



2023 CFS

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2023



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



2023 CFS
**CONSOLIDATED
FINANCIAL STATEMENTS**

for the year ended 31 March 2023

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Consolidated Financial Statements

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REPUBLIC OF SOUTH AFRICA



2023 CFS
**CONSOLIDATED
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for the year ended 31 March 2023

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2023 CFS
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for the year ended 31 March 2023

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 2023

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 05 December 2023.



Dr Duncan Pieterse
Director-General
Accounting Officer



Shabeer Khan
Accountant-General

ACCOUNTING OFFICER'S REVIEW

FOR THE YEAR ENDED 31 MARCH 2023

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 2023 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 2023 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.

ACCOUNTING OFFICER'S REVIEW

FOR THE YEAR ENDED 31 MARCH 2023

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.

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 103 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

ACCOUNTING OFFICER'S REVIEW

FOR THE YEAR ENDED 31 MARCH 2023

Treasury Regulations. It is also a descriptive report clarifying the amounts presented. The CFS therefore provides information not only on the financial performance but also on the government's ability to meet current and future obligations.

2. CONSOLIDATION PROCESS

2.1 GOALS FOR CONSOLIDATION AND THIS REPORT

The CFS should provide information on financial performance as well as national government's ability to meet current and future obligations by:

- presenting the consolidated monetary values of national government (assets, liabilities, revenue and expenditure)
- improving the users' understanding of public sector financial management to enhance the achievement of the government's social objectives and priorities
- creating uniformity in the presentation and analysis of public sector financial information.

2.2 SCOPE OF CONSOLIDATION

SCOPE

GRAP 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

ACCOUNTING OFFICER'S REVIEW

FOR THE YEAR ENDED 31 MARCH 2023

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.

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 2023, 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 2023.

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 2022/23.

ACCOUNTING OFFICER'S REVIEW

FOR THE YEAR ENDED 31 MARCH 2023



2023 CFS
**CONSOLIDATED
FINANCIAL STATEMENTS**

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EXECUTIVE SUMMARY



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



EXECUTIVE SUMMARY

FOR THE YEAR ENDED 31 MARCH 2023

The 2023 Budget marks a significant step forward in re-establishing sustainable public finances. Government will achieve a main budget primary surplus – meaning that revenue exceeds non-interest spending – for the first time since 2008/09. In 2024, the consolidated budget deficit will narrow to 4 per cent of GDP – the lowest since 2019/20. In the context of geopolitical conflicts, climate change, debilitating power cuts and mounting spending pressures, these achievements might be easy to overlook – but they should not be easily dismissed.

South Africa suffered enormous damage over the decade of state capture. Soon thereafter, major shocks – the COVID-19 pandemic, an outbreak of public violence and the escalating electricity crisis – dealt additional blows to the economy and put the already strained national budget under more pressure.

Healthy public finances can help us build a prosperous future. Yet today South Africa spends more to service its debt than it does on health, social development, or peace and security.

There has also been a tendency to favour recurrent expenditure over investment, weakening our growth potential even further. Over time, stronger public finances will enable government to spend less on debt service, which consumes 18 cents of every rand of revenue, and spend more on developmental priorities, including public infrastructure. The 2023 Budget proposes R254 billion in debt relief to Eskom. This arrangement, subject to strict conditions, will relieve extreme pressure on the utility's balance sheet, enabling it to conduct necessary maintenance. It also supports restructuring the electricity market to help South Africa establish a stable, uninterrupted power supply as it transitions to a clean energy- future. The scale of Eskom debt relief increases government borrowing, resulting in debt stabilising later than projected in the 2022 *Medium Term Budget Policy Statement*.

Over the medium term, the gross borrowing requirement will average R553.7 billion. The gross borrowing requirement for 2023/24 has increased from R515.6 billion to R563.6 billion, relative to the 2023 Budget. This is as a result of the weaker economic and fiscal outlook which has also led to a higher budget deficit, resulting in an increase in debt levels. Public debt as per 2023 MTBPS is set to stabilize at 77.7 per cent of GDP in 2025/26 and decline thereafter.

In 2022, the economy is estimated to have grown by 2.5 per cent, supported by high commodity prices and strong third-quarter performances in agriculture and services. In 2023, however, global growth is expected to slow, commodity prices are declining and there is no immediate end in sight to power cuts.

The economy needs massive private investment to grow and thrive. To support investment, government continues to provide a clear and stable macroeconomic framework. Reforms to cut red tape, improve efficiency and encourage investment are under way, with a focus on electricity and transport. But faster implementation is needed to lift economic growth.

Budget allocations strengthen state capability, increase infrastructure investment, and boost the fight against crime and corruption. The social wage continues to receive the bulk of public resources through the budget. Prudent fiscal management and well-considered trade-offs must be important features of future budgets if these gains are to be maintained.

Government is navigating difficult domestic and global economic conditions with stable, balanced and clear policies that support faster growth and address emerging fiscal risks. The fiscal consolidation strategy proposed in the 2020 *Medium Term Budget Policy Statement* (MTBPS) has enabled government to stabilise the public finances in the context of several shocks and a highly uncertain economic outlook. While maintaining this prudent stance, government will continue to protect the social wage, invest in infrastructure and strengthen the criminal justice system, without resorting to tax rate increases that could harm economic growth.

Prolonged and debilitating power failures, a weaker performance among the world's largest economies and persistently higher inflation are expected to reduce South Africa's GDP growth from 2.5 per cent in 2022 to

EXECUTIVE SUMMARY

FOR THE YEAR ENDED 31 MARCH 2023

0.9 per cent in 2023. Meanwhile, the fiscal position has improved. A primary surplus will be achieved in 2022/23 and is projected to reach 1.7 per cent of GDP in 2025/26, while the consolidated deficit is set to narrow from 4.2 per cent of GDP to 3.2 per cent in 2025/26.

A central proposal of the 2023 Budget, which will carry through over the medium-term expenditure framework (MTEF) period, is to provide substantial debt relief to Eskom. This arrangement, subject to strict conditions, will relieve extreme pressure on the utility's balance sheet. The debt relief will support a broader industry restructuring. Establishing a competitive electricity market will enable South Africa to ensure a stable, uninterrupted power supply as it transitions to a clean energy future. The arrangement, which will enable Eskom to pay down its debt and interest obligations over the next three years, will increase government's borrowing requirement.



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for the year ended 31 March 2023

REVIEW OF
OPERATING RESULTS



national treasury

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REPUBLIC OF SOUTH AFRICA

REVIEW OF OPERATING RESULTS

FOR THE YEAR ENDED 31 MARCH 2023

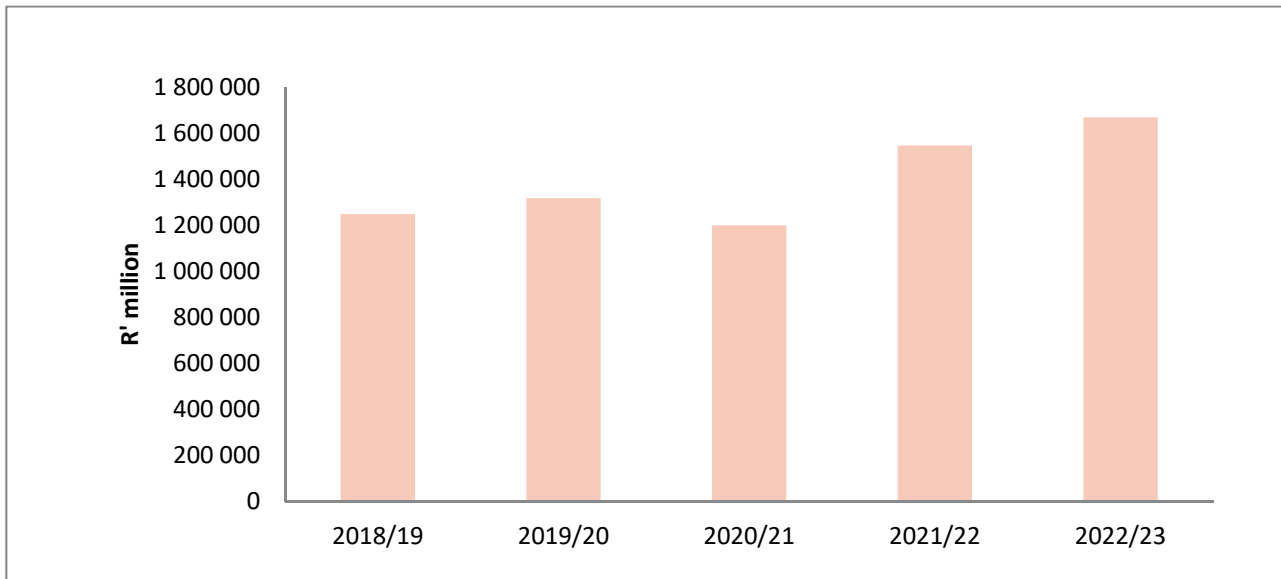
TOTAL REVENUE

Table 1: Total revenue

Year Ended 31 March <i>R' million</i>	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22	Actual 2022/23
Taxes, Levies & Duties	1 248 857	1 317 827	1 200 564	1 546 203	1 668 583
Departmental revenue	24 063	26 811	36 251	16 174	20 555
Local & foreign aid assist	1 719	4 448	2 209	2 565	4 148
Other	7 884	1 957	4 491	6 271	16 833
Total Revenue	1 282 523	1 351 043	1 243 515	1 571 214	1 710 118
Year on year increase in revenue	6%	5%	(8%)	26%	9%

Total revenue increased by 9% in 2022/23 against an increase of 26% in the preceding year. The bulk of the income, in the form of taxes, levies and duties, is collected by the South African Revenue Service (SARS). Taxes, levies and duties increased by only 8% in the current year compared to a 29% increase in the prior year. Other sources of income include departmental revenue and local & foreign aid assistance. SARS collected a total of R1.784 trillion in revenue but only paid R1.669 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 2022/23	Actual 2021/22
SARS Revenue	1 783 818	1 660 808
Less: South African Customs Union Agreement	43 638	45 966
Less: Payment to UIF	21 108	19 451
Less: Amount payable by SARS to UIF	2 054	1 982
Less: Payment to RAF	48 469	47 059
Less: Amount payable by SARS to RAF	(72)	155
Net Revenue as reflected by NT	1 668 575	1 546 196

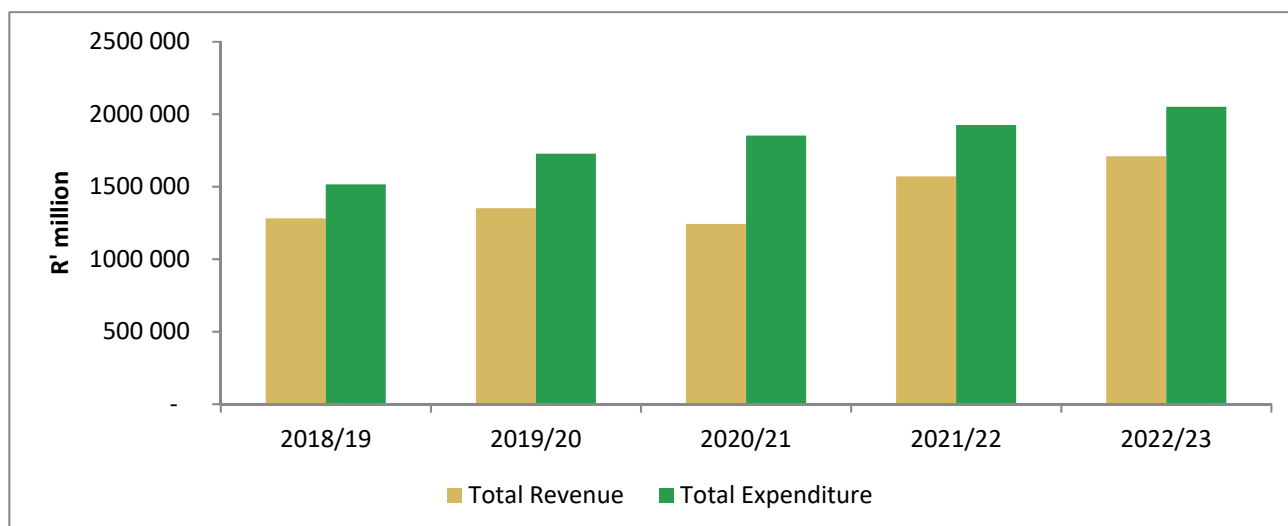
REVIEW OF OPERATING RESULTS

FOR THE YEAR ENDED 31 MARCH 2023

As noted, taxes levies and duties makeup the largest portion of total revenue at 98% and has been above 95% throughout the period under review. Revenue other than taxes, levies and duties have seen an increase of 66% in the current year against a decrease of 42% in the prior year. Departmental revenue and other revenue contributed significantly to the increase 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 R' million	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22	Actual 2022/23
Taxes, Levies & Duties	1 248 857	1 317 827	1 200 564	1 546 203	1 668 583
Other	33 161	33 215	42 951	25 011	41 535
Total Revenue	1 282 018	1 351 042	1 243 515	1 571 214	1 710 118
Total Expenditure	1 516 072	1 727 659	1 852 860	1 924 988	2 051 734

Graph 2: Revenue vs. Expenditure



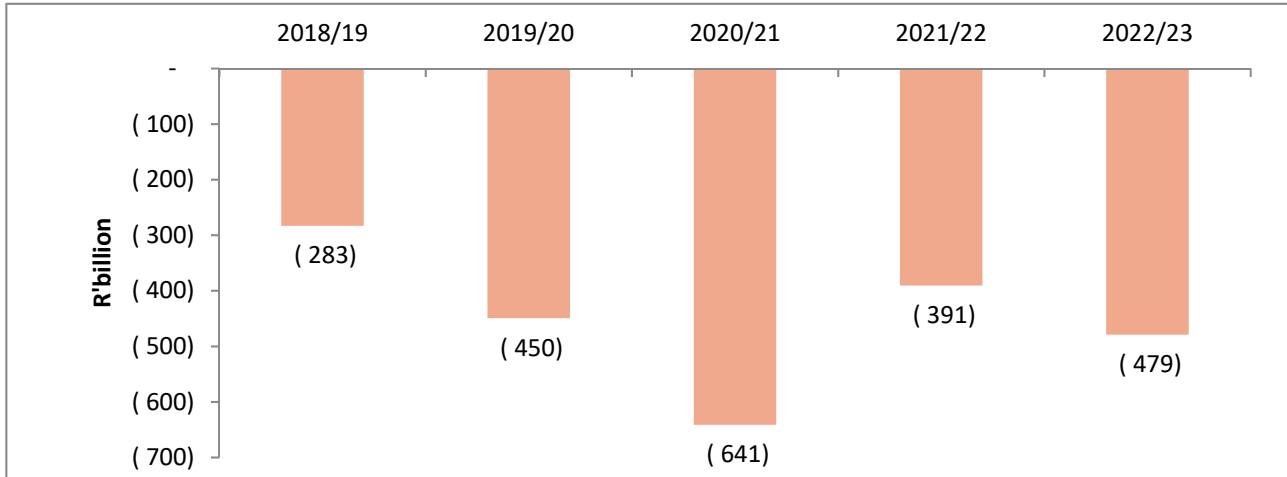
Illustrated above is revenue versus expenditure for National Government. In 2022/23, total revenue and total expenditure have increased by 9% and 7%, respectively.

Year Ended 31 March R' million	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22	Actual 2022/23
Surplus/ (Deficit) for the year	(283 351)	(449 563)	(641 339)	(390 631)	(478 965)
Movement	(26%)	(59%)	(43%)	39%	(23%)

REVIEW OF OPERATING RESULTS

FOR THE YEAR ENDED 31 MARCH 2023

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.

South Africa suffered enormous damage over the recent years which includes, major shocks – the COVID-19 pandemic, an outbreak of public violence and the escalating electricity crisis – dealt additional blows to the economy, and put the already strained national budget under more pressure.

Healthy public finances can help us build a prosperous future. Yet today South Africa spends more to service its debt than it does on health, social development, or peace and security. There has also been a tendency to favour recurrent expenditure over investment, weakening our growth potential even further. Over the medium term, the gross borrowing requirement will average R553.7 billion. The gross borrowing requirement for 2023/24 has increased from R515.6 billion to R563.6 billion, relative to the 2023 Budget. This is as a result of the weaker economic and fiscal outlook which has also led to a higher budget deficit, resulting in an increase in debt levels. Public debt as per 2023 MTBPS is set to stabilize at 77.7 per cent of GDP in 2025/26 and decline thereafter.

The economy needs massive private investment to grow and thrive. To support investment, government continues to provide a clear and stable macroeconomic framework. Reforms to cut red tape, improve efficiency and encourage investment are under way, with a focus on electricity and transport. But faster implementation is needed to lift economic growth.

REVIEW OF OPERATING RESULTS

FOR THE YEAR ENDED 31 MARCH 2023

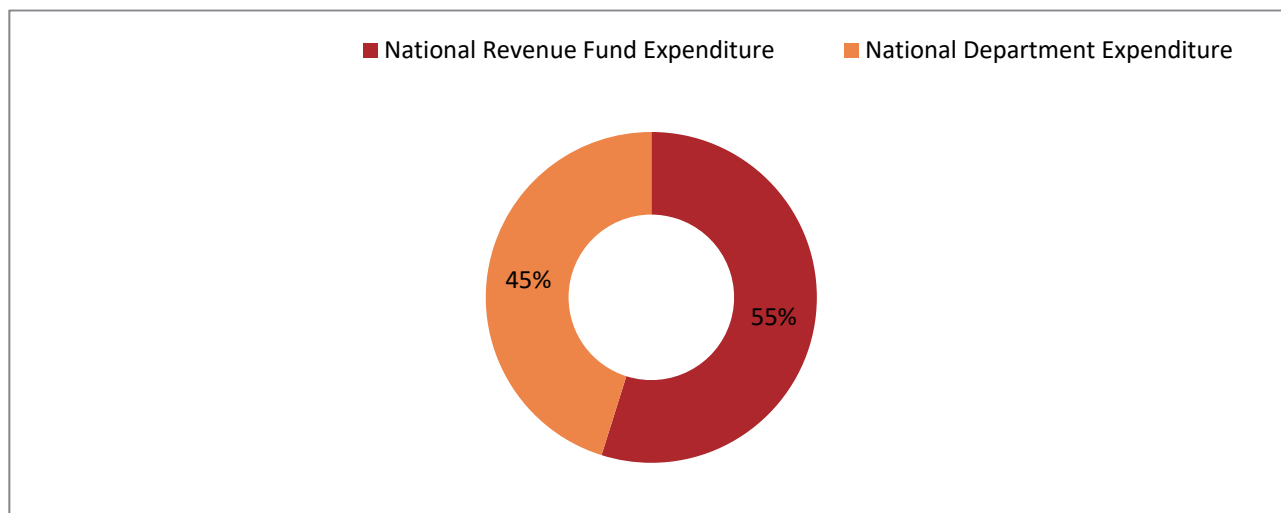
TOTAL EXPENDITURE

Table 3: Total Expenditure Before Adjustments

Year Ended 31 March <i>R' million</i>	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22	Actual 2022/23
National Revenue Fund Expenditure	1 524 987	1 722 764	1 871 324	1 940 711	2 067 336
National Department Expenditure	844 879	932 166	1 554 771	1 620 257	1 700 865
Total Expenditure	2 369 866	2 654 930	3 426 095	3 560 968	3 768 201
Movement in expenditure	7%	12%	29%	4%	6%

Total expenditure increased by 6% (2021/22: 4%). Total expenditure is made up of National Departments' expenditure plus NRF expenditure. National Departments' expenditure is at an average of 41% of total expenditure for the past five years. Included in National Departments' expenditure are transfers to provinces and municipalities of R845 billion (2021/22: R797 billion). These are further analysed under the section on Transfers and Subsidies.

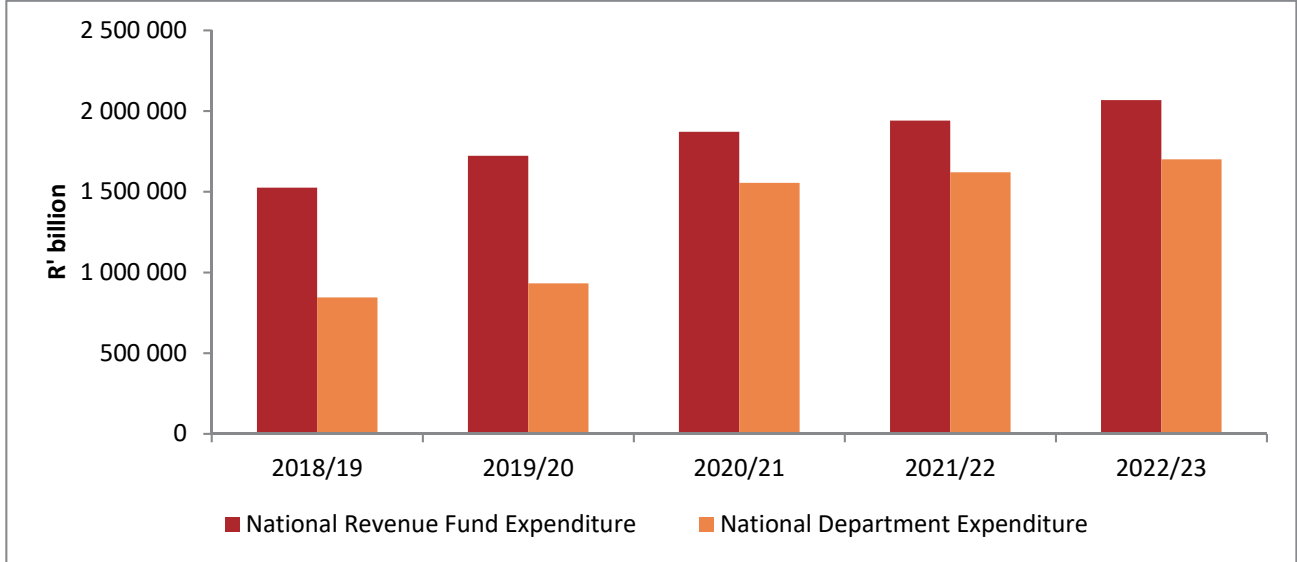
Graph 4: NRF expenditure vs. National Departments expenditure



REVIEW OF OPERATING RESULTS

FOR THE YEAR ENDED 31 MARCH 2023

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.

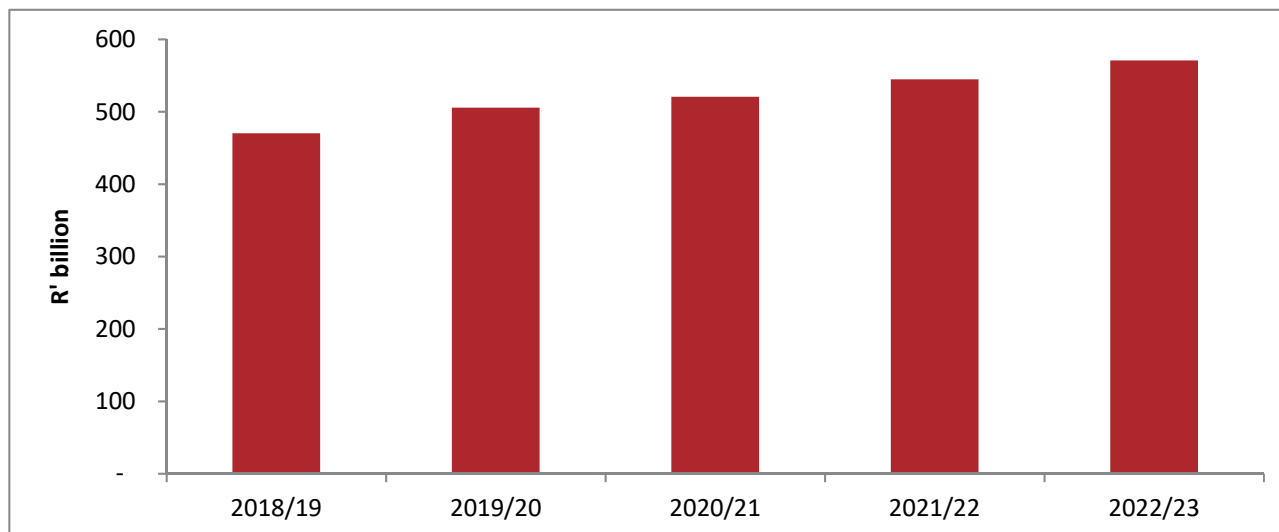
Table 4: Equitable share transfers to provinces

Year ended 31 March <i>R' million</i>	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22	Actual 2022/23
Equitable Shares – Provinces	470 287	505 554	520 717	544 835	570 868
Movement in Provincial Equitable shares	7%	7%	3%	5%	5%

REVIEW OF OPERATING RESULTS

FOR THE YEAR ENDED 31 MARCH 2023

Graph 6: Equitable transfers – provinces



There was a 5% increase in equitable share transferred to provinces in the current financial year. There increase in the equitable shares to provinces in the current year is the same as compared to the 5% increase of the 2021/22 increase.

Transfers to provinces amounted to R571 billion in the current financial year (2021/22: R545 billion), which is 28% of NRF expenditure (2021/22: 28%) and it has rained at this percentage for the past three years.

Debt-service costs

Debt Service cost is the cost associated to borrowing. Debt-service consumes 18 cents of every rand of revenue, than spending more on developmental priorities, including public infrastructure. Debt-service costs are expected to rise, due to rising market lending rates and Eskom debt relief. Interest payments on debt have crowded out spending on essential public services such as social development, health, and basic education. Debt service increased by R33.6 billion from 2021/22 to R284.1 billion in 2022/23. This is due to revenue shortfalls which resulted to higher borrowing requirement.

Table 5: Debt-service costs

Year ended 31 March	Actual	Actual	Actual	Actual	Actual
R' million	2018/19	2019/20	2020/21	2021/22	2022/23
Domestic	167 438	187 276	213 517	250 523	284 132
Foreign	14 411	17 493	19 078	17 549	24 325
Total debt-service costs	181 849	204 769	232 596	268 072	308 457
Increase in costs	12%	13%	13%	15%	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 2022/23, given unfavourable conditions, government did not issue any bonds in the global capital markets. Instead, government raised US\$6.8 billion and €0.4 billion from the International Monetary Fund, the New Development Bank, and the African Development bank.

REVIEW OF OPERATING RESULTS

FOR THE YEAR ENDED 31 MARCH 2023

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

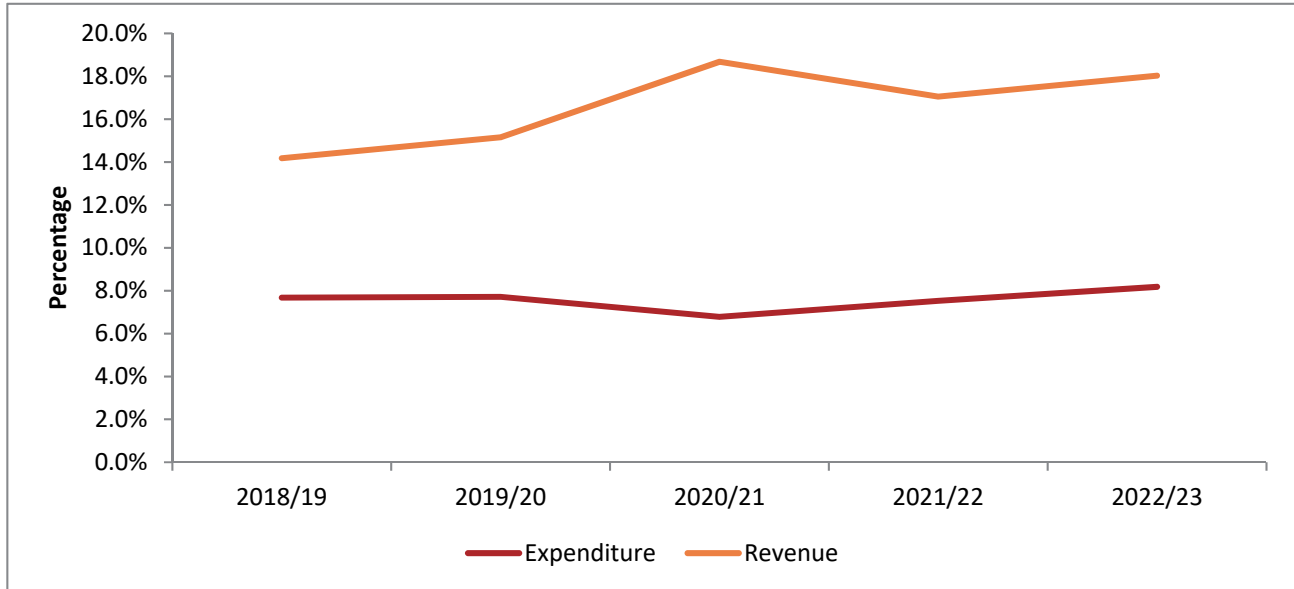


Table 6: Actual Expenditure vs. Adjusted Appropriation 2022/23

Name of Department	Appropriation	Actual Expenditure excluding unauthorised expenditure funded by NRF	Variance	%
	R'000	R'000	R'000	
Presidency	618 283	542 694	75 589	12%
Parliament	2 367 311	2 367 311	-	0%
Cooperative Governance and Traditional Affairs	115 027 438	110 709 081	4 318 357	4%
Government Communication and Information	729 664	723 905	5 759	1%
Home Affairs	11 096 232	10 398 031	698 201	6%
International Relations and Cooperation	6 784 318	6 707 557	76 761	1%
School of Government	231 097	220 051	11 046	5%
National Treasury	38 837 684	37 491 427	1 346 257	3%
Planning Monitoring and Evaluation	481 394	442 599	38 795	8%
Public Enterprise	34 145 398	33 888 457	256 941	1%
Public Service and Administration	550 123	515 722	34 401	6%
Public Service Commission	295 541	278 926	16 615	6%
Public Works	8 152 729	7 910 167	242 562	3%
Statistics S A	2 999 427	3 797 648	(798 221)	(27%)
Traditional Affairs	180 143	174 452	5 691	3%
Basic Education	29 693 160	29 426 659	266 501	1%
Higher Education and Training	109 737 633	109 274 717	462 916	0%
Health	64 555 731	62 896 041	1 659 690	3%
Social Development	247 854 892	241 721 864	6 133 028	2%
Women	991 714	983 259	8 455	1%

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	Appropriation	Actual Expenditure excluding unauthorised expenditure funded by NRF	Variance	%
Name of Department	R'000	R'000	R'000	
Civilian Secretariat for Police	155 920	152 641	3 279	2%
Correctional Services	26 535 984	26 429 240	106 744	0%
Defence	51 601 612	54 596 749	(2 995 137)	(6%)
Independent Police Investigative Directorate	363 529	359 010	4 519	1%
Justice and Constitutional Development	20 482 024	20 356 493	125 531	1%
Military Veterans	670 032	615 608	54 424	8%
Office of the Chief Justice	1 362 878	1 294 864	68 014	5%
Police	102 554 962	102 499 884	55 078	0%
Agriculture, Land Reform and Rural Development	17 533 643	17 105 760	427 883	2%
Communications and Digital Technologies	5 327 777	5 221 342	106 435	2%
Employment and Labour	4 107 776	3 897 118	210 658	5%
Environmental, Forestry and Fisheries	8 994 839	8 826 817	168 022	2%
Human Settlements	33 478 474	32 857 505	620 969	2%
Minerals Resources and Energy	10 447 537	10 118 584	328 953	3%
Science and Innovation	9 145 262	9 120 855	24 407	0%
Small Business Development	2 532 889	2 513 921	18 968	1%
Sports, Arts and Culture	6 305 453	6 236 666	68 787	1%
Tourism	2 502 357	2 473 720	28 637	1%
Trade, Industry and Competition	10 913 553	10 798 433	115 120	1%
Transport	95 134 237	94 543 211	591 026	1%
Water and Sanitation	18 555 010	17 693 416	861 594	5%
Total	1 104 035 660	1 088 182 405	15 702 077	1%

The above table shows amounts appropriated to departments in the 2022/23 financial year against actual expenditure incurred by departments excluding unauthorised expenditure funded by NRF.

Statistics SA (Stats SA) and Department of Defence (DOD) have recorded significant actual spending compared to the approved appropriation. Stats SA exceeded their appropriation by 27% due to overspending on the Census 2022 project which overlapped to the current reporting year of 2023. DOD's overspending of R2,995 billion is from the compensation of employees for existing employees due to the annual budget cuts.

National department's expenditure

Table 7: National department's expenditure

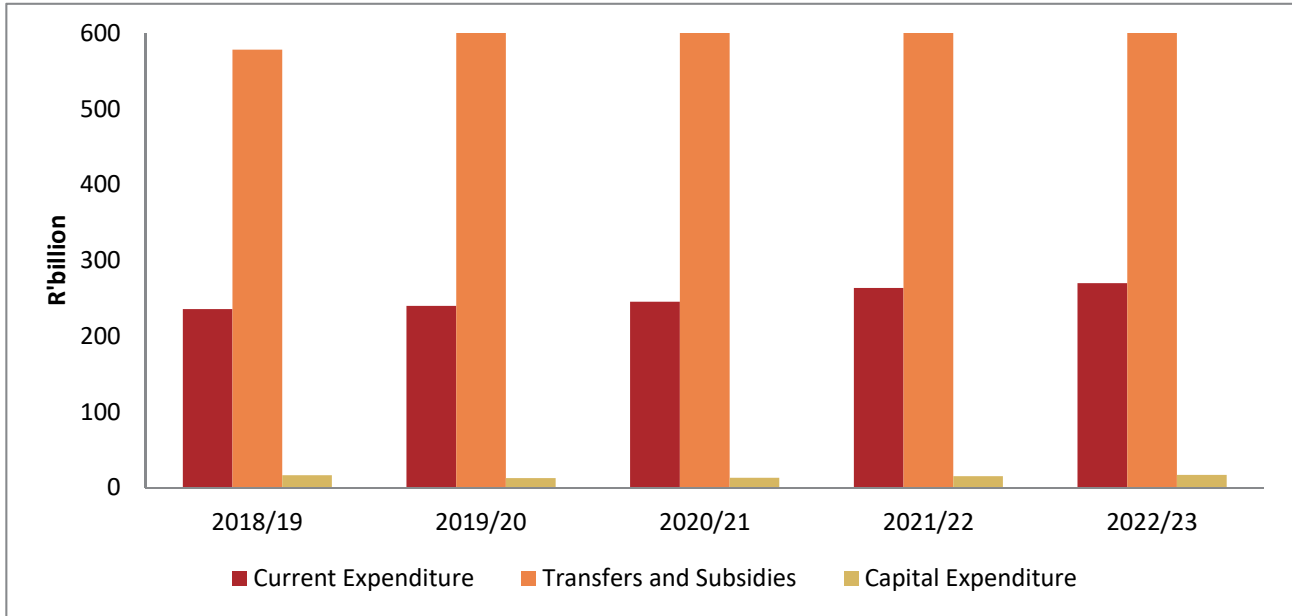
Year Ended 31 March	Actual	Actual	Actual	Actual	Actual
R' million	2018/19	2019/20	2020/21	2021/22	2022/23
Current Expenditure	235 792	239 948	245 476	263 699	269 897
Transfers and Subsidies	578 398	651 928	1 207 011	1 269 913	1 346 763
Capital Expenditure	16 262	12 500	12 842	14 878	16 643
Total	830 451	904 376	1 465 329	1 548 489	1 633 303
Movement in expenditure	7%	9%	62%	6%	5%

National departments' expenditure has increased to R1.633 trillion from R1.548 trillion in the prior year. This represents a 5% increase, as compared to the 6% increase in the prior year, with the highest increase in capital expenditure which increased by 12% 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 12 of the Notes to The Consolidated Financial Statements.

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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

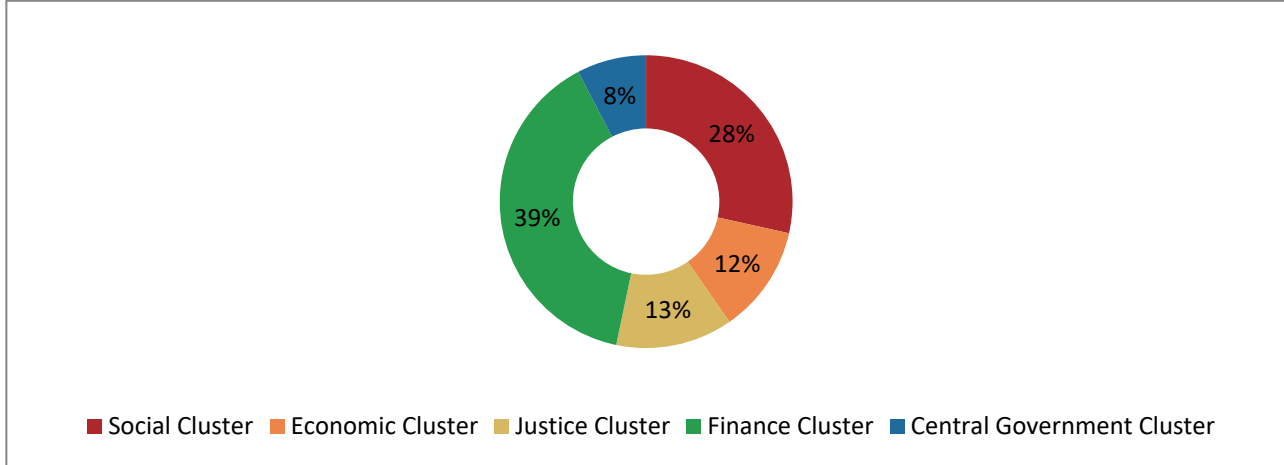
Year Ended 31 March R' billion	Actual 2021/22	Actual 2022/23	Movement
Social Cluster	461	484	5%
Economic Cluster	165	202	23%
Justice Cluster	209	219	5%
Finance Cluster	668	664	(1%)
Central Government Cluster	117	130	11%
Total	1 620	1701	

The Finance cluster is the largest spender of all clusters with expenditure of R664 billion (2021/22: R668 billion) accounting for 39% of national departments' expenditure in 2022/23. The smallest spender is the Central cluster with expenditure of R130 billion (2021/22: R117 billion), accounting for 8% of national departments' expenditure in 2022/23. There was a 5% increase in Social cluster expenses due to an increase in social grants spending and a 11% increase in the Central cluster expenditure mainly due to increase in transfers and subsidies.

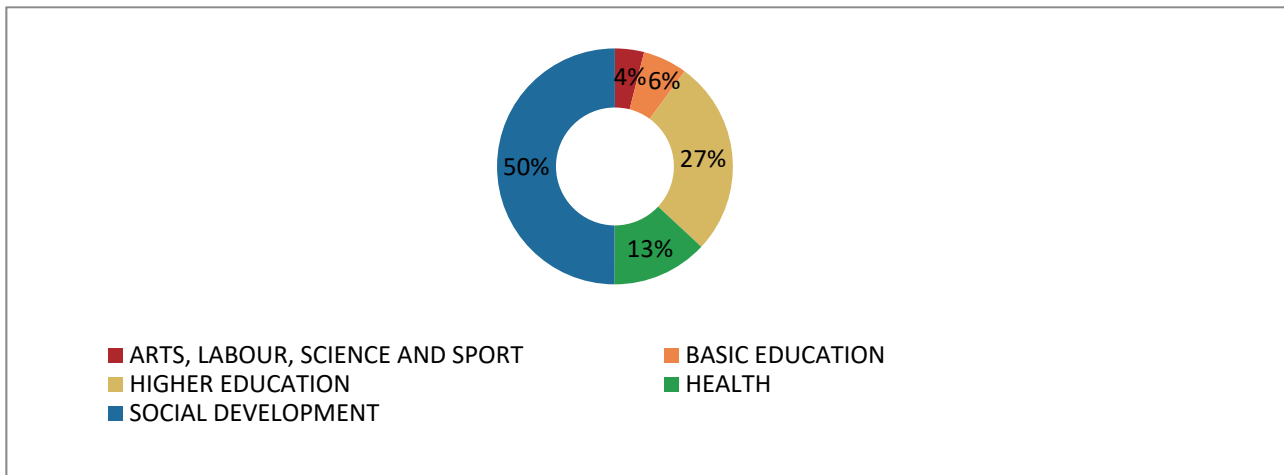
REVIEW OF OPERATING RESULTS

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Graph 9: Expenditure per cluster 2022/23



Graph 10: Expenditure per Social cluster 2022/23



Within the Social Cluster, the Department of Social development was the biggest spender. This department incurred total expenditure of R242 billion amounting to 50% of social cluster expenditure.

Of the R242 billion, 99.4% 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 96.2% (R233.2 billion per year on average) of the department’s total over the period under review.

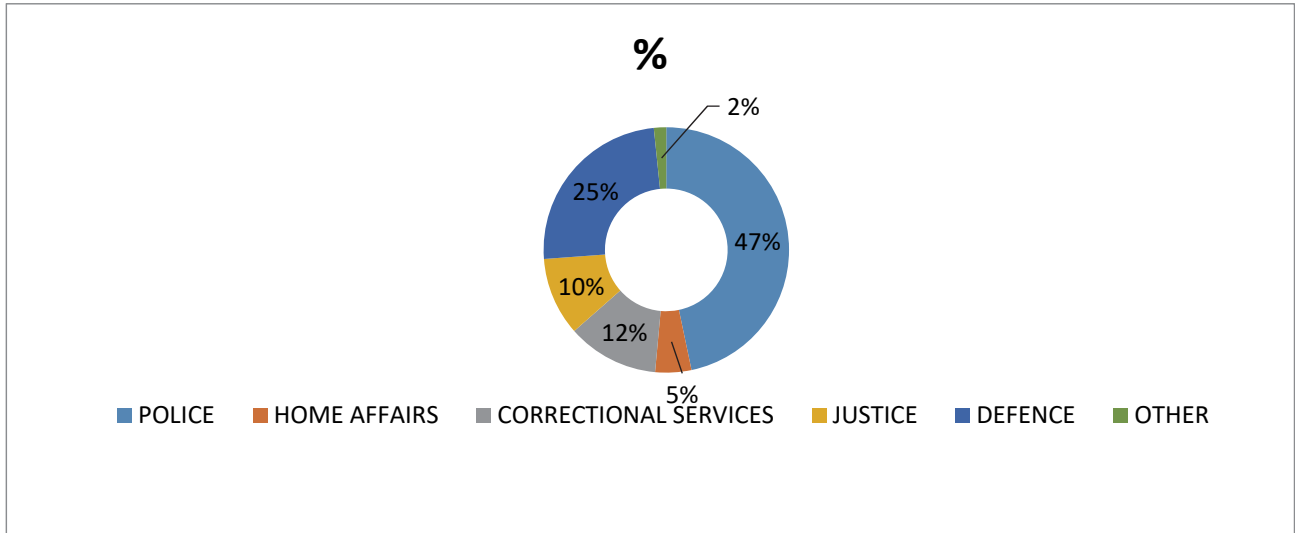
This function is allocated R1.10 trillion over the MTEF period for social grants and welfare services, and to strengthen advocacy for the empowerment of women, youth and people living with disabilities. Social grants remain the largest spending area, constituting 88 per cent of spending in this function over the MTEF period.

Expenditure on social grants will increase from R233 billion in 2022/23 to R248.4 billion in 2025/26 due to increases in the number of recipients and the value of the grants. Excluding the *COVID-19 social relief of distress grant*, social grant coverage is expected to increase from about 18.6 million beneficiaries in March 2023 to 19.6 million beneficiaries by March 2026. The *child support grant* and *old age grant* together account for about 70 per cent of total grant expenditure over the MTEF period. These two grants will be provided to a total of 17.5 million beneficiaries in 2023/24. Social grants will increase in line with inflation over the medium term with an estimated cost of R32.6 billion over the medium term.

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Graph 11: Expenditure per Justice Cluster 2022/23



The third 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 R153 billion (70%). 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 80% of total cost of the department.

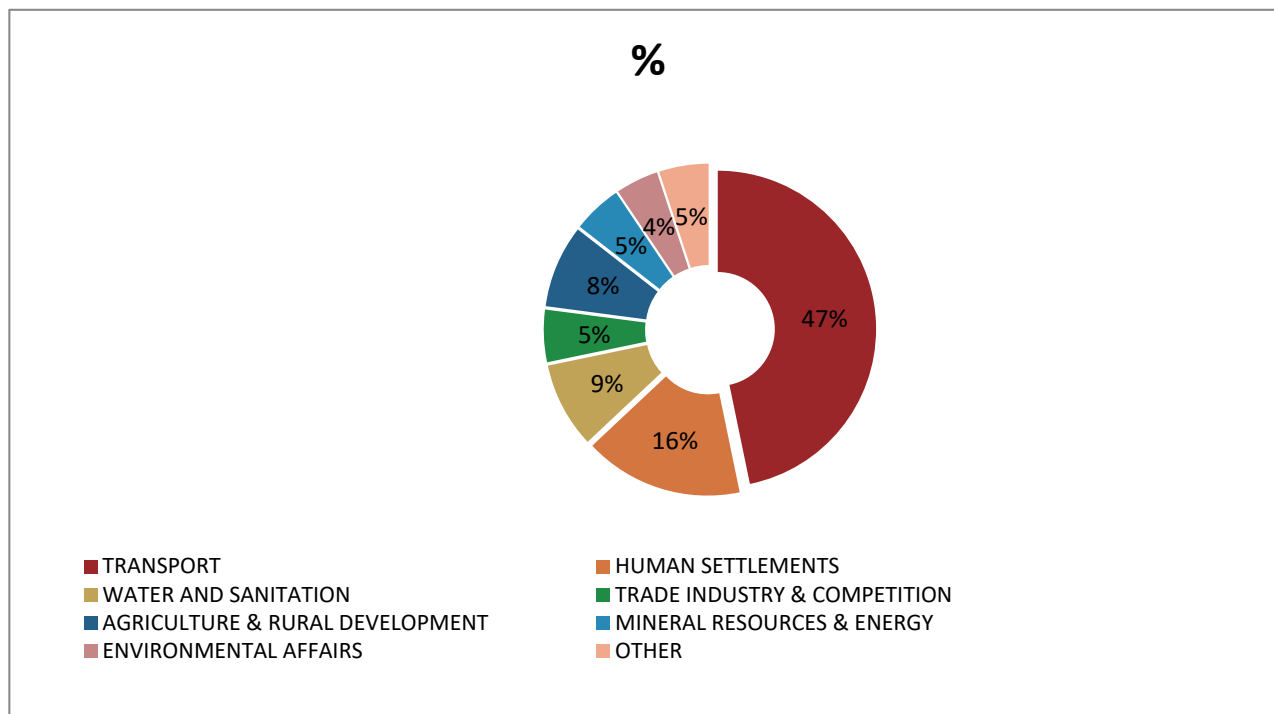
The second largest spender in the Justice and Protection services cluster is the Department of Defence at 23%. The spending focus of the Department was on the Landward Defence programme, whose focus is on providing prepared and supported landward defence capabilities for the defence and protection of 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 70% of its total expenditure.

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Graph 12: Expenditure per Economic cluster 2022/23



The fourth largest spending cluster is the Economic Cluster. The Department of Transport remains the highest spending department in the cluster at 47% of the total cluster expenditure. The highest expenditure item for this department being transfers and subsidies at R70 billion (2021/22: R64 billion) accounting for 74% of the department’s budget. Of the R70 billion spent, R23 billion were allocated to its public entities, these entities accounted for 33% 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:

Constraints in logistics have negatively affected economic growth and employment. More than a quarter of long-distance freight traffic has shifted to roads in the past five years because of severe deterioration in the freight rail network. This is due in large part to historical underinvestment in the network.

Several reforms are under way to support recovery in the transport sector. The Economic Regulation of Transport Bill, which will establish the transport regulator, has been tabled in Parliament. Transnet is taking steps to improve operations in key corridors. Software upgrades, for example, will increase efficiency through better signalling. Additional interventions required include steps to prevent theft and vandalism; resolving legal challenges in relation to locomotive procurement; and granting third-party access to the rail network, which is now in the pilot phase. The operations and infrastructure management functions of Transnet Freight Rail are due to be separated by October 2023. This is intended to facilitate competition and improve pricing.

Additional allocations were made over the medium term for bulk infrastructure that will improve access to services through conditional grants in human settlements and water and sanitation. These include an additional R2.2 billion for the urban settlements development grant for construction of the Lufhereng housing project in the City of Johannesburg metro and the Avoca Node development in the eThekweni metro.

The regional bulk infrastructure grant in the Department of Water and Sanitation received an additional R4.2 billion over the medium term for the implementation of a water security programme in the Nelson Mandela Bay metro and other water and sanitation supply programmes in other municipalities.

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National department’s current expenditure

Table 9: Major items of current Expenditure

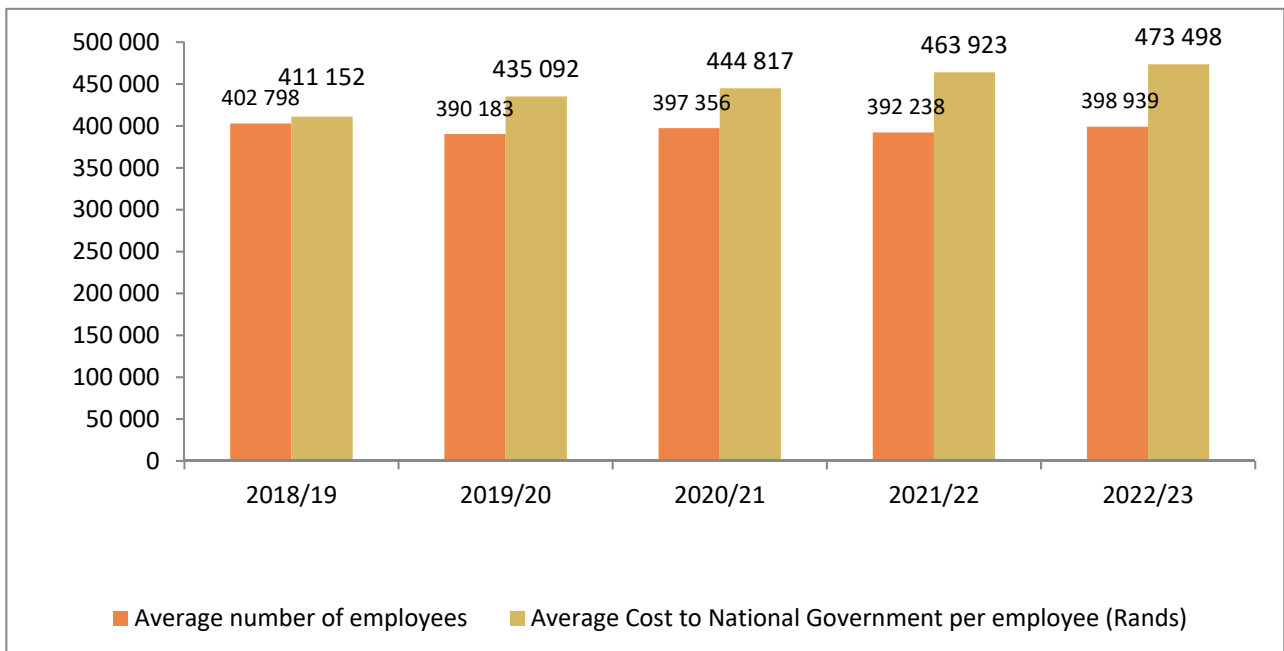
Year Ended 31 March R' million	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22	Actual 2022/23
Compensation of employees	165 611	169 765	176 751	181 968	188 897
Goods and Services	69 913	69 006	67 307	79 755	79 732

Table 10: Compensation of employees

Year Ended 31 March R' million	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22	Actual 2022/23
Total Compensations costs (R' million)	165 611	169 765	176 751	181 968	188 897
Average number of employees	402 798	390 183	397 356	392 238	398 939
Average Cost to National Government per employee (Rands)	411 152	435 092	444 817	463 923	473 498

The above information illustrates the costs to national government departments and excludes provincial departments. The average number of employees at national departments has increased from 392 238 in 2021/22 to 398 939 in 2022/23, an increase of 1.7%. Compensation, in Rand terms we have also seen an increase from R181 billion in 2021/22 to R189 billion in 2022/23 thus resulting in a 3.8% increase (2021/22: 3%).

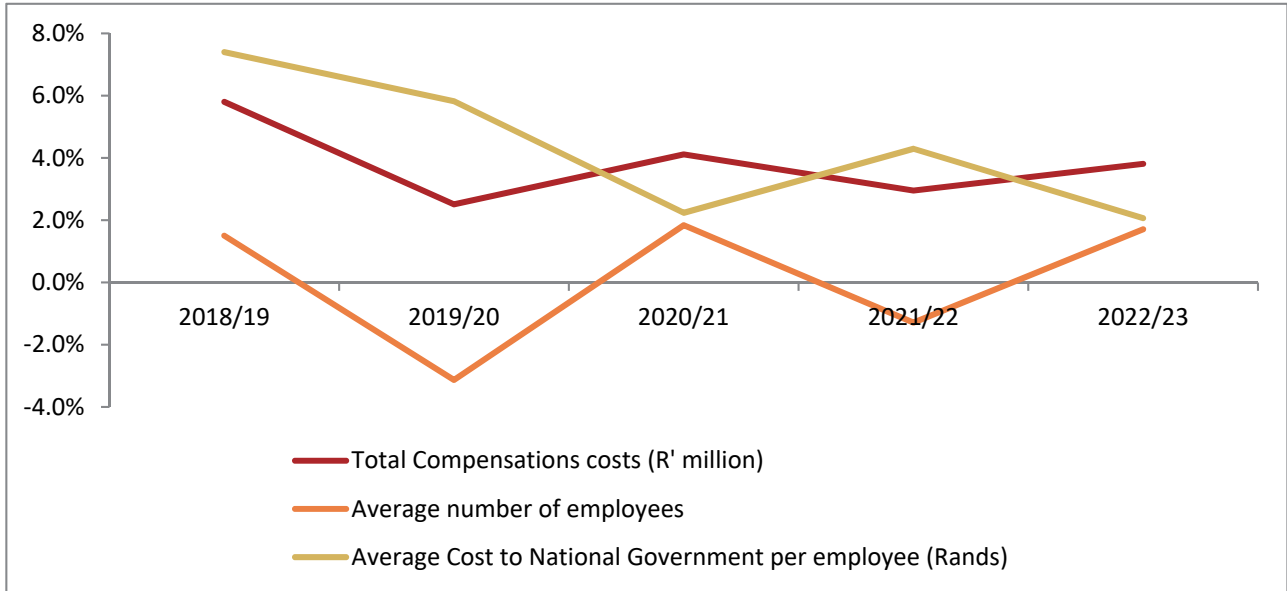
Graph 13: Compensation of employees



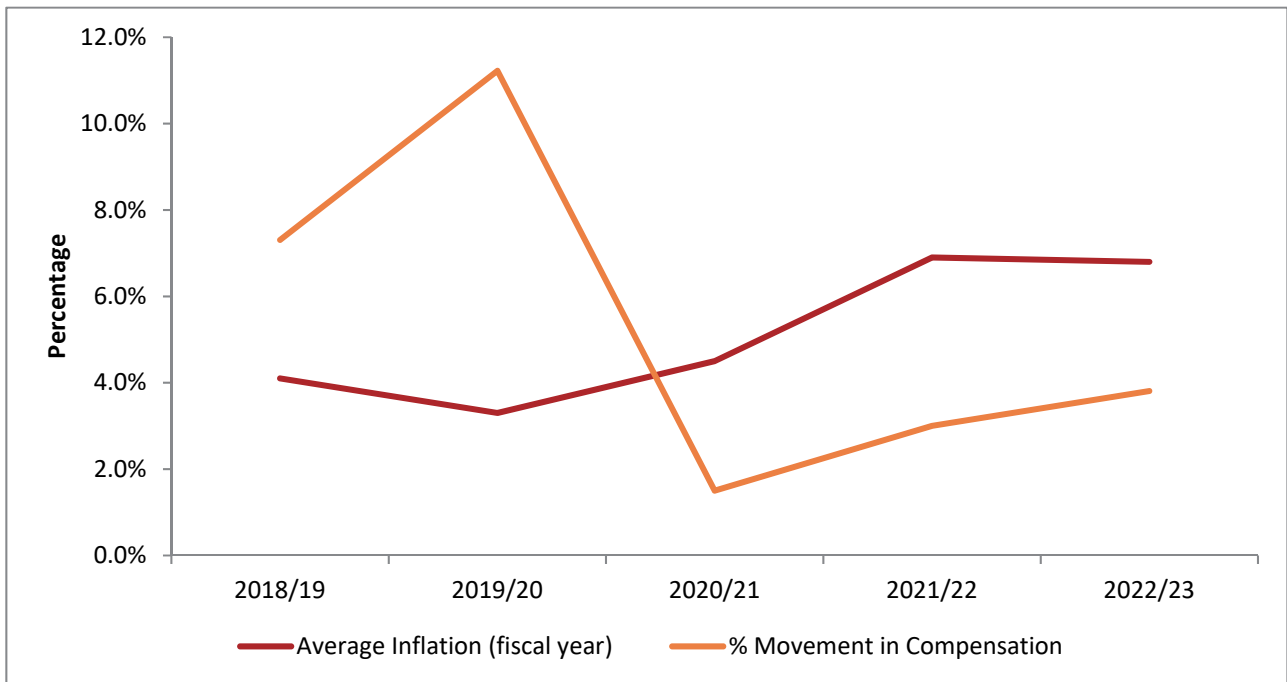
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Graph 14: Year on year movement – compensation of employees



Graph 15: Compensation % increase vs. inflation

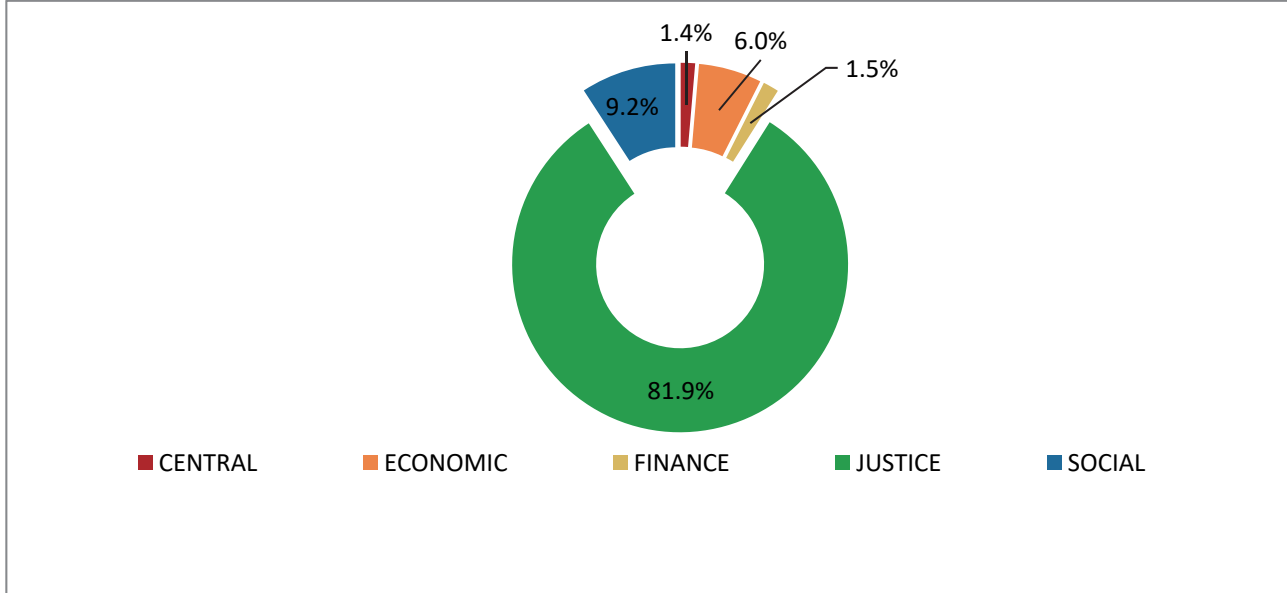


The graphs above also indicate the percentage movement in compensation of employees against the inflation rate over the same period. The inflation rate has increased above the movement in compensation of employees since 2020/21. This is mainly due to the efforts made by government in curbing the wage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

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Graph 16: Average number of employees per cluster



The majority of national departments employees are employed in the Justice and Protection Services cluster totalling 326 723 (2021/22: 324 428) which equates to 82% 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	Actual	Actual	Actual	Actual	Actual
Department	2018/19	2019/20	2020/21	2021/22	2022/23
Department of Police	190 144	189 518	183 369	178 351	180 841
Department of Defence	74 349	73 609	73 065	71 143	71 219
Department of Correctional Services	39 108	40 309	39 451	39 565	38 135

Department of Police

The Department of Police employs the greatest number of staff in national government and as a result, their expenditure on compensation to employees is R81 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 increased from 71 143 in the prior year to 71 219 in 2022/23. Spending on compensation increased by 3% in the current year. This has been a trend for the past three years.

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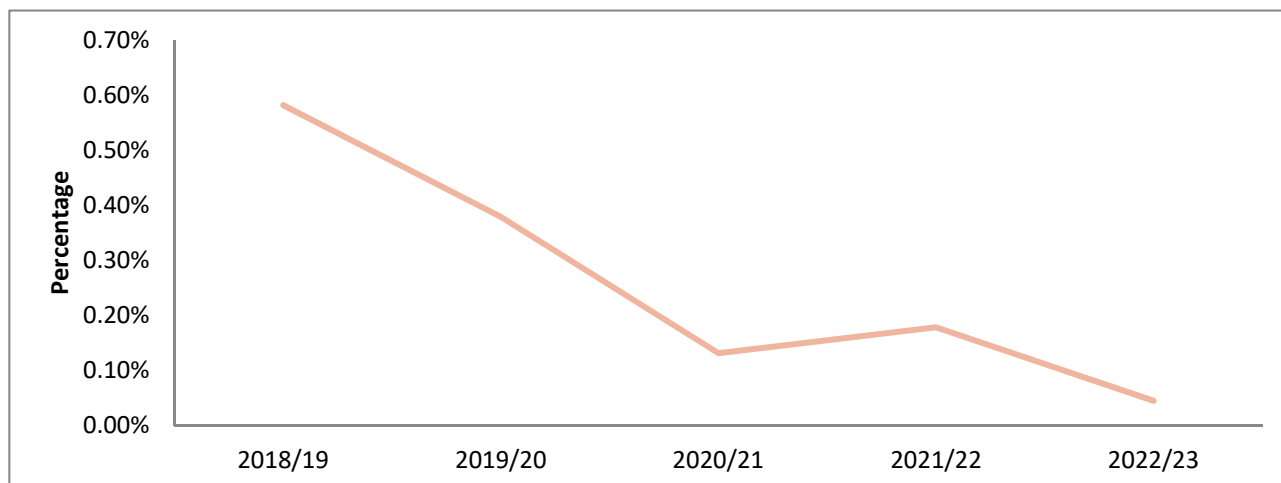
Performance awards

Table 12: Performance awards

Year Ended 31 March	Actual	Actual	Actual	Actual	Actual
Description	2018/19	2019/20	2020/21	2021/22	2022/23
Performance Awards (R mil)	717	644	233	325	86
Total Compensation of Employees	165 611	169 765	176 751	181 968	188 897
Performance awards as a % of Compensation	0,43%	0,38%	0,13%	0,18%	0,05%
Movement in Performance Awards	(0,15%)	(0,05%)	(0,25%)	0,05%	(0,13%)
Movement in Compensation costs	5,78%	2,51%	4,11%	2,95%	3,81%

During the 2022/23 financial year, the performance awards decreased from R325 million to R86 million. Performance awards make up 0.05% of compensation (0.18% in 2021/22). Refer to the graphs below showing performance awards as a percentage of compensation and the movement in performance awards versus movement in compensation.

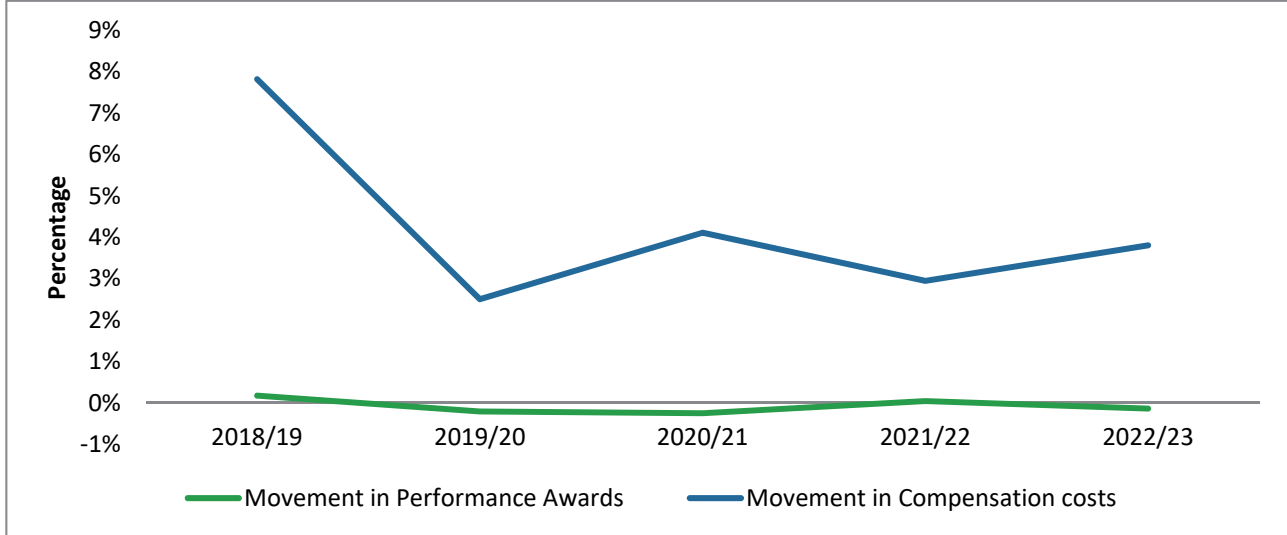
Graph 17: Performance awards as a % of compensation costs



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Graph 18: Movement in performance awards vs. compensation



Training and staff development costs

Training and staff development costs are included in the goods and services costs, but it is more appropriate to discuss these costs under compensation of employees as they have a relationship with employee benefits/costs.

Table 13: Training and staff development

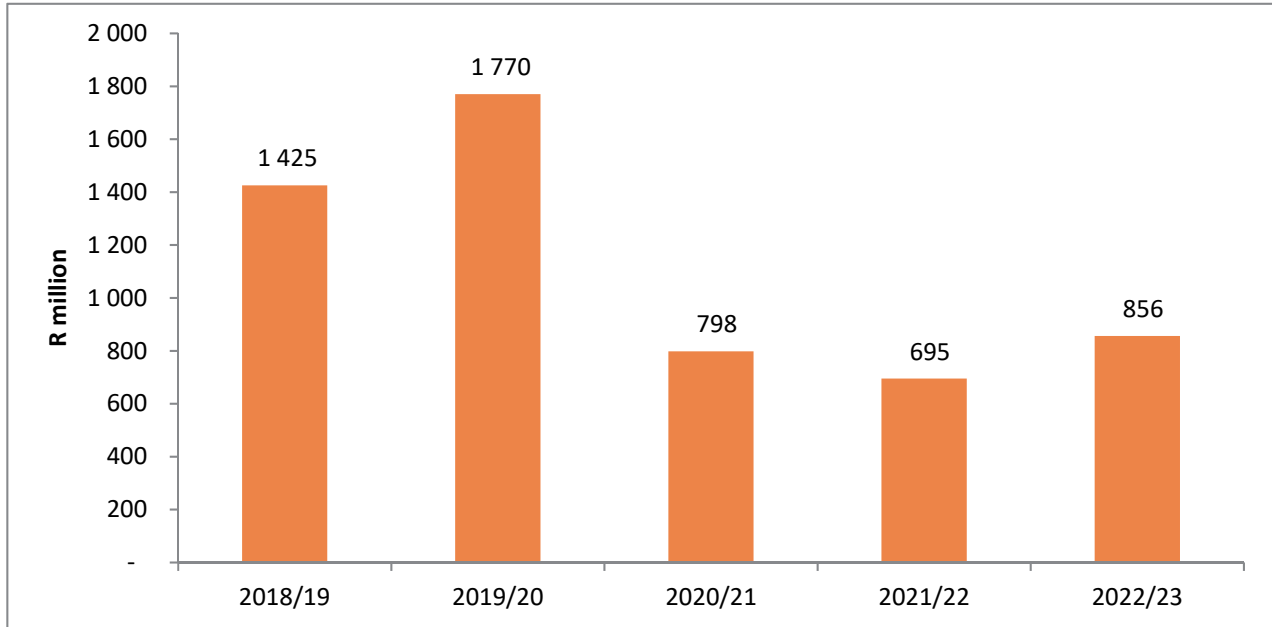
Year Ended 31 March	2018/19	2019/20	2020/21	2021/22	2022/23
<i>R million</i>					
Training & Staff Development	1 425	1 770	798	695	856
Total Compensation of Employees	156 567	165 611	176 751	181 875	188 897
Training as a % of Compensation	0,91%	1,07%	0,45%	0,38%	0,45%

As can be noted in the graphs 19 and 20 below, training and staff development costs had an increasing trend until 2019/20 until we saw the recent increase of 23% in 2022/23. In the current year, training and development cost increased by R161 million in the current year from R695 million in the year 2021/22 to R856 million in the year 2022/23. As a component of compensation, the ratio increased from 0.38% to 0.45%. The Department of Defence currently accounts for the highest spending on training costs at R205 million followed by the Department of Environment, Forestry and Fisheries at R149 million.

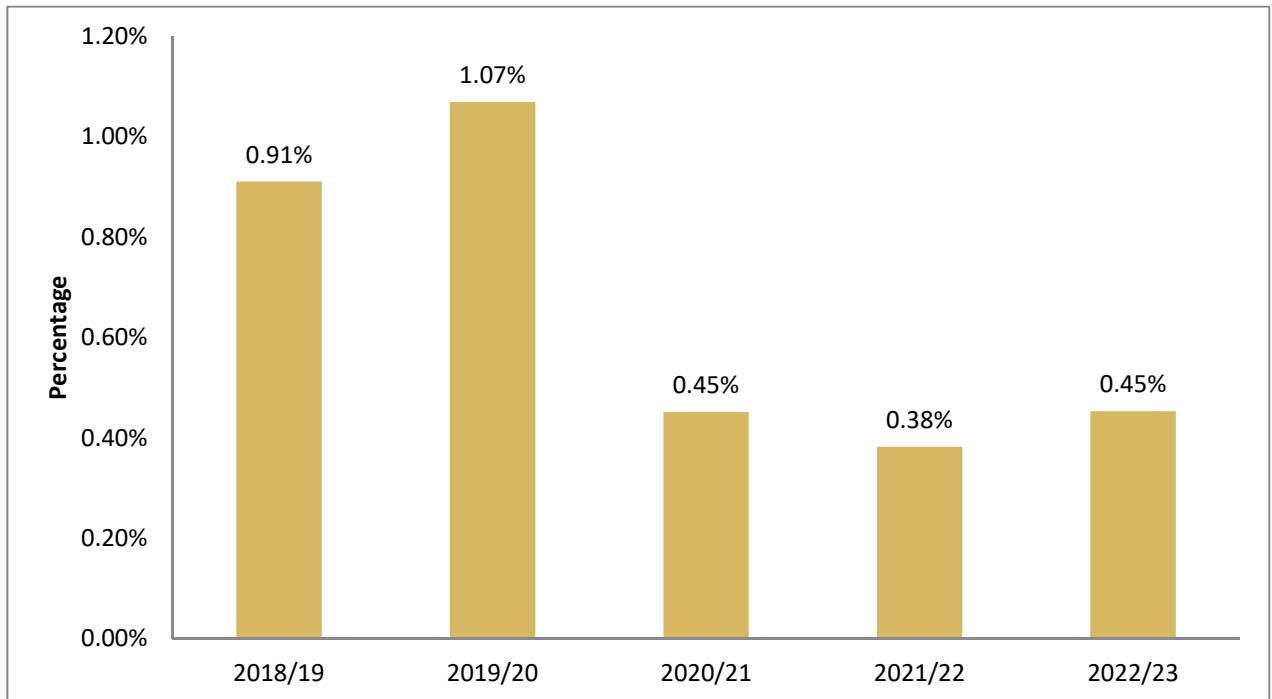
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Graph 19: Training and staff development



Graph 20: Training as a % of compensation of employee's costs



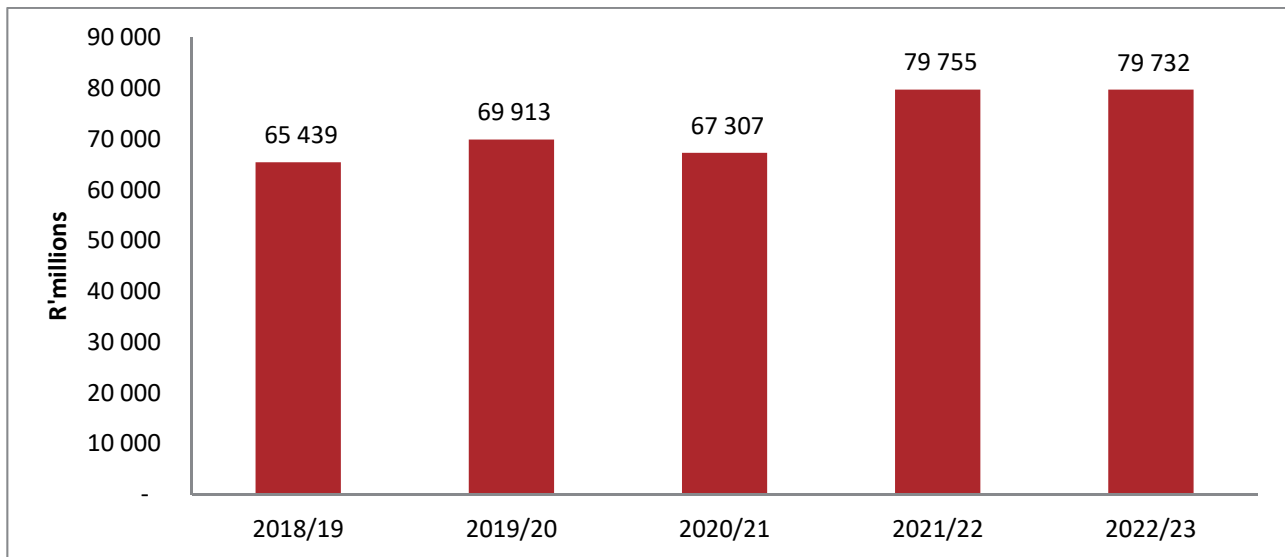
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Table 14: Goods and services

Year Ended 31 March R' million	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22	Actual 2022/23
Goods and Services	65 439	69 913	67 307	79 755	79 732
Movement in expenditure	7%	7%	-4%	18%	0%

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 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22	Actual 2022/23
Consultants, contractors and special services	15 436	16 413	12 948	15 762	18 006
Inventory	9 952	9 315	12 839	17 791	11 848
Operating leases	11 299	10 233	11 937	10 728	11 817
Travel and subsistence	6 046	5 698	2 986	5 197	7 631
Computer Services	5 497	7 029	7 248	7 799	6 713
Property payments	6 016	6 459	6 860	8 471	8 273
Communication	1 346	1 193	1 306	1 448	1 437
Other	14 320	12 668	11 182	12 559	14 006
Total	69 913	69 008	67 307	79 755	79 732

The major contributor to Goods and Services was expenditure on Inventory as well as expenditure on consultants, contractors and special services. Inventory increasing significantly in 2020/21. This was mainly from Department of Health for Covid vaccines and medicines. The inventory has since decreased by 33% when compared to an increase of 38% in 2020/21.

