Regulator

25 May 2022 the RSR cancelled a significant contract. This contract related to the development of a new technology platform/solution (NIMS Next Generation). The contract had a remaining value of R12.4 million and the Annual Financial Statements have been adjusted to take account of this cancellation.

South African Civil Aviation Authority

The Board is not aware of any significant events that occurred after the reporting date that were not adjusted or disclosed in the annual financial statements. Furthermore, and except for the matters referred to in the going concern paragraph, management is not aware of any circumstances that exist that would impede the SACAA's ability to continue as a going concern.

South African Diamond and Precious Metals Regulator

"The Board of SADPMR took a decision, on 29 April 2022, to discontinue levying of penalties for licensees who defaulted on submission of J-Registers. The practice of levying penalties to defaulting licensees was as a result of incorrect application of legislation. Revenue billed on penalties was derecognised because of the decision and the contingent liability has been raised for all receipts resulting from penalties in line with GRAP 3.

South African National Accreditation System

The National Treasury forwarded approval of the condonation of the irregular expenditure on 06 May 2022. Since this related to information at reporting date, the irregular expenditure Note was updated as an adjusting event.

South African National Roads Agency Limited

"In January 2020, the Board resolved that consulting engineers that performed the design of a construction project may not participate in the evaluation of the same construction tender, due to the perceived conflict of interest. In February 2022, the Board did not approve the award of the following priority multi-billion projects due to the non-compliance with the Board resolution and other irregularities identified:

- The EB Cloete interchange improvement in KZN
- Mtentu River Bridge
- Rehabilitation of the R56 Matatiele to KZN border; and
- Ashburton interchange on the N3 route.

The fifth tender is the open road tolling (ORT) tender which lapsed at end of March 2022. These five tenders have not been awarded, they were cancelled and will be re-advertised in the 2023 financial year. The publication of the cancellation was done in May 2022. It is acknowledged that the re-tendering process will delay the expenditure and the much-needed economic stimulus of the projects.

On 16 February 2022, the Constitutional Court ruled that the 2017 Preferential Procurement Regulations are invalid. Subsequently, on 25 February 2022, National Treasury published an instruction to all organs of state on the impact of the Constitutional Court ruling. On 3 March 2022, National Treasury issued an advisory note on the matter, indicating that organs of state may request exemption from the provisions of the Act for a specific procurement or category of procurement regulations. The National Treasury then issued the draft Preferential Procurement Regulations 2022 on 10 March 2022 for public comments. SANRAL submitted its application for exemption on 30 March 2022 and the exemption was granted on 8 April 2022. The exemption is only granted until the earlier of the publication of the new Regulations or the suspensive condition is confirmed by the Constitutional Court.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

South African Tourism

The South African Tourism Board term ends at the end of May 2022. Acting Chief Executive Officer, Mr Themba Mzilikazi Khumalo is currently appointed as the accounting authority by the Minister of Tourism Ms Lindiwe Nonceba Sisulu.

Telkom SA Limited

"Spectrum Auction: The litigation referred to in note 22.2, which was scheduled for hearing in the High Court in early April 2022, was settled amicably between the two parties on 8 April 2022 resulting in the R1 142 million being paid by Werksmans Attorneys to ICASA on 6 May 2022.

Divisionalisation Of Yellow Pages (Pty) Ltd: The Telkom Board approved an in-principle decision to divisionalise one of its 100% owned subsidiaries, Yellow Pages (Pty) Ltd, into the Telkom Consumer business unit. It is envisaged that this process will have a positive impact on the operational efficiency of the Group. The process is expected to commence in FY2023, after the implementation plans have been finalised.

Universal Service and Access Fund

Court judgement went in favour of a defendant and USAF was required to pay the amount owed for work done and invoiced by Latavia (the Defendant) for DTT/BDM STB installations. The amount due according to the court ruling included an interest charged at a court determined rate (mora rate) for the period when the invoices in question were due and payable, i.e., work was performed and invoiced, to the date when the payment in accordance with the court order was made.

Thus, adjustments have been affected in the annual financial statements under accounts payable and accrued interest expense for the current and comparative year. Opening balances have been restated.

Water Research Commission

During the 2021/2022 financial year a former employee of the Water Research Commission (WRC) resigned citing constructive dismissal, upon which the matter was referred to the Commission for Conciliation, Mediation and Arbitration (CCMA) for conciliation and arbitration. The parties were able to reach a settlement without the need of arbitration and on the 5 May 2022, the CCMA confirmed the settlement agreement, by issuing an award of R452,860 in favour of the former employee. The annual financial statements have been adjusted accordingly. Research project commitments comprise of projects approved by the executive management and include those that were signed after year end (R 47,620,000) and contracts that are in the process of being signed by all contracting parties but for which terms and conditions.

Government Technical Advisory Centre (GTAC)

During the 2021/22 financial year, GTAC were in the process of applying for irregular expenditure condonement and as at 31 March 2022 the conditions existed relating to the application of condonement of Irregular expenditure. The approval has been received on the 30 June 2022, and the Annual Financial Statements are authorised for issue on the 31 July 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

Non-Adjusting events

In October 2022 the Minister of Finance announced an additional allocation in the Second Special Appropriation Bill (2022) totalling R30 billion which was specifically and exclusively appropriated for the following:

- R3,4 billion to Denel Limited for the implementation of the turnaround plan.
- R2,9 billion to Transnet Limited for the acceleration of repair and maintenance of locomotives.
- R23,7 billion to the South African National Roads Agency Limited for debt redemption fund.

In the 2022 MTBPS, the gross borrowing requirement for 2022/23 was projected to be R411.2 billion. As at 31 October 2022, a total R11.4 billion was raised through net domestic short-term loans, R210.0 billion was raised through net domestic long-term loans (inclusive of redemptions and switches) and a foreign market loan of US\$3.1 billion (equivalent to R46.6 billion). In addition, government received a euro loan of €391 million (equivalent to R6.8 billion).

The foreign market loan was raised in two tranches comprising US\$1.4 billion from 10-year notes (maturing in 2032) as well as US\$1.6 billion from 30-year notes (maturing in 2052).

Government received a further US\$100 million (equivalent to R1.485 billion) disbursement from the New Development Bank (NDB) under the NDB National Non-Toll Road Management Programme Loan Agreement, Tranche B maturing in 2046.

In addition, government also received a €391 million Covid-19 Emergency Response Project Loan from The World Bank. This loan was issued in two tranches, raising €238 million (equivalent to R4.130 billion) received on 16th September 2022 and €153 million (equivalent to R2.661 billion) received on 22nd September 2022; both maturing in November 2035.

In the 2022 MTBPS, it was also announced that government plans to take over a portion of Eskom's R400 billion debt in order to allow the entity to implement planned capital investment and critical maintenance and ensure that Eskom no longer relies on government bailouts. The National Treasury is leading a process to finalise the debt relief programme and specific details on this programme will be announced in the 2023 Budget.

On 20 May 2022, S&P revised South Africa's credit rating outlook to positive from stable, while affirming the long term foreign and local currency debt ratings at 'BB-' and 'BB', respectively. According to S&P, recent favourable terms of trade in South Africa have improved the external and fiscal trajectory, while the country's reasonably large net external asset position, flexible currency and deep domestic capital markets provide strong buffers against shifts in external financing. In addition, the agency expects South Africa to post a current account surplus in 2022 for the third consecutive year, as prices for key metals and mining exports have risen significantly since the start of the Russia-Ukraine conflict.

On 7 July 2022, Fitch affirmed South Africa's long term foreign and local currency debt ratings at 'BB-' and maintained a stable outlook. The affirmation takes into consideration that government's debt trajectory is lower than previously anticipated as well as recent improvements in several key credit metrics, including the current account balance. However, the agency anticipates debt stabilisation to remain a challenge.

African Renaissance International Cooperation Fund

The entity has a newly appointed Accounting Authority Mr Zane Dangor from the 1 April 2022. The recruitment process was performed during the current financial year. Amongst other duties he will also serve as the chairperson of the ARF Advisory Committee. The Executive Authority is aware of this matter which arose after the reporting date and will not require adjustment to the financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

Property Management Trading Entity

Kwazulu-Natal Province was severely affected by rainfalls in the month of April. The flooding resulted in damage to state owned properties under the custodianship of PMTE. Due to the flooding occurring after 31 March 2022, this is a non-adjusting post balance sheet event and thus no adjustment is to be made to the financial statements.

Council for Medical Schemes

Irregular expenditure amounting to R14 549 065 was submitted for condonation during the year to National Treasury. R12 969 145 of this amount was condoned by National Treasury.

Food and Beverages Manufacturing Industry SETA

Post year-end, the SETA subsequently received approval for condonation of irregular expenditure from National Treasury amounting to R3.3m which was approved for removal by the Accounting Authority at year-end.

Insurance Sector Education and Training Authority

During the reporting period, management commissioned an investigation into a discretionary grant contract which was reported to have been allocated funding to a fictitious company. As at 31 March 2022, the investigation was still in progress. The investigation was concluded after year-end (i.e., 31 March 2022) but prior to the publication of the annual financial statements. The details of the financial implications on the fictitious contract are disclosed under Note 30.

It was further reported from the investigation report that the fictitious company was awarded two additional contracts. Management has referred these contracts for further investigation and determination on any possible financial implications.

National Development Agency

An amount of R227 399 for irrecoverable lease deposits relating to the 2016-17 and prior financial years was approved for write-off by the Accounting Officer due to non-collection, and subsequent prescription of debt.

National Economic Development and Labour Council

Nedlac applied for condonation of various Irregular expenditure amounting to R19 588 781. The approval was received on 4 April 2022, however this is considered as an adjusting event after reporting date as all conditions that triggered the process of the condonation of irregular expenditure at year end were met.

Apart from the above, members are not aware of any matter or circumstance arising since the end of the financial period.

National Health Laboratory Service

There are 2 litigation/possible litigation matters that were concluded after 31 March 2022. Both these matters have had a positive outcome for the NHLS and has been included for disclosure under Note.33 as NHLS commitments.

A litigation matter regarding COVID-19 irregularities has received a judgement, this matter has been disclosed under Note.34 as a contingent asset.

National Library of South Africa

Subsequent to year end, SABINET (Pty) Ltd concluded the valuation of the shares held as of 31 March 2022. The share value was confirmed at R7.20 and no adjustments made to the fair value of the financial assets.

South African Library for the Blind

During the 2021/22 financial year, two cases of alleged fraud were reported within the organisation. The board engaged forensic auditors to investigate these matters. The cases were still pending at the end of the 2021/22 financial year and the full amount presumed to have been embezzled could not be quantified as at financial year end. The library has thus far identified an amount of R376 727 of suspicious transactions for the 2021/22 financial year which are still being investigated. To this effect, a deposit of R188 306 was received from one of the cases mentioned above and is disclosed as amount recovered from the loss in the Annual Financial Statements pending the outcome of the investigation. The affected prior year balances will also be restated accordingly when the investigation is finalised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

Human Sciences Research Council

On 5th April 2022, the HSRC board approved a once-off payment and 4% cost of living adjustment effective from the 1 April 2021 amounting to R16.97 million of accrued staff costs that has been adjusted for in the financial statements.

Wholesale and Retail Sector Education and Training Authority

Included in the commitment register are contracts that expired after the 31st of March 2022. These contracts amount to R5 million (2021: R270 million) and have subsequently expired.

Airports Company of South Africa SOC Ltd

"On or about 1 August 2017, the Johannesburg High Court granted African Harvest Strategic Investments (Pty) Ltd and Up-front Investments 65 (Pty) Ltd (Minorities) a court order for Airports Group South Africa SOC Limited (the Group) to purchase its shares in the Group for an amount to be determined by a referee. Such referee concluded its valuation on 26 February 2018, after which the Minorities brought an application to make the valuation an Order of Court. The Group opposed this application based on it being fundamentally flawed, irrational and detrimental to other shareholders. Additionally, the Minister of Transport, as the Group's majority shareholder, brought an application to rescind the order of 1 August and 21 December 2017 on the basis that, inter alia, it contravened the Public Finance Management Act, the Companies Act and the Group's Memorandum of Incorporation. The rescission application was heard in October 2019 and on 17 July 2020, the Johannesburg High Court found that the rescission application succeeds on the grounds that:

- it is just and equitable to do so; and
- the settlement agreement is unlawful and cannot be allowed to be enforced by the courts simply because it was agreed to.

The Minorities are liable for costs.

The Minorities launched an application for leave to appeal to the Supreme Court of Appeal (SCA) the rescission application that was awarded in favour of the Minister of Transport by the Johannesburg High Court. The application for leave to appeal was successfully granted in favour of the Minorities.

The appeal of the rescission order, dated 15 July 2021, was dismissed on 10 April 2022. The Minorities have to date not pursued the matter further. The valuation therefore has no legal status.

The long-stop date for the sale of the Group's stake in Aeroporto de Guarulhos Participações S.A. (GRUPAR) expired on 14 July 2022, after lenders of the prospective buyer, Investimentos e Participações em Infraestrutura S.A. (INVEPAR), declined to approve the consummation of the transaction per the provisions of the sale purchase agreement (SPA) concluded with INVEPAR.

As a result, the SPA has lapsed. Furthermore, the obligations of the concession, including possible equity calls, will revert to the Group.

This has been assessed as a non-adjusting event after reporting date, as the SPA was valid at the reporting date and the long-stop date had not lapsed.

Air Traffic and Navigation Services Company SOC Ltd

"A key customer for the entity announced that it is to be liquidated. The customer had been on business rescue since the beginning of the COVID-19 pandemic. This is a non-adjusting event as it happened after year-end and the amount owed at the end of March 2022 was paid in April 2022.

The entity fulfilled the conditions required to access the loan facility of R500 million secured with a Lender. The loan facility has been secured to fund the capital expenditure of the entity."

Amatola Water

An Interim Chief Executive Dr Linda Makuleni was appointed effective from 15 August 2022.

Bloem Water

The Minister of Water and Sanitation disestablished Sedibeng Water and transferred its staff, assets and liabilities into Magalies Water and Bloem Water from 1 August 2022. This could have a material impact on going concern assumptions and the impact will still be assessed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

Brand SA

In 2021, Brand South Africa received communication about contravention of the Employment Equity Act as a result of non-submission of Employment Equity Plan as well as the submission of inaccurate Employment Equity plans for the period dating from 2017, 2018 and 2019.

At year end, the Department of Employment and Labour filed a case with the Labour Court for Brand South Africa to be fined R1,530,000 in line with the Employment Equity Act Sanctions. Brand South Africa had filed a notice to abide by the court ruling.

On 12 July 2022, an out of court settlement was reached with the Department of Employment and Labour for Brand South Africa not to pay the fine and rather make use of the Department's database on the recruitment of selected positions and internship program.

A provision of R1,530,000 future employee costs was made for the fines and penalties on the 2021/22 financial statements, however, no cash payments will be made as a result of the out of court settlement referred to above.

Broadband Infraco

The term for the Chief Financial Officer, Ian Van Niekerk ended on 30 April 2022. The board has appointed an interim Chief Financial Officer, Boitumelo Mabusela, from 1 June 2022. This will not have an impact on the operations of the Company.

Community Schemes Ombud Services (CSOS)

"Levies received from 01 April to 07 April 2022 were analysed, using the levy schedule provided by the community schemes to determine the amount of levies that relate to the quarter under review. The amounts are as per the disclosure in the note 4 on Statutory Receivables (Receivables from non-exchange transactions).

During July 2022, the court has found in favour of the CSOS with respect of the Stonehurst matter disclosed under contingent liabilities, accordingly the CSOC exposure for the R133,963.79 contingent liability previously identified is no longer probable."

Driving License Card Trading Account

"Surplus Retention and Surrender

The 2020/2021 surplus retention of R276,237,000.00 was partially approved for R200,000,000.00 on 24th June 2022. DLCA is to repay R76,237,000.00 to National Treasury by 15th August 2022.

Impact Of Covid 19

The Entity has determined that these events are non-adjusting subsequent events. The duration and impact of the COVID 19 pandemic, as well as the effectiveness of the government responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and the results of the Entity for future periods."

Equalization Fund

On 31 March 2022, both the Ministers of Finance and Mineral Resource and Energy announced short-term relief measures to address the fuel price increases, which outlines various proposals and one includes the termination of Demand Side Management Levy (DSML) by 01 June 2022, however, this does not have a financial impact on the Fund or CEF (as DSML is managed by CEF). As part of the same joint media statement, the Minister of Mineral Resources and Energy proposed that the revenue foregone for the months of April and May 2022 would be recouped through the sale of strategic crude oil reserves held by the SFF NPC and that the sale would be required to raise around R6 billion. The legislative requirements for the sale of the strategic oil reserves requires authorisation by the Minister of Mineral Resources and Energy, with the concurrence of the Minister of Finance, in terms of the Central Energy Fund (CEF) Act (Act No. 38 of 1977).

Funds from the sale must be deposited into the Equalization Fund. The Minister of Finance and the Minister of Mineral Resources and Energy have the authority to approve the release of funds from the Equalization Fund into the National Revenue Fund in terms of the Act. They are expected to do so during the 2022/23 fiscal year.

Export Credit Insurance Corporation of South Africa Limited

One of the projects in the mining sector had experienced challenges in respect of the low quality of the diamonds mined and low quantity of the reserves, which were exacerbated by COVID-19 resulting into unsustainable low market price. The project had to be placed under care and maintenance. At reporting date, an IBNR reserve was raised for the project since there was no default event yet. Post year-end, the Corporation received and paid a claim of \$56 million excluding VAT which was fully provided for in the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

Housing Development Agency

On 11 May 2022 the Cabinet approved the appointment of Bhekuyise Khenisa as CEO and Joy Masemola as CFO of the Agency. Mr Khenisa commenced his duties on 01 June 2022 and Ms Masemola commenced her duties on 01 July 2022. On 08 June 2022, the Minister appointed Mr N Vimba to the HDA Board.

Independent Communications Authority of South Africa (ICASA)

In May 2022, the ICASA Council decided to no longer pursue the contingent asset case as the employee passed away. The performance rewards for the 2020/21 financial year is still under consideration by the ICASA Council. A proposal was presented to the ICASA Council by the HR&REMCO in July 2022.

Industrial Development Corporation of South Africa Limited

Listed portfolio

The value of the Group listed shares decreased by R12.2 billion to R55 billion between the financial year end and signing of the financial statements on 30 August 2022.

Flooding in Kwa-Zulu Natal and the Eastern Cape

In April 2022, large parts of Kwa-Zulu Natal and certain areas in the Eastern Cape received significant amounts of rainfall in a small period of time resulting in wide-spread floods. This significantly impacted lives, livelihoods, business-in-general and IDC clients located in those areas. The financial impact of the damage is yet to be quantified. In response to the flooding, the IDC established a rapid relief package of R500 million to support those impacted by the floods. The IDC has approved R187.6 million in loan funding and R66.3 million in grant funding to date.

Inkomati-Usuthu Catchment Management Agency

"RECOVERY OF FRUITLESS AND WASTEFUL EXPENDITURE

Management successfully recovered an amount R18,209 forming part of reported fruitless and wasteful expenditure. The amount was recovered following an extensive assessment of liability as well as recoverability.

CONDONATION OF IRREGULAR EXPENDITURE

National Treasury issued a letter dated 30th of June 2022 wherein they condoned the write off expenditure of R15,421,608 incurred as a result of contravention of National Treasury Instruction Note 3 of 2016/17, paragraph 9 on the contract variation of office space.

The Governing Board in their sitting held on the 27th of July 2022 resolved to recommend to National Treasury condonation and write off R494,934 incurred as a result of international trips approved in contravention of approved Human Resource Development policy as well as National Treasury Instruction No 2 of 2017/18 Section 8.15."

International Trade Administration Commission

The Chief Commissioner, Mr M Nzimande resigned from ITAC on 30 April 2022.

Lepelle Northern Water

The Members of the Board appointed Chief Executive Officer, Dr Cornelius Ruiters with effect from 1 July 2022.

Magalies Water

On 26 July 2022, the Minister of Water and Sanitation disestablished Sedibeng Water Board and Gazette 47094 was published to this effect. Sedibeng Water was disestablished on 31 July 2022. In terms of the Gazette, all assets, liabilities and employees of Sedibeng Water Board in North West province will be transferred to Magalies Water. The date of transfer of assets, liabilities and employees from Sedibeng Water to Magalies Water was 1 August 2022. The area of operation of Magalies Water has been extended to include area of operation previously serviced by Sedibeng Water.

Magalies Water will service customers previously serviced by Sedibeng Water in North West province. The impact of transfer of assets, liabilities and employees of Sedibeng Water to Magalies Water will be accounted for in 2022/23 financial year as the disestablishment occurred after 2021/22 financial year end.

Media Development Diversity Agency

MDDA operates from a leased building at No. 5 ST David Park, Parktown, Johannesburg.

On 14 April 2022 MDDA has received an intention by the land to terminate the lease agreement since they intend to utilise the building for different purpose. On 30 May 2022, MDDA has received a three months' notice building lease

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

termination notice from the new landlord for the cancelation of building lease.

An estimate of the financial effect on lease termination will be as follows:

- Leasehold improvements will be impaired By R122 741.90.
- Deferred lease liability will be reduced by R316 970 to R0.
- Operating lease commitments disclosure of minimum payments within one year will be reduced from R1 429 737 to R613 430.37.
- Operating lease commitments disclosure of minimum payments for second to fifth year will be reduced from R2 983 530 to R0.

National Agricultural Marketing Council

"Subsequent to the reporting period, NAMC received a summon from the Regional Court in Gauteng. The summon is as a result of the contract that was terminated by NAMC. This contract was in relation to provision of company secretarial functions by Athari Sourcing Group. The service provider is claiming R360 000 for services rendered according to the signed SLA, cost of suite, 7% interest and further/alternative relief.

Ports Regulator of South Africa

On 11 April 2022, the KwaZulu-Natal province experienced heavy rainfall, which resulted in flooding and destruction of infrastructure including roads, electricity, water, houses and many other properties owned by both private and public sector as well as property belonging to private individuals. Following that, there was a state of disaster declared for the province. This did not directly affect the Ports Regulator of South Africa staff nor had an impact on business continuity of the Ports Regulator.

Rand Water

"Reconfiguration of Rand Water and Magalies Water

On 15 July 2022 the Minister formally communicated the intention to embark on the proposed reconfiguration of Rand Water and Magalies Water to improve the institutional landscape in the water sector. The main objective of the reconfiguration is to ensure a clear provincial institutional accountability in order to address the confusion caused by having multiple Water Boards serving the same areas. The proposed reconfiguration is intended to have the following impact:

- Rand Water infrastructure, assets and contracts in the North West Province should be transferred to Magalies Water.
- Magalies Water infrastructure, assets and contracts in the Gauteng Province should be transferred to Rand Water.

The Group notes that the reconfiguration does not impact the requirement for Rand Water to continue servicing the Mpumalanga and Metsimaholo Municipality as well as the Ngwathe Municipality in the Free State Province. The full impact of the reconfiguration is still to be determined.

Irregular Expenditure - Condonations : On 27 July 2022, National Treasury condoned an Irregular expenditure amounting to R110 million, effectively reducing the Irregular expenditure balance to R3 284 million.

Road Traffic Infringement Agency

The followings are the non-adjusting transactions that occurred after year-end:

- The allocation of budget for 2022/23 decreased from R174 million to R159 million in anticipation of the new revenue streams once AARTO is fully implemented.
- The Minister of Transport had announced that AARTO rollout will be implemented in four phases and the activities could not be completed and were put on hold pending the decision to appeal at the Constitutional Court.
- The Agency intends to establish 37 AARTO service outlets and to AARTO procure mobile busses in all nine provinces.
- The Department of Transport has embarked on the process of rationalisation of the overlapping entity mandates within the transport fraternity to build one common entity.

Small Enterprise Development Agency

The Minister of Small Business Development appointed a new Board for SEDA from 1 May 2022.

The cabinet has approved the 20 months extension period for the merging of the two entities - the Small Enterprise Finance Agency (SEFA) and Cooperative Banks Development Agency (CBDA) - into the Small Enterprise Development Agency (Seda). The merger was initially set to be effective from 1 April 2022. The approved extension will enable the Department of Small Business Development to finalise the legislative review to provide a proper legislated and policy environment that allows the formation of the single entity - SEDA.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

South African National Roads Agency Limited

In April 2022, SANRAL experienced severe road infrastructure damage due to floods in the KwaZulu Natal and Eastern Cape provinces on national routes N2 and N3. The engineers have preliminarily estimated the damage to SANRAL's roads and structures at R803 million from the Eastern Region of the entity. The Minister of Transport suspended toll fees on the Tongaat and Mvoti toll plazas with effect from 23 April 2022 until such time that alternative roads under provincial government (R102) and municipal government (M4) are fully repaired and operational. As a result, SANRAL will lose about R7.686 million per week on these two toll plazas for 10 to 16 months. The loss in toll fees (R397 million, excl VAT) will place further pressure on the already severely constrained SANRAL toll portfolio and, as a result, the SANRAL toll portfolio will need to be compensated for actual toll revenue shortfall by transfers from the SANRAL non-toll portfolio. SANRAL was also appointed as an implementing agent for the rehabilitation of the damaged provincial and municipal roads in the affected provinces. An additional budget is expected from government for these non-SANRAL road damages.

On 7 April 2022, Moody's Investors Service affirmed SANRAL's long term government support rating of Ba3 and long-term national scale credit to A1.za and changed the outlook to stable from negative.

Amendment Of Bakwena Concession Contract

On 30 May 2022, the Board approved the sixth amendment to the Bakwena Platinum concession contract which approved available reserves within adjustment account to be utilised to address shortfalls as a result of the non-CPI adjustment of toll tariffs at the Swartruggens plaza, as required in terms of the concession agreement. The adjustment account would belong to SANRAL. The account would also cover the amount SANRAL was attempting to claim from the Department of Transport, whom SANRAL on-charged for the non-CPI adjustment of the Swartruggens toll tariffs. The sixth amendment therefore reimburses SANRAL with R274 million for payments made to the concessionaire due to the non-CPI adjustment of Swartruggens toll tariffs since 2013. The adjustment account is funded from the difference between the actual base toll tariff (as declared by the Minister of Transport) and the adjusted base toll tariff that is being charged and collected. The balance of the adjustment account was R555 million at 30 May 2022 respectively. Additional GFIP Allocation

On 26 July 2022, SANRAL received approval from the Department of Transport to un-earmark R3.74 billion of its non-toll allocation and transfer it to the toll portfolio. This is based on the application made by the entity in April 2022 to cover the shortfall in revenue collection of the Gauteng Freeway Improvement Project (GFIP). During July 2022, SANRAL used its available cash balance in the toll portfolio to redeem the maturing HWF11 and HWF12 bonds, to the value of R3.65 billion. The approval of the un-earmarking will assist with the maturing bonds in October and November 2022 and will ensure the portfolio has sufficient funds to meet operational and debt service obligations to the end of December 2022. Subsequent to the Minister of Finance approving borrowing limits, but pending confirmation by the Minister of Transport to SANRAL of the final outcome due to the fact that the amount of the borrowing limit is still being considered by the Ministers of Finance and Transport on request of SANRAL and its shareholder, SANRAL has applied for a further R1.8 billion (incl VAT) to be transferred from non-toll to ensure all obligations can be met till the end of the financial year. The final resolution of the GFIP will determine the future of the portfolio and provide certainty on road funding going forward.

South African Nuclear Energy Corporation Limited

Pharmatopes AFS

A resolution was taken on 30 May 2022 to liquidate and de-register the company.

South African Post Office Limited

A non-adjusting event occurred after year-end. The Company issued instructions for withdrawals from the PRMA portfolio totalling R502 728 984. The intention of the withdrawal was to move the funds from Other financial assets to a Call account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

South African Tourism

The South African Tourism Board term ends at the end of May 2022. Acting Chief Executive Officer, Mr Themba Mzilikazi Khumalo is currently appointed as the accounting authority by the Minister of Tourism Ms Lindiwe Nonceba Sisulu.

Telkom SA Limited

APPOINTMENT OF NON-EXECUTIVE DIRECTOR

Telkom announced on 26 April 2022 that Mr Sung Hyuck Yoon had been appointed to the Board of Directors as an independent Non-executive Director with effect from 1 May 2022

Universal Service and Access Fund

On the 28th of June 2022 the Constitutional Court declared the 30th of June 2022 Analogue Switch-Off (ASO) date irrational and unlawful, setting aside a High Court ruling that set the deadline for ASO to the 30th of June 2022. Thus, no adjustments were made in this regard and there are not financial implications expected from this matter. The impact of the Constitutional Court declaration/judgement relates to the delays that will be experienced with the migration to digital TV and freeing up of the much-awaited spectrum. This may have a negative impact on the digital dividend and economic growth for the country

Water Trading Entity

On Tuesday, the 7th of June 2022, the National Treasury condoned the irregular expenditure previously incurred by the Department's Water Trading Entity in the amount of R 540.352 Million, this was after the entity complied with paragraph 56 (a-h) of the Irregular Expenditure Framework and section 38(1)(e)(iii) of the Public Finance Management Act.

Boxing South Africa

Mr. T Moses the Chief Financial Officer have resigned from the entity effective from 23 May 2022, Mr K Mamosadi was appointed as Acting Chief Financial Officer until further notice.

Chemical Industries Education and Training Authority

Subsequent to year end the CHIETA Accounting authority in its meeting held 30 May 2022, wrote-of irregular expenditure totalling R15,277 in accordance with clause 47 (c), 62,63 & 64 of the National Treasury Irregular Expenditure Framework

Commission for Conciliation, Mediation & Arbitration

Mr. N Moloto resigned from Governing Body with effect from 1 April 2022. Accordingly, the Minister of Employment and Labour has appointed Mr. W Dinwa, effective 20 April 2022, to replace Mr N Moloto.

Mr. V Makaleni, an independent member of the Audit and Risk Committee, resigned from the committee on 30 April 2022. Processes of recruiting a new member are currently underway.

Construction Education and Training Authority

CETA entered into office lease contracts in April and May 2022 for the Cape Town and Polokwane regional offices respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

Financial and Accounting Services SETA

At reporting date, awards amounting to R 113 408 814 were still in process of being awarded and confirmed with service providers. These awards have been finalised after year end and implementation is to be rolled out during the 2022/23 financial period. This is considered a non-adjusting subsequent event

Freedom Park Trust

In April 2020 the entity entered into an MOA with Liliesleaf Museum to administer the seven million rands (R7 000 000) provided for the daily operations and management of Liliesleaf Museum as directed by National Treasury. The funds were received by Freedom Park from National Treasury.

Manufacturing Engineering and Related Services Education Training

Application to National Treasury to seek approval for the retention of accumulated surpluses as at 31 March 2022 has been made.

On 26 May 2021 the Accounting Authority condoned irregular expenditure relating forensic audit services amounting to R823 thousand and system maintenance services amounting to R256 thousand.

The CCMA dispute reported under contingent liabilities was finalised with no further liability to the merSETA in April 2022. The dispute arose between merSETA and a former employee in 2020. The CCMA found no wrongdoing from merSETA, and the case was dismissed.

Media, Information and Communication Technologies Sector Edu

The MICT SETA appointed a Chief Executive Officer, Mr Matome Madibana, on the 2nd May 2022. Mr Matome Madibana was a Senior Manager Corporate Service, he has been acting in the position of CEO since the former CEO left the organisation.

The Current Chief Financial Officer of the organisation was put on suspension for alleged misconduct on the 12 of May 2022 pending the outcome of the investigation.

National Arts Council of South Africa

The disciplinary case with the CEO has reached a conclusion and a settlement agreement has been concluded between Ms Mangope and the NAC. The disciplinary case for the suspended CFO was concluded and was dismissed in June 2022.

The NAC submitted an application for the condonement of Irregular Expenditure to the value of R37 140 953. National Treasury approved the condonement subsequent to financial year end 2021/22.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

National Development Agency

NDA funded projects (R1 696 801) - The NDA Interim Accounting Authority approved six (6) projects at the meeting held on 4 April 2022, which was a continuation of an approval meeting that commenced on 29 March 2022. These projects have been disclosed under commitments.

Tender process finalised after year end (R2 634 885)-The tender process for the following tenders was initiated and finalised before the end of the financial year, but the approval and contracting fell in the month of April 2022: Forensic investigation for CARA programme awarded 19 April 2022 (R413), Forensic investigation for UIF programme awarded 19 April 2022 (R447) and technical advisory on digital transformation, awarded 13 April 2022 (R1, 7 million)

Nelson Mandela National Museum

On 10 May 2022, the council took a decision that the bonus for the year ending 31 March 2022 and the years to follow will no longer be paid due to economic constraints. Funds will be utilized to implement job evaluation. This event is not an adjusting event, as the decision was taken after the year-end.

Productivity SA

Management received communication from the Department of Employment and Labour (DEL) that the latter will no longer continue to represent Productivity South Africa in the current ongoing legal matter between Productivity South Africa and former employees. The case involves the issue of the re-instatement of pensioners medical aid benefit that the entity discontinued two years ago. Productivity South Africa was also informed in the same communication that all costs previously incurred by DEL in this case will have to be re-imbursed by the entity. This includes cost of both pensioners medical aid plus estimated legal costs of challenging these payments. The entity is still sourcing quotes for legal costs and currently does not have cost estimation at this stage.

South African Qualifications Authority

During the period under review, the entity requested for an approval to sell the building from the Minister of Higher Education and Training, subsequent to year-end, the entity received an approval to sell the building.

This is a Non-Adjusting events as the property was used by the owner for administration purposes and therefore cannot be reclassified as property held for sale and as at year-end no advertisement for sale of building was made as the entity was still waiting for the approval from the Minister in line with the PFMA section 54(2) which was received after year-end, The entity will start with the process of advertising the sale of building in the financial year 2022/23.

Accounting Standards Board

After the reporting date, the ASB was joined as an interested party in a court case between the AGSA and the RAF. While there are no specific allegations against the ASB, the ASB will need to incur legal fees as a result of having to participate in the case. The potential cost of the legal fees is unknown. The Board is monitoring progress on this matter to identify potential financial and operational risk.

Auditor General of South Africa

During the year, the AGSA started a process to offer a buy-out to the qualifying members of the post-retirement medical care contribution benefit. The process is expected to be finalised by the end of the next financial year. The AGSA is offering an ex-gratia amount over and above the valuation amount per member, but the number of members that will take up the offer is uncertain.

The offers have been made to the members after year-end, but confirmation of acceptance has not yet been received and therefore this does not have an effect on these financial statements.

Co-Operatives Banks Development Agency

Management is aware of the Cabinet decision to merge CBDA, SEFA and SEDA with effect from 1 April 2022 into a new institution. On 6 April 2022, Cabinet approved a 20-month extension period for the amalgamation of the three entities. For the next two years CBDA will continue to receive their budget from National Treasury.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

Development Bank of Southern Africa

The term of office of Ms Malijeng Nqaleni as a director and shareholder representative came to an end with effect from 1 April 2022 and ceased to be a member of Infrastructure Delivery and Knowledge Management Committee (IDKC).

Ms Martie Janse van Rensburg has been re-appointed as an independent non-executive director of the DBSA Board for a term of 3 years effective from 1 April 2022 to 31 March 2025.

Advocate Maseapo Kganedi resigned with effect from 30 April 2022.

LANDBANK

In May 2022 the Bank made a fourth capital reduction repayment to its creditors amounting R4.8 bn. The previous CEO of Land Bank resigned on during the year and left at the end of April 2022. The Minister of Finance has since appointed the CFO as Acting CEO effective 01 May 2022. The Treasurer was then appointed as the Acting CFO.

The past summer season was characterized by excessive rains in many parts of the country. There are four provinces that have been severely affected by the floods. These are, KwaZulu Natal, Eastern Cape, North West and Free State. Both excessive rains and floods have resulted in the saturation of farmland to the extent that planting in most areas was affected. Those who had already planted early, had their crops damaged by hailstorms and floods. The Bank is currently performing an assessment of the financial impact on the Land Bank through client site visits. The full financial impact is not yet known, but is expected to be materially significant for the Bank due to the large concentration of our book being in grain across the North West, KZN and Mpumalanga regions.

Public Investment Corporation Ltd

Investment in South African Airways (SAA)

Takatso Aviation Proprietary Limited ("Takatso") was incorporated in the Republic of South Africa on 30 July 2021. The company's main responsibility is to acquire a 51% stake in South African Airways SOC Limited ("SAA") on terms and subject to the conditions more fully described in the Memorandum of Understanding ("the SAA Transactions"). Harith General Partners has an 80% stake in Takatso. PIC own 30% of Harith General Partners. Harith has obtained all relevant governance processes to effect the SAA Transaction and Takatso filed the Transaction with the Competition Commission in May 2022, which approval is part of the conditions precedent of the Share Purchase Agreement. The Transaction is currently undergoing a financial closing process which is expected to be finalized in September 2022.

South African Reserve Bank

"CPD Guarantee

On 16 May 2022, the GEC approved an extension to the financial guarantee issued by the SARB to the CPD for a further 12 months to 11 June 2023 as a result of the continued technical insolvency of the CPD. The guarantee was reduced from R3.5 billion to R1.2 billion due to the reduced accumulated losses in CPD in the current financial year.

South African Mint Dividend

The South African Mint board declared a dividend of R94.1 million to the SARB on 20 May 2022."

South African Revenue Services (SARS)

The controlled entity entered into an agreement for the transfer of 43 employees from Shandon Business Solutions in accordance with section 197 of the Labour Relations Act No.66 of 1995. The effective date of the transfer was 1 April 2022. A recruitment fee of R4.8 million is payable in terms of the agreement. The agreement enables the controlling entity, through its subsidiary Interfront, to bring continued development and support of the eFiling and Mobi-applications in-house, therefore reducing the risk of reliance on external service providers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

Transnet Limited

Impact of the adverse weather and flooding in Kwa-Zulu Natal Province on Transnet's operations

In the month of April 2022, most parts of KwaZulu-Natal experienced extreme storms and heavy rainfall which led to widespread disruptions and regrettably a loss of lives. Transnet was not spared, and the immediate focus was to ensure the safety of people, and the reinstatement of operations. Notable damage to assets occurred at Transnet Freight Rail, Transnet Engineering, Transnet National Ports Authority and Transnet Property.

The estimated financial impact is under assessment and will be accounted for in the 2023 reporting period. Further details will be provided once the financial impact of the adverse weather and flooding in KwaZulu-Natal province has been finalised or determined with a greater degree of certainty.

Armaments Corporation of South Africa Limited (ARSMCOR)

Subsequent to the reporting date, investigations in regard to expenditure incurred on behalf of the DOD that was previously reported in the prior year as fruitless expenditure were concluded and it was determined that the expenditure was not fruitless but a loss for the DOD. The value of the loss amounted to R4571 thousand. Subsequent to the reporting date, irregular expenditures which were reported in the prior year as not approved by the relevant authority were subsequently approved and therefore written off. The total expenditure written off amounted

Public Protector of South Africa

In the matter of Nkwinti v Public Protector: Judgment for leave to appeal handed down on 12 May 2022 in favor of the Public Protector. Mr Nkwinti ordered to pay the costs of the Public Protector. This is a non-adjusting event.

In the matter of Public Protector v Minister of Police: Judgment handed down on 16 May 2022 in favor of the Minister with the cost granted against PPSA. This is a non-adjusting event.

In the matter of Public Protector v Speaker of the National Assembly: Urgent application to interdict the President and section 194 Parliamentary Committee was argued on 18 and 19 May 2022. Judgement is reserved. This is a non-adjusting event.

Independent Electoral Commission

The Electoral Commission has obtained exemption from the Preferential Procurement Policy Framework Act and its regulations following the Constitutional Court judgement of 16 February 2022 which declared the Preferential Procurement Regulations, 2017 to be invalid. The request for the exemption followed the Constitutional Court judgement which declared the Preferential Procurement Regulations, 2017 to be invalid, thus effectively exempting the Electoral Commission from preferential procurement. The exemption will be valid until such time as the new regulations and statutory provisions take effect or the Constitutional Court confirms the suspension of the order of the invalidity of the Preferential Procurement Regulations, 2017 for a period of twelve (12) months, whichever comes first.

73 Service Concession Arrangements

The Eskom group operates a service concession for the generation and transmission of electricity through its operations in Uganda.

Eskom Uganda Ltd (Eskom Uganda) entered into an operation and maintenance agreement with Uganda Electricity Generation Company Ltd (UEGCL) in 2002, which is linked to a power purchase agreement concluded with Uganda Electricity Transmission Company Ltd (UETCL). In terms of the agreements, Eskom Uganda operates and maintains two hydro-electric power stations in Uganda, from which it supplies electricity to UETCL. The dams, powerhouses, related switchyard facilities, high voltage substations, land and movable property together constitute the energy assets in terms of the agreement. The concession period is 20 years (ending in March 2023).

Eskom Uganda is entitled to receive revenue from UETCL, based on electricity supplied at tariffs regulated by the Electricity Regulatory Authority of Uganda. It also receives a fee to cover it for investment in additional energy assets where required. This has been recognised as an intangible asset.

The plant remains the property of and will revert to UEGCL at the end of the concession period. At that point Eskom Uganda will have no further obligation in respect of the plant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

	2021/22 R '000	2020/21 R '000
Leased Service Arrangement Assets		
Minimum future payments		
No later than one year- Service concession	1 651 831	364 208
No later than one year- Operational cost	183	-
Later than one year but not later than 5 years	76	-
Present value of finance lease liability	1 652 090	364 208
Service Concession Asset		
Provision for concession for debtors who are concessionaires	(341 730)	(287 580)
	(341 730)	(287 580)
Total Service concession liability		
Current liability	139 537	135 049
Total Liability	139 537	135 049

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

74 Segment Reporting

2021/22

STATEMENT OF FINANCIAL POSITION

	CENTRAL	ECONOMIC	FINANCE	JUSTICE	SOCIAL	ELIMINATIONS	TOTAL
ASSETS							
Segment assets	150 196 114	1 049 085 409	2 359 808 131	9 604 149	90 801 376	485 135	3 659 980 313
Investment in associates (equity method)	-	53 554 027	4 323 057	-	11 078	-	57 888 161
Total assets	150 196 114	1 102 639 436	2 364 131 187	9 604 149	90 812 454	485 135	3 717 868 474
LIABILITIES							
Segment liabilities	17 192 806	381 458 647	1 889 858 382	1 945 020	(2 793 100)	27 068 672	2 314 730 428
Total liabilities	17 192 806	381 458 647	1 889 858 382	1 945 020	(2 793 100)	27 068 672	2 314 730 428
OTHER INFORMATION							
Capital expenditure	3 024 045	18 874 385	55 491 511	744 900	(3 058 424)	1 375 695	76 452 112
Non cash items excluding depreciation and amortisation	54 595	(1 479 009)	(892 529)	(131 681)	(6 275)	(460 705)	(2 915 604)
Deferred Revenue	-	1 773 330	1 290 799	-	-	2 033 817	5 097 946

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

2020/21	CENTRAL	ECONOMIC	FINANCE	JUSTICE	SOCIAL ELIMINATIONS	TOTAL
STATEMENT OF FINANCIAL POSITION						
ASSETS						
Segment assets	150 552 372	989 512 054	2 254 975 418	9 604 091	(14 309 647)	3 474 685 279
Investment in associates (equity method)	-	46 265 375	4 267 368	-	-	50 542 876
Total assets	150 552 372	1 035 777 429	2 259 242 787	9 604 091	(14 309 647)	3 525 228 155
LIABILITIES						
Segment liabilities	16 244 898	371 795 195	1 831 984 010	1 712 303	100 989 933	2 347 458 207
Total liabilities	16 244 898	371 795 195	1 831 984 010	1 712 303	100 989 933	2 347 458 207
OTHER INFORMATION						
Capital expenditure	2 778 821	16 206 129	59 315 595	228 038	(14 321 113)	64 207 469
Non cash items excluding depreciation and amortisation	(50 657)	(1 947 682)	(3 805)	(55 985)	(8 338)	(2 235 507)
Deferred Revenue	-	1 707 811	1 861 540	-	3 979 763	7 549 114