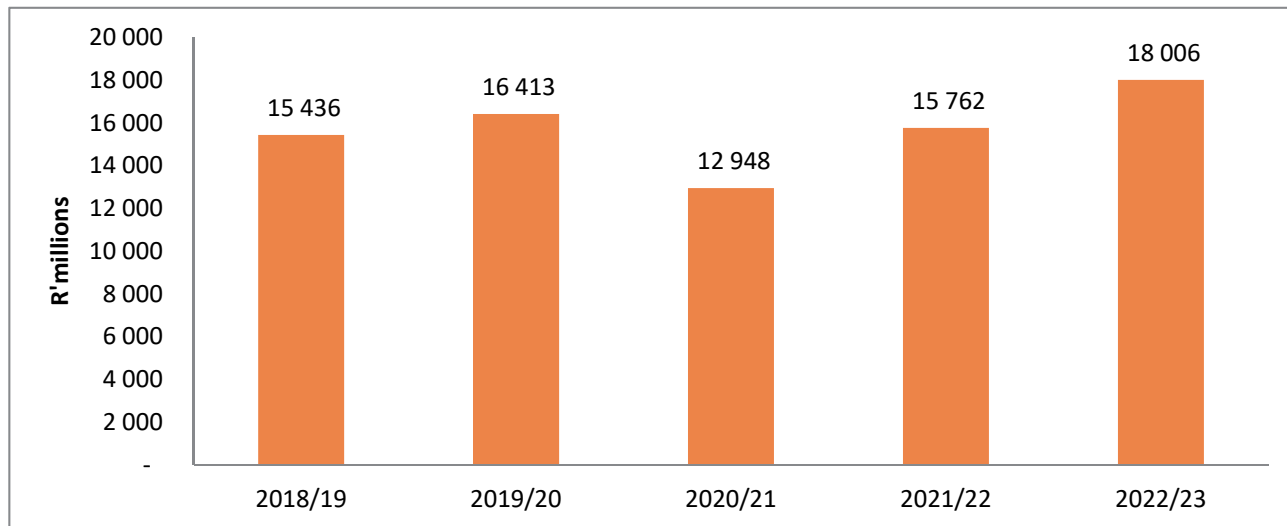
Table 16: Consultants, contractors and special services

Year Ended 31 March R' million	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22	Actual 2022/23
Consultants, contractors, and special services	15 436	16 413	12 948	15 762	18 006
Movement in expenditure	-12%	6%	-21%	22%	14%

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Graph 22: Consultants, contractors and special services

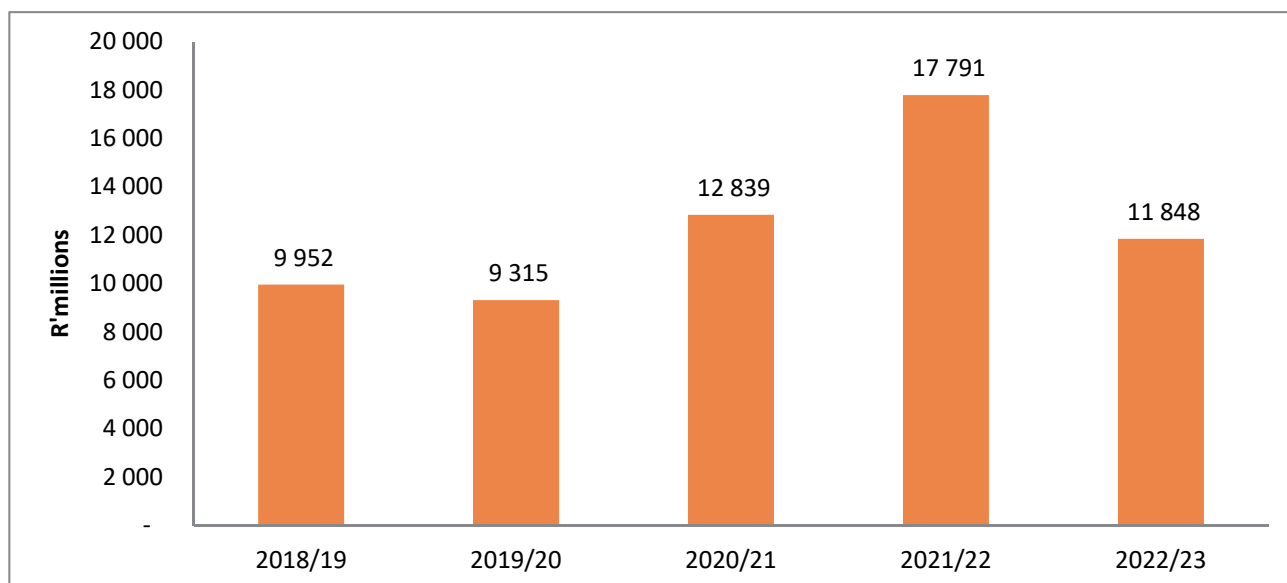


In the past years pre Covid payments for consultants, contractors, and special services (CCSS) was the leading expenditure within goods and services. COVID-19 has contributed to the rapid increase in inventory that cause a significant jump in inventory and exceeded CCSS from 2020/21. CCSS have returned to be the leading expenditure after inventory have returned to normal levels.

Table 17: Inventory and consumables

Year Ended 31 March	Actual	Actual	Actual	Actual	Actual
R' million	2018/19	2019/20	2020/21	2021/22	2022/23
Inventory	9 952	9 315	12 839	17 791	11 848
Movement in expenditure	8%	-6%	38%	39%	(33%)

Graph 23: Inventory and consumables



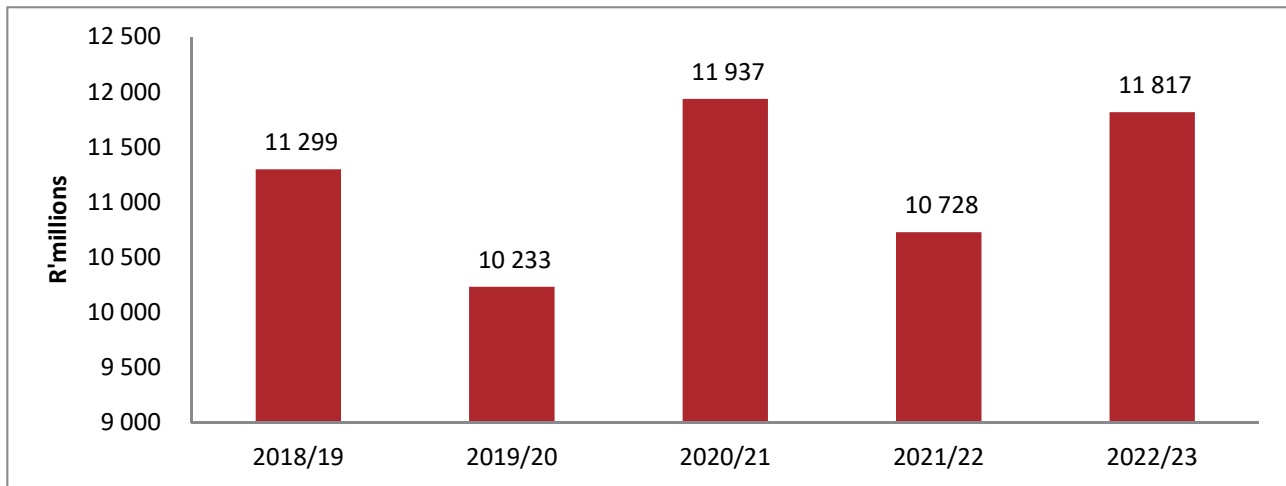
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Table 18: Operating leases

Year Ended 31 March <i>R' million</i>	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22	Actual 2022/23
Operating leases	11 299	10 233	11 937	10 728	11 817
Movement in expenditure	11%	(9%)	17%	(10%)	10%

Graph 24: Operating leases

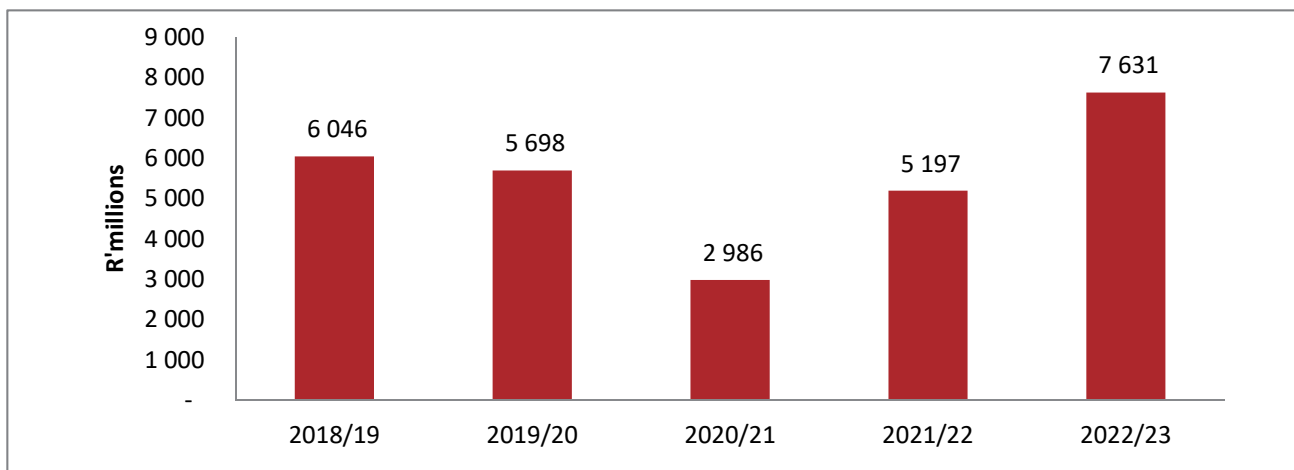


Expenditure on operating leases increased by 10% in the 2022/23 year as compared to a 10% decrease in 2021/22. The three highest spending departments in this regard are Police at R3.4 billion, Defence at R1.9 billion, DoJ and CD at R1.2 billion and DIRCO R949 million.

Table 19: Travel and subsistence

Year Ended 31 March <i>R' million</i>	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22	Actual 2022/23
Travel and subsistence	6 046	5 698	2 986	5 197	7 631
Movement in expenditure	9%	(6%)	(48%)	74%	47%

Graph 25: Travel and subsistence



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Travel and subsistence show a 47% increase, as compared to a 74% decrease in the previous year. The Justice cluster accounts for 53% of the total expenditure with R4 billion while the Economic cluster spending accounts for 18% at R1.4 billion. The major spenders within the Justice cluster were again Police and Defence who spent R1.5 billion (2021/22: R1.5 billion) and R1.4 billion (2021/22: R1.1 billion) respectively followed by the Department of Agriculture, Land Reform and Rural Development with R509 million.

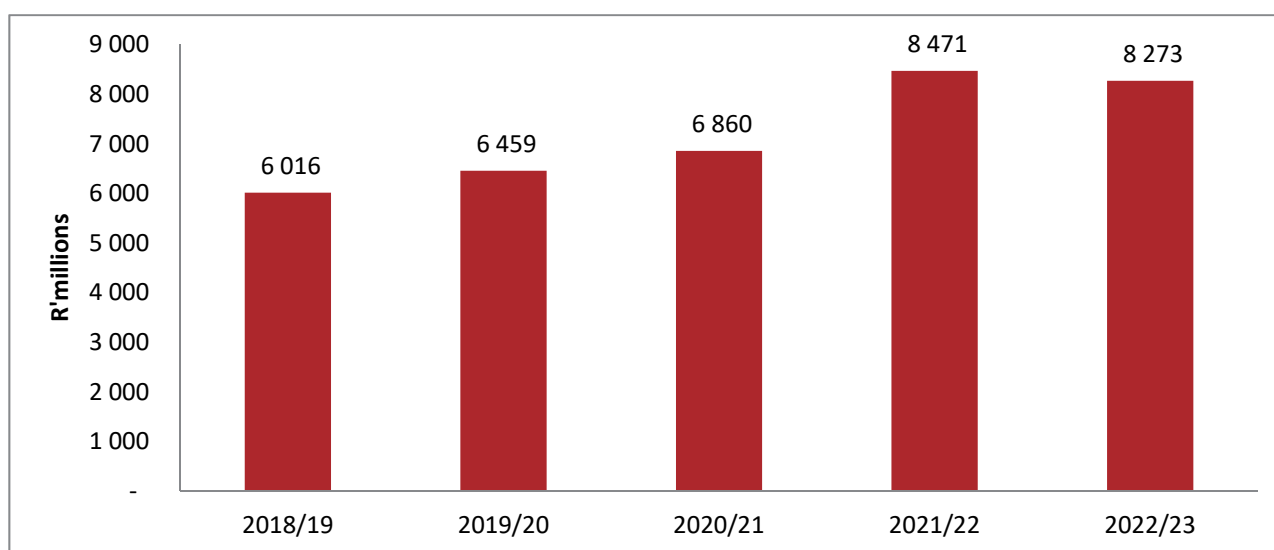
Table 20: Computer services

Year Ended 31 March R' million	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22	Actual 2022/23
Computer Services	5 497	7 029	7 248	7 799	6 713
Movement in expenditure	(21%)	28%	3%	8%	(14%)

Table 21: Property payments

Year Ended 31 March R' million	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22	Actual 2022/23
Property payments	6 016	6 459	6 860	8 471	8 273
Movement in expenditure	3%	7%	6%	23%	(-2%)

Graph 26: Property payments



This expenditure amounts to 10% of the total goods and services expenditure. Property payments have decreased by 2% in the current year compared to an increase of 23% in the 2021/22 financial year. Significant contributors to the expenditure are Correctional Service with 21%, Police 18%, Defence 16% and Justice 16%. The other major spenders in this area are International Relations and Cooperation with R460 million (2021/22: R415 million) and Agriculture, Land Reform and Rural Development spent R526 million (2021/22: R614 million).

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

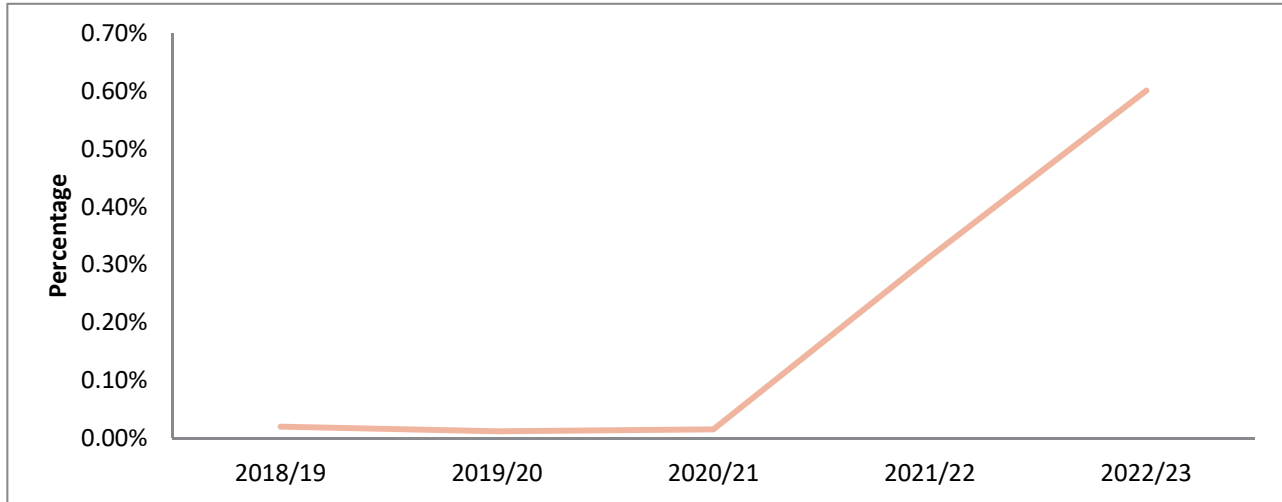
Table 22: Catering and entertainment

Year Ended 31 March R' million	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22	Actual 2022/23
Catering and entertainment	294	275	79	121	245
Movement in expenditure	9%	(6%)	(71%)	53%	103%

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



In the current year Catering and entertainment expenditure increased by 103% compared to an increase of 53% in the 2021/22 financial year. Majority of departments have seen increases above 100% due to the low spending since Covid-19 and cost containment, the total expenditure in 2022/23 amounted to R245 million compared to R121 million.

Table 23: Bursaries

Year Ended 31 March	Actual	Actual	Actual	Actual	Actual
R million	2018/19	2019/20	2020/21	2021/22	2022/23
Bursaries	80	59	74	92	109
Total Compensation of employees	165 611	169 765	176 751	181 968	188 897
As a % of Compensation of employees	5%	3%	4%	5%	6%

There was an increase in the bursary expenditure. The total compensation expenditure increased by 4% in the current year. The bursary expenditure as a percentage of compensation is still low at 6% 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	Actual	Actual	Actual	Actual	Actual
R' million	2018/19	2019/20	2020/21	2021/22	2022/23
Provinces and Municipalities	207 975	213 535	766 330	796 719	845 214
Departmental agencies and accounts	114 177	162 380	127 311	144 690	154 280
Higher education institutions	36 911	42 363	43 329	48 477	52 123
Public corporations and private enterprises	32 910	22 976	26 775	37 422	41 217
Households	174 402	199 727	232 302	236 233	247 261
Other	9 718	10 616	10 312	6 134	6 550
Total	576 092	651 597	1 206 359	1 269 675	1 346 644
Increase from prior year	9%	13%	85%	5%	6%
As a % of Total revenue	45%	48%	97%	81%	79%
As a % of Total expenditure	38%	38%	65%	66%	66%

Transfers and subsidies increased by 6% 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 44% of the total transfers and subsidies.

REVIEW OF OPERATING RESULTS

FOR THE YEAR ENDED 31 MARCH 2023

Graph 28: Breakdown of transfers and subsidies 2022/23

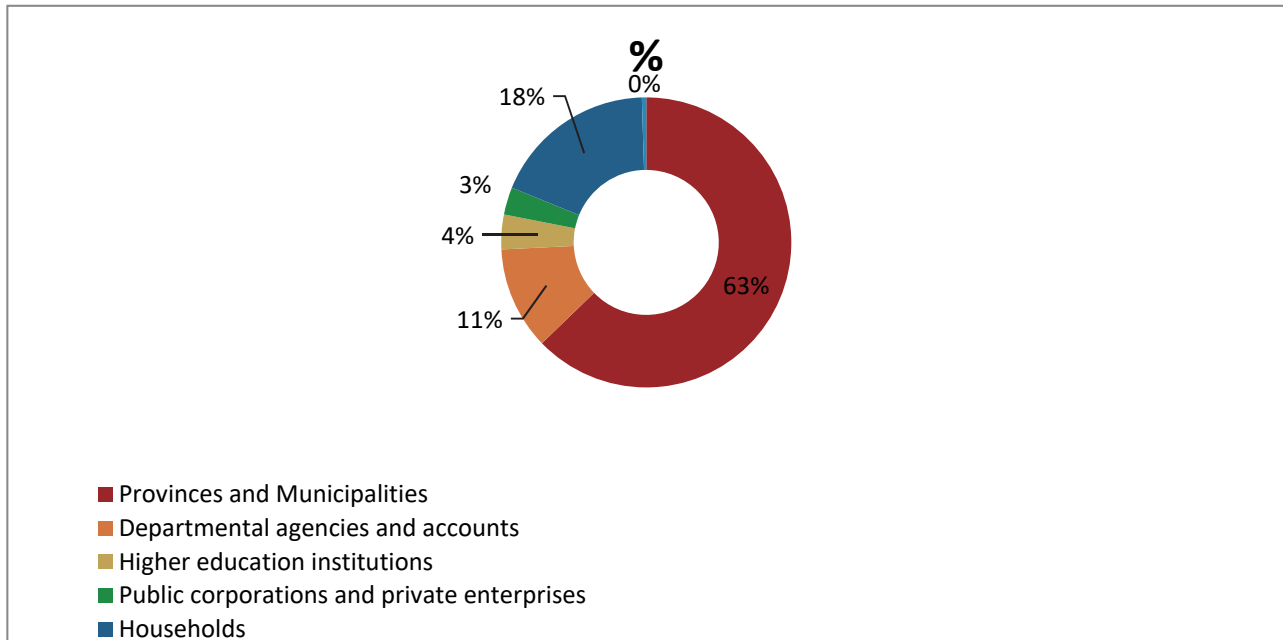


Table 25: Expenditure for capital assets

Capital Expenditure <i>R' million</i>	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22	Actual 2022/23
Total capital expenditure	16 262	12 500	12 842	14 878	16 643
Movement in expenditure	17%	-13%	3%	16%	12%

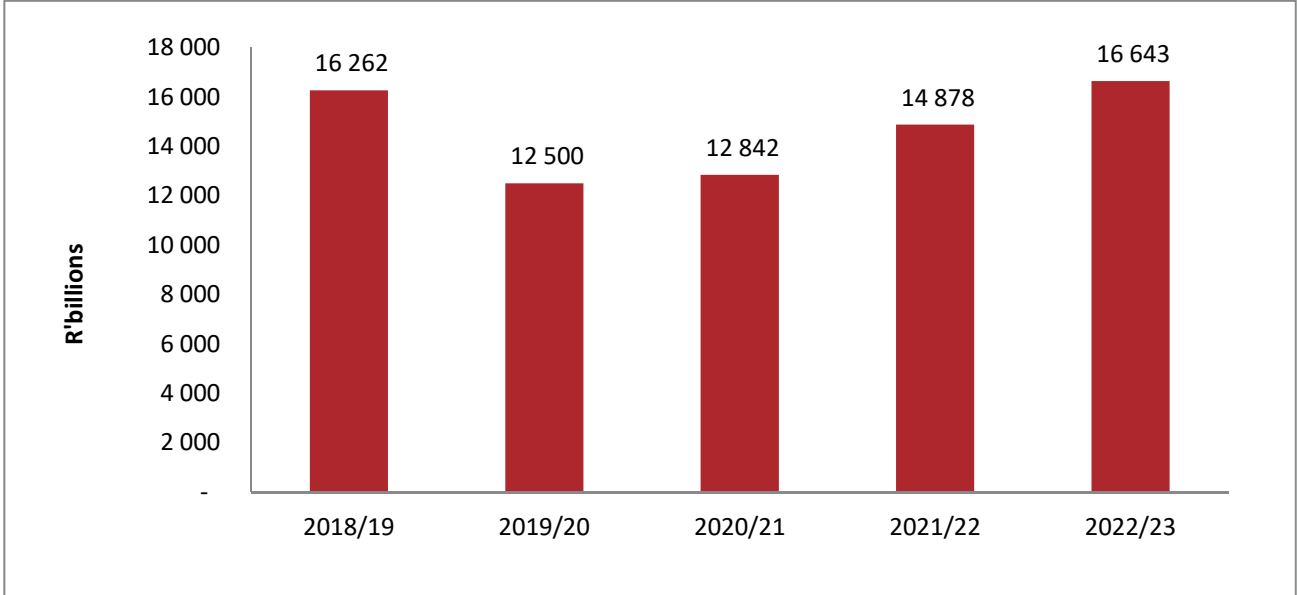
Capital expenditure has increased by 12% during the current year from R14.9 billion in 2021/22 to R16.6 billion in 2022/23. Most of the capital expenditure was spent on buildings and other fixed structures which accounted for R9.1 billion of the total expenditure. Capital expenditure on machinery and equipment amounts to R5.2 billion as the second highest expenditure for capital assets.

Expenditure by cluster shows that the Economic cluster is the biggest spender at R3.8 billion, Social Service cluster accounts for R2,9 billion of total capital expenditure, followed by the Justice and Protection Service cluster at R2 billion. Capital expenditure growth has decreased by 4% when compared to the prior year.

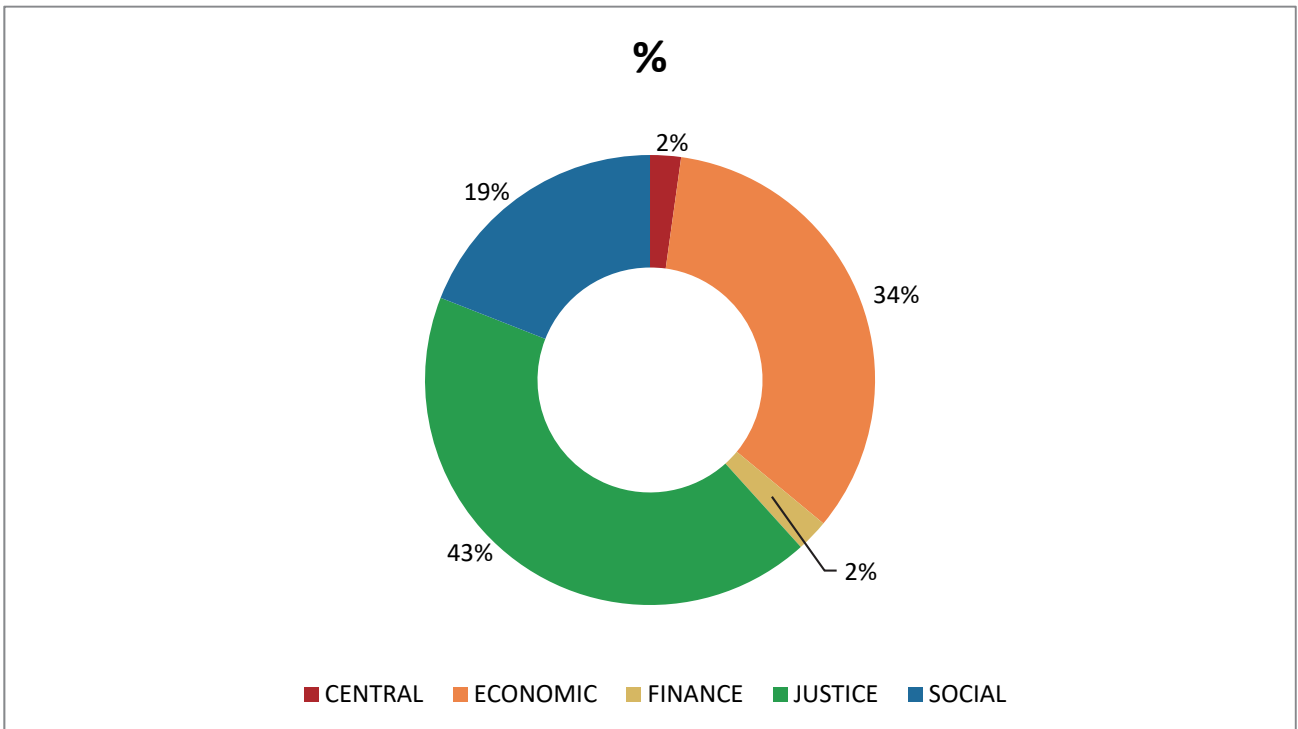
REVIEW OF OPERATING RESULTS

FOR THE YEAR ENDED 31 MARCH 2023

Graph 29: Total capital expenditure



Graph 30: Capital expenditure by cluster 2022/23



REVIEW OF OPERATING RESULTS

FOR THE YEAR ENDED 31 MARCH 2023

ASSETS

Table 28: Cash and cash equivalents

Year Ended 31 March R' million	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22	Actual 2022/23
Cash and equivalents	229 377	251 408	322 477	247 226	240 403
Movement in cash and cash equivalents	1%	10%	28%	(23%)	(3%)

Cash and cash equivalents stand at R240 billion (gross R262 billion less R21 billion bank overdraft). This is made up by 49% of foreign currency deposits, and 42% deposits held with commercial banks. Cash and cash equivalents have decreased further by 3% in 2022/23 compared to the 23% decrease in the prior year.

Graph 30: Cash and cash equivalents by cluster 2022/23

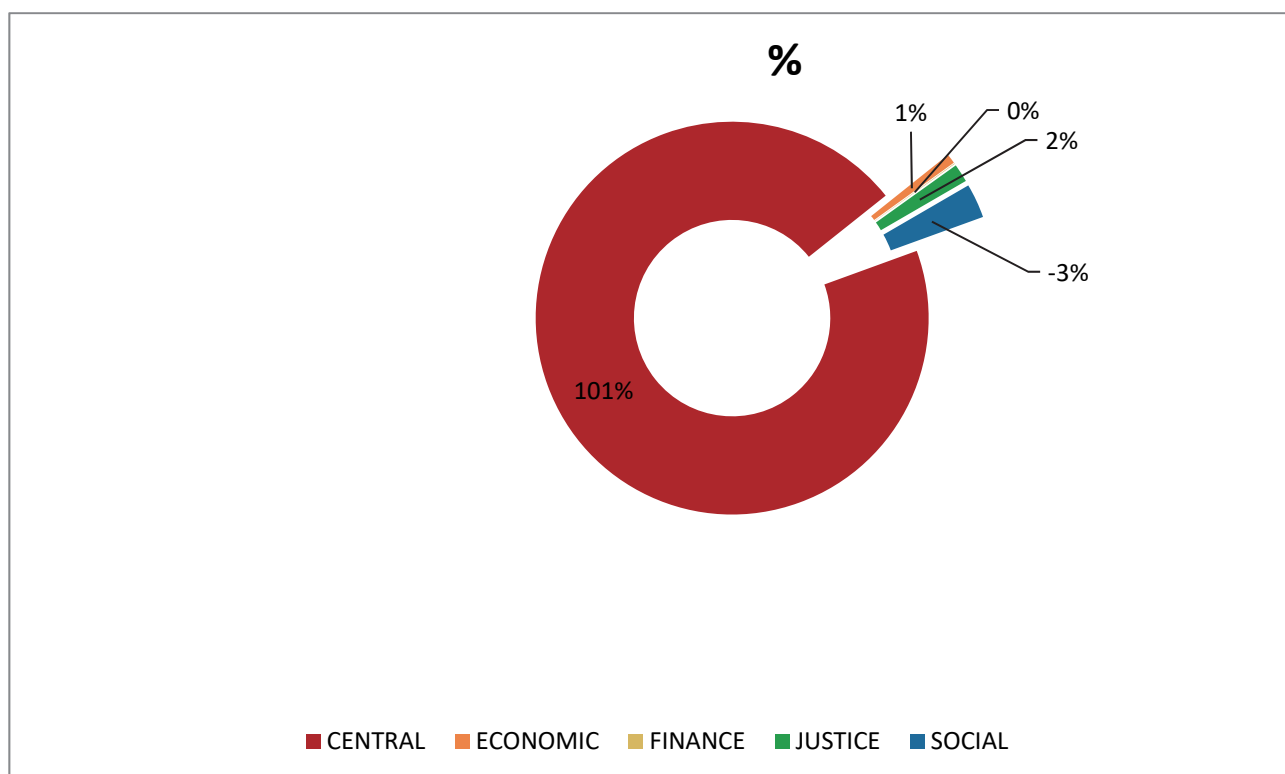
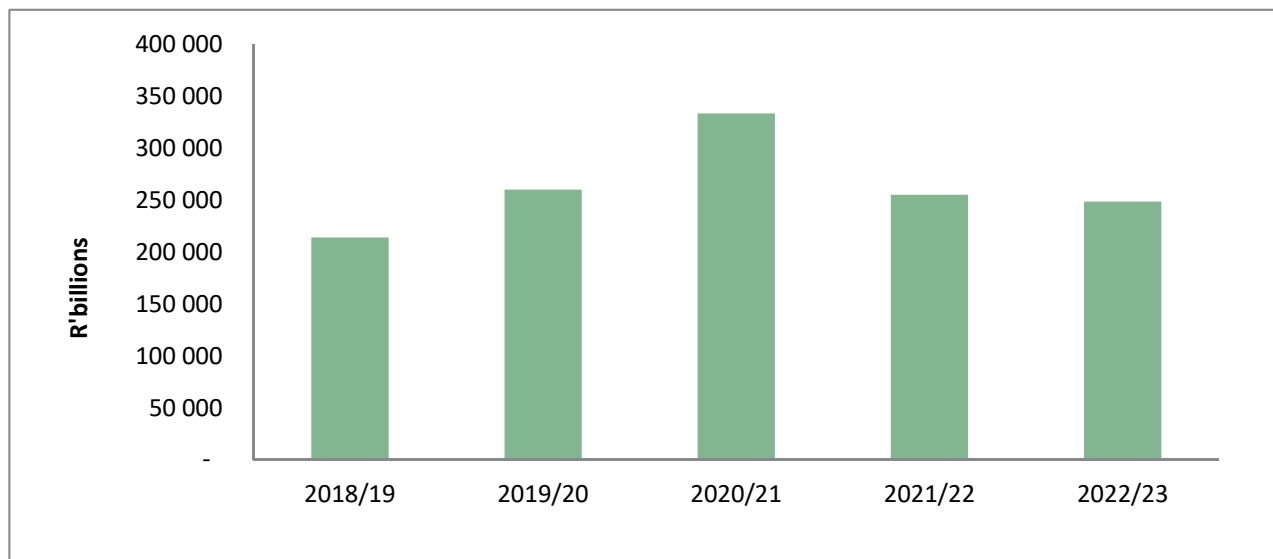


Table 29: National Revenue Fund Holding

Year Ended 31 March R' million	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22	Actual 2022/23
Commercial Banks					
Tax and Loan account	63 418	44 536	198 554	128 696	120 501
South African Reserve Bank					
Sterilisation deposits	57 157	67 157	41 157	41 157	-
Foreign currency deposits	122 541	148 196	93 282	85 130	127 999
Other	115	491	540	227	112
US \$ equivalent of foreign cash balances	\$8,5	\$8,3	\$6,3	\$5,8	\$6,8
Total	243 232	260 380	333 533	255 210	248 611

REVIEW OF OPERATING RESULTS

FOR THE YEAR ENDED 31 MARCH 2023

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.

Cash with commercial banks is invested in line with predetermined credit-risk benchmarks. Foreign currency deposits increased from R85.1 billion in 2021/22 to R127.9 billion in 2022/23. The increase is due to loan proceeds received by government in 2022/23.

Table 30: Receivables (Current and Non-Current)

Year Ended 31 March R' million	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22	Actual 2022/23
Receivables	9 574	9 245	10 403	27 367	12 452
Movement in receivables	158%	(3%)	13%	163%	(54%)

Receivables decreased by 54% in 2022/23 from R27 billion to R12 billion. The decrease appears significant as a result of an unusual to a significant investment funds due to SASRIA by National Treasury in 2021/22. The increase in receivables from the 2020/21 financial year to 2021/22 financial year was due to the R18,1 billion equity injection that was due to SASRIA for it to be able to be claimed because of the July unrest. The payment was cleared after an allocation was appropriated in the 2nd appropriation bill of 2022/23 and this amount remained a receivable.

Table 31: Investments

Year Ended 31 March R' million	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22	Actual 2022/23
Investments	406 350	551 723	607 906	820 836	960 434
Movement in investments	21%	36%	10%	35%	17%

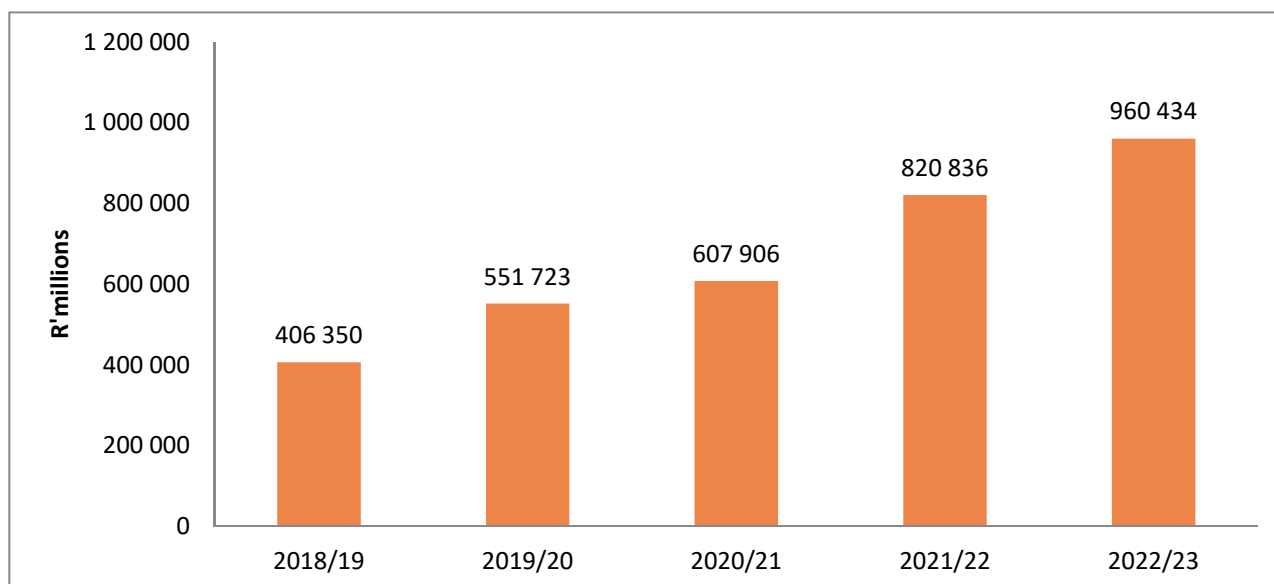
Investments include South Africa's subscription to shares in multilateral institutions such as International Monetary Fund, the African Development Bank, World Bank and the New Development Bank. Total

REVIEW OF OPERATING RESULTS

FOR THE YEAR ENDED 31 MARCH 2023

investments increased from R821 billion in 2021/22 to R960 billion in 2022/23. The increase is mainly due to new investments made by Treasury and Public Enterprises on state owned entities.

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 R98 billion (2021/22: R79 billion).

Table 32: Major Investments

Year Ended 31 March R' 000	Actual 2022/23	Actual 2021/22
Onderstepoort Biological Products Ltd	1	1
TELKOM	2 070 381	2 070 381
SA Post Office	8 164 116	8 164 116
SENTECH	75 892	75 892
Vodacom	3 743	3 743
Broadband Infracore SOC	1 351 130	1 351 130
SABC	3 200 000	3 200 000
NHFC	2 363 635	2 363 635
SERVCON	604	604
South African Nuclear Corporation Limited (NECSA)	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

REVIEW OF OPERATING RESULTS

FOR THE YEAR ENDED 31 MARCH 2023

Year Ended 31 March R' 000	Actual 2022/23	Actual 2021/22
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	22 000 000
Land Bank	13 397 655	7 397 655
Alexkor SOC Ltd	400 000	400 000
Denel SOC Ltd	15 203 961	11 621 262
Eskom SOC Ltd	241 550 276	219 692 945
Safcol SOC Ltd	318 013	318 013
Transnet SOC Ltd	18 497 986	12 660 986
South African Express SOC Ltd	2 277 395	2 277 395
South African Airways SOC Ltd	61 144 102	58 561 573
Armscor	75 000	75 000
Special Defence activities	104 156	104 156
Total Investments Shares and Other Equity	402 207 412	362 347 853

Table 33: Loans (Current and Non-Current)

Year Ended 31 March R' million	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22	Actual 2022/23
Loans	1 582	1 582	1 385	31	29
Movement in Loans	(41%)	(0,1%)	(12%)	(98%)	(7%)

Loans decreased by 7% in 2022/23 compared to the 98% 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 R' million	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22	Actual 2022/23
Payables	6 058	5 567	9 563	44 919	34 183
Movement in Payables	(55%)	(8%)	72%	370%	(24%)

Payables have decreased from R45 billion in 2021/22 to R34 billion in 2022/21. There has been a significant decrease in the voted funds to be transferred in the NRF which decreased by more than 80% when compared to last year.

Table 35: Multilateral institutions

Year Ended 31 March R' million	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22	Actual 2022/23
Multilateral Institutions	227 209	307 747	334 944	474 746	575 211
Movement in Multilateral Institutions	1%	28%	9%	42%	21%

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 provisions. 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 R149.7 billion (2021/22: R122.7 billion), International Monetary Fund - Securities Account R130.3 billion (2021/22: R109.8 billion), International Monetary Fund - SDR

REVIEW OF OPERATING RESULTS

FOR THE YEAR ENDED 31 MARCH 2023

Allocations R112.6 billion (2021/22: R94.9 billion), International Bank for Reconstruction and Development R40.1 billion (2021/22: R30.4 billion), Multilateral Investments Guarantee Agency R0.25 billion, and New Development Bank R142.2 billion (2021/22: R116.6 billion).

Current and non-current borrowings

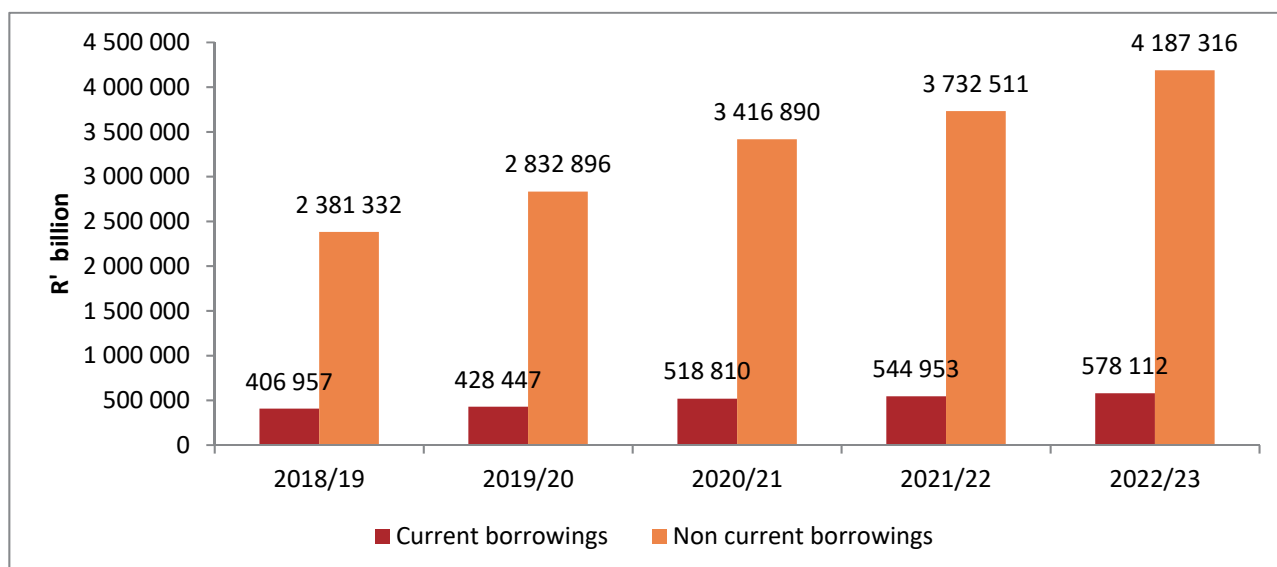
Government incurs debt when financing the shortfall between its expenditure and revenue. This shortfall is financed through raising loans in the domestic and international capital markets. The stock of debt is also influenced by inflation, interest rate movements and currency movements.

Table 36: Borrowings

Year Ended 31 March	Actual	Actual	Actual	Actual	Actual
R' million	2018/19	2019/20	2020/21	2021/22	2022/23
Current borrowings	406 957	428 447	518 810	544 953	578 112
Non-current borrowings	2 381 332	2 832 896	3 416 890	3 732 511	4 187 316
Total	2 788 289	3 261 343	3 935 701	4 277 463	4 765 428
Movement in Borrowings	12%	12%	21%	9%	11%

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.

Graph 33: Borrowings



REVIEW OF OPERATING RESULTS

FOR THE YEAR ENDED 31 MARCH 2023

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 70 per cent in 2021/22 to 76 per cent in 2022/23.

Table 37: National government debt

<i>R' million</i>	2018/19	2019/20	2020/21	2021/22	2022/23
Domestic debt	2 496 976	2 874 118	3 543 266	3 865 359	4 209 771
Foreign debt	291 314	387 225	392 434	412 104	555 657
Gross loan debt	2 788 289	3 261 342	3 935 701	4 277 463	4 765 428
Less: National Revenue Fund bank balances	-214 060	-260 280	-310 115	-259 832	-237 014
Net loan debt	2 574 229	3 001 062	3 625 586	4 017 631	4 528 414
<i>As percentage of GDP:</i>					
<i>Gross loan debt</i>	51	66	59	70	76
<i>Net loan debt</i>	47	61	54	66	72

REVIEW OF OPERATING RESULTS

FOR THE YEAR ENDED 31 MARCH 2023



2023 CFS

**CONSOLIDATED
FINANCIAL STATEMENTS**

for the year ended 31 March 2023

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



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

REPORT OF THE AUDITOR-GENERAL

FOR THE YEAR ENDED 31 MARCH 2023

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

QUALIFIED OPINION

1. I have audited the consolidated financial statements of national departments as set out on pages 52 to 112, which comprise the consolidated statement of financial position as at 31 March 2023, 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 departments as at 31 March 2023, 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 5 of 2022 (Dora).

BASIS FOR QUALIFIED OPINION

GOODS AND SERVICES

Department of Defence

3. 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. I was unable to confirm goods and services and investments by alternative means. Consequently, I

was unable to determine whether any adjustments were necessary to sensitive projects expenditure included in the goods and service expenditure of R79 731 668 000 (2022: R79 754 779 000), as per note 8 to the consolidated financial statements, and investments for special defence activities included in the investment amount of R960 434 231 000 (2022: R820 835 721 000), as per note 19 to the consolidated financial statements.

MOVABLE TANGIBLE CAPITAL ASSETS

Department of Defence

4. I was unable to obtain sufficient appropriate audit evidence for movable tangible capital assets as the department could not indicate where these assets were 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 R112 535 925 000 (2022: R108 291 818 000) in note 40 to the consolidated financial statements.
5. 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. Consequently, I was unable to determine the full extent of the understatement of movable tangible capital assets, stated at R112 535 925 000 (2022: R108 291 818 000) in note 40 to the consolidated financial statements, as it was impracticable to do so.
6. The department did not comply with the MCS in ensuring that all movable tangible capital assets remain at historical cost in accordance with MCS Chapter 11, *Capital assets*. I identified value adjustments to the historical cost of certain movable tangible capital assets amounting to R919 270 000 processed and included as part of the current year additions. This is in contravention with the MCS, which prohibits cost adjustments for appreciation and devaluation. In addition, I was unable to obtain sufficient appropriate audit evidence for these adjustments, as the supporting information was not provided. I was unable to

REPORT OF THE AUDITOR-GENERAL

FOR THE YEAR ENDED 31 MARCH 2023

confirm these adjustments by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to movable tangible capital assets additions stated at R7 066 764 000 (2022: R4 241 333 000) in note 40 to the consolidated financial statements.

7. The department did not comply with the MCS in ensuring that all movable tangible capital assets remain at historical cost in accordance with MCS Chapter 11, *Capital assets*. I identified cost adjustments to the historical cost of certain movable tangible capital assets amounting to R486 730 000 processed and included as part of the current year disposals. This is in contravention with the MCS, which prohibits cost adjustments for appreciation and devaluation. In addition, I was unable to obtain sufficient appropriate audit evidence for these adjustments, as the supporting information was not provided. I was unable to confirm these adjustments by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to movable tangible capital assets disposals stated at R2 837 752 000 in note 40 to the consolidated financial statements.
8. I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for movable tangible capital assets accounted for outside the normal asset management system, due to non-submission of registers in support of these assets. 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 R112 535 925 000 in note 40 to the consolidated financial statements.
9. 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 RI 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 R112 535 925 000 (2022: R108 291 818 000) in note 40 to the consolidated financial statements, as it was impracticable to do so.

Department of Cooperative Governance

10. I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for movable tangible capital assets and minor assets for the community work programme (CWP) implementing agents, 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 a lack 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 R112 535 925 000 (2022: R108 291 818 000) and minor assets stated at R5 485 747 000 (2022: R5 805 148 000) in notes 40 and 41 to the consolidated financial statements.

Context for the opinion

11. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the consolidated financial statements section of my report.
12. 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.
13. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matter

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

REPORT OF THE AUDITOR-GENERAL

FOR THE YEAR ENDED 31 MARCH 2023

MINISTERIAL EXEMPTION IN TERMS OF SECTION 92 OF THE PFMA FROM PREPARING A SINGLE SET OF CONSOLIDATED FINANCIAL STATEMENTS

15. As disclosed in note 48 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 given the different financial reporting frameworks in use at public entities and departments.

Other matter

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

UNAUDITED SUPPLEMENTARY SCHEDULES

17. The supplementary information set out on pages 113 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.

National Treasury Instruction Note No.4 of 2022-23: PFMA Compliance and Reporting Framework

18. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA, which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in note 11 to the financial statements. The movements in

respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the consolidated financial statements of national departments. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report.

19. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

Responsibilities of the accounting officer for the consolidated financial statements

20. 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.

21. 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.

Responsibilities of the auditor-general for the audit of the consolidated financial statements

22. 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

REPORT OF THE AUDITOR-GENERAL

FOR THE YEAR ENDED 31 MARCH 2023

influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

24. In terms of section 8 of the PFMA, the consolidation of national departments is not required to prepare an annual performance report.

REPORT ON COMPLIANCE WITH LEGISLATION

25. The audit of compliance with legislation is not required, as the consolidation of national departments 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 8 February 2023 per General Notice 48000.

OTHER INFORMATION IN THE ANNUAL REPORT

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

27. My opinion on the consolidated financial statements, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

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

29. 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

30. 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.

31. The matter reported below is limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion.

32. The accounting officers of the individual departments did not implement adequate internal controls to ensure the preparation of accurate individual financial statements, as numerous material misstatements were identified that resulted in the auditor's opinion being modified. Furthermore, the accounting officers did not adequately oversee the requirements of the PFMA and monitor the audit action plans to prevent repeat findings on the consolidated financial statements and to ensure that these were prepared in accordance with the prescribed financial reporting framework. This was mainly because the action plans developed to address deficiencies identified in prior years were inadequate and ineffective.

Auditor-General

Pretoria

8 December 2023



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

REPORT OF THE AUDITOR-GENERAL

FOR THE YEAR ENDED 31 MARCH 2023

ANNEXURE TO THE AUDITOR'S REPORT: AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

PROFESSIONAL JUDGEMENT AND PROFESSIONAL SCEPTICISM

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.

FINANCIAL STATEMENTS

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
- conclude on the appropriateness of the 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 department 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 and 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

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.

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.

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2023

	<i>Notes</i>	2022/23 R'000	2021/22 R'000
OPERATING INCOME			
Revenue from Taxes, Levies & Duties	2	1 668 582 597	1 546 202 899
Departmental revenue	3	20 554 952	16 174 191
Other Revenue	4	16 832 658	6 271 450
Aid assistance		4 147 843	2 565 281
TOTAL REVENUE		1 710 118 050	1 571 213 821
REVENUE FUND EXPENDITURE			
Appropriated Funds	6	350 913 482	304 772 427
CARA payments		350 897 865	304 742 012
		15 617	30 415
DEPARTMENTAL EXPENDITURE			
Current Expenditure		269 897 456	263 698 515
Compensation of employees	7	188 897 018	181 968 360
Goods and services	8	79 731 668	79 754 779
Interest and rent on land	9	273 881	391 800
Aid assistance		994 889	1 583 576
Transfers and subsidies		1 346 762 574	1 269 912 560
Transfers and subsidies	12	1 346 644 261	1 269 674 804
Aid assistance		118 313	237 756
Expenditure for capital assets		16 642 572	14 877 526
Tangible assets	10.1	15 905 130	14 478 190
Intangible assets	10.2	737 442	399 336
Payments for financial assets		67 517 816	71 727 267
TOTAL EXPENDITURE		2 051 733 900	1 924 988 295
SURPLUS/(DEFICIT)		(341 615 850)	(353 774 474)
Foreign exchange revaluation		(137 348 973)	(36 856 922)
SURPLUS/(DEFICIT) FOR THE YEAR		(478 964 823)	(390 631 396)
Reconciliation of Net Surplus/(Deficit) for the year			
Voted Funds		(480 251 950)	(391 190 482)
Departmental revenue and NRF Receipts		942 360	(103 282)
Aid assistance	5	344 767	662 368
SURPLUS/(DEFICIT) FOR THE YEAR		(478 964 823)	(390 631 396)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2022/2023 R '000	2021/2022 R '000
ASSETS			
Current Assets		273 084 226	308 996 732
Cash and cash equivalents	15	261 797 631	283 629 776
Other financial assets	13	10 262	15 194
Prepayments and advances	16	1 306 704	1 041 199
Receivables	17	9 855 783	24 225 902
Loans	18	1 188	2 099
Aid assistance receivable	5	112 658	82 562
Non-Current Assets		963 147 874	824 054 351
Investments	19	960 434 231	820 835 721
Prepayments and advances	16	33 783	3 228
Receivables	17	2 596 513	3 141 071
Loans	18	27 658	28 753
Other financial assets	13	55 689	45 578
TOTAL ASSETS		1 236 232 100	1 133 051 083
LIABILITIES			
Current Liabilities		632 992 209	625 445 978
Bank overdraft	20	21 394 964	36 404 232
Payables	21.1	32 878 866	43 208 806
Borrowings	22	578 112 321	544 952 589
Aid assistance repayable	5	318 794	626 774
Aid assistance unutilised	5	287 264	253 577
Non-Current Liabilities		4 763 830 167	4 208 967 387
Payables	21.2	1 303 696	1 710 271
Borrowings	23	4 187 315 832	3 732 510 667
Multi-lateral institutions	24	575 210 638	474 746 449
TOTAL LIABILITIES		5 396 822 376	4 834 413 365
NET ASSETS		(4 160 590 277)	(3 701 362 281)
Represented by:			
Capitalisation reserve		402 127 957	362 270 093
Recoverable revenue		1 054 411	1 108 018
Retained funds		(4 518 959 793)	(4 027 516 965)
Revaluation reserves		-	(1 663)
Unauthorised expenditure		(44 812 852)	(37 221 764)
TOTAL		(4 160 590 277)	(3 701 362 281)

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2023

	<i>Notes</i>	2022/2023 R'000	2021/2022 R'000
NET ASSETS			
Capitalisation Reserves			
Opening balance		362 270 094	298 160 599
Transfers:		39 857 864	64 109 495
Movement in Equity		39 859 559	64 039 696
Other movements		(1 695)	69 799
Closing balance		402 127 958	362 270 094
Recoverable revenue			
Opening balance		1 108 017	1 519 194
Transfers		(53 607)	(411 177)
Irrecoverable amounts written off		(68 339)	(48 773)
Debts revised		(141 430)	(47 125)
Debts recovered (included in departmental receipts)		(398 942)	(748 827)
Debts raised		555 104	433 549
Closing balance		1 054 410	1 108 017
Retained funds			
Opening balance		(4 046 233 545)	(3 636 171 409)
Transferred from voted funds to be surrendered (Parliament/Legislatures ONLY)		124 938	180 852
Utilised during the year		759 968	(1 347 249)
Other		(473 611 154)	(390 179 159)
Closing balance		(4 518 959 793)	(4 027 516 965)
Revaluation Reserves			
Opening balance		(1 663)	(56 621)
Other		1 663	54 958
Closing balance		-	(1 663)
Unauthorised expenditure			
Opening balance		(41 024 888)	(37 252 330)
Unauthorised expenditure - current year		(3 803 124)	-
Relating to overspending of the vote or main division within the vote		(3 803 124)	-
Amounts recoverable		15 160	30 566
Closing balance		(44 812 852)	(37 221 764)
TOTAL		(4 160 590 277)	(3 701 362 281)

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2022/23 R'000	2021/22 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS DISCLOSED BY THE NATIONAL REVENUE FUND			
		1 723 709 577	1 590 764 833
Revenue collected by SARS		1 668 569 429	1 546 653 474
Departmental Revenue collected		20 620 827	16 474 715
CARA Receipts		2 667 199	71 577
Surrenders from departments		15 019 464	21 293 616
Other revenue received by the revenue fund		16 832 658	6 271 451
RECEIPTS DISCLOSED BY NATIONAL DEPARTMENTS			
		16 169 753	13 002 845
Annual appropriated funds received		45 045	619 871
Departmental revenue received		6 009 449	4 348 864
Interest received		8 634 615	5 540 406
Aid assistance received		1 480 644	2 493 704
PAYMENTS DISCLOSED BY THE NATIONAL REVENUE FUND			
		385 261 711	324 606 204
Statutory Appropriation		366 885 566	323 660 292
CARA Payments		15 617	30 415
Other		18 360 528	915 497
Net (increase)/ decrease in working capital		(43 626)	(682 286)
Surrendered to Revenue Fund		(11 902 492)	(31 044 482)
Surrendered to RDP Fund/Donor		(651 703)	(282 185)
Current payments		(269 667 961)	(263 336 196)
Interest paid		(229 495)	(349 636)
Payments for financial assets		(67 517 816)	(71 727 267)
Transfers and subsidies paid		(1 346 807 619)	(1 269 923 445)
Net cash flow available from operating activities	25	(342 203 093)	(358 184 023)
CASH FLOWS FROM INVESTING ACTIVITIES			
Distribution/dividend received		362 843	63
Payments for capital assets		(16 642 572)	(14 875 049)
Proceeds from sale of investments/ capital assets		187 409	136 301
(Increase)/ decrease in loans		2 006	1 354 543
(Increase)/ decrease in investments		(39 859 559)	(65 387 817)
(Increase)/ decrease in other financial assets		(7 998)	30 376
(Increase)/ decrease in non-current receivables		544 558	324 389
Net cash flows from investing activities		(55 413 313)	(78 417 194)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/ (decrease) in net assets		39 821 080	63 674 283
Increase/ (decrease) in non-current payables		(406 575)	55 358
Increase/ (decrease) in borrowings		351 244 139	297 437 018
Net cash flows from financing activities		390 658 644	361 166 659
Net increase/ (decrease) in cash and cash equivalents		(6 957 762)	(75 434 558)
Cash and cash equivalents at beginning of period		247 225 544	322 472 855
Unrealised gains and losses within cash and cash equivalents		134 886	187 247
Cash and cash equivalents at end of period	26	240 402 668	247 225 544

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2023

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

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2023

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.

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.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2023

1.5.5 Aid assistance

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

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

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

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

1.5.6 Direct exchequer receipts

This includes revenue fund receipts. Revenue is recognised when the cash is received. This revenue represents receipts other than departmental receipts that are not expected to occur frequently. These items are not included in departmental revenue as they are inclined to distort comparative analysis of the revenue figures. Amounts received by revenue funds are recognised in the Statement of Financial Performance.

1.6 EXPENDITURE

1.6.1 Appropriated funds

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

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

1.6.2 Compensation of employees

1.6.2.1 Salaries and wages

Salaries and wages are 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

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2023

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

Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.

Unauthorised expenditure is recognised in the statement of changes in net assets until such time as the expenditure is either:

- approved by Parliament or the Provincial Legislature with funding and the related funds are received; or
- approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or
- transferred to receivables for recovery.

Unauthorised expenditure recorded in the notes to the financial statements comprise of

- unauthorised expenditure that was under assessment in the previous financial year;
- unauthorised expenditure relating to previous financial year and identified in the current year; and
- Unauthorised incurred in the current year.

1.6.11 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure receivables are recognised in the statement of financial position when recoverable. The receivable is measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently written-off as irrecoverable.

Fruitless and wasteful expenditure is recorded in the notes to the financial statements when and at amounts confirmed, and comprises of:

- fruitless and wasteful expenditure that was under assessment in the previous financial year;
- fruitless and wasteful expenditure relating to previous financial year and identified in the current year; and
- fruitless and wasteful expenditure incurred in the current year.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2023

1.6.12 Irregular expenditure

Losses emanating from irregular expenditure are recognised as a receivable in the statement of financial position when recoverable. The receivable is measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently written-off as irrecoverable.

Irregular expenditure is recorded in the notes to the financial statements when and at amounts confirmed and comprises of:

- irregular expenditure that was under assessment in the previous financial year;
- irregular expenditure relating to previous financial year and identified in the current year; and
- irregular expenditure incurred in the current year.

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.

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.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2023

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

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2023

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.

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.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2023

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.

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.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2023

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

- 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 2023

	<i>Notes</i>	2022/23 R'000	2021/22 R'000
2	Revenue from Taxes, levies and Duties		
	Taxation		
	Income tax	988 512 751	912 876 939
	Value-added tax / Sales tax	422 416 399	390 895 100
	Fuel levies	76 544 091	84 453 514
	Customs duties	72 867 256	57 075 262
	Excise duties	58 287 750	52 226 311
	Skills Development Levy	20 892 489	19 335 917
	Environmental levies	13 343 681	12 858 151
	Transfer duties	11 452 101	10 576 131
	Securities transfer tax	5 400 599	7 680 453
	Road accident fund recoupment	3 928 753	4 435 556
	Estate duty	3 702 226	3 140 787
	Southern African Customs Union member duties	3 465 827	3 122 455
	Health promotion levy	2 304 893	2 259 832
	State miscellaneous revenue	1 021 033	1 060 510
	Export Duty and Scrap Metal	843 695	407 437
	Air Passenger Tax	788 582	285 088
	Donations Tax	682 787	635 423
	Other Taxation Revenue	249 953	436 285
	Total Taxation	1 686 704 866	1 563 761 151
	Non-taxation revenue		
	Road accident fund levy	48 620 722	47 282 230
	Mineral and petroleum resource royalty	25 337 793	28 456 420
	Unemployment Insurance Fund (UIF)	23 162 161	21 432 659
	Other non-taxation revenue	(157)	(117 084)
	Total Non-taxation	97 120 519	97 054 225
	Total Gross Revenue	1 783 825 385	1 660 815 376
	Less		
	Less: South African Customs Union Agreement	43 683 418	45 966 212
	Less: Payment to UIF	21 107 750	19 450 972
	Less: Payable by SARS to UIF	2 054 411	1 981 687
	Less: Payment to RAF	48 469 361	47 058 717
	Less: Payable by SARS to RAF	(72 152)	154 889
	Total	115 242 788	114 612 477
	Total Net Revenue for the Year	1 668 582 597	1 546 202 899
3	Departmental Revenue		
	NRF receipts	5 221 250	6 068 425
	Sales of goods and services other than capital assets	3 766 808	2 825 984
	Fines, penalties and forfeits	371 237	271 149
	Interest, dividends and rent on land	9 014 642	5 556 398
	Sales of capital assets	187 409	136 301
	Transactions in financial assets and liabilities	1 353 641	951 981
	Transfer received	639 965	363 953
	Total Revenue Collected	20 554 952	16 174 191
	Less: Own revenue included in appropriation	-	-
	Total	20 554 952	16 174 191

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	<i>Notes</i>	2022/23 R'000	2021/22 R'000
4	Other Revenue		
	Surrenders	6 357 106	4 176 857
	Other revenue received	10 475 552	2 094 593
	Total	16 832 658	6 271 450
5	5.1 Aid assistance		
	Opening Balance	797 788	410 928
	Prior period error	-	-
	As restated	797 788	410 928
	Transferred from statement of financial performance	344 767	662 368
	Transferred to/from retained funds	2 548	6 678
	Paid during the year	(651 703)	(282 186)
	Closing Balance	493 400	797 788
	5.2 Analysis of balance by source		
	Aid assistance from RDP	216 019	567 348
	Aid assistance from other sources	240 873	197 534
	CARA	36 508	32 906
	Closing Balance	493 400	797 788
	Analysis of Balance		
	Aid assistance receivable	(112 658)	(82 562)
	Aid assistance unutilised	287 264	253 577
	Aid assistance repayable	318 794	626 773
	Closing Balance	493 400	797 788
	Aid assistance prepayments (expensed)		
5.2.1	Opening balance		
	Goods and services	57 183	118 515
	Transfers and subsidies	88 844	185 278
	Closing Balance	146 027	303 793
	Less: Received in the current year		
	Goods and services	22 905	538 167
	Transfers and subsidies	(76 763)	(96 434)
	Closing balance	(53 858)	441 733
	Less: Other		
	Goods and services	(73 110)	(115 046)
	Closing Balance	(73 110)	(115 046)
	Add: Current Year prepayments		
	Goods and services	-	(484 453)
	Closing balance	-	(484 453)
	Closing balance		
	Goods and services	6 978	57 183
	Transfers and subsidies	12 081	88 844
	Closing balance	19 059	146 027

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2022/23 R'000	2021/22 R'000
5.3	Prior period error		
	Relating to 2021/22		188 988
	Diabo Trust opening balance		176 907
	Interest on Diabo Trust Account		9 604
	Capital		2 477
	Total		188 988
5.4	Aid assistance expenditure per economic classification		
	Current	994 889	1 583 576
	Capital	22 675	10 004
	Transfers and subsidies	118 313	237 756
	Total aid assistance expenditure	1 135 877	1 831 336
5.5	Donations received in kind (not included in the main note)		
	<i>List in kind donations received</i>		
	Pfizer Covid child vaccine; German Federal Ministry for Economic Cooperation and Development (BMZ)	11 683	34 238
	Sports and recreation activities; International Finance Corporation: Employability Study	113	2 276
	MTN, Computer Equipment and Software	731	1 786
	SASSETA: Training of Security Personnel; Vodacom	1 835	536
	Machinery and Equipment; German Federal Ministry for Education Science and Research (BMBF)	1 717	906
	German Government through GIZ	1 607	139
	British Council/Newton: Technical Support to TVET Colleges and VET Tool Box	4 669	827
	Transport asset/Service and Equipment	69 230	38 447
	Stationery and Publications and Sim cards	1 611	17
	Travel & Accommodation and Training	9 277	4 286
	Mebendazole Tablets: National Deworming program	-	43 900
	453 doses of JNJAD26: SARS.Co.2Vaccine-Sisonke2	1 152	58 983
	mPfizer -Covax facility-7 877 610 doses	107	1 263 648
	Total	103 732	1 449 989
6	Appropriated funds		
	Annual appropriation	(124 898 177)	(141 476 749)
	Statutory appropriation	475 796 042	446 218 761
	Total appropriation	350 897 865	304 742 012
7	Compensation of employees		
	Salaries and Wages		
	Basic Salary	118 699 756	114 056 984
	Performance Award	85 819	324 770
	Service Based	662 736	560 444
	Compensative/circumstantial	7 743 089	7 943 776
	Periodic Payments	233 702	225 996
	Other non-pensionable allowances	29 717 624	28 401 726
	Total	157 142 726	151 513 696

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	<i>Notes</i>	2022/23 R'000	2021/22 R'000
Social Contributions			
Employer contributions			
Pension		17 216 900	16 587 234
Medical		14 462 207	13 801 788
UIF		2 715	2 698
Bargaining Council		14 408	13 616
Official unions and associations		19 697	18 720
Insurance		38 365	30 608
Total		31 754 292	30 454 664
Total compensation of employees		188 897 018	181 968 360
Average number of employees		398 939	392 238
8	Goods and services		
Administrative fees		680 248	493 351
Advertising		399 272	499 785
Minor assets	8.1	415 722	594 875
Bursaries (employees)		109 326	92 029
Catering		232 861	114 844
Communication		1 437 369	1 447 902
Computer services	8.2	6 712 863	7 799 424
Consultants, contractors and outsourced services		4 888 208	4 363 112
Infrastructure and planning services		144 500	216 295
Laboratory services		139 031	119 752
Scientific and technological services		458 152	687 554
Legal services		1 054 163	1 327 509
Contractors		7 214 617	6 349 590
Agency and support / Outsourced services		5 903 487	5 049 162
Entertainment		12 334	6 042
Audit cost – external	8.3	714 719	658 004
Fleet services		6 013 660	5 120 435
Inventory	8.4	8 911 453	15 096 417
Consumables	8.5	2 936 820	2 694 424
Operating leases		11 817 125	10 727 584
Property payments	8.6	8 273 000	8 470 778
Rental and hiring		125 191	49 842
Transport provided part of departmental activities		73 943	43 747
Travel and subsistence	8.7	7 630 676	5 197 283
Venues and facilities		512 304	251 549
Training and staff development		855 816	694 825
Other operating expenditure	8.8	2 064 808	1 588 665
Total		79 731 668	79 754 779
8.1	Minor Assets		
Tangible assets		395 230	564 663
Buildings and other fixed structures		63	189
Biological assets		2 314	2 408
Machinery and equipment		390 252	561 063
Transport assets		27	46
Specialised military assets		2 574	957
Intangible assets		20 492	30 212
Software		20 492	30 212
Total		415 722	594 875

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	<i>Notes</i>	2022/23 R'000	2021/22 R'000
8.2	Computer services		
	SITA computer services	3 486 062	3 700 862
	External computer service providers	3 226 801	4 098 562
	Total	6 712 863	7 799 424
8.3	Audit cost – external		
	Regularity audits	589 859	588 898
	Performance audits	2 444	1 757
	Investigations	101 052	40 393
	Environmental audits	-	13
	Computer audits	21 364	26 943
	Total	714 719	658 004
8.4	Inventory	632 942	520 142
	Clothing material and accessories	1 058 345	1 223 051
	Farming supplies	2 584 115	2 271 115
	Food and food supplies	827 037	521 391
	Fuel, oil and gas	1 088 941	1 266 169
	Learning and teaching support material	254 323	175 004
	Materials and supplies	104 394	472 720
	Medical supplies	1 806 421	7 997 062
	Medicine	554 935	649 763
	Total	8 911 453	15 096 417
8.4.1	Other Supplies		
	Ammunition and security supplies	156 211	42 624
	Assets for distribution	167 399	264 589
	Machinery and equipment ⁹	123 583	183 725
	Sports furniture	3 559	29 679
	Sports and recreation	19 617	7 558
	Other assets for distribution	20 640	43 627
	Other	231 325	342 550
	Total	554 935	649 763
8.5	Consumables	1 467 800	1 387 316
	Consumable supplies	269 571	354 350
	Uniform and clothing	423 432	433 948
	Household supplies	101 830	126 399
	Building material and supplies	846	2 405
	Communication accessories	85 719	85 066
	IT consumables	586 402	385 148
	Other consumables	1 469 020	1 307 108
	Stationery, printing and office supplies	2 936 820	2 694 424
	Total	2 936 820	2 694 424

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	<i>Notes</i>	2022/23 R'000	2021/22 R'000
8.6	Property payments		
	Municipal services	5 247 461	5 449 560
	Property management fees	819 181	821 856
	Property maintenance and repairs	562 087	627 459
	Other	1 644 271	1 571 903
	Total	8 273 000	8 470 778
8.7	Travel and subsistence		
	Local	6 714 694	4 862 396
	Foreign	915 982	334 887
	Total	7 630 676	5 197 283
8.8	Other operating expenditure		
	Professional bodies, membership and subscription fees	162 899	143 029
	Resettlement costs	199 080	140 995
	Other	1 702 829	1 304 641
	Total	2 064 808	1 588 665
9	Interest and Rent on Land		
	Interest expense	229 495	349 636
	Rent on land	44 386	42 164
	Total interest and rent on land	273 881	391 800

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	<i>Notes</i>	2022/23 R'000	2021/22 R'000
10	Expenditure on capital assets		
10.1	Tangible assets	15 905 130	14 478 190
	Buildings and other fixed structures	9 061 777	8 627 753
	Heritage assets	57 904	21 307
	Machinery and equipment	5 239 844	4 614 661
	Specialised military assets	235 165	589 066
	Land and subsoil assets	1 302 808	616 500
	Biological assets	7 632	8 903
10.2	Intangible assets	737 442	399 336
	Computer software	737 289	399 324
	Patents, licences, copyright, brand names, trademarks	153	12
	Total	16 642 572	14 877 526
	Compensation for capital expenditure		
	Compensation of employees	6 911	9 081
	Goods and services	14 673	11 749
	Total	21 584	20 830
	Analysis of funds utilised to acquire capital assets		
	Tangible assets		
	Voted Funds	15 894 145	14 473 153
	Buildings and other fixed structures	9 058 124	8 598 992
	Heritage assets	57 904	47 371
	Machinery and equipment	5 232 512	4 612 321
	Specialised military assets	235 165	589 066
	Land and subsoil assets	1 302 808	616 500
	Biological assets	7 632	8 903
	Aid assistance	11 153	5 050
	Buildings and other fixed structures	3 409	2 696
	Machinery and equipment	7 744	2 354
	TOTAL	15 905 298	14 478 203
	Software and other intangible assets		
	Voted Funds	725 752	394 369
	Computer software	725 752	394 369
	Aid assistance	11 522	4 954
	Computer software	11 522	4 954
	TOTAL	737 274	399 323
10.3	Finance lease expenditure included in expenditure for capital assets		
	Tangible assets		
	Buildings and other fixed structures	338 197	321 544
	Machinery and equipment	426 342	516 749
	Total	764 539	838 293

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	<i>Notes</i>	2022/23 R'000	2021/22 R'000
11	Unauthorised, Irregular and Fruitless and wasteful expenditure		
	Unauthorised expenditure	-	34 321
	Irregular expenditure	4 934 799	10 337 887
	Fruitless and wasteful expenditure	85 752	255 100
	Total	5 020 551	10 627 308
12	Transfers and subsidies		
	Provinces and municipalities	845 213 755	796 719 282
	Departments agencies and accounts	154 279 610	144 689 970
	Higher education institutions	52 122 583	48 476 882
	Foreign governments and international organisations	3 253 111	2 952 752
	Public corporations and private enterprises	41 216 960	37 421 571
	Non-profit institutions	3 296 873	3 181 265
	Households	247 261 369	236 233 082
	Total	1 346 644 261	1 269 674 804
13	Other financial assets		
	Current		
	Local		
	Total	-	-
	Foreign		
	Rental deposits for employees based abroad	10 262	15 194
	Total	10 262	15 194
	Total Current other financial assets	10 262	15 194
	Non-current		
	Local		
	Municipality deposit	100	100
	Total	100	100
	Foreign		
	Rental deposits for employees based abroad	55 589	45 478
	Total	55 589	45 478
	Total Non-Current other financial assets	55 689	45 578
14	Payments for financial assets		
	Material losses through criminal conduct	714	97
	Theft	714	97
	Purchase of equity	42 274 719	60 839 696
	Extension of loans policy purposes	972 618	6 049 897
	Other materials losses written off	17 756	52 930
	Debt written off	514 105	161 997
	Forex losses	1 480	59 772
	Debt take overs	23 736 424	4 562 878
	Total	67 517 816	71 727 267

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	<i>Notes</i>	2022/23 R'000	2021/22 R'000
15	Cash and Cash equivalents		
	Consolidated Paymaster General Account	24 066 471	21 519 754
	Cash receipts	29 704	216 378
	Disbursements	(21 637)	(17 430)
	Cash on hand	109 032 650	133 409 684
	Investments (Domestic)	477 305	1 862 670
	Investments (International)	102 107	124 215
	Cash with SARB	-	41 157 404
	Foreign Currency Investment	127 998 646	85 130 325
	Other	112 386	226 776
	Total Cash and cash equivalents	261 797 631	283 629 776
16	Prepayments and Advances		
	Staff advances	10 421	29 738
	Travel and subsistence	309 117	193 104
	Prepayments (Not expensed) 16.2	152 994	127 513
	Advances paid (Not expensed) 16.1	867 955	694 072
	Total	1 340 487	1 044 427
16.1	Advances paid (Not expensed)		
	Balance at the beginning of the year		
	National departments	404 538	414 700
	Provincial departments	101 568	124 289
	Public entities	257 310	375 232
	Other institutions	335 194	654 335
	Total	1 098 610	1 568 556
	Less: Amount expensed in current year		
	National departments	(557 613)	(518 511)
	Provincial departments	(14 543)	(27 422)
	Public departments	(1 342 038)	(1 105 946)
	Other institutions	(1 779 224)	(1 505 176)
	Total	(3 693 418)	(3 157 055)
	Add/Less: Other		
	National departments	(25 364)	124 001
	Provincial departments	-	925
	Public entities	-	-
	Other institutions	(92 461)	(65 564)
	Total	(117 825)	59 362
	Add: Current year advances		
	National departments	628 688	384 348
	Provincial departments	-	3 776
	Public entities	1 474 679	988 024
	Other institutions	1 654 618	1 251 599
	Total	3 757 985	2 627 747
	Closing Balance at Year End		
	National departments	272 852	-
	Provincial departments	87 025	101 568
	Public entities	389 951	257 310
	Other institutions	118 127	335 194
	Total	867 955	694 072

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

<i>Notes</i>	2022/23 R'000	2021/22 R'000
16.2 Prepayments (Not expensed)		
Balance at the Beginning of the Year		
<i>Listed by economic classification</i>		
Goods and services	82 387	234 545
Transfers and subsidies	1 704	89
Capital assets	41 262	113 019
Other	2 160	1 593
Total	127 513	349 246
Less: Amount expensed in current year		
<i>Listed by economic classification</i>		
Goods and services	(341 766)	(706 831)
Interest and rent on land	(16 179)	-
Transfers and subsidies	(378 148)	(308 385)
Capital assets	(245 107)	(242 660)
Total	(981 200)	(1 257 876)
Add/Less: Other		
<i>Listed by economic classification</i>		
Goods and services	1 747	(218)
Capital assets	(9 000)	(291)
Total	(7 253)	(509)
Add: Current year payments		
<i>Listed by economic classification</i>		
Goods and services	334 092	554 891
Interest and rent on land	16 179	-
Transfers and subsidies	420 000	310 000
Capital assets	243 193	171 194
Other	470	567
Total	1 013 934	1 036 652
Closing Balance at Year End		
<i>Listed by economic classification</i>		
Goods and services	76 460	82 387
Transfers and subsidies	43 556	1 704
Capital assets	30 348	41 262
Other	2 630	2 160
Total	152 994	127 513

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	<i>Notes</i>	2022/23 R'000	2021/22 R'000
16.3 Prepayments (Expensed)			
Balance at the Beginning of the Year			
<i>Listed by economic classification</i>			
Goods and services		1 125 046	1 039 049
Transfers and subsidies		29 521	33 671
Capital assets		23 830	45 321
Total		1 178 397	1 118 041
Less: Received in the current year			
<i>Listed by economic classification</i>			
Goods and services		(1 068 255)	(894 112)
Transfers and subsidies		(23 156)	(4 152)
Capital assets		(20 039)	(119 229)
Total		(1 111 450)	(1 017 493)
Add/Less: Other			
<i>Listed by economic classification</i>			
Goods and services		(4 462)	(238 581)
Capital assets		543	775
Total		(3 919)	(237 806)
Add: Current Year prepayments			
<i>Listed by economic classification</i>			
Goods and services		827 975	1 218 690
Transfers and subsidies		10 626	2
Capital assets		90 147	96 963
Total		928 748	1 315 655
Closing Balance at Year End			
<i>Listed by economic classification</i>			
Goods and services		880 304	1 125 046
Transfers and subsidies		16 991	29 521
Capital assets		94 481	23 830
Total		991 776	1 178 397

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	<i>Notes</i>	2022/23 R'000	2021/22 R'000
16.4 Advances paid (Expensed)			
Balance at the Beginning of the Year			
National departments		512 520	196 375
Provincial departments		7 229	7 471
Public entities		4 962 602	4 891 793
Other institutions		636 706	181 557
Total		6 119 057	5 277 196
Less: Received in the current year			
National departments		9 290	3 197
Provincial departments		394	301
Public entities		(953 440)	(620 355)
Other institutions		24 197	7 437
Total		(919 558)	(609 420)
Add/Less: Other			
National departments		(711 575)	(671 484)
Provincial departments		(46 715)	(42 743)
Public entities		(143 354)	(519 235)
Other institutions		(187 200)	(62 123)
Total		(1 088 844)	(1 295 585)
Add: Current Year advances			
National departments		998 692	984 432
Provincial departments		53 000	42 200
Public entities		2 114 555	1 210 399
Other institutions		317 433	509 835
Total		3 483 680	2 746 866
Closing Balance at Year End			
National departments		808 927	512 520
Provincial departments		13 908	7 229
Public entities		5 980 363	4 962 602
Other institutions		791 137	636 706
Total		7 594 335	6 119 057
17 Receivables			
Claims recoverable	17.1	6 298 347	5 618 057
Trade receivables	17.2	13 797	13 148
Recoverable expenditure	17.3	263 432	184 889
Staff debt	17.4	655 309	683 300
Other receivables	17.5	1 808 406	2 332 523
Voted funds to be surrendered to the Revenue Fund		3 519 991	18 514 340
Departmental Revenue to be surrendered to the Revenue Fund		(189 122)	(64 843)
Other		82 135	85 560
Total		12 452 296	27 366 973

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	<i>Notes</i>	2022/23 R'000	2021/22 R'000
Current			
Claims recoverable		5 222 808	4 614 987
Recoverable expenditure		229 834	145 512
Staff debt		402 093	409 131
Other receivables		588 043	521 216
Total Current		6 442 778	5 690 846
Non-current			
Claims recoverable		1 075 539	1 003 070
Trade receivables		-	13 148
Recoverable expenditure		13 797	39 377
Staff debt		33 598	274 169
Other receivables		253 214	1 811 307
Total Non-current		2 596 513	3 141 071
17.1 Claims Recoverable			
National departments		2 712 706	2 297 090
Provincial departments		2 472 471	2 112 146
Foreign government		1 889	1 799
Public entities		947 939	958 350
Private enterprises		155 762	242 012
Higher education institutions		-	37
Households and non-profit institutions		1 386	1 444
Local governments		6 194	5 179
Total		6 298 347	5 618 057
17.2 Trade receivables			
Trade receivables		13 797	13 148
Total		13 797	13 148

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	<i>Notes</i>	2022/23 R'000	2021/22 R'000
17.3 Recoverable expenditure			
Disallowance		142 737	73 538
Damaged Vehicles		48 441	43 598
Salary related		46 880	44 373
Service Providers		12 126	13 871
Departmental Suspense Account		13 248	9 509
Total		263 432	184 889
17.4 Staff debt			
Debt Account		142 678	126 696
Salary and other related debt		496 654	541 829
Bursary & Student Debt		15 977	14 756
Total		655 309	683 300
17.5 Other debtors			
Disallowance		26 298	73 152
Salary related		256 427	176 810
Receivable Related Line Items		1 429 944	1 988 988
Bursaries		87 927	91 069
Miscellaneous		7 810	2 504
Total		1 808 406	2 332 523
17.6 Impairment of receivables			
Estimate of impairment of receivables		3 263 093	3 709 943
Total		3 263 093	3 709 943
	<i>Notes</i>	2022/23 R'000	2021/22 R'000
18 Loans			
Public corporations		28 527	28 838
Higher education institutions		319	2 014
Total Loans Balance		28 846	30 852
Less: Current		1 188	2 099
Total Non-Current		27 658	28 753
Analysis of Total Loans Balance			
Opening balance		30 852	1 385 395
New Issues		45	(1 351 077)
Repayments		(2 051)	(3 466)
Closing balance		28 846	30 852

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	<i>Notes</i>	2022/23 R'000	2021/22 R'000
19	Investments		
	Non-Current Investments		
	Foreign	558 226 819	458 487 868
	Shares and other equity	402 207 412	362 347 853
	Total non-current	960 434 231	820 835 721
	Analysis of non-current investments		
	Opening balance	362 347 853	296 884 146
	Additions in cash	39 859 559	65 390 825
	Non-cash movements	-	72 882
	Closing balance	402 207 412	362 347 853
	Impairment of Investments		
	Estimate of impairment of Investments	98 155 219	79 368 306
	Total	98 155 219	79 368 306
	Number of shares		
	International Finance Corporation	132 805	132 805
	International Bank for Reconstruction and Development	20 050	18 084
	Multilateral Investment Guarantee Agency	1 662	1 662
	African Development Bank	727 321	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	4 426 236	4 422 014
	Issue price per share		
	Foreign:		
	<i>Issued in American dollars</i>		
	International Finance Corporation	17 777	14 797
	International Bank for Reconstruction and Development	2 144 474	1 785 078
	Multilateral Investment Guarantee Agency	192 342	160 107
	New Development Bank	1 777 655	1 479 735
	<i>Issued in unit of account</i>		
	African Development Bank	214 447	178 508
	Exchange rates as at year end used to convert issue price		
	American dollar (USD)	17,78	14,80
	Special Drawing Rights (SDR)	23,91	20,97

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

Notes	2022/23 R'000	2021/22 R'000
Non-Current Investments- Shares and other equity		
Major investments per National Department:		
Agriculture, Land Reform and Rural Development		
Onderstepoort Biological Products Ltd	1	1
	1	1
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)	75 892	75 892
Vodacom Group Limited	3 743	3 743
Broadband Infracore	1 351 130	1 351 130
SABC	3 200 000	3 200 000
	14 865 262	14 865 262
Human Settlements		
National Housing Finance Corporation	2 363 635	2 363 635
SERVCON	604	604
	2 364 239	2 364 239
Mineral Resources and Energy		
Nuclear Energy Corporation of South Africa	2 205	2 205
	2 205	2 205
National Treasury		
Development Bank of Southern Africa	200 000	200 000
Public Investment Corporation Limited	1	1
Sasria	22 000 000	22 000 000
Land Bank	13 397 655	7 397 655
	35 597 656	29 597 656
Public Enterprises		
Alexkor SOC Ltd	400 000	400 000
Denel SOC Ltd	15 203 961	11 621 262
Eskom SOC Ltd	241 550 276	219 692 945
Safcol SOC Ltd	318 013	318 013
Transnet SOC Ltd	18 497 986	12 660 986
South African Express SOC Ltd	2 277 395	2 277 395
South African Airways SOC Ltd	61 144 102	58 561 573
	339 391 733	305 532 174
Defence		
ARMSCOR	75 000	75 000
Special Defence activities	104 156	104 156
	179 156	179 156
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
	1 392 969	1 392 969
Transport		
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 Ltd.	1 091 044	1 091 044
	8 414 191	8 414 191
Total Investments - Shares and other equity	402 207 412	362 347 853

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2022/23 R'000	2021/2022 R'000
20	Bank Overdraft		
	Consolidated Paymaster General Account	21 394 954	36 404 225
	Overdraft with commercial banks (Local)	10	7
		21 394 964	36 404 232
21	Payables		
21.1	Payables- Current		
	Amounts owing to other entities	15 641	82 061
	Advances received	21.1.1 1 016 485	1 932 855
	Clearing accounts	21.1.2 63 597	93 138
	Other payables	21.1.3 3 647 876	1 627 201
	Voted funds to be transferred	3 325 250	18 360 528
	Other	2 290 313	2 396 442
	Unauthorised Expenditure NOT funded by Revenue Fund	22 513 614	18 710 490
	Unauthorised Expenditure funded by Revenue Fund	6 090	6 090
	Total	32 878 866	43 208 805
21.1.1	Advances received		
	National departments	-	99 071
	Provincial departments	524 775	293 058
	Public entities	399 201	1 531 915
	Other institutions	92 509	8 811
	Total	1 016 485	1 932 855
21.1.2	Clearing accounts		
	Disallowance and Damages & Losses	344	2 223
	Clearing accounts	173	115
	Government Employee Housing Scheme	6 586	6 229
	Pension Fund	1 060	258
	Sal: Income Tax	10 574	25 006
	Sal: Medical and Other	(5)	15
	Supplier, Payables and Other	2 269	3 570
	Salary deductions and reversals	37 895	51 026
	PAYE	3 231	3 225
	SETA contributions for the Heritage Expo	1 470	1 471
	Total	63 597	93 138

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2022/23 R'000	2021/22 R'000
21.1.3	Other payables		
	Restitution Bank Account and Unclaimed Vouchers	418 766,00	159 467,00
	Disallowance and unallocated	10 929,00	75 417,00
	Sal Reversal Control	82 331,00	63 929,00
	Debt related	1 626,00	2 855,00
	Unspent and Surrendered Funds	65 696,00	645 764,00
	Civil and military pensions	18 050,00	16 207,00
	Special pensions	13 237,00	13 370,00
	Parliament	18 159,00	20 589,00
	DHA revenue owed to NRF	45 155,00	51 674,00
	Departmental Suspense Account	36 858,00	94 550,00
	Rejected payments	-	58 214,00
	Salary related	2 661 992,00	124 621,00
	Suppliers	70 800,00	178 915,00
	Unidentified receipts	14 162,00	34 226,00
	SASSA Unallocated receipts	248,00	128,00
	NRF, CWP, EPWP projects and Other payables	166 186,00	54 054,00
	SABC Loan	-	11 457,00
	Foreign exchange differences and other	15 365,00	12 493,00
	Salary payments	2 874	3 556
	Disallowance Accounts	5 442	5 715
	Total	3 647 876	1 627 201
21.2	Payables-Non-current		
	Amounts owing to other entities	522 279	521 862
	Advances received	212	332
	Other payables	781 205	1 188 077
	Total	1 303 696	1 710 271
	One to two years		
	Other payables	28 890	-
	Total	28 890	-
	Two to three years		
	Other payables	54 557	-
	Total	54 557	-
	More than three years		
	Amounts owing to other entities	522 279	-
	Advances received	212	-
	Other payables	697 758	-
	Total	1 220 249	-
21.2.1	Advances received		
	Provincial departments	212	212
	Public entities	-	120
	Total	212	332

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	<i>Notes</i>	2022/23 R'000	2021/22 R'000
21.2.2 Other Payables			
SASSA - Unallocated receipts, Claims payables and others		38 052	24 306
Salary related		3 738	2 479
Debt receivable interest and income		725 279	1 148 507
SASSA Claim Payable		3 871	3 871
Disallowance and unallocated receipts		1 173	290
Vukuphile Epwp projects		687	-
Damaged vehicles		-	193
Suppliers		172	94
Onderstepoort Biological Products Ltd		8 232	8 232
Other		1	105
Total		781 205	1 188 077
22 Borrowings			
Current			
Domestic		533 206 240	530 373 239
Foreign		44 906 080	14 579 350
Total Current Borrowings		578 112 321	544 952 589
22.1 Domestic short-term bonds, debentures and other loans			
Debt as at 1 April		82 257 432	41 176 085
Created		11 902 537	(40 548 024)
Reduced		(93 495 684)	(48 653 061)
Transfer from long-term		60 918 324	130 282 432
Revaluation premium on inflation-linked bonds		49 000 764	-
Treasury bills		422 615 900	448 108 840
Other Loans		6 966	6 966
		533 206 240	530 373 238
22.1.1 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	145 170
91-day Treasury bills		6 692 460	8 684 400
182-day Treasury bills		69 383 640	72 806 380
273-day Treasury bills		143 714 350	149 364 410
365-day Treasury bills		202 680 280	217 108 480
Fixed-rate bonds		664 286	75 907 352
Inflation-linked bonds		109 150 991	-
Retail Bonds		768 097	6 350 080
Other		6 966	6 966
Total		533 206 240	530 373 238
22.2 Foreign short-term bonds, debentures and other loans			
Debt as at 1 April		7 115 000	1 995 428
Created		-	-
Reduced		(7 115 000)	(1 995 428)
Transfer from long-term		29 655 596	7 115 000
Revaluation of foreign loans		15 250 484	7 464 350
Total		44 906 080	14 579 350

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	<i>Notes</i>	2022/23 R'000	2021/22 R'000
23	Non-current Borrowings		
	Long Term		
	Domestic	3 676 564 988	3 334 985 524
	Foreign	510 750 845	397 525 143
	Total Long-Term Borrowings	4 187 315 832	3 732 510 667
	Domestic long-term bonds, debentures and other loans		
23.1	Debt as at 1 April	3 130 763 402	2 869 310 493
	Created	387 613 814	391 735 340
	Reduced	-	-
	Transfer to short-term	(60 918 324)	(130 282 432)
	Revaluation premium on inflation-linked bonds	219 067 229	204 183 256
	Former Regional Authorities	38 867	38 867
	Total	3 676 564 988	3 334 985 524
23.1.1	Composition of long-term bonds and other loans		
	Fixed-rate bonds	2 718 432 138	2 469 096 418
	Inflation-linked bonds	883 014 206	853 461 582
	Floating-linked bonds	51 225 000	-
	Retail bonds	23 854 776	12 388 657
	Former Regional Authorities	38 867	38 867
		3 676 564 987	3 334 985 524
23.1.2	Redemption Analysis		
	Financial year(s)		
	2023-2026	266 373 638	348 892 559
	2026-2029	433 093 542	252 116 504
	2029-2032	822 369 176	520 503 999
	2032-2035	461 410 139	406 026 877
	2035-2039	497 270 055	741 078 517
	2039-2042	298 103 286	167 967 264
	2042-2045	223 030 511	93 381 857
	2045-2049	507 652 884	319 688 395
	2049-2052	167 222 821	485 290 617
	2052-2055	68	68
		3 676 526 121	3 334 946 657

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	<i>Notes</i>	2022/23 R'000	2021/22 R'000
23.2 Foreign long-term bonds and other loans			
Debt as at 1 April		374 612 146	350 411 631
Created		64 465 587	31 315 515
Reduced		-	-
Transfer to short-term		(29 655 596)	(7 115 000)
Revaluation premium on inflation-linked bonds		101 328 707	22 912 997
		510 750 845	397 525 143
23.2.1 Redemption analysis			
Financial years(s)			
2023-2026		90 276 863	21 869 025
2026-2029		85 215 892	131 546 614
2029-2032		60 440 270	78 728 490
2032-2035		24 887 170	-
2035-2039		20 894 048	10 934 512
2039-2042		18 340 577	15 942 677
2042-2045		29 375 215	-
2045-2049		63 995 580	34 990 440
2049-2052		88 882 750	103 513 385
2052-2055		28 442 480	-
		510 750 845	397 525 143
23.2.2 Currency analysis			
South African Rand		5 008 164	5 008 164
Euro		28 825 855	8 088 988
Special Drawing Rights		54 723 763	61 495 389
United States dollar		422 193 063	322 932 602
		510 750 845	397 525 143
24 LIABILITIES IN MULTI-LATERAL INSTITUTIONS			
IMF- Securities Account		130 331 396	109 846 566
IMF – SDR Allocations		149 663 063	122 745 424
International Bank for Reconstruction and Development		142 212 400	116 634 800
Multilateral Investment Guarantee Agency		112 629 299	94 924 702
African Development Bank		40 115 492	30 382 549
New Development Bank		258 988	212 408
Total Multi-lateral Institutions		575 210 638	474 746 449

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

INTERNATIONAL MONETARY FUND-SECURITIES

24.1 ACCOUNT	130 331 396	109 846 566
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This commitment represents the balance of securities in the International Monetary Fund's (IMF) General Resources Account held with the South African Reserve Bank.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	<i>Notes</i>	2022/23 R'000	2021/22 R'000
24.2	AFRICAN DEVELOPMENT BANK	40 115 492	30 382 549
	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.		
24.3	NEW DEVELOPMENT BANK	258 988	212 408
	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.		
24.4	INTERNATIONAL MONETARY FUND – SDR ALLOCATIONS	149 663 063	122 745 424
	The special drawing rights deposit at the South African Reserve Bank is the Rand equivalent of South Africa's special drawing right liability towards the International Monetary Fund, in terms of the Finance and Financial Adjustments Acts, Consolidation Act 11 of 1977.		
24.5	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT	142 212 400	116 634 800
	This commitment represents the callable portion of a country's subscription available to the International Bank for Reconstruction and Development (IBRD) to meet its obligations for funds borrowed or loans guaranteed by it.		
24.6	MULTI-LATERAL INVESTMENT GUARANTEE AGENCY	112 629 299	94 924 702
	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 2023

	Notes	2022/23 R'000	2021/22 R'000
25	Net cash flow available from operating activities		
	Net surplus/(deficit) as per Statement of Financial Performance	(478 975 423)	(390 659 730)
	Add back non-cash/cash movements not deemed operating activities	173 220 400	(9 891 537)
	(Increase)/decrease in receivables – current	14 260 736	(21 408 737)
	(Increase)/decrease in prepayments and advances	(66 100)	529 921
	(Increase)/decrease in other current assets	18 224 035	109 993
	Increase/(decrease) in payables – current	792 603	(1 055 294)
	Proceeds from sale of capital assets	(187 409)	(136 301)
	Proceeds from sale of investments	(357 404)	5 568
	(Increase)/decrease in other financial assets	(4 932)	(6 292)
	Expenditure on capital assets	16 642 572	14 903 383
	Surrenders to Revenue Fund	(11 903 292)	(31 045 161)
	Surrenders to RDP Fund/Donor	(662 392)	(282 185)
	Voted funds not requested/not received	(15 853 255)	(18 414 175)
	Own revenue included in appropriation	(101 557)	-
	Other non-cash items	152 436 795	46 907 742
	Net cash flow generated by operating activities	(342 203 093)	(358 184 022)
26	Reconciliation of cash and cash equivalents for cash flow purposes		
	Consolidated paymaster General Account	2 400 759	1 985 841
	Fund requisition account	270 758	(16 870 312)
	Cash receipts	29 704	216 378
	Disbursements	(21 637)	(17 430)
	Cash on hand	129 966	92 062
	Cash with commercial banks (Local)	109 362 369	135 179 497
	Cash with commercial banks (Foreign)	128 118 363	85 255 328
	Cash with SARB	-	41 157 404
	ALM PMG Balance	112 386	226 776
	Total cash and cash equivalents for cash flow purposes	240 402 667	247 225 544

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	<i>Notes</i>	2022/23 R'000	2021/22 R'000
27	Reconciliation of prior year net surplus to current comparatives		
	Net surplus as reported in prior year	(390 815 373)	
	Restatement	155 643	
	Restated Net Surplus for the Year	(390 659 730)	
	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	283 452 473	
	Restatement	177 303	
	Restated cash and cash equivalents	283 629 776	
	Reconciliation of statement of position reported in prior year and Restated amounts in current year		
	ASSETS		
	Current assets as reported in prior year	308 667 067	
	Restatement	329 665	
	Restated current assets for the financial year	308 996 732	
	Non-current Assets		
	Non-current assets as reported prior year	823 974 351	
	Restatement	80 000	
	Restated non-current assets for the financial year	824 054 351	
	LIABILITIES		
	Current liabilities		
	Current liabilities as reported in prior year:	601 294 712	
	Restatement	24 151 266	
	Restated current liabilities for the financial year	625 445 978	
	Non-Current Liabilities		
	Non-current liabilities as reported prior year	4 214 588 841	
	Restatement	(5 621 454)	
	Restated non-current liabilities for the financial year	4 208 967 387	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	<i>Notes</i>	2022/23 R'000	2021/22 R'000
NET ASSETS/(LIABILITIES)			
Net Liabilities as reported in prior year (Capital Reserves)		362 194 203	
Restatement		75 890	
Restated net liabilities for the year		362 270 093	
Net Liabilities as reported in prior year (Recoverable Revenue)		1 103 252	
Restatement		4 766	
Restated net liabilities for the year		1 108 018	
Net Liabilities as reported in prior year (Retained Funds)		(4 046 539 590)	
Restatement		19 022 625	
Restated net liabilities for the year		(4 027 516 965)	
Net Liabilities as reported in prior year (Revaluation Reserves)		-	
Restatement		(1 663)	
Restated net liabilities for the year		(1 663)	
Net Liabilities as reported in prior year (Unauthorised Expenditure)		-	
Restatement		(37 221 764)	
Restated net liabilities for the year		(37 221 764)	
Net Liabilities as reported in prior year (Total)		(3 683 242 135)	
Restatement		(18 120 146)	
Restated net liabilities for the year		(3 701 362 281)	
28	Contingent liabilities and contingent Assets		
28.1	Motor vehicle guarantees	-	176
	Housing loan guarantees	2 045	3 037
	Other guarantees	432 602 905	394 559 712
	Claims against the department	38 021 032	39 101 014
	Other departments (interdepartmental unconfirmed balances)	4 470 439	3 915 841
	Environmental rehabilitation liability	1 497 694	1 399 143
	Other	2 389 311	3 903 348
	Total	478 983 426	442 882 271
	Other		
	QCC	504 147	490 231
	Funds required by SAA to complete business rescue	1 566 000	3 079 000
	EOH /IDEMIA	115 200	115 200
	SITA, Public Works	68 040	64 060
	Claims from government entities; Claim for Repatriation flights	61 490	81 232
	Basic Education	52 122	52 499
	Miscellaneous	22 312	21 126
	Total	2 389 311	3 903 348

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

<i>Notes</i>	2022/23 R'000	2021/22 R'000
<i>Underwritten by government</i>		
Land and Agricultural Development Bank of South Africa	551 312	1 887 971
Development Bank of Southern Africa	5 724 150	5 197 819
South African Reserve Bank	9 294 839	12 072 292
South African Airways	156 924	1 879 855
Transnet	3 757 096	3 500 000
Denel	3 446 149	3 430 000
Eskom	362 288 963	291 842 778
SAX	-	19 905
Old Mutual	48	84
Absa	20 000	20 000
Standard Bank	-	176
Telkom SA Ltd	99 437	123 028
KFW	148 388	129 680
S.A. National Roads Agency Ltd.	38 173 817	32 039 720
Standard Bank	110	110
KOBWA (21)	370 815	368 465
Land Bank (30)	35 989	34 703
TCTA	8 747 382	9 536 828
Total	432 815 419	362 083 413

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 2023

	<i>Notes</i>	2022/23 R'000	2021/22 R'000
Road Accident Fund		32 305 295	25 965 403
<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		11 584 974	10 138 188
<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>			
28.2 Contingent Assets			
Damages to Property and Losses		95 257	98 147
Penalties		69 373	65 394
Breach of Contract		79 349	64 913
Recoverable Cost		34 836	30 070
Suppliers		50 415	50 443
Assets Seized		13 010	13 010
Section 24G Administration fine		2 700	2 700
Giyani Project		3 890 151	3 520 498
Claims		375 602	501 563
Total		4 610 692	4 346 739

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	<i>Notes</i>	2022/23 R'000	2021/22 R'000
29	Post-retirement benefit		
	Post-employment Health Care Fund	69 938 325	69 938 325
29.1	Post-retirement medical assistance		
	This contingent liability is the estimated present value of the State's future commitment in respect of government employees; post-employment medical assistance (including all active employees and Continuation and Widower members). It is important to note that Pol-med members have been excluded from the actuarial valuation.		
29.2	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, Temporary Employees and the Associated Pension Fund are in surplus(deficit) after reserves with (R289 172) million, R62,6 million and R5 764 million respectively.		
30	Capital Commitments		
	Buildings and other fixed structures	23 109 608	13 741 148
	Heritage assets	154 033	164 004
	Machinery and equipment	1 354 692	1 590 016
	Specialised military assets	9 704 270	9 195 190
	Land and subsoil assets	676	193
	Biological assets	6 216	10 830
	Intangible assets	254 695	271 294
	Total Commitments	34 584 190	24 972 676

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	<i>Notes</i>	2022/23 R'000	2021/22 R'000
31	Accruals and Payable not recognised		
	Accruals not recognised		
	Goods and services	2 508 910	3 137 075
	Interest and rent on land	3 243	3 390
	Transfers and subsidies	3 712 389	1 016 261
	Capital assets	369 253	480 731
	Other	99 628	114 337
	Total	6 693 423	4 751 794
	30 Days		
	Accruals not recognised		
	Goods and services	1 920 137	
	Interest and rent on land	3 243	
	Transfers and subsidies	135 909	
	Capital assets	303 477	
	Other	25 108	
	Total	2 387 874	
	30+ Days		
	Accruals not recognised		
	Goods and services	588 773	
	Transfers and subsidies	3 576 480	
	Capital assets	65 776	
	Other	74 520	
	Total	4 305 549	
	Payables not recognised		
	Goods and services	2 311 980	1 152 234
	Interest and rent on land	70	44 174
	Transfers and subsidies	397 501	257 165
	Capital assets	491 022	548 921
	Other	5 485	19 178
	Total	3 206 058	2 021 672
	30 Days		
	Payables not recognised		
	Goods and services	1 372 289	
	Interest and rent on land	-	
	Transfers and subsidies	377 495	
	Capital assets	411 071	
	Other	952	
	Total	2 161 807	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	<i>Notes</i>	2022/23 R'000	2021/22 R'000
30+ Days			
Payables not recognised			
Goods and services		939 691	
Interest and rent on land		70	
Transfers and subsidies		20 006	
Capital assets		79 951	
Other		4 533	
Total		1 044 251	
Confirmed balances			
Confirmed balances with departments		825 205	434 433
Confirmed balances with other government entities		1 070 755	602 874
Total		1 895 960	1 037 307
32	Employee benefits		
Leave entitlement		7 747 144	8 045 136
Service bonus		4 867 634	4 757 535
Performance awards		9 253	24 545
Capped leave		5 258 430	5 927 735
Other		527 159	616 801
Total		18 409 621	19 371 752

33 **Lease commitments**
33.1 **Operating lease expenditure**

2022/2023	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	-	24 347	2 610 984	383 141	3 018 472
Later than 1 year and not later than 5 years	-	17 541	4 394 179	266 797	4 678 517
Later than five years	-	43 857	278 302	-	322 159
Total lease commitments	-	85 745	7 283 464	649 939	8 019 148

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	2 712 956	251 419	3 002 290
Later than 1 year and not later than 5 years	-	32 311	4 942 425	139 224	5 113 959
Later than five years	-	46 414	488 896	-	535 310
Total lease commitments	-	116 640	8 144 276	390 643	8 651 559

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

33.2 Finance lease expenditure

2022 / 2023	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	-	-	-	187 115	187 115
Later than 1 year and not later than 5 years	-	-	-	157 958	157 958
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	345 073	345 073

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

33.3 Operating lease revenue

2022 / 2023	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	-	9 983	-	-	9 983
Later than 1 year and not later than 5 years	-	54 091	-	-	54 091
Later than five years	-	2 237 110	-	-	2 237 110
Total operating lease revenue receivable	-	2 301 184	-	-	2 301 184

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	-	7 274	-	-	7 274
Later than 1 year and not later than 5 years	-	45 631	-	-	45 631
Later than five years	-	2 193 322	-	-	2 193 322
Total operating lease revenue receivable	-	2 246 227	-	-	2 246 227

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	<i>Notes</i>	2022/23 R'000	2021/22 R'000
34	Accrued departmental revenue		
	Sales of goods and services other than capital assets	1 082 173	1 632 406
	Fines, penalties and forfeits	273 284	240 902
	Interest, dividends and rent on land	2 377 587	982 433
	Sale of capital assets	272	-
	Transactions in financial assets and liabilities	41 828	36 997
	Transfers received (incl conditional grants to be repaid by prov depts)	175 983	166 378
	Other	29 150	41 283
	Total	3 980 277	3 100 399
	Analysis of accrued departmental revenue		
	Opening balance	3 093 250	1 561 969
	Less: Amounts received	2 323 180	1 197 831
	Less: Services received in lieu of cash	-	2 149
	Add: Amounts recognised	3 290 587	2 767 209
	Less: Amounts written-off/reversed as irrecoverable	84 570	28 808
	Less: Amounts transferred to receivables for recovery	12 650	-
	Other	16 840	9
	Closing balance	3 980 277	3 100 399
	Accrued department revenue written off		
	Trade and Lease Debtors	912	11
	Fines Retracted	2 920	1 286
	Penalty imposed by the United Nations	78 747	27 181
	Fines retracted	1 965	330
	Total	84 544	28 808
	Impairment of accrued departmental revenue		
	Estimate of impairment of accrued departmental revenue	766 997	641 541
	Total	766 997	641 541

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	<i>Notes</i>	2022/23 R'000	2021/22 R'000
35	Related-party transactions		
	Revenue received (paid)		
	Interest, dividends and rent on land	55 428	51 425
	Transactions in financial assets and liabilities	4 006	18 133
	Total	59 434	69 558
	Payments made		
	Compensation of employees	316 681	314 871
	Goods and services	1 027 772	714 924
	Payments for financial assets	57 615 562	38 851 872
	Transfers and subsidies	3 133	15 404
	Total	58 963 148	39 897 071
	Year end balances arising from revenue/payments		
	Receivables from related parties	18 271	17 659
	Payables to related parties	21 578	14 566
	Total	39 849	32 225
	Loans to/from related parties		
	Non-interest bearing loans to/(from)	-	-
	Interest bearing loans to/(from)	27 391	27 391
	Total	27 391	27 391
	Guarantees issued		
	Mineral Resources and Energy - Necsa	20 000	20 000
	Guarantees issued - CGS	22 500	-
	S.A. National Roads Agency (SOC) Ltd.	38 173 817	42 044 526
	Public Enterprises	60 924 313	34 333 691
	Trade, Industry and Competition	148 388	129 685
	Communications and Digital Technologies	334 485	279 927
	Total	99 623 503	76 807 829
	In kind goods and services provided/received		
	Agriculture, Land Reform and Rural Development	(108 816)	(87 556)
	ICASA, SENTEC, Vodacom, Telkom, ZADNA, SAPO	11 770	-
	CBDA & GTAC -Office space and professional services	17 602	23 833
	Office of Chief Justice	15 198	11 278
	Higher Education	(6 540)	(19 862)
	Justice Goods and Services & Compensation of Employees	32 079	97 923
	Total	(38 707)	25 616

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	<i>Notes</i>	2022/23 R'000	2021/22 R'000
36	Key management personnel		
36.1	Description		
	Political office bearers	152 491	142 701
	Officials:	8 023	9 141
	Salary level 15 to 16	735 355	727 241
	Salary level 14	1 206 850	1 150 656
	Salary level 13	339 774	306 484
	Family members of key management personnel	41 634	43 862
	Total	2 484 128	2 380 085
	Description		
	Speaker to Parliament/the Legislature	5 820	5 622
	Deputy Speaker to Parliament/the Legislature	4 074	3 956
	Secretary to Parliament/ the Legislature	5 747	4 961
	Deputy Secretary	2 453	2 338
	Chief Financial Officer	2 130	2 033
	Legal Advisor	2 393	2 285
	Other	59 978	54 494
	Total	82 595	75 689
37	Public Private Partnership		
	Concession fee received	34	-
	Other fees received	34	-
	Unitary fee paid	2 440 603	2 244 822
	Fixed component	761 450	679 789
	Indexed component	1 679 153	1 565 033
	Analysis of indexed component	1 679 153	1 565 033
	Goods and Services (excluding lease payments)	1 536 662	1 439 681
	Operating leases	1 718	346
	Interest	140 773	125 006
	Capital/ (Liabilities)	2 353 689	2 336 559
	Property	2 296 219	2 279 089
	Plant and equipment	57 470	57 470
	Other	23 369 410	50 725
	Prepayments and advances	33 152	-
	Other Obligations	23 336 258	50 725

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	<i>Notes</i>	2022/23 R'000	2021/22 R'000
38	Impairment		
	Staff debtors	41 482	35 102
	Other debtors	2 629	2 081
	Ex-employee debtors	41 493	41 332
		85 604	78 515
39	Provisions		
	Legal and related claims	584 319	441 931
	Parliament	375 972	1 674 764
	Armscor	214 509	207 996
	Curators	387 392	192 769
	Environmental Liability - Aviation fuel contamination	194 578	156 219
	Military and Special Pension	42 715	56 402
	EPIP and other Retention Fees	263 736	298 842
	SEIF (Product markets)	50 382	55 923
	Accrued Expenses	98 440	11 657
	Other	38 090	23 216
	Total	2 250 133	3 119 719

39.1 Reconciliation in movement in provisions – 2022/23

	Claims and Admin R'000	Environment and related R'000	Fees R'000	Other R'000	TOTAL R'000
Opening balance	769 617	573 101	391 130	44 089	1 777 938
Increase in provision	723 219	358 703	109 909	66 576	1 258 407
Settlement of provision	(583 989)	(171 344)	(64 414)	(59 050)	(878 797)
Unused amount reversed	(47 780)	(35 014)	(607)	-	(83 401)
Change in provision due to change in estimation of inputs	118 920	624	56 442	-	175 986
Closing balance	979 987	726 070	492 460	51 616	2 250 133

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

39.2 Reconciliation in movement in provisions – 2021/22

	Claims and Admin R'000	Environment and related R'000	Fees R'000	Other R'000	TOTAL R'000
Opening balance	2 137 719	490 958	690 749	208 655	3 528 081
Increase in provision	339 431	159 944	98 867	26 802	625 044
Settlement of provision	(422 311)	(103 895)	(44 435)	(184 841)	(755 482)
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	2 051 377	571 357	446 369	50 616	3 119 719

40 Movable Tangible Capital Assets

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

40.1 2023

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing balance R'000
HERITAGE ASSETS	375 978	-	60	-	376 038
Heritage assets	375 978	-	60	-	376 038
MACHINERY AND EQUIPMENT	57 407 273	-3 304	5 625 208	2 790 187	60 238 991
Transport assets	26 989 299	-	2 626 477	1 445 640	28 170 136
Computer equipment	10 807 085	(3 346)	1 334 142	615 049	11 522 833
Furniture and office equipment	2 507 294	(6)	186 359	55 336	2 638 310
Other machinery and equipment	17 103 595	48	1 478 231	674 161	17 907 712
SPECIALISED MILITARY ASSETS	49 737 711	-	1 412 417	13	51 150 115
Specialised military assets	49 737 711	-	1 412 417	13	51 150 115
BIOLOGICAL ASSETS	770 856	18 398	29 079	47 552	770 781
Biological assets	770 856	18 398	29 079	47 552	770 781
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	108 291 818	15 094	7 066 764	2 837 752	112 535 925

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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

	Opening balance R'000	Prior Period Error R'000	Additions R'000	Disposals R'000	Closing balance R'000
HERITAGE ASSETS	334 315	40 756	1 000	93	375 978
Heritage assets	334 315	40 756	1 000	93	375 978
MACHINERY AND EQUIPMENT	54 309 270	(11 655)	4 506 591	1 396 932	57 407 273
Transport assets	25 353 551	50 272	2 368 027	782 551	26 989 299
Computer equipment	10 062 800	(9 161)	1 078 323	324 877	10 807 085
Furniture and office equipment	2 417 208	4 664	125 727	40 304	2 507 294
Other machinery and equipment	16 475 711	(57 430)	934 514	249 200	17 103 595
SPECIALISED MILITARY ASSETS	50 023 048	-	(285 337)	-	49 737 711
Specialised military assets	50 023 048	-	(285 337)	-	49 737 711
BIOLOGICAL ASSETS	853 350	(75 135)	19 079	26 438	770 856
Biological assets	853 350	(75 135)	19 079	26 438	770 856
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	105 519 983	(46 034)	4 241 333	1 423 463	108 291 818

41 Minor assets

41.1 MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023

	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	-	10 689	4 787	5 774 135	15 537	5 805 148
Value adjustments	-	-	-	33 095	(1 323)	31 772
Additions	-	208	-	224 361	6 980	231 549
Disposals	-	1 911	-	576 507	4 304	582 722
TOTAL MINOR ASSETS	-	8 986	4 787	5 455 084	16 890	5 485 747

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

41.2 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	-	11 054	5 333	5 520 056	12 807	5 549 250
Value adjustments	-	1	(523)	23 694	(240)	22 932
Additions	-	15	-	383 366	6 861	390 242
Disposals	-	381	23	152 980	3 891	157 275
TOTAL MINOR ASSETS	-	10 689	4 787	5 774 135	15 537	5 805 148

41.3 MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2023

	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	480	18 193	-	1 743 200	42 766	1 804 639
	480	18 193	-	1 743 200	42 766	1 804 639

41.4 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	1 022 251	23 074	1 046 194
	793	-	76	1 022 251	23 074	1 046 194

42 Intangible Capital Assets

42.1 MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing balance R'000
Software	8 869 434	109	510 759	92 740	9 287 562
Mastheads and Publishing titles	36	-	-	-	36
Patents, Licences, Copyright, Brand names, Trademarks	54 315	-	192 775	27 440	219 650
Recipes, Formulae, Prototypes, Designs, Models	4 831 518	-	50 410	64 504	4 817 424
Services and Operating rights	-	-	-	-	-
TOTAL INTANGIBLE CAPITAL ASSETS	13 755 303	109	753 944	184 684	14 324 672

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

42.2 MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2022

	Opening balance R'000	Prior Period Error R'000	Additions R'000	Disposals R'000	Closing balance R'000
Software	8 701 259	2 790	570 736	405 350	8 869 434
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	11 110	315 648	-	4 831 518
Services and Operating rights	-	-	-	-	-
TOTAL INTANGIBLE CAPITAL ASSETS	13 227 729	13 900	919 025	405 350	13 755 303

43 Immovable Tangible Capital Assets

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

43.1 2023

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	54 187 120	-	4 941 040	2 538 959	56 589 201
Dwellings	3 779 041	-	8 947	34 186	3 753 802
Non-residential buildings	27 158 944	-	2 551 962	795 367	28 915 539
Other fixed structures	23 249 135	-	2 380 131	1 709 406	23 919 860
HERITAGE ASSETS	3 064 864	-	921	10 521	3 055 264
Heritage assets	3 064 864	-	921	10 521	3 055 264
LAND AND SUBSOIL ASSETS	13 906 421	-	45 658	40 705	13 911 374
Land	13 906 421	-	45 658	40 705	13 911 374
Mineral and similar non-regenerative resources	-	-	-	-	-
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	71 158 405	-	4 987 619	2 590 185	73 555 839

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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

	Opening balance R'000	Prior Period Error R'000	Additions R'000	Disposals R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	48 976 090	1 115 672	5 496 439	1 401 081	54 187 120
Dwellings	3 752 978	21 049	39 689	34 675	3 779 041
Non-residential buildings	24 838 271	271 672	2 855 996	806 995	27 158 944
Other fixed structures	20 384 841	822 951	2 600 754	559 411	23 249 135
HERITAGE ASSETS	3 033 905	22 674	9 458	1 173	3 064 864
Heritage assets	3 033 905	22 674	9 458	1 173	3 064 864
LAND AND SUBSOIL ASSETS	14 155 642	1 233	198 539	448 993	13 906 421
Land	14 155 642	1 233	198 539	448 993	13 906 421
Mineral and similar non-regenerative resources	-	-	-	-	-
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	66 165 637	1 139 579	5 704 436	1 851 247	71 158 405

43.3 CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2023

	Opening Balance 1 April 2022 R'000	Current Year WIP R'000	Ready for use (Assets to the AR) / Contracts terminated R'000	Closing Balance 31 March 2023 R'000
Heritage assets	378 065	56 922	-	434 987
Buildings and other fixed structures	30 764 932	6 566 581	3 786 259	33 545 254
Land and subsoil assets	447 311	1 302 808	966 695	783 424
TOTAL	31 590 308	7 926 311	4 752 954	34 763 665

43.4 Accruals and payables not recognised relating to Capital WIP

	2022/23 R'000	2021/22 R'000
Amounts relating to progress certificates received but not paid at year end and therefore not included in capital work-in-progress	128 435	295 200
TOTAL	128 435	295 200

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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

	Opening Balance 1 April 2021 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 2022 R'000
Heritage assets	390 271	(24 053)	11 847	-	378 065
Buildings and other fixed structures	29 621 640	(985 363)	6 430 852	4 302 197	30 764 932
Land and subsoil assets	14 927	-	432 384	-	447 311
TOTAL	30 026 838	(1 009 416)	6 875 083	4 302 197	31 590 308

	Notes	2022/23 R'000	2021/22 R'000
44	Agent-principal arrangements		
44.1	Department acting as the principal		
	Cooperative Governance	173 133	207 308
	Public Works and Infrastructure	91 078	47 990
	Agriculture, Land Reform and Rural Development	52 478	71 577
	Environment, Forestry and Fisheries	185	351
	Transport	-	5 130
	National Treasury	67 890	65 021
	Correctional Services	9 542	4 656
	Basic Education	213 798	134 217
	Health	42 822	61 440
	Social Development	-	122
	Sports, Arts and Culture	75	1 079
	Total	651 001	598 891
44.2	Department acting as the agent		
	Revenue received for agency activities		
	National Skills Fund	-	6 876
	Total	-	6 876

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2022/23 R'000	2021/22 R'000
46	Prior period errors		
	Correction of prior period error for secondary information		
	Revenue: (e.g. Annual Appropriation, Departmental Revenue, Aid assistance, etc.)		
	Aid Assistance		(2 448)
	Revenue		2 448
	Donation received in kind: Dept of Human Settlement (DHS)		577
	Annual appropriation		(171 294)
	Accrued Departmental Revenue		(37 783)
	Impairment		(39 608)
	Cash received not recognised- 2021/22		30
	Surplus/(Deficit) for the year		(70 000)
	Contingent Liabilities- Other Guarantees and Related Party		
	Transactions-Guarantees Issued		(2 503 038)
	Movable Tangible Capital Assets		613
	Interest on Diabo Trust Account		6 790
	Cash flow statement: Surrendered to revenue fund		679
	Net working capital		(679)
	Recoverable revenue		(3 103)
	Net effect on the note		(2 816 816)
	Expenditure: (e.g. Compensation of employees, Goods and services, Tangible capital assets, etc.)		
	Compensation of Employees		(55 232)
	Advances Expensed		211 972
	Computer services		(165)
	Consultants		410
	Finance Costs		43 932
	Expenditure for capital assets		(194 387)
	Goods and services		134 181
	Transfers		(171 294)
	Operating Lease Expense		(410)
	Net effect on the note		(30 993)
	Assets: (e.g. Receivables, Investments, Accrued departmental revenue, Movable tangible capital assets, etc.)		
	Minor assets		(16 931)
	Contingent Assets		32 674
	Cash and Cash Equivalent		6 009
	Contingent Liabilities		230 022
	Accrued departmental revenue		(483 654)
	Movable Tangible capital assets		(246 781)
	Immoveable tangible capital assets		72 261
	Intangible capital assets		5 302
	Provision		43 027
	capital work in progress		(65 869)
	Receivables		3 779
	Operating revenue		44 613
	Advances and Prepayments		(2 632)
	Net effect on the note		(378 180)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

Notes	2022/23 R'000	2021/22 R'000
Liabilities: (e.g. Payables current, Voted funds to be surrendered, Commitments, Provisions, etc.)		
Contingent liabilities		56 054
Revenue and voted funds to be surrendered		171 161
Commitments and Employee Benefits		218 139
Provision		(3 284)
Payables		362 206
Leases		769 473
Aid Assistance unutilised		(183 703)
Accruals		(67 238)
Net effect on the note		1 322 808
Other: (e.g. Irregular expenditure, fruitless and wasteful expenditure, etc.)		
Prepayment Expensed (Goods and services)		2 887
Accruals and Payables not recognised		(12 978)
Unauthorised, Irregular, Fruitless and Wasteful		747 751
Contingent liabilities and claims		(6 485 052)
Capital, Leave and Lease Commitments		195 609
Related parties		1 081
Contingent assets		(6 692)
Capital Assets (Immovable, Intangible & Movable)		15 849
Provisions		2 261
Cash and cash equivalents reconciliation		6 009
Net effect on the note		(5 533 275)

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Inventory

Opening balance	75 527	20 040
Add/(less): Adjustment to prior year balances	(125)	(577)
Add: Additions/Purchases - Cash	896 860	913 113
Add: Additions - Non-Cash	299	185
(Less): Disposals	(4 275)	-
(Less): Issues	(875 019)	(857 134)
Add/(Less): Received current, not paid (Paid current year, received prior year)	3 360	-
Closing balance	96 627	75 627

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Departures and Exemptions

The Minister of Finance granted exemption in terms of Section 92 of the PFMA for the National Treasury from the provisions of section 8(1) of the PFMA to the extent that it requires preparing one set of consolidated AFS for national departments and public entities. Due to the significantly different accounting bases being applied (modified cash and accrual), the Minister has now allowed the National Treasury to prepare separate sets of consolidated financial statements for departments and public entities respectively.

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Financial Sustainability

Since the 2023 Budget, several fiscal risks have materialised. Company tax collections, primarily mining sector revenue, underperformed and the revenue outlook weakened. The 2023 public-service wage agreement increased the cost of compensation of employees and borrowing costs increased, pushing up the costs of servicing government debt.

The 2023 Medium Term Budget Policy Statement (MTBPS) strikes a careful balance between supporting a growth-enhancing agenda and stabilising the public finances, while maintaining support for the most vulnerable in our society. Over the next three years, government will focus on raising GDP growth by improving the provision of electricity and logistics, enhancing the delivery of infrastructure and restructuring the state to be efficient and fit-for-purpose. Fiscal

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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policy continues to support this approach by stabilising debt and debt-service costs so that resources can be directed to productive expenditure that supports development.

In this context, government will continue to take a sound and balanced approach to fiscal policy. The proposed fiscal framework for the medium term includes targeted spending revisions that contain overall expenditure while directing resources to core functions. Additional allocations will cover wage increases for employees in the health, education and security sectors, and support social security. Deeper reforms to improve the efficiency and effectiveness of spending will complement these changes.

In line with this stance, over the next three years government will borrow an average R553.7 billion per year. This borrowing will be used for three purposes: first, to finance the gap between what government spends and the revenues it collects; second, to refinance the redemption of maturing debt; and third, to finance the Eskom debt-relief arrangement.

Although many countries are contending with rising debt levels in the wake of the pandemic, over the past 15 years South Africa has had one of the largest increases in government debt as a share of GDP. This debt accumulation has led to a rapid increase in debt-service costs, which now consume more than 20 per cent of government revenue. In other words, out of every R5 collected in taxes, government pays R1 to lenders instead of funding education, policing, health and other critical services.

As the stock of debt grows, any change affecting the cost of borrowing is magnified. Debt-service costs are now estimated to reach R385.9 billion in 2024/25 and R455.9 billion in 2026/27. Borrowing costs have risen across the yield curve, meaning that regardless of the maturity profile of loans and bonds, investors are demanding a premium to compensate them for the risks of investing in South Africa. Since 2013/14, South Africa's interest on debt has exceeded the rate of economic growth, implying that the economy is not able to generate enough revenue to service the debt.

Given the scale and duration of South Africa's debt accumulation, returning the public finances to a sustainable position requires government to target a primary surplus, meaning that revenue exceeds non-interest expenditure. The surplus will grow over the medium term, narrowing the budget deficit and allowing debt to stabilise by 2025/26.

Over the next three years, fiscal policy will stabilise debt to moderate the growth of debt-service costs. Debt is projected to stabilise at 77.7 per cent of GDP in 2025/26. In addition, debt-service costs are projected to peak as a proportion of revenue in 2026/27 and decline thereafter. Over time, government will be able to allocate more of these resources to critical policy priorities.

Over the 2024 medium-term expenditure framework period, government will focus on increasing infrastructure investment, reconfiguring the operations of the state to ensure greater efficiency, and maintaining a prudent fiscal stance that restores the health of the public finances and stabilises debt and debt-service costs.

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Subsequent Events

As previously reported in the 2022 MTBPS, government announced an initiative 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 it no longer relies on government bailouts. The National Treasury would lead a process to finalise the debt relief programme and announce specific details on this programme in the 2023 Budget.

In Budget 2023, Eskom's debt relief programme took the form of a debt settlement arrangement whereby government would support Eskom in servicing and repaying its existing debt to the amount of R254 billion from 2023/24 to 2025/26. The financial support would be provided under strict terms and conditions and in exchange, government would receive additional equity in the entity. Engagements between key stakeholders ensued in the latter part of the 2022/2023 financial year to finalise the terms under which the funds would be provided to and the consequential performance expectations from Eskom. By 31 March 2023 agreement had been reached on the amount and timing of release of funds over the MTEF. The specifics regarding the flow of funds and the impact on the balance sheet of Eskom and that of government required further careful consideration. Although these events constitute a contingent liability a contingent liability disclosure on this matter has thus not been included in the notes to the financial statements as these aspects were only concluded after the reporting date and with the publication of the Eskom Debt Relief Act, 7 of 2023, on 7 July 2023. As at 31 October 2023, government had disbursed R36 billion of the R78 billion debt relief for 2023/2024.

In the 2023 MTBPS, the gross borrowing requirement for 2023/24 has increased from R515.6 billion to R563.6 billion, relative to the 2023 Budget. As at 30 September 2023, a total of R280.9 billion of the gross borrowing requirement has been funded through the issuance of domestic short-term loans (R52.9 billion), domestic long-term loans (R167.7

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

billion), foreign loan of R9.5 billion (equivalent to US\$500 million), and a drawdown on cash balances of R50.8 billion. This includes the financing of the Eskom debt relief bill and the facilitation of municipal debt relief.

Government's debt relief package for Eskom also facilitates the proposal that Eskom write off the municipal debt under strict conditions. National government has therefore introduced support to relieve municipalities of debt to Eskom as outlined in the 2023 Medium Term Budget Policy Statement. As at 31 October 2023, sixty-seven applications had been submitted, totalling R56.8 billion. Twenty-eight applications have been approved and the remainder 39 applications are being assessed and verified with provincial treasuries. The approved applications for outstanding municipal debt owed to Eskom up to 31 March 2023 will be written off over a three-year period, in equal annual tranches provided the municipality complies with set conditions.

Government received a third tranche of the SANRAL Sustainability Loan of \$500 million (R 9.5billion) from the New Development Bank on 7 June 2023 and will be maturing in September 2046.

On 17 July 2023, Fitch published a credit rating report in which the agency affirmed South Africa's 'BB-' credit rating and stable outlook. According to Fitch, South Africa's credit rating is constrained by low real GDP growth hampered by power shortages, a high level of inequality, a high government debt-to-GDP ratio, and a modest path of fiscal consolidation. The ratings are supported by a favourable debt structure with long maturities and denominated mostly in local currency as well as a credible monetary policy framework.

51 Financial Risk Management

Market Risk

In the fiscal year 2014/15 government implemented strategic debt portfolio benchmarks to evaluate risk exposures that relate to the stock of government's debt. This help define tolerance levels to various exposures driven by different risk factors. 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 % 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 R4.8 trillion consists of domestic (R4.2 trillion) and foreign debt (R555.7 billion). Domestic debt comprises short-term debt (Treasury bills) and long-term debt (fixed-rate plus inflation-linked bonds, retail, and other loans). For purposes of calculating the risk benchmarks, borrowings from, retail bonds and other non-marketable loans are excluded from the gross loan debt figure. This is because these items are generally small in nominal values and are not subject to market valuation methods.

Inflation risk

Inflation risk refers to the possibility that unfavourable changes in month-on-month inflation could lead to an increase in the outstanding amount of inflation-linked bonds. As a result, future redemption amounts would be higher. To manage this risk, a benchmark was established for inflation-linked bonds (ILBs) as a percentage of the total domestic debt, ranging from 20 to 25 per cent. Domestic debt includes Treasury bills, fixed-rate bonds, and inflation-linked bonds. As at end of March 2023, the proportion of ILBs as a percentage of total domestic debt rose to 23.7 per cent compared to 22.2 per cent at the end of March 2022.

Inflation-linked bonds as a per cent of domestic debt

Indicator	31 March 2023	31 March 2022
Domestic debt ¹	R4 185.0 bn	R3 846.4 bn
Inflation-linked bonds	R 992.2 bn	R 853.5 bn
ILBs as % of domestic debt	23,7	22,2

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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.

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 EURO denominated debt increased by 3.2 percentage points, from 2.0 per cent in March 2022 to 5.2 per cent as of 31 March 2023. This is because of three additional EURO multi-lateral loans that were sourced during the 2022/23 fiscal year.

Composition of foreign debt

Indicator	31 March 2023	31 March 2022
Percentage		
As % of total debt		
- Gross foreign debt	11,7	9,7
- Net foreign debt	9,5	8,2
Currency composition		
- US Dollar	80,8	81,9
- Euro	5,2	2,0
- XDR	13,1	14,9
- ZAR	0,9	1,2

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 in a relatively short period of time.

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 shorter-dated bonds are exchanged for longer-term bonds. During 2022/23; a sum of R7.7 billion was switched out of the R2023 bond. However, the share of long-term debt maturing in 5 years increased from 14 per cent (31 March 2022) to 17.3 per cent (31 March 2023) due to inclusion of the R210 bond into 1-5 year maturity bucket.

The Weighted Average Term to Maturity (WATM) for ILBs is below the targeted band due to structural deficiencies that have plagued the real curve for the past 4 years. Until March 2023 government had 4 on the run ILBs. This rendered the strategy to issue longer dated ILBs ineffective, particularly during cycles characterised by modest or low inflation expectations. Further, the challenged expressed through fewer ILBs became more visible when one of the bonds that boast a higher redemption (R197) amount pulled the weight downward. The lower than targeted WATM has no material bearing on the funding strategy.

Refinancing risk benchmarks

Indicator	31 March 2023	31 March 2022
Treasury bills as % of domestic debt	10,1	11,7
Long-term debt maturing in 5 years as % of bonds	17,3	14
Weighted term-to-maturity of fixed-rate bonds plus Treasury bills (in years)	11,2	11,5
Weighted term-to-maturity of inflation-linked bonds (in years)	13,0	13,7

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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.

The total amount of approved guarantees to public institutions decreased by over R89.6 billion to R470.3 billion by 31 March 2023 from R559.9 billion as at 31 March 2022. The main driver of the decrease in issued guarantees is the reduction of the guarantee issued to the South African Reserve Bank (SARB) for the Loan Guarantee Scheme after the Minister of Finance approved its reduction in April 2022 due to lower-than-expected take-up.

The exposure amount increased to R433 billion by 31 March 2023 from around R395.3 billion as at 31 March 2022. Eskom, which continued to draw down on its issued guarantees, accounts for 86 per cent of total exposure. TCTA, Land Bank, SANRAL, Denel, SAA, and the SARB's Loan Guarantee Scheme saw reductions in the exposure amounts as the debt continued to be paid off.

As at 31 March 2023, the value of the guarantee issued for the IPP programme amounted to R208.5 billion. The exposure increased to R187.1 billion, while the exposure from PPPs declined to R7.1 billion as exposure to individual projects continue to decline.

Counterparty risk exposure from investment of government surplus cash

Government's surplus cash is invested with four South African commercial banks, namely: Standard Bank, First National Bank, ABSA and Nedbank. As at 31 March 2023, the total surplus cash invested with the banks amounted to R120.5 billion (2021/22: R128.7 billion).

The risk that emanates from government's surplus cash investments with the banks is the possibility that as a result of these banks being in financial distress; government will not be able to access its deposits when needed.

The amount of government surplus cash invested with each of the four banks is based on government's risk assessment of each bank. The bank with the highest risk out of the four banks is allocated the lowest amount of surplus cash while the bank with the lowest risk is allocated the highest amount of surplus cash. As at 31 March 2023, the prescribed ratios for the investment of surplus cash with the four banks was 25 per cent for the each of the banks. The absolute limit of surplus cash to be invested with each bank is equal to 50 per cent of each bank's capital and reserves.

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).

On 18 November 2022, S&P affirmed South Africa's long term foreign and local currency debt ratings at 'BB-' & 'BB' and maintained the positive outlook. The agency highlighted that government's economic and fiscal reforms could improve the country's medium-term growth and debt trajectory. Also, higher-than-expected tax revenue, relative to the agency's expectations six months ago, will help to reduce the fiscal deficit as a proportion of GDP. However, on 8 March 2023, S&P revised South Africa's credit rating outlook back to stable from positive, citing that economic growth in South Africa is facing increasing pressure from infrastructure constraints, particularly severe electricity shortages.

On 25 November 2022, Fitch affirmed South Africa's long term foreign and local currency debt ratings at 'BB-' and maintained the stable outlook. The agency highlighted that the affirmation considered the recent over-performance of revenue and government's strong efforts to control expenditure which, if continued successfully, could bring about debt stabilisation. However, the agency assumed a substantial part of recent higher revenues to be temporary and saw public sector wage demands pointing to increased upward pressure on spending.

Moody's last credit rating action was on 1 April 2022. The agency affirmed the country's long term foreign and local currency debt ratings at 'Ba2' and revised the outlook to stable from negative. According to the agency, the

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key driver behind the outlook revision was the improved fiscal outlook that raised the likelihood of government's debt burden stabilising over the medium term. In addition, the agency highlighted that government had shown it was able to re-prioritise its spending while staying committed to fiscal consolidation, which Moody's expected would remain the case going forward.

Rating agencies remain concerned about South Africa's low economic growth (exacerbated by electricity shortages), 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, expected lower revenue collections, as well as the country's large debt burden, and the financially weak SOC sector remains a drain on public finances.

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 all Solicited CRAs

Rating Agency	Latest credit rating action	Action	LTFC ¹	LTLC ²	Outlook
Moody's	01 April 2022	Affirmation	Ba2	Ba2	Stable
Fitch	25 November 2022	Affirmation	BB-	BB-	Stable
S&P	08 March 2023	Affirmation	BB-	BB	Stable

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

52 Non-adjusting events after reporting date

In terms of section 22 of the 2023 Division of Revenue Act the approval for roll over was only received after 31 March 2023. 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 2023 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 R3,617billion. See breakdown below:

Province	2022/23	2021/22
<i>Audited 2022/23</i>		
North West	320 620	443 601
Western Cape	3 201	44 420
Gauteng	2 058 079	2 029 835
Eastern Cape	62 764	62 029
Kwazulu Natal	38 914	44 131
Mpumalanga	64 066	104 664
Free State	665 882	55 702
Northern Cape	98 181	102 105
<i>Preliminary 2022/23</i>		
Limpopo	179 787	359 758
	3 491 494	3 246 245

UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

FOR THE YEAR ENDED 31 MARCH 2023

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE (CY)

Note	Central Cluster 2022/23	Economic Cluster 2022/23	Financial Cluster 2022/23	Justice Cluster 2022/23	Social Cluster 2022/23
REVENUE					
1	134 603 330	205 420 316	77 833 979	214 823 173	471 399 907
2	479 413	12 034	586 581 868	3 645 624	20 808 850
3	280 671	944 905	8 823 526	3 710 633	1 581 455
4	4 642	241 797	36 426	30 847	1 166 932
	135 368 056	206 619 052	673 275 799	222 210 277	494 957 144
EXPENDITURE					
Current expenditure					
5	6 624 081	11 634 323	3 541 056	152 976 554	14 121 004
6	7 875 828	12 722 620	3 660 371	47 809 334	7 663 515
7	142 204	87 595	16	4 293	39 773
4	8 452	68 681	18 058	26 719	872 979
	14 650 565	24 513 219	7 219 501	200 816 900	22 697 271
Transfers and subsidies					
9	115 330 629	145 934 605	615 978 996	11 390 292	458 054 784
4	4 642	15 608			98 063
	115 335 271	145 950 213	615 978 996	11 390 292	458 152 847
Expenditure for capital assets					
10	275 781	5 552 734	381 018	6 554 915	3 140 682
10	92 207	70 545	4 970	540 132	29 588
	367 988	5 623 279	385 988	7 095 047	3 170 270
11					
8	24 350	26 163 351	40 835 677	153 057	341 381
	130 378 174	202 250 062	664 420 162	219 455 296	484 361 769
	4 989 882	4 368 990	8 855 637	2 754 981	10 595 375
Reconciliation of Net Surplus/(Deficit) for the year					
	4 717 796	3 278 099	13 743	956 717	8 825 987
	4 339 144	3 267 607	877 316	1 111 268	8 825 987
	421 375				
19	280 671	944 905	8 823 526	3 710 633	1 581 455
4	8 585	145 986	18 368	1 065	187 933
	4 989 882	4 368 990	8 855 637	2 754 981	10 595 375

UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CY)

	Note	Central Cluster 2022/23	Economic Cluster 2022/23	Financial Cluster 2022/23	Justice Cluster 2022/23	Social Cluster 2022/23
Assets						
Current Assets		5 824 501	3 159 383	1 106 829	13 012 191	9 732 022
Unauthorised expenditure	11	5 294 380	2 817 763	899 846	7 594 495	8 177 455
Cash and cash equivalents	12	9 538	724			
Other financial assets	13	44 831	203 919	102 718	636 275	496 358
Prepayments and advances	14	467 167	107 525	104 265	4 781 421	982 400
Receivables	16		869			319
Loans	4					
Aid assistance prepayments	4	8 585	28 583			75 490
Aid assistance receivable	4					
Non-Current Assets		357 276	27 166 294	375 030 411	1 383 699	983 375
Investments	15		27 038 867	374 989 389	179 156	
Prepayments and advances	13	302 219	1 250	17 686	8 510	6 337
Receivables	14		97 887	23 336	1 196 033	977 038
Loans	16		27 658			
Other financial assets	12	55 057	632			
TOTAL ASSETS		6 181 777	30 325 677	376 137 240	14 395 890	10 715 397
LIABILITIES						
Current Liabilities		6 015 549	5 201 415	2 131 220	6 848 647	24 995 190
Voted funds to be surrendered to the Revenue Fund	18	4 502 260	1 049 180	720 174	1 009 437	8 579 476
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	19	269 271	78 827	9 859	1 673 257	378 262
Bank overdraft	20	447 120	796 798	1 014 810	3 760 789	15 375 447
Payables	21	796 898	3 115 454	184 295	368 700	455 649
Aid assistance repayable	4		141 641	6 978	44	170 219
Aid assistance unutilised	4		19 515	195 104	36 508	36 137
Non-Current Liabilities						
Payables	22	531 475	173		3 872	768 176
TOTAL LIABILITIES		6 547 024	5 201 588	2 131 220	6 852 519	25 763 366
NET ASSETS		- 365 247	25 124 089	374 006 020	7 543 371	-15 047 969
Represented by:						
Capitalisation reserve			27 066 257	374 989 389	71 992	319
Recoverable revenue		6 812	93 431	9 989	839 770	104 409
Retained funds		737 338			9 633 454	252
Revaluation reserves						
Unauthorised Expenditure		-1 109 397	- 2 035 599	- 993 358	- 3 001 845	- 15 152 949
TOTAL		- 365 247	25 124 089	374 006 020	7 543 371	- 15 047 969

UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

FOR THE YEAR ENDED 31 MARCH 2023

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE (PY)

	Note	Central Cluster 2021/22	Economic Cluster 2021/22	Financial Cluster 2021/22	Justice Cluster 2021/22	Social Cluster 2021/22
Statement of Financial Performance						
REVENUE						
Annual appropriation	1	120 708 151	172 083 705	106 684 301	206 507 639	444 578 552
Statutory appropriation	2	479 252	11 602	562 557 739	3 514 910	19 011 610
Departmental revenue	3	126 386	775 261	5 518 497	3 098 267	594 262
NRF Receipts						
Aid assistance	4	23 214	302 804	559 260	33 738	1 574 688
TOTAL REVENUE		121 337 003	173 173 372	675 319 797	213 154 554	465 759 112
EXPENDITURE						
Current expenditure						
Compensation of employees	5	6 413 155	11 205 336	3 469 490	147 866 110	13 014 269
Goods and services	6	6 818 098	10 910 742	4 297 004	44 296 866	13 432 069
Interest and rent on land	7	125 562	147 574	4	77 262	41 398
Aid assistance	4	340	15 729	492 141	33 005	1 042 361
Total current expenditure		13 357 155	22 279 381	8 258 639	192 273 243	27 530 097
Transfers and subsidies						
Transfers and subsidies	9	103 808 184	137 552 091	587 594 726	10 529 873	430 231 383
Aid assistance	4		167 256			70 500
Total transfers and subsidies		103 808 184	137 719 347	587 594 726	10 529 873	430 301 883
Expenditure for capital assets						
Tangible assets	10	188 401	4 685 465	570 988	6 133 473	2 899 863
Intangible assets	10	1 671	54 794	827	302 049	39 995
Total expenditure for capital assets		190 072	4 740 259	571 815	6 435 522	2 939 858
Unauthorised expenditure approved without funding	11					
Payments for financial assets		110 436	6 681	71 455 280	128 623	26 247
TOTAL EXPENDITURE		117 465 847	164 745 668	667 880 460	209 367 261	460 798 085
SURPLUS/(DEFICIT) FOR THE YEAR		3 871 156	8 427 704	7 439 337	3 787 293	4 961 027
Reconciliation of Net Surplus/(Deficit) for the year						
Voted Funds		3 722 177	7 537 578	1 853 845	689 807	3 908 069
- Annual appropriation		3 647 314	7 529 348	1 919 231	1 726 465	3 908 069
- Conditional grants		120 417				
Departmental revenue and NRF Receipts	19	126 386	775 261	5 518 497	3 098 267	594 262
Aid assistance	4	22 593	114 865	66 995	781	458 696
SURPLUS/(DEFICIT) FOR THE YEAR		3 871 156	8 427 704	7 439 337	3 787 293	4 961 027

UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

FOR THE YEAR ENDED 31 MARCH 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (PY)

Statement of Financial Position	Central Cluster 2021/22	Economic Cluster 2021/22	Financial Cluster 2021/22	Justice Cluster 2021/22	Social Cluster 2021/22
ASSETS	4 170 166	6 721 903	853 731	15 394 511	3 893 799
Current Assets					
Unauthorised expenditure	3 724 901	6 297 715	754 401	10 965 039	2 055 616
Cash and cash equivalents	14 978	216			
Other financial assets	52 029	283 506	47 632	508 542	554 028
Prepayments and advances	378 258	124 779	51 698	3 920 930	1 215 181
Receivables		881			1 218
Loans					
Aid assistance prepayments		14 806			67 756
Aid assistance receivable					
Non-Current Assets	355 106	27 157 099	335 153 103	1 557 129	1 344 046
Investments		27 038 867	335 129 830	179 156	
Prepayments and advances		274			2 954
Receivables	310 884	88 645	23 273	1 377 973	1 340 296
Loans		27 957			796
Other financial assets	44 222	1 356			
TOTAL ASSETS	4 525 272	33 879 002	336 006 834	16 951 640	5 237 845
LIABILITIES					
Current Liabilities	4 518 191	8 788 616	1 068 547	7 024 727	19 132 839
Voted funds to be surrendered to the Revenue Fund	3 557 916	7 492 696	- 16 344 995	2 029 898	- 54 341
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	169 606	30 098	7 123	2 112 146	108 397
Bank overdraft	216 602	730 528	16 879 544	2 430 424	16 147 134
Payables	551 474	439 764	283 320	419 408	2 445 827
Aid assistance repayable		81 938	59 841	- 44	485 039
Aid assistance unutilised	22 593	13 592	183 714	32 895	783
Non-Current Liabilities					
Payables	530 140	95		2 558	1 177 478
TOTAL LIABILITIES	5 048 331	8 788 711	1 068 547	7 027 285	20 310 317
NET ASSETS	- 523 059	25 090 291	334 938 287	9 924 355	- 15 072 472
Represented by:					
Capitalisation reserve		27 066 257	335 129 830	71 992	2 014
Recoverable revenue	9 128	59 633	8 988	952 058	78 211
Retained funds	578 873			8 907 013	252
Revaluation reserves	- 1 663				
Unauthorised Expenditure	- 1 109 397	- 2 035 599	- 200 531	- 6 708	- 15 152 949
TOTAL	- 523 059	25 090 291	334 938 287	9 924 355	- 15 072 472

ANNEXURES: NAMES OF GOVERNMENT DEPARTMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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
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

2023 CFS

**CONSOLIDATED
FINANCIAL STATEMENTS**

for the year ended 31 March 2023

**REVIEW OF
OPERATING RESULTS**



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

REVIEW OF OPERATING RESULTS

FOR THE YEAR ENDED 31 MARCH 2023

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 GRAP35: Consolidated 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 28 March 2023. 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.