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

2021/22	STATEMENT OF FINANCIAL PERFORMANCE	CENTRAL	ECONOMIC	FINANCE	JUSTICE	SOCIAL ELIMINATIONS	TOTAL
	REVENUE						
	Revenue from non-exchange transactions	6 601 842	86 858 852	14 172 589	6 787 420	83 153 789	200 087 904
	Revenue from exchange transactions	13 762 456	131 576 296	357 295 808	1 557 266	6 248 612	495 330 149
	Inter-entirety transfers	220 541	4 386 248	12 089 886	178 577	1 207 388	18 082 640
	Share of surplus/ (deficit) of associate	-	5 989 911	297 266	-	3 096	6 287 177
	Interest Revenue	406 753	4 790 951	548 669	4 726	22 541	5 890 064
	Total Segment Revenue	20 991 592	233 602 257	384 404 217	8 527 989	90 635 425	725 677 933
	EXPENSES						
	Employee related costs	(2 836 177)	(35 635 647)	(80 580 239)	(4 880 733)	(1 054)	(134 786 119)
	Depreciation and amortisation expense	(3 019 547)	(12 989 331)	(51 424 576)	(223 044)	22 347	(68 397 275)
	Other expenses	(11 378 055)	(110 343 272)	(183 193 940)	(1 624 785)	(1 651 122)	(369 784 569)
	Interest expenses	(8 672)	(13 948 865)	(58 060 121)	(79)	45 503	(72 278 285)
	Total segment expenses	(17 242 451)	(172 917 115)	(373 258 876)	(6 728 640)	(1 584 326)	(645 246 246)
	Total segment surplus/deficit	3 749 141	60 685 143	11 145 341	1 799 349	17 120 585	80 431 685
	Other unallocated revenue						(12 596 876)
	Unallocated expenses						13 690 289
	Surplus/Deficit for the period						1 093 413
	Reconciliation of the above surplus and the surplus as disclosed in the CFS						
	Surplus/Deficit for the period per segment report						81 525 098
	Reversal of inter segment expenses eliminated						(173 108)
	Other items not included in the segment						(1 549 264)
	TOTAL SURPLUS / (DEFICIT) FOR THE PERIOD NET OF TAX AS PER CFS						80 896 140

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

2020/21	STATEMENT OF FINANCIAL PERFORMANCE	CENTRAL	ECONOMIC	FINANCE	JUSTICE	SOCIAL	ELIMINATIONS	TOTAL
	REVENUE							
	Revenue from non-exchange transactions	5 671 319	72 180 586	13 832 059	6 335 222	67 955 602	2 106 949	168 081 736
	Revenue from exchange transactions	14 099 017	110 922 124	3 175 111 552	1 312 147	6 032 078	651 745	450 528 663
	Inter-entity transfers	1 670	2 586 637	10 787 579	112 196	1 388 371	-	14 876 454
	Share of surplus/ (deficit) of associate	-	2 322 835	137 647	-	(5 401)	-	2 455 081
	Interest Revenue	394 181	5 976 787	387 734	4 158	22 619	153 860	6 939 339
	Total Segment Revenue	19 772 006	188 012 181	342 268 837	7 759 565	75 370 651	2 758 694	642 881 273
	EXPENSES							
	Employee related costs	(2 786 240)	(36 458 325)	(79 563 426)	(4 393 480)	(401 967)	(10 723 757)	(134 327 196)
	Depreciation and amortisation expense	(2 908 812)	(13 505 931)	(43 995 300)	(196 125)	34 181	(788 154)	(61 360 141)
	Other expenses	(11 378 055)	(110 343 272)	(183 193 940)	(1 624 785)	(1 651 122)	(61 593 395)	(369 784 569)
	Interest expenses	(8 672)	(13 948 865)	(58 060 121)	(79)	45 503	(306 051)	(72 278 285)
	Total segment expenses	(17 073 108)	(160 307 527)	(306 752 666)	(6 214 390)	(2 018 909)	(73 105 306)	(637 750 191)
	Total segment surplus/deficit	2 698 898	25 118 017	35 516 171	1 545 175	739 785	2 265 344	2 544 445
	Other unallocated revenue							2 758 694
	Unallocated expenses							(1 973 406)
	Net Surplus/Deficit for the period							785 288
	Reconciliation of above surplus with surplus disclosed in the CFS							
	Surplus/Deficit for the period per segment report							3 329 733
	Reversal of inter segment expenses eliminated							(1 425 434)
	Other items not included in the segment							(264 002 208)
	TOTAL SURPLUS / (DEFICIT) FOR THE PERIOD NET OF TAX AS PER CFS							(261 312 621)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

75 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

75.1 Financial Assets carried at Amortised Cost

	2021/22 R '000	2020/21 R '000
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:		
Cash and cash equivalents	273 957 188	243 354 904
Trade and other receivables from exchange transactions	82 447 768	69 650 716
Other receivables from non-exchange transactions	18 251 873	7 328 531
Other current financial assets	916 951 035	847 396 148
Current Investments	51 398 222	47 796 842
Construction contracts and receivables	650 900	634 000
Finance lease receivable	628 821	670 074
Non-current receivables from exchange transactions	33 357 239	38 370 170
Non-Current Investments	271 945 196	261 042 616
Other non-current financial assets	28 721 480	42 082 400

75.2 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	33 336 456	45 710 897
Financial guarantees	584 457	627 793
Trade and other receivables	29 938 090	24 714 718
Other	58 017 951	71 042 981

75.3 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 2022

2021/22	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	(2 575 240)	(3 512 413)	2 655 577	12 721 120
Borrowings	20 325 547	8 805 202	131 655 986	403 722 073
Trade and other payables	(37 265 608)	52 448 604	52 415 157	6 621 288
Bank overdraft	939 143	-	114	-
Other	(10 020 545 481)	(21 655 093)	(3 075 474)	(46 746 119)

2020/21	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	36 438	337 640	3 696 765	24 395 701
Borrowings	25 072 969	9 451 965	108 183 773	411 389 563
Trade and other payables	14 364 640	55 181 235	57 876 825	8 425 858
Bank overdraft	920 907	-	17	-
Other	(342 754 274)	(12 312 396)	(10 450 510)	93 539 345

75.4 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:

Pledged collateral	2 141 999	1 403 143
---------------------------	------------------	------------------

75.5 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

75.6 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 - Any other method applied to evaluate the credit quality.

76	Principal-agent arrangements	2021/22 R'000	2020/21 R'000
76.1	Entity acting as the principal		Fee Paid
	<i>fee paid as compensation to the agent</i>	2 308 425	2 282 751
	National Treasury (Programme 7)	62 845	61 470
	National Red Meat Development (NRMDP)	(7 642)	(25 022)
	Associated Institutions Pension Fund	5 295	5 077
	Presidential Youth Employment	112	-
	Agricultural Sector education, Training Authority (Agriseta)	(1 605)	(1 124)
	Total	2 367 430	2 323 152
76.2	Entity acting as the agent	2021/22 R'000	2020/21 R'000
76.2.1	Revenue received for agency activities		
	Management fees	1 387 773	1 467 493
	National Treasury	940 473	712 223
	Australian Center for International Agricultural Research (ACIAR)	(208)	(263)
	Global Environment Facility	6 097	15 416
	The Adaptation Fund	11 544	26 991
	Agriculture and Agro-processing Master Plan (AAMP)	(2 379)	(1 230)
	Property Practitioners Regulatory Authority	409	409
	Vineyard Development Scheme	-	(148)
	Department of Public Works – Energy	-	59 743
	Maize Meat Hub Feedlot	-	(148)
	Independent Power Producers Procurement Programme- DBSA	503 558	54 632
	eThekweni Municipality	-	7 508
	Presidential Youth Employment	189 396	-
	Total	3 036 254	2 342 627

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

76.2.2 Reconciliation of funds and disbursements 2021/22	Total funds received	Expenditure incurred against funds
	R'000	R'000
Administration fees	1 463 502	950 632
Global Environment Facility	6 097	(8 910)
National Treasury	940 101	666 824
Funding received	4 371 801	(13 338)
SmallHolder Farming in Agro processing industry	159	(3)
The Adaptation Fund	11 574	-
National Red Meat Development (NRMDP)	22 416	(7 642)
Department of Public Works	-	94 100
Ceres Abattoir; Funds Disbursed	2 198	(3 931 816)
Operation Phakisa	160	-
Agricultural Sector education, Training Authority (Agriseta)	3 570	(1 605)
Independent Power Producers Procurement Programme- DBSA	503 558	200 002
Australian Center for International Agricultural Research (ACIAR)	1 630	(208)
Presidential Youth Employment	189 396	3 862
Agriculture and Agro-processing Master Plan (AAMP)	19 010	(1 264)
Total	7 535 172	(2 049 367)

Reconciliation of funds and disbursements 2020/21	Total funds received	Expenditure incurred against funds
	R'000	R'000
Administration fees	1 158 313	960 009
Global Environment Facility	15 416	(11 074)
National Treasury	712 163	812 403
Funding received	3 419 784	-
SmallHolder Farming in Agro processing industry	338	(304)
The Adaptation Fund	26 991	(13 456)
National Red Meat Development (NRMDP)	47 438	(25 022)
Department of Public Works	253 743	1 512
Interest, foreign exchange and other movements	-	(419 284)
Ceres Abattoir	2 198	-
Funds disbursed	-	(2 989 435)
Operation Phakisa	160	1 054
Agricultural Sector education, Training Authority (Agriseta)	3 014	(1 124)
Independent Power Producers Procurement Programme- DBSA	54 632	119 442
Australian Center for International Agricultural Research (ACIAR)	1 238	(263)
eThekweni Municipality	7 508	7 508
Agriculture and Agro-processing Master Plan (AAMP)	20 240	(1 230)
Total	5 723 177	(1 559 263)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

76.2.3 Reconciliation of carrying amount of receivables and payables – 2021/22

	Opening balance	Revenue principal is entitled to	Less: Write offs/settlements /waivers	Cash received on behalf of principal	Closing balance
	R '000	R '000	R '000	R '000	R '000
Receivables	987 175	110 467	(62 736)	(175 115)	859 791
Payables	323 859	1 054 731	(129 987)		1 248 604

Reconciliation of carrying amount of receivables and payables – 2020/21

Receivables	1 010 325	106 928	4 550	(198 229)	923 574
Payables	513 353	1 223 574	(1 410 332)		326 594

77 Related Party Relationships

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

Transactions and balances 2021/22

	Transactions	Balances/Commitments	Provisions for doubtful debts	Bad/Doubtful debts
Controlling entities	292 170 046	(395 145 904)	(283 094)	(52 877)
Entities with joint control or significant influence over another entity	1 147 451	1 127 153 625	(55 200)	-
Controlled entities	1 509 610	1 630 506	(5 154)	1 481
Associates	6 209 196	1 159 033	(23 105)	-
Joint ventures in which the entity is a venturer	(3 865 441)	396 527	215	155
Management	10 016 431	29 837	-	-
Other related parties	40 448 324	(100 661 713)	(1 323 655)	1 405 339

2020/21

	Transactions	Balances/Commitments	Provisions for doubtful debts	Bad/Doubtful debts
Controlling entities	252 865 498	106 391 362	(279 980)	-
Entities with joint control or significant influence over another entity	(58 647 689)	91 105 520	(62 830)	-
Controlled entities	241 173	2 139 563	51 217	-
Associates	461 450	1 510 874	-	-
Joint ventures in which the entity is a venturer	(3 823 284)	450 806	707	7
Management	13 524 138	6 650	-	-
Other related parties	26 876 488	(113 930 417)	(1 704 364)	262 774

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

78 Financial Sustainability

Government expenditure has for the past few years exceeded its revenue base. The medium-term fiscal strategy prioritises the achieving of fiscal sustainability by narrowing the budget deficit and stabilising debt, increasing spending on policy priorities such as security and infrastructure, thereby promoting economic growth and reducing fiscal and economic risks, including through targeted support to key public entities and building fiscal buffers for future shocks. Any large permanent increases in spending must be matched by permanent increases in revenue or reductions in spending elsewhere, including suspending or terminating programmes.

Risks to the global and domestic outlook remain elevated. South Africa needs to restore the health of its public finances during a global slowdown marked by high levels of economic risk and fiscal distress, particularly for developing countries. Many of the global and domestic risks to the economic outlook outlined in the 2022 Budget materialised, including slower global growth, higher levels of inflation, accelerating interest rate increases and intensified power supply interruptions. The International Monetary Fund has revised global growth estimates downwards for both 2022 and 2023. The Russia-Ukraine war (and subsequent sanctions) and energy disruptions to Europe have renewed the surge in global inflation which erodes purchasing power, leading to higher interest rates and discouraging and delaying investment and hiring. Lower global growth means lower external demand threatening the pace of economic growth in South Africa.

A strong fiscal strategy will reduce the risks to the economy and the public finances over the medium term. A clear and stable macroeconomic framework lays a foundation for a growing economy. South Africa is also doing everything necessary to prevent grey-listing by the international standard-setting body that oversees global compliance with anti-money laundering rules, namely the Financial Action Task Force. We have tabled two bills in Parliament aimed at addressing weaknesses in our legislative framework. All of this will contribute to a flexible exchange rate, low and stable inflation and a sustainable fiscal policy.

Urgent action is required to mitigate risks and accelerate growth-enhancing reforms, especially to boost electricity supply. Domestically, increased power cuts will compromise an already fragile and recovering economy. Conversely, accelerating the implementation of energy reforms could mitigate the adverse effects of load-shedding and support higher business confidence and investment. Industrial action in the ports and rail sector could constrain economic activity and reduce South Africa's competitiveness. A deterioration of the fiscal outlook due to unfunded spending pressures or the materialisation of contingent liabilities and the weak financial position of several state-owned companies that rely on government support to operate could increase borrowing costs, and crowd out both private and public investment.

The higher-than-anticipated revenues will be used to reduce the gross borrowing requirement, support spending priorities and reduce risks to the fiscal outlook. Lifted by better-than-expected revenues and expenditure discipline, the fiscal position is stronger. The unallocated and contingency reserves cushion the fiscal framework from fiscal risks that may materialise over the medium term. The unallocated reserve is increased by R11.3 billion to R41.3 billion in 2024/25. The contingency reserve has also been increased by R2 billion over the next two years. As a result of determined and disciplined budgeting, supported by favourable revenue dynamics, government expects to achieve a primary budget surplus in 2023/24. Gross debt is now projected to stabilise at 71.4 per cent of GDP in 2022/23 much more quickly than previously expected.

During 2022, the global funding environment has been characterised by elevated risk aversion and sharp increases in risk premia. Over the medium term, government will need to manage large redemptions, reflected in the gross borrowing requirement, which has been revised down from R484.5 billion at the time of the 2022 Budget to R411.2 billion in 2022/23. Over the medium term, the gross borrowing requirement will average R445.7 billion, which puts the gross borrowing requirement medium term path at pre-COVID levels. Long-term borrowing in the domestic bond market will decline from R330.4 billion estimated in the 2022 Budget to R299.4 billion in 2022/23, averaging R312.4 billion over the medium term. Gross loan debt is expected to increase from R4.75 trillion in 2022/23 to R5.61 trillion in 2025/26, driven mainly by the budget balance and fluctuations in the interest, inflation and exchange rates.

Consolidated government spending is projected to increase from R2.21 trillion in 2022/23 to R2.48 trillion in 2025/26, growing at an annual rate of 4 per cent. The consolidated budget deficit is projected to narrow from 4.9 per cent of GDP in 2022/23 to 3.2 per cent of GDP in 2025/26.

The strategic goal of this government is to reduce poverty, inequality and unemployment, in pursuit of a better life for all. Government is working to improve the efficiency of spending and remains committed to returning the public finances to a sustainable position. Government plays an important role in ensuring

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

that the overarching regulatory environment and the provision of critical public goods and services are supportive of inclusive and sustainable growth. The state must boost its capacity to prioritise, sequence and coordinate interventions through adaptable policymaking and institutions that are accountable and capable, with the ability to make choices where trade-offs arise.

79 Exemptions and Departures

Section 92 Exemption

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 GRAP.

2022 CFS
**CONSOLIDATED
FINANCIAL STATEMENTS**

for the year ended 31 March 2022

**NATIONAL
REVENUE FUND**



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

ACCOUNTING OFFICER'S APPROVAL

For the year ended 31 March 2022

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 27 January 2023.



Shabeer Khan

Accounting Officer

ACCOUNTING OFFICER'S REVIEW

For the year ended 31 March 2022

■ 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.

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

ACCOUNTING OFFICER'S REVIEW

For the year ended 31 March 2022

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 2022

The original economic growth projected for South Africa for the financial year ending 31 March 2022 was 5.1 per cent. The economy cumulative grew by an approximately 4.8 per cent for this period. This is mainly due to a sharp third-quarter contraction which arises as a result of a new wave of COVID-19, civil unrest in July 2021, exacerbated global uncertainty and unjustified growth predictions for the fourth quarter followed by renewed power cuts.

Besides the Covid 19 pandemic, extensive job loss and deferred investment the continuous load-shedding because of insufficient electricity supply has deteriorated potential economic growth for the last decade and still remains a key barrier to the recovery thereof.

The fiscal outlook and deficit improvement over the past period due to higher revenue collected than what had been projected. The revenue collected will be used towards prioritised policies and to reduce the borrowing requirement. This is subject to various risks namely slow domestic and global growth, pressures from the public service wage bill and continuous bail outs for financially distressed state-owned companies.

South Africa can only create enough jobs through sustained economic growth. The public sector's economic reforms have been initiated, though making slow progress. In the long term, to restore investor confidence within South Africa, enable efficient economic recovery and higher levels of growth, these reforms need to be implemented more rapidly. In this regard we will be accelerating infrastructure investments, implement a bounce back scheme for Small and Medium Enterprises in distress due to the Covid – 19 pandemic and job creation programmes.

Corruption is still a major issue in South Africa. It lowered growth potential, drained the fiscus and weakened various clusters of the state. In this regard we will table a Public Procurement Bill and address weaknesses in fighting fraud and money laundering. Government is addressing deficiencies in the anti-money laundering framework identified by the Financial Action Task Force to reduce the risk and incidence of financial crime and corruption, and to avoid grey listing.

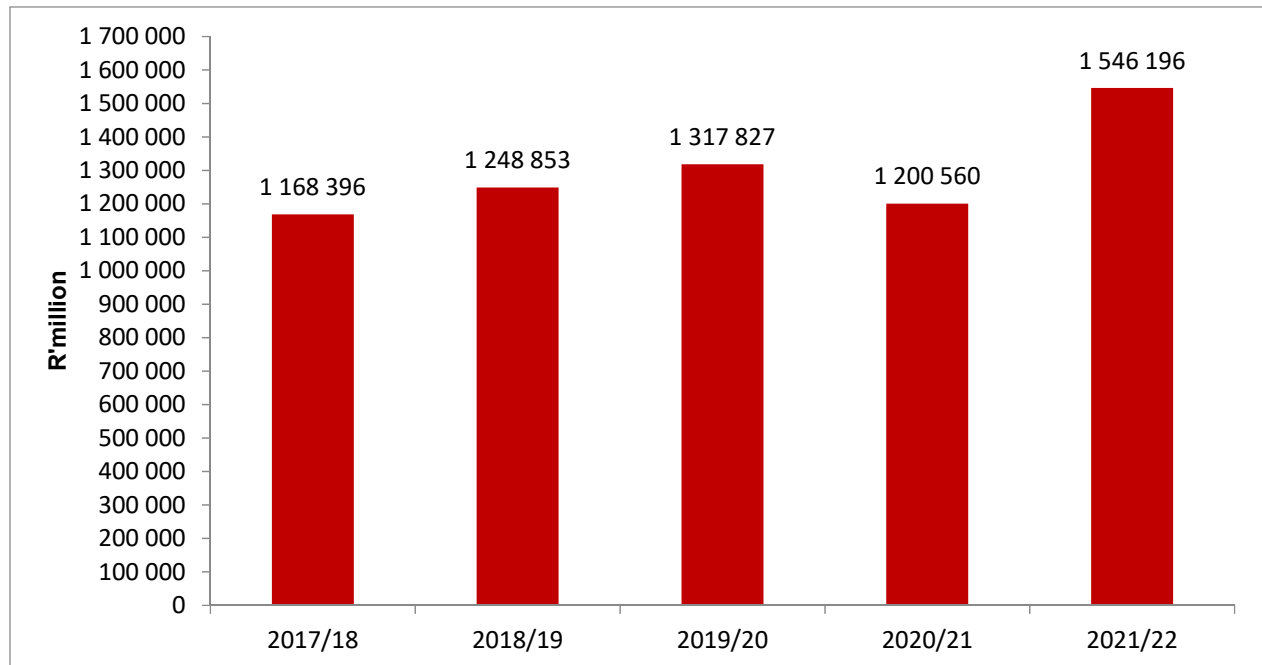
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022

Year Ended 31 March R' million	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22
Taxes, Levies & Duties	1 279 007	1 358 259	1 430 427	1 322 857	1 660 808
Less: South African Customs Union Agreement	55 951	48 289	50 280	63 395	45 966
Less: Payment to UIF	16 614	17 420	18 205	16 715	19 451
Less: Amount payable by SARS to UIF	1 657	1 697	1 896	1 681	1 982
Less: Payment to RAF	36 048	41 890	42 633	40 560	47 059
Less: Amount payable by SARS to RAF	341	110	(414)	(54)	155
Net Revenue for the Year	1 168 396	1 248 853	1 317 827	1 200 560	1 546 196
Movement in SARS revenue	5%	7%	6%	-9%	29%

Revenue

South African Revenue Services (SARS) income increased by 29 per cent in 2021/22 (2020/21:-9 per cent).



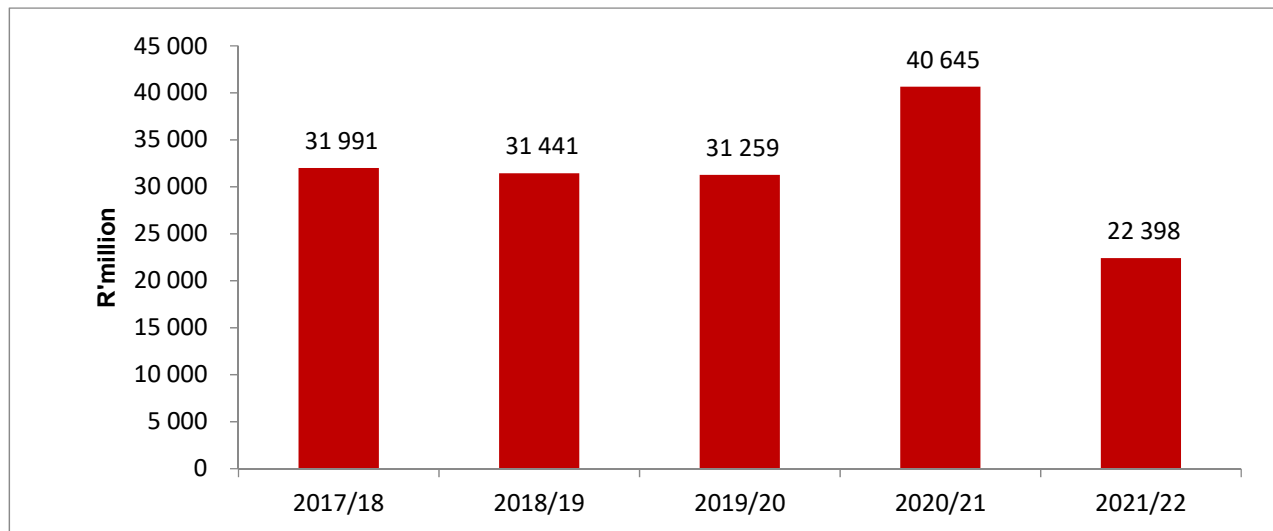
Other main sources of income are departmental revenue, inclusive of National Revenue Fund receipts. This amounts to R16 billion for the 2021/22 financial year. The decrease in other revenue of 45 per cent for the 2021/22 financial year is mainly due to a decrease in Departmental Revenue. For the full 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 R' million	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22
Departmental revenue	26 671	24 063	26 811	36 154	16 127
Other surrenders	3 886	4 562	2 808	2 689	4 177
Other revenue received	1 434	2 816	1 640	1 802	2 095
Total revenue	31 991	31 441	31 259	40 645	22 398
Movement in other revenue	11%	-2%	-1%	30%	-45%

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022

Other Revenue excluding CARA

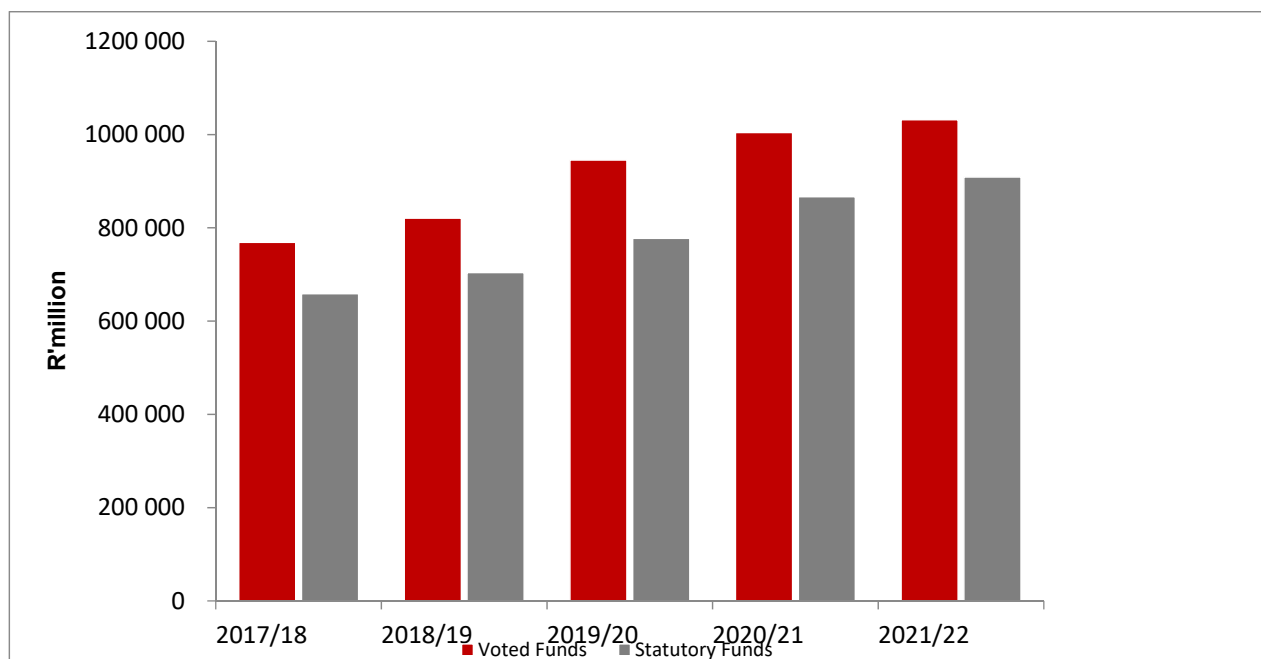


Expenditure

Net Appropriation increased by 4 per cent in 2021/22 (2020/21: 9 per cent)

Year Ended 31 March R' million	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22
Voted Funds	768 848	820 904	945 187	1 004 427	1 031 807
Statutory Funds*	658 594	703 946	777 429	866 747	909 044
Net Appropriation	1 427 442	1 524 850	1 722 616	1 871 173	1 940 852
Movement in net appropriation	8%	7%	13%	9%	4%

*Included in Statutory Funds is National Revenue Fund payments.



REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022

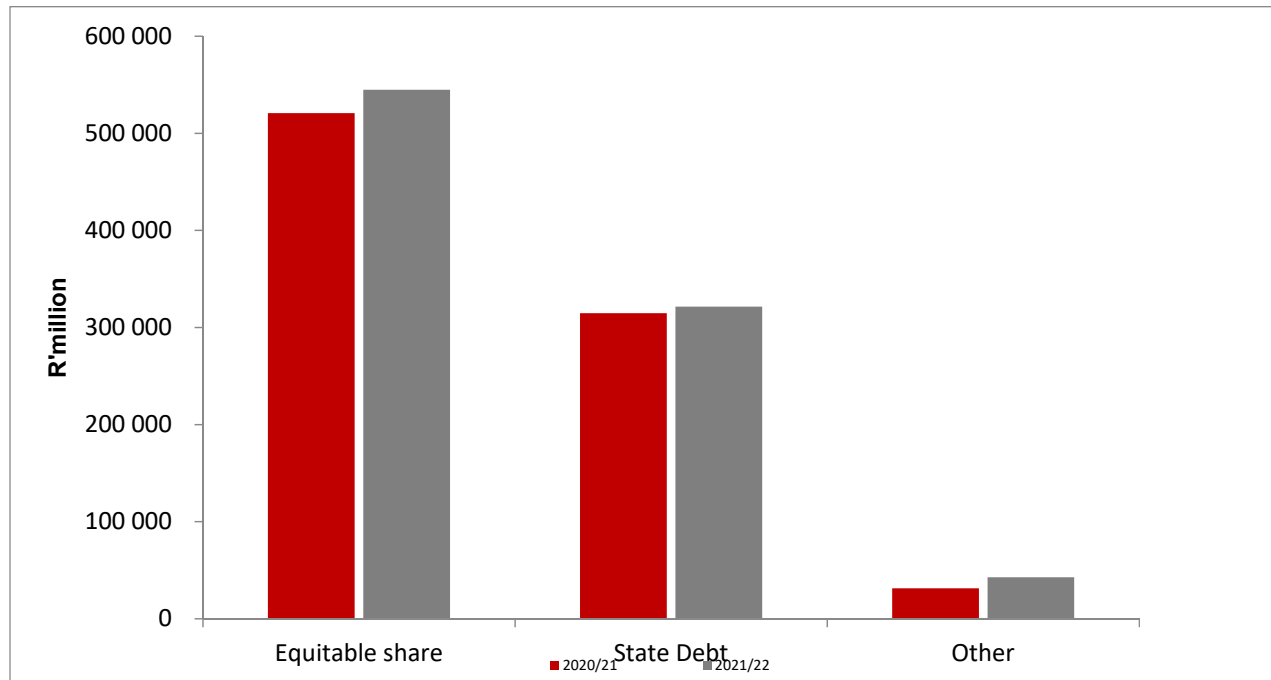
Statutory Funds

Statutory Funds <i>R' million</i>	Actual 2020/21	Actual 2021/22
Equitable share	520 717	544 835
State Debt	314 718	321 487
Other	31 312	42 722
Total	866 747	909 044

Statutory Net Appropriation includes Provincial equitable share, Debt-service costs, National Revenue Fund Payments and other salaries that are a direct charge against the National Revenue Fund.

The Provincial equitable share is transferred to provinces to perform functions at the provincial sphere of government. This amounts to 60 per cent in 2021/22 (2020/21: 60 per cent) of the total statutory budget.

Debt service costs consist mainly of interest paid on government debt. This amounts to 35 per cent in 2021/22 (2020/21: 36 per cent) of the total statutory budget.



Assets

Cash and Cash Equivalent <i>R' million</i>	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22
Cash and equivalent	224 629	217 568	251 690	310 114	259 832
Movement in cash and cash equivalent	4%	-3%	16%	23%	-16%

Cash and cash equivalents amount to R260 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 2022

Break down of cash balances <i>R' million</i>	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22
Commercial banks					
<i>Tax and Loan account</i>	58 623	37 754	35 845	175 136	133 318
South African Reserve Bank					
Cash with SARB	67 157	57 157	67 157	41 157	41 157
Foreign Currency Investment	101 947	122 541	148 196	93 282	85 130
Other	(3 098)	115	491	540	227
Total Cash and cash equivalents	224 629	217 567	251 689	310 114	259 832

Non-current Investments

Investments <i>R' million</i>	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22
Investments	193 239	253 331	337 860	311 021	458 502
Movement in Investments	2%	31%	33%	-8%	47%

Total investment decreased to R458 billion for the current year. This is a 47 per cent increase for 2021/22 against a 8 per cent decrease in the prior year. The table below reflects the investment held by government for the past two years.

Investments <i>R' million</i>	Actual 2020/21	Actual 2021/22
African Development Bank	59 041	127 513
International Monetary Fund SDR Holding	31 403	89 123
International Monetary Fund quota subscription	63 987	61 495
International Bank for Reconstruction and Development	32 281	32 377
New Development Bank		
Paid up Shares	24 416	29 159
Callable Shares	97 663	116 635
International Finance Corporation	1 965	1 936
Multilateral Investment Guarantee Agency	266	262
Total	311 021	458 502

Liabilities

Non-current liabilities

Multilateral Institutions <i>R' million</i>	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22
Multilateral Institutions	177 874	227 209	307 747	334 944	474 746
Movement in Multilateral Institutions	1%	28%	35%	9%	42%

The balance presents the callable portion of South Africa's subscription in the various multilateral institutions. The total liabilities in multilateral institutions increased to R475 billion for the current year. This is a 42 per cent increase for 2021/22 against a 9 per cent increase in the prior year. The table below reflects Non-Current Liabilities held by government for the past two years.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022

Multilateral Institutions <i>R' million</i>	Actual 2020/21	Actual 2021/22
IMF-Securities Account	114 298	109 847
New Development Bank	97 663	116 635
African Development Bank	55 009	122 745
IMF-SDR Allocations	37 442	94 925
International Bank for Reconstruction and Development	30 317	30 383
Multi- Lateral Investment Guarantee Agency	216	212
Total	334 944	474 746

Current and non-current borrowings

Borrowings <i>R' million</i>	Actual 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22
Current Borrowings	328 462	406 957	428 447	518 810	539 331
Non-Current Borrowings	2 161 227	2 381 332	2 832 896	3 416 890	3 738 132
Total	2 489 689	2 788 289	3 261 343	3 935 700	4 277 463
Movement in Borrowings	12%	12%	17%	21%	9%

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 increased to R4 277 billion for the current year. This is a 9 per cent increase for 2021/22 against a 21 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 2017/18	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22
Domestic debt	2 271 877	2 496 976	2 874 118	3 543 266	3 865 359
Foreign debt	217 812	291 314	387 225	392 434	412 104
Total	2 489 689	2 788 289	3 261 343	3 935 700	4 277 463

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2022

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

Net Surplus/(Deficit) reconciliation			
Reconciliation to Deficit as reflected in 2021 R'million	Revised Estimate 2021/22	Audited outcome NRF 2020/21	Audited outcome Budget Review 2020/21
Surplus/(Deficit) per Income Statement (NRF)	(409 060)	(662 201)	(662 201)
Revaluation gains/(losses)	36 022	28 210	28 210
Movement on National Treasury Financial Instruments	821	3 958	3 958
Increase/(Decrease) in revenue	(19 526)	(2 836)	(2 836)
Movement in Annual Appropriation: Net Financing	44 897	82 155	82 155
Other receipts:			
Recovery of criminal assets	(72)	(86)	(86)
Other payments:			
Recovery of criminal assets	30	151	151
Surplus/Deficit per Budget Review	346 886	550 649	550 649
GDP as per budget review	6 251 494	5 566 177	5 566 177
Surplus/(Deficit) as percentage of GDP	(5.5)	(9.9)	(9.9)

2022 CFS
**CONSOLIDATED
FINANCIAL STATEMENTS**

for the year ended 31 March 2022

**REPORT OF THE
AUDITOR-GENERAL
TO PARLIMENT ON THE
NATIONAL REVENUE
FUND**



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2022

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

Report on the audit of the Financial statements

Opinion

1. I have audited the financial statements of the National Revenue Fund set out on pages 283 to 304, which comprise the statement of financial position as at 31 March 2022, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Revenue Fund as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) as prescribed by the National Treasury and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the National Revenue Fund in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other matter

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

Unaudited supplementary schedules

7. The supplementary information set out on pages 311 to 343 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

Responsibilities of accounting officer for the financial statements

8. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the MCS and the requirements of the PFMA 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.
9. In preparing the financial statements, the accounting officer is responsible for assessing the National Revenue Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the National Revenue Fund or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2022

always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

■ Report on the audit of the annual performance report

12. The National Revenue Fund is not required to prepare a report on its performance against predetermined objectives, as it does not fall within the audit of predetermined objectives scope included in the Audit Directive issued under section 13(3)(b) of the Public Audit Act 25 of 2004, which was issued on 13 December 2021 per General Notice 45637.

■ Report on the audit of compliance with legislation

13. The audit of compliance with legislation is not required, as the National Revenue Fund does not fall within the audit of compliance with legislation scope included in Audit Directive issued under section 13(3)(b) of the Public Audit Act 25 of 2004, which was issued on 13 December 2021 per General Notice 45637.

■ Other information

14. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements and the auditor's report.
15. My opinion on the financial statements does not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
16. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the

audit, or otherwise appears to be materially misstated.

17. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information and if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

■ Internal control deficiencies

18. I considered internal control relevant to my audit of the financial statements; however, my objective was not to express any form of assurance on it.
19. I did not identify any significant deficiencies in internal control.

Auditor General
Pretoria

27 January 2023



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2022

Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit 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 National Revenue Fund’s internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
- conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the National Revenue Fund to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my

opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause the National Revenue Fund to cease operating as a going concern

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS

For the year ended 31 March 2022

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 National Revenue Fund was established in terms of the Constitution of the Republic of South Africa, 1996. The financial statements of National 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 National Revenue Fund comprise of the Modified Cash Standard which includes a chapter on Treasury Financial Instruments.

Near-cash balances are all recognised. This includes the revaluation of foreign and domestic investments and loans. The recognition thereof results in 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 National 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.

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.

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS

For the year ended 31 March 2022

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 National Revenue Fund.

2. Revenue

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

2.1.1 SARS

Taxpayer-assessed revenues including payroll tax and stamp duties are recognised when funds are received by 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.

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 Department, 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 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 include 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.

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS

For the year ended 31 March 2022

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 Criminal Asset Recovery Account (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 National 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 National Revenue Fund at the end of the financial year are recognised as receivables in the Statement of Financial Position.

3. Expenditure

3.1 Net Appropriation

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.

Net Appropriation included in the Statement of Financial Performance represent the funds appropriated for annual appropriation during the financial year, less net amounts to be surrendered and unauthorised expenditure funded by the National Revenue Fund.

Total statutory appropriations less amounts to be surrendered plus exceeding of the approved statutory appropriation are presented in the statement of financial performance. Exceeding of approved

statutory appropriation are recognised as a payable in the Statement of Financial Position.

3.2 Other expenditure

Expenditure is recognised on receipt of a request. If not paid by 31 March, the payment becomes a 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 National 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 National Revenue Fund in the Statement of Financial Position.

3.5 Financial Instrument Valuation and Capital Subscription on Investments

Capital Subscriptions Investments are initially recognised at the issue price upon transaction date of the relevant department.

Foreign liabilities, foreign investments (including capital subscriptions) 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.

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS

For the year ended 31 March 2022

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 financial 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, approved by Cabinet and paid to departments does not need to be surrendered to the National Revenue Fund.

Receivables outstanding at year-end are carried at cost.

4.3 Investments

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

Foreign investments represent South Africa's membership/shareholding in the African Development Bank, the International Bank for Reconstruction and Development, the International Finance Corporation, New Development Bank 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 as at 31 March.

Any gains and or losses on the revaluation of investments and financial liabilities are recognised in the Statement of Financial Performance.

5. Liabilities

5.1 Payables

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

5.2 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, New Development Bank 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 1 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.

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS

For the year ended 31 March 2022

■ 6. Contingent liabilities and contingent assets

6.1 Contingent liability

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

6.2 Contingent asset

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

■ 7. Events after the reporting date of the Annual Financial Statements

Events after reporting date are all events both favourable and unfavourable events, that occur between reporting date and the date when financial statements are authorised for issue.

Where applicable:

- The amounts recognised and recorded in the financial statements were adjusted to reflect adjusting events after the reporting date; and
- The amounts recognised or recorded in the financial statements to reflect non-adjusting events after the reporting date are not adjusted.

Material events after reporting date are disclosed in the notes to the financial statements. For more information see the applicable note in this regard.

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 March 2022

	Notes	2021/22 R'000	2020/21 R'000
REVENUE			
Revenue collected	1	1 562 394 262	1 236 799 984
By SARS		1 546 195 992	1 200 560 371
Departmental Revenue		16 126 694	36 153 778
CARA Receipts		71 577	85 835
Other Revenue	2	6 271 450	4 491 039
TOTAL REVENUE		1 568 665 713	1 241 291 024
EXPENDITURE			
Net Appropriation		1 940 851 628	1 871 173 189
Annual Appropriation	3	1 031 807 482	1 004 426 578
Statutory Appropriation	4	909 044 146	866 746 611
CARA Payments	5	30 415	150 699
Expenditure in terms of a separate Act of Parliament	6	-	-
TOTAL EXPENDITURE		1 940 882 043	1 871 323 888
SURPLUS/(DEFICIT)		(372 216 329)	(630 032 864)
Financial Instrument Valuation and Capital Subscription on Investments	7	(36 856 923)	(32 168 141)
Valuation and Capital: Investment		(36 035 763)	(28 210 143)
Movement on National Treasury Financial Instruments		(821 159)	(3 957 998)
SURPLUS/(DEFICIT) FOR THE YEAR		(409 073 252)	(662 201 005)

STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2022

	Notes	2021/22 R'000	2020/21 R'000
ASSETS			
Current assets			
Cash and cash equivalents	8	259 832 104	310 114 474
Receivables	9	17 466 873	24 078 475
Funds to be surrendered to the Revenue Fund:			
Voted Funds		15 004 305	21 265 871
Unauthorised expenditure		15 160	-
Departmental Revenue		2 361 848	2 709 869
Other		85 560	102 735
Total		277 298 977	334 192 949
Non-current assets			
Investments	10	458 487 868	311 021 360
Total		458 487 868	311 021 360
TOTAL ASSETS		735 786 845	645 214 308
RESERVES AND LIABILITIES			
RESERVES			
		(4 055 890 321)	(3 646 817 069)
LIABILITIES			
Current liabilities			
Payables	11	39 467 461	21 386 481
Voted Funds to be transferred		18 360 529	915 496
Unauthorised expenditure		18 710 490	18 710 490
Other		2 396 442	1 760 495
Borrowings	12	539 331 134	518 810 498
Total		578 798 595	540 196 979
Non-current liabilities			
Multilateral Institutions	13	474 746 449	334 944 145
Borrowings	14	3 738 132 121	3 416 890 254
Total		4 212 878 570	3 751 834 399
TOTAL LIABILITIES		4 791 677 165	4 292 031 378
TOTAL RESERVES AND LIABILITIES		735 786 845	645 214 308

STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 March 2022

	Notes	R'000
Opening balance as at 1 April 2020		(2 984 590 984)
Surplus / (Deficit) for the year 2021		(662 201 004)
Prior year errors for transactions 2020/21	22	(25 082)
Rounding		1
Balance at 31 March 2021		(3 646 817 069)
Surplus / (Deficit) for the year 2022		(409 073 252)
Adjustments and restatement		-
Rounding		-
Balance at 31 March 2022		(4 055 890 321)

CASH FLOW STATEMENT

For the year ended 31 March 2022

	<i>Notes</i>	2021/22 R'000	2020/21 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS			
Revenue collected	15	1 563 199 765	1 237 583 655
By SARS		1 546 653 474	1 200 333 015
Departmental Revenue collected		16 474 715	37 164 805
CARA Receipts		71 577	85 835
Surrenders from departments	16	21 293 616	11 681 545
Other revenue received by the revenue fund	17	6 271 450	4 491 039
		1 590 764 831	1 253 756 239
PAYMENTS			
Appropriated payments	18	1 937 568 724	1 891 515 887
Annual Appropriation		1 028 415 404	1 024 477 687
Statutory Appropriation		909 122 905	866 887 501
CARA Payments		30 415	150 699
Other Payments	19	915 497	511
		1 938 484 220	1 891 516 398
Net cash flow available from operating activities	23	(347 719 388)	(637 760 159)
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	297 437 018	696 184 522
Net cash flows from financing activities		297 437 018	696 184 522
Net increase/(decrease) in cash and cash equivalents		(50 282 370)	58 424 363
Cash and cash equivalents at beginning of period		310 114 474	251 690 111
Cash and cash equivalents at end of period	8	259 832 104	310 114 474

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

		2021/22 R'000	2020/21 R'000
1	Revenue collected		
1.1	By SARS		
	Revenue collected by SARS		WP 2A
	Taxation	1 563 754 244	1 249 711 235
	Non-taxation	97 054 225	73 145 551
	Less: Payments by SARS	114 612 477	122 296 415
	Total Revenue collected by SARS*	1 546 195 992	1 200 560 371
	<i>*Refer to note 25 for Departures from the Modified Cash Standard granted to SARS</i>		
1.2	Departmental Revenue		
	Departmental Revenue collected		WP 2B & 2C
	National Revenue Fund Receipts	16 126 694	36 153 778
	Sales of goods and services other than capital assets	6 068 425	25 769 916
	Fines penalties and forfeits	2 786 904	1 540 319
	Interest dividends and rent on land	271 149	354 206
	Sales of capital assets	5 541 074	7 002 520
	Financial transactions in assets and liabilities	136 301	131 839
	Transfers received	951 981	927 807
	Total Departmental Revenue collected	16 126 694	36 153 778
	<i>*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 (ALM) section.</i>		
1.3	CARA Receipts		
	CARA funds received		WP 1C
	Total CARA Receipts	71 577	85 835
2	Other Revenue		
2.1	Other		
	Other surrenders		WP 3B
	Other revenue received		WP 3C
	Total Other	4 176 857	2 688 913
		2 094 593	1 802 126
		6 271 450	4 491 039