REVIEW OF OPERATING RESULTS

FOR THE YEAR ENDED 31 MARCH 2023

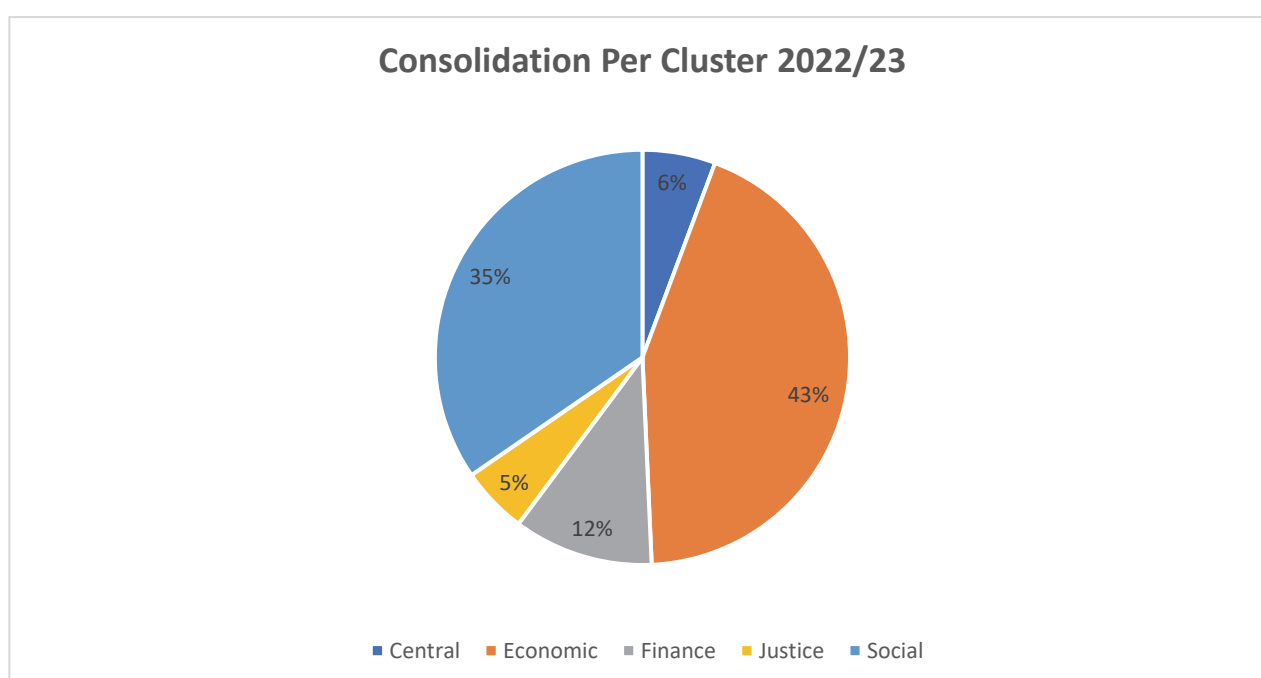
The following is a statistical consolidation summary:

	Actual 2022/23		Actual 2021/22	
	Listed entities	Non Listed entities	Listed entities	Non Listed entities
Total Entities	197	20	206	13
Consolidated	188	20	200	11
Not consolidated	9	0	6	2

In 2022/23, a total of 208 entities were consolidated, please refer to Annexure A. Of the total entities consolidated, a total of 188 (95%) of listed entities are consolidated. The total number of listed consolidated entities in the current year is 2% less than that of the previous where 200 of the listed entities were consolidated. A total of 20 (100%) non listed entities were consolidated in 2022/23.

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 (43%) of total number of entities consolidated, followed by the Social Services cluster (35%), Finance Services cluster (11%), 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 2022/23 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

REVIEW OF OPERATING RESULTS

FOR THE YEAR ENDED 31 MARCH 2023

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 2023
- **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 11.48% from R697 billion in 2021/22 to R777 billion in 2022/23. 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 10.48%.

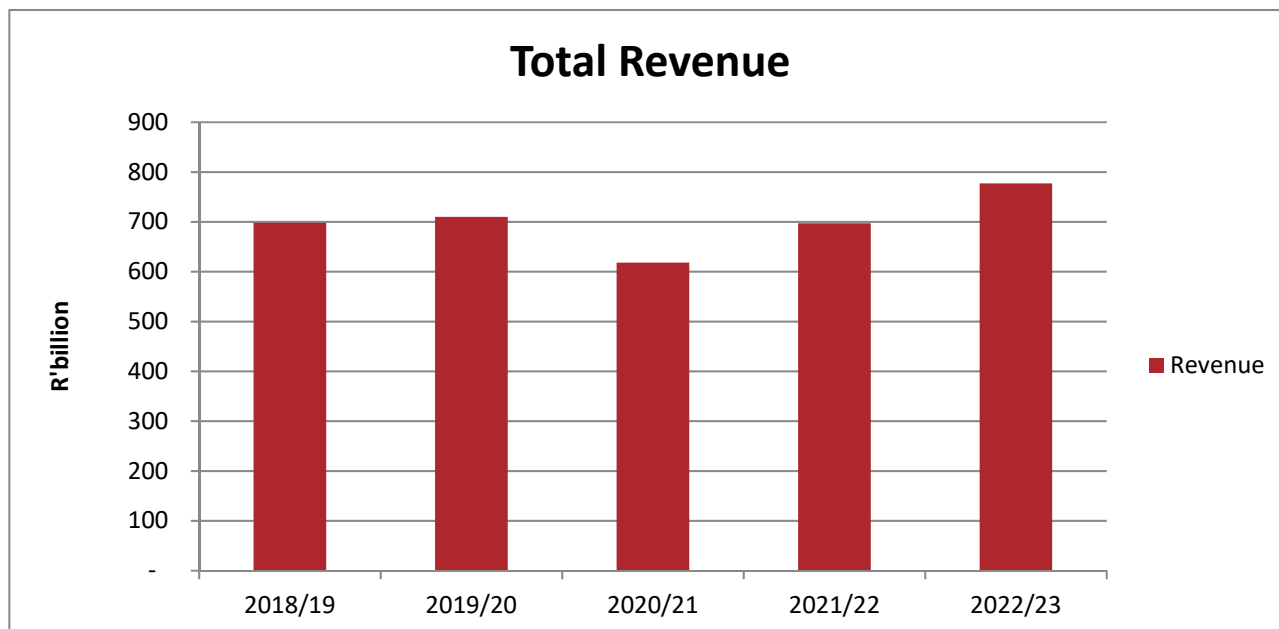
Exchange revenue for both 2022/23 and 2021/22 constitutes 75% of total revenue. The major drivers of exchange revenue are sale of goods and rendering of services, interest earned from external investments and other income. Sale of goods and rendering of services constitutes 85% of exchange revenue and 64% of total revenue in the current year.

Revenue	Actual 2022/23 R'million	Actual 2021/22 R'million
Revenue from non-exchange transactions		
Government grants and subsidies	93 485	86 954
Public contributions and donations	524	590
Transfers and Sponsorships	8 796	7 483
Fines and Penalties	348	219
Legislative and Oversight functions	81 701	72 101
Taxation revenue	8 561	7 699
Licences and permits	590	526
	194 004	175 573
Revenue from exchange transactions		
Sale of Goods & Rendering of Services	495 321	460 035
Rental of facilities and equipment	7 885	6 660
Interest earned - external investments	57 160	37 380
Interest earned - outstanding receivables	3 846	2 659
Other income	17 974	13 873
Licences and permits	1 113	526
	583 299	521 707
TOTAL REVENUE	777 306	697 280

REVIEW OF OPERATING RESULTS

FOR THE YEAR ENDED 31 MARCH 2023

Total Revenue



Growth in revenue has remained relatively stable for the past years, with a growth of 12.8% in the previous year and growth of 11.5% in the current year. The finance cluster is the major driver of revenue making up 51% of total revenue followed by the economic cluster making up 36% of total revenue. Approximately 66% of the revenue generated from the finance cluster is through Eskom with total revenue of R265 billion. In 2022/23 financial year, RAF, CEF (Ltd), IDC and SANRAL collectively contributed 45% of the revenue within economic cluster. These entities derive revenue through exchange and non-exchange transactions.

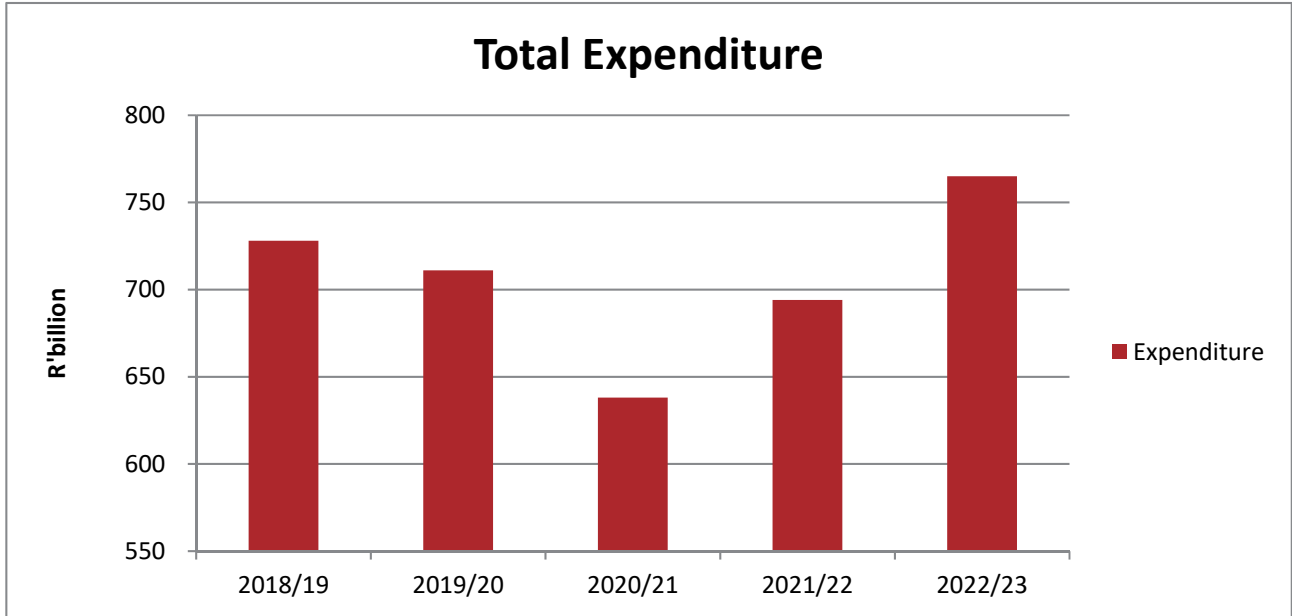
Total expenditure

Analysis of total expenditure	Actual 2022/23 R'million	Actual 2021/22 R'million
Employee related costs	144 120	142 439
Repairs and maintenance	34 187	26 181
Depreciation and amortisation expense	75 655	68 733
Contracted services	7 531	7 035
Grants and subsidies paid	20 566	22 717
Finance costs	85 682	70 257
General expenses	392 510	351 980
Bad debts	4 307	3 937
Non Profit institutions and donor project expenses	623	564
Total expenditure	765 182	693 842

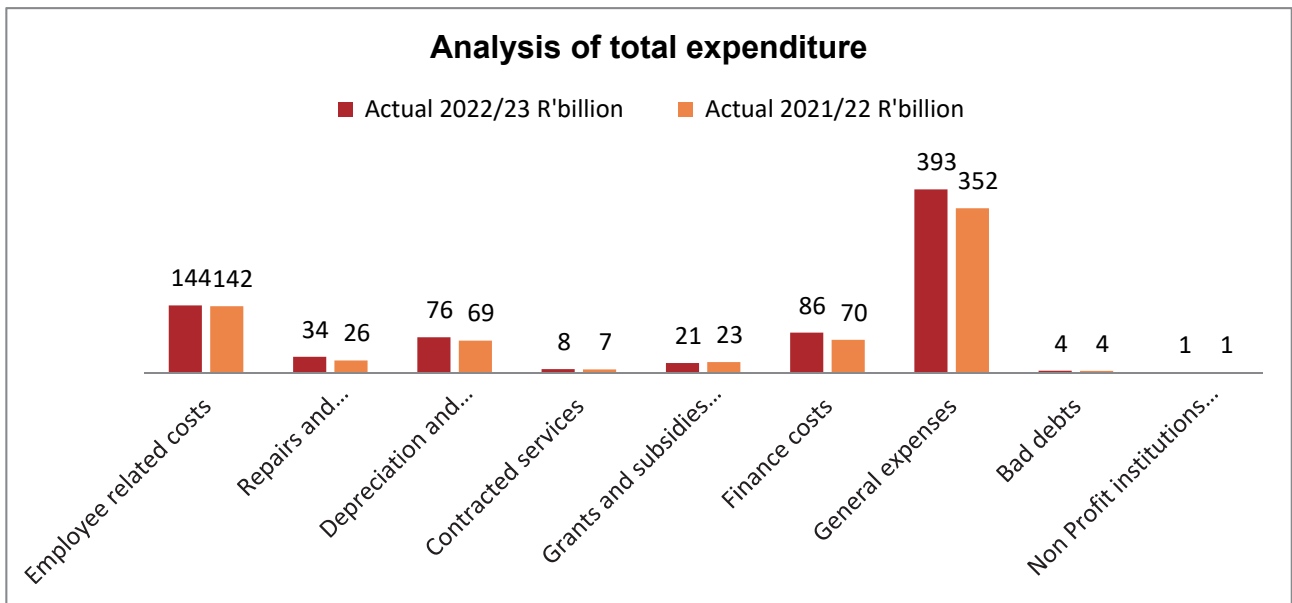
REVIEW OF OPERATING RESULTS

FOR THE YEAR ENDED 31 MARCH 2023

Total expenditure



Analysis of Total expenditure



Total expenditure amounted to R765 billion for the current year which is a R71 billion increase from the prior year's total of R694 billion. The economic cluster and the finance cluster accounts for 30% and 59% of total expenditure, respectively.

Employee related costs and general expenses account for 70% of total expenditure; with general expenses at 51% and employee related costs at 19% of total expenditure. The main expenditure items under general expenses are cost of sales (57%) and administration fees (13%).

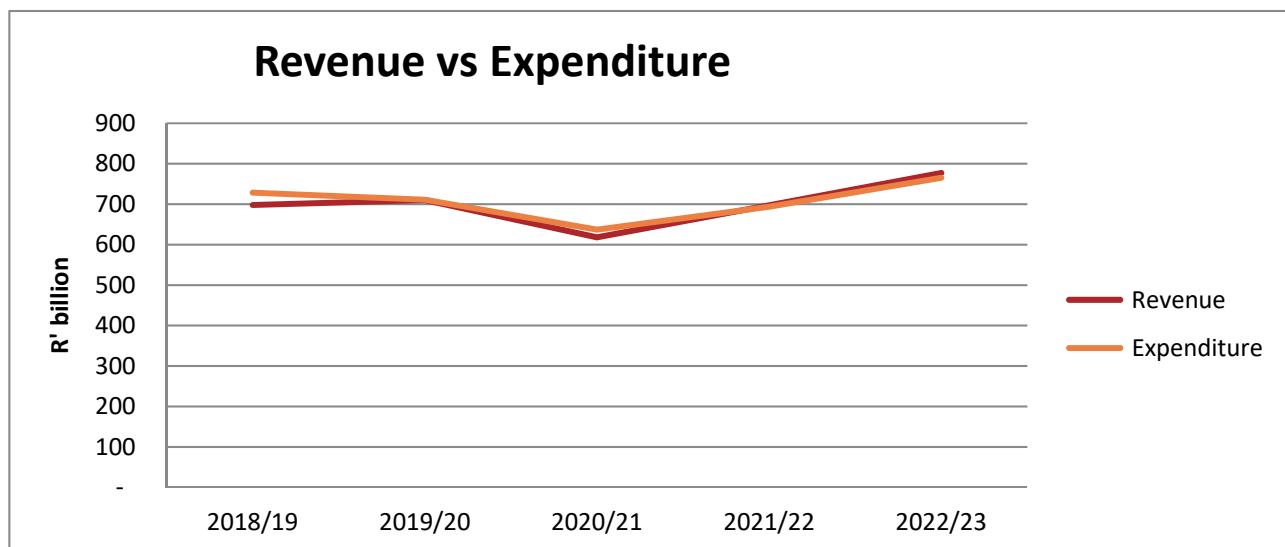
The table below shows a comparative of revenue, expenditure and the resultant surplus or (deficit) for the last five financial years.

REVIEW OF OPERATING RESULTS

FOR THE YEAR ENDED 31 MARCH 2023

Revenue vs. Expenditure R'million	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22	Actual 2022/23
Revenue	697 992	710 345	618 610	697 280	777 306
Expenditure	728 527	711 259	637 750	693 842	765 182
Surplus/(Deficit) from operations	(30 535)	(914)	(19 140)	3 439	12 123

Revenue vs. Expenditure



A surplus from operations has increased from R3 billion in the previous year to a surplus of R12 billion. The increase is due to revenue in the current year increasing slightly more than the increase in the current year expenditure. The entities' major revenue comes from sale of goods & rendering of services contributing 64% of the total revenue. The number of loss-making entities have increased with a slight decrease in 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 Schedule 1	2022/23 R'000	2021/22 R'000	Movement in Loss R'000
Pan South African Language Board	(22 579)	(24 314)	1 735
	(22 579)	(24 314)	1 735

Name of Entity Schedule 2	2022/23 R'000	2021/22 R'000	Movement in Loss R'000
Air Traffic and Navigation Services Company Limited	(41 817)	(378 226)	336 409
Airports Company of South Africa Ltd	(142 479)	(1 002 359)	859 880
Broadband Infracore	(121 144)	(119 839)	(1 305)
ESKOM*	(21 759 957)	(11 925 274)	(9 834 683)
South African Broadcasting Corporation Limited	(1 127 657)	(200 784)	(926 873)
South African Post Office Limited	(2 161 781)	(2 234 851)	73 070
Telkom SA Limited	(4 002 615)	1 094 751	(5 097 366)
Transnet Limited	(5 675 598)	5 047 773	(10 723 371)
	(35 033 048)	(9 718 845)	(25 314 203)

REVIEW OF OPERATING RESULTS

FOR THE YEAR ENDED 31 MARCH 2023

Name of Entity Schedule 3A	2022/23	2021/22	Movement in Loss
	R'000	R'000	R'000
National Youth Development Agency	(378 069)	430 132	(808 201)
Agrément South Africa	(3 166)	5 595	(8 761)
Council for Geoscience	(87 770)	(15 096)	(72 674)
Marine Living Resources Fund	(71)	(17 781)	17 710
National Electronic Media Institute of South Africa	(1 318)	13 549	(14 867)
National Empowerment Fund	(344 997)	1 219 322	(1 564 319)
National Energy Regulator of South Africa	(40 055)	(3 250)	(36 805)
National Metrology Institute of South Africa	(29 385)	35 415	(64 800)
National Regulator for Compulsory Specifications	(79 853)	4 189	(84 042)
Ports Regulator of South Africa	(4 752)	6 772	(11 524)
Road Accident Fund	(8 428 661)	428 494	(8 857 155)
South African Tourism	(10 650)	118 645	(129 295)
Universal Service and Access Agency of South Africa	(114 451)	98 589	(213 040)
Brand SA	(812)	10 631	(11 443)
Film and Publication Board	(918)	4 397	(5 315)
Media Development Diversity Agency	(23 201)	(15 336)	(7 865)
Takeover Regulation Panel	(563)	5 733	(6 296)
Financial Sector Conduct Authority	(7 835)	(4 995)	(2 840)
Agricultural Sector Education and Training Authority	(92 103)	16 834	(108 937)
Banking Sector Education and Training Authority	(93 402)	95 161	(188 563)
Boxing South Africa	(77)	(1 208)	1 131
Council on Higher Education	(16 436)	4 376	(20 812)
Die Afrikaanse Taal Museum	(167)	2 123	(2 290)
Ditsong: Museums of Africa	(18 664)	(2 945)	(15 719)
Freedom Park Trust	(240 502)	(265 573)	25 071
Health and Welfare Sector Education and Training Authority	(2 267)	(199 376)	197 109
Kwa-Zulu Natal Museum	(1 571)	(1 136)	(435)
Market Theatre Foundation	(1 206)	11 547	(12 753)
Mining Qualifications Authority	(18 765)	39 865	(58 630)
National Arts Council of South Africa	(3 616)	(16 297)	12 681
National Development Agency	(23 845)	45 430	(69 275)
National Economic Development and Labour Council	(5 416)	4 574	(9 990)
Playhouse Company	(8 481)	(10 096)	1 615
Productivity SA	(10 602)	3 650	(14 252)
Supported Employment Enterprises	(16 518)	(20 500)	3 982
South African Institute for Drug-Free Sport	(9 110)	3 870	(12 980)
South African State Theatre	(7 438)	10 074	(17 512)
Transport Education and Training Authority	(23 273)	(104 231)	80 958
Wholesale and Retail Sector Education and Training Authority	(41 850)	138 479	(180 329)
William Humphreys Art Gallery	(108)	298	(406)
Office of Health Standards Compliance	(26 365)	11 045	(37 410)
Human Sciences Research Council	(660)	46 148	(46 808)
	(10 218 969)	2 137 117	(12 356 086)

REVIEW OF OPERATING RESULTS

FOR THE YEAR ENDED 31 MARCH 2023

Name of Entity Schedule 3B	2022/23 R'000	2022/21 R'000	Movement in Loss R'000
Amatola Water Board*	(193 790)	(180 797)	(12 993)
Export Credit Insurance Corporation of South Africa Limited	(1 536 012)	334 343	(1 870 355)
Overberg Water*	(16 824)	(747)	(16 077)
Passenger Rail Agency of South Africa*	(2 875 516)	7 370 433	(10 245 949)
Sentech Limited	(135 918)	118 390	(254 308)
	(4 758 060)	7 641 622	(12 399 682)

Name of Entity Unlisted	2022/23 R'000	2022/21 R'000	Movement in Loss R'000
Municipal Infrastructure Support Agency	(162 045)	71 985	(234 030)
Property Management Trading Entity	(1 538 096)	(1 596 512)	58 416
Equalisation Fund*	(263 095)	992 903	(1 255 998)
South African Postbank SOC Ltd	(2 001 474)	304 537	(2 306 011)
Commission on Restitution of Land Rights	(74)	(140)	66
Government Pensions Administration Agency	(47 167)	(62 029)	14 862
Government Printing Works*	(39 059)	222 002	(261 061)
Amazwi South African Museum of Literature	(2 143)	112	(2 255)
	(4 053 153)	(67 142)	(3 986 011)

*Public Entities with unaudited financial information

Loss/deficit making public entities accounts for 30% (26% in 2021/22) of entities consolidated while profit/surplus making entities accounts for 70% of the consolidated entities in the current year. Eskom had the highest loss with R21.7 billion in the current year from a loss of R11.9 billion in the 2021/22 financial year. This was mainly attributable to an increase of R24 billion in their general expenses particularly the cost of sales. There were 38 entities that had a surplus in the prior year and incurred a deficit in the current year of which Transnet made the biggest move from a surplus of R5.047 billion 2021/22, to a deficit of R5.6 billion in the current year.

FINANCIAL POSITION

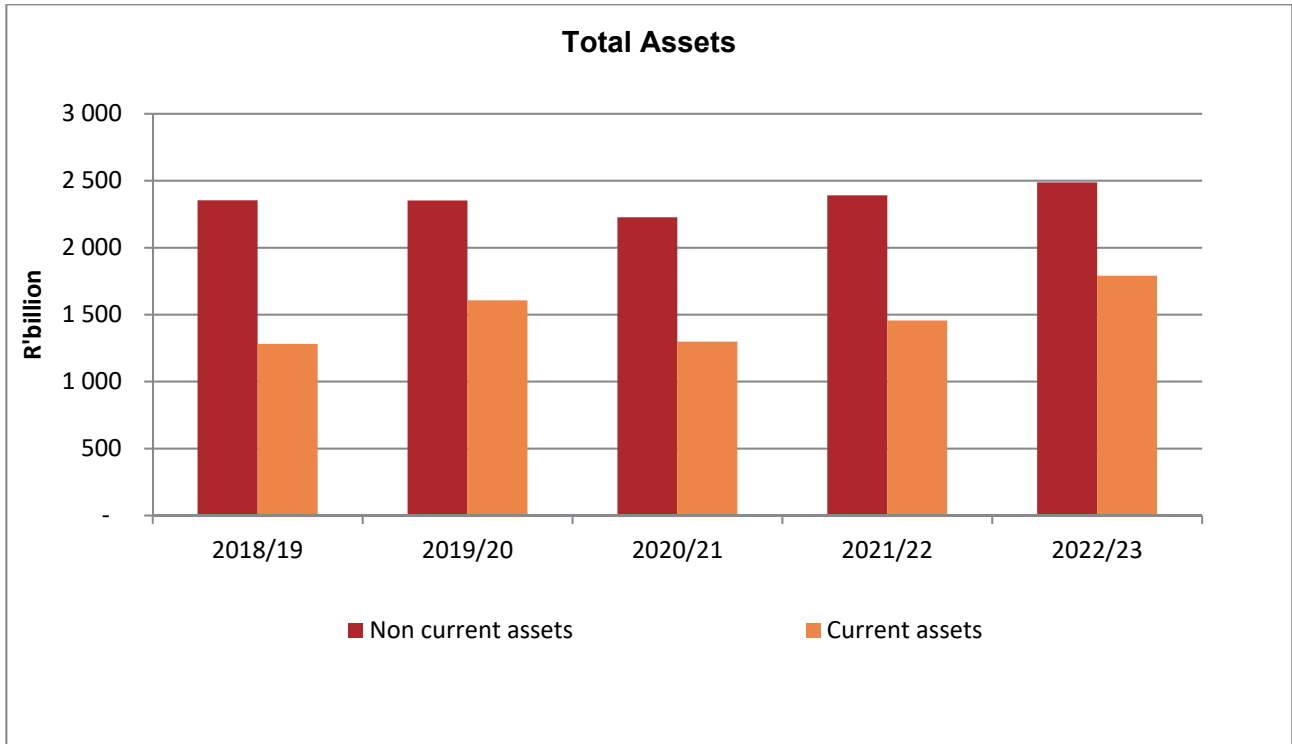
Total assets

Assets R'million	2022/23 R' million	2021/22 R' million
Non-current assets	2 487 744	2 390 132
Current assets	1 790 248	1 455 973
Total Assets	4 277 992	3 846 106

Total assets increased by R432 billion to R4.277 trillion (2021/22: R3.846 trillion) in the current year. This significant increase is mainly attributable to an increase in other current financial as well as deferred tax assets.

REVIEW OF OPERATING RESULTS

FOR THE YEAR ENDED 31 MARCH 2023



Non-current assets constitute 58% (R2.487 trillion) of total assets in the current financial year. The significant contributors of non-current assets are Eskom (R720 billion), SANRAL (R594 billion) and Transnet (R360 billion). The three entities combined contribute 67% of the total non-current assets. In addition, SARB (R1.190 trillion) and Eskom (R125 billion) significantly contributed towards current assets. The two entities combined contribute 73% of the total current assets.

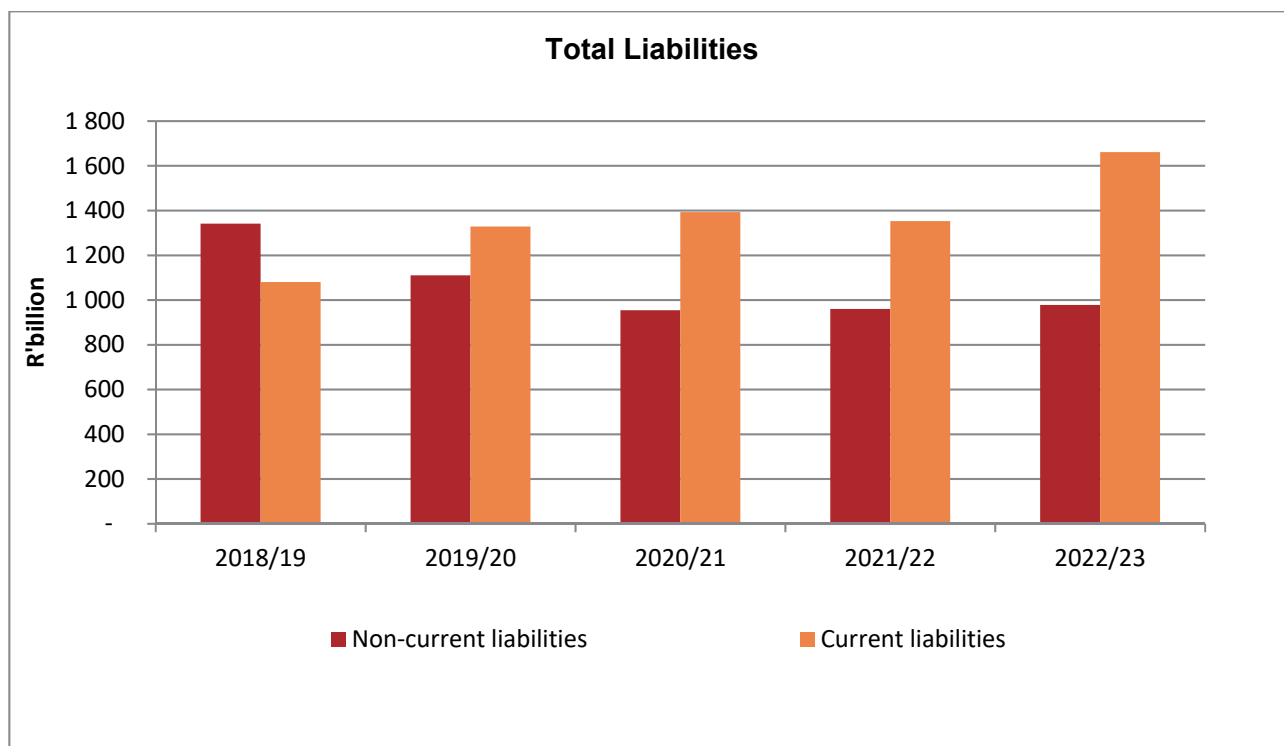
Total liabilities

Liabilities R'million	2022/23 R' million	2021/22 R' million
Non-current liabilities	977 779	960 180
Current liabilities	1 661 132	1 352 947
Total liabilities	2 638 911	2 313 127

Total liabilities increased by R325 billion to R2.638 trillion (2021/22: 2.313 trillion) in the current year. This is attributable to a 26% increase in other current financial liabilities, 11% increase in non-current deferred income, 15% increase in Trade and other payables from exchange transactions and 11% increase in Current portion of long-term borrowings. Current liabilities constitute 63% (2021/22: 58%) of total liabilities in the current year. SARB and Eskom combined contributed a significant 70% (R1.834 trillion) to total liabilities.

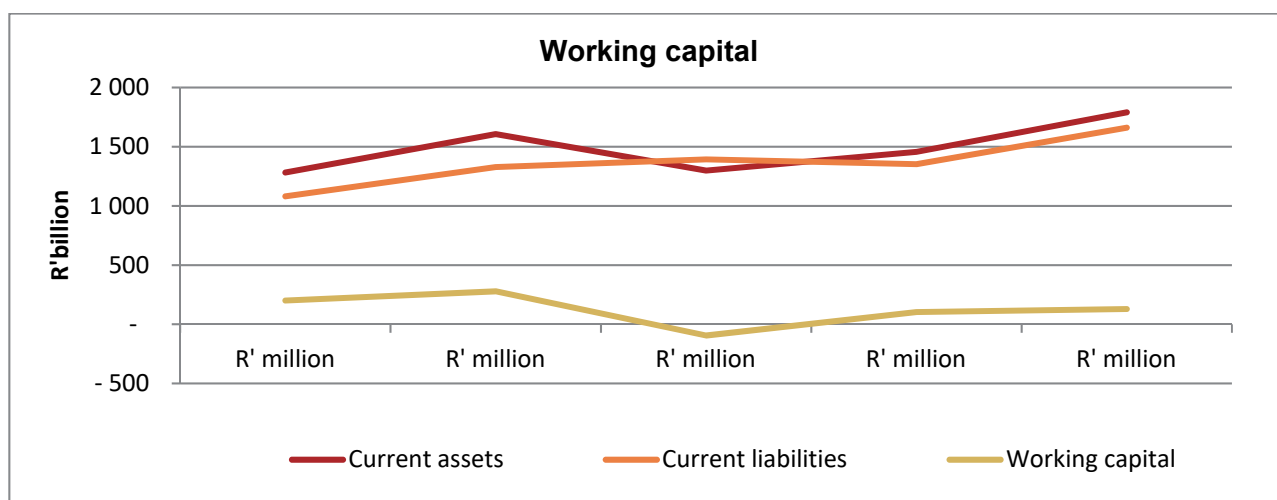
REVIEW OF OPERATING RESULTS

FOR THE YEAR ENDED 31 MARCH 2023



WORKING CAPITAL

Working Capital R'million	2018/19 R' million	2019/20 R' million	2020/21 R' million	2021/22 R' million	2022/23 R' million
Current assets	1 281 698	1 606 876	1 298 187	1 455 973	1 790 248
Current liabilities	1 080 575	1 328 336	1 392 901	1 352 947	1 661 132
Working capital	201 123	278 540	(94 714)	103 026	129 116



The working capital graph indicates 25% increase in liquidity for the 2022/23 financial year. This is a positive move due to current assets exceeding current liabilities by R129 billion, indicating that entities will be able to meet their current obligations.

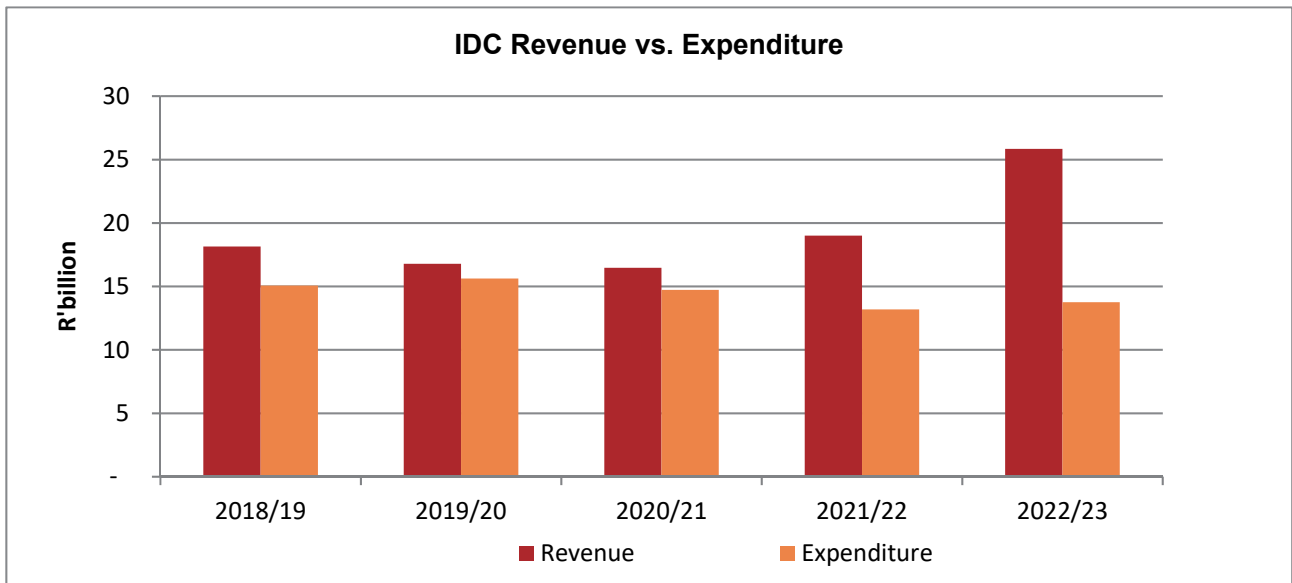
REVIEW OF OPERATING RESULTS

FOR THE YEAR ENDED 31 MARCH 2023

IDC

The Industrial Development Corporation of South Africa Limited (IDC) was established in 1940 through an Act of Parliament (Industrial Development Corporation Act No 22 of 1940) and is fully owned by the South African government. Since its establishment, the corporation has been instrumental in implementing South Africa’s industrial development policy, establishing some of the industries that have since become cornerstones of the country’s manufacturing sector. These include the petrol-chemicals, mining and mineral beneficiation industries, fabricated metals, agro-industries, and clothing and textiles among others. The IDC remains committed to its objectives of developing South Africa and the continent’s industrial capacity and, in doing so, playing a major role in facilitating job creation.

IDC Summary R' million	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22	Actual 2022/23
Revenue	18 144	16 780	16 467	19 005	25 839
Expenditure	15 062	15 614	14 730	13 190	13 754
Surplus/(Deficit) from Operations	3 082	1 166	1 737	5 815	12 085



In 2022/23 IDC generated a total revenue of R25 billion which increased by 36% from the 2021/22 financial year. Revenue from sale of goods & rendering of services increased by 30% compared to a 59% increase in 2021/2022. This is mainly due to a decline in sales volume and revenue earned from contracts with customers, resulting from ongoing infrastructure-related constraints in particular the electricity supply shortages that have resulted in far more regular and intensive periods of loadshedding, constraints on the rail network and bottlenecks at ports. These factors, with escalating production costs and consumer prices, have had a profound impact on economic activity, curtailing production and export volumes, while also affecting household expenditure and being major deterrents to fixed investment activity.

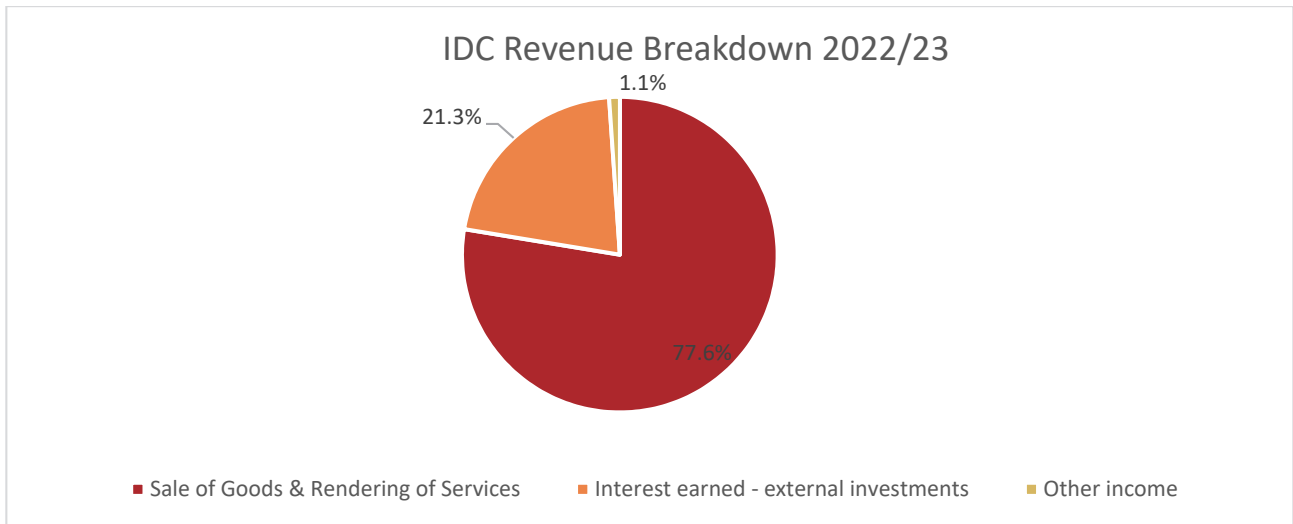
Nevertheless, IDC recognized an operating surplus of R12 billion (108% increase) from an operating surplus of R5.8 billion in the prior year, driven mostly by the significant increase in revenue attributable to the increase in interest income and improved performance of subsidiaries. Interest from external investments increased by 70% to R5.5 billion (2021/22: R3.2 billion) due to the increase in financial assets, in particular interest from loans and advances, encouraged by new business and an increase in the IDC loan book, as well as the elevated interest rate hikes.

REVIEW OF OPERATING RESULTS

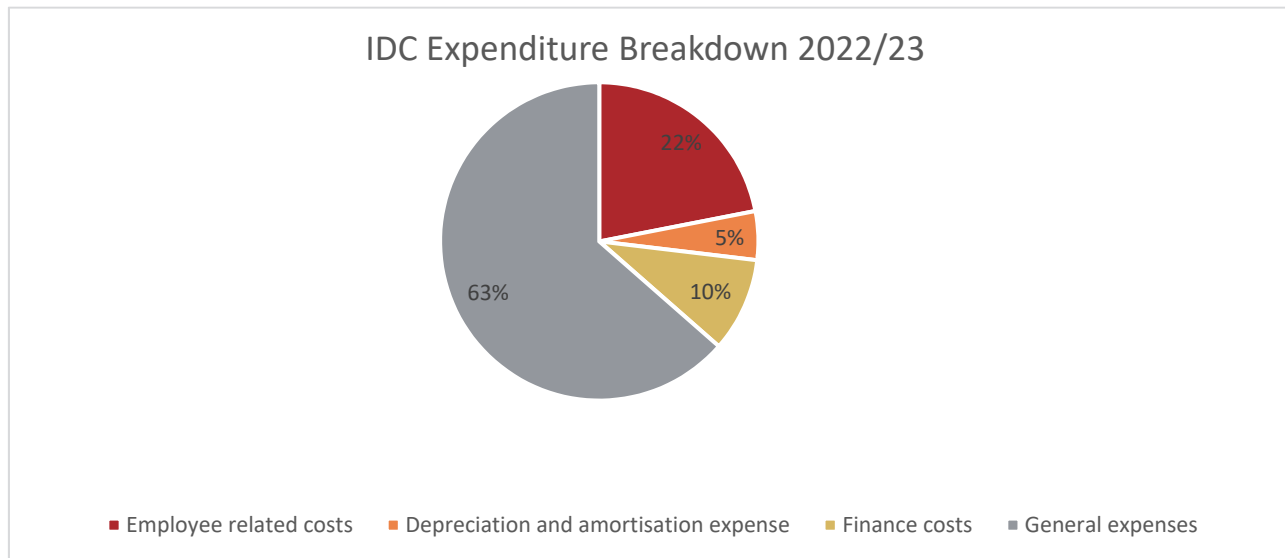
FOR THE YEAR ENDED 31 MARCH 2023

The key focus sectors for the IDC, particularly manufacturing and mining, continue to face difficult operating and trading conditions, however areas such as renewable energy generation and transmission and specific agricultural sub-sectors are continuing to perform well.

Expenditure increased by 4% to R13.7 billion (2021/22: R13.1 billion) in the current year. The increase is mainly attributable to the marginal increase in general expenses, depreciation and amortisation expenses, and employee related costs. Finance costs decreased by 48% to R1.3 billion (2021/22: R2.5 billion) in the current year.



The sale of goods & rendering of services are the biggest contributor of revenue, contributing 77.6% of the total revenue, whilst interest earned from external investments and other income makes up the remaining 22.4%.

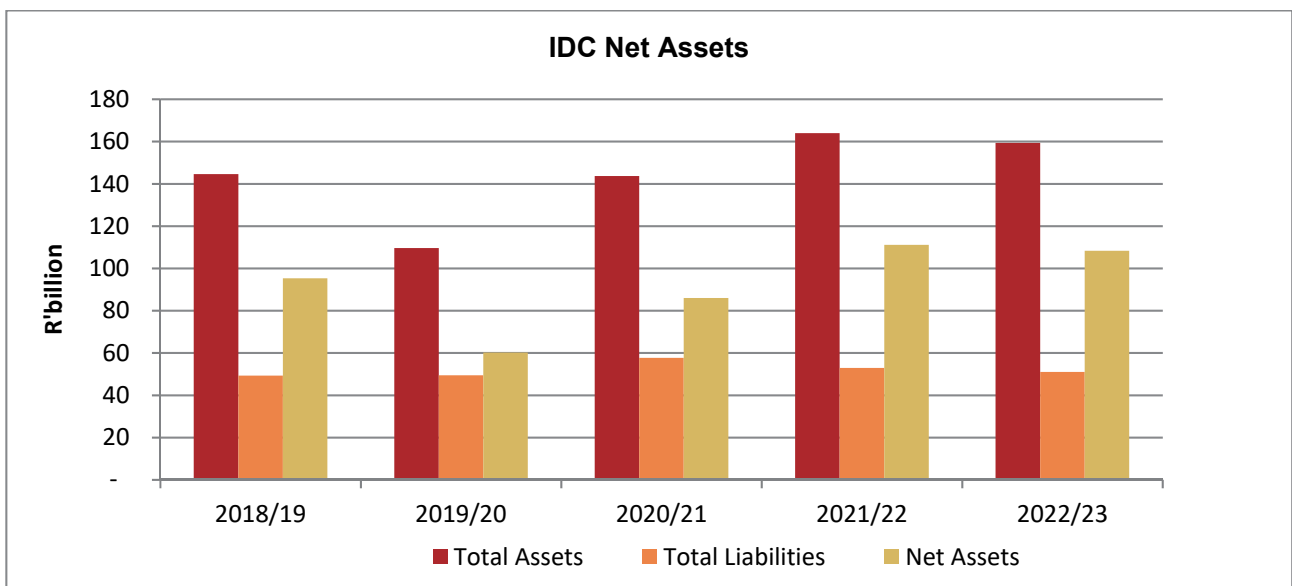


REVIEW OF OPERATING RESULTS

FOR THE YEAR ENDED 31 MARCH 2023

General expenses are the biggest contributor of expenditure, contributing 63% of the total expenditure. Included in general expenses is the operating expenses of IDC which include repairs and maintenance, expected credit losses, as well as cost of sales, and contributed 99.7% of general expenditure. Other costs included in total expenditure are employee costs, which contributed 22%, whilst depreciation costs accounted for 5% and finance costs 10%.

IDC Summary R' million	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22	Actual 2022/23
Total Assets	144 607	109 631	143 712	164 002	159 323
Total Liabilities	49 304	49 441	57 695	52 890	51 023
Net Assets	95 303	60 190	86 017	111 112	108 300

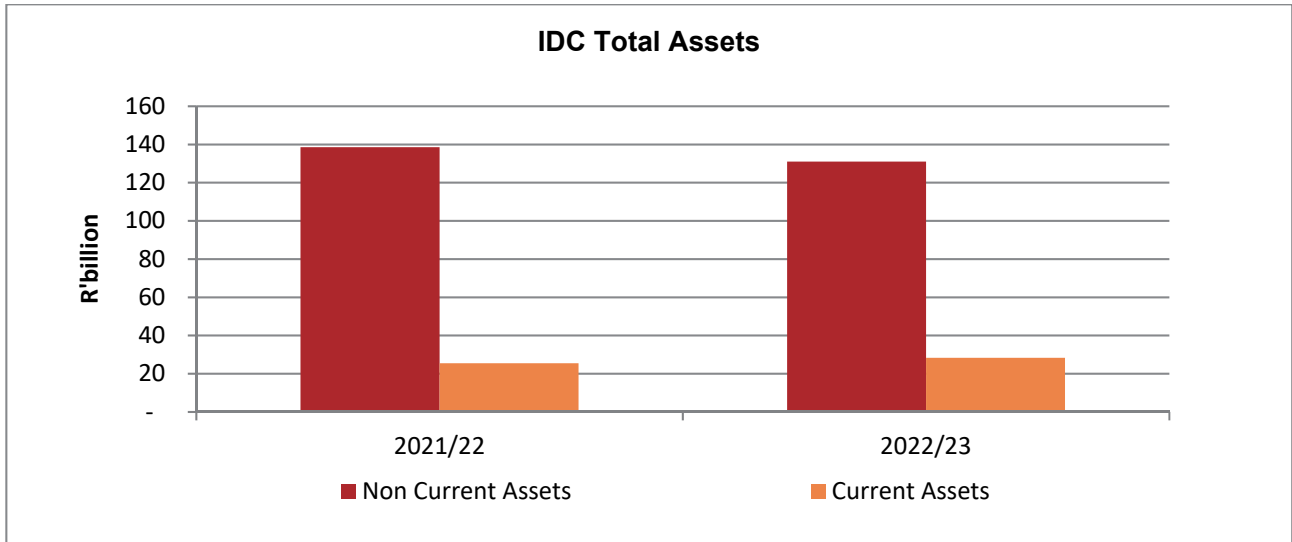


The net assets value of IDC has remained positive with a slight decrease of 3% to R108 billion (2021/22: R111 billion) in the current year. There was a decrease in both total assets and total liabilities of 3% and 4% respectively in 2022/23. IDC reported total assets of R159 billion and total liabilities of R51 billion in the current period under review. The decrease in total assets is largely attributable to a decrease in the fair values of both listed and unlisted investments. The decrease in total liabilities is largely driven by repayments to public bonds and foreign loans and a drawdown from existing committed facilities. Debt repayments were strategically made to reduce cost of debt and this strategy prompted lenders to renegotiate cost of debt reduction instead of debt repayment.

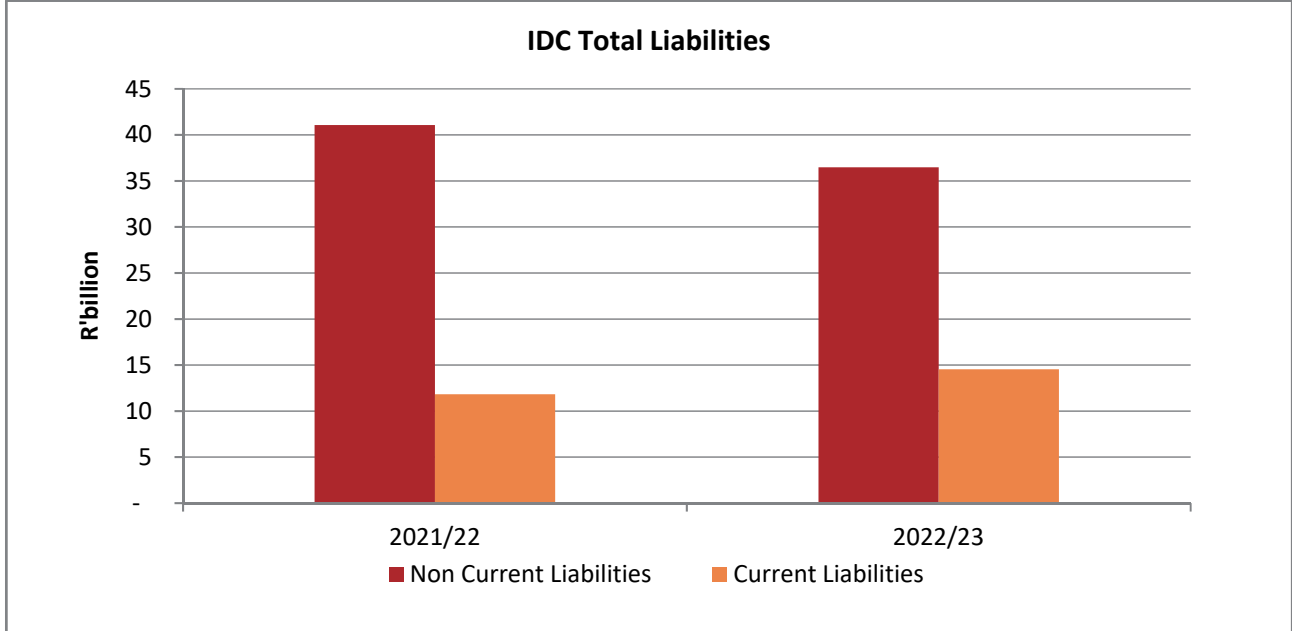
Non-current assets constitute 82% of the total assets of the entity, consisting mainly of investments in associates and non-current listed investments. The current assets increased by 11% to R28.3 billion (2021/22: R25.5 billion) in the current year attributable to the increase in current assets held for sale and other current financial assets.

REVIEW OF OPERATING RESULTS

FOR THE YEAR ENDED 31 MARCH 2023



IDC’s non-current liabilities constitute 72% of the total liabilities of the entity and this is largely assigned to the long-term borrowings of the entity. The current liabilities increased by 23% to R14.5 billion (2021/22: R11.8 billion) in the current year attributable to the increase in short term borrowings. In 2022/23 total liabilities of IDC decreased by 4% to R51 billion (2021/22: R52.8 billion) mainly attributable to the decrease in long-term borrowings.



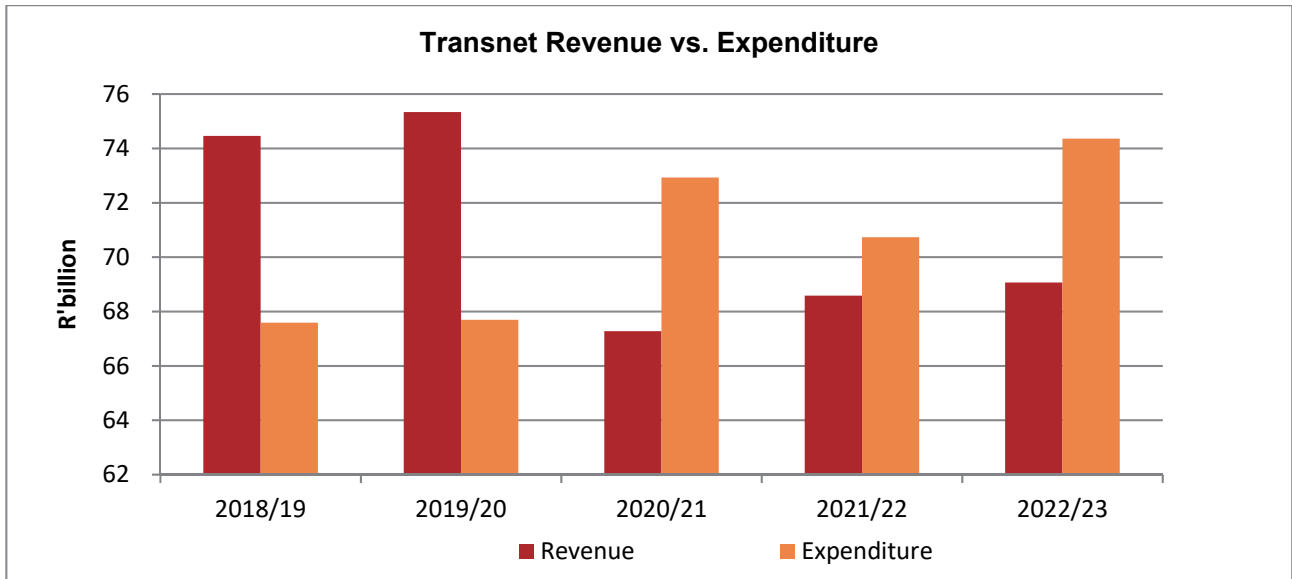
REVIEW OF OPERATING RESULTS

FOR THE YEAR ENDED 31 MARCH 2023

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 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22	Actual 2022/23
Revenue	74 457	75 338	67 273	68 585	69 063
Expenditure	67 590	67 693	72 927	70 731	74 361
Surplus/(Deficit) from Operations	6 867	7 645	(5 654)	(2 146)	(5 298)



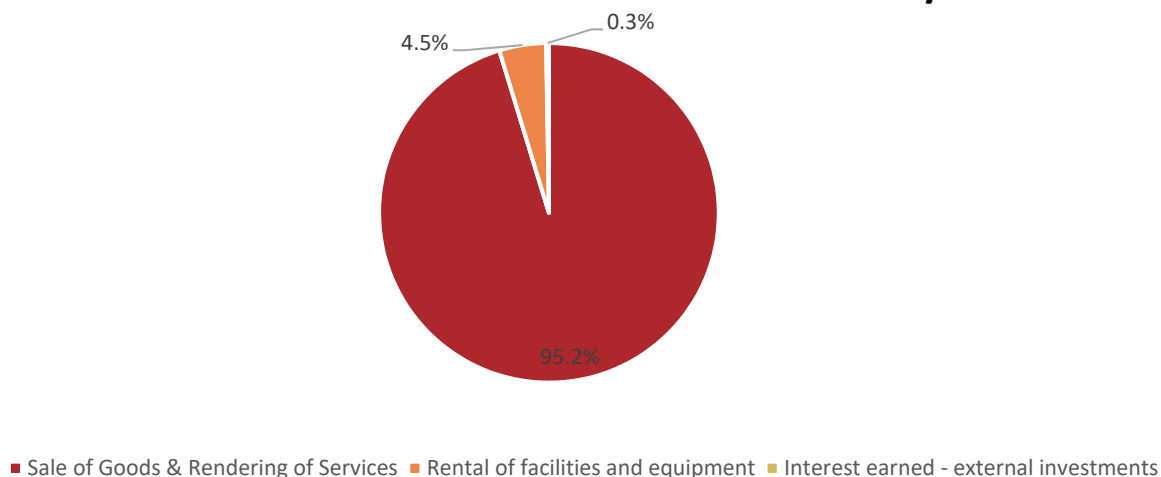
Transnet generated total revenue of R69 billion, which represents 9% of national public entities revenues. Total revenue increased by 0.7%, the entity’s major revenue comes from sale of goods & rendering of services contributing 95% of the total revenue of Transnet which increased by only 0.6% in the current year. Transnet has also earned interest on external investments of R177 million compared to R29 million in the previous year as reported in their financials. This also contributed to the marginal total revenue increase.

Expenditure increased by 5% in the current year to R74 billion (2021/22: R70 billion). The increase is mainly attributable to increases in general expenses, finance cost and depreciation and amortisation expenses. 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 financial performance deteriorated during the current year to a deficit of R5.6 billion (2021/22: R5.04 billion surplus) as a result of the various challenges and the current economic climate. The challenges negatively impacting Transnet performance included flooding in Kwa-Zulu Natal (KZN), power cuts across the country, the industrial strike in October 2022, interest rate hikes, and rising security incidents mainly fuel theft, cable theft and vandalism of infrastructure.

REVIEW OF OPERATING RESULTS

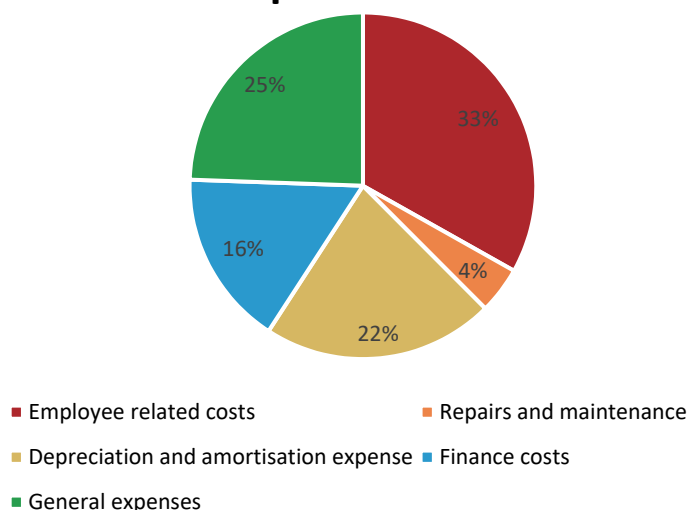
FOR THE YEAR ENDED 31 MARCH 2023

Transnet Revenue Breakdown 2022/23



Sale of goods & rendering of services was the biggest contributor of revenue, contributing 95.2% of the total revenue. Rental of facilities and interest earned on external investments combined makes up the remaining 4.8%.

Transnet Expenditure Breakdown 2022/23

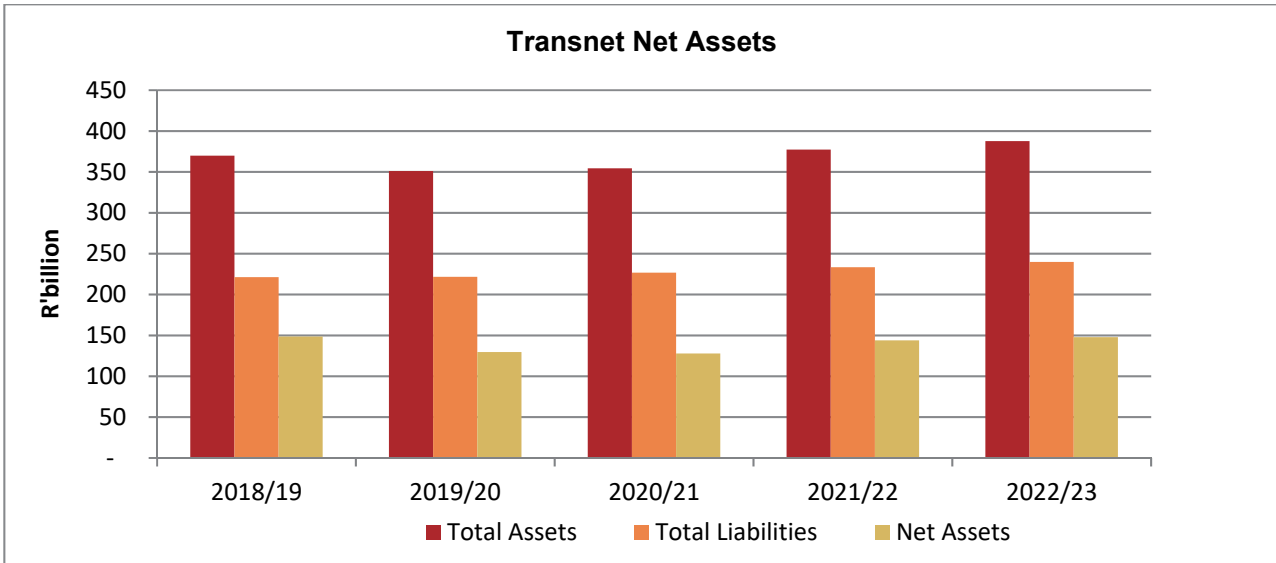


Employee related costs is the biggest contributor of expenditure, contributing 33% of the total expenditure, followed by general expenses contributing 25%, while depreciation and amortisation costs contributed 22% and finance costs 16%.

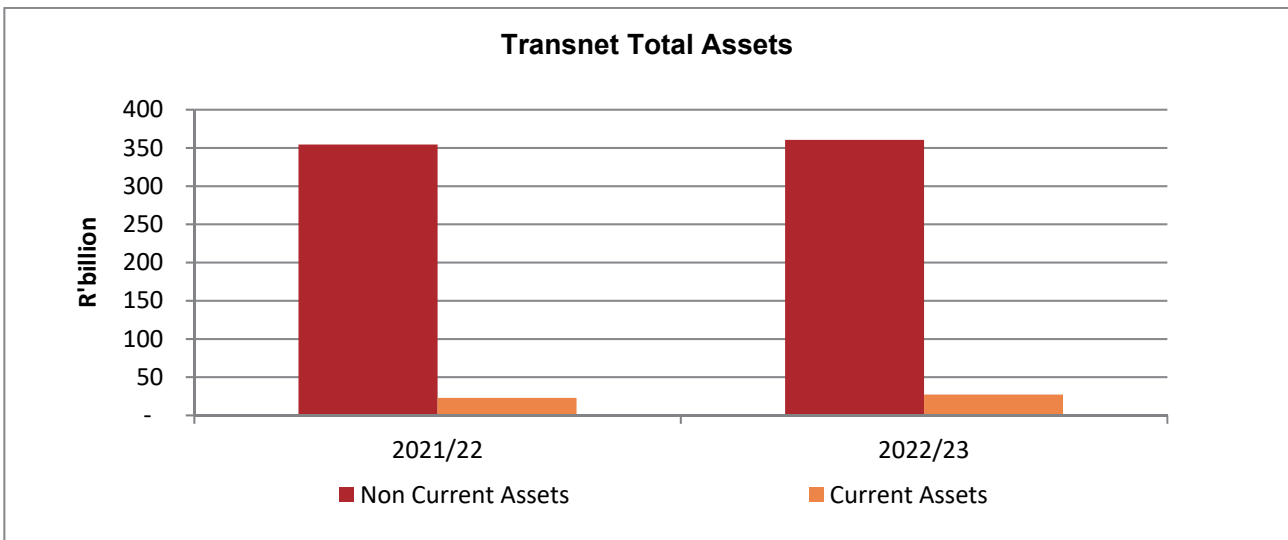
Transnet Asset vs. Liabilities R' million	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22	Actual 2022/23
Total Assets	369 766	351 006	354 457	377 179	387 612
Total Liabilities	221 134	221 499	226 637	233 401	239 891
Net Assets	148 632	129 507	127 820	143 778	147 721

REVIEW OF OPERATING RESULTS

FOR THE YEAR ENDED 31 MARCH 2023



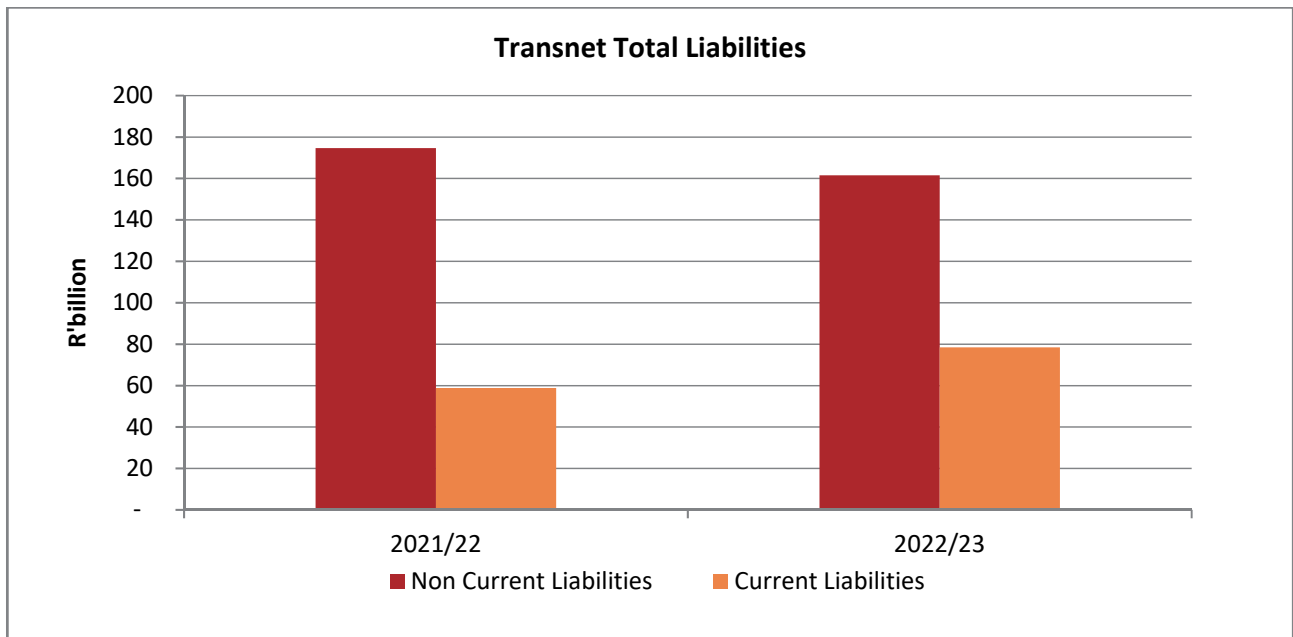
Transnet contributes 9% of the total assets of national public entities assets. Total assets slightly increased by 2.8% to R387 billion (2021/22: R377 billion) in the current year, with current assets increasing by 19% and non-current assets increasing by 2%. The increase in current assets is due to the significant increase of cash and cash equivalents which increased by 244% to R13.5 billion (2020/21: R3.9 million).



Transnet total liabilities contributed 9% of the total liabilities of national public entities liabilities. In 2022/23 total liabilities of Transnet increased by 2.8% to R239 billion (2021/22: R233 billion). The increase is mainly attributable to both current portion of long term borrowings and short term borrowings which increased to R36 billion (2021/22: R29 billion) and R14 billion (2022/23: R6 billion) respectively.

REVIEW OF OPERATING RESULTS

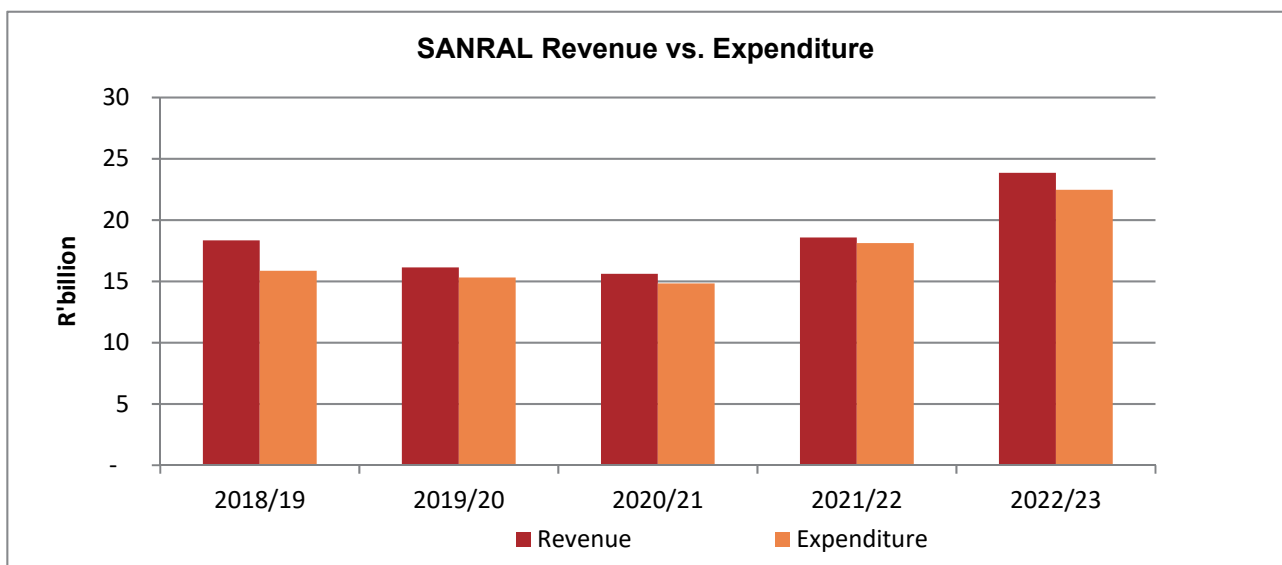
FOR THE YEAR ENDED 31 MARCH 2023



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 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22	Actual 2022/23
Revenue	18 345	16 139	15 605	18 578	23 850
Expenditure	15 860	15 308	14 832	18 119	22 460
Surplus/(Deficit) from Operations	2 485	831	774	458	1 391



REVIEW OF OPERATING RESULTS

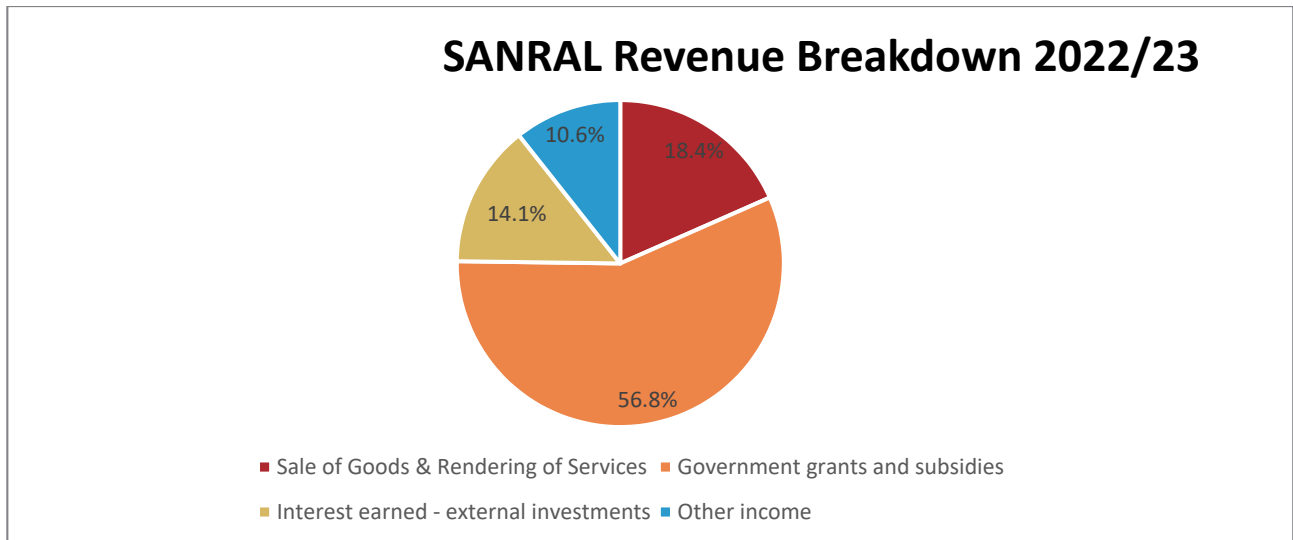
FOR THE YEAR ENDED 31 MARCH 2023

There has been an increase in operating surplus from R458 million to R1.3 billion in the current year under review. The total revenue in 2022/23 increased by 28% alongside an increase of 24% in total expenditure resulting in the slight improvement to the operating surplus.

Revenue in the current year increased by 28% to R23.8 billion (2021/22 R18.5 billion) which is mainly attributable to a 30% increase in government grants and an 88% increase in interest earned from external investments.

SANRAL receives an annual grant from the fiscus mainly to fund its non-toll road portfolio. During the year under review the government grant received was allocated to the Gauteng Freeway Improvement Project (GFIP), compensation for KZN flood damages that occurred in 2022, and for operational and capital expenditure on non-toll roads which comprise 87% of SANRAL’s road network (operations). Furthermore, on 26 October 2022 the Minister of Finance approved a Special Allocation to SANRAL to settle the GFIP debt in agreement with the Gauteng Provincial Government.

Below is the revenue breakdown of SANRAL.