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

		2021/22 R'000	2020/21 R'000
3	Net Appropriation	1 031 807 482	1 004 426 578
3.1	Annual Appropriation		
	Equitable Share / Voted Funds	WP 1A 1 050 520 895	1 025 962 053
	Total Annual Appropriation	1 050 520 895	1 025 962 053
3.2	Voted funds to be surrendered		
	Equitable Share / Voted Funds	18 713 413	21 535 475
	Total voted funds to be Surrendered	18 713 413	21 535 475
4	Net Appropriation - Statutory	909 044 146	866 746 611
4.1	Statutory Appropriation		
	Equitable Share / Statutory Funds	WP 1B 856 903 709	783 194 890
	Total Statutory Appropriation	856 903 709	783 194 890
4.2	Statutory funds to be surrendered		
	Equitable Share / Statutory Funds	(52 140 437)	(83 551 721)
	Total Statutory funds to be Surrendered	(52 140 437)	(83 551 721)
5	CARA Payments		
	Cara funds transferred to departments	WP 4C 30 415	150 699
	Total CARA Fund assistance	30 415	150 699
6	Expenditure in terms of a separate Act of Parliament		
	Unauthorised Expenditure in terms of an Act of Parliament	WP 5A -	-
	Total Expenditure in terms of an Act of Parliament	-	-
7	Financial Instrument Valuation and Capital Subscription on Investments		
	Capital Subscription on Investments	WP 6 4 743 073	1 157 393
	Financial Instrument Valuation	WP 6 (40 778 836)	(29 367 536)
	Total Valuation and Capital on Investments	(36 035 763)	(28 210 143)
7.1	Movement*		
	Movement on Capital Subscription	WP 6 (4 105 797)	(19 789 988)
	Movement on Multilateral Institutions	WP 6 3 284 637	15 831 990
	Nett movement	(821 159)	(3 957 998)

*The movement in Capital subscription on Investment and Multilateral Institutions consist of revaluation gain/loss on additional subscription from the New Development Bank which took place in December 2021 and March 2022.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

		2021/22 R'000	2020/21 R'000
8	Cash and cash equivalents		
	Exchequer account	-	-
	Cash with commercial banks	133 317 599	175 135 594
	Cash with SARB	41 157 404	41 157 404
	Foreign Currency Investment	85 130 325	93 281 754
	ALM PMG balance	226 776	539 721
	Total Cash and cash equivalents*	259 832 104	310 114 474
	<i>*Cash and Cash equivalents balances are net of outstanding transfer</i>		
9	Receivables		
	9.1 Current		
	9.1.1 Voted funds to be surrendered to the Revenue Fund		
	Opening Balance	21 265 871	11 669 312
	Prior period error	-	1 317
	Restated opening balance	21 265 871	11 670 629
	Amounts to be surrendered	15 032 050	21 276 787
	Received during the year	(21 293 616)	(11 681 545)
	Closing balance	15 004 305	21 265 871
	9.1.2 Departmental Revenue to be surrendered to the Revenue Fund		
	Opening Balance	2 709 869	3 747 295
	Prior period error*	-	(26 399)
	Restated opening balance	2 709 869	3 720 896
	Revenue collected	10 058 269	10 383 862
	Received during the year	(10 406 290)	(11 394 889)
	Closing balance	2 361 848	2 709 869
	<i>*See disclosure note on restatements for more details</i>		
	9.1.3 Other		
	Opening Balance	102 735	92 045
	Amounts to be received	85 560	102 735
	Received during the year	(102 735)	(92 045)
	Closing balance	85 560	102 735
	9.1.4 Unauthorised expenditure funded by NRF		
	Opening Balance	-	-
	Appropriation for unauthorised expenditure	15 160	-
	Received during the year	-	-
	Total Appropriation for unauthorised expenditure	15 160	-
	Total Receivables	17 466 873	24 078 475

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

		2021/22 R'000	2020/21 R'000
10	Investments		
	Non-Current		
	Foreign		
		WP7B	
	New Development Bank	145 793 500	122 078 138
	International Monetary Fund quota subscription	61 495 389	63 986 569
	African Development Bank	127 499 753	59 041 287
	International Bank for Reconstruction and Development	32 377 379	32 281 356
	International Monetary Fund SDR Holding	89 123 453	31 402 750
	International Finance Corporation	1 936 211	1 965 162
	Multilateral Investment Guarantee Agency	262 178	266 098
	Total Investments - Non-current	458 487 868	311 021 360
	Number of shares		
	International Finance Corporation	132 805	132 805
	International Bank for Reconstruction and Development	18 409	18 084
	Multilateral Investment Guarantee Agency	1 662	1 662
	African Development Bank	724 933	330 749
	New Development Bank	100 000	82 500
	Special Drawing Rights (SDR)		
	International Monetary Fund Quota Subscription	3 051 200	3 051 200
	International Monetary Fund SDR Holding	4 422 014	1 497 440
	Issue price per share		
	Foreign:		
	<i>Issued in American dollars</i>		
	International Finance Corporation	14 579	14 797
	International Bank for Reconstruction and Development	1 758 780	1 785 078
	Multilateral Investment Guarantee Agency	157 749	160 107
	New Development Bank	1 457 935	1 479 735
	<i>Issued in unit of account</i>		
	African Development Bank	175 878	178 508
	Exchange rates as at year end used to convert issue price		
	American dollar (USD)	14.58	14.80
	Special Drawing Rights (SDR)	20.15	20.97

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

		2021/22	2020/21
		R'000	R'000
11	Current Liabilities		
	Payables		
	11.1 Current		
	11.1.1 Voted funds to be transferred		
	Opening Balance	915 496	511
	Prior period error	-	-
	Restated opening balance	915 496	511
	Funds not transferred	WP 1A &1B 18 360 529	915 496
	Paid during the year	WP 4A (915 497)	(511)
	Closing balance	18 360 529	915 496
	11.1.2 Other		
	Opening Balance	1 760 495	2 019 323
	Amounts to be paid	WP 9C 2 396 447	1 760 500
	Amount paid during the year	WP 9C (1 760 500)	(2 019 328)
	Closing balance	2 396 442	1 760 495
	11.1.3 Unauthorised Expenditure NOT funded by Revenue Fund		
	Opening Balance	18 710 490	18 541 198
	Prior period error*	-	-
	Restated opening balance	18 710 490	18 541 198
	Amount paid Approved by Finance Act	WP 5A -	-
	Unauthorised reported in current financial year	WP 5A -	169 292
	Total Appropriation for unauthorised expenditure	18 710 490	18 710 490
	*See disclosure note on restatements for more details		
	Total Payables	39 467 461	21 386 481
12	Borrowings		
	Current		
	Domestic	WP 8A 524 751 784	514 794 981
	Bonds	524 751 784	514 794 981
	Foreign	WP 8A 14 579 350	4 015 517
	Bonds	14 579 350	4 015 517
	Total Current Borrowings	539 331 134	518 810 498

Foreign loans are revalued at the closing exchange rate at 31 March.
The face value of these bonds at the date of issue was R7.1 bn (2020/21: R2.0 bn).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

	2021/22 R'000	2020/21 R'000
12.1 Domestic short-term bonds treasury bills and other loans		
Debt as at 1 April	41 176 085	53 057 774
Created	(40 548 024)	4 891 996
Reduced	(48 653 061)	(57 949 770)
Transfer from long-term	124 660 978	41 176 085
Revaluation premium on inflation-linked bonds	-	17 568 655
Treasury bills	448 108 840	456 043 275
Other Loans	6 966	6 966
Total	524 751 784	514 794 981
12.1.1 Composition of domestic short-term bonds treasury bills and other loans		
1-day Treasury bills	145 170	72 585
91-day Treasury bills	8 684 400	15 334 900
182-day Treasury bills	72 806 380	70 980 300
273-day Treasury bills	149 364 410	154 146 890
365-day Treasury bills	217 108 480	215 508 600
Fixed-rate bonds	75 907 352	-
Inflation-linked bonds	-	55 089 692
Retail bonds	728 626	3 655 048
Other	6 966	6 966
Total	524 751 784	514 794 981
12.2 Foreign short-term bonds and other loans		
Debt as at 1 April	1 995 428	7 960 585
Created	-	-
Reduced	(1 995 428)	(7 960 585)
Transfer from long-term	7 115 000	1 995 428
Revaluation of foreign loans	7 464 350	2 020 089
Total	14 579 350	4 015 517
13 Non-current Liabilities		
Multilateral Institutions	WP 8D	
IMF-Securities Account	109 846 566	114 298 475
African Development Bank	122 745 424	55 008 973
New Development Bank	116 634 800	97 662 510
IMF-SDR Allocations	94 924 702	37 441 855
International Bank for Reconstruction and Development	30 382 549	30 316 748
Multilateral investment Guarantee Agency	212 408	215 584
Total Multilateral Institutions	474 746 449	334 944 145
These liabilities in multi-lateral institutions are revalued at closing exchange rate as at 31 March.		
13.1 African Development Bank	122 745 424	55 008 973
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.		
13.2 IMF-Securities Account	109 846 566	114 298 475
This commitment represents the balance of securities in the International Monetary Fund's (IMF) General Resources Account held with the South African Reserve Bank.		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

	2021/22 R'000	2020/21 R'000
13.3 IMF-SDR Allocations	94 924 702	37 441 855
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.		
13.4 International Bank for Reconstruction and Development	30 382 549	30 316 748
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.		
13.5 New Development Bank	116 634 800	97 662 510
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.		
13.6 Multi- Lateral investment Guarantee Agency	212 408	215 584
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.		

14 Borrowings

Long Term

Domestic	WP 8A	3 340 606 978	3 028 471 416
Bonds		3 340 606 978	3 028 471 416
Foreign	WP 8B	397 525 143	388 418 838
Bonds		397 525 143	388 418 838
Total Long-Term Borrowings		3 738 132 121	3 416 890 254

Included in domestic non-current borrowings are inflation-linked bonds with the revalued amount of R853.5 bn (2020/21: R732.2 bn). The face value of these bonds is R649.2 bn (2020/21: R573.0 bn). Foreign bonds are revalued at the closing exchange rate at 31 March. The face value of these bonds at the date of issue was R374.6 bn (2020/21: R350.4 bn).

14.1 Domestic long-term bonds debentures and other loans	WP 8A		
Debt as at 1 April		2 869 310 493	2 305 114 325
Created		391 735 340	603 081 075
Reduced		-	-
Transfer to short-term		(124 660 978)	(38 884 909)
Revaluation premium on inflation-linked bonds		204 183 256	159 122 056
Former Regional Authorities		38 867	38 867
Total		3 340 606 978	3 028 471 416

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

	2021/22 R'000	2020/21 R'000
14.1.1 Composition of Domestic long-term bonds debentures and other loans		
Fixed-rate bonds	2 469 096 418	2 283 672 537
Inflation-linked bonds	853 461 582	732 164 384
Retail bonds	18 010 111	12 595 628
Former Regional Authorities	38 867	38 867
Total	3 340 606 978	3 028 471 416
14.1.2 Redemption analysis of foreign long term and other loans financial year(s)		
2021-2024	354 514 013	136 527 981
2024-2027	252 116 504	428 894 756
2027-2030	520 503 999	502 742 471
2030-2033	406 026 877	321 109 449
2033-2037	741 078 517	627 649 359
2037-2040	167 967 264	231 905 406
2040-2043	93 381 857	151 719 427
2043-2047	319 688 395	309 640 637
2047-2050	485 290 617	280 347 539
2050-2053	68	37 895 525
Total	3 340 568 111	3 028 432 549
14.2 Foreign long-term bonds and other loans	WP 8B	
Debt as at 1 April	350 411 631	260 487 312
Created	31 315 515	91 919 747
Reduced	-	-
Transfer to short-term	(7 115 000)	(1 995 428)
Revaluation premium on inflation-linked bonds	22 912 997	38 007 207
Total	397 525 143	388 418 838
14.2.1 Redemption analysis of foreign long term and other loans financial year(s)		
2021-2024	21 869 025	36 993 375
2024-2027	131 546 614	120 757 712
2027-2030	78 728 490	73 986 750
2030-2033	-	20 716 290
2033-2037	10 934 512	-
2037-2040	15 942 677	-
2040-2043	-	16 106 176
2043-2047	34 990 440	29 594 700
2047-2050	103 513 385	90 263 835
2050-2053	-	-
Total	397 525 143	388 418 838
14.2.2 Currency analysis of foreign long-term loans		
South African Rand	5 008 164	5 008 164
Euro	8 088 988	8 679 755
Special Drawing Rights	61 495 389	63 986 569
United States dollar	322 932 602	310 744 350
Total	397 525 143	388 418 838

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

		2021/22 R'000	2020/21 R'000
15	Revenue collected		
	By SARS	1 546 653 474	1 200 333 015
	Departmental Revenue collected	WP 2B & 2C 16 474 715	37 164 805
	CARA Fund assistance	WP 1C 71 577	85 835
	Total Revenue collected	1 563 199 765	1 237 583 655
16	Surrenders from Departments		
	Equitable Share / Voted & Statutory funds surrendered	WP 3A 21 293 616	11 681 545
	Unauthorised Expenditure funded by Revenue Fund	WP 5B -	-
	Total Surrenders from Departments	21 293 616	11 681 545
17	Other revenue received by the Revenue Fund		
	Other surrenders	WP 3B 4 176 857	2 688 913
	Other revenue received	WP 3C 2 094 593	1 802 126
	Total Other revenue received	6 271 450	4 491 039
18	Appropriated Payments		
	Annual Appropriation: Funds transferred	WP 1A 1 028 415 404	1 024 477 687
	Statutory Appropriation: Funds transferred	WP 1B 909 122 905	866 887 501
	CARA Fund assistance	WP 4C 30 415	150 699
	Total Appropriated Payments	1 937 568 724	1 891 515 887
19	Other Payments		
	Amounts transferred to departments for previous appropriated funds	WP 4A 915 497	511
	Total Other Payments	915 497	511
20	Other investing activities		
	Other investing activities	WP 7C -	-
	Total Other investing activities	-	-
21	Increase/Decrease in borrowings		
	Changes in borrowings	WP 8C 297 437 018	696 184 522
	Total Other financing activities	297 437 018	696 184 522
22	Adjustments and Restatements		
	Restatements: Before prior period 2020/21	-	(25 082)
	Total Adjustments and Restatements	-	(25 0802)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

	2021/22 R'000	2020/21 R'000
23		
Net cash flow available from operating activities		
Net surplus /(deficit) as per Statement of Financial Performance	(409 073 252)	(662 201 005)
Add back non-cash/cash movements not deemed operating activities	61 340 216	24 440 846
Increase/(decrease) in receivables-current	21 293 616	11 681 545
Increase/(decrease) in other current assets	109 994	(783 160)
Voted funds not requested/not received	3 392 078	(20 051 109)
Approved Statutory Overdrawn	(78 759)	(140 890)
Other non-cash items	36 856 923	32 168 141
Net cash flow generated by operating activities	(347 719 388)	(637 760 159)
24		
RESTATEMENTS		
Restatement done by Departments 2021/22	2021/22	2020/21
Voted funds to be transferred		
Parliament Statutory		
Actual Expenditure exceeded funds requested for 2020-2021	-	34 139
Voted funds to be surrendered		
Sport, Arts and Culture		
Department restated prior period voted funds to be surrendered 2015/16	-	1 079
Agriculture, Land Reform and Rural Development		
Department restated prior period voted funds to be surrendered 2020/21	-	29 062
Cooperative Governance		
Department restated prior period voted funds to be surrendered 2019/20	-	238
Unauthorised Expenditure		
Health		
Department restated Unauthorised expenditure for 2020/21	-	30 566

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

	2021/22 R'000	2020/21 R'000
Departmental Revenue		

Home Affairs		
Department restated Departmental Revenue collection for 2017/18	-	4 781
Restatement Departmental Revenue collection for 2020/21	-	19 963

Cooperative Governance		
Department restated Departmental Revenue collection for 2016/17	-	21 618

Agriculture, Land Reform and Rural Development		
Department restated Departmental Revenue collection for 2020/21	-	726

	2020/21	Reflected in the Audited Financial Statements 2020/21	
ALM prior period error			
Domestic short term loans, treasury bills and other loans			
Adjustment of initial redemption figures transferred from long term to short term in 2020/21 for payment in 2021/22			
Current Borrowings-Domestic	514 794 981	512 352 196	2 442 785
Long term Borrowings-Domestic	3 028 471 416	3 030 914 202	(2 442 785)
Restatement of Foreign Currency Accounts			
Financial Instrument Valuation and Capital Subscription on Investments	93 281 754	93 263 486	18 268

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

Summary of above-mentioned prior period errors

	Revenue	Expenditure	Equity	Assets	Liability
2020/21					
Parliament Statutory actual expenditure exceeded funds requested for 2020/21	-	34 139	(34 139)	-	34 139
ALM Financial Instrument valuation and Capital subscription on Investment for 2020/21	-	-	18 268	18 268	-
Home Affairs restated Departmental Revenue collection for 2020/21	19 963	-	19 963	19 963	-
Agriculture, Land Reform and Rural Development restated prior period voted funds to be surrendered for 2020/21	-	29 062	(29 062)	(29 062)	-
Agriculture, Land Reform and Rural Development restated departmental revenue for 2020/21	(726)	-	(726)	(726)	-
Health restated Unauthorised expenditure for 2020/21	-	(30 566)	30 566	-	(30 566)
Sub Total	19 237	32 635	4 870	8 443	3 573
Prior to 2020/21					
Home Affairs restated departmental revenue for 2017/18	-	-	(4 781)	(4 781)	-
Cooperative Governance departmental restated departmental revenue collection for 2016/17	-	-	(21 618)	(21 618)	-
Sports, Arts and Culture department restated voted funds for 2015/16	-	-	1 079	1 079	-
Cooperative Governance departmental restated voted funds for 2019/20	-	-	238	238	-
Sub Total	-	-	(25 082)	(25 082)	-
TOTAL	19 237	32 635	(20 212)	(16 639)	3 573

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

25 Departures from the Modified Cash Standard granted to SARS

The financial statements comply with the Modified Cash Standard with the Departures disclosed below. These departures were approved by the Accountant-General in 2014. The MCS with these departures will apply until the adoption of accrual accounting.

25.1 Revenue recognition: Penalties

Chapter 9.14 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 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 as taxation revenue.

25.2 Revenue recognition: Revenue from SACU

Chapter 9.14 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 concluded that revenue received in terms of the SACU agreement should be accounted for on the cash basis of accounting.

25.3 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.

There is currently no reliable basis that can be utilised in respect of the judgment to be applied in considering whether transactions meet the criteria of accruals provisions contingent assets and liabilities.

SARS 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 2022

	2021/22 R'000	2020/21 R'000
26		
Contingent Asset		
GEFECRA	314 283 429	315 584 260

The GFEFECRA, 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.

27 Events after reporting date

27.1 Subsequent events

In October 2022 the Minister of Finance announced an additional allocation in the Second Special Appropriation Bill (2022) totalling R30 billion which was specifically and exclusively appropriated for the following:

- R3,4 billion to Denel Limited for the implementation of the turnaround plan.
- R2,9 billion to Transnet Limited for the acceleration of repair and maintenance of locomotives
- R23,7 billion to the South African National Roads Agency Limited for debt redemption fund.

In the 2022 MTBPS, the gross borrowing requirement for 2022/23 was projected to be R411.2 billion. As at 31 October 2022, a total R11.4 billion was raised through net domestic short-term loans, R210.0 billion was raised through net domestic long-term loans (inclusive of redemptions and switches) and a foreign market loan of US\$3.1 billion (equivalent to R46.6 billion). In addition, government received a euro loan of €391 million (equivalent to R6.8 billion).

The foreign market loan was raised in two tranches comprising US\$1.4 billion from 10-year notes (maturing in 2032) as well as US\$1.6 billion from 30-year notes (maturing in 2052).

Government received a further US\$100 million (equivalent to R1.485 billion) disbursement from the New Development Bank (NDB) under the NDB National Non-Toll Road Management Programme Loan Agreement, Tranche B maturing in 2046.

In addition, government also received a €391 million Covid-19 Emergency Response Project Loan from The World Bank. This loan was issued in two tranches of €238 million (equivalent to R4.130 billion) received on 16th September 2022 and €153 million (equivalent to R2.661 billion) received on 22nd September 2022; both maturing in November 2035.

In the 2022 MTBPS, it was also announced that government plans to take over a portion of Eskom's R400 billion debt in order to allow the entity to implement planned capital investment and critical maintenance and ensure that Eskom no longer relies on government bailouts. The National Treasury is leading a process to finalise the debt relief programme and specific details on this programme will be announced in the 2023 Budget.

On 20 May 2022, S&P revised South Africa's credit rating outlook to positive from stable, while affirming the long term foreign and local currency debt ratings at 'BB-' and 'BB', respectively. According to S&P, recent favourable terms of trade in South Africa have improved the external and fiscal trajectory, while the country's reasonably large net external asset position, flexible currency and deep domestic capital markets provide strong buffers against shifts in external financing. In addition, the agency expects South Africa to post a current account surplus in 2022 for the third consecutive year, as prices for key metals and mining exports have risen significantly since the start of the Russia-Ukraine conflict.

On 7 July 2022, Fitch affirmed South Africa's long term foreign and local currency debt ratings at 'BB-' and maintained a stable outlook. The affirmation takes into consideration that government's debt trajectory is lower than previously anticipated as well as recent improvements in several key credit metrics, including the current account balance. However, the agency anticipates debt stabilisation to remain a challenge.