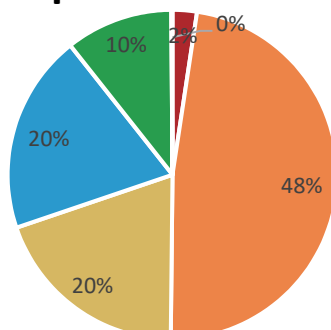


Expenditure also increased by 24% to R22.4 billion (2021/22 R18.1 billion) in the current year. The increase is highly attributable to an increase of 48% in repairs and maintenance and a further 42% increase in general expenses of which advertising and admin fees mainly contributed to the total increase. Below is the expenditure breakdown of SANRAL.

REVIEW OF OPERATING RESULTS

FOR THE YEAR ENDED 31 MARCH 2023

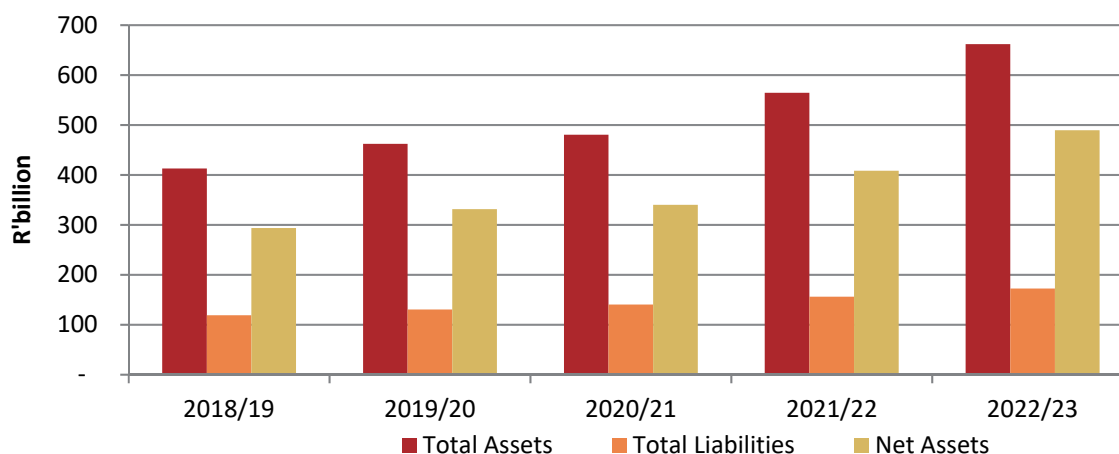
SANRAL Expenditure Breakdown 2022/23



- Employee related costs
- Repairs and maintenance
- Depreciation and amortisation expense
- Finance costs
- General expenses
- Bad debts

SANRAL Summary R' million	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22	Actual 2022/23
Total Assets	412 921	462 082	480 509	564 553	661 966
Total Liabilities	119 110	130 586	140 357	156 171	172 481
Net Assets	293 811	331 496	340 152	408 382	489 485

SANRAL Net Assets



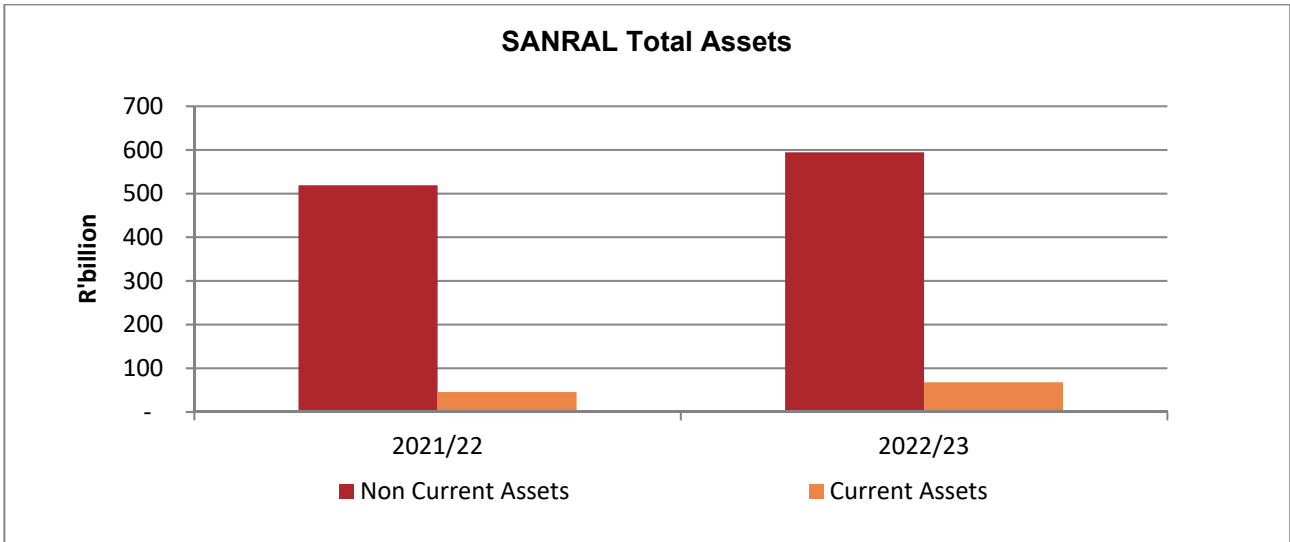
The net asset value of SANRAL has remained consistent with the prior year and increased by 20% from R408 billion to R489 billion in the current financial year. This is mainly attributable to a R75 billion increase in property plant and equipment due to the revaluation of land and infrastructure assets during the current year as well as an R18 billion increase in cash and cash equivalents.

Total assets increased by 17% to R662 billion (2021/22: R564 billion) in the current year. Non-current assets constitute 90% of the total assets of the entity, with property plant and equipment also contributing 89% of the total assets of the entity.

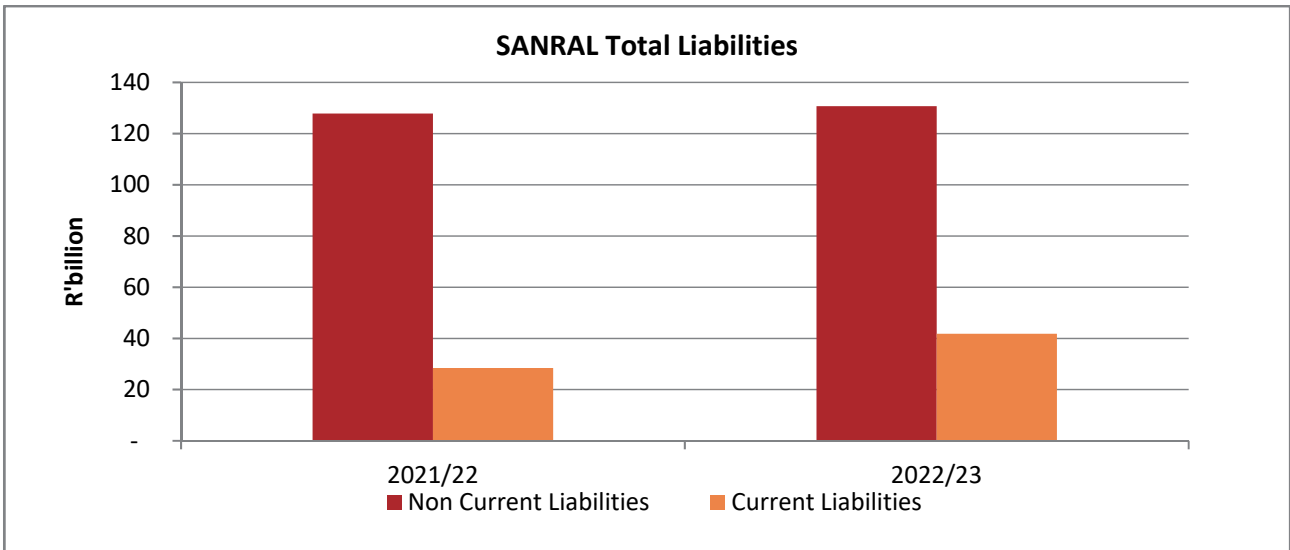
The current assets increased by 49% to R59.4 billion (2021/22: R41.2 billion) in the current year attributable to the increase in cash and cash equivalents and current investments.

REVIEW OF OPERATING RESULTS

FOR THE YEAR ENDED 31 MARCH 2023



Total liabilities increased by 10% to R172 billion (2021/22 R156 billion). This is mainly as a result of a R12 billion increase in deferred income and a R10 billion increase in the current portion of unspent conditional grants.



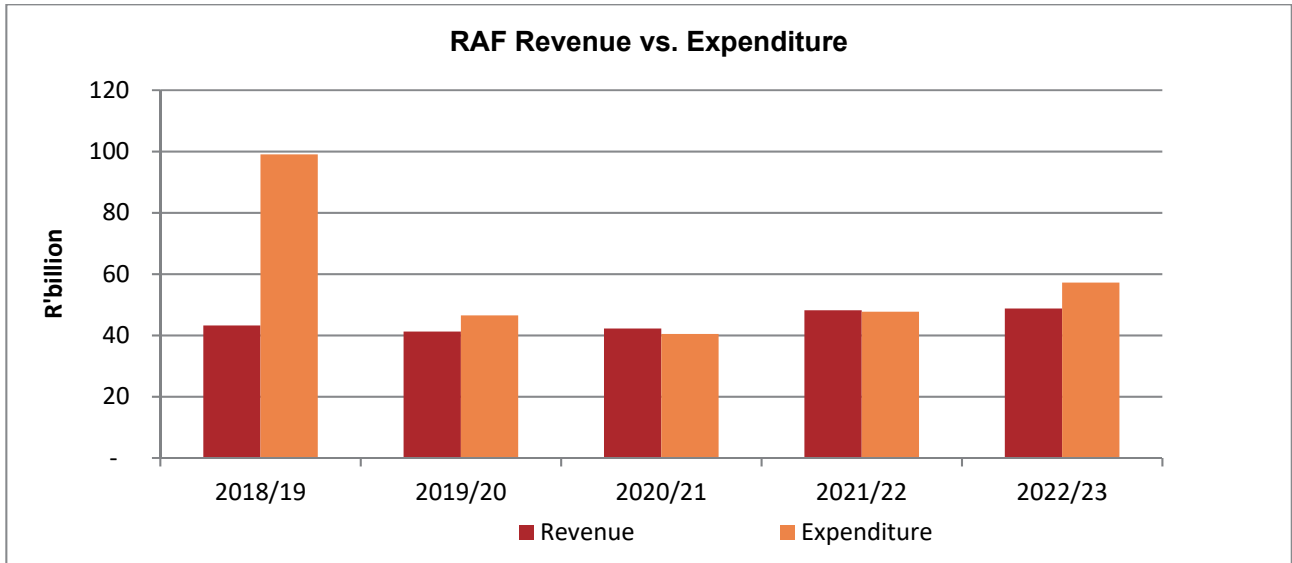
Road Accident Fund

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.

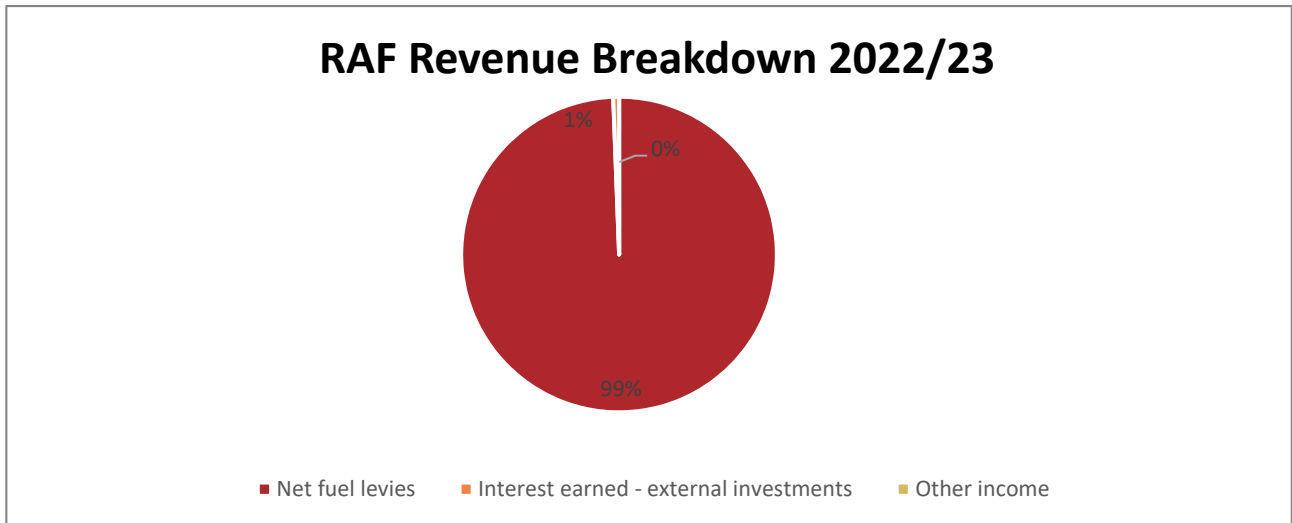
RAF Summary R' million	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22	Actual 2022/23
Revenue	43 239	41 240	42 249	48 155	48 758
Expenditure	99 019	46 497	40 465	47 726	57 186
Surplus/(Deficit) from Operations	(55 780)	(5 256)	1 784	428	(8 429)

REVIEW OF OPERATING RESULTS

FOR THE YEAR ENDED 31 MARCH 2023



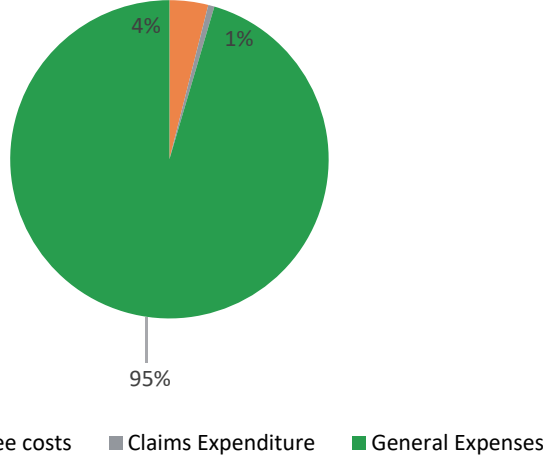
RAF’s revenue was generated mainly from fuel levy which comprises 99% of the total revenue and the remainder being other income and interest earned from external investments. Below is a graph depicting the breakdown of the total revenue during the year under review:



REVIEW OF OPERATING RESULTS

FOR THE YEAR ENDED 31 MARCH 2023

RAF Expenditure Breakdown 2022/23



RAF reported an operating deficit of R8.4 billion in the current financial period compared to the surplus of R428 million in the 2021/22 financial year. The deficit was due to the increase in claims liability for offers that were not yet requested for payment i.e. offers not yet accepted, as at 31 March 2023.

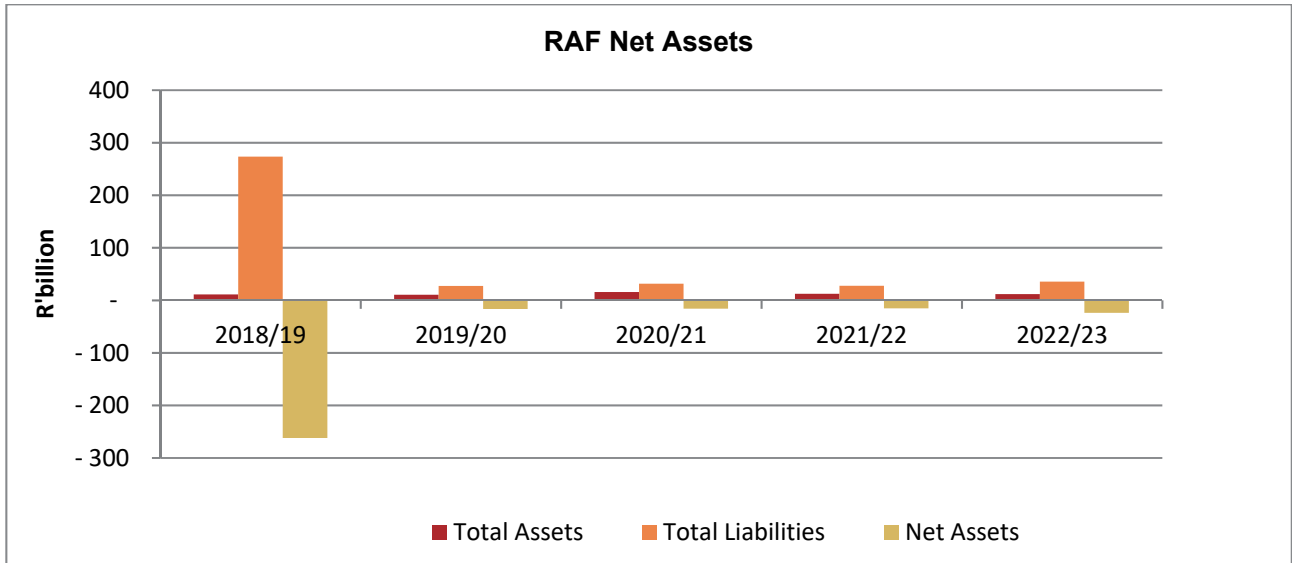
Total revenue increased by 1% to R48.7 billion from R48.1 billion in the previous financial year due to a marginal increase in the Fuel Levy income. The RAF fuel levy for the 2022/23 financial year was 218 c/l, no increase from the prior year, and the rate will remain unchanged for the 2023/24 financial year. The total expenditure increased by 20% to R57 billion in 2022/23 from R47.7 billion in the previous year, mostly attributable to a 20% increase in general expenses.

The RAF has been technically insolvent for several years, with liabilities exceeding assets by R23.8 billion (2021/22 R15.3 billion) in the current year. These conditions are indicative of a material uncertainty on the ability of the entity to continue as a going concern. A liquidation application was lodged against the Fund in terms of the Companies Act for the RAF to be wound down. However, since the RAF is not a company incorporated under the Companies Act and is established in terms of section 2 of the RAF Act, it can only cease to exist in its current form by repealing the current legislation. RAF is incapable of being liquidated. To wind up the business will require an intervention through an Act of Parliament.

RAF Summary R' million	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22	Actual 2022/23
Total Assets	11 220	10 657	15 663	12 314	11 878
Total Liabilities	273 334	27 299	31 497	27 713	35 701
Net Assets	(262 115)	(16 642)	(15 834)	(15 399)	(23 823)

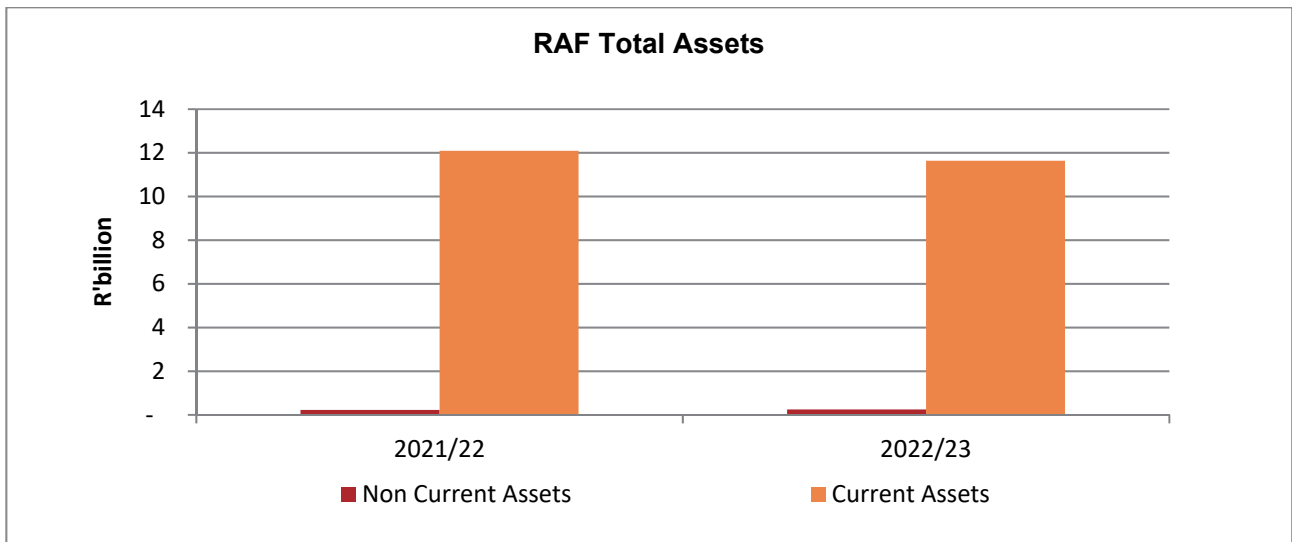
REVIEW OF OPERATING RESULTS

FOR THE YEAR ENDED 31 MARCH 2023



The net assets deficiency position has deteriorated further from R15.3 billion in the prior year to R23.8 billion in the current year. This was driven by a 3.5% decrease in total assets and 28.8% increase in total liabilities.

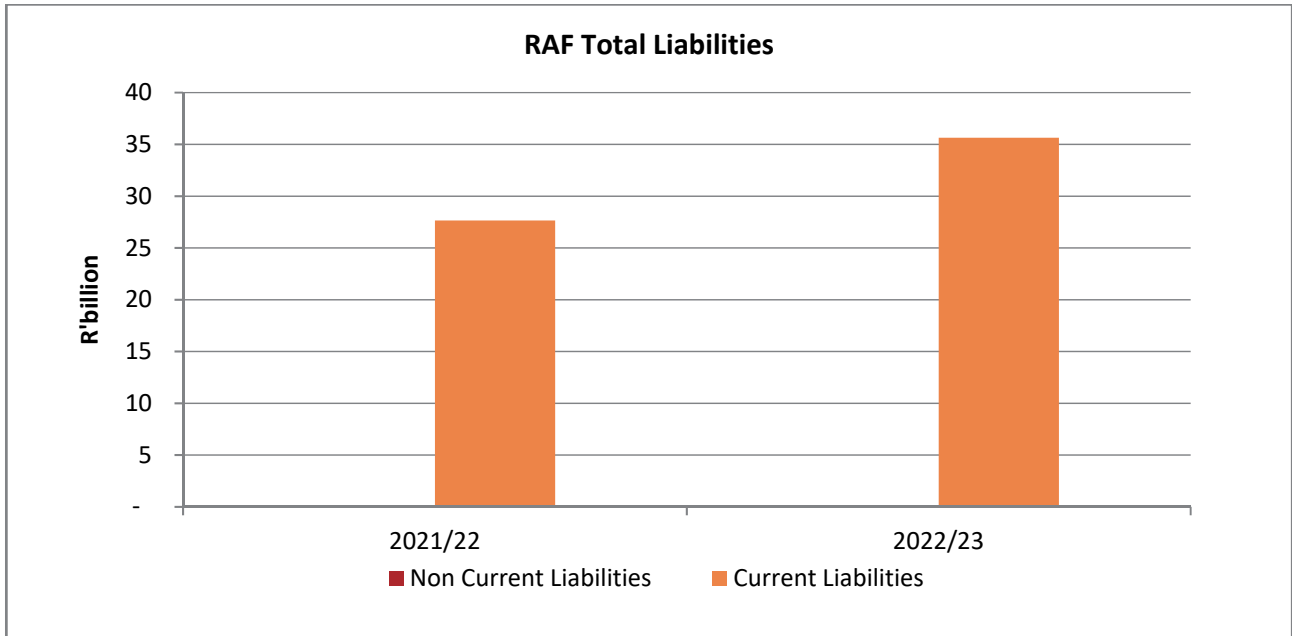
The decrease in total assets from R12.3 billion in 2021/22 to R11.8 billion in the current year is due to a decrease in cash and cash equivalents as well as a decrease in non-exchange statutory receivables. The current asset position in comparison to the claims requested and not yet paid as at 31 March 2023 of R9.3 billion reflects a positive liquidity position for the RAF and demonstrates that the RAF will be able to fulfil its mandate and meet its obligations over the next 12 months.



Total liabilities increased by 29% from R27.7 billion in 2021/22 to R35.7 billion in the current year. The increase is mainly attributable to a 43% increase in current provisions. The RAF current liabilities constitute 99.8% of total liabilities in the current year.

REVIEW OF OPERATING RESULTS

FOR THE YEAR ENDED 31 MARCH 2023



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).

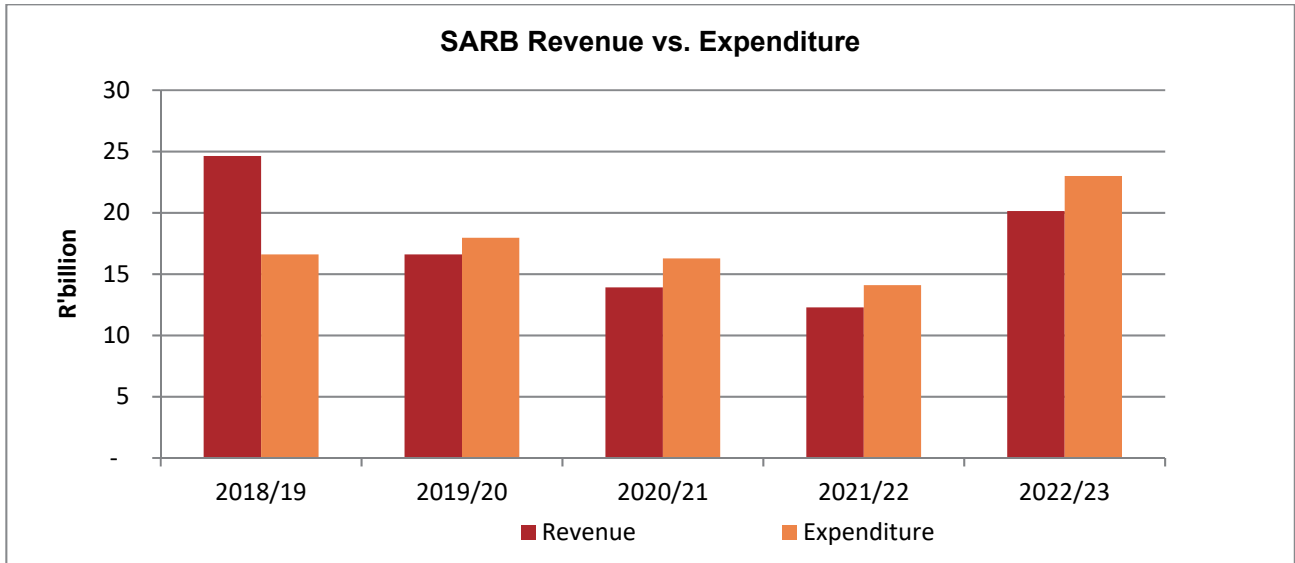
Some of the Functions of the bank are:

- 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 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22	Actual 2022/23
Revenue	24 629	16 596	13 910	12 282	20 133
Expenditure	16 604	17 959	16 280	14 092	22 994
Surplus/(Deficit) from Operations	8 025	(1 363)	(2 369)	(1 811)	(2 862)

REVIEW OF OPERATING RESULTS

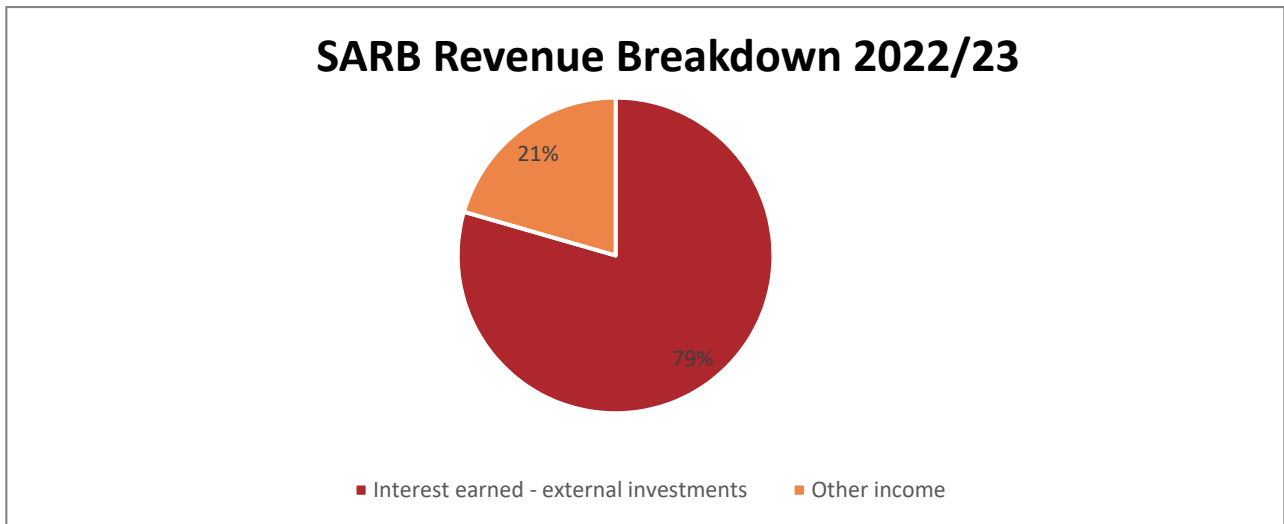
FOR THE YEAR ENDED 31 MARCH 2023



The SARB total revenue amounted to R20 billion in the current year comprising mainly of interest earned from external investments (foreign investments and accommodation to banks) and other income. Total revenue increased by 64% in the current year under review driven by the increase of 121% in interest earned from external investments.

Expenditure also increased by 63% to R23 billion (2021/22: R14 billion) in the current year, mainly attributable to finance costs which increased by 235% to R12.3 billion (2021/22: R3.6 billion) in the current year.

The net result of these factors was a 58% increase in the operating deficit to R2.86 billion (2021/22: R1.8 billion deficit).

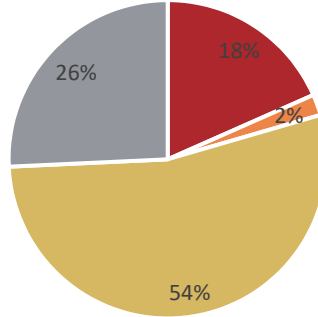


The interest earned from external investments is the biggest contributor of SARB revenue, contributing 79% of the total revenue while other income makes up the remaining 21%.

REVIEW OF OPERATING RESULTS

FOR THE YEAR ENDED 31 MARCH 2023

SARB Expenditure Breakdown 2022/23

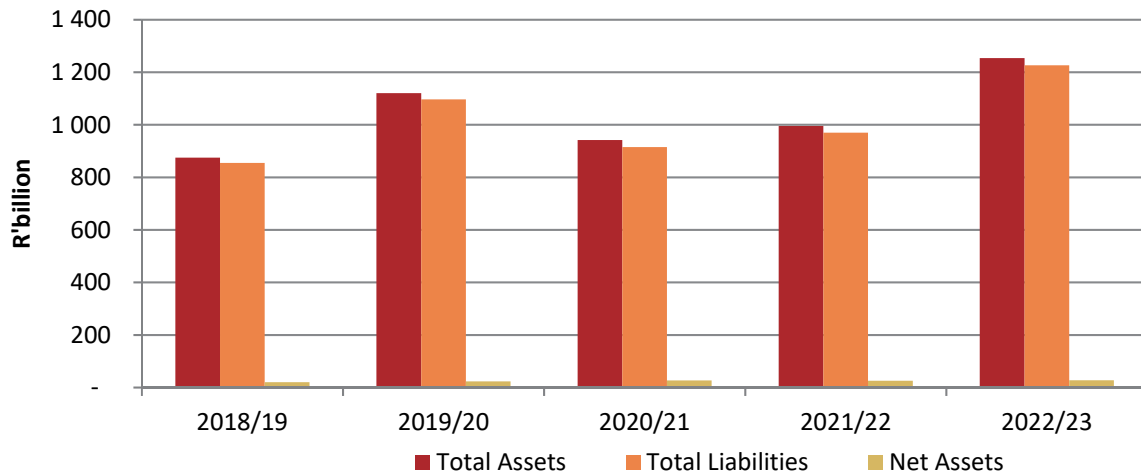


■ Employee related costs ■ Depreciation and amortisation expense ■ Finance costs ■ General expenses

Finance costs were the larger portion of the expenditure, contributing 54% of the total expenditure, followed by general expenses with 26%, employee related costs contributing 18% and depreciation costs making up the remaining 2%.

SARB Summary R' million	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22	Actual 2022/23
Total Assets	874 768	1 120 122	941 792	995 489	1 253 408
Total Liabilities	854 713	1 096 796	914 967	970 018	1 226 103
Net Assets	20 055	23 326	26 824	25 471	27 304

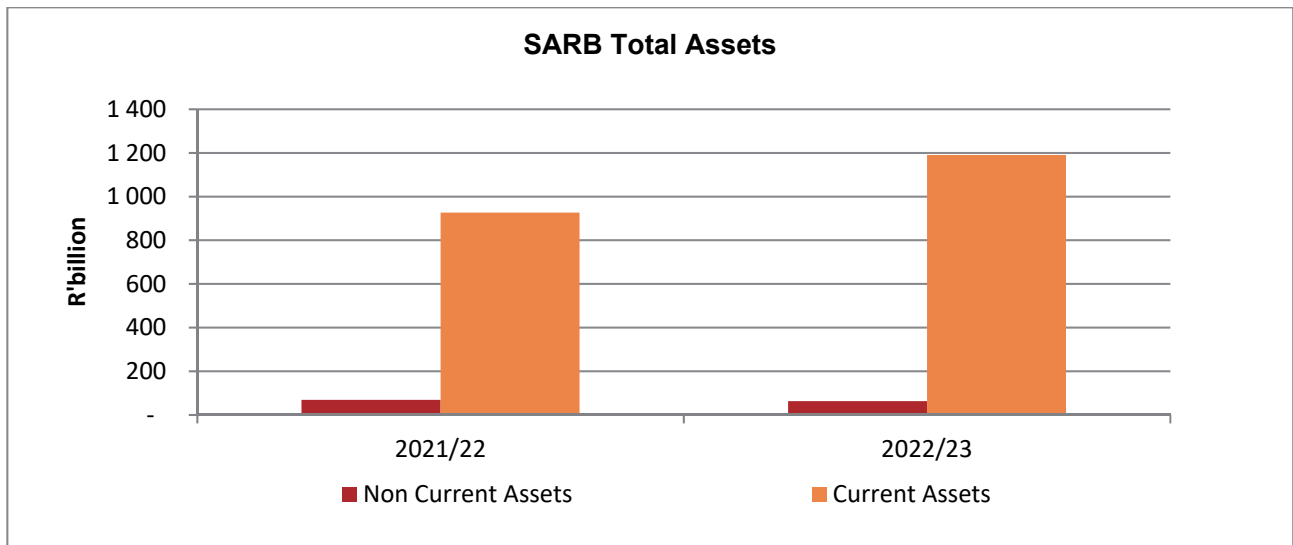
SARB Net Assets



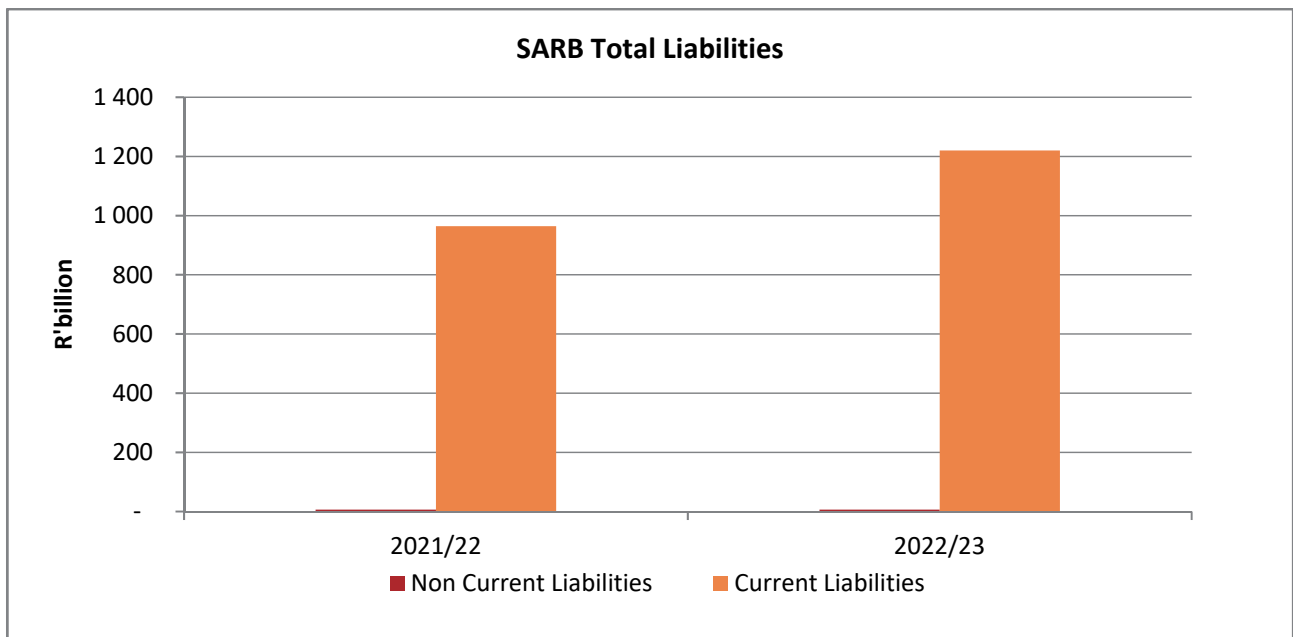
SARB reported total assets of R1.25 trillion and total liabilities of R1.22 trillion respectively in the current period under review. There was an increase in both total assets and total liabilities of 26% in 2022/23. The increase in total assets is driven by an increase in other current financial assets and current investments.

REVIEW OF OPERATING RESULTS

FOR THE YEAR ENDED 31 MARCH 2023



The increase in total liabilities is mainly attributable to the increase in other current financial liabilities by 26%. Current liabilities contributed 99% of the total liabilities same as last financial year and comprising mainly of other current financial liabilities.





2023 CFS

**CONSOLIDATED
FINANCIAL STATEMENTS**

for the year ended 31 March 2023

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



national treasury

Department
National Treasury
REPUBLIC OF SOUTH AFRICA

REPORT OF THE AUDITOR-GENERAL

FOR THE YEAR ENDED 31 MARCH 2023

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 260, which comprise the consolidated statement of financial position as at 31 March 2023, the consolidated statement of financial performance, statement of changes in net assets and statement of cash flows for the year then ended, as well as the notes to the 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 20¹ 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 including the comparatives were

necessary and note disclosures, as it was impracticable to do so.

4. The national public entities consolidated financial statements, do not comply with the Standards of Generally Recognised Accounting Practice (GRAP) 35, *Consolidated financial statements* (GRAP 35), as it excludes nine² public entities due to the non-submission of financial information for the 2022-23 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 2023 and its comparative, as it was impracticable to do so.
5. I was unable to obtain sufficient appropriate audit evidence of the national public entities consolidated financial statements, does not comply with the GRAP 35 for 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*.

GENERAL EXPENSES

Road Accident Fund

6. All outstanding amounts meeting the definition of a liability were not recognised in accordance with GRAP 1, *Presentation of financial*

¹ Agricultural Land Holding Account, Amatola Water Board, Central Energy Fund Soc Ltd, Denel, Equalisation Fund, Eskom, Government Printing Works, Lepelle Northern Water, Local Government Education and Training Authority, Magalies Water, Mhlathuze Water, Overberg Water, Passenger Rail Agency of South Africa, Railway Safety Regulator, Rand Water, Represented Political Parties

Fund, Road Traffic Infringement Agency, Special Investigating Unit, State Information Technology Agency and Umgeni Water.

² Alexkor Limited, Bloem Water, Compensation Fund including Reserve Fund, National Student Financial Aid Scheme, Sedibeng Water, South African Airways (Pty) Ltd, South African Express (Pty) Ltd, South African Maritime Safety Authority and Unemployment Insurance Fund

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statements (GRAP 1). During the 2020-21 financial year, the entity amended the accounting policy to recognise claims liabilities in accordance with International Public Sector Accounting Standards (IPSAS) 42, Social benefits (IPSAS 42). The use of IPSAS 42 is not appropriate as it fundamentally differs with the Standards of GRAP conceptual framework for general purpose financial reporting in terms of the timing of recognising liabilities. Furthermore, the Accounting Standards Board (ASB) has prescribed the standards and pronouncements that are contained in the GRAP Reporting Framework for public entities which are included in Appendix A1 of Directive 5. The IPSAS 42 is not included as a standard that the public entities may use.

7. Consequently, claims liabilities, claims expenditure and related disclosure notes are understated. I was unable to quantify the misstatement amount as an actuarial valuation is required to compute the value of the liability based on the types of outstanding claims using certain judgements and assumptions. Therefore, I was unable to determine the full extent of the misstatement of claim liabilities, claims expenditure and related disclosure notes, as it was impracticable to do so. I was unable to determine if any further adjustments were necessary to the claims liabilities included in other current financial liabilities – other, stated at R28 356 551 000 (2022: R21 990 602 000) in note 25 to the consolidated financial statements, claims expenditure included in general expenses – admin fees, stated at R50 600 619 000 (2022: R46 647 436 000) in note 56 to the consolidated financial statements.

Universal Service and Access Fund

8. I was unable to obtain sufficient 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 a third party that could be reconciled to the financial statements. I was unable to confirm the inventories by alternative means.

9. Consequently, I was unable to determine whether any adjustments were necessary to inventories stated at R53 569 000 000 (2022: R49 649 951 000) in note 7 to the consolidated financial statements and to inventory redemptions included under general expenses administration fees stated at R50 600 619 000 (2022: R46 647 436 000) in note 56 to the consolidated financial statements.

Media Development Diversity Agency

10. I was unable to obtain sufficient appropriate audit evidence for administration expenses (purchase returns) in the current year, as the public entity did not have adequate systems and supporting documentation. I was unable to confirm the administrative expenses (purchase returns) by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the administration expenses included in general expenses – admin fees, stated at R50 600 619 000 (2022: R46 647 436 000) in note 56 to the consolidated financial statements.

South African Post Office SOC Limited

11. I was unable to obtain sufficient appropriate audit evidence that operating leases included in general expenses – rental of buildings and office equipment stated at R 8 587 249 000 (2022: R 8 667 986 000) in note 56 to the consolidated financial statements for the current year had been properly accounted for, due to the poor status of the accounting records. I was unable to confirm the operating leases by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to operating leases included in general expenses – rental of buildings and office equipment stated at R 8 587 249 000 (2022: R 8 667 986 000) in note 56 to the consolidated financial statements.
12. The entity did not recognise expenditure from municipal charges in accordance with the requirements of (GRAP 1). Some of the municipal expenses relating to the prior year

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accounting period were recorded in the current year accounting period. Consequently, municipal expenses included in general expenses – electricity, stated at R9 013 393 000 (2022: R9 711 013 000) in note 56 to the consolidated financial statements was overstated by R151 947 000 while accumulated loss was overstated by the same amount.

13. I was unable to obtain sufficient appropriate audit evidence that other expenses had been properly accounted for, due to the poor status of the accounting records. I was unable to confirm other expenses by alternative means. Consequently, I was unable to determine whether any adjustments relating to other expenses included in general expenses – other, stated at R39 868 622 000 (2022: R32 520 685 000) in note 56 to the consolidated financial statements, were necessary.

South African Postbank (SOC) Limited

14. I was unable to obtain sufficient appropriate audit evidence that material losses are complete due to the significance of internal control deficiencies identified in the key business systems and fraud incidents at the entity. I was unable to confirm the completeness of material losses by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to material losses included under general expenses other stated at R39 868 622 000 (2022: R32 520 685 000) in note 56 to the consolidated financial statements.

Supported Employment Enterprises

15. Operating expenses were not accounted for in accordance with GRAP 1, as some of the expenditure incurred in the current year was not recorded in the accounting records. Consequently, operating expenses included in general expenses-other, stated at R39 868 622 000 (2022: R32 520 685 000) in note 56 were understated in the consolidated financial statements.

16. Consequently, operating expenses were understated by R3 674 703 in the financial statements

REVENUE FROM EXCHANGE TRANSACTIONS

Property Management Trading Entity

17. Items that did not meet the definition of revenue in accordance with GRAP 9, *Revenue from exchange transactions* (GRAP 9) were recognised in the financial statements. The trading entity claimed accommodation charges for properties that have been derecognised from the asset register. I was unable to determine the full extent of the overstatement of revenue from exchange transactions: accommodation charges - freehold inter-governmental, included in revenue from exchange transaction – sales of goods and services stated at R495 321 434 000 (2022: R460 034 747 000) in note 46 of the consolidated financial statements, as it was impracticable to do so. This also has an impact on the deficit for the period and on the net assets.

South African Postbank (SOC) Limited

18. I was unable to obtain sufficient appropriate audit evidence for fee and transactional income because of the inadequate status of accounting records and a lack of 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 was necessary to the fee and transactional income included in revenue from exchange transactions – sale of goods and services, stated at R495 321 434 000 (2022: R460 034 747 000) in note 46 of the consolidated financial statements.

South African Post Office SOC Limited

19. During 2022, I was unable to obtain sufficient appropriate audit evidence that financial services revenue had been properly accounted

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for, due to the failure of support systems. 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 R495 321 434 000 (2022: R460 034 747 000) in note 46 of the consolidated financial statements. My audit opinion on the financial statements for the period ended 31 March 2022, was modified accordingly. My opinion on the current year financial statements is also modified because of the possible effect of this matter on the comparability of the financial service revenue for the current period.

South African Nuclear Energy Corporation Limited

20. I was unable to obtain sufficient appropriate audit evidence for investment income: stage 1 D&D included in revenue from exchange transactions – Interest earned - external investments, stated at R57 159 678 000 (2022: R37 380 118 000) in note 48 of the consolidated financial statements, 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 investment income: stage 1 D&D included in revenue from exchange transactions – Interest earned - external investments, stated at R57 159 678 000 (2022: R37 380 118 000) in note 48 of the consolidated financial statements.

TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

South African Post Office SOC Limited

21. I was unable to obtain sufficient appropriate audit evidence for trade and other payables due to the poor status of accounting records. I was unable to confirm trade and other payables by alternative means. Consequently, I was unable to determine whether any further adjustment

was necessary to trade and other payables stated at R159 335 614 000 (2022: R138 437 572 000) in note 22, to the consolidated financial statements.

22. In the prior year, the public entity did not properly account for funds collected on behalf of third parties included under trade and other payables from exchange transactions. I was unable to obtain sufficient appropriate audit evidence that funds collected on behalf of third parties had been properly accounted for due to the poor 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 adjustments were necessary to funds collected on behalf of third parties included in other payables stated at R39 542 807 000, in note 22 to the consolidated financial statements. My audit opinion on the financial statements for the period ended 31 March 2022, was modified accordingly. The misstatement remains unresolved and my opinion on the current year financial statements is also modified because of the possible effect of this matter on the comparability of funds collected on behalf of third parties for the current period.

Property Management Trading Entity

23. All outstanding amounts meeting the definition of a liability were not recognised in accordance with GRAP 1. Adequate records of outstanding payments for goods and services received but not yet paid at year-end were not maintained. I was unable to determine the full extent of the understatement of trade and other payables from exchange transactions included in note 22 R83 313 211 000(2022: R 70 519 326 000, as it was impracticable to do so.

24. Payables from exchange transactions: accrued expenses - Opex projects were not classified as payables, where services were rendered before year end and no payments have been made by the trading entity in accordance to GRAP 19, *Provisions, contingent liabilities and contingent assets* (GRAP 19). The trading entity received

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services from the service providers before year end that meet the definition of an accrual, which were accounted for as provisions. Consequently, payables from exchange transactions accrued expenses - Opex projects included in trade payables were misstated by R83 313 211 000 (2022: R70 519 326 000) in note 22, to the consolidated financial statements.

25. The trading entity did not derecognise financial liabilities in accordance with GRAP 104, *Financial instruments (GRAP 104)*. A standard formula was applied on all debts outstanding for longer than three years without an assessment of the merits of each outstanding amount in line with the Prescription Act, 68 of 1969 I was unable to determine the full extent of the understatement of accrued expenses - leases, included in other payables stated at R39 542 807 000 (2022: R 38 582 722 000) in note 22, to the consolidated financial statements, as it was impracticable to do so.
26. In addition to the individually material uncorrected misstatement on trade and other payables from exchange transaction as disclosed in note 22, the total payables from exchange transaction was materially misstated at R159 335 614 000 (2022: R138 437 572 000) in note 22, to the consolidated financial statements. This was due to cumulative effect of individually immaterial uncorrected misstatements in trade and other payables from exchange transactions. The trade and other payables from exchange transactions and revenue claimed in advance for leases was overstated by R83 313 211 000.

Property Practitioners Regulatory Authority

27. I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for debtors with credit balances, due to a lack of proper record keeping and reconciliation of control accounts by the public entity. I was unable to confirm these receivables from debtors with credit balances by alternative means. Consequently, I was unable to determine whether any adjustments

were necessary to the property practitioners funds received in advance included in other payables stated at R39 542 807 000 (2022: R 38 582 722 000) in note 22, to the consolidated financial statements.

Insurance Sector Education and Training Authority

28. The public entity did not account for payables from exchange transactions in accordance with GRAP 1. Project creditors were incorrectly accounted for as trade payables under trade and other payables from exchange transactions in note 22 of the consolidated financial statements. Consequently, trade and other payables from exchange transactions stated at a balance of R83 313 211 000 is overstated by R7 469 838 and Taxes and transfers payable (Non-Exchange) in note 24 stated is understated by the same amount.

Supported Employment Enterprises

29. During 2022, payables from exchange transactions were not accounted for in accordance with GRAP 1. The deposits received were not allocated to debtors' accounts after deliveries were made. Consequently, receivables from exchange transactions and payables from exchange transactions were overstated by R4 129 333. My opinion on the consolidated financial statements for the period ended 31 March 2022 was modified accordingly. My opinion on the current year financial statements is also modified because of the possible effect of this matter on the comparability of the payable from exchange transactions for the current period.

CURRENT PROVISIONS

Road Accident Fund

30. All outstanding amounts meeting the definition of a liability were not recognised in accordance with GRAP 1. During the 2020-21 financial year, the entity amended the accounting policy to recognise claims liabilities in accordance with IIPSAS 42. The use of IPSAS 42 is not appropriate

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as it fundamentally differs with the Standards of GRAP's conceptual framework for general purpose financial reporting in terms of the timing of recognising liabilities. Furthermore, the ASB has prescribed the standards and pronouncements that are contained in the GRAP Reporting Framework for public entities which are included in Appendix A1 of Directive 5. The IPSAS 42 is not included as a standard that the public entities may use.

31. Consequently, claims liabilities, claims expenditure and related disclosure notes are understated. I was unable to quantify the misstatement amount as an actuarial valuation is required to compute the value of the liability based on the types of outstanding claims using certain judgements and assumptions. Therefore, I was unable to determine the full extent of the misstatement of claim liabilities, claims expenditure and related disclosure notes, as it was impracticable to do so. I was unable to determine if any further adjustments were necessary to the current provisions as stated at R53 210 066 0005 (2022: R56 769 476 000) in note 26, to the consolidated financial statements.

South African Post Office SOC Limited

32. The South African Post Office group did not account for provisions as required by GRAP 19, *Provisions, contingent liabilities and contingent assets*. The criteria for the recognition of a provision relating to management restructuring was met, as management had formally communicated restructuring plans. I was unable to determine the impact on current provisions stated at R53 210 666 000 (2022: R56 769 476 000) in note 26 in the consolidated financial statements, as it was impracticable to do so.

Supported Employment Enterprises

33. Contingent liabilities were not properly accounted for in accordance with GRAP 19, due to long service awards that were disclosed as contingent liabilities. Consequently, the other contingent liabilities of R24 087 672 000

disclosed in note 70 of the consolidated financial statements was overstated and employee related costs in note 51 of the consolidated financial statements as well as current provisions in note 26 was understated by R42 127 547 (2022: R44 070 809).

National Skills Fund

34. The public entity did not have adequate systems in place to account for provisions from skills development funding in accordance to GRAP 19, as the provisions were not calculated correctly. Consequently, current provisions stated at R53 210 066 000 in note 26 to the consolidated financial statements are overstated by R22 636 465. This also has an impact on the surplus for the period and the accumulated surplus.

Property Management Trading Entity

35. Payables from exchange transactions: accrued expenses - Opex projects were not classified as payables, where services were rendered before year end and no payments were made by the trading entity in accordance to the requirements of GRAP 19. The trading entity received services from the service providers before year end that meet the definition of an accrual, which were accounted for as provisions. Consequently, payables from exchange transactions accrued expenses - Opex projects included in trade and other payables from exchange transactions stated at R83 313 211 000 in note 22 to the consolidated financial statements were understated by R199 000 000, provisions stated at R53 210 066 000 in note 26 to the consolidated financial statements were overstated by R593 000 000 and net assets was overstated by R394 000 000.

OTHER CURRENT FINANCIAL LIABILITIES

South African Postbank (SOC) Limited

36. I was unable to obtain sufficient and appropriate audit evidence for other deposits (grants) included in other current financial

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liabilities because of the limitations imposed by the information system that manages the related transactions. I was unable to confirm the other deposits by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the other deposits (grants) stated in other current financial liabilities at R28 356 551 000 (2022: R21 990 602 000) in note 25, and the related amount included in the risk management in note 76, to the consolidated financial statements.

37. I was unable to obtain sufficient and appropriate audit evidence for deposits due to customers, because of the inadequate status of the accounting records. I was unable to confirm the deposits by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the deposits due to customers included in other current financial liabilities stated at R28 356 551 000 (2022: R21 990 602 000) in note 25, and the related amount included in risk management in note 76, to the consolidated financial statements.

OTHER CONTINGENT LIABILITIES

Manufacturing Engineering and Related Services Education Training Authority

38. The discretionary grant reserve commitments was not disclosed in note 70 were materially misstated and not correctly accounted for as required by GRAP 1. The entity omitted the expenditure and accruals associated with the discretionary grants commitments, which resulted in a misstatement of the commitment balance. I could not determine the full extent of the misstatement on grants and transfers payable, employer grant and expenses, because it was impractical to do so. Consequently, I was unable to determine whether this resulted in a misstatement of the discretionary reserve commitments included in other contingent liabilities of R24 087 672 000 (2022: R 87 745 939 000 as disclosed in note 70 to the consolidated financial statements.

Services Sector Education and Training Authority

39. I was unable to obtain sufficient appropriate audit evidence for discretionary grant commitments as the public entity did not maintain accurate and complete records of the contractual information used to determine the commitments. I could not confirm the amounts by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to discretionary grants commitments included in other contingent liabilities stated at R24 087 672 000 (2022: R 87 745 939 000) as disclosed in note 70 to the consolidated financial statements.

Construction Education and Training Authority

40. I was unable to obtain sufficient appropriate audit evidence that commitments for the current and previous year had been properly accounted for, due to the status of the accounting records and a limitation identified on the adjustment made by the entity to correct the prior year's qualification. I was unable to confirm commitments by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to commitments included in other contingent liabilities stated at R24 087 672 000 (2022: R 87 745 939 000) as disclosed in note 70 to the consolidated financial statements.

Education, Training and Development Practices Sector Education and Training Authority

41. The project accruals (discretionary) were not recognised in accordance with GRAP 1. Adequate records of project expenditure not yet paid at year-end were not maintained. I was unable to determine the full extent of the misstatement on project accruals, as well as the related discretionary grants and commitments, as it was impractical to do so. Consequently, I was unable to determine whether any adjustments were necessary relating to project accruals (discretionary) included in taxes and transfer payable under current liabilities of

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R194 948 000 disclosed in note 24, discretionary grants and project expenditure of R569 941 000 included in other contingent liabilities stated at R24 087 672 000 (2022: R87 745 939 000) as disclosed in note 70 to the consolidated financial statements. Additionally, there was an impact on the surplus for the period and on the accumulated surplus in the financial statements.

Insurance Sector Education and Training Authority

42. The public entity did not account for commitments in accordance with GRAP 1, as discretionary grant contracts awarded in the prior year were cancelled without sufficient appropriate audit evidence. Consequently, the discretionary grant commitments corresponding figure was understated by R29 286 120 in note 70 for the comparative amount (2022: R 87 745 939 000) for other contingent liabilities disclosed in the consolidated financial statements.

In addition, the restatement included recognition of discretionary expenditure payments relating to the prior year in the commitment schedule but not in the corresponding figures for discretionary grants expenditure stated at a balance of R 22 717 019 000 disclosed in note 54 to the consolidated financial statements. I was unable to obtain sufficient appropriate evidence that the discretionary expenditure was correctly accounted for, as supporting evidence was not provided for the recorded transactions. The discretionary grants commitment corresponding figure was further understated by R2 410 650 in note 70 for R24 087 672 000 (2022: R 87 745 939 000) for other contingent liabilities disclosed in the consolidated financial statements.

Banking Sector Education and Training Authority

43. Included in note 25, project grant payable – discretionary under other current financial liabilities, is an amount of R11 852 594. The

financial statements were materially misstated, as this amount did not agree to the underlying records. The effect on the financial statements is that project grant payables under other current financial liabilities and discretionary grant expenditure stated at R28 356 551 000 and R20 566 157 000 respectively, is overstated by R11 852 594. Additionally, commitments were not disclosed in the consolidated financial statements that is understated by this amount, and there is also an impact on the surplus for the period and the accumulated surplus.

Media Development Diversity Agency

44. The public entity did not recognise all items of operational commitments. Write-backs and operational commitments were identified that could not be traced to the commitment register. This resulted in operational commitments included in other contingent liabilities stated at R24 087 672 000 (2022: R 87 745 939 000) as disclosed note 70 to the consolidated financial statements being understated by R8 118 552.

Supported Employment Enterprises

45. Contingent liabilities were not properly accounted for in accordance with GRAP 19, due to long service awards that were disclosed as contingent liabilities. Consequently, other contingent liabilities stated at R24 087 672 000 (2022: R87 745 939 000) as disclosed in note 70 to the consolidated financial statements was overstated and employee related costs stated at R 144 120 164 000 in note 51 as well as current provisions stated at R53 210 066 000 in note 26 to the consolidated financial statements was understated by R42 127 547 (2022: R44 070 809).

South African Post Office SOC Limited

46. The public entity did not account for contingent liabilities as required by GRAP 19, due to incorrect classification, as the recognition criterion relating to contingent liabilities were not met. Consequently, contingent liabilities stated at R24 087 672 000 as disclosed in note

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70 to the consolidated financial statements are overstated by R64 939 000.

period and on the accumulated surplus in the financial statements.

Health and Welfare Sector Education and Training Authority

47. The discretionary grant reserve commitments were materially misstated and not correctly accounted for as required by GRAP 1. There were unexplained differences between the amounts in the underlying schedules and the amounts disclosed as discretionary grant reserve commitments. Furthermore, the disclosure made included contracts that had already expired in the current and prior year resulting in an overstatement of the discretionary reserve commitments included in other contingent liabilities of R24 087 672 000 (2022: R87 745 939 000) in note 70 to the consolidated financial statements.

Transport Education and Training Authority

48. The skills development grants payable (discretionary) included in taxes and transfers payable was not recognised in accordance with GRAP 1. Adequate records of project expenditure not yet paid at year-end were not maintained. I was unable to determine the full extent of the misstatement on skills development grants payable (discretionary) included in taxes and transfers payable, as well as the related discretionary grants and project expenses included in grant and subsidies paid and commitments included in contingent liabilities, as it was impractical to do so. Consequently, I was unable to determine whether any adjustments relating to skills development grants payable (discretionary) included in taxes and transfers payable (non-exchange) of R6 151 718 000, as disclosed in note 24, discretionary grants and project expenses included in total grants and subsidies paid of R20 566 157 000 as disclosed in note 54 and commitments included in other contingent liabilities stated at R24 087 672 000 (2022: R 87 745 939 000 as disclosed in note 70 to the consolidated financial statements. Additionally, there was an impact on the surplus for the

UNSPENT CONDITIONAL GRANTS AND RECEIPTS

South African Nuclear Energy Corporation Limited

49. I was unable to obtain sufficient appropriate audit evidence in respect of the D&D stage 1 liability included in non-current unspent conditional grants and receipts due to inconsistencies noted from the information submitted to support the public entity's estimated timing and quantum of estimated costs used in determining the 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 non-current unspent conditional grants and receipts stated at R5 109 737 000 (2022: R5 671 119 000) as disclosed in note 27 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 are required to the D&D on stage 1 asset included in other non-current receivables stated at R31 062 490 000 (2022: R33 284 305 000) as disclosed in note 15 to the consolidated financial statements.
50. I was unable to determine whether any adjustments were necessary to the acceptance of D&D stage 1, stated at R5 109 737 000 (2022: R5 671 119 000) in note 27 to the consolidated financial statements, because I could not obtain sufficient appropriate audit evidence for the D&D stage 1 liability. 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 expense (D&D stage 1), stated at R5 109 737 000 (2022: R5 671 119 000) in note 27 to the consolidated financial statements. This item is a movement

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to release the government grant to profit or loss, based on the D&D stage 1 liability.

prior year as disclosed in note 76, to the consolidated financial statements.

OTHER RESERVES

South African Postbank (SOC) Limited

51. 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 was necessary to other reserves stated at R61 908 190 000 (2022: R52 960 663 000) in the consolidated statement of changes in net assets.

PRIOR PERIOD ERROR

South African Post Office SOC Limited

52. I was unable to obtain sufficient appropriate audit evidence that prior period errors had been properly accounted for, due to the poor status of the accounting records. I was unable to confirm the prior period errors by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to note 65 of the consolidated financial statements.

RISK MANAGEMENT

South African Post Office SOC Limited

53. I was unable to obtain sufficient appropriate audit evidence relating to risk management disclosure, due to the multiple errors affecting the disclosure. I was not able to determine the full extent of the errors to the risk management disclosure by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the related risk management information, for the current and

South African Postbank (SOC) Limited

54. I was unable to obtain sufficient and appropriate audit evidence for deposits due to customers because of the inadequate status of the accounting records. I was unable to confirm the deposit from customers by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the deposits due to customers stated at R8 146 767 000 in note 63, and the related amount included in financial instruments and risk management in note 76, to the consolidated financial statements.

GOING CONCERN

South African Broadcasting Corporation Limited

55. The public entity incurred a net loss of R1 127 363 000 as at 31 March 2023 and at that date, its current liabilities exceeded the current assets by R613 600 000. The public entity was therefore commercially insolvent because it was not able to pay its debts as and when they were due, even though its assets exceeded its liabilities. Additionally, I was unable to obtain sufficient appropriate audit evidence to confirm the reasonableness of the cash flow forecasts for the public entity's viability in the foreseeable future. Consequently, I was unable to confirm or dispel whether it is appropriate to prepare the financial statements using the going concern assumption.

South African Post Office SOC Limited

56. The public entity incurred losses of R2 161 777 000 for the year ended 31 March 2023. Furthermore, at that date, total liabilities exceeded total assets by R7 478 805 000 while current liabilities exceeded their current assets by R9 739 917 000. The reported negative cash flows from operating activities amounted to R412 455 000 which indicated that the public entity's core business operations are not

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generating enough cash to cover its operational expenses. The public entity further could not to pay their debts as and when they were due, indicating they were commercially and technically insolvent.

57. On 10 July 2023, the North Gauteng High Court approved the business rescue for the South African Post Office SOC Limited. The entity had not yet assessed the impact of the business rescue on the entity's ability to continue as a going concern at the date of this report. The material uncertainty, mitigating conditions and shareholders' intent as well as the amendments to the South African Post Office SOC Limited Act, 2011, further indicate multiple factors that impact on the assessment of the public entity's ability to continue as a going concern. However, the public entity consolidation did not adequately disclose all the principle events and conditions that may cast significant doubt on the public entity's ability to continue as a going concern, management's evaluation of its significance, and management plan to mitigate the effect of these events as required by GRAP 1.
58. Additionally, supporting information, including the public entity's management's assumptions to support the appropriateness of the financial statements being prepared using the going concern basis of accounting were not provided. The cash flow forecast submitted by the public entity did not account for all known assumptions. 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 is appropriate to prepare the consolidated financial statements using the going concern assumption.

AGGREGATION OF UNCORRECTED MISSTATEMENTS

59. The consolidated financial statements are materially misstated due to the cumulative effect of numerous uncorrected misstatements emanating from the audited financial statements of national public entities. These misstatements impact the statement of financial performance with R4, 97 billion, and the statement of financial position with R5, 58 billion and disclosure notes by R1, 21 billion.

EMPHASIS OF MATTER

60. 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

61. As disclosed in note 80 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 matters

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

UNAUDITED SUPPLEMENTARY SCHEDULES

63. The supplementary information set out on pages 165 to 173 does not form part of the consolidated financial statements and is presented as additional information. I have not

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audited these schedules and, accordingly, I do not express an opinion on them.

NATIONAL TREASURY INSTRUCTION NOTE NO.4 OF 2022-23: PFMA COMPLIANCE AND REPORTING FRAMEWORK

64. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA, which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the consolidated financial statements, only the current year and prior year figures are disclosed in note 67 to the consolidated financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the consolidated financial statements of national public entities. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report.
65. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

Responsibilities of the accounting officer for the consolidated financial statements

66. The accounting officer is responsible for the preparation and fair presentation of the consolidated financial statements of national public entities in accordance with the Standards of GRAP and the Public Finance Management Act 1 of 1999 (PFMA) and for such internal control as the accounting officer determines is

necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

67. In preparing the consolidated financial statements of national public entities, 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.

Responsibilities of the auditor-general for the audit of the consolidated financial statements

68. My responsibility is to conduct an audit of the consolidated financial statements of national public entities 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 financial statements.
69. 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 are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

70. In terms of section 8 of the PFMA, the National Treasury is not required to prepare a consolidated annual performance report.

REPORT OF THE AUDITOR-GENERAL

FOR THE YEAR ENDED 31 MARCH 2023

REPORT ON COMPLIANCE WITH LEGISLATION

71. The audit of compliance with legislation is not required, as the National Treasury 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 8 February 2023 as per General notice 48000

OTHER INFORMATION IN THE ANNUAL REPORT

72. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the consolidated financial statements and the auditor's report.
73. My opinion on the consolidated financial statements does not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
74. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the consolidated financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
75. 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

76. 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.

77. 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.
78. The accounting authorities of the individual national public entities did not implement adequate internal controls to ensure the preparation of accurate individual financial statements as numerous material misstatements were identified that resulted in the modification of the auditor's opinion. Furthermore, the accounting authorities 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 and ineffective 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,

9 December 2023



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

REPORT OF THE AUDITOR-GENERAL

FOR THE YEAR ENDED 31 MARCH 2023

ANNEXURE TO THE AUDITOR'S REPORT

AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

Professional judgement and professional scepticism

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.

Financial statements

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
- conclude on the appropriateness of the 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 department 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 and 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

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.

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.

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

Annexure A

List of entities consolidated

31 March 2023		31 March 2022	
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 Sector Education and Training Authority	6	Agricultural Research Council
7	Air Traffic and Navigation Services Company Limited	7	Agricultural Sector Education and Training Authority
8	Airports Company of South Africa Ltd	8	Air Traffic and Navigation Services Company Limited
9	Amatola Water Board	9	Airports Company of South Africa Ltd
10	Amazwi South African Museum of Literature	10	Alexkor Limited
11	ARC	11	Amatola Water Board
12	ARMSCOR	12	Armaments Corporation of South Africa Limited (ARSMCOR)
13	Artscape	13	Artscape
14	Auditor General of South Africa	14	Auditor General of South Africa
15	Banking Sector Education and Training Authority	15	Banking Sector Education and Training Authority
16	Boxing South Africa	16	Bloem Water
17	Brand SA	17	Boxing South Africa
18	Breede-Gouritz Catchment Management Agency	18	Brand SA
19	Broadband Infrastructure Company (Pty) Ltd	19	Breede-Gouritz Catchment Management Agency
20	Castle Control Board	20	Broadband Infraco
21	CEF (Pty) Ltd	21	Castle Control Board
22	Chemical Industries Education and Training Authority	22	CEF (Pty) Ltd
23	Commission for Conciliation, Mediation & Arbitration	23	Chemical Industries Education and Training Authority
24	Commission for Gender Equality (CGE)	24	Commission for Conciliation, Mediation & Arbitration
25	Commission on Restitution of Land Rights	25	Commission for Gender Equality (CGE)
26	Community Schemes Ombud Services	26	Commission on Restitution of Land Rights
27	Companies and Intellectual Property Commission	27	Community Schemes Ombud Services
28	Companies Tribunal	28	Companies and Intellectual Property Commission
29	Compensation Commissioner for Occupational Diseases	29	Companies Tribunal
30	Competition Commission	30	Compensation Commissioner for Occupational Diseases
31	Competition Tribunal	31	Competition Commission
32	Construction Education and Training Authority	32	Competition Tribunal
33	Construction Industry Development Board	33	Construction Education and Training Authority
34	Co-Operatives Banks Development Agency	34	Construction Industry Development Board
35	Council for Geoscience	35	Co-Operatives Banks Development Agency
36	Council for Medical Schemes	36	Council for Geoscience
37	Council for Mineral Technology	37	Council for Medical Schemes
38	Council for Scientific and Industrial Research	38	Council for Mineral Technology

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

31 March 2023		31 March 2022	
39	Council for the Built Environment	39	Council for Scientific and Industrial Research
40	Council on Higher Education	40	Council for the Built Environment
41	Cross-Border Road Transport Agency	41	Council on Higher Education
42	Culture, Arts, Tourism, Hospitality and Sport Education and Training Authority	42	Cross-Border Road Transport Agency
43	Deeds Registration Trading Account	43	Culture, Arts, Tourism, Hospitality and Sport Education and Training Authority
44	Denel	44	Deeds Registration Trading Account
45	Development Bank of Southern Africa	45	Development Bank of Southern Africa
46	Die Afrikaanse Taal Museum	46	Die Afrikaanse Taal Museum
47	Ditsong: Museums of Africa	47	Ditsong: Museums of Africa
48	Driving License Card Trading Account	48	Driving License Card Trading Account
49	ECIC	49	ECIC
50	Education, Training and Development Practices SETA	50	Education, Training and Development Practices SETA
51	Energy & Water Sector Education and Training Authority	51	Energy & Water Sector Education and Training Authority
52	Equalisation Fund	52	Equalisation Fund
53	ESKOM	53	ESKOM
54	Estate Agency Affairs Board	54	Estate Agency Affairs Board
55	Fibre Processing Manufacturing Sector Education and Training	55	Fibre Processing Manufacturing Sector Education and Training
56	Film and Publication Board	56	Film and Publication Board
57	Financial & Fiscal Commission	57	Financial & Fiscal Commission
58	Financial and Accounting Services SETA	58	Financial and Accounting Services SETA
59	Financial Intelligence Centre	59	Financial Intelligence Centre
60	Financial Sector Conduct Authority	60	Financial Sector Conduct Authority
61	Food and Beverages Manufacturing Industry SETA	61	Food and Beverages Manufacturing Industry SETA
62	Freedom Park Trust	62	Freedom Park Trust
63	Government Pension Administration Agency	63	Government Pensions Administration Agency
64	Government Printing Works	64	Government Technical Advisory Centre (GTAC)
65	Government Technical Advisory Centre (GTAC)	65	Health and Welfare Sector Education and Training Authority
66	Health and Welfare Sector Education and Training Authority	66	Housing Development Agency
67	Housing Development Agency	67	Human Sciences Research Council
68	Human Sciences Research Council	68	Independent Communications Authority of South Africa
69	Independent Communications Authority of South Africa	69	Independent Development Trust
70	Independent Development Trust	70	Independent Electoral Commission
71	Independent Electoral Commission	71	Independent Regulatory Board for Auditors
72	Independent Regulatory Board for Auditors	72	Industrial Development Corporation of South Africa Limited
73	Industrial Development Corporation of South Africa Limited	73	Ingonyama Trust Board
74	Ingonyama Trust Board	74	Inkomati-Usuthu Catchment Management Agency
75	Inkomati-Usuthu Catchment Management Agency	75	Insurance Sector Education and Training Authority

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

31 March 2023		31 March 2022	
76	Insurance Sector Education and Training Authority	76	International Trade Administration Commission
77	International Trade Administration Commission	77	Isimangaliso Wetland Park
78	Isimangaliso Wetland Park	78	Iziko Museums of South Africa
79	Iziko Museums of South Africa	79	Kwa-Zulu Natal Museum
80	Kwa-Zulu Natal Museum	80	LANDBANK
81	LANDBANK	81	Legal Aid South Africa
82	Legal Aid SA	82	Lepelle Northern Water
83	Lepelle Northern Water	83	Local Government Education and Training Authority
84	Local Government Education and Training Authority	84	Luthuli Museum
85	Luthuli Museum	85	Magalies Water
86	Magalies Water	86	Manufacturing Engineering and Related Services Education Tra
87	Manufacturing Engineering and Related Services Education Tra	87	Marine Living Resources Fund
88	Marine Living Resources Fund	88	Market Theatre Foundation
89	Market Theatre Foundation	89	Media Development Diversity Agency
90	Media Development Diversity Agency	90	Media, Information and Communication Technologies Sector Edu
91	Media, Information and Communication Technologies Sector Edu	91	Medical Research Council of South Africa
92	Medical Research Council of South Africa	92	Mhlathuze Water
93	Mhlathuze Water	93	Mine Health and Safety Council
94	Mine Health and Safety Council	94	Mining Qualifications Authority
95	Mining Qualifications Authority	95	Municipal Demarcation Board
96	Municipal Demarcation Board	96	Municipal Infrastructure Support Agency
97	Municipal Infrastructure Support Agency	97	National Agricultural Marketing Council
98	National Agricultural Marketing Council	98	National Arts Council of South Africa
99	National Arts Council of South Africa	99	National Consumer Commission
100	National Consumer Commission	100	National Consumer Tribunal
101	National Consumer Tribunal	101	National Credit Regulator
102	National Credit Regulator	102	National Development Agency
103	National Development Agency	103	National Economic Development and Labour Council
104	National Economic Development and Labour Council	104	National Electronic Media Institute of South Africa
105	National Electronic Media Institute of South Africa	105	National Empowerment Fund
106	National Empowerment Fund	106	National Energy Regulator of South Africa
107	National Energy Regulator of South Africa	107	National Film and Video Foundation of South Africa
108	National Film and Video Foundation of South Africa	108	National Gambling Board of South Africa
109	National Gambling Board of South Africa	109	National Health Laboratory Service
110	National Health Laboratory Service	110	National Heritage Council of South Africa
111	National Heritage Council of South Africa	111	National Gambling Board of South Africa
112	National Home Builders Registration Council	112	National Housing Finance Corporation Limited
113	National Housing Finance Corporation Limited	113	National Library of South Africa
114	National Library of South Africa	114	National Lotteries Commission
115	National Lotteries Commission	115	National Metrology Institute of South Africa
116	National Metrology Institute of South Africa	116	National Museum, Bloemfontein
117	National Museum, Bloemfontein	117	National Nuclear Regulator
118	National Nuclear Regulator	118	National Radioactive Waste Disposal Institute
119	National Radioactive Waste Disposal Institute	119	National Regulator for Compulsory Specifications

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

31 March 2023	31 March 2022
120 National Regulator for Compulsory Specifications	120 National Research Foundation
121 National Research Foundation	121 National School of Government
122 National School of Government	122 National Skills Fund
123 National Skills Fund	123 National Youth Development Agency
124 National Youth Development Agency	124 National School of Government
125 Nelson Mandela National Museum	125 National Skills Fund
126 Office of Health Standards Compliance	126 National Student Financial Aid Scheme
127 Office of the Ombud for Financial Services Providers	127 National Youth Development Agency
128 Office of the Pension Fund Adjudicator	128 Nelson Mandela National Museum
129 Office of the Valuer-General	129 Office of Health Standards Compliance
130 Onderstepoort Biological Products Limited	130 Office of the Ombud for Financial Services Providers
131 Overberg Water	131 Office of the Pension Fund Adjudicator
132 Pan South African Language Board	132 Office of the Valuer-General
133 Passenger Rail Agency of South Africa	133 Onderstepoort Biological Products Limited
134 Performing Arts Council of the Free State	134 Overberg Water
135 Perishable Products Export Control Board	135 Pan South African Language Board
136 Playhouse Company	136 Performing Arts Council of the Free State
137 Ports Regulator of South Africa	137 Perishable Products Export Control Board
138 President Fund	138 Playhouse Company
139 Private Security Industry Regulatory Authority	139 Ports Regulator of South Africa
140 Productivity SA	140 President's Fund
141 Property Management Trading Entity	141 Private Security Industry Regulatory Authority
142 Public Investment Corporation Limited	142 Productivity SA
143 Public Protector South Africa	143 Property Management Trading Entity
144 Public Service Sector Education and Training Authority	144 Public Investment Corporation Limited
145 Quality Council for Trades and Occupations	145 Public Protector of South Africa
146 Railway Safety Regulator	146 Public Service Sector Education and Training Authority
147 Rand Water	147 Quality Council for Trades and Occupations
148 Represented Political Parties Fund	148 Railway Safety Regulator
149 Road Accident Fund	149 Rand Water
150 Road Traffic Infringement Agency	150 Represented Political Parties Fund
151 Road Traffic Management Corporation	151 Road Accident Fund
152 Robben Island Museum	152 Road Traffic Infringement Agency
153 Safety and Security Education and Training Authority	153 Road Traffic Management Corporation
154 Sasria Limited	154 Robben Island Museum
155 Sentech	155 Safety and Security Education and Training Authority
156 Services Sector Education and Training Authority	156 Sasria Limited
157 Small Enterprise Development Agency	157 Sentech Limited
158 Social Housing Regulatory Authority	158 Services Sector Education and Training Authority
159 South African Broadcasting Corporation Limited	159 Small Enterprise Development Agency
160 South African Bureau of Standards	160 Social Housing Regulatory Authority
161 South African Civil Aviation Authority	161 South African Airways (Pty) Ltd
162 South African Council for Educators	162 South African Broadcasting Corporation Limited
163 South African Diamond and Precious Metals Regulator	163 South African Bureau of Standards

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

31 March 2023	31 March 2022
164 South African Forestry Company Limited	164 South African Civil Aviation Authority
165 South African Health Products Regulatory Authority	165 South African Council for Educators
166 South African Heritage Resources Agency	166 South African Diamond and Precious Metals Regulator
167 South African Human Rights Commission	167 South African Forestry Company Limited
168 South African Institute for Drug-Free Sport	168 South African Health Products Regulatory Authority
169 South African Library for the Blind	169 South African Heritage Resources Agency
170 South African Local Government Association	170 South African Human Rights Commission
171 South African National Accreditation System	171 South African Institute for Drug-Free Sport
172 South African National Biodiversity Institute	172 South African Library for the Blind
173 South African National Energy Development Institute	173 South African Local Government Association
174 South African National Parks	174 South African Maritime Safety Authority
175 South African National Roads Agency Limited	175 South African National Accreditation System
176 South African National Space Agency	176 South African National Biodiversity Institute
177 South African Nuclear Energy Corporation Limited	177 South African National Energy Development Institute
178 South African Post Bank SOC (Pty)	178 South African National Parks
179 South African Post Office Limited	179 South African National Roads Agency Limited
180 South African Qualifications Authority	180 South African National Space Agency
181 South African Reserve Bank	181 South African Nuclear Energy Corporation Limited
182 South African Revenue Services (SARS)	182 South African Post Bank SOC (Pty)
183 South African Social Security Agency	183 South African Post Office Limited
184 South African State Theatre	184 South African Qualifications Authority
185 South African Tourism	185 South African Reserve Bank
186 South African Weather Service	186 South African Revenue Services (SARS)
187 Special Investigating Unit	187 South African Social Security Agency
188 State Diamond Trader	188 South African State Theatre
189 State Information Technology Agency	189 South African Tourism
190 Supported Employment Enterprises	190 South African Weather Service
191 Takeover Regulation Panel	191 Special Investigation Unit
192 Technology Innovation Agency	192 State Diamond Trader
193 Telkom SA Limited - 40.5% Journal	193 State Information Technology Agency
194 The Commission for PPRCLC	194 Supported Employment Enterprises
195 Thubelisha Homes (In Liquidation)	195 Technology Innovation Agency
196 Trans-Caledon Tunnel Authority	196 Telkom SA Limited – 40.5% Journal
197 Transnet Limited	197 The Commission for PPRCLC
198 Transport Education and Training Authority	198 Thubelisha Homes (in liquidation)
199 uMalusi Council for Quality Assurance in General and Further	199 Trans-Caledon Tunnel Authority
200 Umgeni Water	200 Transnet Limited
201 uMsunduzi Museum (Includes Voortrekker Museum)	201 Transport Education and Training Authority
202 Universal Service and Access Agency of South Africa	202 uMalusi Council for Quality Assurance in General and Further
203 Universal Service and Access Fund	203 Umgeni Water
204 War Museum of the Boer Republics	204 uMsunduzi Museum (Includes Voortrekker Museum)
	205 Universal Service and Access Agency of South Africa

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

31 March 2023		31 March 2021	
205	Water Research Commission	206	Universal Service and Access Fund
206	Water Trading Entity	207	War Museum of the Boer Republics
207	Wholesale and Retail Sector Education and Training Authority	208	Water Research Commission
208	William Humphreys Art Gallery	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 2023

■ Annexure B

PFMA listed and unlisted entities not consolidated

31 March 2023	31 March 2022
1 Alexkor Limited	1 Amazwi South African Museum of Literature
2 Bloem Water	2 Compensation Fund, including Reserve Fund
3 Compensation Fund, including Reserve Fund	3 DENEL
4 National Student Financial Aid Scheme	4 Government Printing Works
5 Sedibeng Water	5 Passenger Rail Agency of South Africa
6 South African Airways (Pty) Ltd	6 Sedibeng Water
7 South African Express (Pty) Ltd	7 South African Express (Pty) Ltd
8 South African Maritime Safety Authority	8 Unemployment Insurance Fund
9 Unemployment Insurance Fund	

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

■ Annexure C

List of entities consolidated with year ends other than 31 March

31 March 2023		31 March 2022	
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	Umgeni Water

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

■ Annexure D

List of entities consolidated based on draft AFS

31 March 2023		31 March 2022	
1	Agricultural Land Holding Account	1	Alexkor Limited
2	Amatola Water Board	2	Amatola Water Board
3	CEF (Pty) Ltd	3	Bloem Water
4	Denel	4	Broadband Infrastructure Company (Pty) Ltd
5	Equalisation Fund	5	CEF (Pty) Ltd
6	ESKOM	6	Driving License Card Trading Account
7	Government Printing Works	7	ESKOM
8	Lepelle Northern Water	8	Freedom Park Trust
9	Local Government Education and Training Authority	9	Independent Development Trust
10	Magalies Water	10	Insurance Sector Education and Training Authority
11	Mhlathuze Water	11	Isimangaliso Wetland Park
12	Overberg Water	12	Lepelle Northern Water
13	Passenger Rail Agency of South Africa	13	Magalies Water
14	Railway Safety Regulator	14	Mhlathuze Water
15	Rand Water	15	National Arts Council of South Africa
16	Represented Political Parties Fund	16	National Film and Video Foundation of South Africa
17	Road Traffic Infringement Agency	17	National Student Financial Aid Scheme
18	Special Investigating Unit	18	Overberg Water
19	State Information Technology Agency	19	Rand Water
20	Umgeni Water	20	Represented Political Parties Fund
		21	Road Accident Fund
		22	Sasria Limited
		23	South African Airways (Pty) Ltd
		24	South African Bureau of Standards
		25	South African National Parks
		26	Umgeni Water
		27	Water Trading Entity

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2023

	Note	2022/23 R '000	2021/22 R '000
REVENUE			
REVENUE FROM NON-EXCHANGE TRANSACTIONS		194,006,136	175,572,770
Government grants and subsidies	40	93,485,485	86,953,987
Public contributions and donations	41	523,626	590,060
Transfers and Sponsorships	42	8,795,539	7,482,778
Fines and Penalties	43	1,792	-
Legislative and Oversight functions	44	348,053	219,426
Taxation revenue	45	81,700,771	72,101,044
Licences and permits		8,560,850	7,699,383
REVENUE FROM EXCHANGE TRANSACTIONS		583,299,436	521,707,262
Sale of Goods & Rendering of Services	46	495,321,434	460,034,747
Rental of facilities and equipment	47	7,885,239	6,659,689
Interest earned - external investments	48	57,159,678	37,380,118
Interest earned - outstanding receivables	49	3,846,090	2,659,094
Other income	50	17,974,478	13,872,746
Licences and permits		1,112,516	1,100,868
TOTAL REVENUE		777,305,572	697,280,032
EXPENSES			
Employee related costs	51	(144,120,164)	(142,439,153)
Repairs and maintenance	34.6	(34,187,494)	(26,180,644)
Depreciation and amortisation expense	52	(75,655,393)	(68,732,732)
Contracted services	53	(7,531,298)	(7,034,725)
Grants and subsidies paid	54	(20,566,157)	(22,717,019)
Finance costs	55	(85,681,873)	(70,256,680)
General expenses	56	(392,509,633)	(351,980,030)
Bad debts		(4,307,185)	(3,936,892)
Non Profit institutions and donor project expenses		(623,042)	(563,625)
TOTAL EXPENSES		(765,182,239)	(693,841,501)
OTHER GAINS / (LOSSES)		(10,604,537)	(15,543,081)
Gain / (Loss) on sale of assets	57	(2,051,221)	(2,805,125)
Impairment (Loss) / Reversal of impairment loss	58	(16,169,537)	(20,682,160)
Gain / (Loss) on fair value adjustment	59	7,055,870	8,515,715
Gain / (Loss) on revaluation of assets	60	57,023	233,167
Gain / (Loss) on sale of shares		-	175
Inventories: Reversal of write-down to net realisable value		-	-
Inventories: Write-down to net realisable value		503,328	(804,855)
Share of surplus/ (deficit) of joint venture using equity method	19	99,455	51,946
Share of surplus/ (deficit) of associate	20	901,067	6,299,119

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2023

	Note	2022/23 R '000	2021/22 R '000
Continuing Operations Surplus/ (Deficit) before tax		2,519,318	(5,753,485)
Taxation	61	7,315,380	2,816,064
Continuing Operations Surplus/ (Deficit) after tax		9,834,698	(2,937,421)
DISCONTINUED OPERATIONS SURPLUS / (DEFICIT) AFTER TAX	62	224,000	(934,060)
TOTAL SURPLUS / (DEFICIT) FOR THE PERIOD NET OF TAX		10,058,698	(3,871,481)
<i>Attributable to:</i>			
<i>Owners of the controlling entity</i>		9,124,313	(4,022,142)
<i>Non-Controlling Interests</i>		934,385	150,661

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 MARCH 2023

	Note	2022/23 R '000	2021/22 R '000
ASSETS			
Current assets		1,790,248,287	1,455,973,212
Cash and cash equivalents	1	338,339,488	284,336,216
Trade and other receivables from exchange transactions	2	93,056,040	79,854,600
Other receivables from non-exchange transactions	3	16,648,275	19,246,201
Other current financial assets	4	1,130,915,812	917,379,023
Current portion of non-current receivables	5	19,229,244	15,927,920
VAT receivables	6	2,111,928	3,435,520
Inventories	7	53,569,000	49,649,951
Prepayments	8	15,671,563	13,770,038
Current Investments	9	102,724,433	57,014,861
Construction contract receivables	10	1,313,732	1,053,131
Current assets held for sale	11	2,814,492	841,027
Finance lease receivable	12	520,395	134,223
Statutory receivables – Exchange	13	1,125,094	1,253,630
Statutory receivables – Non-Exchange	14	11,718,355	11,592,051
Operating Lease Asset		490,436	484,820
Non-current assets		2,487,743,927	2,390,132,377
Non-current receivables from exchange transactions	15	31,062,490	33,284,305
Non-current statutory receivables - Exchange	13	2,983,401	2,260,464
Non-current statutory receivables – Non - Exchange	14	-	-
Non-Current Investments	16	219,627,422	237,352,022
Non-Current Finance Lease Receivable	12	473,212	487,084
Other non-current financial assets	17	57,051,899	42,969,804
Investments in Subsidiaries	18	165,734	0
Investments in Joint Ventures	19	629,125	668,243
Investments in Associates	20	61,228,515	56,239,680
Deferred Tax Assets	21	50,158,586	39,753,930
Defined benefit plan assets	33	4,728,149	5,031,351
Property, plant and equipment	34	1,956,834,437	1,873,789,718
Heritage assets	35	11,830,957	11,700,537
Intangible assets	36	38,308,095	34,636,666
Investment property	37&38	45,889,124	45,586,710
Biological assets	39.1	4,211,556	3,716,958
Living resources	39.2	7,744	4,674
Operating Lease Assets		2,553,483	2,650,230
TOTAL ASSETS		4,277,992,214	3,846,105,589

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 MARCH 2023

	Note	2022/23 R '000	2021/22 R '000
LIABILITIES			
Current liabilities		1,661,131,836	1,352,946,906
Bank overdraft	1	2,012,850	936,636
Trade and other payables from exchange transactions	22	159,335,614	138,437,572
VAT payable	23	6,545,567	7,167,416
Taxes and transfers payable	24	7,003,717	6,573,713
Other current financial liabilities	25	1,250,039,789	995,616,205
Current provisions	26	53,210,066	56,769,476
Current portion of unspent conditional grants and receipts	27	32,752,254	22,397,356
Current portion of long-term borrowings	28	119,618,050	107,923,790
Short-Term Borrowings	29	22,554,506	10,385,227
Current portion of finance lease liability	30	2,632,734	2,095,547
Current portion of operating lease liability		562,675	547,667
Service Concession Arrangement	74	487,079	873,503
Deferred Income	50	4,376,935	3,222,796
Non-current liabilities		977,778,925	960,180,131
Deferred Tax Liabilities	21	80,620,155	80,465,027
Unspent conditional grants and receipts	27	5,109,037	5,671,119
Long-term borrowings	28	610,204,327	598,160,452
Finance lease liability	30	13,096,767	13,390,190
Non-current provisions	31	81,182,177	82,194,686
Other non-current financial liabilities	32	20,872,327	26,960,775
Defined benefit plan obligations	33	27,938,840	28,017,101
Deferred Income	50	131,904,409	118,545,784
Operating lease liability		6,850,884	6,774,996
Service Concession Arrangements	74	-	-
TOTAL LIABILITIES		2,638,910,761	2,313,127,037
NET ASSETS		1,639,081,453	1,532,978,552
Ordinary Shares		305,658,262	255,988,908
Preference Shares		250,000	250,000
Revaluation Reserve		609,669,355	554,955,076
Contributed Capital		36,034,514	48,165,384
Translation Reserve		8,645,906	4,762,080
Other Reserves		61,908,190	52,960,663
Accumulated Surplus/ (Deficit)		617,062,852	616,710,710
Non-Controlling Interests		-147,625	-814,269
TOTAL NET ASSETS AND LIABILITIES		4,277,992,214	3,846,105,589

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2023

	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 2021									
Changes in accounting policy	224,295,931	250,000	455,170,163	26,165,383	5,090,525	55,636,543	597,793,710	(691,539)	1,363,710,717
Correction of prior period error			332,000			(1,563)	(52,909)		(54,472)
						611,677	5,700,664		6,644,341
FOR THE YEAR ENDED 1 APRIL 2021	224,295,931	250,000	455,502,163	26,165,383	5,090,525	56,246,657	603,441,466	(691,539)	1,370,300,587
Net of Tax Surplus/(Deficit) on revaluation of Property, Plant & Equipment			78,353,290						78,353,290
Net of Tax Surplus/(Deficit) on revaluation of Intangible Assets									-
Net of Tax Surplus/(Deficit) on revaluation of heritage assets			3,504						3,504
Net of Tax Surplus/(Deficit) on Revaluation of Investments Available For Sale			7,558						7,558
Net Of Tax Currency Translation Differences					(169,127)				(169,127)
Transfers to/from other reserves			(316,013)		45	(3,452,190)	3,331,618	(4,162)	(440,702)
Increase/(Decrease) in Share Capital / Capital Contributions	31,692,945								31,692,945
Surplus/(Deficit) for the period as per Statement of Financial Performance							(4,022,142)	150,661	(3,871,481)
Transfers to/from accumulated surplus/(deficit)			20,925,054		(75,437)	(1,781,306)	22,005,882	(25,120)	41,049,073
Dividends Paid (Net Of STC)						(637,043)	(197)	(250,521)	(250,718)
Cash flow hedges						3,142,045	(7,760)	1	(637,042)
Contributions introduced	31		2	22,000,000	2	3,142,045	(7,760)	(1)	25,134,319
Other Movements			479,518	1	(83,929)	(557,501)	(7,260,705)	6,413	(7,416,203)

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2023

	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 2022	255,988,907	250,000	554,955,076	48,165,384	4,762,079	52,960,662	617,488,162	(814,268)	1,533,756,004
Changes in accounting policy							(777,452)	(1)	(777,453)
BALANCE AT 1 APRIL 2022	255,988,907	250,000	554,955,076	48,165,384	4,762,079	52,960,662	616,710,710	(814,269)	1,532,978,551
Net of Tax Surplus/(Deficit) on revaluation of Property, Plant & Equipment			73,557,318						73,557,318
Net of Tax Surplus/(Deficit) on revaluation of Intangible Assets									
Net of Tax Surplus/(Deficit) on revaluation of heritage assets									6,455
Net of Tax Surplus/(Deficit) on Revaluation of Investments Available For Sale			(52,594)						(52,594)
Net Of Tax Currency Translation Differences					1,540,078				1,540,078
Transfers to/from other reserves	22,000,000		(108,913)	(22,000,000)	(5,516)	2,112,199	(2,166,644)	78,000	(90,874)
Increase/(Decrease) in Share Capital/Capital Contributions	21,857,331			8,980,000					30,837,331
Surplus/(Deficit) for the period as per Statement of Financial Performance			(18,639,055)		2,300,025	2,480,414	(1,059,710)	934,385	10,058,698
Transfers to/from accumulated surplus/(deficit)						(1)	(1,193)	(91,695)	(15,010,022)
Dividends Paid (Net Of STC)						(8,317)	(0)	(179,315)	(180,509)
Cash flow hedges			6	889,130		3,558,205	(4,166)	1	(8,316)
Contributions introduced	5,836,987		(48,939)		49,239	805,026	(5,540,457)	(1)	10,280,161
Other Movements	(24,964)							(74,731)	(4,834,826)
FOR THE YEAR ENDED 31 MARCH 2023	305,658,261	250,000	609,669,354	36,034,514	8,645,905	61,908,187	617,062,852	(147,625)	1,639,081,450

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

	Note	2022/23 R '000	2021/22 R '000
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS			
		774,052,958	688,657,668
Transfers and Subsidies		108,647,280	108,194,646
Taxation Revenue		7,948,562	6,799,967
Sale of goods and rendering of services		500,862,381	473,621,557
Other Operating Revenue		18,902,048	7,203,501
Service charges		4,774,225	4,864,561
Grants		37,735,975	36,170,277
Interest, Dividends and Rent on land		48,027,193	31,035,263
Fines, penalties and forfeits		163,355	192,539
Other Receipts		46,991,939	20,575,357
PAYMENTS			
		(666,527,205)	(609,079,348)
Compensation of Employees		(151,800,527)	(146,626,960)
Goods and Services		(286,975,095)	(248,516,040)
Interest and Rent on land		(74,795,900)	(62,193,957)
Taxation Paid		(1,409,254)	(2,479,506)
Other payments		(151,546,430)	(149,262,885)
Net cash flows from operating activities	63	107,525,753	79,578,319
CASH FLOWS FROM INVESTING ACTIVITIES			
		(115,334,822)	(72,842,209)
Purchase of Property, Plant and Equipment		(87,126,311)	(67,764,910)
Purchase of Intangible Assets		(3,753,426)	(1,245,115)
Purchase of Investment Property		(1,240,953)	(1,036,663)
Purchase of Heritage Assets		(52,998)	(95,869)
Purchase of Biological Assets			
Purchase of Living Resources		(2,020)	5,038
Proceeds on Disposal of Property, Plant and Equipment		773,033	612,337
Proceeds on Disposal of Intangible Assets		27,112	735
Proceeds on Disposal of Investment Property		11,443	19
Proceeds on Disposal of Heritage Assets			(212)
Proceeds on Disposal of Biological Assets			
Proceeds on Disposal of Living Resources		84	9
Purchase of available-for-sale financial assets		32,681,724	18,805,015
Proceeds from sale of Investments		7,593,259	11,685,894
Purchase of controlled entity (net of cash acquired)		(2,449,503)	(299)
Dividend income		324,471	193,022
Movement in pension fund assets / liabilities			
Loans granted to associates / other economic entities		(13,679,955)	(13,203,501)
Loan repayments received from associates / other economic entities		8,609,017	11,324,591
Borrowing costs capitalised		(1,401,269)	(1,979,258)
Acquisition of investments		(56,881,129)	(31,263,594)
Additional movements		1,232,600	1,120,551
Net cash flows from investing activities		(115,334,822)	(72,842,209)

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

	Note	2022/23 R '000	2021/22 R '000
CASH FLOWS FROM FINANCING ACTIVITIES		59,361,190	27,930,630
Proceeds from borrowings		110,969,517	71,459,953
Repayment of borrowings		(113,723,422)	(99,057,907)
Proceeds from issuance of ordinary shares / contributed capital		56,858,425	53,692,975
Proceeds from issuance of redeemable preference shares			(5,066)
Proceeds from service concession arrangements			(533,811)
Purchase of treasury shares		(774,307)	66,109
Repayment / issuance of financial guarantee contracts		91,514	(1,742,984)
Finance lease payments		(1,661,463)	4,051,361
Distribution / dividends paid		7,600,926	
Net cash flows from financing activities		59,361,190	27,930,630
Net increase/(decrease) in cash and cash equivalents		51,552,121	34,666,740
Cash and cash equivalents at the beginning of the year		283,399,580	244,832,574
Effect of exchange rate movement on cash balances		1,374,936	3,900,267
Cash and cash equivalents at the end of the year	1	336,326,637	283,399,580

GROUP ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2023

■ 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 that 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

GROUP ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2023

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

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

TREATMENT OF DEPARTMENTAL TRADING ENTITIES AND OTHER UNLISTED ENTITIES, TRUSTS AND FUNDS

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

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

BUDGET INFORMATION

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

GROUP ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2023

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).

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

GROUP ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2023

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 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.

GROUP ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2023

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.
- 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.

GROUP ACCOUNTING POLICIES

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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

GROUP ACCOUNTING POLICIES

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

For financial assets held at cost:

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

POLICIES RELATING TO SPECIFIC FINANCIAL INSTRUMENTS

Investments at amortised cost

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

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

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

Investments at fair value

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

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

Investments at cost

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

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost.

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

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

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.

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INVENTORIES

INITIAL RECOGNITION AND MEASUREMENT

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

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

SUBSEQUENT MEASUREMENT

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

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

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

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

reduction of inventories recognised as an expense in the period in which the reversal occurs.

DERECOGNITION

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

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.

GROUP ACCOUNTING POLICIES

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DERECOGNITION

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

PROPERTY, PLANT AND EQUIPMENT

INITIAL RECOGNITION AND MEASUREMENT

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

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

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

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

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired 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:

GROUP ACCOUNTING POLICIES

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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>	Indefinite Life
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

CATEGORY OF ASSET	USEFUL LIFE RANGE IN YEARS
Security Systems	5 - 15
Tip Sites	30
Computer Equipment	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 Centers</i>	15 - 50
<i>Public Conveniences</i>	15 - 50
<i>Swimming Pools</i>	15 - 50
<i>Recreational Facilities</i>	15 - 50
<i>Selling & Letting Schemes</i>	15 - 50

Impairments

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

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.

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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

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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.

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

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

SUBSEQUENT MEASUREMENT

Cost model

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

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

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

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

Fair value model

Investment property is measured using the fair value model. This entails determining the fair value of investment properties on a regular basis. To the

extent that the fair value model is applied investment property is not depreciated. Fair value gains / losses that result from the revaluation are recognised in the Statement of Financial Performance.

Impairments

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

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

Derecognition

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

■ BIOLOGICAL ASSETS

RECOGNITION

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

GROUP ACCOUNTING POLICIES

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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) is recognised at the point of harvest. Accordingly, agricultural produce is measured at fair value less point-of-sale costs at the point of harvest. When this agricultural produce is transferred to inventory (for the purpose of consumption or resale) the fair value less point-of-sale costs, becomes the cost of the agricultural produce inventory.

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

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

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

DERECOGNITION

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

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

■ IMPAIRMENT OF NON-FINANCIAL ASSETS

RECOGNITION

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

MEASUREMENT

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

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

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

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

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

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

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

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

Impairment losses of continuing operations are recognised in the Statement of Financial

Performance in those expense categories consistent with the function of the impaired asset.

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

REVERSAL OF IMPAIRMENT LOSSES

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

EMPLOYEE BENEFITS

SHORT TERM EMPLOYEE BENEFITS

Short term employee benefits 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

GROUP ACCOUNTING POLICIES

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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

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lessee through the lease, are not recognised in the Statement of Financial Position. The operating lease expense is recognised over the course of the lease arrangement.

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

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

Measurement

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

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

GROUP ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2023

January 2005 in accordance with the transitional requirements of IGRAP 3.

Measurement

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

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

Derecognition

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

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

REVENUE

REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrues to the entity directly in return for services rendered or goods sold, the value of which approximates the consideration received or

receivable, excluding indirect taxes, rebates and discounts.

RECOGNITION

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

- 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.

GROUP ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2023

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

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

Expenditure relating to non-exchange transactions

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

BORROWING COSTS

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

FOREIGN CURRENCY TRANSACTION

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

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

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

SURPLUS OR DEFICIT

GAINS AND LOSSES

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

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

IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Public Finance Management Act (PFMA) or is in contravention of the entity's supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is 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.

GROUP ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2023

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.

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.

GROUP ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2023

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.

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 2023

	2022/23 R '000	2021/22 R '000
1 Cash and Cash Equivalents		
Cash and cash equivalents consist of the following:		
Cash on hand	5,810,388	4,858,237
Cash at bank	113,744,098	96,482,052
Call deposits	189,733,375	168,501,871
Call investments	29,051,628	14,494,056
<i>Less:</i> Bank Overdraft	(2,012,850)	(936,636)
Total Cash and cash Equivalents	336,326,638	283,399,580

	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 2023			
Recoveries of staff expenses	50,808	(23,347)	27,462
Other Trade Receivables	119,540,300	(37,564,818)	81,975,482
Employee advances	129,039	(8,148)	120,891
Provincial Government	13,285,559	(6,082,965)	7,202,594
National Government	13,393,492	(9,663,881)	3,729,611
Total Trade & Other Receivables From Exchange Transactions As At 31 March 2023	146,399,198	(53,343,158)	93,056,040
Balance As At 31 March 2022			
Recoveries of Staff Expenses	49,293	(19,946)	29,346
Other Trade Receivables	109,698,158	(39,086,800)	70,611,358
Employee Advances	48,812	(11,266)	37,546
Provincial Government	11,029,402	(6,189,093)	4,840,310
National Government	12,830,405	(8,494,365)	4,336,041
Total Trade & Other Receivables From Exchange Transactions As At 31 March 2022	133,656,070	(53,801,469)	79,854,600

	2022/23 R '000	2021/22 R '000
Ageing of Trade & Other Receivables from Exchange Transactions (Net of Provision For Doubtful Debts)		
Current (0 – 30 days)	69,991,930	63,657,922
31 - 60 Days	7,731,060	5,544,445
61 - 90 Days	2,708,275	3,480,712
91 - 120 Days	5,829,441	3,666,131
121 + Days	6,795,334	3,505,390
Total	93,056,040	79,854,600

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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 2023					
Current (0 – 30 days)	23,144	81,486,424	102,713	2,849,976	12,295,922
31 - 60 Days	1,960	4,925,051	4,384	1,892,198	50,762
61 - 90 Days	1,126	3,249,279	976	995,976	22,488
91 - 120 Days	2,254	12,026,947	917	255,215	47,843
121 - 365 Days	22,324	17,852,599	20,049	7,292,194	976,476
Total Debtors before Provision For Doubtful Debts	50,809	119,540,300	129,039	13,285,559	13,393,492
Less: Provision for doubtful debts	(23,347)	(37,564,818)	(8,148)	(6,082,965)	(9,663,881)
Total Debtors by Classification as at 31 March 2023	27,462	81,975,483	120,891	7,202,594	3,729,612

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)	22,984	74,264,538	20,043	2,600,800	11,476,869
31 - 60 Days	1,903	5,239,087	795	645,317	598,240
61 - 90 Days	663	3,555,537	(145)	1,065,261	91,921
91 - 120 Days	1,201	9,740,573	7,604	878,527	196,511
121 - 365 Days	22,541	16,898,422	20,515	5,839,497	466,865
Total Debtors before Provision For Doubtful Debts	49,292	109,698,158	48,812	11,029,402	12,830,406
Less: Provision for doubtful debts	(19,946)	(39,086,800)	(11,266)	(6,189,093)	(8,494,365)
Total Debtors by Classification as at 31 March 2022	29,346	70,611,358	37,546	4,840,309	4,336,041

	2022/23 R '000	2021/22 R '000
2.1 Reconciliation of the doubtful debt provision		
Balance at beginning of the year	(53,801,469)	(48,794,812)
Contributions to provision	(5,110,396)	(7,552,255)
Doubtful debts written off against provision	4,223,371	1,868,798
Reversal of provision	1,237,173	1,103,724
Amounts used	6,621	(323,863)
Increase/ (Decrease) due to change in estimate	942 197	102,875
Change due to correction of errors	(1,334)	785
Balance at end of year	(53,343,159)	(53,801,469)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	2022/23 R '000	2021/22 R '000
3 Other Receivables from Non-Exchange Transactions		
Subsidies	30,103	19,831
Unauthorized expenditure	(0)	(0)
Other receivables	12,502,793	17,780,538
Provincial Government	3,172	2,459
National Government	108,748	231,390
Prepayments (if not material)	4,003,459	1,211,983
Total Other Receivables	16,648,275	19,246,201
4 Other Current Financial Assets		
Other current financial assets	1,130,915,812	917,379,023
5 Current Portion of Non-Current Receivables		
Current Portion of Non-Current Receivables	19,229,244	15,927,920
6 VAT Receivable		
VAT receivable	2,111,928	3,435,520
7 Inventories		
7.1 Carrying value of inventory	53,569,000	49,649,951
Consumable stores	2,275,647	2,522,966
Raw Materials	21,401,229	22,209,011
Work in Progress	1,954,760	1,537,229
Finished Goods	5,682,615	4,578,571
Maintenance materials	21,888,391	18,450,380
Spare parts	34,513	22,449
Other goods held for resale	331,843	329,345
Inventory carried at Net Realisable Value		
The following classes of inventory are carried at net realisable value:		
Consumable stores	2,576,264	2,568,080
Raw Materials	21,439,933	22,262,872
Work in Progress	1,991,879	1,578,751
Finished Goods	5,088,051	3,981,493
Maintenance materials	22,651,271	18,789,087
Spare parts	33,843	26,287
Other goods held for resale	357,341	318,256
Water	82,546	102,058
Write-downs of inventory to Net Realisable Value	(1,393,760)	(62185)
Total	52,928,368	48,745,497

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	2022/23 R '000	2021/22 R '000	
7.2 Inventory carried at current replacement cost			
The following classes of inventory are carried at current replacement cost:			
Consumable stores	600,461	839,205	
Raw Materials	10,358	7,394	
Work in Progress	7,523	7,853	
Finished Goods	6,546	4,996	
Maintenance materials			
Spare parts	15,744	11,270	
Other goods held for sale		33,737	
Water			
Total	640,632	904,455	
8 Prepayments			
Prepaid expenses	15,671,563	13,770,038	
9 Current Investments			
Deposits	86,844,577	42,932,533	
Equity investments	15,879,856	14,082,328	
	102,724,433	57,014,861	
10 Construction Contract Receivables			
Contracts in progress at reporting date:			
Construction contract receivables	1,313,732	1,053,131	
11 Current Assets Held for Sale			
Current Assets Classified as held for Sale	2,814,492	841,027	
12 Finance Lease Receivable			
2022/23	Minimum Lease Receivable	Future Finance Charges	Present Value of Minimum Lease Receipts
Amounts receivable under finance leases	R '000	R '000	R '000
Within after one year	576,519	(36,364)	540,154
Within two to five years	385,322	(98,495)	286,827
Later than five years	184,967	(18,343)	166,625
	1,146,808	(153,202)	993,606
Less: Amount due for settlement within 12 months (current portion)	(556,759)	36,364	(520,394)
	590,050	(116,838)	473,212
2021/22	Minimum Lease Receivable	Future Finance Charges	Present Value of Minimum Lease Receipts
Amounts receivable under finance leases	R '000	R '000	R '000
Within after one year	175,416	(41,193)	134,223
Within two to five years	423,546	(120,678)	302,868
Later than five years	221,487	(37,271)	184,216
	820,449	(199,142)	621,307
Less: Amount due for settlement within 12 months (current portion)	(175,416)	41,193	(134,223)
	645,033	(157,949)	487,084

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	2022/23 R '000	2021/22 R '000
13 Statutory Receivables - Exchange		
Current statutory receivables		
Opening balance	1,253,630	1,454,114
Current year receivables	(62,572)	(179,523)
Accrued interest, fines, penalties or other changes	(3,080)	3,198
Accumulated impairment losses	54,918	19,745
Amounts derecognised / Settled amounts	7,966	4,414
Closing balance at year end	1,125,094	1,253,630
Non- Current statutory receivables		
Opening balance	2,260,464	1,687,000
Current year receivables	1,052,920	1,011,681
Accumulated impairment losses	329,983	438,217
Closing balance at year end	2,983,401	2,260,464
14 Statutory Receivables – Non - Exchange		
Current statutory receivables		
Opening balance	11,592,051	10,494,001
Current year receivables	12,339,682	12,471,797
Accrued interest, fines, penalties or other changes	82,202	43,074
Accumulated impairment losses	216,622	74,625
Amounts derecognised / Settled amounts	12,078,958	11,342,195
Closing balance at year end	11,718,355	11,592,051
15 Non-Current Receivables from Exchange Transactions		
Other non-current receivables	31,062,490	33,284,305
Total Non-Current Receivables after transfers to current receivables	31,062,490	33,284,305
16 Non-Current Investments		
Financial Instruments		
Fixed Deposits	920,219	1,118,091
Listed Investments	61,982,807	77,164,837
Other Investments	22,968,486	20,216,584
Loans Granted	97,281,067	96,526,865
Debt Securities	36,474,843	42,325,645
	219,627,422	237,352,022
17 Other Non-Current Financial Assets		
Other Non-Current Financial Assets	57,051,899	42,969,804

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	2022/23 R '000	2021/22 R '000
18 Investments in Subsidiaries		
Investments in Subsidiaries	<u>165,734</u>	<u>0</u>
19 Investments in Joint Venture		
Share of the joint venture's statement of financial position:		
Current Assets	535,582	612,248
Non current assets	96,728	92,315
Current liabilities	(1,420)	(20,139)
Non current liabilities	(1,766)	(16,181)
Equity	<u>629,125</u>	<u>668,243</u>
Share of the joint venture's revenue and profit:		
Revenue	48,245	29,405
Other Expenses	(42,010)	(29,429)
Other Income	2	24
Profit before tax	6,237	-
Profit for the year from continuing operations	6,237	-
Profit from discontinued operations	93,218	51,946
Net Profit for the year	<u>99,455</u>	<u>51,946</u>
20 Investments in Associates		
Share of the associate's statement of financial position:		
Current Assets	3,066,129	2,786,870
Non current assets	60,052,051	55,675,852
Current liabilities	(82,224)	(284,938)
Non current liabilities	(1,807,441)	(1,938,105)
Equity	<u>61,228,515</u>	<u>56,239,679</u>
Share of the associate's revenue and profit:		
Revenue	3,445,073	8,817,120
Cost of sales	(1,199,956)	(1,099,018)
Administrative expenses	(26,285)	(170,968)
Other Expenses	(707,112)	(896,256)
Other Income	10,532	(5,673)
Finance Income	544	274
Finance cost	(111,900)	(2)
Profit before tax	1,410,896	6,645,477
Income tax expense	(509,361)	(344,958)
Profit for the year form continuing operations	901,536	6,300,519
Profit from discontinued operations	(469)	(1,400)
Net Profit for the year	<u>901,067</u>	<u>6,299,119</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

21 Deferred taxation

Deferred taxation liabilities/(assets)	30,461,569	40,711,096
- Opening balance	41,832,681	44,097,187
- Recognised in taxation	(12,054,039)	(6,029,499)
- Raised through Equity	211,364	2,459,298
- Raised through Other	471,563	184,110
Analysis of temporary differences:		
Deferred taxation assets	50,158,586	39,753,930
- Provisions	16,521,568	15,498,211
- Employee benefit obligations	6,826,506	6,360,301
- Revenue received in advance and deferred income	4,845,833	4,890,117
- Capitalised lease liability	1,000,944	903,945
- Doubtful debts	16,665,191	14,624,684
- Other	4,298,544	(2,523,328)
Deferred taxation liabilities	80,620,155	80,465,027
- Deferred expenditure	(1,472,668)	(1,632,967)
- Property, Plant and Equipment	68,972,339	67,208,218
- Future expenditure allowance	72,193	203,742
- Other	13,048,291	14,686,034
Net deferred taxation liability/(asset)	30,461,569	40,711,097

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	2022/23 R '000	2021/22 R '000
22 Trade and Other Payables from Exchange Transactions		
Trade payables	83,313,211	70,519,326
Payments received in advance	23,618,732	17,853,371
Retentions	2,925,785	3,212,946
Staff leave accrual	4,577,650	4,509,325
Accrued interest	5,357,429	3,759,882
Other payables	39,542,807	38,582,722
Total payables	159,335,614	138,437,572
23 VAT Payable		
VAT payable	6,545,567	7,167,416
24 Taxes and Transfers Payable		
Taxes and transfers payable (Non-Exchange)	6,151,718	6,216,540
Income Tax Payable	851,999	357,173
Total Taxes and transfers payable	7,003,717	6,573,713
25 Other Current Financial Liabilities		
Notes and Coins in Circulation	171,564,848	171,097,062
Debentures	-	3,806,503
Forward Exchange Contract Liabilities	1,075,068	5,805,476
Gold and Foreign Exchange financial liabilities	458,714,641	314,283,429
Deposit Accounts	462,839,375	393,489,724
Foreign loans and deposits	127,489,306	85,143,409
Other Current Financial liabilities	28,356,551	21,990,602
Total Other Current Financial Liabilities	1,250,039,789	995,616,205

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

26 Current Provisions

26.1 Reconciliation of Movement in Current Provisions – 2022/23

	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	3,952,890	4,437,225	19,223,405	29,155,957	56,769,477
Provisions Raised	4,476,798	1,846,015	(2,020,935)	24,894,757	29,196,634
Unused Amounts Reversed	(85,937)	(27,650)	(951,898)	(49,321)	(1,114,806)
Unwinding of Time Value of Money			2,439	73,642	76,080
Amounts Used	(4,219,987)	(1,918,257)	(6,046,722)	(17,162,535)	(29,347,501)
Transferred to disposal group/classified as held for sale	53				53
Transfer from Non-Current Provision				(1,650,115)	(1,650,115)
Change in Provision due to change in Estimation inputs	8,134	80,826	(239,854)	(494,558)	(645,451)
Other Movements	81,244	44,564	(190,255)	(9,858)	(74,306)
Closing Balance	4,213,196	4,462,723	9,776,180	34,757,968	53,210,067

26.2 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	2,926,814	5,099,920	7,951,258	22,643,096	38,621,088
Provisions Raised	3,341,563	1,779,601	18,621,732	16,877,451	40,620,346
Unused Amounts Reversed	(258,104)	(43,004)	(706,917)	(167,663)	(1,175,688)
Unwinding of Time Value of Money	(36,847)	(284,212)	(153,488)	67,784	(406,763)
Amounts Used	(2,076,697)	(2,145,748)	(6,297,839)	(14,634,108)	(25,154,392)
Transfer from Non-Current Provision		(606)		4,682,649	4,682,043
Change in Provision due to change in Estimation inputs	30,417	52,901	(89,141)	(375,305)	(381,128)
Other Movements	25,744	(21,626)	(102,200)	62,053	(36,029)
Closing Balance	3,952,890	4,437,225	19,223,405	29,155,957	56,769,477

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	2022/23 R '000	2021/22 R '000
27 Unspent Conditional Grants and Receipts		
Non-current unspent conditional grants and receipts	5,109,037	5,671,119
Current portion of unspent conditional grants and receipts	32,752,254	22,397,356
28 Long-Term Borrowings		
Long-term interest bearing loans	499,240,393	476,747,825
Government Loans: Other	27,390	-
Other borrowings	230,554,594	229,336,417
Less: current portion transferred to current liabilities	(94 016 112)	(119,618,050)
	610,204,327	598,160,452
29 Short-Term Borrowings		
Short-Term Borrowings	22,554,506	10,385,227
30 Finance Lease Liability		

2022/23	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	4,055,083	(1,284,447)	2,770,636
Within two to five years	13,952,538	(4,412,804)	9,539,734
Later than five years	3,897,538	(478,407)	3,419,131
	21,905,160	(6,175,658)	15,729,502
Less: Amount due for settlement within 12 months (current portion)	(3,743,281)	1,110,547	(2,632,734)
	18,161,879	(5,065,111)	13,096,668

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	3,353,703	(1,954,784)	1,398,920
Within two to five years	13,517,247	(4,649,391)	8,867,856
Later than five years	6,054,584	(835,623)	5,218,962
	22,925,534	(7,439,797)	15,485,737
Less: Amount due for settlement within 12 months (current portion)	(3,440,508)	1,344,960	(2,095,547)
	19,485,027	(6,094,837)	13,390,190

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

31 Non-Current Provisions
Reconciliation of Movement in Non-Current Provisions – 2022/23

	Provision for long-service awards R '000	Other Non- Current Provisions R '000	TOTAL R '000
Opening Balance	144,178	82,050,508	82,194,686
Provisions Raised	71,102	17,166,750	17,237,852
Unused Amounts Reversed		(9,171,315)	(9,171,315)
Unwinding of Time Value of Money	(2)	5,859,874	5,859,872
Amounts Used	(68,091)	(10,027,994)	(10,096,085)
Exchange differences		540,586	540,586
Transfer to Current Provision		1,796,020	1,796,020
Change in Provision due to change in Estimation Inputs			(6,952,810)
Other Movements	5	(226,633)	(226,628)
Closing Balance	147,192	81,034,985	81,182,177

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	136,612	80,479,468	80,616,080
Provisions Raised	58,049	19,586,017	19,644,066
Unused Amounts Reversed	372	(13,468,936)	(13,468,564)
Unwinding of Time Value of Money		4,435,730	4,435,730
Amounts Used	(51,537)	(5,002,269)	(5,053,806)
Exchange differences		(52,809)	(52,809)
Transfer to Current Provision		(4,891,483)	(4,891,483)
Change in Provision due to change in Estimation inputs		918,900	918,900
Other Movements	682	45,890	46,572
Closing Balance	144,178	82,050,508	82,194,686

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	2022/23 R '000	2021/22 R '000
32 Other Non-Current Financial Liabilities		
Other non-current financial liabilities	<u>20,872,327</u>	<u>26,960,775</u>
33 Defined Benefit Plan		
Defined Benefit Plans		
Statement of Financial Position		
Present value of Defined benefit obligation	27,938,840	28,017,101
Fair value of plan assets	(4,728,149)	(5,031,351)
Total Defined benefit plan Liability/(Asset)	<u>23,210,691</u>	<u>22,985,751</u>
Pension benefits		
Present value of unfunded obligations	(172,213)	1,039,253
Present value of funded obligations	95,471,619	105,234,515
Total present value of obligations	95,299,406	106,273,768
Fair value of plan assets	(90,125,180)	(103,004,843)
Unrecognised past service costs	(2,826,041)	(629,502)
Defined pension benefit obligation/(asset) disclosed in Statement of Financial Position	<u>2,348,184</u>	<u>2,639,423</u>
Medical benefits		
Present value of unfunded obligations	20,285,508	20,129,199
Present value of funded obligations	387,445	139,366
Total present value of obligations	<u>20,672,953</u>	<u>20,268,564</u>
Fair value of plan assets	1,387,236	1,225,207
Unrecognised past service costs	(1,197,682)	(1,147,443)
Defined medical benefit obligation/(asset) disclosed in Statement of Financial Position	<u>20,862,507</u>	<u>20,346,328</u>

33.1 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 2022	106,273,768	20,268,565
Current service costs	1,989,702	461,195
Interest costs	13,840,137	2,371,930
Contributions by plan participants	1,525,230	(60,563)
Actuarial losses/(gains)	(8,513,451)	(1,407,114)
Exchange differences	1,892	(3,413)
Benefits paid	(7,712,617)	(775,269)
Past Service Cost		(182)
Liabilities acquired in an entity combination	3,362	
Curtailments	(1,221)	
Settlements	(385)	(71,780)
Other	(12,107,011)	(110,416)
Defined benefit obligation plan as at 31 March 2023	<u>95,299,405</u>	<u>20,672,953</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	2022/23 R '000	2021/22 R '000
	Pension Plan(s) R '000	Medical Plan(s) R '000
Defined benefit obligation as at 1 April 2021	110,648,119	18,959,058
Current service costs	3,376,998	340,679
Interest costs	16,396,175	2,684,420
Contributions by plan participants	1,367,762	(58,427)
Actuarial losses/(gains)	(17,599,062)	(891,986)
Exchange differences	26,225	(1,900)
Benefits paid	(7,586,393)	(786,639)
Past Service Cost	(31,790)	(10,544)
Curtailments		26,091
Settlements	11,794	(30,403)
Other	(336,060)	38,215
Defined benefit obligation plan as at 31 March 2022	106,273,768	20,268,565

33.2 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 2022	(103,634,345)	77,764
Expected return on plan assets	(11,378,301)	(50,427)
Actuarial losses/(gains)	7,065,466	31,413
Employer contributions	(2,335,836)	(1,917)
Employee contributions	(1,356,813)	
Benefits paid	5,281,166	29,386
Other	13,407,442	103,335
Fair Value of Plan Assets as at 31 March 2023	(92,951,222)	189,554

	Pension Plan(s) R '000	Medical Plan(s) R '000
Fair Value of Plan Assets as at 1 April 2021	(107,293,966)	20,129
Expected return on plan assets	(14,506,585)	(46,176)
Actuarial losses/(gains)	16,489,564	31,931
Employer contributions	(2,451,580)	(3,248)
Employee contributions	(1,372,659)	
Benefits paid	5,688,167	27,449
Other	(187,286)	47,678
Fair Value of Plan Assets as at 31 March 2022	(103,634,345)	77,764

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

34 Property, Plant and Equipment
Reconciliation of Carrying Value

	2022/23			2021/22		
	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	107,231,987	(2,463,903)	104,768,084	105,655,754	(2,209,670)	103,446,085
Capital Work in Progress (Land)	-	-	-	-	-	-
Service Concession Assets	563,002	-	563,002	65,989	-	65,989
Buildings	209,888,527	(62,459,229)	147,429,298	207,166,675	(56,484,717)	150,681,957
Capital Work in Progress (Buildings)	3,255,618	(1,444)	3,254,174	4,157,356	(1,444)	4,155,912
Vehicles	13,804,728	(9,204,487)	4,600,240	13,252,421	(8,814,889)	4,437,532
Infrastructure	1,050,795,406	(360,220,724)	690,574,682	1,011,878,880	(384,516,916)	627,361,964
Capital Work in Progress (Infrastructure)	64,804,723	(4,605,343)	60,199,380	56,609,366	(1,933,481)	54,675,886
Finance Lease Assets	17,591,849	(8,134,613)	9,457,236	15,515,474	(5,612,287)	9,903,187
Furniture & Fittings	4,524,159	(3,397,996)	1,126,163	4,478,921	(3,327,446)	1,151,476
Plant, Machinery & Equipment	888,817,880	(316,715,730)	572,102,150	819,266,277	(282,671,897)	536,594,380
Capital Work in Progress (Plant, Mach & Equip)	132,813,360	(1,971)	132,811,389	155,392,898	(0)	155,392,898
Office Equipment	8,822,554	(5,740,184)	3,082,370	8,559,684	(5,319,176)	3,240,507
Computer Equipment	17,589,468	(11,728,754)	5,860,715	16,351,080	(10,820,068)	5,531,011
Aircraft	838,189	(557,888)	280,302	388,258	(75,303)	312,955
Capital Work in Progress (Aircraft)	-	-	-	-	-	-
Ships	5,740,893	(2,480,044)	3,260,849	5,755,352	(2,437,200)	3,318,152
Capital Work in Progress (Ships)	-	-	-	-	-	-
Other Assets	362,974,818	(167,423,227)	195,551,591	264,027,187	(66,560,430)	197,466,757
Capital Work in Progress (Other Assets)	21,944,973	(32,161)	21,912,813	16,079,683	-26,614	16,053,069
Total	2,912,002,135	(955,167,698)	1,956,834,437	2,704,601,255	(830,811,537)	1,873,789,718

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

34.1 Reconciliation of Property, Plant and Equipment – 2022/23

	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	103,446,084	397,263	(244,538)	421,537	(249,170)	44	996,864										104,768,084	
Service Concession Asset	65,989	497,013	(1)			1											563,002	
Buildings	150,681,958	3,286,059	(259,889)	539,372	(6,270,659)	366,506	(913,050)										147,429,298	
Capital Work in Progress (Buildings)	4,155,912	350,053	(5,426)	(428,114)	(812,470)	(5,782)											3,254,174	
Vehicles	4,437,532	886,072	(73,497)	137,827	(729,183)	(59,512)	1,000										4,600,241	
Infrastructure	627,361,964	7,179,601	(4,753,997)	4,661,313	(13,871,446)	(208,359)	70,205,607										690,574,683	
Capital Work in Progress	54,675,886	12,916,686	(662,560)	(7,428,924)	156,186	138,185	403,921										60,199,380	
(Infrastructure) Finance Lease Assets	9,903,187	1,778,120	(26,682)	(473,152)	(1,854,090)	116,376	54,476										9,457,236	
Furniture & Fittings	1,151,476	222,157	(14,693)	5,452	(230,627)	(7,595)	(7)										1,126,163	
Plant, Machinery & Equipment	536,594,380	7,889,594	(866,927)	63,232,236	(35,556,135)	796,352	304,650										572,102,149	
Capital Work in Progress (Plant, Mach & Equip)	155,392,898	41,265,936	(1,264,981)	(62,580,284)	(3)	(2,178)	1										132,811,389	
Office Equipment	3,240,508	255,569	(32,689)	145,453	(523,264)	(1,813)	(388)										3,082,370	
Computer Equipment	5,531,012	1,745,544	(73,480)	161,474	(1,477,529)	(5,059)	(21,247)										5,860,715	
Aircraft	312,956	40,476	(1)		(73,129)												280,301	
Capital Work in Progress (Aircraft)	-	-	-	-	-	-	-										-	
Ships	3,318,153	10,677	(14)		(206,678)	97,000	41,711										3,260,849	
Capital Work in Progress (Ships)	-	-	-	-	-	-	-										-	
Other Assets	197,466,758	4,211,974	(147,406)	3,603,892	(11,179,428)	142,130	1,458,672										195,551,591	
Capital Work in Progress (Other Assets)	16,053,069	7,316,162	(2)	(1,892,845)	(5,993)	262	442,159										21,912,813	
Total	1,873,789,721	90,248,958	(8,426,784)	105,238	(72,883,618)	1,366,558	72,974,370	(340,005)	1,956,834,437									

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

34.2 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 Reversal of impairment loss	R '000	Revaluation	R '000	Discontinued Operations	R '000	Prior Period Error	Carrying Value Closing Balance	R '000
Land	204,482,418	403,022	(100,564,974)	(3,020,704)	(281,559)	(47,573)	2,475,916	(462)										103,446,084	
Service	65,989																	65,989	
Concession Asset																			
Buildings	150,629,190	3,725,007	(235,731)	1,635,618	(5,233,094)	(187,365)	344,617	3,715										150,681,958	
Capital Work in Progress (Buildings)	4,951,024	566,011		(1,265,722)	(2)	(92,340)		(2,912)									(146)	4,155,912	
Vehicles	4,743,452	797,858	(88,668)	74,081	(1,062,187)	(27,013)	9											4,437,532	
Infrastructure	553,569,047	6,673,967	(1,109,973)	3,808,746	(8,941,712)	(347,195)	73,709,085	(534)										627,361,964	
Finance Lease Assets	55,264,384	9,486,968	(214,240)	(11,108,402)	34,292	797,886	415,532											54,675,886	
	11,729,389	684,222	(1,411,845)	(152,377)	(950,299)	4	4,092											9,903,187	
Furniture & Fittings	1,202,660	191,445	(34,962)	26,214	(224,067)	(9,549)	(117)										(147)	1,151,476	
Plant, Machinery & Equipment	516,655,202	7,732,025	(2,970,434)	50,761,695	(35,590,972)	(102,768)	108,408										1,223	536,594,380	
Capital Work in Progress (Plant, Mach & Equip)	170,212,598	35,845,918	(641,050)	(50,001,341)	(3)	3	1	(23,228)										155,392,898	
Office Equipment	3,315,458	212,284	(34,923)	198,415	(448,826)	(2,240)	(146)										486	3,240,508	
Computer Equipment	5,178,898	1,580,394	16,525	117,290	(1,380,811)	(1,974)	20,609										81	5,531,012	
Aircraft	343,354	43,000	(58)	8,000	(81,341)													312,956	
Capital Work in Progress (Aircraft)																		-	
Ships	3,713,178	2,027	(47)		(209,795)	(187,209)												3,318,153	
Capital Work in Progress (Ships)		6			(6)													-	
Other Assets	196,062,905	4,911,275	(727,939)	5,453,762	(11,241,373)	(1,649,393)	4,657,521											197,466,758	
Capital Work in Progress (Other Assets)	11,128,194	6,717,316	(15)	(1,992,578)	(11)	(2)											200,166	16,053,069	
Total	1,893,247,341	79,572,742	(108,018,334)	(5,457,304)	(65,611,766)	(1,856,727)	81,735,527	(23,421)	201,663	1,873,789,721									

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

34.3 Property Plant and Equipment – additional disclosure	2022/23 R '000	2021/22 R '000
Contractual commitments for the acquisition of PPE	11,114,449	12,082,838
Compensation from third parties for PPE impaired, lost or given up which are included in surplus or deficit	329	76
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34.4 Disclosure on assets in the process of being constructed or developed	2022/23 R '000	2021/22 R '000
Cumulative expenditure recognised in the carrying value of PPE per class of asset	218,177,756	230,277,765
The carrying value of PPE that is taking a significantly longer period of time to complete than expected	421,573	336,933
The carrying value of PPE where construction or development has been halted either during the current or previous reporting period(s).	26,136	31,597
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34.5 Expenditure incurred to repair and maintain property plant and equipment	34,187,494	26,180,644
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34.6 Repairs and Maintenance		
Property, plant and equipment	21,207,960	17,412,931
- Land	8,286	4,826
- Service Concession	-	-
- Buildings	3,411,979	3,449,332
- Vehicles	100,586	81,987
- Infrastructure	272,944	182,642
- Capital Work in Progress	(1,319,194)	623
- Finance Lease Assets	93	83
- Furniture & Fittings	5,639	6,744
- Plant, Machinery & Equipment	17,849,520	13,078,894
- Office Equipment	46,199	51,219
- Computer Equipment	816,442	536,541
- Aircraft	2,260	210
- Ships	13,206	19,830
Intangible Assets	291,987	311,373
Investment Property	1,027	2,382
Other Assets	12,686,520	8,453,958
	34,187,494	26,180,644

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

35 Heritage Assets

Reconciliation of Carrying Value

	2022/23		2021/22			
	Cost R '000	Accumulated Impairment R '000	Carrying Value R '000	Cost R '000	Accumulated Impairment R '000	Carrying Value R '000
Art Collections	2,475,695	(3)	2,475,692	2,432,692	(3)	2,432,689
Service Concession Assets	-	-	-	-	-	-
Stamp Collections	38,847	-	38,847	38,840	-	38,840
Collections of rare books or manuscripts	154,058	(14)	154,044	153,121	(14)	153,107
Historical Buildings	6,847,359	(25,287)	6,822,072	6,826,035	(25,450)	6,800,585
Other Assets	2,340,414	(111)	2,340,303	2,275,329	(12)	2,275,317
Total	11,856,372	(25,414)	11,830,957	11,726,016	(25,479)	11,700,537

35.1 Reconciliation of Heritage Assets – 2022/23

	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	2,432,689	2,530	91	40,382	2,475,692	-	-	-	2,475,692	
Service Concession Assets	-	7	-	-	38,847	-	-	-	38,847	
Stamp Collections	38,840	939	(1)	-	154,044	-	-	-	154,044	
Collections of rare books or manuscripts	153,106	26,763	(5,259)	(200)	6,822,072	(200)	353	(1)	6,822,072	
Historical Buildings	6,800,586	61,969	(169)	(114)	2,340,303	(114)	3,132	(2)	2,340,302	
Other Assets	2,275,317	92,207	(5,260)	(314)	2,275,317	(314)	43,867	(3)	2,275,317	
Total	11,700,538	92,207	(5,260)	(314)	11,830,957	(314)	43,867	(3)	-	11,830,958

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

35.2 Reconciliation of Heritage Assets – 2021/22

	Carrying Value Opening Balance	R '000	Additions	R '000	Disposals	R '000	Transfers	R '000	Impairment Reversal of impairment loss	R '000	Revaluation	R '000	Other	R '000	Discontinued Operations	R '000	Carrying Value Closing Balance	R '000
Art Collections	2,438,155		957			(2)		(72)		(6,349)							2,432,689	
Service Concession Assets																		
Stamp Collections	38,829		11					(44)		320		1,096					38,840	
Collections of rare books or manuscripts	151,571		164	(1)				(163)		(1,083)		(7)					153,106	
Historical Buildings	6,752,610		49,229	(1)			(9)		(163)	(448)							6,800,586	
Other Assets	2,220,507		55,290	(2)		2		(23)									2,275,317	
Total	11,601,672		105,652	(4)		-	(288)		(7,560)		1,066						11,700,538	

35.3 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).

326,573
303,907

522,150
291,322

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

36 Intangible Assets

Reconciliation of Carrying Value

	2022/23			2021/22		
	Cost R '000	Accumulated Amortisation & Impairment R '000	Carrying Value R '000	Cost R '000	Accumulated Amortisation & Impairment R '000	Carrying Value R '000
Computer Software	15,329,665	(11,391,701)	3,937,963	14,579,941	(10,527,705)	4,052,237
Copy rights	73,583	(70,794)	2,789	73,583	(63,435)	10,147
Internally Generated Software	748,578	(370,592)	377,986	650,794	(323,385)	327,409
Licenses	3,962,379	(3,173,418)	788,962	4,144,505	(3,315,996)	828,510
Service Concession Asset	953,262	(632,467)	320,796	820,705	(552,896)	267,808
Servitudes	3,815,631	(221,013)	3,594,617	3,760,220	(225,300)	3,534,920
Patents and models	75,212	(66,458)	8,754	72,222	(65,165)	7,057
Trademarks	18,075	(5,820)	12,255	17,886	(1,741)	16,145
Other	37,333,381	(8,069,409)	29,263,972	32,174,005	(6,581,571)	25,592,434
Total	62,309,766	(24,001,671)	38,308,095	56,293,860	(21,657,194)	34,636,666

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

36.1 Reconciliation of Intangible Assets – 2022/23

	Carrying Value Opening Balance	Additions	Disposals	Transfers	Amortisation	Impairment (Loss)/ 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	4,052,237	756,488	(187,391)	247,609	(893,253)	(43,394)	(30)	5,696		3,937,963
Copy rights and	10,148				(7,358)					2,789
Trademarks Internally Generated	327,409	141,210	(2,326)	(34,763)	(51,278)	(1,966)	(824)	524		377,987
Software Licenses	828,510	127,690	(31,895)	233,000	(364,339)	(4,001)	(3)			788,962
Service Concession	267,808	132,558			(79,570)					320,796
Assets	3,534,919	(429)	(2)	57,848	2,271		9			3,594,617
Servitudes	7,056	2,731		(3)	(1,029)					8,755
Patents and models	16,145	53			(4,150)			207		12,255
Research assets	25,592,434	4,491,836	(20,966)	559,979	(1,358,218)	(33,863)	32,770			29,263,972
Other										
Total	34,636,666	5,652,138	(242,580)	1,063,671	(2,756,925)	(83,224)	31,922	6,427	-	38,308,096

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

36.2 Reconciliation of Intangible Assets – 2021/22

	Carrying Value Opening Balance	R '000	Additions	R '000	Disposals	R '000	Transfers	R '000	Amortisation	R '000	Impairment Reversal of impairment loss	Revaluation	R '000	Internally Developed Operations	R '000	Carrying Value Closing Balance	R '000
Computer Software	4,328,581	607,587	(38,083)	240,406	(1,071,115)	(17,329)	(143)	2,334	4,052,237								
Copy rights Internally Generated Software	17,506	78,437	(17,235)	(62,660)	(7,358)	(836)	(108)	37,925	10,148								
Licenses Service	449,991	71,180	(24,401)	71,183	(282,383)	5,001			828,510								
Concession Assets	297,033	193,131			(222,356)				267,808								
Patents and models	3,382,261	150,172	(1,122)	7,180	(3,572)				3,534,919								
Trademarks	7,341	1			(285)				7,056								
Other	10	44	(42,796)	(192,880)	(1,478)	(21,216)	(2)	(1)	16,145								
	23,893,999	3,336,707	(42,796)	(192,880)	(1,359,963)	(21,216)	(21,415)	(1)	25,592,434								
Total	33,364,653	4,437,259	(123,638)	80,799	(3,106,614)	(34,380)	(21,668)	40,257	34,636,666								

36.3 Intangible assets – additional disclosure

	2022/23	2021/22
	R '000	R '000
Existence and amounts of restrictions on title and disposal of Intangible assets	14,050	16,248
Intangible assets pledged as security		
Contractual commitments for the acquisition of Intangible assets	876,855	960,717

36.4 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	134,100
The carrying value of intangible assets that is taking a significantly longer period of time to complete than expected, including reasons for any delays.	87,318
	30,724

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

37 Investment Property Carried at Cost

Reconciliation of carrying value

	2022/23		2021/22			
	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	895,732	(180,560)	715,173	878,231	(167,114)	711,117

37.1 Reconciliation of Investment Property Carried at Cost – 2022/23

	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
Carrying Value Opening Balance R '000	711,116		12,546	(13,993)	(150)	(20,122)	715,173
Total	26,657	(882)	12,546	(13,993)	(150)	(20,122)	715,173

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

	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
Carrying Value Opening Balance R '000	687,874		503	(13,717)			711,117
Total	26,007	(1,764)	503	(13,717)		12,213	711,117

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

37.3 Investment property – additional disclosure	2022/23 R '000	2021/22 R '000
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Contractual commitments for the acquisition of investment property	-	12,302
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37.4 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.	71,056	45,759
The carrying value of investment property that is taking a significantly longer period of time to complete than expected, including reasons for any delays.	-	55,051

38 Investment Property Carried at Fair Value

Reconciliation of carrying value

	2022/23		2021/22	
	Cost R '000	Fair Value Adjustments R '000	Cost R '000	Fair Value Adjustments R '000
Total	43,437,693	1,736,258	43,578,836	1,296,757
		45,173,951		44,875,593

38.1 Reconciliation of Investment Property Carried at Fair Value – 2022/23

	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
Total	44,875,592	140,093	(90,651)	(686,431)	935,348	45,173,951

38.2 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
Total	32,126,383	24,461	(4,265)	3,036,161	9,692,852	44,875,593

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

39.1 Biological Assets

Reconciliation of Carrying Value

	2022/23		2021/22	
	Cost R '000	Accumulated Depreciation and Impairment R '000	Cost R '000	Accumulated Depreciation and Impairment R '000
Trees in plantation	4,206,189	-	3,712,454	-
Dairy Cattle	609	-	842	-
Other Assets	4,757	-	3,661	-
Total	4,211,556	-	3,716,958	-
				Carrying Value R '000
				3,712,454
				842
				3,661
				3,716,958

39.1.1 Reconciliation of Biological Assets – 2022/23

	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- Dis-continued fers 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	3,712,454			493,735			1		4,206,190
Dairy Cattle	842		(163)	(80)			10		609
Other Assets	3,661		(206)	1,312			(10)		4,757
Total	3,716,957	-	(369)	494,967	-	-	1	-	4,211,556

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

39.1.2 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	Transfers	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	3,812,794			(100,340)						3,712,454
Dairy Cattle	684	(74)		268			(36)			842
Other Assets	3,351	(160)		413			57			3,661
Total	3,816,829	-	(234)	(99,659)	-	-	21	-	-	3,716,958

39.2 Living Resources

Reconciliation of Carrying Value

	2022/23		2021/22			
	Cost	Accumulated Depreciation and Impairment	Carrying Value	Cost	Accumulated Depreciation and Impairment	Carrying Value
	R '000	R '000	R '000	R '000	R '000	R '000
Animals	10,281	(2,655)	7,626	7,744	(3,106)	4,639
Other Assets	158	(40)	117	46	(11)	35
Total	10,439	(2,695)	7,744	7,790	(3,117)	4,674

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

39.2.1 Reconciliation of Biological Assets – 2022/23

	Carrying Value Opening Balance	Purchases	Decrease due to harvest/sales	Gains/losses due to changes in fair value less estimated point of sales costs	Depreciation	Impairment (Loss)/ Reversal of impairment loss	Other movements	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
Animals	4,639	3,882	(348)	(829)	(218)	501			7,627
Other Assets	35	111	(29)	(1)					116
Total	4,674	3,993	(348)	(858)	(219)	501	-	-	7,744

39.2.2 Reconciliation of Biological Assets – 2021/22

	Carrying Value Opening Balance	Purchases	Decrease due to harvest/sales	Gains/losses due to changes in fair value less estimated point of sales costs	Depreciation	Impairment (Loss)/ Reversal of impairment loss	Other movements	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
Animals	5,495	173	(169)	(629)	(56)	(175)			4,639
Other Assets	77	2	(37)	(6)	1	(2)			35
Total	5,572	175	(206)	(635)	(55)	(177)	-	-	4,674

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

40 Government Grants and Subsidies

	Balance unspent at beginning of year	Current year receipts	Conditions met - transferred to revenue	Conditions still to be met - remain liabilities
	R '000	R '000	R '000	R '000
Reconciliation of Movement in Grant – 2023				
Other Government Grants and Subsidies	(37,573,911)	46,463,712	93,485,485	(84,595,685)
Total Government Grant and Subsidies	(37,573,911)	46,463,712	93,485,485	(84,595,685)

	Balance unspent at beginning of year	Current year receipts	Conditions met - transferred to revenue	Conditions still to be met - remain liabilities
	R '000	R '000	R '000	R '000
Reconciliation of Movement in Grant – 2022				
Other Government Grants and Subsidies	4,458,664	44,921,412	86,953,987	(37,573,911)
Total Government Grant and Subsidies	4,458,664	44,921,412	86,953,987	(37,573,911)

	2022/23	2021/22
	R '000	R '000

41 Public contributions and donations

Public contributions – Conditional	308,711	390,908
Public contributions – Unconditional	18,996	14,394
Donations	195,919	184,758
Total	523,626	590,060

42 Transfers and Sponsorships

Transfer payment from controlling entity	6,494,932	6,064,116
Transfer payment from other departments/entities	963,084	923,037
Local and foreign aid assistance	129,037	74,096
Gifts, donations and sponsorships received	198,565	162,521
Other Transfers and Sponsorships	1,009,921	259,007
Total	8,795,539	7,482,778

43 Revenue from Fines and Penalties

Fines	261,211	191,392
Penalties (including forfeits)	86,842	28,034
Total	348,053	219,426

44 Legislative and oversight functions

Administration	23,566,595	14,422,319
Legislation and Oversight	51,106,377	50,412,334
Public and International Participation	147,663	250,560
Associated Services	4,174,993	4,548,872
Statutory Appropriation	2,705,143	2,466,959
Total	81,700,771	72,101,044

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	2022/23 R '000	2021/22 R '000
45	Taxation Revenue	
	-	(31,528)
	8,557,198	7,730,641
	5,512	4,707
	(1,860)	(4,437)
	8,560,850	7,699,383
46	Revenue from Exchange Transactions – Sale of goods and services	
	495,321,434	460,034,747
47	Income from Rental of Facilities and Equipment	
	3,625,320	2,680,107
	613	470,142
	4,259,307	3,509,439
	7,885,239	6,659,689
48	Interest Earned - External Investments	
	8,929,983	5,358,907
	46,247,346	30,347,309
	1,982,348	1,673,901
	57,159,678	37,380,118
49	Interest Earned - Outstanding Receivables	
	3,631,857	2,529,291
	32,381	37,438
	181,853	92,364
	3,846,090	2,659,094
50	Other income	
	15,221,155	12,326,274
	1 081 538	1,587,195
	1,061,192	333,123
	104,915	37,867
	78	21
	17,974,478	13,872,746
	131,904,409	118,545,784
	4,376,935	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	2022/23 R '000	2021/22 R '000
51 Employee Related Costs		
Salaries - Employees - Salaries and Wages	85,669,623	85,220,224
Salaries - Employees - UIF, Pensions and Medical Aid	9 976 313	11,446,893
Salaries - Employees - Performance and other bonuses	3 374 210	3,646,202
Salaries - Employees - Overtime payments	6,243,452	5,715,149
Salaries - Employees - Other employee related costs	21 314 118	22,363,120
Salaries - Employees - Long-service awards	75,346	65,146
Salaries - Employees - Housing benefits and allowances	2 106 953	2,233,953
Salaries - Employees – Allowances	4,225,480	4,168,621
Salaries - Benefits Paid - Post-retirement medical aid contributions	(110 270)	188,906
Salaries - Benefits Paid - Movement in long-term employee benefits	180 330	35,762
Salaries - Accounting Authority - Basic remuneration	129 281	416,767
Salaries - Accounting Authority - Performance awards	7 559	9,523
Salaries - Accounting Authority - UIF	2,705	2,776
Salaries - Accounting Authority - Periodic payments	939	923
Salaries - Accounting Authority - Pension	94,270	85,033
Salaries - Accounting Authority - Other non-pensionable allowances	22 642	5,103
Salaries - Accounting Authority - Medical	80,434	80,271
Salaries - Accounting Authority - Insurance	6,139	5,825
Salaries - Accounting Authority - Gratuities	15,945	482
Salaries - Accounting Authority - Compensative or circumstantial	3 005	15,970
Employee benefits expensed - liability for long service leave	3 907	4,312
Employee benefits expensed - termination benefits	1,345,284	1,060,501
Employee benefits expensed - Other	1,593,593	2,540,689
Movement in Provision - Provision for Performance Bonus	1 532 114	1,485,049
Movement in Provision - Provision for Leave Pay	1,190,335	1,013,735
Movement in Long-term Provisions - Provision for Long Service Awards	199	(5)
Movement in Long-term Provisions - Other Long-term employee related provisions	3 431 558	1,725,079
Total	144,120,164	142,439,153

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	2022/23 R '000	2021/22 R '000
52 Depreciation and Amortisation Expense		
Property, plant and equipment	72,883,618	65,611,766
Intangible assets	2,756,925	3,106,614
Investment property carried at cost	13,992	13,717
Living resources	858	635
Total Depreciation and Amortisation	75,655,393	68,732,732
53 Contracted Services		
Consultants on various projects	4,308,505	3,843,063
Agency fees	2,887,721	2,835,106
Research	335,073	356,556
	7,531,298	7,034,725
54 Grants and Subsidies Paid		
Total grants and subsidies paid	20,566,157	22,717,019
55 Finance Costs		
Borrowings	65,695,157	50,142,262
Interest Charged on Overdue Trade and other payables	374 631	1,044,974
Finance leases	2,410,075	2,302,659
Other financial liabilities	16,508,455	17,435,541
Bank overdrafts	23,212	2,998
Total Finance Costs	85,681,873	70,256,680