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

27.2 Non adjusting events

In terms of section 22 of the 2022 Division of Revenue Act the approval for roll over was only after 31 March 2022. Unspent conditional grants should be surrendered by the Province to the National Revenue Fund through the relevant National Departments. As these approvals were received after June 2022 the amounts for unspent conditional grants to be surrendered were not included in the audited Annual Financial Statements of the relevant National departments. The National Revenue Fund should therefore receive the amount of R3,246 bn. See breakdown below:

	2021/22 R'000	2020/21 R'000
Province/Agency		
<i>Audited 2021/22</i>		
North west	443 601	112 684
Western Cape	44 420	95 334
Gauteng	2 029 835	944 747
Eastern Cape	62 029	192 299
KwaZulu Natal	44 131	55 356
Mpumalanga	104 664	176 199
Northern Cape	102 105	109 489
Free State	55 702	240 732
Limpopo	359 758	603 996
Total	3 246 245	2 530 836

28. Financial Risk Management

Government's debt portfolio during 2021/22 was assessed for the eighth 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.

Strategic portfolio risk benchmarks

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

Government's gross loan debt of R4.2 trillion consists of domestic (R3.9 trillion) and foreign debt (R412.1 billion). Domestic debt comprises short-term debt (Treasury bills and borrowing from the Corporation for Public Deposits) and long-term debt (fixed-rate plus inflation-linked bonds, retail and other loans). For purposes of calculating the risk benchmarks, borrowings from the CPD, retail bonds and other non-marketable loans were excluded from gross loan debt. This is because these items are generally small in nominal values and difficult to price.

28.1 Inflation risk

Inflation risk is the risk that adverse changes in month-on-month inflation might result in increases in the outstanding amount of inflation-linked bonds and thus result in higher future redemption amounts. This risk is managed by setting a benchmark for inflation-linked bonds (ILBs) as a percentage of domestic debt to range between 20 to 25 per cent. Domestic debt includes Treasury bills, fixed-rate- and inflation-linked bonds. Due to the redemption of the R212 bond in January 2022, the share of ILBs as a percentage of total domestic debt decreased to 22.2 per cent (as at the end of March 2022) from 22.3 per cent as at the end of March 2021.

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

Inflation-linked bonds as a per cent of domestic debt

Indicator	31 March 2022	31 March 2021
Domestic debt ¹	R3 846.4 bn	R3 526.9 bn
Inflation-linked bonds	R 853.4 bn	R 787.3 bn
ILBs as % of domestic debt	22.2%	22.3 %

1. Excludes retail bonds, borrowing from the CPD and other loans.

28.2 Currency risk

Currency risk arises from the change in the price of the rand against major currencies in which the sovereign's foreign debt is denominated. The impact of a weaker currency affects the rand value of interest and redemption amounts on foreign loans. The risk tolerance level is expressed through the limit of 15 per cent for foreign currency debt as a percentage of total debt. Changes in the exchange rate, mainly the USD/ZAR also impact 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 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. For the period under review, government's exposure to Dollar denominated debt increased by 2.7 percentage points, from 79.2 per cent in March 2021 to 81.9 per cent as of 31 March 2022. This is a result of the three additional multi-lateral loans that were sourced during the 2021/22 fiscal year.

Composition of foreign debt

Indicator	31 March 2022	31 March 2021
Percentage		
As % of total debt		
- Gross foreign debt	9.7	10.0
- Net foreign debt	7.9	8.3
Currency composition		
- US Dollar	81.9	79.2
- Euro	2.0	2.2
- Yen	0.0	1.0
- GBP	0.0	0.0
- Swedish krona	0.0	0.0
- XDR	14.9	16.3
- ZAR	1.2	1.3

28.3 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 2021/22; a sum of R48.0 billion was switched out of the R2023 bond hence the share of long-term debt maturing in 5 years declined from 15.9 per cent (31 March 2021) to 14 per cent (31 March 2022).

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

Refinancing risk benchmarks

Indicator	31 March 2022	31 March 2021
Treasury bills as % of domestic debt	11.7%	12.9%
Long-term debt maturing in 5 years as % of bonds	15.8%	15.9%
Weighted term-to-maturity of fixed-rate bonds plus Treasury bills (in years)	11.5	11.8
Weighted term-to-maturity of inflation-linked bonds (in years)	13.6	13.2

28.4 Credit Risk

Credit risk exposure from explicit contingent portfolio

The explicit contingent liabilities of government consist mainly of government guarantees issued to state-owned companies (SOCs), Public-Private Partnerships (PPPs) as well as Independent Power Producers (IPPs).

The explicit contingent liability portfolio of government exposes government to credit risk, in that, should the guaranteed entities fail to settle their government guaranteed financial obligations; government as the guarantor will have to settle the obligations in default on behalf of the entities.

As at 31 March 2022, guarantees to public institutions decreased by around R39.7 billion, from R581.7 billion in 2020/21 to R542.1 billion. The decline in guarantees was due to Denel's guarantee facilities declining to R3.4 billion after R2.5 billion lapsed following the cancellation of the Egyptian missile contract. The guarantee amount for the Trans Caledon Tunnel Authority (TCTA) was revised from R43 billion to the original facility of R25 billion, while the guarantee to South African Airways (SAA) declined with the transfer of funds from the fiscus in line with the conditions of the appropriation.

As at 31 March 2022, the guarantee exposure amount decreased by around R12.1 billion from R384.7 billion in 2020/21 to R396.8 billion. The decline reflects mainly increased exposure from Eskom, SANRAL and the loan guarantee scheme facility, which was offset by the repayment of debt by the Land Bank, SAA and the TCTA.

Meanwhile, guarantees issued to IPPs increased to R208.5 billion with the addition of projects that were added on to the program in the year under review. The exposure from the program increased to R177 billion. On the other hand, guarantees to PPPs declined to R7.9 billion as exposure to individual projects continue to decline.

Counterparty risk exposure from investment of government surplus cash

Government's gross loan debt of R4.2 trillion consists of domestic (R3.9 trillion) and foreign debt (R412.1 billion). Domestic debt comprises short-term debt (Treasury bills and borrowing from the Corporation for Public Deposits) and long-term debt (fixed-rate plus inflation-linked bonds, retail and other loans). For purposes of calculating the risk benchmarks, borrowings from the CPD, retail bonds and other non-marketable loans were excluded from gross loan debt. This is because these items are generally small in nominal values and difficult to price.

28.5 Sovereign risk

Sovereign credit ratings play an important role in a country's ability to access capital markets, as they influence investor perceptions of the quality of its debt. Credit rating agencies carry out annual reviews of South Africa's creditworthiness. However, since the inception of the European Union's Credit Regulation Act 3 in 2013, European-based credit rating agencies are obliged to review their credit ratings every six months. South Africa solicits ratings from the three major rating agencies: Moody's Investors Service (Moody's), S&P Global Ratings (S&P), and Fitch Ratings (Fitch).

Following multiple credit rating downgrades from the solicited credit ratings in 2020, as a result of the outbreak of the Covid-19 pandemic and associated long-lasting and devastating effects, South Africa's credit ratings began to stabilize in 2021/22.

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

On 21 May 2021, S&P affirmed South Africa's long term foreign and local currency debt ratings at 'BB-' and 'BB', respectively. The agency maintained a stable outlook. On the same day, Fitch affirmed the country's long term foreign and local currency debt ratings at 'BB-' and maintained a negative outlook. However, both agencies highlighted that long standing structural constraints are expected to continue to hinder economic growth. Further, high and rising government debt as well as high inequality remain the key rating weaknesses

On 15 December 2021, Fitch affirmed the country's non-investment ratings ('BB-') and revised the outlook to stable from negative. The agency indicated that the outlook revision reflects the faster than expected economic recovery, surprisingly strong fiscal performance as well as significant improvements to key GDP based credit metrics following the rebasing of national accounts.

Rating agencies remain concerned about South Africa's low economic growth, slow pace of economic reforms implementation as well as socioeconomic inequalities which complicate policy efforts and intensify tensions that fuel political risk in South Africa. Additionally, the country's large debt burden, and the financially weak SOC sector remains a drain on public finances, although government has recently limited financial support to SOCs.

The table below shows the current ratings from the solicited rating agencies. Credit ratings from all the credit rating agencies now carry stable outlooks.

Table: South Africa's Credit Ratings by R&I, S&P, Fitch and Moody's

Rating Agency	Latest credit rating action	Action	LTFC ¹	LTLC ²	Outlook
S&P	20 November 2020	Affirmation	BB-	BB	Stable
Fitch	15 December 2021	Affirmation	BB-	BB-	Stable
Moody's	21 May 2021	Affirmation	Ba2	Ba2	Negative

¹LTFC = Long Term Foreign Currency Rating, ²LTLC = Long Term Local Currency Rating.

29. Financial sustainability

Government expenditure has for the past few years exceeded its revenue base. The medium-term fiscal strategy prioritises the achieving of fiscal sustainability by narrowing the budget deficit and stabilising debt, increasing spending on policy priorities such as security and infrastructure, thereby promoting economic growth and reducing fiscal and economic risks, including through targeted support to key public entities and building fiscal buffers for future shocks. Any large permanent increases in spending must be matched by permanent increases in revenue or reductions in spending elsewhere, including suspending or terminating programmes.

Risks to the global and domestic outlook remain elevated. South Africa needs to restore the health of its public finances during a global slowdown marked by high levels of economic risk and fiscal distress, particularly for developing countries. Many of the global and domestic risks to the economic outlook outlined in the 2022 Budget materialised, including slower global growth, higher levels of inflation, accelerating interest rate increases and intensified power supply interruptions. The International Monetary Fund has revised global growth estimates downwards for both 2022 and 2023. The Russia-Ukraine war (and subsequent sanctions) and energy disruptions to Europe have renewed the surge in global inflation which erodes purchasing power, leading to higher interest rates and discouraging and delaying investment and hiring. Lower global growth means lower external demand threatening the pace of economic growth in South Africa.

A strong fiscal strategy will reduce the risks to the economy and the public finances over the medium term. A clear and stable macroeconomic framework lays a foundation for a growing economy. South Africa is also doing everything necessary to prevent grey-listing by the international standard-setting body that oversees global compliance with anti-money laundering rules, namely the Financial Action Task Force. We have tabled two bills in Parliament aimed at addressing weaknesses in our legislative framework. All of this will contribute to a flexible exchange rate, low and stable inflation and a sustainable fiscal policy.

Urgent action is required to mitigate risks and accelerate growth-enhancing reforms, especially to boost electricity supply. Domestically, increased power cuts will compromise an already fragile and recovering economy. Conversely, accelerating the implementation of energy reforms could mitigate the adverse effects of load-shedding and support higher business confidence and investment. Industrial action in the ports and rail sector could constrain economic activity and reduce South Africa's competitiveness. A deterioration of the fiscal outlook due to unfunded spending pressures or the materialisation of contingent liabilities and the weak financial position of several state-owned companies that rely on government support to operate could increase borrowing costs, and crowd out both private and public investment.

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

The higher-than-anticipated revenues will be used to reduce the gross borrowing requirement, support spending priorities and reduce risks to the fiscal outlook. Lifted by better-than-expected revenues and expenditure discipline, the fiscal position is stronger. The unallocated and contingency reserves cushion the fiscal framework from fiscal risks that may materialise over the medium term. The unallocated reserve is increased by R11.3 billion to R41.3 billion in 2024/25. The contingency reserve has also been increased by R2 billion over the next two years. As a result of determined and disciplined budgeting, supported by favourable revenue dynamics, government expects to achieve a primary budget surplus in 2023/24. Gross debt is now projected to stabilise at 71.4 per cent of GDP in 2022/23 much more quickly than previously expected.

During 2022, the global funding environment has been characterised by elevated risk aversion and sharp increases in risk premia. Over the medium term, government will need to manage large redemptions, reflected in the gross borrowing requirement, which has been revised down from R484.5 billion at the time of the 2022 Budget to R411.2 billion in 2022/23. Over the medium term, the gross borrowing requirement will average R445.7 billion, which puts the gross borrowing requirement medium term path at pre-COVID levels. Long-term borrowing in the domestic bond market will decline from R330.4 billion estimated in the 2022 Budget to R299.4 billion in 2022/23, averaging R312.4 billion over the medium term. Gross loan debt is expected to increase from R4.75 trillion in 2022/23 to R5.61 trillion in 2025/26, driven mainly by the budget balance and fluctuations in the interest, inflation and exchange rates.

Consolidated government spending is projected to increase from R2.21 trillion in 2022/23 to R2.48 trillion in 2025/26, growing at an annual rate of 4 per cent. The consolidated budget deficit is projected to narrow from 4.9 per cent of GDP in 2022/23 to 3.2 per cent of GDP in 2025/26.

The strategic goal of this government is to reduce poverty, inequality and unemployment, in pursuit of a better life for all. Government is working to improve the efficiency of spending and remains committed to returning the public finances to a sustainable position. Government plays an important role in ensuring that the overarching regulatory environment and the provision of critical public goods and services are supportive of inclusive and sustainable growth. The state must boost its capacity to prioritise, sequence and coordinate interventions through adaptable policymaking and institutions that are accountable and capable, with the ability to make choices where trade-offs arise.

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2022

Working paper 1A STATEMENT OF EQUITABLE SHARE/VOTED FUNDS TRANSFERRED TO DEPARTMENTS AS AT 31 MARCH 2022

Name of Department	Appropriation Act		Funds transferred		Voted funds to be surrendered		Outstanding Request		Unauthorised Expenditure funded by NRF/PRF WP 5B		Unauthorised expenditure not funded by NRF/PRF WP 5B		Net Appropriation	
	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	604 579	604 579	604 579	86 368	-	-	-	-	-	-	518 211	-	-	518 211
Parliament	2 144 148	2 144 148	2 144 148	-	-	-	-	-	-	-	2 144 148	-	-	2 144 148
Cooperative Governance	101 259 931	101 259 931	101 259 931	2 816 873	-	-	-	-	-	-	98 443 058	-	-	98 443 058
Government Communication and Information	757 430	757 430	757 430	2 426	-	-	-	-	-	-	755 004	-	-	755 004
Home Affairs	9 431 436	9 431 436	9 431 436	-	-	-	-	-	-	-	9 431 436	-	-	9 431 436
International Relations and Cooperation	6 517 872	6 517 872	6 517 872	480 862	-	-	-	-	-	-	6 037 010	-	-	6 037 010
National School of Government	214 297	214 297	214 297	6 795	-	-	-	-	-	-	207 502	-	-	207 502
National Treasury	63 646 707	63 646 707	45 546 707	-	16 823 196	-	-	-	-	-	62 369 903	-	-	62 369 903
Planning Monitoring and Evaluation	459 213	459 213	459 213	62 495	-	-	-	-	-	-	396 718	-	-	396 718
Public Enterprise	36 274 819	36 274 819	36 274 819	247 629	-	-	-	15 160	-	-	36 012 030	-	-	36 012 030
Public Service and Administration	531 684	531 684	530 184	72 580	-	-	-	-	-	-	457 604	-	-	457 604
Public Service Commission	286 271	286 271	286 271	20 500	-	-	-	-	-	-	265 771	-	-	265 771
Public Works and Infrastructure	8 354 210	8 354 210	8 354 210	272 015	-	-	-	-	-	-	8 082 195	-	-	8 082 195
Statistics S A	4 931 640	4 931 640	4 931 640	283 325	-	-	-	-	-	-	4 648 315	-	-	4 648 315
Traditional Affairs	172 690	172 690	172 690	18 033	-	-	-	-	-	-	154 657	-	-	154 657
Basic Education	27 239 260	27 239 260	27 239 260	68 019	-	-	-	-	-	-	27 171 241	-	-	27 171 241
Higher Education and Training	97 889 005	97 889 005	97 889 005	473 995	-	-	-	-	-	-	97 415 010	-	-	97 415 010
Health	65 908 765	64 771 081	64 771 081	-	366 352	-	-	-	-	-	65 137 433	-	-	65 137 433
Social Development	234 972 118	232 146 315	232 146 315	-	962 617	-	-	-	-	-	233 108 932	-	-	233 108 932
Women	1 195 508	1 170 821	1 170 821	6 398	-	-	-	-	-	-	1 164 423	-	-	1 164 423
Civilian Secretariat for Police	151 043	151 043	151 043	12 636	-	-	-	-	-	-	138 407	-	-	138 407
Correctional Services	25 943 252	25 943 252	25 943 252	249 619	-	-	-	-	-	-	25 693 633	-	-	25 693 633
Defence	48 796 421	48 796 421	48 796 421	20 507	-	-	-	-	-	-	48 775 914	-	-	48 775 914
Independent Police Investigative Directorate	353 778	353 778	353 778	5 870	-	-	-	-	-	-	347 908	-	-	347 908
Justice and Constitutional Development	19 508 708	19 508 708	19 508 708	408 359	-	-	-	-	-	-	19 100 349	-	-	19 100 349

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2022

Working paper 1A (continued) STATEMENT OF EQUITABLE SHARE/VOTED FUNDS TRANSFERRED TO DEPARTMENTS AS AT 31 MARCH 2022

Name of Department	Appropriation Act		Funds transferred	Voted funds to be surrendered	Outstanding Request	Unauthorised Expenditure funded by NRF/PRF WP 5B		Unauthorised expenditure not funded by NRF/PRF WP 5B		Net Appropriation
	R 000	R 000				R 000	R 000	R 000	R 000	
Military Veterans	607 388	607 388	607 388	91 793	-	-	-	-	515 595	
Office of the Chief Justice	1 241 780	1 241 780	1 241 780	85 617	-	-	-	-	1 156 163	
Police	100 473 833	100 473 833	100 473 833	878 441	-	-	-	-	99 595 392	
Agriculture, Land Reform and Rural Development	18 023 260	18 023 260	18 023 260	1 092 036	-	-	-	-	16 931 224	
Communications and Digital Technologies	3 884 456	3 884 456	3 884 456	314 992	-	-	-	-	3 569 464	
Employment and Labour	3 816 493	3 816 493	3 816 493	584 327	-	-	-	-	3 232 166	
Forestry, Fisheries and the Environment	9 099 737	9 099 737	9 099 737	1 609 724	-	-	-	-	7 490 013	
Human Settlements	31 679 787	31 679 787	31 679 787	720 255	-	-	-	-	30 959 532	
Minerals Resources and Energy	9 241 464	9 241 464	9 241 464	337 927	-	-	-	-	8 903 537	
Science and Innovation	9 005 638	9 005 638	9 005 638	43 595	-	-	-	-	8 962 043	
Small Business Development	2 637 063	2 637 063	2 627 063	13 845	-	-	-	-	2 613 218	
Sports, Arts and Culture	5 747 273	5 747 273	5 747 273	103 613	-	-	-	-	5 643 660	
Tourism	2 545 338	2 545 338	2 545 338	7 562	-	-	-	-	2 537 776	
Trade, Industry and Competition	11 812 005	11 812 005	11 806 188	192 092	-	-	-	-	11 614 096	
Transport	65 425 538	65 425 538	65 425 538	522 261	-	-	-	-	64 903 277	
Water and Sanitation	17 735 057	17 735 057	17 735 057	2 531 543	-	-	-	-	15 203 514	
Total	1 050 520 895	1 028 415 404	1 028 415 404	14 744 927	18 152 165	15 160	-	-	1 031 807 482	

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2022

Working paper 1A STATEMENT OF EQUITABLE SHARE/VOTED FUNDS TRANSFERRED TO DEPARTMENTS AS AT 31 MARCH 2021

Name of Department	Appropriation Act		Funds transferred		Voted funds to be surrendered		Outstanding Request		Unauthorised Expenditure funded by NRF/PRF WP 5B		Unauthorised expenditure not funded by NRF/PRF WP 5B		Net Appropriation	
	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	572 920	572 920	572 920	55 093	-	-	-	-	-	-	517 827	-	-	517 827
Parliament	2 015 845	2 015 843	2 015 843	-	-	-	-	-	-	-	2 015 843	-	-	2 015 843
Cooperative Governance*	106 942 787	106 942 787	106 942 787	3 636 945	-	-	-	-	-	-	103 305 842	-	-	103 305 842
Government Communication and Information	725 140	725 140	725 140	13 030	-	-	-	-	-	-	712 110	-	-	712 110
Home Affairs	8 787 408	8 787 408	8 787 408	317 149	-	-	-	-	-	-	8 470 259	-	-	8 470 259
International Relations and Cooperation*	6 314 968	6 314 968	6 314 968	219 155	-	-	-	-	150 131	-	6 245 944	-	-	6 245 944
National School of Government	227 407	227 407	227 407	5 804	-	-	-	-	-	-	221 603	-	-	221 603
National Treasury	34 525 673	34 525 673	34 525 673	444 166	-	-	-	-	-	-	34 081 507	-	-	34 081 507
Planning Monitoring and Evaluation	399 974	399 974	399 974	12 835	-	-	-	-	-	-	387 139	-	-	387 139
Public Enterprise	77 606 906	77 606 906	77 606 906	103 506	-	-	-	-	-	-	77 503 400	-	-	77 503 400
Public Service and Administration	468 895	468 895	468 895	38 309	-	-	-	-	-	-	430 586	-	-	430 586
Public Service Commission	273 780	273 780	273 780	12 624	-	-	-	-	-	-	261 156	-	-	261 156
Public Works	7 724 379	7 724 379	7 724 379	193 345	-	-	-	-	-	-	7 531 034	-	-	7 531 034
Statistics SA*	3 131 573	3 131 573	3 131 573	440 259	-	-	-	-	-	-	2 691 314	-	-	2 691 314
Traditional Affairs	161 685	161 685	161 685	24 162	-	-	-	-	-	-	137 523	-	-	137 523
Basic Education	23 394 972	23 394 972	23 394 972	494 347	-	-	-	-	-	-	22 900 625	-	-	22 900 625
Higher Education and Training	94 094 944	94 094 944	94 094 944	397 465	-	-	-	-	-	-	93 697 479	-	-	93 697 479
Health*	58 664 912	58 664 912	58 664 912	-	14 318	-	-	-	-	19 161	58 086 075	-	-	58 086 075
Social Development	230 807 298	230 807 298	230 807 298	1 884 596	-	-	-	-	-	-	228 922 702	-	-	228 922 702
Women, Youth and Person with Disabilities	620 976	620 976	620 976	18 575	-	-	-	-	-	-	602 401	-	-	602 401
Civilian Secretariat for Police	137 168	137 168	137 168	5 624	-	-	-	-	-	-	131 544	-	-	131 544
Correctional Services	25 596 837	25 596 837	25 596 837	569 738	-	-	-	-	-	-	25 027 099	-	-	25 027 099
Defence	54 201 287	54 201 287	54 201 287	115 097	-	-	-	-	-	-	54 086 190	-	-	54 086 190
Independent Police Investigative Directorate	340 976	340 976	340 976	37	-	-	-	-	-	-	340 939	-	-	340 939
Justice and Constitutional Development	18 666 284	18 666 284	18 666 284	780 802	-	-	-	-	-	-	17 885 482	-	-	17 885 482

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2022

Working paper 1A (continued) STATEMENT OF EQUITABLE SHARE/VOTED FUNDS TRANSFERRED TO DEPARTMENTS AS AT 31 MARCH 2021

Name of Department	Appropriation Act		Funds transferred	Voted funds to be surrendered	Outstanding Request	Unauthorised Expenditure funded by NRF/PRF WP 5B		Unauthorised expenditure not funded by NRF/PRF WP 5B		Net Appropriation	
	R 000	R 000				R 000	R 000	R 000	R 000	R 000	R 000
Military Veterans	480 342	480 342	480 342	51 079	-	-	-	-	-	429 263	
Office of the Chief Justice	1 188 121	1 188 121	1 188 121	116 249	-	-	-	-	-	1 071 872	
Police	99 560 894	99 560 894	99 560 894	4 077 751	-	-	-	-	-	95 483 143	
Agriculture, Land Reform and Rural Development*	15 247 613	15 246 901	15 246 901	1 124 808	-	-	-	-	-	14 122 093	
Communications and Digital Technologies	3 280 928	3 280 928	3 280 928	116 303	-	-	-	-	-	3 164 625	
Employment and Labour	3 299 305	3 299 305	3 299 305	196 215	-	-	-	-	-	3 103 090	
Forestry, Fisheries and the Environment	9 937 801	9 937 801	9 937 801	1 637 785	-	-	-	-	-	8 300 016	
Human Settlements	29 079 019	29 077 021	29 077 021	301 484	-	-	-	-	-	28 775 537	
Minerals Resources and Energy	7 567 050	7 567 050	7 567 050	382 101	-	-	-	-	-	7 184 949	
Science and Innovation	7 278 287	7 278 287	7 278 287	113 022	-	-	-	-	-	7 165 265	
Small Business Development	2 277 803	2 267 803	2 267 803	18 608	-	-	-	-	-	2 249 195	
Sports, Arts and Culture*	5 310 738	5 310 738	5 310 738	135 222	-	-	-	-	-	5 175 516	
Tourism	1 426 860	1 426 860	1 426 860	34 611	-	-	-	-	-	1 392 249	
Trade, Industry and Competition	9 273 272	9 273 272	9 273 272	233 558	-	-	-	-	-	9 039 714	
Transport	57 354 735	56 495 397	56 495 397	-	578 418	-	-	-	-	57 073 815	
Water and Sanitation	16 994 291	16 994 291	16 994 291	2 491 678	-	-	-	-	-	14 502 613	
Total	1 025 962 053	1 024 477 687	1 024 477 687	20 813 137	592 736	-	-	169 292	-	1 004 426 578	

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2022

Working paper 1B STATEMENT OF EQUITABLE SHARE/STATUTORY FUNDS TRANSFERRED TO DEPARTMENTS AS AT 31 MARCH 2022

Name of Department	Appropriation Act		Funds transferred		Statutory funds to be surrendered		Outstanding Request		Net Appropriation	
	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000
Presidency	7 542	7 542		1 836						5 706
Parliament	471 710	471 710		-			30 170			501 880
National Treasury										
Provinces	544 834 911	544 834 911		-						544 834 911
General Fuel Levy	14 617 279	14 617 279		-						14 617 279
Auditor General of South Africa	70 049	70 049		-			70 000			140 049
Section 70 of the PFMA payment										
Denel (Public Enterprise)	3 035 500	3 035 500		-			107 886			3 030 886
State Debt Cost										
Interest	269 124 000	269 124 000								267 948 121
Management	60 000	60 000								2 944
Cost of raising loans	50 000	50 000								53 536 097
Higher Education and Training	18 932 767	18 932 767								19 011 610
Justice and Constitutional Development	2 396 489	2 396 489								2 174 510
Office of the Chief Justice	1 118 421	1 118 421								1 063 342
ALM (National Revenue Fund Payments) ¹	2 173 439	2 173 439								2 173 439
Transport	11 602	11 602								3 372
Total	856 903 709	856 903 709		287 123			208 364			909 044 146

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 WORKING PAPERS (WP)

For the year ended 31 March 2022

Working paper 1B

STATEMENT OF EQUITABLE SHARE/STATUTORY FUNDS TRANSFERRED TO DEPARTMENTS AS AT 31 MARCH 2021

Name of Department	Appropriation Act		Funds transferred		Statutory funds to be surrendered		Outstanding Request		Net Appropriation	
	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000
Presidency	7 715	7 715	7 715	7 715	2 015	-	-	5 700	-	-
Parliament	476 474	476 474	498 659	498 659	-	-	34 139	532 798	-	-
National Treasury										
Provinces	520 717 021	520 717 021	520 717 021	520 717 021	-	-	-	520 717 021	-	-
General Fuel Levy	14 026 878	14 026 878	14 026 878	14 026 878	-	-	-	14 026 878	-	-
Auditor General of South Africa	120 001	120 001	120 001	120 001	50 000	-	-	70 001	-	-
Section 70 of the PFMA payment										
Land and Agricultural Bank of South Africa(National Treasury)	74 366	74 366	74 366	74 366	-	-	-	74 366	-	-
South African Express Airways SOC Ltd(Public Enterprise)	143 395	143 395	143 395	143 395	-	-	-	143 395	-	-
South African Airways SOC Ltd (Public Enterprise)	266 903	266 903	-	-	-	-	266 903	266 903	-	-
State Debt Cost										
Interest	232 449 798	232 449 798	232 196 867	232 196 867	41 476	-	-	232 155 391	-	-
Management	60 000	60 000	3 218	3 218	132	-	-	3 086	-	-
Cost of raising loans	518 000	518 000	82 537 676	82 537 676	-	-	21 718	82 559 394	-	-
Higher Education and Training	10 174 611	10 174 611	12 412 974	12 412 974	-	-	-	12 412 974	-	-
Justice and Constitutional Development	2 442 459	2 442 459	2 442 459	2 442 459	295 698	-	-	2 146 761	-	-
Office of the Chief Justice	1 117 931	1 117 931	1 117 931	1 117 931	74 329	-	-	1 043 602	-	-
ALM (National Revenue Fund Payments)	588 341	588 341	588 341	588 341	-	-	-	588 341	-	-
Transport	10 997	10 997	-	-	-	-	-	-	-	-
Total	783 194 890	783 194 890	866 887 501	866 887 501	463 650	322 760	463 650	866 746 611	866 746 611	866 746 611

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2022

Working paper 1C

STATEMENT OF CRIMINAL ASSET RECOVERY ACCOUNT (CARA) RECEIPTS

	2021/22		2020/21	
	Amount Received R 000	Amount Received by Revenue Fund R 000	Amount Received R 000	Amount Received by Revenue Fund R 000
Non-operating Income Items				
CARA	71 577	71 577	85 835	85 835
Total	71 577	71 577	85 835	85 835

Working paper 2A

STATEMENT OF REVENUE COLLECTED BY SARS

Revenue Items	2021/22		2020/21	
	Amount Collected R 000	Amount Collected R 000	Amount Collected R 000	Amount Collected R 000
Taxation				
Income tax	912 870 032	718 180 427		
Value-added tax / Sales tax	390 895 100	331 196 848		
Fuel levy	84 453 514	71 837 171		
Customs duties	57 075 262	46 333 356		
Excise duties	52 226 311	34 154 986		
Skills Development Levy	19 335 917	12 250 229		
Environmental levy	12 858 151	11 069 424		
Transfer duties	10 576 131	7 606 047		
Securities transfer tax	7 680 453	5 422 275		
Road accident fund recoupment	4 435 556	3 665 644		
Southern African Customs Union member duties	3 122 455	2 460 570		
Estate duty	3 140 787	2 316 293		
Health promotion levy	2 259 832	2 113 606		
Other taxation revenue	1 128 810	443 896		
State miscellaneous revenue	1 060 510	58 461		
Donations Tax	635 423	602 002		
Total Taxation	1 563 754 244	1 249 711 235		

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2022

Working paper 2A (continued)

STATEMENT OF REVENUE COLLECTED BY SARS

Revenue Items	2021/22		2020/21	
	Amount Collected	R 000	Amount Collected	R 000
Non-taxation				
Road accident fund levy	47 282 230		40 628 194	
Mineral and petroleum resource royalty	28 456 420		14 227 647	
Unemployment Insurance Fund (UIF)	21 432 659		18 395 499	
Other non-taxation revenue	(117 084)		(105 789)	
Total Non-taxation	97 054 225		73 145 551	
Total Revenue	1 660 808 469		1 322 856 786	
Less: South African Customs Union Agreement	45 966 212		63 395 241	
Less: Payment to UIF	19 450 972		16 714 800	
Less: Payable by SARS to UIF	1 981 687		1 680 699	
Less: Payment to RAF	47 058 717		40 559 570	
Less: Payable by SARS to RAF	154 889		(53 895)	
Net Revenue for the Year	1 546 195 992		1 200 560 371	
Amount payable by SARS to UIF				
Amount collected by SARS	21 432 659		18 395 499	
Less: Amount requested by UIF	19 450 972		16 714 800	
	1 981 687		1 680 699	
Amount payable by SARS to RAF				
Amount collected by SARS	47 282 230		40 628 194	
Less: Amount requested by RAF	47 058 717		40 559 570	
Sub total	223 513		68 624	
Recover/(refund) of receivable/(payable)	(68 624)		(122 519)	
Total amount payable by SARS to RAF	154 889		(53 895)	

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2022

Working paper 2B

STATEMENT OF DEPARTMENTAL REVENUE COLLECTED AS AT 31 MARCH 2022

Name of Department	National Revenue Fund receipts	Sales of goods and services other than capital assets	Fines penalties and forfeits	Interest dividends and rent on land	Sale of capital assets	Financial transactions in assets and liabilities	Transfers received	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
The Presidency	-	264	-	37	204	302	-	807	713
Cooperative Governance	-	274	-	861	372	17 127	-	18 634	11 198
Home Affairs	-	693 047	6 694	600	1 080	16 316	-	717 737	949 076
International Relations and Cooperation	-	1 672	-	774	5 257	56 278	-	63 981	32 532
National Treasury	-	9 523	-	5 448 513	-	47 999	-	5 506 035	5 571 559
Planning Monitoring and Evaluation	-	81	-	15	6	427	-	529	528
Public Enterprises	-	67	-	-	-	552	-	619	645
Public Service & Administration	-	178	-	5	318	212	-	713	1 075
Public Works and Infrastructure	-	319	-	11 056	-	4 093	-	15 468	11 314
Statistics SA	-	827	-	112	-	8 445	-	9 384	9 672
Women, Youth and Persons with disabilities	-	49	-	-	489	30	-	568	460
Basic Education	-	3 080	-	6 321	-	2 330	-	11 731	11 999
Higher Education and Training	-	9 597	-	911	-	6 935	-	17 443	19 082
Health	-	425 640	-	17 469	-	77 914	-	521 023	462 341
Social Development	-	30	-	1 037	-	21 201	-	22 268	23 654
Correctional Services	-	66 241	10 131	171	1 327	124 070	-	201 940	200 428
Defence	-	721 886	1 077	3 341	2 557	57 753	358 953	1 145 567	1 194 832
Independent Police Investigative Directorate	-	125	-	5	20	120	-	270	223
Justice and Constitutional Development	-	175 586	161 526	4 964	13	19 387	3 906	365 382	411 417
Office of the Chief Justice	-	587	50	-	280	2 403	-	3 320	3 687
Police	-	362 182	38 670	2 067	121 431	137 994	-	662 344	649 798
Forestry, Fisheries and the Environment	-	38 451	2 265	7 727	27	51 248	-	99 718	144 898
Employment and Labour	-	5 140	76	808	636	2 449	-	9 109	9 277
Mineral Resources and Energy	-	16 633	1 716	13 178	-	68 491	-	100 018	103 661

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2022

Working paper 2B (continued)

STATEMENT OF DEPARTMENTAL REVENUE COLLECTED AS AT 31 MARCH 2022

Name of Department	National Revenue Fund receipts	Sales of goods and services other than capital assets	Fines penalties and forfeits	Interest dividends and rent on land	Sale of capital assets	Financial transactions in assets and liabilities	Transfers received	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
Science and Innovation	-	73	-	37	235	745	-	1 090	1 103
Small Business Development	-	56	-	3	-	85	-	144	119
Communication and Digital Technologies	-	71	-	1 008	175	245	-	1 499	1 934
Tourism	-	206	-	60	1 074	80 518	-	81 858	74 389
Trade, Industry and Competition	-	666	48 944	694	-	64 861	6 907	122 072	128 243
Transport	-	727	-	215	-	50 218	-	51 160	52 059
Water and Sanitation	-	1 735	-	126	242	3 672	-	5 775	23 975
Sports, Arts & Culture	-	247	-	23	386	10 792	150	11 598	1 052
Human Settlements	-	205	-	30	-	830	-	1 065	979
Agriculture, Land Reform and Rural Development	-	277 520	-	18 854	-	14 634	944	311 952	321 928
Centre for Public Service Innovation	-	4	-	-	-	2	-	6	4
Civil Secretariat for police	-	76	-	-	85	4	-	165	165
Government Communication and Information	-	735	-	34	-	205	-	974	1 031
Military Veterans	-	38	-	-	-	547	-	585	970
National School of Government	-	52	-	1	50	265	-	368	418
Public Service Commission	-	117	-	17	37	227	-	398	901
Traditional Affairs	-	51	-	-	-	55	-	106	105
Refunds for previous financial years	-	(27 154)	-	-	-	-	-	(27 154)	(27 154)
Police	-	-	-	-	-	-	-	-	-
Total	-	2 786 904	271 149	5 541 074	136 301	951 981	370 860	10 058 269	10 406 290

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2022

Working paper 2B STATEMENT OF DEPARTMENTAL REVENUE COLLECTED AS AT 31 MARCH 2021

Name of department	National Revenue Fund receipts	Sales of goods and other than capital assets	Fines penalties and forfeits	Interest dividends and rent on land	Sale of capital assets	Financial transactions in assets and liabilities	Transfers received	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
The Presidency	-	283	-	12	-	326	-	621	650
Cooperative Governance*	-	207	-	619	-	11 035	-	11 861	2 374
Home Affairs*	-	310 158	768	499	2 951	9 176	-	323 552	317 614
International Relations and Cooperation	-	1 234	-	445	767	99 332	-	101 778	116 586
National Treasury	-	9 901	-	6 838 487	-	76 386	-	6 924 774	7 660 148
Planning Monitoring and Evaluation	-	87	-	13	7	2 003	-	2 110	2 125
Public Enterprises	-	69	-	1 271	715	8 684	-	10 739	10 709
Public Service & Administration	-	182	-	4	-	497	-	683	322
Public Works and Infrastructure	-	316	-	-	7 553	-	1 207	9 076	16 420
Statistics SA	-	827	-	302	1	1 229	-	2 359	2 264
Women, Youth and Persons with disabilities	-	55	-	-	43	120	-	218	216
Basic Education	-	1 941	-	1 031	-	401	-	3 373	3 687
Higher Education and Training	-	8 582	-	1 426	-	8 455	-	18 463	16 857
Health	-	3 301	336	-	136	-	-	3 773	3 077
Social Development	-	-	-	2 491	-	21 485	-	23 976	299 940
Correctional Services	-	63 936	7 032	718	1 331	35 738	-	108 755	109 895
Defence	-	398 125	1 547	4 283	5 947	92 559	421 144	923 605	959 196
Independent Police Investigative Directorate	-	119	-	12	-	140	-	271	268
Justice and Constitutional Development	-	118 949	191 246	3 066	282	22 370	1 422	337 335	306 366
Office of the Chief Justice	-	588	-	-	212	1 898	-	2 698	2 284
Police	-	344 376	86 282	3 058	108 533	130 201	-	672 450	672 419
Forestry, Fisheries and the Environment	-	40 745	341	6 440	2 087	27 922	-	77 535	77 960

* See disclosure note on restatements for more details

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2022

Working paper 2B (continued) STATEMENT OF DEPARTMENTAL REVENUE COLLECTED AS AT 31 MARCH 2021

Name of department	National Revenue Fund receipts	Sales of goods and services other than capital assets	Fines penalties and forfeits	Interest dividends and rent on land	Sale of capital assets	Financial transactions in assets and liabilities	Transfers received	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
Employment and Labour	-	4 774	100	785	138	3 385	-	9 182	9 159
Mineral Resources and Energy	-	12 732	2 878	10 668	-	254 651	-	280 929	2 78 880
Science and Innovation	-	71	-	13	-	2 157	-	2 241	2 226
Small Business Development	-	58	-	3	121	118	-	300	299
Communication and Digital Technologies	-	95	-	104 821	639	173	-	105 728	105 585
Tourism	-	169	-	1 221	16	10 451	-	11 857	11 578
Trade, Industry and Competition	-	698	63 675	678	65	71 755	3 376	140 247	150 260
Transport	-	645	-	114	-	866	-	1 625	5 795
Water and Sanitation	-	1 767	-	1 056	35	19 932	-	22 790	4 694
Sports, Arts & Culture	-	243	-	4	234	161	-	642	666
Human Settlements	-	206	-	30	-	129	-	365	400
Agriculture, Land Reform and Rural Development*	-	228 822	1	18 806	-	12 112	22	259 763	255 946
Centre for Public Service Innovation	-	5	-	-	-	3	-	8	6
Civil Secretariat for police	-	75	-	-	-	-	-	75	87
Government Communication and Information	-	870	-	94	-	91	-	1 055	988
Military Veterans	-	38	-	-	-	1 068	-	1 106	1 313
National School of Government	-	41	-	8	26	117	-	192	178
Public Service Commission	-	121	-	42	-	681	-	844	544
Traditional Affairs	-	59	-	-	-	-	-	59	59
Refunds for previous financial years	-	(15 151)	-	-	-	-	-	(15 151)	(15 151)
Police	-	-	-	-	-	-	-	-	-
Total	-	1 540 319	354 206	7 002 520	131 839	927 807	427 171	10 383 862	11 394 889

* See disclosure note on restatements for more details

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2022

Working paper 2C

STATEMENT OF NATIONAL REVENUE FUND RECEIPTS

Items	2021/22		2020/21	
	Amount Received by Revenue Fund R 000		Amount Received by Revenue Fund R 000	
Non- Cash	6 068 425		25 769 916	
Revenue Fund Receipts: Penalties on Retail Bonds	3 663		1 811	
Revenue Fund Receipts: Premium Received	1 313 262		14 328 319	
Revenue Fund Receipts: Premium on Bonds issued	1 380 511		11 042 461	
Revenue Fund Receipts: Profit on Foreign Currency Investment	3 172 357		397 326	
Revenue Fund Receipts: Profit on Sriptlending	1 155		-	
Revenue Fund Receipts: Profit on IMF Revaluation	197 477		-	
Total	6 068 425		25 769 916	

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2022

Working paper 3A

STATEMENT OF VOTED FUNDS SURRENDERED FOR PREVIOUS APPROPRIATIONS

Name of Department	2021/22		2020/21	
	Appropriated funds/ Equitable Share	R 000	Appropriated funds/ Equitable Share	R 000
Presidency	57 106		61 460	
Cooperative Governance and Traditional Affairs	3 658 225		3 374 925	
Home Affairs	317 148		187	
International Relations and Cooperation	165 645		445 439	
Planning Monitoring and Evaluation	12 835		42 421	
Public Works and Infrastructure	193 340		146 833	
Women , Youth and Persons with Disabilities	18 575		6 209	
Communications and Digital Technologies	116 303		146 599	
National Treasury	494 165		857 632	
Public Enterprise	103 507		36 641	
Public Service and Administration	38 309		38 378	
Statistics SA	440 259		11 846	
Sport, Arts and Culture	135 222		253 921	
Basic Education	510 728		611 651	
Health	-		422 391	
Higher Education and Training	397 465		227 256	
Employment and Labour	196 215		217 323	
Social Development	1 884 595		125 384	
Correctional Services	571 125		131 804	
Defence	115 097		5 875	
Independent Police Investigative Directorate	37		43	
Justice and Constitutional Development	1 076 504		757 215	
Office of the Chief Justice	190 578		110 626	
Police	4 077 751		754 044	
Agriculture, Land Reform and Rural Development	1 153 869		174 519	
Economic Development	-		23 285	

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2022

Working paper 3A (continued) STATEMENT OF VOTED FUNDS SURRENDERED FOR PREVIOUS APPROPRIATIONS

Name of Department	2021/22		2020/21	
	Appropriated funds/ Equitable Share	R 000	Appropriated funds/ Equitable Share	R 000
Mineral Resources and Energy	382 100		270 254	
Forestry, Fisheries and the Environment	1 637 785		117 024	
Human Settlements	301 488		516 369	
Science and Technology	113 024		73 679	
Tourism	34 610		8 277	
Trade, Industry and Competition	233 551		122 614	
Transport	-		324 331	
Water and Sanitation	2 491 662		2 499 386	
Small Business Development	18 608		27 556	
Asset and Liability Management	41 607		36 785	
Civilian Secretariat for the Police Service	5 624		-	
Public Service Commission	12 624		-	
Traditional Affairs	26 414		-	
National School of Government	5 804		-	
Military Veterans	51 080		-	
Government Communication and Information	13 030		-	
	21 293 616		12 980 183	
Refunds	-		(1 298 638)	
Water and Sanitation	-		(1 249 693)	
Communication	-		(41 455)	
Trade Industry and Competition	-		(7 490)	
Total	21 293 616		11 681 545	