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	2022/23 R '000	2021/22 R '000
56		
General Expenses		
Included in general expenses are the following:		
Advertising	1,938,205	1,746,460
Admin fees	50,600,619	46,647,436
Audit fees	1,578,091	1,271,748
Bank charges	363,111	509,312
Bursaries	136,918	125,311
Cleaning	932,597	891,282
Conferences and delegations	197,410	204,648
Connection charges	211,112	197,161
Consulting fees	3,510,291	3,134,381
Consumables	(76,172)	434,844
Cost of sales	214,644,660	205,346,237
Debt collection commission	12,382	11,466
Departmental consumption	1,744	540
Entertainment	74,284	38,718
Electricity	9,013,393	9,711,013
Financial management grant	232,345	216,551
Fuel and oil	4,660,707	3,387,938
Insurance	2,047,575	1,661,119
Legal expenses	2,161,349	1,904,716
Levies paid	13,427,853	4,037,380
Licence fees – vehicles	62,270	66,155
Licence fees – computers	1,388,993	1,169,668
Membership fees	116,020	109,714
Movement in other provisions	7,351,365	868,116
Parking	26,115	23,248
Postage	184,846	210,082
Printing and stationery	489,167	457,892
Professional fees	1,992,074	1,963,080
Rental of buildings	8,106,607	8,127,423
Rental of office equipment	480,642	540,563
Rental of computer equipment	36,393	22,923
Other rentals	1,547,518	1,594,300
Security costs	5,387,955	4,544,456
Skills development levies	490,632	444,431
Stocks and material	10,163,305	9,524,371
Subscription & publication	158,398	146,910
Telephone cost	1,116,164	1,368,377
Training	911,432	973,405
Transport claims	177,314	166,201
Travel and subsistence – Local	5,716,243	4,753,932
Travel and subsistence – Foreign	280,482	66,740
Uniforms & overalls	41,544	36,680
Valuation costs	25,572	23,606
Water	721,488	778,813
Other	39,868,622	32,520,685
	392,509,633	351,980,030
57		
Gain / (Loss) on Sale of Assets		
Property, plant and equipment	(1,885,632)	(3,405,342)
Intangible assets	(6,876)	(11,251)
Investment property	(878)	(1,826)
Other financial assets	(157,835)	613,293
Total Gain / (Loss) on Sale of Assets	(2,051,221)	(2,805,125)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	2022/23 R '000	2021/22 R '000
58 Impairment (Loss) / Reversal of impairment loss		
Property, plant and equipment	(9,982,224)	(1,927,459)
Intangible assets	(74,581)	(31,189)
Investment property	(75,000)	-
Other financial assets	(5,303,495)	(18,866,619)
Heritage assets	(554)	(325)
Statutory Receivables	(733,683)	143,432
Total Impairment (Loss) / Reversal of impairment loss	(16,169,537)	(20,682,160)
59 Profit / (Loss) on Fair Value Adjustment		
Investment property carried at fair value	1,039,495	9,651,284
Biological Assets Carried at Fair value	3,528	2,621
Other financial assets	29,887,653	(4,891,848)
Other financial liabilities	(30,451,779)	3,746,341
Other fair value adjustment gain/(loss)	6,576,973	7,317
Total Profit / (Loss) on Fair Value Adjustment	7,055,870	8,515,715
60 Profit / (Loss) on Revaluation of Assets		
Gain/ (loss) on revaluation of heritage assets	(276)	-
Gain/ (loss) on revaluation of property, plant and equipment	121 087	50,174
Gain/ (loss) on revaluation of investment property	(215,199)	(90,625)
Gain/ (Loss) on revaluation on other financial assets	(49 165)	222,324
Total Profit / (Loss) on Revaluation of Assets	57,023	233,167
61 Taxation		
Income tax expense		
South African normal taxation		
Current tax	2,178,844	811,336
Deferred taxation	(9,495,107)	(3,627,862)
- Movement in temporary differences	(1,049,529)	5,130,668
- Unused tax loss created	(9,016,209)	(9,374,679)
- Recognition of unused tax loss not previously recognised	4 767	(967,851)
- Unused tax loss utilised	781,041	(10,103)
- Change in tax rate	12,214	13,394
- Other movements in deferred taxation	745,228	596,222
SA normal tax	(7,316,263)	(2,816,525)
Foreign taxation	884	461
TOTAL INCOME TAX EXPENSE	(7,315,379)	(2,816,064)
Tax rate reconciliation		
Accounting profit	(21,021,177)	(24,767,658)
Tax calculated at tax rate 28.00%	(5,675,718)	(6,934,944)
Tax effect of non-taxable/non-deductible items	(1,509,786)	3,887,491
- Dividends not taxable	(1,656,613)	(1,838,827)
- Fines not deductible		3,256
- Donations not deductible	36,664	220,926
- Depreciation not deductible	209,275	80,777
- Unused tax loss not recognised	(928,034)	5,926,834
- Other movements of non-taxable/non-deductible items	828,922	505,475
Change in taxation rate	(129,875)	231,389
INCOME TAX EXPENSE	(7,315,379)	(2,816,064)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	2022/23 R '000	2021/22 R '000
62 Surplus / (Deficit) from discontinued operations		
Revenue	166,443	791,898
Net Operating Expenses Excluding Depreciation and Amortisation	49818	(1,738,348)
Surplus / (deficit) From Operations Before Depreciation, Amortisation and Other Items	216,261	(946,450)
Other Income	22,694	27,195
Administrative Expenses	(3,097)	(3,139)
Depreciation And Amortisation	(4,643)	(2,506)
Finance Costs	(954)	(631)
Finance Income	(6,261)	(8,529)
Profit/ (loss) Before Taxation	224,000	(934,060)
Taxation		
Surplus / (Deficit) For The Year From Discontinued Operations	224,000	(94,060)
63 Cash flows from operating activities		
Surplus/(deficit) for the year from:		
Continuing operations	9,834,698	(2,937,421)
Discontinued operations	224,000	(934,060)
Adjustment for :		
(Gain) / loss on sale of tangible Assets	1,850,970	3,311,718
(Gain) / loss on sale of Intangible Assets	(1 445 507)	(1,179,547)
Amortisation	2,815,481	4,333,255
Contribution to provisions – current	7,100,273	(3,790,272)
Contribution to provisions - non-current	(170)	42,423
Depreciation	72,121,012	64,682,968
Discount on bonds amortised	52,004	57,572
Dividend Income	(7,349,880)	(7,323,081)
Fair value adjustments	(1,456,568)	(7,961,953)
Fair value losses on financial instruments	(1 728 879)	(4,924,048)
Finance Costs	22,776,128	20,691,509
Finance Costs: Service Concession	(641,356)	(395,318)
Finance Income	(3,404,269)	(2,699,532)
Foreign exchange (gains)/losses on operating activities	130 419	1 226 492
Increase/(decrease) in provisions	(3,829,303)	729,267
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	(12,843)	(113,588)
Net foreign exchange losses on translation	(15 429)	(377,152)
Provision for inventory obsolescence	362,343	106,682
Release of firm commitments	(685,084)	(85,418)
Revaluation of Assets	230,373	154,107
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	(6,739,070)	9,988,517

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	2022/23 R '000	2021/22 R '000
Operating surplus before working capital changes:	95,973,072	77,812,796
(Increase)/decrease in inventories	(2,853,061)	(2,067,569)
(Increase)/decrease in trade and other receivables	(19,657,838)	(15,437,980)
(Increase)/decrease in statutory receivables	(717,536)	(2,924,236)
(Increase)/decrease in other operating lease assets	(183,886)	156,517
(Increase)/decrease in prepayments	(2,950,605)	(608,719)
Increase/(decrease) in conditional grants and receipts	531,969	2,052,636
Increase/(decrease) in consumer deposits	201,448	1,675,141
Increase/(decrease) in deferred income	910,491	5,924,695
Increase/(decrease) in trade and other payables	14,682,155	10,278,858
Increase/(decrease) in other payables	1,614,081	1,704,152
Increase/(decrease) in payments received in advance	4,197,304	5,392,374
Other working capital movements	15,778,159	(4,380,346)
Net cash flows from operating activities	107,525,753	79,578,319

64 Change in Accounting Policy

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

Changes in Equity/Reserves	1,000	
Changes in VAT		
Other Changes	(114)	(9,349)
Movements in Non-Current Assets (Incl. GRAP 104)		(13,264)
Irregular, Fruitless and wasteful expenditure		(158,258)
	886	(154,613)

65 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	19,210,495	(471,060)	21,703,831
Sundry Movements	(97,793,358)	720,595	(97,072,764)
Gain/Loss on disposal of assets, Rental income on lease receivable, Interest Received & Impairment	(1,032,831)	1,537,247	37,061
Other movements	16,430,061	(869,583)	11,132,902
Net effect on surplus/(deficit) for the year	(63,185,633)	917,199	(64,198,970)

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

Property, plant and equipment	102,334,128	15,055,220	247,232,788
VAT receivable not previously recognised	103,702,345	6,897,742	110,600,087
Non current and current receivables	116,128,816	(45,332,037)	75,552,456
Provisions	(114,723,015)	8,850,234	(106,796,018)
Accruals	(81,599,339)	5,472,014	(90,442,896)
Other Movements	(624,345,173)	27,311,849	(586,143,889)
Net effect on Statement of Financial Position	(498,502,237)	18,255,021	(349,997,473)

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

Accumulated Surplus/(Deficit)	(716,474,646)	39,666,171	(824,975,728)
Accumulated Surplus and Other Reserves	(880,735,029)	(1,458,657)	(882,188,948)
Net Effect on Statement of changes in Net Assets	-1,597,209,675	38,207,514	-1,707,164,676

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

66 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:	7,054,413	6,354,881	1,112,797
Buildings	814	10,124	4,764
Infrastructure assets	679	1,222	734
Community assets	455	287	168
Machinery	552,794	584,143	24,541
Office equipment	4,193	26,763	15,296
Furniture	1,636,755	1,467,432	177,669
Vehicles	740,622	723,568	28,362
Computer equipment	2,726,188	2,146,110	772,276
Computer software	1,391,913	1,392,241	89,040
Other intangible asset 1		2,990	(53)
Biological asset at cost 1			

	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:	117,771	117,400	(371)
Machinery	147	145	(3)
Vehicles	113,276	112,628	(648)
Biological Assets at Cost	4,348	4,628	280

	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:	(667)	-	(342)
Machinery	(667)	-	(402)
Office equipment	-	-	11
Furniture	-	-	8
Computer equipment	-	-	27
Computer software	-	-	14

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	2022/23 R '000	2021/22 R '000
67 Irregular, Fruitless and Wasteful Expenditure		
Irregular Expenditure	37,778,026	86,681,255
Fruitless and Wasteful Expenditure	16,033,687	16,167,841
Total	53,811,714	102,849,095
68 Capital Commitments		
Commitments in respect of capital expenditure:		
- Approved and contracted for	364,729,897	311,380,718
Buildings and other fixed structures	206,366,878	88,587,584
Heritage assets	30,419	
Machinery and equipment	92,175,502	103,600,517
Specialised military assets		
Land and subsoil assets	30,573	102,058
Biological assets	270,466	55,673
Intangible assets	1,356,559	1,611,809
Other	64,499,500	117,423,077
- 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	4,666,158	9,297,325
- Government Grants	223,807,001	155,384,530
- Own resources	136,256,737	146,698,863
	364,729,896	311,380,718

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	2022/23 R '000	2021/22 R '000
69 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	21,707,470	25,827,384
1 to 5 years	15,443,570	18,653,929
More than 5 years	31,283,087	31,440,358
	68,434,127	75,921,672
Lessor		
At the reporting date the entity had contracted with tenants for the following future minimum lease payments:		
Up to 1 year	7,863,850	7,746,637
1 to 5 years	13,517,359	12,803,168
More than 5 years	8,296,406	7,594,937
	29,677,615	28,144,741
70 Contingent Liabilities		
70.1 Guarantees		
Guarantees	24,626,285	24,674,868
70.2 Court proceedings		
Legal court proceedings	21,472,538	61,128,761
70.3 Insurance claims		
Insurance claims	36,087,683	36,058,983
70.4 Forensic investigation		
Forensic investigation	222,097	501,578
70.5 Other contingent liabilities		
Other contingent liabilities	24,087,672	87,745,939
Total contingent liabilities	106,496,276	210,110,129
71 Contingent Assets		
71.1 Court proceedings		
Legal court proceedings	3,272,110	1,803,119
71.2 Insurance claims		
Insurance claims	1,493,706	3,189,760
71.3 Forensic investigation		
Forensic investigation	46,151	-
71.4 Other contingent assets		
Other contingent assets	19,333,163	1,323,121
Total contingent assets	24,145,130	6,316,001

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	2022/23 R '000	2021/22 R '000
72 Contributed Capital		
Opening balance	219,751,901,365	188,036,956,365
Contributions	21,841,168,000	31,714,945,000
	241,593,069,365	219,751,901,365

73 Events After Reporting Date

Adjusting Events

National Youth Development Agency

Micro Loan Write-off During 2022/23 financial year, The NYDA was in the process of assessing the status of the balance Micro loan book with regard recoverability and the possibility for write-off given the impairment indicators. The Investment Committee and the Board granted approval to write off balance of the Micro Loan Book as at 31 March 2023 amounting to R11 million. The approval has been granted on 26 April 2023 and the Annual Financial Statements are authorised for issue on the 31 July 2023.

Construction Industry Development Board

An employee who was dismissed during the year was reinstated after the year end resulting in an adjustment of employee cost and the corresponding liability by R117 248.

An adjustment of R21 091 469 has been made for the B.U.I.L.D projects that were awarded this financial year but declared before these financial statements were approved. The regulation allows the client's 21 working days to declare such projects from the date of award.

Council for the Built Environment

The bidding process for the internal and external audits bid commenced in November 2022 and was approved on 16 March 2023. The contracts for the award were only finalised after year end. The internal audit bid was awarded for a period of three years at a total value of R2.394 million. The external audit bid was awarded for a period of three years subject to an annual re-appointment at a total value of R4.025 million. An outstanding labour relations matter was finalised during April 2023 which resulted in a termination benefit provision.

The bidding process for the internal and external audits bid commenced in November 2022 and was approved on 16 March 2023. The contracts for the award were only finalised after year end. The internal audit bid was awarded for a period of three years at a total value of R2.394 million. The external audit bid was awarded for a period of three years subject to an annual re-appointment at a total value of R4.025 million. An outstanding labour relations matter was finalised during April 2023 which resulted in a termination benefit provision.

African Renaissance and International Cooperation Fund

During June 2023, the ARF has received concurrence from the Minister of Finance for the following projects:

- Humanitarian Assistance for the Republic of Malawi (R30 million).
- Independent Electoral Commission (IC) for the development of principles and guidelines governing social media in elections in Africa (R9,2 million).

Property Practitioners Regulatory Authority

A court ruling was received in May 2023 for claims previously rejected by the Authority amounting to R393 119.11. These have been included as provision for claims at year end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

Export Credit Insurance Corporation of South Africa Limited

Mr. Nkuhlu's appointment of as an executive director was confirmed by the Prudential Authority in May 2023

After year end, the Corporation has received a claim and notices of the banks' intention to accelerate the debt for the two remaining projects mentioned in the directors' report (the significant events section).

At reporting date, the provision for IBNR was raised for these projects. Refer to note 14 of the annual financial statement for the detailed disclosure.

Housing Development Agency

A legal dispute between the HDA and a service provider arose out of a contract for the construction of temporary residential units in Mamelodi. A court order in favour of the service provider was awarded in April 2023. The HDA was ordered to pay an amount of R7,8m, plus interest and adjudication costs. This cost has been accounted for in the financial statements, an obligation equivalent to the settlement amount has been raised.

Isimangaliso Wetland Park

The Authority was not aware of any material events that may have occurred between 31 March 2023 and the date when the annual financial statements were authorised.

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.

Trans-Caledon Tunnel Authority

The AMD implementation agreement was concluded on 01 June 2023. This was regarded as an adjusting event which resulted in the amount due from DWS being re-determined in line with the agreement provisions. This agreement also guided in terms of the repayment terms of the receivable which has reporting implications. The impact resulted in a cumulative historical reduction in AMD receivable of R341 mil, a cumulative historical reduction in tariff receivable of R62 mil and a corresponding decrease in retained of R337 mil and an decrease in finance income of R66 mil in the 2023 financial year.

Water Research Commission

Research project commitments comprise of projects approved by the executive management and include those that were signed after year end and contracts that are in the process of being signed by all contracting parties but for which terms and conditions have been agreed upon. During the 2022/2023 financial year there was one CCMA matter that was referred for arbitration in the 2023/2024 financial year. The parties were able to reach a settlement on the 13th of June 2023, stating that a severance payout of R 731 113 (subject to tax) be paid to the former employee by 25 July 2023. The annual financial statements have been adjusted accordingly.

Financial Services Conduct Authority

Post Financial year end, The Financial Sector and Deposit Insurance Levies Act 11 of 2022 (Levies Act) was promulgated effective 1 April 2023 in line with the Financial Sector Regulations Act. The transitions from Government Gazette No.46834:Levies on Financial Institutions to the new Levies Act will not significantly impact revenue, cash flow and operations of the FSCA.

South African Forestry Company Limited

Subsequent to year-end, the Group received an unfavourable court judgement on a matter that had been disclosed as a contingent liability. The matter was assessed as an adjusting event that impacted the financial statements. A provision was raised to account for the subsequent adjusting event.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

Government Printing Works

GPW submitted the 2021/2022 annual financial statements on the 29 December 2022 to the office of the Auditors General of South Africa. The 2021/2022 audit report had not been finalised yet at the time of submission of the 2022/2023 annual statements. The impact thereof on the annual financial statement is unknown.

Independent Electoral Commission

Commitments: Note 24 has been updated to reflect subsequent event relating to the accounting officer decision. At reporting date (31 March 2023) management did not recognize the unutilised value of the awards as a commitment amounting to R21 433 718 in the notes to the financial statements, due to the pending independent review. The accounting officer's decision was informed by the s13.1 of our Preferential procurement policy and the PPPR 2022 regulation which require the accounting officer to ensure that he has to investigate any failure to comply with any procurement management system be invoked. On the 1 June 2023 the independent service provider issued an assurance report to the CEO resulting in the subsequent adjustment in note 24.

Ditsong: Museum of Africa

Irregular Expenditure of R11 708 383 relating to expenditure in excess of budget was only confirmed during the audit process. This amount has been included in the current year balance of Irregular Expenditure.

National Heritage Council of South Africa

CCMA has ruled for the entity to payback an Executive of Core Business an amount of R 992, 032.74 relating to salaries.

Office of Health Standards Compliance

The entity revaluation process was concluded after reporting period. The motor vehicles were sitting at carrying amount of zero at the end of reporting period. The motor vehicles were revalued at R1,000,000 after reporting date. This is therefore an adjusting event.

Non-Adjusting Events

As previously reported in the 2022 MTBPS, government announced an initiative 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 it no longer relies on government bailouts. The National Treasury would lead a process to finalise the debt relief programme and announce specific details on this programme in the 2023 Budget.

In Budget 2023, Eskom's debt relief programme took the form of a debt settlement arrangement whereby government would support Eskom in servicing and repaying its existing debt to the amount of R254 billion from 2023/24 to 2025/26. The financial support would be provided under strict terms and conditions and in exchange, government would receive additional equity in the entity. Engagements between key stakeholders ensued in the latter part of the 2022/2023 financial year to finalise the terms under which the funds would be provided to and the consequential performance expectations from Eskom. By 31 March 2023 agreement had been reached on the amount and timing of release of funds over the MTEF. The specifics regarding the flow of funds and the impact on the balance sheet of Eskom and that of government required further careful consideration. Although these events constitute a contingent liability a contingent liability disclosure on this matter has thus not been included in the notes to the financial statements as these aspects were only concluded after the reporting date and with the publication of the Eskom Debt Relief Act, 7 of 2023, on 7 July 2023. As at 31 October 2023, government had disbursed R36 billion of the R78 billion debt relief for 2023/2024.

In the 2023 MTBPS, the gross borrowing requirement for 2023/24 has increased from R515.6 billion to R563.6 billion, relative to the 2023 Budget. As at 30 September 2023, a total of R280.9 billion of the gross borrowing requirement has been funded through the issuance of domestic short-term loans (R52.9 billion), domestic long-term loans (R167.7 billion), foreign loan of R9.5 billion (equivalent to US\$500 million), and a drawdown on cash balances of R50.8 billion. This includes the financing of the Eskom debt relief bill and the facilitation of municipal debt relief.

Government's debt relief package for Eskom also facilitates the proposal that Eskom write off the municipal debt under strict conditions. National government has therefore introduced support to relieve municipalities of debt to Eskom as outlined in the 2023 Medium Term Budget Policy Statement. As at 31 October 2023, sixty-seven applications had been submitted, totalling R56.8 billion. Twenty-eight applications have been approved and the remainder 39 applications are being assessed and verified with provincial treasuries. The approved applications for outstanding municipal debt owed to Eskom up to 31 March 2023 will be written off over a three-year period, in equal annual tranches provided the municipality complies with set conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

Government received a third tranche of the SANRAL Sustainability Loan of \$500 million (R 9.5billion) from the New Development Bank on 7 June 2023 and will be maturing in September 2046.

On 17 July 2023, Fitch published a credit rating report in which the agency affirmed South Africa's 'BB-' credit rating and stable outlook. According to Fitch, South Africa's credit rating is constrained by low real GDP growth hampered by power shortages, a high level of inequality, a high government debt-to-GDP ratio, and a modest path of fiscal consolidation. The ratings are supported by a favourable debt structure with long maturities and denominated mostly in local currency as well as a credible monetary policy framework.

Council for Building Environment

The bidding process for the internal and external audit bid commenced in November 2022 and was approved on 16 March 2023. The contracts for the award were only finalised after year end. The internal audit bid was awarded for a period of three years at a total value of R2.394 million. The external audit bid was awarded for a period of three years subject to an annual re-appointment at a total value of R4.025 million; An outstanding labour relations matter was finalised during April 2023.

National Youth Development Agency

During 2022/23 financial year, The NYDA was in the process of assessing the status of the balance Micro loan book with regard recoverability and the possibility for write-off given the impairment indicators. The Investment Committee and the Board granted approval to write off balance of the Micro Loan Book as at 31 March 2023 amounting to R11 million. The approval has been granted on 26 April 2023.

Airports Company of South Africa

The AIR02 fixe rate bond (1.7 billion) matured on 30 April 2023 and was repaid on 2 May 2023 in line with the 'following business day' conversion. The redemption was repaid from the funds raised through bonds issued between November and December 2023.

CEF (Pty)Ltd

RENERGEN PROJECT

The board resolved to invest in the Gas project, however, this process is still being assessed and concluded.

Community Schemes Ombud Services

During April 2023, the Chief Ombud - Adv Boyce Mkhize tendered his resignation with immediate effect. Currently Thembelihle Mbatha (CFO) is the acting Chief Ombud.

Industrial Development Corporation of South Africa

Partial reduction of shareholding - Grinding Media SA

On 20 June 2023, the last suspensive condition relating to the sale of a 36% shareholding in Grinding Media SA was fulfilled. This is not considered to be an adjusting event. This provides additional information on the sale agreement that was concluded on 30 March 2023.

Listed Portfolio

The value of the Group listed shares decreased by R2.5 billion to R47.4 billion between the financial year end and 13 September 2023.

National Home Builders Registration Council

During the month of April 2023, the Company secretary was placed on suspension pending the outcome of a disciplinary process.

Passenger Rail Agency of South Africa

Board composition

On 01 April 2023, Mr H Emeran was appointed as GCEO.

On 30 May 2023, the Minister released Mr Ramatlakane as Chair of the PRASA Board.

On 12 June 2023, the Minister appointed Ms Nosizwe Macamo as Acting Chair of PRASA BoC.

Road Traffic Management Corporation

During 2017, the CBRTA and the RTMC entered into an inter Agency Co-Operation agreement that was amended on 31 May 2018. The Minister in consideration of the parties resolved to terminate the Principal Agreement which termination will enable the CBRTA to perform the Road Transport Agency inspectorate law enforcement services from 1 April 2023 and both entities resolved that there will be no adjustments made in the current financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

South African Broadcasting Corporation Limited

The SABC has a unitary Board of Directors which in terms of the Broadcasting Act No. 4 of 1999, as amended, comprises of 12 non-Executive Directors and 3 Executive Directors:

The Broadcasting Act No. 4 of 1999, as amended, provides that the SABC will be governed and controlled, in accordance with this Act, by a Board of Directors. The Non-Executive Directors are appointed by the President on the advice of the National Assembly and the Non-Executive Directors are required to appoint the Executive Directors independently in consultation with the Minister of Communications and Digital Technologies. The Honourable State President appointed 12 Non-Executive Directors (NEDs) on 18 April 2023 for a period of five years and the appointment resulted in a fully quorate and functional Board.

South African National Roads Agency Limited

There are currently no material events after reporting date for further disclosures. In April 2023, severe rainfall led to the closure of some sections of road on the Wild Coast. The damaged has been estimated to be approximately R250 million. On 2 August 2023 the MoF clarified the condition on the R14.76 billion, a second tranche of the special appropriation of the 2022/23 to SANRAL. The clarity condition is that should the government fail to conclude all the outstanding conditions as previously communicated on 5 December 2022. SANRAL is allowed to use a necessary share of the second tranche to settle bond HWAY23 due in December 2023.

South African Tourism

7 April and 8 April 2023, 8 of 11 Board members resigned.

On the 21st of April 2023 South African Tourism Board was dissolved by Minister Patricia De Lille and this was gazetted on the 21st April 2023. On 21 April 2023, an Interim Board of 3 Members was appointed. The Interim Board Chairperson is Mr. Tim Harris. The entity received confirmation of TOMSA levies that relate to the period 01 April 2022 to 31 March 2023 to the value of R 115 440 622.20, the information was not available at reporting date.

Co-Operatives Banks Development Agency

There was one (1) significant subsequent event after the reporting period. Payment of R4 852 000 with interest was made on 27 June 2023 to the DALRRD for funds not utilised.

Development Bank of Southern Africa

Ms Boitumelo Mosako was appointed the Chief Executive Officer of the Bank from 1 April 2023 to 31 March 2028.

(b) Ms N P Zodwa was appointed Acting Chief Financial Officer of the Bank effective 1 April 2023 for the next six months to 30 September 2023. Mr. Mpho Mokwele currently Head: Project Finance in Transacting Division has been appointed as the acting Group Executive: Transacting with effect from 01 April 2023 till 30 September 2023.

(c) On Sunday 21 May 2023, at around 14:00, DBSA detected an abnormality during a routine check of its information systems. Further inquiry confirmed a breach of the Bank's information systems which immediately prompted the Bank's disaster recovery protocol. DBSA is taking the necessary precautionary measures and thoroughly investigating this breach in partnership with the Bank's data security partners and forensic investigators to determine the origin and extent of the breach. The findings of the investigation will inform further action.

Eskom

Changes in Exco: Ms N Minyuku, Group Executive: Government and Regulatory Affairs, and Ms M Govender, Group Executive: Legal and Compliance, resigned in April 2023, and will leave Eskom on 30 April and 30 June 2023 respectively.

Office of the Ombud for Financial Services Providers

Provide details of non-adjusting events as per the note in the normal AFS of the entity. The Office has been dealing with thousands of property syndication related complaints dating from 2009 to 2014. Numerous matters have been closed over the years for a number of reasons but approximately one thousand cases remain active. The Office took a decision to start the process of closing the remaining property syndication matters as they are more appropriate for a court of law. One of these dismissals was taken on appeal to the Financial Services Tribunal. The Tribunal refused leave to reconsider the dismissal. At the date of reporting, it cannot be determined whether the Office would be liable for any further litigation and/or legal costs as a result of the action taken. If this should arise, the Office will take the appropriate course of action in the best interest of the organization.

A potential litigation matter involving the dismissal of the former Deputy Ombud was finalized by the High Court

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

SASRIA Ltd

In the month of August 2023, a taxi strike ensued in the City of Cape Town over the roadworthiness of the minibuses operating in the city. The strike resulted in damages to properties and motor vehicles. The forecasted claims emanating from this strike is estimated to be R100 million as at 22 August 2023.

The event is a non-adjusting event since it occurred after the end of the financial year. Therefore, the financial statements for the period ended 31 March 2023 are not adjusted.

South African Revenue Services

At 31 March 2023, the controlling entity recognised a provision of R119k in respect of the costs of white boxing the landlord property as stipulated in the lease contract. At the reporting date the amount payable for white boxing had not been finalised and the parties were still negotiating the final amount to be paid. On 26 April 2023 negotiations were concluded and the provision for dismantling costs for the Pine Town office was confirmed and raised.

Special Investigation Unit

Declaration of Surpluses to National Treasury for the ending 31 March 2023.

In terms of section 53(3) of the PFMA, the SIU as a Schedule 3A Public Entity may not accumulate a surplus without prior written approval of National Treasury being obtained. In order to give guidance to public entities and to operationalise this section of the PFMA, National Treasury had issued Instruction note no. 12 of 2020/21 on 02 September 2020, that indicates that a public entity must declare all surpluses to the relevant treasury from 01 August to 30 September of each year, after the financial yearend. The SIU will submit a motivation and request to retain all of its surpluses to National Treasury during September 2023 once the Annual Financial Statements have been audited and approved.

Independent Electoral Commission

The President of the Republic of South African signed into law Electoral Amendment Bill on the 17th of April 2023. The amended electoral act now provides for the inclusion and nomination of independent candidates as contesters to elections in the National Assembly and provincial legislatures. The financial impact of this Bill is expected to be significant in the future. The assessment will be done in the next financial year.

Boxing South Africa

The Boxing SA Board has extended the contract of Mr. E Sithole the Acting Chief Executive Officer until the end of September 2023. No further adjusting or significant non-adjusting events have occurred between 31 March 2023 and the date of authorisation.

Construction Education and Training Authority

CETA appointed NHLMK Properties Trading and Projects CC in February 2022, to do partitioning work in the head office building that is occupied under lease agreement. The partitioning project was scheduled for completion on 11 August 2022. A one-month extension ending 29 September 2022 was approved. The project was still ongoing at year end and there were no further extension that were granted/approved. Management took a decision to cancel this contract on 24 May 2023 due to poor performance by the contracted suppliers and delays on completion. As at 31 March 2023, the total claims on the project/ expenditure incurred amounted to R3 490 000. Subsequent claims were received which are still being disputed by CETA.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

Ditsong: Museums of Africa

After the reporting date, a special investigation report to the Supply Chain Management Irregularities was tabled at Council. The report highlighted that there was prima facie evidence of a criminal conspiracy aimed at defrauding DMSA through manipulation of procurement processes to benefit specific service providers.

The quantum of irregular expenditure that must be dealt with in terms of the irregular expenditure framework is R71 660 156.

The quantum of fruitless and wasteful expenditure that must be dealt with in terms of the framework for fruitless and wasteful expenditure is R30 914 814.

Financial and Accounting Services Sector Education and Training Authority

Subsequent to year end, awards amounting to R 82 897 882 were made to various service providers. These awards were finalised after year end and the implementation is to be rolled out during the 2023/24 financial period. This is considered a non-adjusting subsequent event.

Insurance Sector Education and Training Authority

The Board has resolved to remove the irregular expenditure incurred as a result of the appointment of Accounting Authority members for SETA's by the Department of Higher Education, Science and Innovation prior to a vetting process concluded. The Board granted the removal of the irregular expenditure in accordance with the Irregular Expenditure Framework at its meeting held 29 May 2023. The disclosure note to these annual financial statements have been adjusted accordingly.

National Development Agency

The tender process for the procurement of 30 laptops and 15 desktops was initiated before the end of the financial year, but the approval and contracting fell in the month of May 2023, amounting to R1 149.

Human Sciences Research Council

The Chief Executive Officer approved the write-off relating to Fruitless & Wasteful Expenditure amounting to R102 000 on 25 May 2023. The amount written off relates to the period 2018 - 2022 financial year.

Performing Arts Council of the Free State

There is a CCMA cases awarded in favour of the former employee referred to in note 21 (case 1). There was a labour related dispute that was referred to the CCMA on the 12th of January 2023 and the outcome of the dispute was finalised by the CCMA after year end. An amount of R354 053 was paid after the reporting date in settlement of a dispute with the contractor. Please refer to note 23 for the details of the disclosure. There was a labour related dispute that was referred to the CCMA on the 12th of January 2023 and the outcome of the dispute was finalised by the CCMA after year end.

74 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 2023

	2022/23 R '000	2021/22 R '000
Leased Service Arrangement Assets		
Minimum future payments		
No later than one year- Service concession	1,980,231	1,613,673
No later than one year- Operational cost	-	-
Later than one year but not later than 5 years	-	-
Present value of finance lease liability	1,980,231	1,613,673
Service Concession Liability		162,065
Service Concession Asset		546,281
Total Service Concession Liability		
Current Liability	487,079	873,503

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

75 Segment Reporting

2022/23		CENTRAL	ECONOMIC	FINANCE	JUSTICE	SOCIAL	ELIMINATIONS	TOTAL
STATEMENT OF FINANCIAL POSITION								
ASSETS								
Segment assets	158,311,577	1,285,621,163	2,671,196,897	15,947,294	3,578,312	81,479,331	4,216,134,575	
Investment in associates and joint ventures	-	55,590,948	6,249,877	6,235	-	10,578	61,857,640	
Total assets	158,311,577	1,341,212,111	2,677,446,775	15,953,529	3,578,312	81,489,910	4,277,992,214	
LIABILITIES								
Segment liabilities	17,600,330	414,068,658	2,185,017,261	3,097,887	(6,180,557)	25,307,182	2,638,910,760	
Total liabilities	17,600,330	414,068,658	2,185,017,261	3,097,887	(6,180,557)	25,307,182	2,638,910,760	
OTHER INFORMATION								
Capital expenditure	2,555,319	30,553,207	59,268,439	240,455	1,473,642	2,072,984	96,164,046	
Non-cash items excluding depreciation and amortisation	(27,873)	(3,932,900)	(992,224)	(196,909)	(6,410)	849,131	(4,307,185)	
Deferred Revenue	2,732,301	106,263,072	30,647,471	-	(4,204,117)	842,617	136,281,344	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

2021/22	STATEMENT OF FINANCIAL POSITION					SOCIAL ELIMINATIONS			TOTAL
	CENTRAL	ECONOMIC	FINANCE	JUSTICE					
ASSETS									
Segment assets	159,732,087	1,187,177,765	2,352,162,764	14,310,435	2,777,878	73,036,737	3,789,197,666		
Investment in associates (equity method)	-	51,413,401	5,483,444	-	-	11,078	56,907,923		
Total assets	159,732,087	1,238,591,165	2,357,646,208	14,310,435	2,777,878	73,047,815	3,846,105,588		
LIABILITIES									
Segment liabilities	17,313,389	390,786,025	1,882,331,179	2,137,638	(5,137,473)	25,696,278	2,313,127,037		
Total liabilities	17,313,389	390,786,025	1,882,331,179	2,137,638	(5,137,473)	25,696,278	2,313,127,037		
OTHER INFORMATION									
Capital expenditure	3,167,608	19,321,984	57,473,804	788,372	1,711,579	1,702,947	84,166,295		
Non-cash items excluding depreciation and amortisation	54,642	(1,735,434)	(719,612)	(235,238)	(21,849)	(1,279,401)	(3,936,892)		
Deferred Revenue	2,867,579	92,850,885	29,352,496	-	(4,016,601)	714,222	121,768,580		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

2022/23		CENTRAL	ECONOMIC	FINANCE	JUSTICE	SOCIAL	ELIMINATIONS	TOTAL
STATEMENT OF FINANCIAL PERFORMANCE		CENTRAL	ECONOMIC	FINANCE	JUSTICE	SOCIAL	ELIMINATIONS	TOTAL
REVENUE								
Revenue from non-exchange transactions	6,022,238	119,983,308	14,965,673	6,912,205	3,762,465	42,358,455		194,004,345
Revenue from exchange transactions	13,213,545	138,855,722	351,253,794	2,636,518	(395,530)	16,729,619		522,293,668
Inter-entity transfers	21,093,500	21,093,500	21,093,500	21,093,500	21,093,500	21,093,500		126,560,999
Share of surplus/ (deficit) of associate	901,067	-	585,235	314,027	-	-		1,800,329
Interest Revenue	823,393	22,170,266	34,229,711	430,654	271,563	3,081,973		57,925,587
Total Segment Revenue	42,053,742	302,102,796	422,127,912	31,386,904	24,731,998	83,263,546		902,584,927
EXPENSES								
Employee related costs	(2,985,061)	(42,893,561)	(77,815,308)	(4,953,270)	760,619	(16,233,583)		(144,120,164)
Depreciation and amortisation expense	(3,096,509)	(18,388,659)	(52,963,342)	(340,486)	20,523	(886,921)		(75,655,393)
Other expenses	(13,892,443)	(181,753,344)	(225,064,591)	(3,443,177)	(1,059,022)	(34,512,233)		(459,724,810)
Interest expenses	(2,466)	(13,456,774)	(71,967,868)	(772)	51,788	(305,781)		(85,681,873)
Total segment expenses	(19,976,478)	(256,492,338)	(427,811,109)	(8,737,705)	(226,092)	(51,938,517)		(765,182,239)
Total segment surplus/deficit	22,077,264	45,610,458	(5,683,197)	22,649,200	24,505,906	31,325,030		137,402,688
Other unallocated revenue								3,638,498
Unallocated expenses								(226,092)
Surplus/Deficit for the period								3,412,406
Reconciliation of the above surplus and the surplus as disclosed in the CFS								
Surplus/Deficit for the period per segment report								140,815,094
Reversal of inter segment expenses eliminated								3,336,526
Other items not included in the segment								(469,958)
TOTAL SURPLUS / (DEFICIT) FOR THE PERIOD NET OF TAX AS PER CFS								143,605,781

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

2021/22	STATEMENT OF FINANCIAL PERFORMANCE	CENTRAL	ECONOMIC	FINANCE	JUSTICE	SOCIAL	ELIMINATIONS	TOTAL
	REVENUE							
	Revenue from non-exchange transactions	6,684,300	104,774,836	14,182,588	6,768,594	2,624,513	40,537,938	175,572,770
	Revenue from exchange transactions	13,537,888	114,754,690	335,231,851	2,462,040	(15,388)	15,696,970	481,668,051
	Inter-entity transfers	8,811,720	8,811,720	8,811,720	8,811,720	8,811,720	8,811,720	52,870,320
	Share of surplus/ (deficit) of associate	-	5,995,921	300,102	-	-	3,096	6,299,119
	Interest Revenue	497,388	15,053,821	22,233,925	279,290	138,965	1,835,822	40,039,211
	Total Segment Revenue	29,531,296	249,390,988	380,760,187	18,321,643	11,559,811	66,885,546	756,449,470
	EXPENSES							
	Employee related costs	(2,841,628)	(41,506,341)	(79,240,751)	(5,021,811)	1,736,053	(15,564,675)	(142,439,153)
	Depreciation and amortisation expense	(3,050,137)	(14,060,472)	(50,305,658)	(271,867)	22,347	(1,066,944)	(68,732,732)
	Other expenses	(13,319,960)	(135,200,437)	(220,327,893)	(3,799,210)	(1,782,332)	(37,983,104)	(412,412,936)
	Interest expenses	(2,795)	(13,994,742)	(56,022,540)	(371)	57,815	(294,046)	(70,256,680)
	Total segment expenses	(19,214,520)	(204,761,992)	(405,896,842)	(9,093,260)	33,882	(54,908,769)	(693,841,501)
	Total segment surplus/deficit	10,316,776	44,628,995	(25,136,655)	9,228,383	11,593,693	11,976,777	62,607,970
	Other unallocated revenue							2,748,091
	Unallocated expenses							33,882
	Net Surplus/Deficit for the period							2,781,973
	Reconciliation of above surplus with surplus disclosed in the CFS							
	Surplus/Deficit for the period per segment report							140,815,094
	Reversal of inter segment expenses eliminated							(12,183,145)
	Other items not included in the segment							(4,449,444)
	TOTAL SURPLUS / (DEFICIT) FOR THE PERIOD NET OF TAX AS PER CFS							124,182,505

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

76 Risk Management

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

Maximum credit risk exposure

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

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 was 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 2023

76.1 Financial Assets carried at Amortised Cost

	2022/23 R '000	2021/22 R '000
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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	338,339,488	284,336,216
Trade and other receivables from exchange transactions	82 447 768	93,056,040
Other receivables from non-exchange transactions	16,648,275	19,246,201
Other current financial assets	1,130,915,812	917,379,023
Current Investments	102,724,433	57,014,861
Construction contracts and receivables	1,313,732	1,053,131
Finance lease receivable	628 821	993,606
Non-current receivables from exchange transactions	31,062,490	33,284,305
Non-Current Investments	219,627,422	237,352,022
Other non-current financial assets	57,051,899	42,969,804

76.2 Collateral held and other credit enhancements

The credit risk exposure, as posed by the financial assets held at amortised cost detailed above, is further mitigated by the collateral held in relation to these instruments:

Bank - collateral held	27,610,874	33,471,023
Financial guarantees	610,967	622,633
Trade and other receivables	36,725,903	29,910,858
Other	53,319,191	44,255,069

76.3 Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

2022/23	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	101,060	741,277	2,511,837	22,810,034
Borrowings	526,455	9,832,784	166,362,413	412,572,234
Trade and other payables	30,220,554	52 448 604	47,888,918	92,992,266
Bank overdraft	1,997,639		14,049	
Other	3,095,295	7,083,141	166,794,711	4,573,221

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	35,308	668,099	2,601,549	22,239,455
Borrowings	270,404	7,497,224	146,645,452	402,192,782
Trade and other payables	14 364 640	25,189,609	40,292,150	62,213,909
Bank overdraft	935,718		114	
Other	239,155,541	8,597,017	92,225,737	5,496,325

76.4 Collateral held and other credit enhancements

The entity holds the following collateral and / or credit enhancements that aid in the mitigation of the liquidity risk it is exposed to:

Pledged collateral	1,780,139	2,141,999
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76.5 Interest rate risk

The public entities included in this consolidation are exposed to interest rate risk as a result of interest-bearing bank accounts. At year end, financial instruments exposed to interest rate risk were as follows:

Call deposits: With the exception of South African Government bonds, the rand-denominated financial assets and liabilities of the Bank respectively earn and bear interest at rates linked to South African money-market rates. The level of these rates is closely linked to the Bank's repurchase (repo) rate, which is set by the Monetary Policy Committee (MPC). The re-pricing of these assets and liabilities, therefore, occurs at approximately the same time as changes to the repo rate are announced by the MPC.

Notice deposits: The Bank is exposed to interest rate risk in respect of its foreign investments. The risk tolerance and return expectations in respect of these financial instruments are embodied in the strategic asset allocation approved by the Reserves Management Committee (Resmanco) and the risk budget approved by the GEC.

Finance lease obligations: The majority of the finance leases entered into by the public entities is subject to variable interest rates linked to the prime rate of interest in South Africa.

Long term loans: These loans are obtained from a variety of sources and consist of a mixture of variable interest rate loans and fixed rate loans. This mixture of fixed and variable rate loans are intended to offset the overall exposure to variability in interest rates on an entity-by-entity basis.

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 2023

76.6 Credit quality of financial assets carried at amortised cost

Method of determining credit quality of other non-current financial assets

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

The credit quality of trade and other receivables from exchange transactions are determined and monitored with reference to historical payment trends. Accordingly, the credit quality of the customers included in the balance of trade and other receivables from exchange transactions is determined internally through application of the entity's own credit policy. Based on the evaluation of the historical payment trends, customers included in the balance are categorised into the following:

High credit quality - Customers included in this category have evidenced no defaults or breaches in the contractual repayments.

Medium credit quality - Customers included in this category are prone to late payments, but seldom default on the entire balance owing.

Low credit quality - Customers included in this balance includes customers that frequently default on their outstanding balances and breach contract.

Other method - Any other method applied to evaluate the credit quality.

77	Principal-agent arrangements	2022/23 R'000	2021/22 R'000
		Fee Paid	
77.1	Entity acting as the principal		
	Total	3,208,737	2,327,295
77.2	Entity acting as the agent	2021/22 R'000	2020/21 R'000
77.2.1	Revenue received for agency activities		
	Total	3,404,631	2,263,305
77.2.2	Reconciliation of funds and disbursements 2022/23	Total funds received R'000	Expenditure incurred against funds R'000
	Total	9,746,435	(1,015,618)
	Reconciliation of funds and disbursements 2021/22	Total funds received R'000	Expenditure incurred against funds R'000
	Total	7,744,793	(1,537,117)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

77.2.3 Reconciliation of carrying amount of receivables and payables – 2022/23

	Opening balance	Revenue/Expense	Less: (Write offs/settlements)/ Cash Paid	Cash received on behalf of principal	Closing balance
	R '000	R '000	R '000	R '000	R '000
Receivables	482,996	841,246	(251,153)	568,377	504,712
Payables	2,050,580	1,069,327	457,838		2,662,069

Reconciliation of carrying amount of receivables and payables – 2021/22

Receivables	535,232	379,003	-66,499	371,700	476,035
Payables	1,343,520	1,299,415	600,435		2,042,499

**78 Related Party
Relationships**

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

Transactions and balances
2022/23

	Transactions	Balances/ Commitments	Provisions for doubtful debts	Bad/ Doubtful debts
Controlling entities	1,663,508,172	51,297,530	(21,433)	-
Entities with joint control or significant influence over another entity	4,609,640	28,960,398	(76,588)	-
Close Members of Family or Significant Influence	34,827	6,962	(5,112)	-
Controlled entities	124,723	1,755,875	(424)	-
Associates	51,651,523	2,060,126	-	-
Joint ventures in which the entity is a venturer	(4,370,930)	426,588	-	-
Management	4,007,082	1,703,190	-	5,461
Other related parties	124,356,074	(52,462,490)	(3,383,239)	(202,054)

2021/22

	Transactions	Balances/ Commitments	Provisions for doubtful debts	Bad/ Doubtful debts
Controlling entities	902,065,621	(389,979,825)	25,463	-
Entities with joint control or significant influence over another entity	4,579,967	57,136,837	(59,852)	-
Close Members of Family and Significant Influence	27,683	85	(5,112)	-
Controlled entities	(560,168)	1,076,038,044	(518)	-
Associates	7,757,150	1,161,541	(23,000)	-
Joint ventures in which the entity is a venturer	(3,868,563)	392,371	-	-
Management	6,081,226	32,974	-	6,029
Other related parties	92,205,446	(67,146,673)	(1,388,363)	(224,928)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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Financial Sustainability

Since the 2023 Budget, several fiscal risks have materialised. Company tax collections, primarily mining sector revenue, underperformed and the revenue outlook weakened. The 2023 public-service wage agreement increased the cost of compensation of employees and borrowing costs increased, pushing up the costs of servicing government debt.

The 2023 Medium Term Budget Policy Statement (MTBPS) strikes a careful balance between supporting a growth-enhancing agenda and stabilising the public finances, while maintaining support for the most vulnerable in our society. Over the next three years, government will focus on raising GDP growth by improving the provision of electricity and logistics, enhancing the delivery of infrastructure and restructuring the state to be efficient and fit-for-purpose. Fiscal policy continues to support this approach by stabilising debt and debt-service costs so that resources can be directed to productive expenditure that supports development.

In this context, government will continue to take a sound and balanced approach to fiscal policy. The proposed fiscal framework for the medium term includes targeted spending revisions that contain overall expenditure while directing resources to core functions. Additional allocations will cover wage increases for employees in the health, education and security sectors, and support social security. Deeper reforms to improve the efficiency and effectiveness of spending will complement these changes.

In line with this stance, over the next three years government will borrow an average R553.7 billion per year. This borrowing will be used for three purposes: first, to finance the gap between what government spends and the revenues it collects; second, to refinance the redemption of maturing debt; and third, to finance the Eskom debt-relief arrangement.

Although many countries are contending with rising debt levels in the wake of the pandemic, over the past 15 years South Africa has had one of the largest increases in government debt as a share of GDP. This debt accumulation has led to a rapid increase in debt-service costs, which now consume more than 20 per cent of government revenue. In other words, out of every R5 collected in taxes, government pays R1 to lenders instead of funding education, policing, health and other critical services.

As the stock of debt grows, any change affecting the cost of borrowing is magnified. Debt-service costs are now estimated to reach R385.9 billion in 2024/25 and R455.9 billion in 2026/27. Borrowing costs have risen across the yield curve, meaning that regardless of the maturity profile of loans and bonds, investors are demanding a premium to compensate them for the risks of investing in South Africa. Since 2013/14, South Africa's interest on debt has exceeded the rate of economic growth, implying that the economy is not able to generate enough revenue to service the debt.

Given the scale and duration of South Africa's debt accumulation, returning the public finances to a sustainable position requires government to target a primary surplus, meaning that revenue exceeds non-interest expenditure. The surplus will grow over the medium term, narrowing the budget deficit and allowing debt to stabilise by 2025/26.

Over the next three years, fiscal policy will stabilise debt to moderate the growth of debt-service costs. Debt is projected to stabilise at 77.7 per cent of GDP in 2025/26. In addition, debt-service costs are projected to peak as a proportion of revenue in 2026/27 and decline thereafter. Over time, government will be able to allocate more of these resources to critical policy priorities.

Over the 2024 medium-term expenditure framework period, government will focus on increasing infrastructure investment, reconfiguring the operations of the state to ensure greater efficiency, and maintaining a prudent fiscal stance that restores the health of the public finances and stabilises debt and debt-service costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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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.



2023 CFS
CONSOLIDATED
FINANCIAL STATEMENTS

for the year ended 31 March 2023

NATIONAL
REVENUE FUND



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

ACCOUNTING OFFICER'S APPROVAL

FOR THE YEAR ENDED 31 MARCH 2023

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 04 December 2023.



Shabeer Khan

Accounting Officer

ACCOUNTING OFFICER'S REVIEW

FOR THE YEAR ENDED 31 MARCH 2023

■ 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

ACCOUNTING OFFICER'S REVIEW

FOR THE YEAR ENDED 31 MARCH 2023

sufficient money in the National Revenue Fund. In this regard the deficit is funded in terms of section 66(2)(a) of the PFMA by the Asset and Liability section within the National Treasury.

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

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

■ ACCOUNTING STANDARDS

On a drive to improve public accountability, there is a transition in progress from reporting on the modified cash basis of accounting to reporting on the accrual basis of accounting. Under the modified cash basis of accounting, transactions and other

events are recognised when cash is received or paid, while provision is made in the annual financial statements (AFS) for provisions, accruals, contingent liabilities and so on.

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

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 2023

The better than expected fiscal outlook has cushioned the economy and allowed government spending to reduce borrowing requirements in the past fiscal year. The revenue windfall of 2022 is unsustainable in the long term as economic growth has halted. Going forward an injection into the budget of the SARS is proposed. In addition to a direct allocation for capital and Information and communications technology (ICT) projects, provisional allocations are set aside to improve revenue raising capabilities of SARS.

Economic growth forecast for the year ending 31 March 2023 was 2.1 per cent. South Africa's economy grew by an estimated 2.5 per cent but the medium-term growth outlook has deteriorated. South Africa has a 45.3 per cent of youth unemployment and this remains a threat to stability in the country. A growing economy is key to address this and implementing growth-enhancing reforms is a crucial element of our growth strategy.

The lack of reliable electricity supply remains the major economic constraint in the Country's economic growth and threatens survival of many businesses. To address this, Government has approved R78 billion Eskom debt relief Act for 2023/24 and approved additional electricity capacity to the grid. Eskom should utilise these funds to settle debt and for interest payments only.

Rising of municipal debt to Eskom as well as other organs of the state and individual households cripples the Entity and impacts negatively on the delivery of services. These non-payments results in longer power cuts. Eskom's long-term financial viability depends on its customers paying their dues. The government is currently looking at ways to fix the municipal debt crisis by exploring various financial options to aid with upgrading distribution infrastructure.

Besides Eskom the other risk to fiscal outlook includes worsening of the economic outlook, a further weakening of the finances of state-owned companies, greylisting by the Financial Action Task Force (FATF) which South Africa is expected to address by January 2025 and an unaffordable public-service wage agreement.

South Africa's economic outlook is facing a variety of risks, including weaker than expected global growth, further disruptions to global supply chains and renewed inflationary pressure from the war in Ukraine, persistent and prolonged power cuts and a deterioration in port and rail infrastructure, widespread criminal activity and lower than expected tax revenue collection.

South Africa desperately needs to create sustained economic growth and job creation and a corruption free society to achieve its developmental goals. We need to remove barriers to economic growth, create the much-needed jobs by getting the unemployed working on infrastructure building projects and implement the recommendations of the Zondo commission on criminal investigations and prosecutions to fight corruption and bring back investor confidence.

South Africa is committed to the reconstruction and recovery of our economy, saving lives and restoring livelihoods, as well as securing the long-term prosperity of our nation.

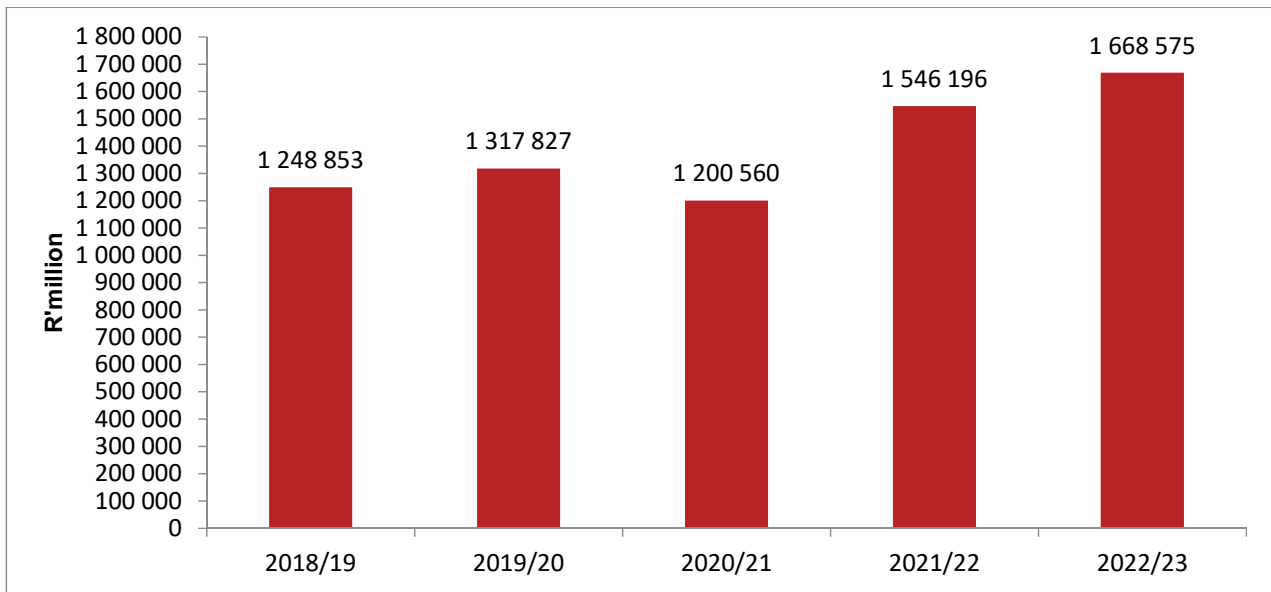
REVIEW OF OPERATING RESULTS

FOR THE YEAR ENDED 31 MARCH 2023

Year Ended 31 March R' million	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22	Actual 2022/23
Taxes, Levies & Duties	1 358 259	1 430 427	1 322 857	1 660 808	1 783 818
Less: South African Customs Union Agreement	48 289	50 280	63 395	45 966	43 683
Less: Payment to UIF	17 420	18 205	16 715	19 451	21 108
Less: Amount payable by SARS to UIF	1 697	1 896	1 681	1 982	2 054
Less: Payment to RAF	41 890	42 633	40 560	47 059	48 469
Less: Amount payable by SARS to RAF	110	(414)	(54)	155	(72)
Net Revenue for the Year	1 248 853	1 317 827	1 200 560	1 546 196	1 668 575
Movement in SARS revenue	7%	6%	-9%	29%	8%

REVENUE

South African Revenue Services (SARS) income increased by 8 per cent in 2022/23 (2021/22: 29 per cent).



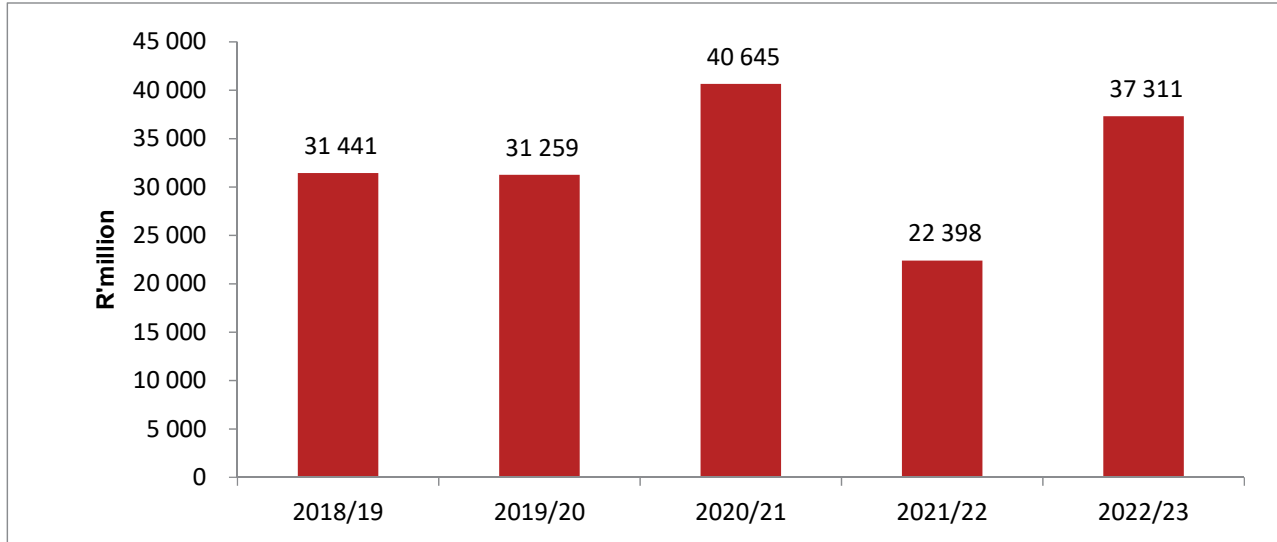
Other main sources of income are departmental revenue, inclusive of National Revenue Fund receipts. This amounts to R20 billion for the 2022/23 financial year. The increase in other revenue of 67 per cent for the 2022/23 financial year is mainly due to a increase in Departmental Revenue. For the full 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 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22	Actual 2022/23
Departmental revenue	24 063	26 811	36 154	16 127	20 479
Other surrenders	4 562	2 808	2 689	4 177	6 357
Other revenue received	2 816	1 640	1 802	2 095	10 476
Total revenue	31 441	31 259	40 645	22 398	37 311
Movement in other revenue	-2%	-1%	30%	-45%	67%

REVIEW OF OPERATING RESULTS

FOR THE YEAR ENDED 31 MARCH 2023

Other Revenue excluding CARA

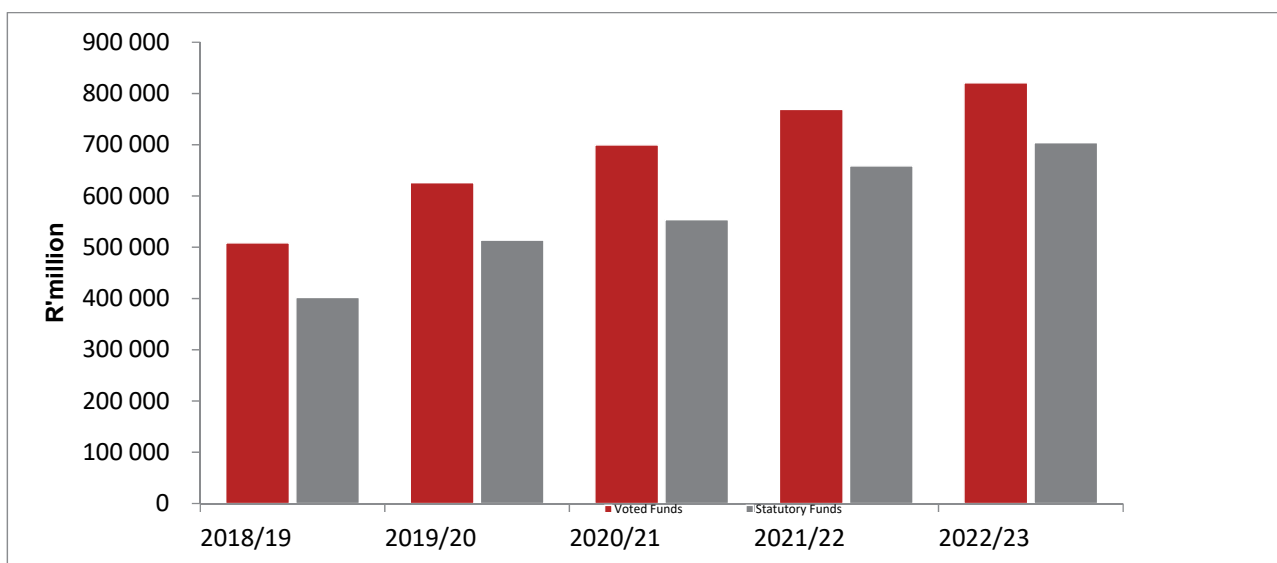


EXPENDITURE

Net Appropriation increased by 7 per cent in 2022/23 (2021/22: 4 per cent)

Year Ended 31 March R' million	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22	Actual 2022/23
Voted Funds	820 904	945 187	1 004 427	1 031 636	1 088 182
Statutory Funds*	703 946	777 429	866 747	909 044	979 137
Net Appropriation	1 524 850	1 722 616	1 871 173	1 940 680	2 067 320
Movement in net appropriation	7%	13%	9%	4%	7%

*Included in Statutory Funds is National Revenue Fund payments.



REVIEW OF OPERATING RESULTS

FOR THE YEAR ENDED 31 MARCH 2023

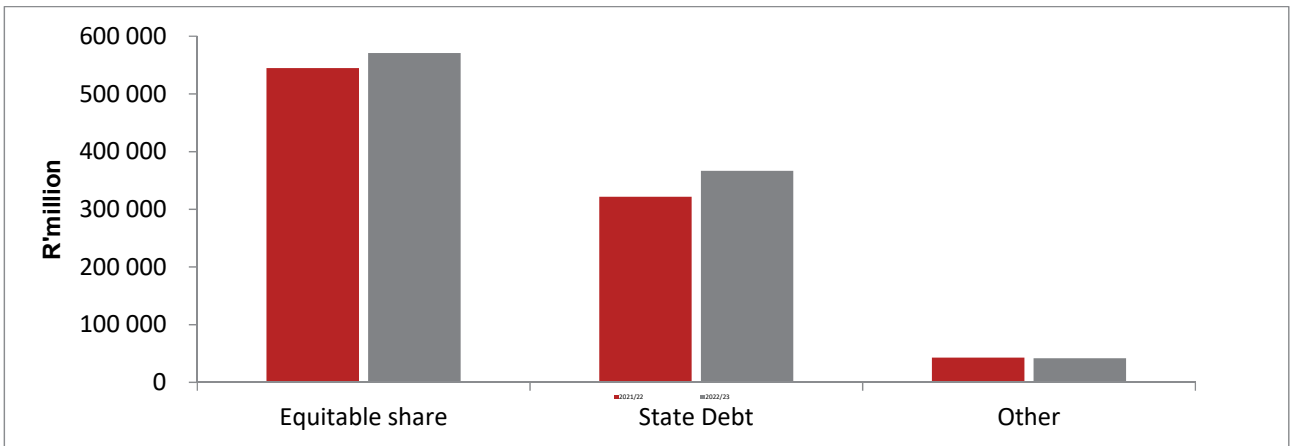
STATUTORY FUNDS

Statutory Funds <i>R' million</i>	Actual 2021/22	Actual 2022/23
Equitable share	544 835	570 868
State Debt	321 487	366 622
Other	42 722	41 647
Total	909 044	979 137

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 58 per cent in 2022/23 (2021/22: 60 per cent) of the total statutory budget.

Debt service costs consist mainly of interest paid on government debt. This amounts to 37 per cent in 2022/23 (2021/22: 35 per cent) of the total statutory budget.



ASSETS

Cash and Cash Equivalent <i>R' million</i>	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22	Actual 2022/23
Cash and equivalent	217 567	251 690	310 114	259 832	237 014
Movement in cash and cash equivalent	-3%	16%	23%	-16%	-9%

Cash and cash equivalents amount to R237 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 2023

Break down of cash balances <i>R' million</i>	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22	Actual 2022/23
Commercial banks					
<i>Tax and Loan account</i>	37 754	35 845	175 136	133 318	108 903
South African Reserve Bank					
Cash with SARB	57 157	67 157	41 157	41 157	-
Foreign Currency Investment	122 541	148 196	93 282	85 130	127 999
Other	115	491	540	227	112
Total Cash and cash equivalents	217 567	251 689	310 114	259 832	237 014

Non-current Investments

Investments <i>R' million</i>	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22	Actual 2022/23
Investments	253 331	337 860	311 021	458 488	558 227
Movement in Investments	31%	33%	-8%	47%	22%

Total investment decreased to R558 billion for the current year. This is a 22 per cent increase for 2022/23 against a 47 per cent increase in the prior year. The table below reflects the investment held by government for the past two years.

Investments <i>R' million</i>	Actual 2021/22	Actual 2022/23
African Development Bank	127 500	155 972
International Monetary Fund SDR Holding	89 123	105 847
International Monetary Fund quota subscription	61 495	72 965
International Bank for Reconstruction and Development	32 377	42 997
New Development Bank		
Paid up Shares	29 159	35 553
Callable Shares	116 635	142 212
International Finance Corporation	1 936	2 361
Multilateral Investment Guarantee Agency	262	320
Total	458 488	558 227

LIABILITIES

Non-current liabilities

Multilateral Institutions <i>R' million</i>	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22	Actual 2022/23
Multilateral Institutions	227 209	307 747	334 944	474 746	575 211
Movement in Multilateral Institutions	28%	35%	9%	42%	21%

The balance presents the callable portion of South Africa's subscription in the various multilateral institutions. The total liabilities in multilateral institutions increased to R575 billion for the current year. This is a 21 per cent increase for 2022/23 against a 42 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 2023

Multilateral Institutions <i>R' million</i>	Actual 2021/22	Actual 2022/23
IMF-Securities Account	109 847	130 331
New Development Bank	116 635	142 212
African Development Bank	122 745	149 663
IMF-SDR Allocations	94 925	112 629
International Bank for Reconstruction and Development	30 383	40 115
Multi- Lateral Investment Guarantee Agency	212	259
Total	474 746	575 211

Current and non-current borrowings

Borrowings <i>R' million</i>	Actual 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22	Actual 2021/22
Current Borrowings	406 957	428 447	518 810	544 952	578 112
Non-Current Borrowings	2 381 332	2 832 896	3 416 890	3 732 511	4 187 316
Total	2 788 289	3 261 343	3 935 700	4 277 463	4 765 428
Movement in Borrowings	12%	17%	21%	9%	11%

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 765 billion for the current year. This is a 11 per cent increase for 2022/23 against a 9 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 2018/19	Actual 2019/20	Actual 2020/21	Actual 2021/22	Actual 2022/23
Domestic debt	2 496 975	2 874 118	3 543 266	3 865 359	4 209 771
Foreign debt	291 314	387 225	392 434	412 104	555 657
Total	2 788 289	3 261 343	3 935 700	4 277 463	4 765 428

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 2022 <i>R' million</i>	Revised Estimate 2022/23	Audited outcome NRF 2021/22	Audited outcome Budget Review 2021/22
Surplus/(Deficit) per Income Statement (NRF)	(496 131)	(408 902)	(409 060)
Revaluation gains/(losses)	143 743	36 036	36 022
Movement on National Treasury Financial Instruments	(6 394)	821	821
Increase/(Decrease) in revenue	(2 315)	(4 204)	(19 526)
Movement in Annual Appropriation: Net Financing	63 334	53 229	44 897
Other receipts:			
Recovery of criminal assets	(2 667)	(72)	(72)
Other payments:			
Recovery of criminal assets	16	30	301
Surplus/Deficit per Budget Review	(300 415)	(323 061)	(346 888)
GDP as per budget review	6 651 266	6 287 621	6 251 494
Surplus/(Deficit) as percentage of GDP	(4.5)	(5.1)	(5.5)

REVIEW OF OPERATING RESULTS

FOR THE YEAR ENDED 31 MARCH 2023



2023 CFS

**CONSOLIDATED
FINANCIAL STATEMENTS**

for the year ended 31 March 2023

**REPORT OF THE
AUDITOR-GENERAL TO
PARLIAMENT 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 2023

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 284 to 300, which comprise the statement of financial position as at 31 March 2023, 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 2023, 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 my 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 307 to 338 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.

Responsibilities of the auditor-general 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

REPORT OF THE AUDITOR-GENERAL

FOR THE YEAR ENDED 31 MARCH 2023

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 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 on 8 February 2023 per *General Notice 48000*.

REPORT ON 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 the Audit Directive issued under section 13(3)(b) of the Public Audit Act 25 of 2004 on 8 February 2023 per *General Notice 48000*.

OTHER INFORMATION IN THE ANNUAL REPORT

14. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements and the auditor's report.

15. My opinion on the financial statements does not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
16. My responsibility is to read this other information and, in doing so, consider whether it 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

8 December 2023



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

REPORT OF THE AUDITOR-GENERAL

FOR THE YEAR ENDED 31 MARCH 2023

■ ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

Professional judgement and professional scepticism

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

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

- conclude on the appropriateness of the 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

timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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 2023

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.

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS

FOR THE YEAR ENDED 31 MARCH 2023

1.6.2 Current and Non-Current Liabilities

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

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

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

1.7 RESTATEMENTS AND ADJUSTMENTS

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

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS

FOR THE YEAR ENDED 31 MARCH 2023

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 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.

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 terms of 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.

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS

FOR THE YEAR ENDED 31 MARCH 2023

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 terms of 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.

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 revalue 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 ACCOUNTING POLICIES AND RELATED MATTERS

FOR THE YEAR ENDED 31 MARCH 2023

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.

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.

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS

FOR THE YEAR ENDED 31 MARCH 2023

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 2023

	<i>Notes</i>	2022/23 R'000	2021/22 R'000
REVENUE			
Revenue collected	1	1 691 720 962	1 562 394 262
By SARS		1 668 575 109	1 546 195 992
Departmental Revenue		20 478 654	16 126 694
CARA Receipts		2 667 199	71 577
Other Revenue	2	16 832 658	6 271 450
TOTAL REVENUE		1 708 553 620	1 568 665 713
EXPENDITURE			
Net Appropriation		2 067 319 888	1 940 680 334
Annual Appropriation	3	1 088 182 405	1 031 636 188
Statutory Appropriation	4	979 137 483	909 044 146
CARA Payments	5	15 617	30 415
Expenditure in terms of a separate Act of Parliament	6	-	-
TOTAL EXPENDITURE		2 067 335 505	1 940 710 749
SURPLUS/(DEFICIT)		(358 781 885)	(372 045 035)
Financial Instrument Valuation and Capital Subscription on Investments	7	(137 348 973)	(36 856 923)
Valuation and Capital: Investment		(143 743 373)	(36 035 763)
Movement on National Treasury Financial Instruments		6 394 400	(821 159)
SURPLUS/(DEFICIT) FOR THE YEAR		(496 130 858)	(408 901 958)

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 MARCH 2023

	<i>Notes</i>	2022/23 R'000	2021/22 R'000
ASSETS			
Current assets			
Cash and cash equivalents	8	237 013 692	259 832 104
Receivables	9	21 683 007	17 643 601
Funds to be surrendered to the Revenue Fund:			
Voted Funds		19 380 518	15 195 514
Unauthorised expenditure		-	-
Departmental Revenue		2 220 354	2 362 527
Other		82 135	85 560
Total		258 696 700	277 475 704
Non-current assets			
Investments	10	558 226 819	458 487 868
Total		558 226 819	458 487 868
TOTAL ASSETS		816 923 519	735 963 572
RESERVES AND LIABILITIES			
RESERVES			
		(4 551 850 541)	(4 055 719 683)
LIABILITIES			
Current liabilities			
Payables	11	5 615 563	20 756 971
Voted Funds to be transferred		3 325 250	18 360 528
Other		2 290 313	2 396 442
Borrowings	12	578 112 320	544 952 589
Total		583 727 883	565 709 560
Non-current liabilities			
Unauthorised expenditure	11	22 519 704	18 716 580
Multilateral Institutions	13	575 210 638	474 746 449
Borrowings	14	4 187 315 832	3 732 510 667
Total		4 785 046 175	4 225 973 696
TOTAL LIABILITIES		5 368 774 057	4 791 683 254
TOTAL RESERVES AND LIABILITIES		816 923 519	735 936 572

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2023

	<i>Notes</i>	R'000
Opening balance as at 1 April 2021		(3 646 817 070)
Surplus / (Deficit) for the year 2022		(408 901 956)
Prior year errors for transactions 2021/22	22	(656)
Rounding		-
Balance at 31 March 2022		(4 055 719 683)
Surplus / (Deficit) for the year 2023		(496 130 858)
Adjustments and restatement		-
Rounding		-
Balance at 31 March 2023		(4 551 850 541)

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

	<i>Notes</i>	2022/23 R'000	2021/22 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS			
Revenue collected	15	1 691 857 455	1 563 199 765
By SARS		1 668 569 429	1 546 653 474
Departmental Revenue collected		20 620 827	16 474 715
CARA Receipts		2 667 199	71 577
Surrenders from departments	16	15 019 464	21 293 616
Other revenue received by the revenue fund	17	16 832 658	6 271 450
		1 723 709 577	1 590 764 831
PAYMENTS			
Appropriated payments	18	2 079 411 599	1 937 568 724
Annual Appropriation		1 101 084 184	1 028 415 404
Statutory Appropriation		978 311 798	909 122 905
CARA Payments		15 617	30 415
Other Payments	19	18 360 528	915 497
		2 097 772 127	1 938 484 220
Net cash flow available from operating activities	23	(374 062 550)	(347 719 389)
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	351 244 139	297 437 019
Net cash flows from financing activities		351 244 139	297 437 019
Net increase/(decrease) in cash and cash equivalents		(22 818 411)	(50 282 370)
Cash and cash equivalents at beginning of period		259 832 104	310 114 474
Cash and cash equivalents at end of period	8	237 013 692	259 832 104

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

		2022/23 R'000	2021/22 R'000
1	Revenue collected		
1.1	By SARS		
	Revenue collected by SARS	WP 2A	
	Taxation	1 686 697 378	1 563 754 244
	Non-taxation	97 120 519	97 054 225
	Less: Payments by SARS	115 242 788	114 612 477
	Total Revenue collected by SARS*	1 668 575 109	1 546 195 992
	<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	16 126 694
	National Revenue Fund Receipts	*	6 068 425
	Sales of goods and services other than capital assets	3 720 421	2 786 904
	Fines penalties and forfeits	371 237	271 149
	Interest dividends and rent on land	8 977 396	5 541 074
	Sales of capital assets	187 256	136 301
	Financial transactions in assets and liabilities	1 353 641	951 981
	Transfers received	647 453	370 860
	Total Departmental Revenue collected	20 478 654	16 126 694
	<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	71 577
	Total CARA Receipts	2 667 199	71 577
2	Other Revenue		
2.1	Other		
	Other surrenders	WP 3B	4 176 857
	Other revenue received	WP 3C	2 094 593
	Total Other	16 832 658	6 271 450

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

		2022/23 R'000	2021/22 R'000
3	Net Appropriation	1 088 182 405	1 031 636 188
	3.1 Annual Appropriation		
	Equitable Share / Voted Funds	WP 1A 1 104 035 660	1 050 520 895
	Total Annual Appropriation	1 104 035 660	1 050 520 895
	3.2 Voted funds to be surrendered		
	Equitable Share / Voted Funds	15 853 255	18 884 707
	Total voted funds to be Surrendered	15 853 255	18 884 707
4	Net Appropriation - Statutory	979 137 483	909 044 146
	4.1 Statutory Appropriation		
	Equitable Share / Statutory Funds	WP 1B 919 377 163	856 903 709
	Total Statutory Appropriation	919 377 163	856 903 709
	4.2 Statutory funds to be surrendered		
	Equitable Share / Statutory Funds	(59 760 320)	(52 140 437)
	Total Statutory funds to be Surrendered	(59 760 320)	(52 140 437)
5	CARA Payments		
	Cara funds transferred to departments	WP 4C 15 617	30 415
	Total CARA Fund assistance	15 617	30 415
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 (6 394 400)	4 743 073
	Financial Instrument Valuation	WP 6 (137 348 973)	(40 778 836)
	Total Valuation and Capital on Investments	(143 743 373)	(36 035 763)
	7.1 Movement*		
	Movement on Capital Subscription	WP 6 31 972 000	(4 105 797)
	Movement on Multilateral Institutions	WP 6 (25 577 600)	3 284 637
	Nett movement	6 394 400	(821 159)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

		2022/23 R'000	2021/22 R'000
8	Cash and cash equivalents		
	Exchequer account	-	-
	Cash with commercial banks	108 902 661	133 317 599
	Cash with SARB	-	41 157 404
	Foreign Currency Investment	127 998 646	85 130 325
	ALM PMG balance	112 386	226 776
	Total Cash and cash equivalents*	237 013 692	259 832 104
	<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	15 195 514	21 265 871
	Prior period error*	-	4 755
	Restated opening balance	15 195 514	21 270 626
	Amounts to be surrendered	WP 1A 1B & 1E 19 204 468	15 218 504
	Received during the year	WP 3A (15 019 464)	(21 293 616)
	Closing balance	19 380 518	15 195 514
	<i>*See disclosure note on restatements for more details</i>		
	9.1.2 Departmental Revenue to be surrendered to the Revenue Fund		
	Opening Balance	2 362 527	2 709 869
	Prior period error*	-	679
	Restated opening balance	2 362 527	2 710 548
	Revenue collected	WP 2B 15 257 404	10 058 269
	Received during the year	WP 2B (15 399 577)	(10 406 290)
	Closing balance	2 220 354	2 362 527
	<i>*See disclosure note on restatements for more details</i>		
	9.1.3 Other		
	Opening Balance	85 560	102 735
	Amounts to be received	WP 9A 82 135	85 560
	Received during the year	WP 9A (85 560)	(102 735)
	Closing balance	82 135	85 560
	9.1.4 Unauthorised expenditure funded by NRF		
	Opening Balance	-	-
	Appropriation for unauthorised expenditure	WP 5B -	-
	Received during the year	WP 5B -	-
	Total Appropriation for unauthorised expenditure	-	-
	Total Receivables	21 683 007	17 643 601

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

		2022/23 R'000	2021/22 R'000
10	Investments		
	Non-Current		
	Foreign	WP7B	
	New Development Bank	177 765 500	145 793 500
	International Monetary Fund quota subscription	72 965 018	61 495 389
	African Development Bank	155 972 105	127 499 758
	International Bank for Reconstruction and Development	42 996 706	32 377 379
	International Monetary Fund SDR Holding	105 847 003	89 123 453
	International Finance Corporation	2 360 815	1 936 211
	Multilateral Investment Guarantee Agency	319 673	262 178
	Total Investments - Non-current	558 226 819	458 487 868
	Number of shares		
	International Finance Corporation	132 805	132 805
	International Bank for Reconstruction and Development	20 050	18 409
	Multilateral Investment Guarantee Agency	1 662	1 662
	African Development Bank	727 321	724 933
	New Development Bank	100 000	100 000
	Special Drawing Rights (SDR)		
	International Monetary Fund Quota Subscription	3 051 200	3 051 200
	International Monetary Fund SDR Holding	4 426 236	4 422 014
	Issue price per share		
	Foreign:		
	<i>Issued in American dollars</i>		
	International Finance Corporation	17 777	14 579
	International Bank for Reconstruction and Development	2 144 474	1 758 780
	Multilateral Investment Guarantee Agency	192 342	157 749
	New Development Bank	1 777 655	1 457 935
	<i>Issued in unit of account</i>		
	African Development Bank	214 447	175 878
	Exchange rates as at year end used to convert issue price		
	American dollar (USD)	17.78	14.58
	Special Drawing Rights (SDR)	23.91	20.15

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

		2022/23 R'000	2021/22 R'000
Current Liabilities			
11	Payables		
	11.1 Current		
	11.1.1 Voted funds to be transferred		
	Opening Balance	18 360 528	915 496
	Prior period error	-	-
	Restated opening balance	18 360 528	915 496
	Funds not transferred	WP 1A & 1B 3 325 250	18 360 529
	Paid during the year	WP 4A (18 360 528)	(915 497)
	Closing balance	3 325 250	18 360 528
	11.1.2 Other		
	Opening Balance	2 396 442	1 760 495
	Amounts to be paid	WP 9C 2 290 318	2 396 447
	Amount paid during the year	WP 9C (2 396 447)	(1 760 500)
	Closing balance	2 290 313	2 396 442
	Total Payables	5 615 563	20 756 971
	11.2 Non-Current Liabilities		
	11.2.1 Unauthorised Expenditure NOT funded by Revenue Fund		
	Opening Balance	18 710 490	18 710 490
	Prior period error	-	-
	Restated opening balance	18 710 490	18 710 490
	Amount paid Approved by Finance Act	WP 5A -	-
	Unauthorised reported in current financial year	WP 5B 3 803 124	-
	Total Appropriation for unauthorised expenditure	22 513 614	18 710 490
	11.2.2 Unauthorised Expenditure Funded by Revenue Fund		
	Opening Balance	6 090	-
	Prior period error	-	6 090
	Appropriation for unauthorised expenditure (Finance Act passed)	WP 5A -	-
	Amount paid during the year	WP 5A -	-
	Total Appropriation for unauthorised expenditure	6 090	6 090
12	Borrowings		
	Current		
	Domestic		
	Bonds	WP 8A 533 206 240	530 373 239
	Foreign		
	Bonds	WP 8A 44 906 080	14 579 350
	Total Current Borrowings	578 112 320	544 952 589

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 (2021/22: R2.0 bn).

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FOR THE YEAR ENDED 31 MARCH 2023

	2022/23 R'000	2021/22 R'000
12.1 Domestic short-term bonds treasury bills and other loans		
Debt as at 1 April	82 257 432	41 176 085
Created	11 902 537	(40 548 024)
Reduced	(93 495 684)	(48 653 061)
Transfer from long-term	60 918 324	130 282 432
Revaluation premium on inflation-linked bonds	49 000 764	-
Treasury bills	422 615 900	448 108 840
Other Loans	6 966	6 966
Total	533 206 240	530 373 238
12.1.1 Composition of domestic short-term bonds treasury bills and other loans		
1-day Treasury bills	145 170	145 170
91-day Treasury bills	6 692 460	8 684 400
182-day Treasury bills	69 383 640	72 806 380
273-day Treasury bills	143 714 350	149 364 410
365-day Treasury bills	202 680 280	217 108 480
Fixed-rate bonds	664 286	75 907 352
Inflation-linked bonds	109 150 991	-
Retail bonds	768 097	6 350 080
Other	6 966	6 966
Total	533 206 240	530 373 238
12.2 Foreign short-term bonds and other loans		
Debt as at 1 April	7 115 000	1 995 428
Created	-	-
Reduced	(7 115 000)	(1 995 428)
Transfer from long-term	29 655 596	7 115 000
Revaluation of foreign loans	15 250 484	7 464 350
Total	44 906 080	14 579 350
13 Non-current Liabilities		
Multilateral Institutions	WP 8D	
IMF-Securities Account	130 331 396	109 846 566
African Development Bank	149 663 063	122 745 424
New Development Bank	142 212 400	116 634 800
IMF-SDR Allocations	112 629 299	94 924 702
International Bank for Reconstruction and Development	40 115 492	30 382 549
Multilateral investment Guarantee Agency	258 988	212 408
Total Multilateral Institutions	575 210 638	474 746 449
These liabilities in multi-lateral institutions are revalued at closing exchange rate as at 31 March.		
13.1 African Development Bank	149 663 063	122 745 424
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	130 331 396	109 846 566
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 2023

		2022/23 R'000	2021/22 R'000
13.3 IMF-SDR Allocations		112 629 299	94 924 702
	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		40 115 493	30 382 549
	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		142 212 400	116 634 800
	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		258 988	212 408
	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	3 676 564 988	3 334 985 524
Bonds		3 676 564 988	3 334 985 524
Foreign	WP 8B	510 750 845	397 525 143
Bonds		510 750 845	397 525 143
Total Long-Term Borrowings		4 187 315 832	3 732 510 667
	Included in domestic non-current borrowings are inflation-linked bonds with the revalued amount of R883.0 bn (2021/22: R853.5 bn). The face value of these bonds is R664.0 bn (2021/22: R649.3 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 R409.4 bn (2021/22: R374.6 bn).		
14.1 Domestic long-term bonds debentures and other loans	WP 8A		
Debt as at 1 April		3 130 763 402	2 869 310 493
Created		387 613 814	391 735 340
Reduced		-	-
Transfer to short-term		(60 918 324)	(130 282 432)
Revaluation premium on inflation-linked bonds		219 067 229	204 183 256
Former Regional Authorities		38 867	38 867
Total		3 676 564 988	3 334 985 524

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	2022/23 R'000	2021/22 R'000
14.1.1 Composition of Domestic long-term bonds debentures and other loans		
Fixed-rate bonds	2 718 432 138	2 469 096 418
Inflation-linked bonds	883 014 206	853 461 582
Floating-linked bonds	51 225 000	-
Retail bonds	23 854 776	12 388 657
Former Regional Authorities	38 867	38 867
Total	3 676 564 988	3 334 985 524
14.1.2 Redemption analysis of foreign long term and other loans financial year(s)		
2023-2026	266 373 638	348 892 559
2026-2029	433 093 542	252 116 504
2029-2032	822 369 176	520 503 999
2032-2035	461 410 139	406 026 877
2035-2039	497 270 055	741 078 517
2039-2042	298 103 286	167 967 264
2042-2045	223 030 511	93 381 857
2045-2049	507 652 884	319 688 395
2049-2052	167 222 821	485 290 617
2052-2055	68	68
Total	3 676 526 121	3 334 946 657
14.2 Foreign long-term bonds and other loans	WP 8B	
Debt as at 1 April	374 612 146	350 411 631
Created	64 465 587	31 315 515
Reduced	-	-
Transfer to short-term	(29 655 596)	(7 115 000)
Revaluation premium on inflation-linked bonds	101 328 707	22 912 997
Total	510 750 845	397 525 143
14.2.1 Redemption analysis of foreign long term and other loans financial year(s)		
2023-2026	90 276 863	21 869 025
2026-2029	85 215 892	131 546 614
2029-2032	60 440 270	78 728 490
2032-2035	24 887 170	-
2035-2039	20 894 048	10 934 512
2039-2042	18 340 577	15 942 677
2042-2045	29 375 215	-
2045-2049	63 995 580	34 990 440
2049-2052	88 882 750	103 513 385
2052-2055	28 442 480	-
Total	510 750 845	397 525 143
14.2.2 Currency analysis of foreign long-term loans		
South African Rand	5 008 164	5 008 164
Euro	28 825 855	8 088 988
Special Drawing Rights	54 723 763	61 495 389
United States dollar	422 193 063	322 932 602
Total	510 750 845	397 525 143

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FOR THE YEAR ENDED 31 MARCH 2023

		2022/23 R'000	2021/22 R'000
15	Revenue collected		
	By SARS	1 668 569 429	1 546 653 474
	Departmental Revenue collected	WP 2B & 2C 20 620 827	16 474 715
	CARA Fund assistance	WP 1C 2 667 199	71 577
	Total Revenue collected	1 691 857 455	1 563 199 765
16	Surrenders from Departments		
	Equitable Share / Voted & Statutory funds surrendered	WP 3A 15 019 464	21 293 616
	Unauthorised Expenditure funded by Revenue Fund	WP 5B -	-
	Total Surrenders from Departments	15 019 464	21 293 616
17	Other revenue received by the Revenue Fund		
	Other surrenders	WP 3B 6 357 106	4 176 857
	Other revenue received	WP 3C 10 475 552	2 094 593
	Total Other revenue received	16 832 658	6 271 450
18	Appropriated Payments		
	Annual Appropriation: Funds transferred	WP 1A 1 101 084 184	1 028 415 404
	Statutory Appropriation: Funds transferred	WP 1B 978 311 798	909 122 905
	CARA Fund assistance	WP 4C 15 617	30 415
	Total Appropriated Payments	2 079 411 599	1 937 568 724
19	Other Payments		
	Amounts transferred to departments for previous appropriated funds	WP 4A 18 360 528	915 497
	Total Other Payments	18 360 528	915 497
20	Other investing activities		
	Other investing activities	WP 7C -	-
	Total Other investing activities	-	-
21	Increase/Decrease in borrowings		
	Changes in borrowings	WP 8C 351 244 139	297 437 019
	Total Other financing activities	351 244 139	297 437 019
22	Adjustments and Restatements		
	Restatements: Before prior period 2021/22	-	(656)
	Restatements: Prior period 2021/22	-	15 160
	Adjustments	-	-
	Total Adjustments and Restatements	-	14 504

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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	2022/23 R'000	2021/22 R'000
23		
Net cash flow available from operating activities		
Net surplus /(deficit) as per Statement of Financial Performance	(496 130 858)	(408 901 958)
Add back non-cash/cash movements not deemed operating activities	122 068 308	61 182 569
Increase/(decrease) in receivables-current	15 019 464	(21 293 616)
Increase/(decrease) in other current assets	18 224 035	109 994
Voted funds not requested/not received	(12 901 779)	3 220 784
Approved Statutory Overdrawn	825 685	(78 759)
Other non-cash items	137 348 973	36 856 923
Net cash flow generated by operating activities	(374 062 550)	(347 719 389)
24		
RESTATEMENTS		
Restatement done by Departments 2021/22	2022/23	2021/22
Voted funds to be transferred		
Basic Education		
Department restated prior period voted funds to be surrendered	-	4 755
Public Works and Infrastructure		
Department restated prior period Unauthorised expenditure 2007/08 to 2011/12	-	6 090
Agriculture, Land Reform and Rural Development		
Department restated prior period voted funds to be surrendered 2021/22	-	171 294
Unauthorised Expenditure		
Public Enterprise		
Department recovered Unauthorised expenditure for 2021/22	-	15 160

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	2022/23 R'000	2021/22 R'000
Departmental Revenue		
Home Affairs		
Department restated Departmental Revenue collection for 2014/15	-	679

	2021/22	Reflected in the Audited Financial Statements 2021/22	
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 2021/22 for payment in 2022/23			
Transfer from long-term	530 373 238	524 751 784	5 621 454
Transfer to short-term	3 334 985 524	3 340 606 978	(5 621 454)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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Summary of above-mentioned prior period errors

	Revenue	Expenditure	Equity	Assets	Liability
2021/22					
Agriculture, Land Reform and Rural Development restated expenditure	-	(171 294)	171 294	171 294	-
Sub Total	-	(171 294)	171 294	171 294	-
Prior to 2021/22					
Basic Education restated voted funds	-	-	4 755	4 755	-
Public Works and Infrastructure restated unauthorised expenditure 2021/22	-	-	(6 090)	-	6 090
Home Affairs restated department revenue collection for 2014/15	-	-	679	679	-
Sub Total	-	-	(656)	5 434	6 090
TOTAL	-	(171 294)	170 638	176 728	6 090

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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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 MCS requires recording and disclosure of accruals in respect of revenue. However, the Standard provides for exemption of taxation revenue. For the purposes 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 MCS 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 customs 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

Chapter 14 of the MCS requires the recording and disclosure of Provisions and Contingents. SARS has litigation matters that are not disclosed.

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 2023

	2022/23 R'000	2021/22 R'000
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26 Contingent Asset

26.1 Contingent Asset

GEFECRA

458 714 641

314 283 429

The GFEFRA, 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

As previously reported in the 2022 MTBPS, government announced an initiative 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 it no longer relies on government bailouts. The National Treasury would lead a process to finalise the debt relief programme and announce specific details on this programme in the 2023 Budget.

In Budget 2023, Eskom’s debt relief programme took the form of a debt settlement arrangement whereby government would support Eskom in servicing and repaying its existing debt to the amount of R254 billion from 2023/24 to 2025/26. The financial support would be provided under strict terms and conditions and in exchange, government would receive additional equity in the entity. Engagements between key stakeholders ensued in the latter part of the 2022/2023 financial year to finalise the terms under which the funds would be provided to and the consequential performance expectations from Eskom. By 31 March 2023 agreement had been reached on the amount and timing of release of funds over the MTEF. The specifics regarding the flow of funds and the impact on the balance sheet of Eskom and that of government required further careful consideration. Although these events constitute a contingent liability a contingent liability disclosure on this matter has thus not been included in the notes to the financial statements as these aspects were only concluded after the reporting date and with the publication of the Eskom Debt Relief Act, 7 of 2023, on 7 July 2023. As at 31 October 2023, government had disbursed R36 billion of the R78 billion debt relief for 2023/2024.

In the 2023 MTBPS, the gross borrowing requirement for 2023/24 has increased from R515.6 billion to R563.6 billion, relative to the 2023 Budget. As at 30 September 2023, a total of R280.9 billion of the gross borrowing requirement has been funded through the issuance of domestic short-term loans (R52.9 billion), domestic long-term loans (R167.7 billion), foreign loan of R9.5 billion (equivalent to US\$500 million), and a drawdown on cash balances of R50.8 billion. This includes the financing of the Eskom debt relief bill and the facilitation of municipal debt relief.

Government’s debt relief package for Eskom also facilitates the proposal that Eskom write off the municipal debt under strict conditions. National government has therefore introduced support to relieve municipalities of debt to Eskom as outlined in the 2023 Medium Term Budget Policy Statement. As at 31 October 2023, sixty-seven applications had been submitted, totalling R56.8 billion. Twenty-eight applications have been approved and the remainder 39 applications are being assessed and verified with provincial treasuries. The approved applications for outstanding municipal debt owed to Eskom up to 31 March 2023 will be written off over a three-year period, in equal annual tranches provided the municipality complies with set conditions.

Government received a third tranche of the SANRAL Sustainability Loan of \$500 million (R 9.5billion) from the New Development Bank on 7 June 2023 and will be maturing in September 2046.

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On 17 July 2023, Fitch published a credit rating report in which the agency affirmed South Africa's 'BB-' credit rating and stable outlook. According to Fitch, South Africa's credit rating is constrained by low real GDP growth hampered by power shortages, a high level of inequality, a high government debt-to-GDP ratio, and a modest path of fiscal consolidation. The ratings are supported by a favourable debt structure with long maturities and denominated mostly in local currency as well as a credible monetary policy framework.

27.2 Non adjusting events

In terms of section 22 of the 2023 Division of Revenue Act the approval for roll over was only after 31 March 2023. 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 2023 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 R3,492 billion. See breakdown below:

	2022/23 R'000	2021/22 R'000
Province/Agency		
<i>Audited 2022/23</i>		
North-west	320 620	443 601
Western Cape	3 201	44 420
Gauteng	2 058 079	2 029 835
Eastern Cape	62 764	62 029
KwaZulu Natal	38 914	44 131
Mpumalanga	64 066	104 664
Free State	665 882	55 702
Northern Cape	98 181	102 105
<i>Preliminary 2022/23</i>		
Limpopo	179 787	359 758
Total	3 491 494	3 246 245

28. Financial Risk Management

In the fiscal year 2014/15 government implemented strategic debt portfolio benchmarks to evaluate risk exposures that relate to the stock of government's debt. This help define tolerance levels to various exposures driven by different risk factors. 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 R4.8 trillion consists of domestic (R4.2 trillion) and foreign debt (R555.7 billion). Domestic debt comprises short-term debt (Treasury bills) and long-term debt (fixed-rate plus inflation-linked bonds, retail, and other loans). For purposes of calculating the risk benchmarks, borrowings from, retail bonds and other non-marketable loans are excluded from the gross loan debt figure. This is because these items are generally small in nominal values and are not subject to market valuation methods.

28.1 Inflation risk

Inflation risk refers to the possibility that unfavourable changes in month-on-month inflation could lead to an increase in the outstanding amount of inflation-linked bonds. As a result, future redemption amounts would be higher. To manage this risk, a benchmark was established for inflation-linked bonds (ILBs) as a percentage of the total domestic debt, ranging from 20 to 25 per cent. Domestic debt includes Treasury bills, fixed-rate bonds, and inflation-linked bonds. As at end of March 2023, the proportion of ILBs as a percentage of total domestic debt rose to 23.7 per cent compared to 22.2 per cent at the end of March 2022.

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Inflation-linked bonds as a per cent of domestic debt

Indicator	31 March 2023	31 March 2022
Domestic debt ¹	R4 185.0 bn	R3 846.4 bn
Inflation-linked bonds	R 992.2 bn	R 853.5 bn
ILBs as % of domestic debt	23.7%	22.2%

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.

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 EURO denominated debt increased by 3.2 percentage points, from 2.0 per cent in March 2022 to 5.2 per cent as of 31 March 2023. This is because of three additional EURO multi-lateral loans that were sourced during the 2022/23 fiscal year.

Composition of foreign debt

Indicator	31 March 2023	31 March 2022
Percentage		
As % of total debt		
- Gross foreign debt	11.7	9.7
- Net foreign debt	9.5	8.2
Currency composition		
- US Dollar	80.8	81.9
- Euro	5.2	2.0
- XDR	13.1	14.9
- ZAR	0.9	1.2

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 in a relatively short period of time.

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 shorter-dated bonds are exchanged for longer-term bonds. During 2022/23; a sum of R7.7 billion was switched out of the R2023 bond. However, the share of long-term debt maturing in 5 years increased from 14 per cent (31 March 2022) to 17.3 per cent (31 March 2023) due to inclusion of the R210 bond into 1-5 year maturity bucket.

The Weighted Average Term to Maturity (WATM) for ILBs is below the targeted band due to structural deficiencies that have plagued the real curve for the past 4 years. Until March 2023 government had 4 on the run ILBs. This rendered the strategy to issue longer dated ILBs ineffective, particularly during cycles characterised by modest or low inflation expectations. Further, the challenged expressed through fewer ILBs became more visible when one of the bonds that boast a higher redemption (R197) amount pulled the weight downward. The lower than targeted WATM has no material bearing on the funding strategy.

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Refinancing risk benchmarks

Indicator	31 March 2023	31 March 2022
Treasury bills as % of domestic debt	10.1%	11.7%
Long-term debt maturing in 5 years as % of bonds	17.3%	14.0%
Weighted term-to-maturity of fixed-rate bonds plus Treasury bills (in years)	11.2	11.5
Weighted term-to-maturity of inflation-linked bonds (in years)	13.0	13.7

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.

The total amount of approved guarantees to public institutions decreased by over R89.6 billion to R470.3 billion by 31 March 2023 from R559.9 billion as at 31 March 2022. The main driver of the decrease in issued guarantees is the reduction of the guarantee issued to the South African Reserve Bank (SARB) for the Loan Guarantee Scheme after the Minister of Finance approved its reduction in April 2022 due to lower-than-expected take-up.

The exposure amount increased to R433 billion by 31 March 2023 from around R395.3 billion as at 31 March 2022. Eskom, which continued to draw down on its issued guarantees, accounts for 86 per cent of total exposure. TCTA, Land Bank, SANRAL, Denel, SAA, and the SARB's Loan Guarantee Scheme saw reductions in the exposure amounts as the debt continued to be paid off.

As at 31 March 2023, the value of the guarantee issued for the IPP programme amounted to R208.5 billion. The exposure increased to R187.1 billion, while the exposure from PPPs declined to R7.1 billion as exposure to individual projects continue to decline.

Counterparty risk exposure from investment of government surplus cash

Government's surplus cash is invested with four South African commercial banks, namely: Standard Bank, First National Bank, ABSA and Nedbank. As at 31 March 2023, the total surplus cash invested with the banks amounted to R120.5 billion (2021/22: R128.7 billion).

The risk that emanates from government's surplus cash investments with the banks is the possibility that as a result of these banks being in financial distress; government will not be able to access its deposits when needed.

The amount of government surplus cash invested with each of the four banks is based on government's risk assessment of each bank. The bank with the highest risk out of the four banks is allocated the lowest amount of surplus cash while the bank with the lowest risk is allocated the highest amount of surplus cash. As at 31 March 2023, the prescribed ratios for the investment of surplus cash with the four banks was 25 per cent for the each of the banks. The absolute limit of surplus cash to be invested with each bank is equal to 50 per cent of each bank's capital and reserves.

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).

On 18 November 2022, S&P affirmed South Africa's long term foreign and local currency debt ratings at 'BB-' & 'BB' and maintained the positive outlook. The agency highlighted that government's economic and fiscal reforms could improve the country's medium-term growth and debt trajectory. Also, higher-than-expected tax revenue, relative to the agency's expectations six months ago, will help to reduce the fiscal deficit as a proportion of GDP. However, on 8

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March 2023, S&P revised South Africa's credit rating outlook back to stable from positive, citing that economic growth in South Africa is facing increasing pressure from infrastructure constraints, particularly severe electricity shortages.

On 25 November 2022, Fitch affirmed South Africa's long term foreign and local currency debt ratings at 'BB-' and maintained the stable outlook. The agency highlighted that the affirmation considered the recent over-performance of revenue and government's strong efforts to control expenditure which, if continued successfully, could bring about debt stabilisation. However, the agency assumed a substantial part of recent higher revenues to be temporary and saw public sector wage demands pointing to increased upward pressure on spending.

Moody's last credit rating action was on 1 April 2022. The agency affirmed the country's long term foreign and local currency debt ratings at 'Ba2' and revised the outlook to stable from negative. According to the agency, the key driver behind the outlook revision was the improved fiscal outlook that raised the likelihood of government's debt burden stabilising over the medium term. In addition, the agency highlighted that government had shown it was able to re-prioritise its spending while staying committed to fiscal consolidation, which Moody's expected would remain the case going forward.

Rating agencies remain concerned about South Africa's low economic growth (exacerbated by electricity shortages), 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, expected lower revenue collections, as well as the country's large debt burden and financially weak SOC sector remain a drain on public finances.

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
Moody's	1 April 2022	Affirmation	Ba2	Ba2	Stable
Fitch	25 November 2022	Affirmation	BB-	BB-	Stable
S&P	8 March 2023	Affirmation	BB-	BB	Stable

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

29. Financial sustainability

Since the 2023 Budget, several fiscal risks have materialised. Company tax collections, primarily mining sector revenue, underperformed and the revenue outlook weakened. The 2023 public-service wage agreement increased the cost of compensation of employees and borrowing costs increased, pushing up the costs of servicing government debt.

The 2023 Medium Term Budget Policy Statement (MTBPS) strikes a careful balance between supporting a growth-enhancing agenda and stabilising the public finances, while maintaining support for the most vulnerable in our society. Over the next three years, government will focus on raising GDP growth by improving the provision of electricity and logistics, enhancing the delivery of infrastructure and restructuring the state to be efficient and fit-for-purpose. Fiscal policy continues to support this approach by stabilising debt and debt-service costs so that resources can be directed to productive expenditure that supports development.

In this context, government will continue to take a sound and balanced approach to fiscal policy. The proposed fiscal framework for the medium term includes targeted spending revisions that contain overall expenditure while directing resources to core functions. Additional allocations will cover wage increases for employees in the health, education and security sectors, and support social security. Deeper reforms to improve the efficiency and effectiveness of spending will complement these changes.

In line with this stance, over the next three years government will borrow an average R553.7 billion per year. This borrowing will be used for three purposes: first, to finance the gap between what government spends and the revenues it collects; second, to refinance the redemption of maturing debt; and third, to finance the Eskom debt-relief arrangement.

Although many countries are contending with rising debt levels in the wake of the pandemic, over the past 15 years South Africa has had one of the largest increases in government debt as a share of GDP. This debt accumulation has led to a rapid increase in debt-service costs, which now consume more than 20 per cent of government revenue. In other words, out of every R5 collected in taxes, government pays R1 to lenders instead of funding education, policing, health and other critical services.

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

As the stock of debt grows, any change affecting the cost of borrowing is magnified. Debt-service costs are now estimated to reach R385.9 billion in 2024/25 and R455.9 billion in 2026/27. Borrowing costs have risen across the yield curve, meaning that regardless of the maturity profile of loans and bonds, investors are demanding a premium to compensate them for the risks of investing in South Africa. Since 2013/14, South Africa's interest on debt has exceeded the rate of economic growth, implying that the economy is not able to generate enough revenue to service the debt.

Given the scale and duration of South Africa's debt accumulation, returning the public finances to a sustainable position requires government to target a primary surplus, meaning that revenue exceeds non-interest expenditure. The surplus will grow over the medium term, narrowing the budget deficit and allowing debt to stabilise by 2025/26.

Over the next three years, fiscal policy will stabilise debt to moderate the growth of debt-service costs. Debt is projected to stabilise at 77.7 per cent of GDP in 2025/26. In addition, debt-service costs are projected to peak as a proportion of revenue in 2026/27 and decline thereafter. Over time, government will be able to allocate more of these resources to critical policy priorities.

Over the 2024 medium-term expenditure framework period, government will focus on increasing infrastructure investment, reconfiguring the operations of the state to ensure greater efficiency, and maintaining a prudent fiscal stance that restores the health of the public finances and stabilises debt and debt-service costs.

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

FOR THE YEAR ENDED 31 MARCH 2023

WORKING PAPER 1A STATEMENT OF EQUITABLE SHARE/VOTED FUNDS TRANSFERRED TO DEPARTMENTS AS AT 31 MARCH 2023

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
Presidency	618 283	618 283	75 589	-	-	-	542 694
Parliament	2 367 311	2 367 311	-	-	-	-	2 367 311
Cooperative Governance and Government Communication and Information	115 027 438	115 027 438	4 318 357	-	-	-	110 709 081
Home Affairs	729 664	729 664	5 759	-	-	-	723 905
International Relations and Cooperation	11 096 232	10 796 232	398 201	-	-	-	10 398 031
National School of Government	6 784 318	6 784 318	76 761	-	-	-	6 707 557
National Treasury	231 097	231 097	11 046	-	-	-	220 051
Planning Monitoring and Evaluation	38 837 684	38 837 684	1 346 257	-	-	-	37 491 427
Public Enterprise	481 394	481 394	38 795	-	-	-	442 599
Public Service and Administration	34 145 398	34 145 398	256 941	-	-	-	33 888 457
Public Service Commission	550 123	550 123	34 401	-	-	-	515 722
Public Works and Infrastructure	295 541	295 541	16 615	-	-	-	278 926
Statistics SA	8 152 729	8 152 729	242 562	-	-	-	7 910 167
Traditional Affairs	2 999 427	2 999 427	9 766	-	-	807 987	3 797 648
Basic Education	180 143	180 143	5 691	-	-	-	174 452
Higher Education and Training	29 693 160	29 464 584	37 925	-	-	-	29 426 659
Health	109 737 633	109 737 633	462 916	-	-	-	109 274 717
Social Development	64 555 731	64 533 041	1 637 000	-	-	-	62 896 041
Women	247 854 892	247 854 892	6 133 028	-	-	-	241 721 864
Civilian Secretariat for Police	991 714	991 714	8 455	-	-	-	983 259
Correctional Services	155 920	155 920	3 279	-	-	-	152 641
Defence	26 535 984	26 535 984	106 744	-	-	-	26 429 240
Independent Police Investigative Directorate	51 601 612	51 601 612	-	-	-	2 995 137	54 596 749
Justice and Constitutional Development	363 529	363 529	4 519	-	-	-	359 010
	20 482 024	20 482 024	125 531	-	-	-	20 356 493

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

FOR THE YEAR ENDED 31 MARCH 2023

WORKING PAPER 1A (CONTINUED)

STATEMENT OF EQUITABLE SHARE/VOTED FUNDS TRANSFERRED TO DEPARTMENTS AS AT 31 MARCH 2023

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
Military Veterans	670 032	670 032	54 424	-	-	-	615 608
Office of the Chief Justice	1 362 878	1 362 878	68 014	-	-	-	1 294 864
Police	102 554 962	102 554 962	55 078	-	-	-	102 499 884
Agriculture, Land Reform and Rural Development	17 533 643	17 533 643	427 883	-	-	-	17 105 760
Communications and Digital Technologies	5 327 777	2 927 777	-	2 293 565	-	-	5 221 342
Employment and Labour	4 107 776	4 107 776	210 658	-	-	-	3 897 118
Forestry, Fisheries and the Environment	8 994 839	8 994 839	168 022	-	-	-	8 826 817
Human Settlements	33 478 474	33 478 265	620 760	-	-	-	32 857 505
Minerals Resources and Energy	10 447 537	10 447 537	328 953	-	-	-	10 118 584
Science and Innovation	9 145 262	9 145 262	24 407	-	-	-	9 120 855
Small Business Development	2 532 889	2 532 889	18 968	-	-	-	2 513 921
Sports, Arts and Culture	6 305 453	6 305 453	68 787	-	-	-	6 236 666
Tourism	2 502 357	2 502 357	28 637	-	-	-	2 473 720
Trade, Industry and Competition	10 913 553	10 913 552	115 119	-	-	-	10 798 433
Transport	95 134 237	95 134 237	591 026	-	-	-	94 543 211
Water and Sanitation	18 555 010	18 555 010	861 594	-	-	-	17 693 416
Total	1 104 035 660	1 101 084 184	18 998 468	2 293 565	-	3 803 124	1 088 182 405

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

FOR THE YEAR ENDED 31 MARCH 2023

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
Presidency	604 579		604 579		86 368		-		-		-		518 211	
Parliament	2 144 148		2 144 148		-		-		-		-		2 144 148	
Cooperative Governance	101 259 931		101 259 931		2 816 873		-		-		-		98 443 058	
Government Communication and Information	757 430		757 430		2 426		-		-		-		755 004	
Home Affairs	9 431 436		9 431 436		-		-		-		-		9 431 436	
International Relations and Cooperation	6 517 872		6 517 872		480 862		-		-		-		6 037 010	
National School of Government	214 297		214 297		6 795		-		-		-		207 502	
National Treasury	63 646 707		45 546 707		-		16 823 196		-		-		62 369 903	
Planning Monitoring and Evaluation	459 213		459 213		62 495		-		-		-		396 718	
Public Enterprise*	36 274 819		36 274 819		262 789		-		-		-		36 012 030	
Public Service and Administration	531 684		530 184		72 580		-		-		-		457 604	
Public Service Commission	286 271		286 271		20 500		-		-		-		265 771	
Public Works	8 354 210		8 354 210		272 015		-		-		-		8 082 195	
Statistics SA	4 931 640		4 931 640		283 325		-		-		-		4 648 315	
Traditional Affairs	172 690		172 690		18 033		-		-		-		154 657	
Basic Education	27 239 260		27 239 260		68 019		-		-		-		27 171 241	
Higher Education and Training	97 889 005		97 889 005		473 995		-		-		-		97 415 010	
Health	65 908 765		64 771 081		-		366 352		-		-		65 137 433	
Social Development	234 972 118		232 146 315		-		962 617		-		-		233 108 932	
Women, Youth and Person with Disabilities	1 195 508		1 170 821		6 398		-		-		-		1 164 423	
Civilian Secretariat for Police	151 043		151 043		12 636		-		-		-		138 407	
Correctional Services	25 943 252		25 943 252		249 619		-		-		-		25 693 633	
Defence	48 796 421		48 796 421		20 507		-		-		-		48 775 914	
Independent Police Investigative Directorate	353 778		353 778		5 870		-		-		-		347 908	
Justice and Constitutional Development	19 508 708		19 508 708		408 359		-		-		-		19 100 349	

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

FOR THE YEAR ENDED 31 MARCH 2023

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	R 000
Military Veterans	607 388	607 388	91 793	-	-	-	515 595
Office of the Chief Justice	1 241 780	1 241 780	85 617	-	-	-	1 156 163
Police	100 473 833	100 473 833	878 441	-	-	-	99 595 392
Agriculture, Land Reform and Rural Development*	18 023 260	18 023 260	1 263 330	-	-	-	16 759 930
Communications and Digital Technologies	3 884 456	3 884 456	314 992	-	-	-	3 569 464
Employment and Labour	3 816 493	3 816 493	584 327	-	-	-	3 232 166
Forestry, Fisheries and the Environment	9 099 737	9 099 737	1 609 724	-	-	-	7 490 013
Human Settlements	31 679 787	31 679 787	720 255	-	-	-	30 959 532
Minerals Resources and Energy	9 241 464	9 241 464	337 927	-	-	-	8 903 537
Science and Innovation	9 005 638	9 005 638	43 595	-	-	-	8 962 043
Small Business Development	2 637 063	2 627 063	13 845	-	-	-	2 613 218
Sports, Arts and Culture	5 747 273	5 747 273	103 613	-	-	-	5 643 660
Tourism	2 545 338	2 545 338	7 562	-	-	-	2 537 776
Trade, Industry and Competition	11 812 005	11 806 188	192 092	-	-	-	11 614 096
Transport	65 425 538	65 425 538	522 261	-	-	-	64 903 277
Water and Sanitation	17 735 057	17 735 057	2 531 543	-	-	-	15 203 514
Total	1 050 520 895	1 028 415 404	14 931 381	18 152 165	-	-	1 031 636 188

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

FOR THE YEAR ENDED 31 MARCH 2023

WORKING PAPER 1B STATEMENT OF EQUITABLE SHARE/STATUTORY FUNDS TRANSFERRED TO DEPARTMENTS AS AT 31 MARCH 2023

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	7 704	7 704	7 704	1 834	-	-	5 870			
Parliament	471 709	471 709	471 709	-	66 538	538 247				
National Treasury										
Provinces	570 868 206	570 868 206	570 868 206	-	-	570 868 206				
General Fuel Levy	15 334 823	15 334 823	15 334 823	-	-	15 334 823				
Auditor General of South Africa	72 582	72 582	72 582	-	76 000	148 582				
Land Bank	101 557	101 557	-	-	889 130	889 130				
Section 70 of the PFMA payment										
Denel (Public Enterprise)	204 700	204 700	204 700	-	-	204 700				
State Debt Cost										
Interest	306 936 884	306 936 884	308 302 798	33	-	308 302 765				
Management	60 000	60 000	17 414	-	17	17 431				
Cost of raising loans	160 000	160 000	58 302 075	-	-	58 302 075				
Higher Education and Training	21 238 137	21 238 137	20 808 850	-	-	20 808 850				
Justice and Constitutional Development	2 398 506	2 398 506	2 398 506	101 104	-	2 297 402				
Office of the Chief Justice	1 247 118	1 247 118	1 247 118	92 537	-	1 154 581				
ALM (National Revenue Fund Payments)	263 203	263 203	263 279	-	-	263 279				
Transport	12 034	12 034	12 034	10 492	-	1 542				
Total	919 377 163	919 377 163	978 311 798	206 000	1 031 685	979 137 483				

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 2023

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	7 542	1 836	-	-	5 706			
Parliament	471 710	471 710	471 710	-	30 170	501 880				
National Treasury										
Provinces	544 834 911	544 834 911	544 834 911	-	-	544 834 911				
General Fuel Levy	14 617 279	14 617 279	14 617 279	-	-	14 617 279				
Auditor General of South Africa	70 049	70 049	70 049	-	70 000	140 049				
Section 70 of the PFMA payment										
Denel (Public Enterprise)	3 035 500	3 035 500	2 923 000	-	107 886	3 030 886				
State Debt Cost										
Interest	269 124 000	269 124 000	267 947 822	-	299	267 948 121				
Management	60 000	60 000	2 935	-	9	2 944				
Cost of raising loans	50 000	50 000	53 536 097	-	-	53 536 097				
Higher Education and Training	18 932 767	18 932 767	19 011 610	-	-	19 011 610				
Justice and Constitutional Development	2 396 489	2 396 489	2 396 489	221 978	-	2 174 510				
Office of the Chief Justice	1 118 421	1 118 421	1 118 421	55 079	-	1 063 342				
ALM (National Revenue Fund Payments) ¹	2 173 439	2 173 439	2 173 439	-	-	2 173 439				
Transport	11 602	11 602	11 602	8 230	-	3 372				
Total	856 903 709	856 903 709	909 122 905	287 123	208 364	909 044 146				

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

FOR THE YEAR ENDED 31 MARCH 2023

WORKING PAPER 1C

STATEMENT OF CRIMINAL ASSET RECOVERY ACCOUNT (CARA) RECEIPTS

	2022/23		2021/22	
	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	2 667 199	2 667 199	71 577	71 577
Total	2 667 199	2 667 199	71 577	71 577

WORKING PAPER 2A

STATEMENT OF REVENUE COLLECTED BY SARS

Revenue Items	2022/23		2021/22	
	Amount Collected R 000	Amount Collected R 000	Amount Collected R 000	Amount Collected R 000
Taxation				
Income tax	988 505 263	912 870 032		
Value-added tax / Sales tax	422 416 399	390 895 100		
Fuel levy	76 544 091	84 453 514		
Customs duties	72 867 256	57 075 262		
Excise duties	58 287 750	52 226 311		
Skills Development Levy	20 892 489	19 335 917		
Environmental levy	13 343 681	12 858 151		
Transfer duties	11 452 101	10 576 131		
Securities transfer tax	5 400 599	7 680 453		
Road accident fund recoupment	3 928 753	4 435 556		
Estate duty	3 702 226	3 140 787		
Southern African Customs Union member duties	3 465 827	3 122 455		
Health promotion levy	2 304 893	2 259 832		
State miscellaneous revenue	1 021 033	1 060 510		
Export Duty and Scrap Metal	843 695	407 437		
Air Passenger Tax	788 582	285 088		
Donations Tax	682 787	635 423		
Other Taxation Revenue	249 953	436 285		
Total Taxation	1 686 697 378	1 563 754 244		

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

FOR THE YEAR ENDED 31 MARCH 2023

WORKING PAPER 2A (CONTINUED) STATEMENT OF REVENUE COLLECTED BY SARS

Revenue Items	2022/23		2021/22	
	Amount Collected		Amount Collected	
	R	000	R	000
Non-taxation				
Road accident fund levy	48 620	722	47 282	230
Mineral and petroleum resource royalty	25 337	793	28 456	420
Unemployment Insurance Fund (UIF)	23 162	161	21 432	659
Other non-taxation revenue		(157)		(117 084)
Total Non-taxation	97 120	519	97 054	225
Total Revenue	1 783 817	897	1 660 808	469
Less: South African Customs Union Agreement	43 683	418	45 966	212
Less: Payment to UIF	21 107	750	19 450	972
Less: Payable by SARS to UIF	2 054	411	1 981	687
Less: Payment to RAF	48 469	361	47 058	717
Less: Payable by SARS to RAF	(72)	152)	154	889
Net Revenue for the Year	1 668 575	109	1 546 195	992
Amount payable by SARS to UIF				
Amount collected by SARS	23 162	161	21 432	659
Less: Amount requested by UIF	21 107	750	19 450	972
	2 054	411	1 981	687
Amount payable by SARS to RAF				
Amount collected by SARS	48 620	722	47 282	230
Less: Amount requested by RAF	48 469	361	47 058	717
Sub total	151 361	361	223 513	513
Recover/(refund) of receivable/(payable)	(223)	513)	(68)	624)
Total amount payable by SARS to RAF	(72 152)		154 889	

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

FOR THE YEAR ENDED 31 MARCH 2023

WORKING PAPER 2B

STATEMENT OF DEPARTMENTAL REVENUE COLLECTED AS AT 31 MARCH 2023

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	-	260	-	26	-	457	-	743	815
Cooperative Governance	-	200	-	1 356	-	7 893	-	9 449	20 877
Home Affairs	-	994 979	8 869	360	6 840	14 965	-	1 026 013	1 597 217
International Relations and Cooperation	-	1 137	34	2 940	1 531	180 512	-	186 154	201 537
Traditional Affairs	-	51	-	-	-	-	-	51	51
Planning Monitoring and Evaluation	-	95	-	16	60	2 301	-	2 472	2 368
Public Works and Infrastructure	-	323	3	17 862	-	15 127	-	33 315	21 522
Women, Youth and Persons with disability	-	62	-	-	7	318	-	387	393
Government Communication and Inform	-	681	-	78	-	503	-	1 262	896
National Treasury	-	8 452	-	8 789 001	-	20 482	-	8 817 935	8 815 549
Public Enterprises	-	67	-	800	487	160	-	1 514	1 513
Public Service Commission	-	117	-	14	9	222	-	362	408
National School of Government	-	75	-	3	33	147	-	258	223
Public Service and Administration	-	179	-	12	-	104	-	295	288
Centre for Public Service Innovation	-	4	-	-	-	-	-	4	6
Statistics SA	-	847	-	88	-	1 761	-	2 696	2 705
Sport, Arts & Culture	-	276	-	83	-	4 479	-	4 838	11 439
Basic Education	-	3 607	-	7 760	4	684	-	12 055	8 179
Higher Education and Training	-	10 977	-	899	-	35 182	-	47 058	16 979
Health	-	1 151 210	-	8 981	188	5 354	-	1 165 733	1 229 563
Employment and Labour	-	8 417	1 853	1 502	599	6 637	-	19 008	18 687
Social Development	-	-	-	2 251	488	329 336	-	332 075	26 098

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

FOR THE YEAR ENDED 31 MARCH 2023

WORKING PAPER 2B (CONTINUED)

STATEMENT OF DEPARTMENTAL REVENUE COLLECTED AS AT 31 MARCH 2023

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
Correctional Services	-	97 581	12 619	386	1 846	35 710	-	148 142	147 696
Defence	-	499 049	1 178	5 049	18 408	100 027	639 820	1 263 531	1 137 609
Military Veterans	-	40	-	5	-	305	-	350	303
Independent Police Investigative Direct	-	141	-	5	-	132	-	278	324
Justice and Constitutional Development	-	234 031	228 989	2 869	7 582	29 571	-	503 042	498 383
Office of the Chief Justice	-	590	110	-	9	3 200	-	3 909	2 575
Police	-	383 341	35 415	2 159	146 264	194 857	-	762 036	771 699
Civilian Secretariat for the Police Service	-	75	-	-	162	1	-	238	270
Agriculture, Land Reform and Rural Dev	-	300 001	-	43 251	1 175	19 559	145	364 131	356 665
Communication and Digital Technologies	-	71	-	5 628	-	321	-	6 020	6 144
Small Business Development	-	56	-	5	-	-	-	61	86
Forestry, Fisheries and the Environment	-	33 639	550	2 355	98	50 219	-	86 861	87 409
Human Settlements	-	215	-	210	633	784	-	1 842	1 847
Mineral Resources and Energy	-	19 206	2 404	13 606	-	1 526	-	36 742	39 324
Science and Innovation	-	74	-	63	-	551	-	688	696
Tourism	-	188	-	65 157	70	919	-	66 334	38 981
Trade, Industry and Competition	-	797	75 943	955	601	66 158	7 488	151 942	153 249
Transport	-	988	-	515	-	202 760	-	204 263	204 309
Water and Sanitation	-	1 714	3 270	1 146	162	20 417	-	26 709	8 087
Refunds for previous financial years	-	-	-	-	-	-	-	-	-
Police	-	(33 392)	-	-	-	-	-	(33 392)	(33 392)
Total	-	3 720 421	371 237	8 977 396	187 256	1 353 641	647 453	15 257 404	15 399 577

* See disclosure note on restatements for more details

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

FOR THE YEAR ENDED 31 MARCH 2023

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 2023

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 2023

WORKING PAPER 2C

STATEMENT OF NATIONAL REVENUE FUND RECEIPTS

Items	2022/23	2021/22
	Amount Received by Revenue Fund R 000	Amount Received by Revenue Fund R 000
Non- Cash	5 221 250	6 068 425
Revenue Fund Receipts: Penalties on Retail Bonds	3 370	3 663
Revenue Fund Receipts: Premium Received	-	1 313 262
Revenue Fund Receipts: Premium on Bonds issued	442 779	1 380 511
Revenue Fund Receipts: Profit on Foreign Currency Investment	4 775 102	3 172 357
Revenue Fund Receipts: Profit on Script lending	-	1 155
Revenue Fund Receipts: Profit on IMF Revaluation	-	197 477
Total	5 221 250	6 068 425

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

FOR THE YEAR ENDED 31 MARCH 2023

WORKING PAPER 3A

STATEMENT OF VOTED FUNDS SURRENDERED FOR PREVIOUS APPROPRIATIONS

Name of Department	2022/23		2021/22	
	Appropriated funds/ Equitable Share	R 000	Appropriated funds/ Equitable Share	R 000
Presidency	88 204		57 106	
Cooperative Governance and Traditional Affairs	2 817 111		3 658 225	
Home Affairs	-		317 148	
International Relations and Cooperation	480 862		165 645	
Planning Monitoring and Evaluation	62 494		12 835	
Public Works and Infrastructure	272 015		193 340	
Women, Youth and Persons with Disabilities	6 398		18 575	
Communications and Digital Technologies	314 992		116 303	
National Treasury	-		494 165	
Public Enterprise	262 789		103 507	
Public Service and Administration	72 579		38 309	
Statistics SA	283 324		440 259	
Sport, Arts and Culture	104 691		135 222	
Basic Education	68 019		510 728	
Health	-		-	
Higher Education and Training	473 996		397 465	
Employment and Labour	584 327		196 215	
Social Development	-		1 884 595	
Correctional Services	249 619		571 125	
Defence	20 507		115 097	
Independent Police Investigative Directorate	5 870		37	
Justice and Constitutional Development	630 337		1 076 504	
Office of the Chief Justice	140 697		190 578	
Police	878 441		4 077 751	
Agriculture, Land Reform and Rural Development	1 062 973		1 153 869	
Economic Development	-		-	

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

FOR THE YEAR ENDED 31 MARCH 2023

WORKING PAPER 3A (CONTINUED)

STATEMENT OF VOTED FUNDS SURRENDERED FOR PREVIOUS APPROPRIATIONS

Name of Department	2022/23		2021/22	
	Appropriated funds/ Equitable Share	R 000	Appropriated funds/ Equitable Share	R 000
Mineral Resources and Energy	337 927		382 100	
Forestry, Fisheries and the Environment	1 609 724		1 637 785	
Human Settlements	720 253		301 488	
Science and Technology	43 594		113 024	
Tourism	7 561		34 610	
Trade, Industry and Competition	192 093		233 551	
Transport	530 489		-	
Water and Sanitation	2 531 543		2 491 662	
Small Business Development	13 845		18 608	
Asset and Liability Management	-		41 607	
Civilian Secretariat for the Police Service	12 636		5 624	
Public Service Commission	20 500		12 624	
Traditional Affairs	18 032		26 414	
National School of Government	6 795		5 804	
Military Veterans	91 793		51 080	
Government Communication and Information	2 426		13 030	
Rounding	7			
Total	15 019 464		21 293 616	

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

FOR THE YEAR ENDED 31 MARCH 2023

WORKING PAPER 3B

STATEMENT OF OTHER SURRENDERS

Name of Department	2022/23		2021/22	
	Amount Surrendered	R 000	Amount Surrendered	R 000
National Departments		7 665		172 897
Cooperative Governance		-		100
Rounding of surrenders received in excess		-8		-
Basic Education		-		61 515
Military Veterans		-		60
Centre for Public Service Innovation		7 673		7 302
Human Settlement		-		103 800
Presidency		-		4
Water and Sanitation		-		16
Home Affairs: Telkom Donation		-		100
Public Entities		1 850 842		1 131 123
Marine Living Resources		-		99 700
SASSA		774 307		533 811
Independent Development Trust		234 782		-
Industrial Development Corporation		32 851		-
Driving Licence Card Account		175 437		-
South African Tourism (SAT)		59 500		-
National Youth Development Agency (NYDA)		10 222		-
Telecommunication: USAASA		7 300		-
Road Traffic Infringement Corporation		147 000		-
Rail Safety		7 737		-
National Development Agency		18 102		-

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

FOR THE YEAR ENDED 31 MARCH 2023

WORKING PAPER 3B (CONTINUED)

STATEMENT OF OTHER SURRENDERS

Name of Department	2022/23		2021/22	
	Amount Surrendered R 000	R 000	Amount Surrendered R 000	R 000
Community Scheme Ombud Services	105 200	-	-	-
Commission on Gender Equality	3 500	11 953	11 953	-
Ports Regulator	13 830	-	-	-
Office of the Valuer General	62 394	159 622	159 622	-
National Electronic Media Institute of South Africa	1 364	-	-	12 000
Universal Service and Access Agency of South Africa (USAASA)	-	-	-	14 914
South African Broadcasting Corporation (SABC)	-	-	-	5 258
Government Pensions Administration Agency (GPAA)	-	-	-	117 172
Municipal Infrastructure Support Agency (MISA)	-	-	-	18 300
DPWI - Industrial Development Corporation	197 316	-	-	-
DTIC - CIPC	-	158 394	158 394	-
DTIC-Various	-	-	-	-
Conditional Grants	4 294 433	2 786 359	2 786 359	2 786 359
Basic Education: Gauteng	204 226	-	-	-
Basic Education: Free State	20 605	-	-	-
Basic Education: Limpopo	92 996	-	-	-
Basic Education: Eastern Cape	-	432	432	-
Basic Education: Kwazulu Natal	43 451	-	-	-
Basic Education: Northern Cape	7 587	-	-	-
Basic Education: Mpumalanga	25 834	-	-	-
Basic Education: North West	34 246	238 998	238 998	-
Health: Limpopo	74 172	-	-	-
Health: Northern Cape	5 090	-	-	-
Health: North West	6 497	-	-	-
Health: Mpumalanga	1 200 335	-	-	-
Health: Free State	92 120	-	-	-
Health: Kwazulu Natal	16 222	-	-	-
Health: Western Cape	-	-	-	-
Health: Eastern Cape	1 581	131 322	131 322	-
Health: Gauteng	124 059	-	-	-
Human Settlement: Free State	6 558	1 846	1 846	-
Human Settlement: North West	-	216 068	216 068	-

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

FOR THE YEAR ENDED 31 MARCH 2023

WORKING PAPER 3B (CONTINUED)

STATEMENT OF OTHER SURRENDERS

Name of Department	2022/23		2021/22	
	Amount Surrendered	R 000	Amount Surrendered	R 000
Human Settlement: Gauteng	95 265		40 930	
Human Settlement: Limpopo	149 666		36 724	
Human Settlement: Kwazulu Natal	116 730		-	
Human Settlement: Mpumalanga	11		1 641	
Human Settlement: Northern Cape	69 147		11 557	
Human Settlement: Eastern Cape	2 201		117 537	
Human Settlement: Western Cape	30 856		70 885	
Sports Arts & Culture: Northern Cape	14 412		12 804	
Sports Arts & Culture: Mpumalanga	20 001		9 099	
Sports Arts & Culture: Limpopo	38 937		-	
Sports Arts & Culture: Free State	1		61 852	
Sports Arts & Culture: Eastern Cape	350 867		18 716	
Sports Arts & Culture: Gauteng	64 691		7 078	
Sports Arts & Culture: North West	25 627		56 064	
Sports Arts & Culture: Kwazulu Natal	-		14 740	
Sports Arts & Culture: Western Cape	-		1	
Public Works: Eastern Cape	101		9 925	
Public Works: Free State	1 707		122	
Public Works: Gauteng	2 837		2 016	
Public Works: Limpopo	6 537		-	
Public Works: Mpumalanga	2 024		4 329	
Public Works: Kwazulu Natal	-		15	
Public Works: Western Cape	-		67	
Public Works: North West	1 110		-	
Public Works: Northern Cape	2 687		2 021	
Social Development: Eastern Cape	36 216		14 229	
Social Development: Kwazulu Natal	-		6 065	
Social Development: Gauteng	67 264		-	
Social Development: Free State	-		10 144	
Social Development: Mpumalanga	-		7 005	
Social Development: Northern Cape	-		30 683	
Social Development: Western Cape	10 291		3 062	

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

FOR THE YEAR ENDED 31 MARCH 2023

WORKING PAPER 3B (CONTINUED)

STATEMENT OF OTHER SURRENDERS

Name of Department	2022/23		2021/22	
	Amount Surrendered	R 000	Amount Surrendered	R 000
Agriculture, Land Reform and Rural Development: Eastern Cape		3 601		16 382
Agriculture, Land Reform and Rural Development: Free State		17 570		3 909
Agriculture, Land Reform and Rural Development: Kwazulu Natal		680		10 970
Agriculture, Land Reform and Rural Development: Gauteng		6 601		3 964
Agriculture, Land Reform and Rural Development: Limpopo		91 835		50 823
Agriculture, Land Reform and Rural Development: Mpumalanga		20 875		3 153
Agriculture, Land Reform and Rural Development: Northern Cape		-		16 129
Agriculture, Land Reform and Rural Development: North West		85 087		110 378
Agriculture, Land Reform and Rural Development: Western Cape		3 272		3
Cooperative Governance: Limpopo		738		973
Cooperative Governance: Kwazulu Natal		23 902		637
Transport: Limpopo		150 574		289 466
Transport: Free State		-		772
Transport: Gauteng		634 282		1 041 711
Transport: Mpumalanga		32 954		50 771
Transport: Northern Cape		5 263		5 402
Transport: North West		152 434		14 232
Transport: Eastern Cape		-		28 707
Municipalities		219 197		165 889
Local Government Surrender		219 197		165 889
Refunds		(15 031)		(79 411)
Water and Sanitation		(16)		-
Home Affairs		(100)		-
DTPS: South African Broadcasting Corporation		(14 914)		-
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		6 357 106		4 176 857

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

FOR THE YEAR ENDED 31 MARCH 2023

WORKING PAPER 3C

STATEMENT OF OTHER REVENUE RECEIVED

Name of Department	2022/23		2021/22	
	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	-	10 408 998	-	1 999 472
DTI: Various entities		10 179 509		1 833 615
Economic Development: Competition Commission		57 199		8 893
		172 290		156 964
Other		66 554		95 121
Prevention of Organised Crime Act (POCA)		21 749		432
Financial Intelligence Centre (FIC)		4 227		19 284
SARB: Sanlam Life		-		1 000
SARB Bidvest		-		100
SARB: Sanctions		20 664		-
Secret Service Account		9 181		7 336
Fedgro Sanctions		-		66 969
FSCA		10 733		-
Total	-	10 475 552	-	2 094 593

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

FOR THE YEAR ENDED 31 MARCH 2023

WORKING PAPER 4A

STATEMENT OF AMOUNTS TRANSFERRED TO DEPARTMENTS FOR PREVIOUS APPROPRIATED FUNDS

Name of Department	2022/23		2021/22	
	Equitable Share	Amount Transferred	Equitable Share	Amount Transferred
	R 000	R 000	R 000	R 000
Asset and Liability Management	309	309	21 718	21 718
Health	366 350	366 350	14 319	14 319
Parliament	30 170	30 170	34 139	34 139
National Treasury	16 893 197	16 893 197	-	-
Social Development	962 616	962 616	-	-
Public Enterprise	107 886	107 886	266 903	266 903
Transport	-	-	578 417	578 417
Total	18 360 528	18 360 528	915 497	915 497

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	2022/23		2021/22	
	Amount Approved	Amount transferred by Revenue Fund	Amount Approved	Amount transferred by Revenue Fund
	R 000	R 000	R 000	R 000
CARA	15 617	15 617	30 415	30 415
Total	15 617	15 617	30 415	30 415

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

FOR THE YEAR ENDED 31 MARCH 2023

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	2022/23		2021/22	
	Amount to be Transferred R 000	Amount Transferred by Revenue Fund R 000	Amount to be Transferred R 000	Amount Transferred by Revenue Fund R 000
GFE CRA	53 695		74 826	
Premium paid	138 317		1 903 687	
Loss on Foreign Currency Investment	70 725		194 650	
Loss on Scriptlending	543		276	
Total	263 279	-	2 173 439	-

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

FOR THE YEAR ENDED 31 MARCH 2023

WORKING PAPER 5A

STATEMENT OF APPROPRIATION FOR UNAUTHORISED EXPENDITURE AS AT 31 MARCH 2023

Name of Department	Unauthorised approved by Finance Act					
	Finance Act No	Financial Year	With Funding			Without Funding
			Amount Approved Funded by Revenue Fund	Amount Transferred	Amount Approved Not funded by Revenue Fund	Amount Approved Not funded by Revenue Fund
R 000		R 000	R 000	R 000	R 000	
No Finance Act Passed						
Total			-	-	-	-

WORKING PAPER 5A

STATEMENT OF APPROPRIATION FOR UNAUTHORISED EXPENDITURE AS AT 31 MARCH 2022

Name of Department	Unauthorised approved by Finance Act					
	Finance Act No	Financial Year	With Funding			Without Funding
			Amount Approved Funded by Revenue Fund	Amount Transferred	Amount Approved Not funded by Revenue Fund	Amount Approved Not funded by Revenue Fund
R 000		R 000	R 000	R 000	R 000	
No Finance Act Passed						
Total			-	-	-	-

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

FOR THE YEAR ENDED 31 MARCH 2023

WORKING PAPER 5B

STATEMENT OF UNAUTHORISED EXPENDITURE AS AT 31 MARCH 2023

Name of Department	Unauthorised Reported		Unauthorised funded by Revenue Fund and surrendered by departments	
	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
Defence	2 995 137	-	-	-
Statistics SA	807 987	-	-	-
Total	3 803 124	-	-	-

WORKING PAPER 5B

STATEMENT OF UNAUTHORISED EXPENDITURE AS AT 31 MARCH 2022

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
Public Enterprise	-	15 160	-	-
Public Enterprise-amount recovered	-	(15 160)	-	-
Total	-	-	-	-

*See disclosure note on restatement

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

FOR THE YEAR ENDED 31 MARCH 2023

WORKING PAPER 6

STATEMENT OF FINANCIAL INSTRUMENTS VALUATION AND CAPITAL SUBSCRIPTION OF INVESTMENTS

	2022/23	2021/22
	Amount	Amount
	R 000	R 000
Capital Subscription on Investments		
Paid up Shares in New Development Bank	(6 394 400)	4 743 073
Financial Instrument Valuation	(137 348 973)	(40 778 836)
Foreign revaluation reconciliation	(158 762 793)	(40 048 742)
ALM - Movement on Paymaster General Account	(114 391)	(312 945)
Increase/(decrease) in Investments	93 344 550	142 723 436
Increase/(decrease) in Multi-Lateral Institutions	(100 464 189)	(139 802 304)
Revaluation Exchequer Investments including net movement of ALM restatement	28 647 850	(3 338 281)
Rounding	-	-
Total	(143 743 373)	(36 035 763)
MOVEMENT IN CAPITAL SUBSCRIPTION OF INVESTMENTS		
New Development Bank purchase price in 2022/23	31 972 000	(4 105 797)
Value of subscription: 1 April 2022	31 972 000	(1 798 500)
Additional Purchase: Value of subscription	-	(2 307 297)
MOVEMENT ON MULTILATERAL INSTITUTIONS	(25 577 600)	3 284 637
Value of subscription: 1 April 2022	(31 972 000)	1 798 500
Additional Purchase: Value of subscription	-	2 307 297
Net Investment: 1 April 2022	6 394 400	(359 700)
Additional Purchase: Net Investment	-	(461 459)
Nett movement	6 394 400	(821 159)

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

FOR THE YEAR ENDED 31 MARCH 2023

WORKING PAPER 7A

STATEMENT OF CURRENT INVESTMENTS

Not applicable to NRF

WORKING PAPER 7B

STATEMENT OF NON-CURRENT INVESTMENTS

Investee	2022/23			2021/22		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	R 000	R 000	R 000	R 000	R 000	R 000
International Monetary Fund quota subscription		72 965 018	72 965 018		61 495 389	61 495 389
African Development Bank		155 972 105	155 972 105		127 499 758	127 499 758
International Bank for Reconstruction and Development		42 996 706	42 996 706		32 377 379	32 377 379
International Monetary Fund SDR Holding		105 847 003	105 847 003		89 123 453	89 123 453
International Finance Corporation		2 360 815	2 360 815		1 936 211	1 936 211
Multilateral Investment Guarantee Agency		319 673	319 673		262 178	262 178
New Development Bank						
Paid up Shares		35 553 100	35 553 100		29 158 700	29 158 700
Callable Shares		142 212 400	142 212 400		116 634 800	116 634 800
Total		558 226 819	558 226 819		458 487 868	458 487 868

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

FOR THE YEAR ENDED 31 MARCH 2023

WORKING PAPER 8A

STATEMENT OF DOMESTIC BORROWINGS AS AT 31 MARCH 2023

	Opening balance as at 1 April 2022		Issued R 000	Repaid R 000	Closing balance as at 31 MARCH 2023			
	R 000	R 000			Total R 000	Current R 000		Non-current R 000
Borrowings								
Domestic long-term	3 288 951 174	387 613 814			3 676 564 988		3 676 564 988	
Domestic long-term bonds debentures and other loans	3 130 763 402	387 613 814			3 518 377 216		3 518 377 216	
Former Regional Authorities	38 867	-			38 867		38 867	
Transfer to short term	(60 918 324)	-			(60 918 324)		(60 918 324)	
Revaluation of inflation bonds	219 067 229	-			219 067 229		219 067 229	
Domestic short-term	640 292 328	612 928 427	720 014 513		533 206 241	533 206 240		
Debt at 1 April	41 176 085	11 902 537	93 495 684		(40 417 061)	(40 417 061)		
Bonds created	(40 548 024)	-			(40 548 024)	(40 548 024)		
Bonds reduced	(48 653 061)	-			(48 653 061)	(48 653 061)		
Transfer from long-term as at 31 March 2020	130 282 432	-			130 282 432	130 282 432		
Transfer from long-term as at 31 MARCH 2022	60 918 324	-			60 918 324	60 918 324		
Revaluation of inflation bonds	49 000 764	-			49 000 764	49 000 764		
Treasury Bills	448 108 840	601 025 890	626 518 830		422 615 900	422 615 900		
Other Loans	6 966	-			6 966	6 966		
Rounding	1	-			1	-		
Total	3 929 243 501	1 000 542 241	720 014 513		4 209 771 229	533 206 240	3 676 564 988	

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

FOR THE YEAR ENDED 31 MARCH 2023

WORKING PAPER 8A

STATEMENT OF DOMESTIC BORROWINGS AS AT 31 MARCH 2022

	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
Borrowings						
Domestic long-term	2 943 250 184	391 735 340	-	3 334 985 524	-	3 334 985 524
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	(130 282 432)	-	-	(130 282 432)	-	(130 282 432)
Revaluation of inflation bonds	204 183 256	-	-	204 183 256	-	204 183 256
Domestic short-term	627 508 758	710 509 372	807 644 892	530 373 238	530 373 239	-
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	130 282 432	-	-	130 282 432	130 282 432	-
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	-
	-	-	-	-	1	-
Total	3 570 758 942	1 102 244 712	807 644 892	3 865 358 762	530 373 239	3 334 985 524

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

FOR THE YEAR ENDED 31 MARCH 2023

WORKING PAPER 8B

STATEMENT OF FOREIGN BORROWINGS AS AT 31 MARCH 2023

	Opening balance as at 1 April 2022	Issued	Repaid	Closing balance as at 31 MARCH 2023		
				Total	Current	Non-current
	R 000	R 000	R 000	R 000	R 000	R 000
Borrowings						
Current borrowings	52 021 080	-	7 115 000	44 906 080	44 906 080	-
Loans	7 115 000	-	7 115 000	-	-	-
Transfer from long-term	29 655 596	-	-	29 655 596	29 655 596	-
Revaluation	15 250 484	-	-	15 250 484	15 250 484	-
Non-current borrowings	446 285 257	64 465 587	-	510 750 845	-	510 750 845
Loans	374 612 146	64 465 587	-	439 077 734	-	439 077 734
Transfer to short-term	(29 655 596)	-	-	(29 655 596)	-	(29 655 596)
Revaluation	101 328 707	-	-	101 328 707	-	101 328 707
Total	498 306 337	64 465 587	7 115 000	555 656 924	44 906 080	510 750 845

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	Non-current
	R 000	R 000	R 000	R 000	R 000	R 000
Borrowings						
Current borrowings	16 574 778	-	1 995 428	14 579 350	14 579 350	-
Loans	1 995 428	-	1 995 428	-	-	-
Transfer from long-term	7 115 000	-	-	7 115 000	7 115 000	-
Revaluation	7 464 350	-	-	7 464 350	7 464 350	-
Non-current borrowings	366 209 628	31 315 515	-	397 525 143	-	397 525 143
Loans	350 411 631	31 315 515	-	381 727 146	-	381 727 146
Transfer to short-term	(7 115 000)	-	-	(7 115 000)	-	(7 115 000)
Revaluation	22 912 997	-	-	22 912 997	-	22 912 997
Total	382 784 406	31 315 515	1 995 428	412 104 493	14 579 350	397 525 143

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

FOR THE YEAR ENDED 31 MARCH 2023

WORKING PAPER 8C

STATEMENT OF CHANGES IN BORROWINGS

	2022/23			2021/22			Increase/ Decrease R 000
	Received R 000	Paid R 000	Increase/ Decrease R 000	Received R 000	Paid R 000	Increase/ Decrease R 000	
Other financing activities							
Treasury Bills	601 025 890	626 518 830	(25 492 940)	638 037 183	646 044 203	(8 007 020)	
IGCC	79 198 491	79 198 491	-	112 704 486	112 713 108	(8 622)	
Late request non-voted: ALM	84 489	184 938	(100 449)	184 938	6 472	178 466	
Bonds	391 823 801	85 804 435	306 019 366	351 211 396	68 878 675	282 332 721	
Non voted funds to be surrendered ALM	(82 135)	(85 560)	3 425	(85 560)	(102 735)	17 175	
Foreign Loans	64 465 587	15 761 600	48 703 987	31 315 515	3 918 834	27 396 681	
Payment ito Section 239 of the Constitution	-	-	-	-	-	-	
Payment ito Section 58 Act 11 of 1977 IMF	-	28 311	(28 311)	-	-	-	
Revaluation of exchequer investments: FCI and ALM PMG balance	22 139 060	-	22 139 060	(4 472 385)	-	(4 472 385)	
Rounding	2	-	2	1	-	1	
Total	1 158 655 184	807 411 045	351 244 139	1 128 895 574	831 458 555	297 437 019	

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

FOR THE YEAR ENDED 31 MARCH 2023

WORKING PAPER 8D

STATEMENT OF MULTILATERAL INSITUCTIONS

	2022/23		2021/22	
	Amount R 000	Current Year Increase/(Decrease) R 000	Amount R 000	Amount R 000
IMF-Securities Account	130 331 396	20 484 830	109 846 566	
IMF-SDR Allocations	112 629 299	17 704 597	94 924 702	
International Bank for Reconstruction and Development	40 115 492	9 732 943	30 382 549	
Multi- Lateral Investment Guarantee Agency	258 988	46 580	212 408	
African Development Bank	149 663 063	26 917 639	122 745 424	
New Development Bank	142 212 400	25 577 600	116 634 800	
Total	575 210 638	100 464 189	474 746 449	

WORKING PAPER 9A

STATEMENT OF OTHER RECEIVABLES

	2022/23		2021/22	
	Amount to be received R 000	Amount Received R 000	Amount to be received R 000	Amount Received R 000
Name of Department / Entity				
ALM Non - voted funds	82 135	85 560	85 560	102 735
Total	82 135	85 560	85 560	102 735

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

FOR THE YEAR ENDED 31 MARCH 2023

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	2022/23		2021/22	
	Amount to be Paid R'000	Amount Paid R'000	Amount to be Paid R'000	Amount Paid R'000
Payable SARS to RAF	151 361	223 513	223 513	68 624
Payable SARS to UIF	2 054 411	1 981 687	1 981 687	1 680 699
SARS in transit	57	6 309	6 309	4 705
Late request for Non - Voted: ALM	84 489	184 938	184 938	6 472
Total	2 290 318	2 396 447	2 396 447	1 760 500

2023 CFS

**CONSOLIDATED
FINANCIAL STATEMENTS**

for the year ended 31 March 2023

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national treasury
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