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2022

Working paper 3B

STATEMENT OF OTHER SURRENDERS

Name of Department	2021/22		2020/21	
	Amount Surrendered	R 000	Amount Surrendered	R 000
Other Sunders	172 897	1 202 176		
Cooperative Governance	100	-		-
National School of Government	-	4 919		4 919
Public Service Commission	-	3 700		3 700
Various received in excess	-	(1)		(1)
Basic Education	61 515	-		-
Military Veterans	60	175 287		175 287
Centre for Public Service Innovation	7 302	8 581		8 581
Government Communication and Information System	-	13 116		13 116
Government Printers	-	-		-
Traditional Affairs	-	7 635		7 635
Civilian Secretariat for the Police Service	-	5 617		5 617
Human Settlement	103 800	117 700		117 700
Women, Youth and People with Disabilities	-	4 510		4 510
Forestry, Fisheries and the Environment	-	13 800		13 800
Telecommunication and Digital Technologies	-	1		1
Tourism	-	838 110		838 110
Presidency	4	-		-
Water and Sanitation	16	-		-
Home Affairs: Telkom Donation	100	-		-
Forestry, Fisheries and the Environment	-	23 001		23 001
Public Entities	1 131 123	1 610 084		
Marine Living Resources	99 700	160 700		160 700
SASSA	533 811	1 061 560		1 061 560
Independent Development Trust	-	156 977		156 977
South African National Accreditation System (SANAS)	-	17 863		17 863
National Regulator for Compulsory Specifications (NRCS)	-	88 510		88 510
National Consumer Commission	-	34 974		34 974
Companies Tribunal	-	14 700		14 700

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2022

Working paper 3B (continued)

STATEMENT OF OTHER SURRENDERS

Name of Department	2021/22		2020/21	
	Amount Surrendered	R 000	Amount Surrendered	R 000
Companies and Intellectual Properties Commission	-	-	74 800	-
Commission on Gender Equality	11 953	-	-	-
Office of the Valuer General	159 622	-	-	-
Universal Service and Access Agency of South Africa (USAASA)	12 000	-	-	-
South African Broadcasting Corporation (SABC)	14 914	-	-	-
Government Pensions Administration Agency (GPAA)	5 258	-	-	-
Municipal Infrastructure Support Agency (MISA)	117 172	-	-	-
DPWI - Industrial Development Corporation	18 300	-	-	-
DTIC - Various	158 394	-	-	-
Conditional Grants	2 786 359	552 104		
Basic Education: Gauteng	-	-	4 422	-
Basic Education: Free State	-	-	20 415	-
Basic Education: Eastern Cape	432	-	-	-
Basic Education: Northern Cape	-	-	3 296	-
Basic Education: North West	238 998	-	2 446	-
Health: Eastern Cape	-	-	-	-
Health: Gauteng	131 322	-	-	-
Human Settlement: Free State	1 846	-	60 443	-
Human Settlement: North West	216 068	-	-	-
Human Settlement: Gauteng	40 930	-	-	-
Human Settlement: Limpopo	36 724	-	-	-
Human Settlement: Mpumalanga	1 641	-	-	-
Human Settlement: Northern Cape	11 557	-	-	-
Human Settlement: Eastern Cape	117 537	-	-	-
Human Settlement: Western Cape	70 885	-	-	-
Sports Arts & Culture: Northern Cape	12 804	-	549	-
Sports Arts & Culture: Mpumalanga	9 099	-	-	-
Sports Arts & Culture: Limpopo	-	-	179 023	-
Sports Arts & Culture: Free State	61 852	-	68 398	-
Sports Arts & Culture: Eastern Cape	18 716	-	-	-

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2022

Working paper 3B (continued) STATEMENT OF OTHER SURRENDERS

Name of Department	2021/22		2020/21	
	Amount Surrendered	R 000	Amount Surrendered	R 000
Sports Arts & Culture: Gauteng	7 078		12 931	
Sports Arts & Culture: North West	56 064		-	
Sports Arts & Culture: KwaZulu-Natal	14 740		-	
Sports Arts & Culture: Western Cape	1		-	
Public Works: Eastern Cape	9 925		5 010	
Public Works: Free State	122		633	
Public Works: Gauteng	2 016		491	
Public Works: Limpopo	-		1 150	
Public Works: Mpumalanga	4 329		-	
Public Works: KwaZulu-Natal	15		50	
Public Works: Western Cape	67		-	
Public Works: North West	-		3 516	
Public Works: Northern Cape	2021		1 548	
Social Development: Eastern Cape	14 229		-	
Social Development: KwaZulu-Natal	6 065		-	
Social Development: Free State	10 144		10 073	
Social Development: Mpumalanga	7 005		-	
Social Development: Northern Cape	30 683		468	
Social Development: Western Cape	3 062		-	
Social Development: North West	-		3 837	

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2022

Working paper 3B (continued)

STATEMENT OF OTHER SURRENDERS

Name of Department	2021/22		2020/21	
	Amount Surrendered	R 000	Amount Surrendered	R 000
Agriculture, Land Reform and Rural Development: Eastern Cape	16 382	-		
Agriculture, Land Reform and Rural Development: Free State	3 909	5 220		
Agriculture, Land Reform and Rural Development: KwaZulu-Natal	10 970	5 736		
Agriculture, Land Reform and Rural Development: Gauteng	3 964	6 714		
Agriculture, Land Reform and Rural Development: Limpopo	50 823	62 098		
Agriculture, Land Reform and Rural Development: Mpumalanga	3 153	-		
Agriculture, Land Reform and Rural Development: Northern Cape	16 129	2 947		
Agriculture, Land Reform and Rural Development: North West	110 378	90 636		
Agriculture, Land Reform and Rural Development: Western Cape	3	-		
Cooperative Governance: Limpopo	973	-		
Cooperative Governance: KwaZulu-Natal	637	-		
Transport: Limpopo	289 466	54		
Transport: Free State	772	-		
Transport: Gauteng	1 041 711	-		
Transport: Mpumalanga	50 771	-		
Transport: Northern Cape	5 402	-		
Transport: North West	14 232	-		
Transport: Eastern Cape	28 707	-		
Municipalities	165 889	162 659		
Local Government Surrender	165 889	162 659		
Refunds	(79 411)	(838 110)		
Tourism	-	(838 110)		
Government Pensions Administration Agency (GPAA)	(5 258)	-		
Transport: North west	(14 232)	-		
Agriculture, Land Reform and Rural Development	(42 103)	-		
Basic Education: Eastern Cape	(432)	-		
Sports Arts and Culture	(17 387)	-		
Total	4 176 857	2 688 913		

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2022

Working paper 3C

STATEMENT OF OTHER REVENUE RECEIVED

Name of Department	2021/22		2020/21	
	Amount to be Received R 000	Amount Received by Revenue Fund R 000	Amount to be Received R 000	Amount Received by Revenue Fund R 000
Reallocated from Departmental Revenue				
Department of Communication: ICASA	-	1 999 472	-	1 725 266
DTI: Various entities		1 833 615		1 504 914
Economic Development: Competition Commission		8 893		1 106
Home Affairs: Immigration Control Account		156 964		209 625
Presidency: Ford foundation		-		1 485
		-		8 136
Other		95 121		76 860
Prevention of Organised Crime Act (POCA)		432		2 617
Financial Intelligence Centre (FIC)		19 284		28 000
Asset Forfeiture Unit		-		44 743
SARB: Brightrock Life		-		1 500
SARB: Sanlam Life		1 000		-
SARB: BIDVEST		100		-
Secret Service Account		7 336		-
SARB: Fegdroup Sanctions		66 969		-
Total	-	2 094 593	-	1 802 126

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2022

Working paper 4A

STATEMENT OF AMOUNTS TRANSFERRED TO DEPARTMENTS FOR PREVIOUS APPROPRIATED FUNDS

Name of Department	2021/22		2020/21	
	Equitable Share R 000	Amount Transferred R 000	Equitable Share R 000	Amount Transferred R 000
Asset and Liability Management	21 718	21 718	511	511
Transport	578 417	578 417	-	-
Public Enterprise	266 903	266 903	-	-
Health	14 319	14 319	-	-
Parliament	34 139	34 139	-	-
Total	915 497	915 497	511	511

Working paper 4B

STATEMENT OF OTHER EXPENDITURE

NOT APPLICABLE TO NRF

Working paper 4C

STATEMENT OF CRIMINAL ASSET RECOVERY ACCOUNT (CARA) PAYMENTS

Name of Department	2021/22		2020/21	
	Amount Approved R 000	Amount transferred by Revenue Fund R 000	Amount Approved R 000	Amount transferred by Revenue Fund R 000
CARA	30 415	30 415	150 699	150 699
Total	30 415	30 415	150 699	150 699

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2022

■ Working paper 4D

STATEMENT OF APPROPRIATED FUNDS NOT RECEIVED FROM NATIONAL GOVERNMENT

NOT APPLICABLE TO NRF

■ Working paper 4E

STATEMENT OF OTHER EXPENDITURE IN TERMS OF AN ACT OF PARLIAMENT (With Funding)

NOT APPLICABLE TO NRF

■ Working paper 4F

STATEMENT OF ADDITIONAL INFORMATION ON NATIONAL REVENUE FUND PAYMENTS

Items	2021/22		2020/21	
	Amount to be Transferred	Amount Transferred by Revenue Fund	Amount to be Transferred	Amount Transferred by Revenue Fund
	R 000	R 000	R 000	R 000
GFEERA	74 826		111 331	
Premium paid	1 903 687		410 339	
Loss on Scriptlending	194 650		66 520	
Loss on Foreign Currency Investment	276		151	
Total	2 173 439	-	588 341	-

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2022

Working paper 5A

STATEMENT OF APPROPRIATION FOR UNAUTHORISED EXPENDITURE AS AT 31 MARCH 2022

Name of Department	Unauthorised approved by Finance Act							
	With Funding				Without Funding			
	Finance Act No	Financial Year	Amount Approved Funded by Revenue Fund R 000	Amount Transferred R 000	Amount Approved Not funded by Revenue Fund R 000	Amount Transferred R 000	Amount Approved Not funded by Revenue Fund R 000	Amount Transferred R 000
No Finance Act Passed								
Total			-	-	-	-	-	-

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2022

Working paper 5A

STATEMENT OF APPROPRIATION FOR UNAUTHORISED EXPENDITURE AS AT 31 MARCH 2021

Name of Department	Unauthorised approved by Finance Act					
	Finance Act No	Financial Year	With Funding			Without Funding
			Amount Funded by Revenue Fund R 000	Amount Transferred R 000	Amount Approved Not funded by Revenue Fund R 000	Amount Approved Not funded by Revenue Fund R 000
No Finance Act Passed						
Total			-	-	-	-

Working paper 5B

STATEMENT OF UNAUTHORISED EXPENDITURE AS AT 31 MARCH 2022

Name of Department Public Enterprise	Unauthorised Reported		Unauthorised funded by Revenue Fund and surrendered by departments	
	Revenue Fund (Exceeding of vote) From Working Paper 1A 1B & 1D R 000	Not funded by Revenue Fund R 000	Financial Year	Amount R 000
	R 000	R 000		
	-	15 160	-	-
Total	-	15 160	-	-

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2022

Working paper 5B

STATEMENT OF UNAUTHORISED EXPENDITURE AS AT 31 MARCH 2021

Name of Department	Unauthorised Reported		Unauthorised funded by Revenue Fund and surrendered by departments	
	Not funded by Revenue Fund (Exceeding of vote) From Working Paper 1A 1B & 1D	Funded by Revenue Fund	Financial Year	Amount
	R 000	R 000	R 000	R 000
International Relations and Cooperation Health	150 131 19 161			
Total	169 292	-		-

*See disclosure note on restatement

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2022

Working paper 6

STATEMENT OF FINANCIAL INSTRUMENTS VALUATION AND CAPITAL SUBSCRIPTION OF INVESTMENTS

	2021/22		2020/21	
	Amount	R 000	Amount	R 000
Capital Subscription on Investments				
Paid up Shares in New Development Bank	4 743 073		1 157 393	
Financial Instrument Valuation	(40 778 836)		(29 367 536)	
Foreign revaluation reconciliation	(40 048 742)		50 691 561	
ALM - Movement on Paymaster General Account	(312 945)		48 465	
Increase/(decrease) in Investments	142 723 436		(27 996 185)	
Increase/(decrease) in Multi-Lateral Institutions	(139 802 304)		(27 197 498)	
Revaluation Exchequer Investments including net movement of ALM restatement	(3 338 281)		(24 913 878)	
Rounding	-		(2)	
Total	(36 035 763)		(28 210 143)	
MOVEMENT IN CAPITAL SUBSCRIPTION OF INVESTMENTS				
New Development Bank purchase price in 2021/22	(4 105 797)		(19 789 988)	
Value of subscription: 1 April 2021	(1 798 500)		(20 108 400)	
Additional Purchase: Value of subscription 15 December 2021 and 25 March 2022	(2 307 297)		318 413	
MOVEMENT ON MULTILATERAL INSTITUTIONS	3 284 637		15 831 990	
Value of subscription: 1 April 2021	1 798 500		20 108 400	
Additional Purchase: Value of subscription	2 307 297		(318 413)	
Net Investment: 1 April 2021	(359 700)		(4 021 680)	
Additional Purchase: Net Investment	(461 459)		63 683	
Nett movement	(821 159)		(3 957 998)	

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2022

Working paper 7A

STATEMENT OF CURRENT INVESTMENTS

NOT APPLICABLE TO NRF

Working paper 7B

STATEMENT OF NON-CURRENT INVESTMENTS

Investee	2021/22			2020/21		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	R 000	R 000	R 000	R 000	R 000	R 000
International Monetary Fund quota subscription		61 495 389	61 495 389		63 986 569	63 986 569
African Development Bank		127 499 758	127 499 758		59 041 287	59 041 287
International Bank for Reconstruction and Development		32 377 379	32 377 379		32 281 356	32 281 356
International Monetary Fund SDR Holding		89 123 453	89 123 453		31 402 750	31 402 750
International Finance Corporation		1 936 211	1 936 211		1 965 162	1 965 162
Multilateral Investment Guarantee Agency		262 178	262 178		266 098	266 098
New Development Bank		29 158 700	29 158 700		24 415 628	24 415 628
Paid up Shares		116 634 800	116 634 800		97 662 510	97 662 510
Callable Shares						
Total		458 487 868	458 487 868		311 021 360	311 021 360

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2022

Working paper 8A

STATEMENT OF DOMESTIC BORROWINGS AS AT 31 MARCH 2022

Borrowings	Opening balance as at 1 April 2021	Issued	Repaid	Closing balance as at 31 March 2022		
				Total	Current	Non-current
	R 000	R 000	R 000	R 000	R 000	R 000
Domestic long-term	2 948 871 638	391 735 340	-	3 340 606 978	-	3 340 606 978
Domestic long-term bonds debentures and other loans	2 869 310 493	391 735 340	-	3 261 045 833	-	3 261 045 833
Former Regional Authorities	38 867	-	-	38 867	-	38 867
Transfer to short term	(124 660 978)	-	-	(124 660 978)	-	(124 660 978)
Revaluation of inflation bonds	204 183 256	-	-	204 183 256	-	204 183 256
Domestic short-term	621 887 304	710 509 372	807 644 892	524 751 784	524 751 784	-
Debt at 1 April	53 057 774	(40 548 024)	48 653 061	(36 143 311)	(36 143 311)	-
Bonds created	4 891 996	-	-	4 891 996	4 891 996	-
Bonds reduced	(57 949 770)	-	-	(57 949 770)	(57 949 770)	-
Transfer from long-term as at 31 March 2020	41 176 085	-	-	41 176 085	41 176 085	-
Transfer from long-term as at 31 March 2021	124 660 978	-	-	124 660 978	124 660 978	-
Revaluation of inflation bonds	-	-	-	-	-	-
Treasury Bills	456 043 275	638 182 353	646 116 788	448 108 840	448 108 840	-
Other Loans	6 966	112 875 043	112 875 043	6 966	6 966	-
Rounding	-	-	-	-	-	-
Total	3 570 759 942	1 102 244 712	807 644 892	3 865 358 762	524 751 784	3 340 606 978

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2022

Working paper 8A STATEMENT OF DOMESTIC BORROWINGS AS AT 31 MARCH 2021

	Opening balance as at 1 April 2020	Issued	Repaid	Closing balance as at 31 March 2021		
				R 000	R 000	R 000
Borrowings				Total	Current	Non-current
Domestic long-term	2 425 390 340	603 081 075	-	3 028 471 416	-	3 028 471 416
Domestic long-term bonds debentures and other loans	2 305 114 325	603 081 075	-	2 908 195 401	-	2 908 195 401
Former Regional Authorities	38 867	-	-	38 867	-	38 867
Transfer to short term	(38 884 909)	-	-	(38 884 909)	-	(38 884 909)
Revaluation of inflation bonds	159 122 056	-	-	159 122 056	-	159 122 056
Domestic short-term	472 524 854	1 101 260 209	1 058 990 081	514 794 982	514 794 982	-
Debt at 1 April	32 212 012	4 891 996	57 949 770	(20 845 762)	(20 845 762)	-
Bonds created	(8 423 090)	-	-	(8 423 090)	(8 423 090)	-
Bonds reduced	(23 788 921)	-	-	(23 788 921)	(23 788 921)	-
Transfer from long-term as at 31 March 2019	53 057 774	-	-	53 057 774	53 057 774	-
Transfer from long-term as at 31 March 2020	41 176 085	-	-	41 176 082	41 176 085	-
Revaluation of inflation bonds	17 568 655	-	-	17 568 655	17 568 655	-
Treasury Bills	333 433 015	672 792 773	550 182 513	456 043 275	456 043 275	-
Other Loans	27 289 324	423 575 440	450 857 799	6 965	6 965	-
Total	2 897 915 194	1 704 341 284	1 058 990 081	3 543 266 397	514 794 981	3 028 471 416

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2022

Working paper 8B

STATEMENT OF FOREIGN BORROWINGS AS AT 31 MARCH 2022

	Opening balance as at 1 April 2021	Issued	Repaid	Closing balance as at 31 March 2022	
				Total	Current
	R 000	R 000	R 000	R 000	R 000
Borrowings					
Current borrowings					
Loans	16 574 778	-	1 995 428	14 579 350	-
Transfer from long-term	1 995 428	-	1 995 428	-	-
Revaluation	7 115 000	-	-	7 115 000	-
	7 464 350	-	-	7 464 350	-
Non-current borrowings					
Loans	366 209 628	31 315 515	-	397 525 143	397 525 143
Transfer to short-term	350 411 631	31 315 515	-	381 727 146	381 727 146
Revaluation	(7 115 000)	-	-	(7 115 000)	(7 115 000)
	22 912 997	-	-	22 912 997	22 912 997
Total	382 784 406	31 315 515	1 995 428	412 104 493	397 525 143

Working paper 8B

STATEMENT OF FOREIGN BORROWINGS AS AT 31 MARCH 2021

	Opening balance as at 1 April 2020	Issued	Repaid	Closing balance as at 31 March 2021	
				Total	Current
	R 000	R 000	R 000	R 000	R 000
Borrowings					
Current borrowings					
Loans	11 976 102	-	7 960 585	4 015 517	-
Transfer from long-term	7 960 585	-	7 960 585	-	-
Revaluation	1 995 428	-	-	1 995 428	-
	2 020 089	-	-	2 020 089	-
Non-current borrowings					
Loans	296 499 091	91 919 747	-	388 418 838	388 418 838
Transfer to short-term	260 487 312	91 919 747	-	352 407 059	352 407 059
Revaluation	(1 995 428)	-	-	(1 995 428)	(1 995 428)
	38 007 207	-	-	38 007 207	38 007 207
Total	308 475 193	91 919 747	7 960 585	392 434 355	388 418 838

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2022

Working paper 8C STATEMENT OF CHANGES IN BORROWINGS

	2021/22				2020/21			
	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	638 037 183	646 044 203	(8 007 020)		672 792 773	550 182 513	122 610 260	
IGCC	112 704 486	112 713 108	(8 622)		423 571 943	450 855 321	(27 283 378)	
Late request non-voted: ALM	184 938	6 472	178 466		6 472	1 020	5 452	
Bonds	351 211 396	68 878 675	282 332 721		610 440 627	58 218 754	552 221 873	
Non voted funds to be surrendered ALM	(85 560)	(102 735)	17 175		(102 735)	(55 120)	(47 615)	
Foreign Loans	31 315 515	3 918 834	27 396 681		91 919 747	14 416 319	77 503 428	
Payment to Section 239 of the Constitution - Redemption of State Debt	-	-	-		-	2 089	(2 089)	
Revaluation of exchequer investments: FCI and ALM PMG balance	(4 472 385)	-	(4 472 385)		(28 823 410)	-	(28 823 410)	
Rounding	-	-	-		-	-1	1	
Total	1 128 895 573	831 458 555	297 437 018		1 769 805 417	1 073 620 895	696 184 522	

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2022

Working paper 8D

STATEMENT OF MULTILATERAL INSITUCTIONS

	2021/22		2020/21	
	Amount R 000	Current Year Increase/(Decrease) R 000	Amount R 000	Amount R 000
IMF-Securities Account	109 846 566	(4 451 909)	114 298 475	
IMF-SDR Allocations	94 924 702	57 482 847	37 441 855	
International Bank for Reconstruction and Development	30 382 549	65 801	30 316 748	
Multi- Lateral Investment Guarantee Agency	212 408	(3 176)	215 584	
African Development Bank	122 745 424	67 736 451	55 008 973	
New Development Bank	116 634 800	18 972 290	97 662 510	
Total	474 746 449	139 802 304	334 944 145	

Working paper 9A

STATEMENT OF OTHER RECEIVABLES

	2021/22		2020/21	
	Amount to be received R 000	Amount Received R 000	Amount to be received R 000	Amount Received R 000
SARS income in transit	-	-	-	36 925
ALM Non - voted funds	85 560	102 735	102 735	55 120
Total	85 560	102 735	102 735	92 045

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2022

■ Working paper 9B

STATEMENT OF OTHER FUNDS TRANSFERRED TO NATIONAL GOVERNMENT

NOT APPLICABLE TO NRF

■ Working paper 9C

STATEMENT OF OTHER PAYABLES

Name of Department / Entity	2021/22		2020/21	
	Amount to be Paid R'000	Amount Paid R'000	Amount to be Paid R'000	Amount Paid R'000
Payable SARS to RAF	223 513	68 624	68 624	122 519
Payable SARS to UIF	1 981 687	1 680 699	1 680 699	1 895 789
SARS in transit	6 309	4 705	4 705	-
Late request for Non - Voted: ALM	184 938	6 472	6 472	1 020
Total	2 396 447	1 760 500	1 760 500	2 019 328

2022 CFS

**CONSOLIDATED
FINANCIAL STATEMENTS**

for the year ended 31 March 2022

Private Bag X115, Pretoria, 0001 | 40 Church Square, Pretoria, 0002 | Tel: +27 12 315 5944 | Fax: +27 12 406 9055 | www.treasury.gov.za



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA