Consolidated Financial Information

For the year ended 31 March 2012

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REPUBLIC OF SOUTH AFRICA

Consolidated Financial Information

For the year ended 31 March 2012

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Consolidated Financial Information

For the year ended 31 March 2012

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ACCOUNTING OFFICER'S APPROVAL AND REVIEW

ACCOUNTING OFFICER'S APPROVAL AND REVIEW

For the year ended 31 March 2012

The Consolidated Financial Information is prepared on the going concern basis. The Consolidated Financial Information has based upon accounting policies, which have been consistently applied and supported by reasonable and prudent judgements of estimates.

The Consolidated Financial Statements and The Combined Financial Statements have been approved by the Accounting Officer and Accountant-General on **30 October 2012**.

Lungisa Fuzile
Director-General
Accounting Officer

Freeman Nomvalo
Accountant-General

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ACCOUNTING OFFICER'S REVIEW

Lungisa Fuzile
Accounting Officer

ACCOUNTING OFFICER'S REVIEW

For the year ended 31 March 2012

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 table 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 2012 as required by section 8(1) (a) of the PFMA as amended is hereby presented.

Separate CFS have been prepared annually since the inception of the PFMA for national departments and public entities respectively and have been subjected to either a full audit or agreed upon procedures by the Auditor General of South Africa (AGSA) over the past years. This year the CFS have been prepared for both the national departments and public entities and submitted for audit. The public entities Combined Financial Statements audit has been extended from agreed upon procedures to a comprehensive statutory audit. NT has continued to prepare separate CFS for public entities due to the different accounting policies being applied but for the 2012 financial year we have complied with the Combined Financial Statements departmental framework as newly compiled by NT. This framework requires for inter-company elimination of balances and transactions between departments and introduces the necessity to align accounting frameworks and eliminate material balances and transactions for the public entities Combined Financial Statements.

Besides being mandated by legislation, CFS is meant to provide a summary of national government's financial resources and their application for the benefit of the people of the Republic of South Africa. Due to different accounting bases being used by national departments and public entities, separate sets of consolidated information are prepared and published as such in this report to ensure credible and meaningful presentation of financial information. National departments report on a modified cash basis of accounting whereas public entities are on accrual basis. Public entities include constitutional institutions, national public entities listed in the PFMA, the South African Reserve Bank and the AGSA. The public entities that are consolidated also include unlisted public entities discovered during the financial year under review.

National departments report on a modified cash basis of accounting whereas public entities are on an accrual basis. The separation is in view of different accounting bases utilised by these two groups of entities, and accordingly were consolidated separately to ensure credible and meaningful presentation of financial information.

In the 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 disclosure notes, which are recognised on accrual basis, are provided in the annual

ACCOUNTING OFFICER'S REVIEW

For the year ended 31 March 2012

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.

As part of the process of migrating from cash to accrual, disclosure notes, which do not form part of the annual financial statements (AFS), are being prepared and completed by the National Departments. These notes are recognised on the accrual basis and annual preparation of them will assist in ensuring a smooth migration process. In moving towards the accrual basis of accounting, the NT introduced additional requirements on a regular basis as part of the accounting reforms. Six years ago, departments were required to start disclosing their PPE. In the 2009/10 financial year, inventory management was introduced, where departments are given three years to comply with the inventory management framework. The Office of the Accountant General (OAG) conducted training on this framework and further guidance will be provided during the implementation period of this framework. In the current financial year, there have only been improvements to the existing framework.

Government is also in the process of formalising the accounting reporting framework (GRAP) in terms of section 89 of the PFMA and section 216(1)(a) of the Constitution. Currently there are 28 standards that are effective as approved by the Minister of Finance. A further 6 have been developed by the Accounting Standards Board (ASB), but is not yet effective. 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.

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

This Accounting Officer's Review includes an Executive Summary and Review of Operating Results. The summary describes the impact of the 2007-2012 Global Financial Crisis/recession on national government finances as experienced in the past financial period. The review of operating results reflects monetary values presented in the CFS and Combined Financial Statements in accordance with Treasury Regulation 18.2. It is also a descriptive report clarifying the amounts presented. The CFS and Combined Financial Statements therefore provide information not only on the financial performance but also on the government's ability to meet current and future obligations.

ACCOUNTING OFFICER'S REVIEW

For the year ended 31 March 2012

2. CONSOLIDATION PROCESS

2.1. RESPONSIBLE ENTITY

Normally, CFS are prepared for a group of entities under the control of a parent entity. Control is the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. A parent entity is an enterprise that has one or more subsidiaries. Due to the above, entities that are consolidated do not necessarily obtain benefits from each other's activities. The CFS for national departments meet the above criterion. National government however does not directly govern the financial and operating policies of entities or obtain benefits from their activities. While the CFS for national departments meet the above criterion, the public entities consolidation is referred to as the Combined Financial Statements due to the absence of a controlling entity.

2.2. 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.

2.3. PROCESS

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

The responsibility for the integrity and objectivity of the accompanying CFS and Combined Financial Statements for the year ended 31 March 2012, and all information contained in this report rests with the Office of the Accountant General (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 combined entities' financial position as at 31 March 2012.

Parliament reports were on the modified accrual basis of accounting but this reporting system was converted to modified cash basis of accounting and consolidated with national departments.

ACCOUNTING OFFICER'S REVIEW

For the year ended 31 March 2012

The public entity list per schedule 1, 2 and 3 of the PFMA was used as a basis from which public entities that were combined, however some public entities and trading entities, which are not listed, but known to the NT and their respective departments, were combined (Annexure C). Some listed entities and known unlisted entities were not combined since no information was received from them or the listed entity was not operational as at 31 March 2012 (Annexure D and E respectively).

The OAG is tasked with, amongst others, the responsibility to develop standard reporting formats (including AFS templates) and a Departmental Financial Reporting Framework Guide 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 combination 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 much earlier and training is provided to departments on the AFS template and the framework for the preparation of AFS. Training is also provided to the public entities on the latest GRAP standards as approved by the Minister and on completing the AFS template. Where required the OAG provided additional assistance to national departments and public entities.

The Auditor General (AGSA) report on the CFS and Combined Financial Statement also includes the major qualification items from the various departments and public entities. These qualifications have a material impact on the amounts presented in the CFS but have to be disclosed. The NT has implemented mechanisms to track these audit qualifications. During the 2008/09 financial year, the OAG introduced the financial management capability maturity model (FMCMM) to assess the financial management maturity level of national and provincial departments. This model provides the basis for departments to assess their capability to discharge their duties, with particular reference to financial management, risk management and internal audit. Currently, the FMCMM is used as a comprehensive supporting tool to national and provincial departments and is assisting in identifying underlying problematic areas for accounting, risk management and internal audit. This has allowed NT, in partnership with departments, to initiate a plan of support to improve the overall financial management environment, with an aim to improve audit outcomes. The NT is committed to continue working with departments to improve financial management maturity.

The NT is grateful for the efforts of the national departments, public entities and the OAG in the preparation of the CFS and Combined Financial Statements for 2011/12.

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EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

For the year ended 31 March 2012

In the financial year under review, the global economy has continued to undergo a difficult time. Recovery from the financial and economic crisis that opened in 2008 remains slow and uneven. Developed and developing economies alike confront weaker growth prospects. A solution to the European crisis eludes policymakers, casting a long shadow over the world economy.

In the face of all this, South Africa has demonstrated resilience. The economy is growing, though more slowly than originally projected. More jobs are being created. Household spending is robust and private-sector investment is gathering pace. Against this backdrop, South Africa's development depends largely on government improving its level and quality of service delivery in support of the inclusive and equitable economic roadmap, as contained in the new growth path. In 2012, growth in spending focused particularly on infrastructure development, job creation, enterprise support and the enhancement of local government delivery. South Africa's fiscal stance and public spending programmes were focused on long term structural transformation.

The overall results of national government for the 2011/12 financial year as reflected in the CFS still reflects the impact of the financial crisis. The projected budget deficit in 2011/12 is 4.8 per cent of GDP. As economic growth strengthens and tax revenue recovers, government will reduce the budget deficit gradually to 3 per cent of GDP by 2014/15. During 2011/12, South Africa's deep and liquid capital markets facilitated the financing of the elevated public-sector borrowing requirement of 7.1 per cent of GDP in 2011/12 declining to 5 per cent in 2014/15.

During the 2012 Budget speech, Minister Pravin Gordhan stated that the revised estimated National budget revenue is expected to be R 735 billion and revised estimated National budget expenditure was R 891 billion. The actual revenue collected by the South African Revenue Services (SARS) was R 777 billion and the actual national expenditure for 2011/12 was R 909 billion.

Besides spending on initiatives leading to job-creation as set out in The New Growth Path mandate, spending on other priorities will continue to grow over the years ahead as evidenced by the following initiatives:

- Education, health and social assistance will remain the largest categories of expenditure, sustaining and expanding the social wage over the MTEF period ahead. Investment in people is at the centre of our growth and development strategy.
- An expansion in infrastructure investment is still one of the central priorities of the 2012 Budget.
- Special emphasis given to improving competitiveness in industry, investment in technology, encouragement of enterprise development and support for agriculture.
- The budget continues to support job creation, with a particular focus on unemployed youth through a wide range of government programmes and policies have come under scrutiny over the past year. Expansion of further education and skills development is a key long-term priority, alongside improving the quality of basic education and broadening access to adult education programmes.
- Measures are proposed to invigorate household savings.
- Strengthening of financial management in the public sector, pursuing value for money with the greatest possible vigour to ensure that taxpayers' money is well used.
- Fraud and corruption will be combatted through changes to procurement policies and practices and tough enforcement of the law.

Over the MTEF period ahead, approved and budgeted infrastructure plans amount to R845 billion, of which just under R300 billion is in the energy sector and R262 billion in transport and logistics projects. Eskom's expansion of power generation capacity is responsible for much of this amount, alongside transport and logistics infrastructure by Transnet and other non-financial public enterprises. These include major investments in roads, rail, ports and airports over the MTEF period and beyond include SANRAL, PRASA and ACSA.

EXECUTIVE SUMMARY

For the year ended 31 March 2012

To sum up, government has supported the recovery from the 2008 recession, but as infrastructure investment is expanded over the period business needs to invest in the future as well. Government has expanded social assistance to households over the past decade, but employment and economic growth have to be the main future drivers of income growth and poverty reduction. Government is responsible for developing effective municipalities and broadening access to services, but business, civil society and organised labour have to be partners in building cohesive communities and promoting social solidarity.

For a detailed analysis and interpretation of actual revenue, spending and borrowing for 2011/12, refer to review of the operating results.

Consolidated
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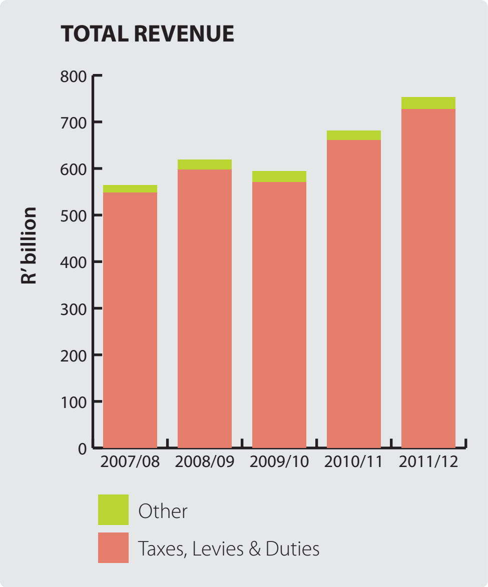
REVIEW OF OPERATING RESULTS

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2012

1. OPERATING INCOME

Year Ended 31 March	Actual	Actual	Actual	Actual	Actual
R' million	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**2011/12**
Taxes, Levies & Duties	548 106	596 797	571 388	660 543	726 556
Departmental revenue	12 670	14 097	8 404	8 483	13 626
Local & foreign aid assist.	745	1 332	1 189	-	-
Other	2 882	6 278	13 190	10 979	12 399
Total operating income	564 403	618 504	594 171	680 005	752 581
Growth in operating income	16%	10%	-4%	14%	11%



Operating income increased by 11 per cent in 2011/12 against a 14 per cent increase in the prior year. This increase is a result of the recovery in economic activity in South Africa after the global recession, as well as higher corporate income tax collections.

The bulk of the income is collected mainly by the South African Revenue Services (SARS) in the form of taxes, levies and duties. Other sources of revenue are departmental revenue and statutory revenue.

SARS shows a total balance of R777 billion for the current year, which reconciles with the above Taxes, Levies & Duties of R727 billion as follows:

Year Ended 31 March	Actual	Actual
R' million	**2011/12**	**2010/11**
SARS Revenue	777 157	704 217
Less: South African Customs Union Agreement	21 760	17 906
Less: Payment ito sec 12(3) of the PFMA	3	21
Less: Payment to UIF	12 131	11 019
Less: Payment to RAF	16 371	14 287
Less: Amount payable by SARS to SETA's	78	228
Less: Amount payable by SARS to RAF	257	214
Net Revenue as reflected by NT	726 556	660 543

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2012

During the 2009/10 financial year, the deterioration in the South African economy was displayed through the reduction of the total revenue collected. Individual taxes collected were reduced due to job losses experienced in this period. Corporate income tax was also on the decline as more Companies suffered reduced profits.

The picture has changed in the current period, evidenced by the general increases in the revenues collected by SARS. Tax revenues increased during 2011/12 as a result of strong collections of customs duties (28.4 per cent), corporate income tax (13.8 per cent), and personal income tax (10.2 per cent).

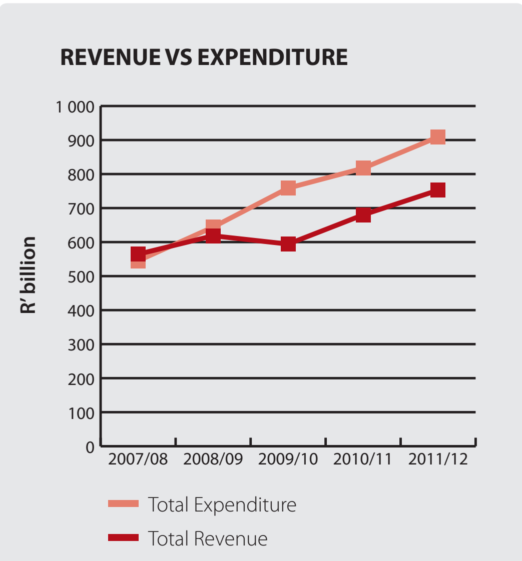
Total Revenue is also represented by Departmental Revenue, which consists of the total actual receipts received by departments. Other revenue primarily consists of Surrenders (unspent appropriated funds at the end of the financial year) which only increased marginally by 12 per cent during the current year.

Other Receipts are analysed as follows:

Year Ended 31 March	Actual	Actual
R' million	**2011/12**	**2010/11**
Other Revenue		
Surrenders	12 049	10 800
Other	350	179
Total Other Revenue	12 399	10 979

For the full detailed analysis of what Departmental Revenue consists of, refer to Note 3 of the Notes to the Consolidated Financial Statements. For the detailed analysis of Non-Operating Income, refer to Note 6 of the Notes to the Consolidated Financial Statements.

1.1 REVENUE VS EXPENDITURE



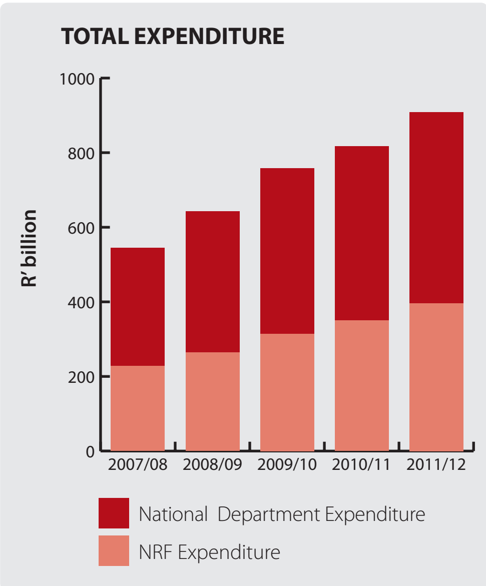
Illustrated above is revenue versus expenditure for national government. From the trends in the graph, it can be seen that revenue collection in the 2011/12 is at its highest levels however, government has not been collecting enough revenue to fulfil its expenditure requirements. This is depicted by the graph where the recorded surplus receded into the negative from 2008/09 and has continued into the 2011/12 financial year. Expenditure currently exceeds revenue by approximately R156 billion.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2012

2. TOTAL EXPENDITURE

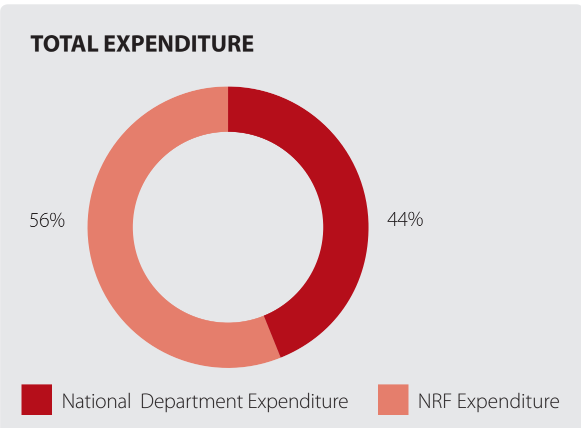
Year Ended 31 March	Actual	Actual	Actual	Actual	Actual
R' million	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**2011/12**
National Revenue Fund Expenditure	227 987	264 835	314 426	350 144	396 430
National Department Expenditure	317 062	379 246	444 275	466 930	512 628
Total expenditure	545 049	644 081	758 701	817 074	909 058
Movement in expenditure	14%	18%	18%	8%	11%



Total expenditure increased by 11 per cent in 2011/12, National departments' expenditure has accounted for approximately 56 per cent (2010/11: 57 per cent) of the total expenditure amount.

Total expenditure is made up of National department's expenditure plus the National Revenue Fund's (NRF) expenditure. Included in the National departments' expenditure are transfers and subsidies to provinces and municipalities of R130 billion (2010/11: R111 billion), in the form of grants paid to provinces and municipalities. These are further analysed per section 2.2.2. Transfers and Subsidies.

The breakdown is disclosed in the graph below:



REVIEW OF OPERATING RESULTS

For the year ended 31 March 2012

2.1 NATIONAL REVENUE FUND EXPENDITURE

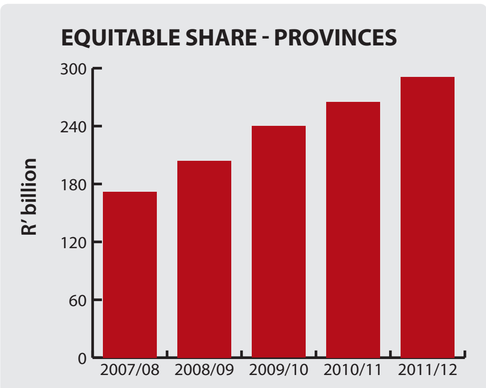
The NRF's expenditure includes items such as debt-service costs and equitable share of transfers to provinces. The equitable share portion is then distributed to the provincial departments, who use these funds to perform their functions at the provincial sphere of government.

2.1.1. Equitable Share to Provinces

Year Ended 31 March	Actual	Actual	Actual	Actual	Actual
R' million	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**2011/12**
Equitable Shares - Provinces	172 862	204 010	240 046	265 139	291 736
Movement in Equitable Shares	15%	18%	18%	10%	10%

Provinces received a 10 per cent increase in the equitable share, primarily for education, health, transport, human settlements and municipal infrastructure. The priorities at a provincial and municipal level for 2011/12 were:

- Municipal Infrastructure – provision of specific capital finance for basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities
- Human Settlements – provision of funding for the creation of sustainable human settlements; improve the efficiency and coordination of investments in the built environment by providing large municipalities with appropriate resources and control over the selection and pursuit of investment programmes in the built environment
- Health - compensate tertiary facilities for the additional costs associated with spill over effects and to ensure adequate provision of tertiary health services for all South African citizens; enable the health sector to develop an effective response to HIV and Aids including universal access to HIV counselling and testing; to support the implementation of the National Operational Plan for comprehensive HIV and Aids treatment and care; and to subsidise in-part funding for antiretroviral treatment programme
- Transport - supplement provincial roads investments and support preventative maintenance on provincial road networks; and to ensure provinces implement and maintain road asset management systems
- Basic Education - accelerate construction, maintenance, upgrading and rehabilitation of new and existing infrastructure in education; and to enhance capacity to deliver infrastructure in education

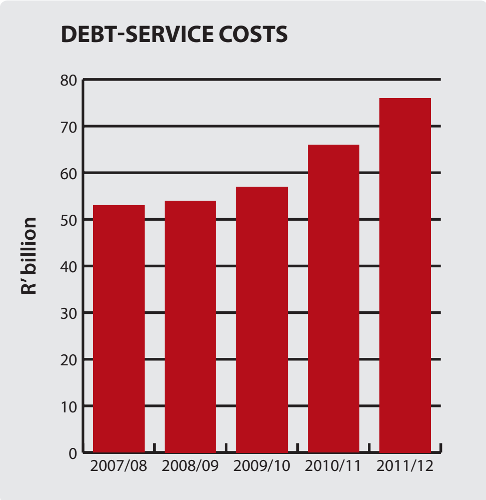


The equitable share transferred to the provinces was at a rate of 10 per cent per annum over the past year and has continued in the same trend for the current year. Provinces therefore accounted for R292 billion in expenditure for the 2011/12 financial year (2010/11: R265 billion).

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2012

2.1.2 Debt-service Costs



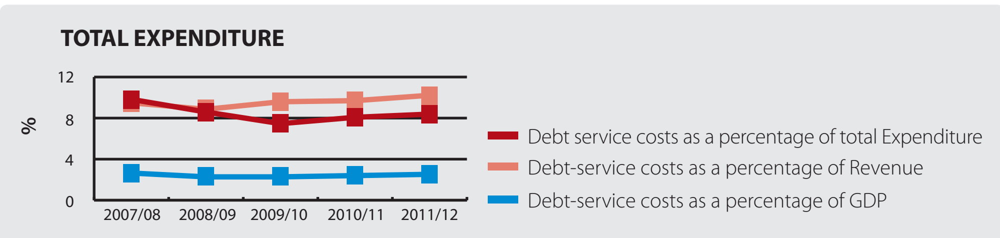
Debt-service costs accounts for a major portion of total expenditure and is influenced by the volume of debt, new borrowing requirements and market variables such as interest rates, inflation and exchange rates. Government's debt management policy focuses on financing the net borrowing requirements at the lowest possible cost within risk benchmarks. The accompanying graph and table show the trends in debt-service costs since 2007/08 until the current year.

Since the period 2007/08, debt-service costs increased following a weaker fiscal position which resulted from the global economic downturn. For the 2011/12 financial year, debt-service costs of R76.5 billion was incurred which is R0.4 billion lower than the 2011 Medium Term Budget Policy Statement (MTBPS) estimate of R76.9 billion. This is mainly because of bond switch programmes starting earlier than budgeted, a stronger exchange rate and a variance in bond funding mix.

Debt-service costs	**Actual**	**Actual**	**Actual**	**Actual**	**Actual**
R' million	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**2011/12**
Domestic	48 227	48 727	52 170	60 820	70 507
Foreign	4 650	5 667	4 959	5 407	5 953
Total Debt-Service costs	52 877	54 394	57 129	66 227	76 460
Increase in costs	1%	3%	5%	16%	15%

The table below shows debt-service costs as a ratio of revenue, expenditure and GDP. Rising debt service costs mean that lesser amounts are available for other important expenditure priorities such as health and education. Thus a regression is noted for the current year due to these ratios increasing from the prior year and reverting to 2009/10 levels.

Debt-service costs	**Actual**	**Actual**	**Actual**	**Actual**	**Actual**
As a % of	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**2011/12**
GDP	2.6%	2.3%	2.3%	2.4%	2.5%
Expenditure	9.8%	8.6%	7.5%	8.1%	8.4%
Revenue	9.5%	8.9%	9.6%	9.7%	10.2%

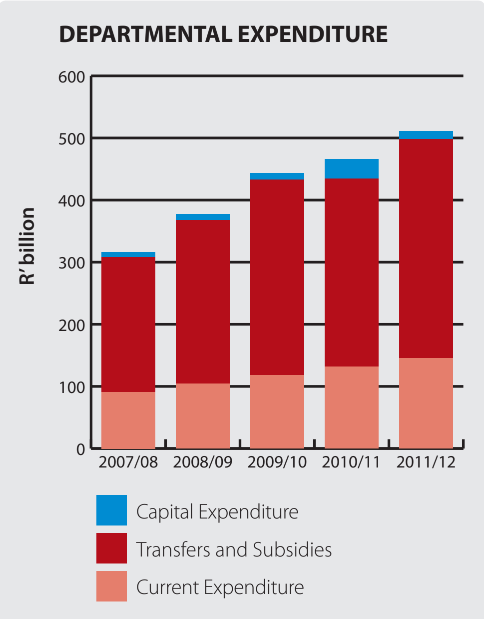


REVIEW OF OPERATING RESULTS

For the year ended 31 March 2012

2.2 NATIONAL DEPARTMENTS' EXPENDITURE

Year Ended 31 March	Actual	Actual	Actual	Actual	Actual
R' million	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**2011/12**
Current Expenditure	91 253	104 795	118 072	132 077	145 994
Transfers and Subsidies	217 740	264 858	315 332	302 359	353 485
Capital Expenditure	8 069	9 592	10 870	32 494	13 148
Total	317 062	379 246	444 275	466 930	512 627
Movement in expenditure	18%	20%	17%	5%	10%



National department expenditure has increased by 10 per cent from the prior year. This equates to R46 billion. The movement is attributable mainly to an increase of R51 billion in Transfers and Subsidies. Other major movements include an increase of R8 billion in Compensation to employees and R5 billion in Goods and services, offset by R22 billion decrease in Payments for Financial Assets. Total national department expenditure has grown by 67 per cent from 2007/08 to the current period under review.

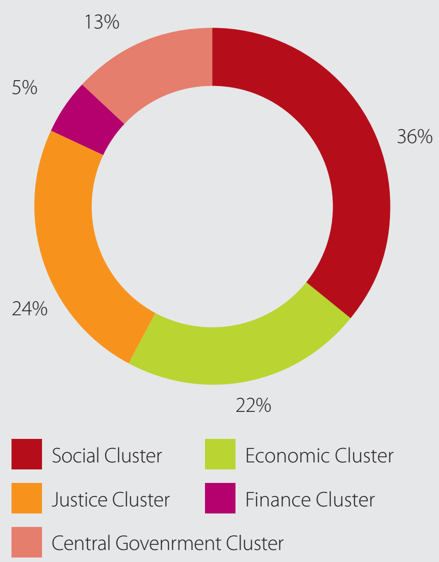
National Department Cluster Expenditure	Actual	Actual
R' million	**2011/12**	**2010/11**
Social Cluster	185 555	158 177
Economic Cluster	111 514	82 189
Justice Cluster	122 346	111 414
Finance Cluster	26 739	50 938
Central Government Cluster	66 748	64 530
Total	512 902	467 249

The national departments are divided into clusters and the table above and graph on the next page illustrate the expenditure per cluster.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2012

EXPENDITURE PER CLUSTER



The **Social Cluster** remains the largest spender of all the clusters, with an allocation of R178 billion from the NRF and expenditure of R186 billion. This is due to the priority placed by government on expanding the social assistance safety net over the past decade through extension of the child support grant to 18 years and the equalisation of the old age grant at 60 years. Expenditure from the department of Social Development made transfers of R96 billion to households alone, which was an increased from the prior period's R87.5 billion by 9.7 per cent.

The strong growth in social assistance grants has contributed significantly to poverty reduction and broadening income security over the past decade. There are 15.2 million people receiving grants in South Africa in 2011/12. The South African Social Security Agency (SASSA), who manage and administer the payments of social assistance grants to beneficiaries, has increased its surplus from R463 million (2010/11) to R886 million (2011/12).

The next cluster in order of expenditure spend is the **Justice and Protection Services Cluster**. Spending focus within the department of Police has been on increasing the number of police personnel and physical resources such as basic equipment needs, capital infrastructure, skills development and technological enhancements in the information and telecommunications environments in the areas of visible policing, detective services, and crime intelligence services.

The department of Justice and Constitutional Development expenditure was a result of reviewing the criminal justice system, implementing approved pieces of legislation, building high courts in Nelspruit and Polokwane, and continuing to modernise systems and procedures in the courts.

The department of Correctional Services received additional funds for the upgrading of information technology that will enhance the functioning of the criminal justice system.

The department of Defence has continued upgrading its equipment during 2011/12 as part of efforts to rejuvenate the Defence Force. Additional funds have been allocated mainly for improved conditions of service, additional personnel and Infrastructure. The main cost drivers are compensation of employees and capital acquisitions.

The third cluster contributing to the increase in expenditure is the **Economic Cluster**. The department of Transport was the biggest spender in the 2011/12 financial period. Their expenditure increased from R25 billion in 2010/11 to R41 billion in 2011/12, at an average annual rate of 64 per cent. This growth is mainly attributed to maintaining road infrastructure, upgrading rail infrastructure and services, constructing municipal public transportation infrastructure, and subsidising provincial public transport operations.

The department of Environmental Affairs received an additional R191 million to implement measures that will address wildlife tracking, air quality, waste and coastline management and oil spill disasters. For climate change mitigation and the establishment of the green fund for South Africa, R1 billion was provided. Of this, R120 million was spent on the 17th Conference of the Parties (COP 17) to the United Nations Framework Conference on Climate Change (UNFCCC) during the year under review.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2012

The department of Rural Development and Land Reform was allocated R1.1 billion for the comprehensive rural development programme.

The department of Human Settlements was allocated more funds for water and sanitation infrastructure associated with rural settlements. This expenditure was for the upgrading of human settlements through the new urban settlements development grant and the delivery of affordable rental housing.

The department of Water Affairs was allocated more funds for the construction of new dams and ancillary infrastructure such as water treatment works and distribution pipelines, and the repair of existing bulk infrastructure.

2.2.1 Current Expenditure

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

Major items of Current Expenditure	**Actual**	**Actual**	**Actual**	**Actual**	**Actual**
R' million	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**2011/12**
Compensation of employees	57 584	64 981	75 390	87 036	95 188
Goods and Services	32 244	38 255	41 660	44 292	49 764

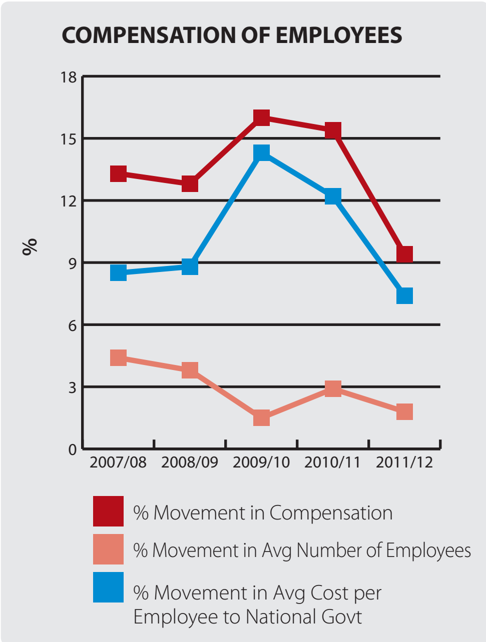
2.2.1.1 Compensation of Employees

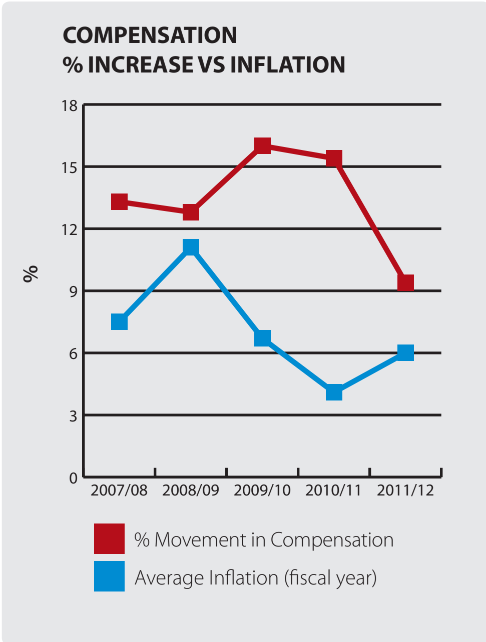
	Actual	**Actual**	**Actual**	**Actual**	**Actual**
Description	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**2011/12**
Total Compensations costs (R' million)	57 584	64 981	75 390	87 036	95 188
Average number of employees	359 564	373 098	378 641	389 764	396 865
Average Cost to National Government per employee (Rands)	160 151	174 166	199 106	223 306	239 850

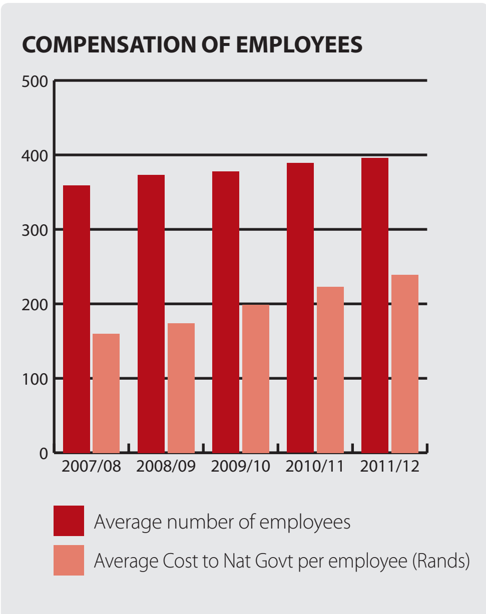
The above information illustrates the costs to national government departments and excludes provincial information. The average number of employees at national departments has marginally increased from 389 764 in 2010/11 to 396 865 in 2011/12 (i.e. 1.9 per cent growth in 2011/12 vs. 2.9 per cent in 2010/11) with Police still employing the largest number of officials, accounting for approximately 50 per cent of the total number nationally. Compensation, in Rand terms, has grown from R57.6 billion in 2007/08 to R95.2 billion in 2011/12. Growth in expenditure from the prior year equates to R8.2 billion or 9 per cent (2010/11: R11.6 billion or 15 per cent).

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2012







The graphs above also indicate the percentage movement in compensation of employees against the inflation rate over the same period. There are increases within marginal percentages of each other in 2008/09 and again in the current year, as compared to the increasing difference in 2007/08, 2009/10 and 2010/11 when the inflation rate declined.

The majority of national department employees are employed in the Justice and Protection Services cluster with 340 387 (2010/11:333 665) which equates to approximately 86 per cent of the total employees for the year under review. The **Justice and Protection Services cluster** includes, amongst others, the following departments which each employ a large number of civil servants:

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2012

Average number of employees	**Actual**	**Actual**	**Actual**	**Actual**	**Actual**
Department	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**2011/12**
Department of Police	168 261	177 951	185 668	190 887	195 584
Department of Defence	75 931	74 096	74 560	77 125	78 824
Department of Correctional Services	41 051	41 390	41 316	40 426	40 043

Department of Police

The department of Police (SAPS) employs the most number of staff in national government and hence their expenditure on compensation to employees is R42 billion accounting for almost half of total compensation costs. The rapid increase in staff from 2005/06 to 2011/12 reflects the carry through effect of additional personnel at ports of entry and in railway environments. This is also to support achieving the strategic objective of reducing trio (house robbery, business robbery and carjacking) and contact crimes by 4 to 7 per cent per year over the medium term. The strong growth in compensation at Police is set to grow over the medium term, mainly due to additional capacity for the Directorate for Priority Crime Investigation.

Department of Correctional Services

Spending on compensation of employees increased at an average rate of 9 per cent between 2010/11 and 2011/12, even though the staff compliment marginally decreased from 40 426 to 40 043 in the current year. The decrease in employees is attributable to delays in the filling of funded vacancies and natural attrition. The growth in compensation is mostly driven by additional allocations for improved conditions of service and the implementation of the occupation specific dispensation for correctional officials and others in 2009/10 and 2010/11, as required by resolution 1 of 2007 of the Public Service Coordinating Bargaining Council.

Department of Defence

The department's staff compliment has increased from 77 125 to approximately 78 824 in 2011/12. The increase in the compensation is due to the annual salary increases of government employees. Compensation of employees is still the largest expenditure item in the budget of the department.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2012

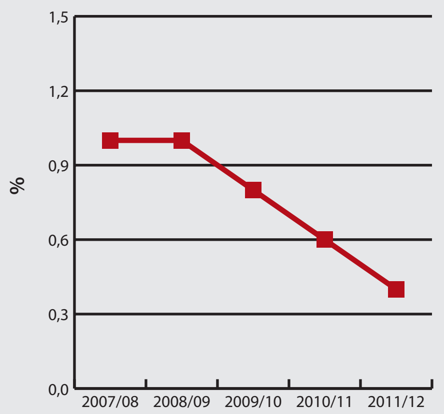
Performance Awards

	Actual	Actual	Actual	Actual	Actual
Performance Awards Information	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**2011/12**
Performance Awards (R mil)	591	668	599	485	380
Total Compensation of Employees	57 584	64 981	75 390	87 036	95 188
Performance awards as a % of Compensation	1.0%	1.0%	0.8%	0.6%	0.4%
(Decrease)/Increase in Performance Awards	11.0%	13.1%	-10.3%	-19.1%	-21.6%
Increase in Compensation	13.3%	12.8%	16.0%	15.4%	9.4%

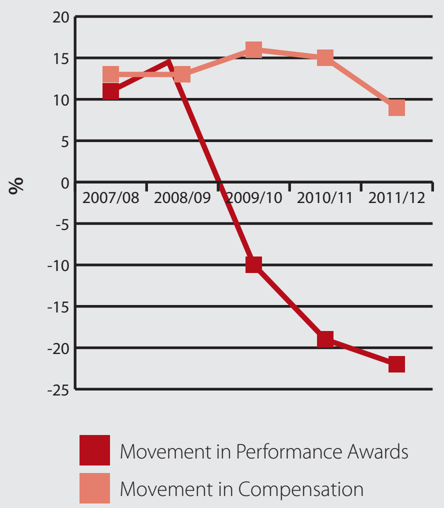
Performance awards have been on a downward trend since 2009/10 up until 2011/12. The movement has not been in line with the increase in total compensation, which is in turn increasing although at a lower magnitude each year. This is further evidenced by the decreasing percentage that the Performance awards constitute as part of Compensation from a constant rate of 1 per cent in 2007/08 and 2008/09, dropping to 0.8 per cent, 0.6 per cent and finally 0.4 per cent in the proceeding financial years. Refer to the graph below.

This is attributable to budget constraints and careful spending by departments as a result of the financial crisis.

PERFORMANCE AWARDS AS A % OF COMPENSATION



MOVEMENT IN PERFORMANCE AWARDS VS COMPENSATION



REVIEW OF OPERATING RESULTS

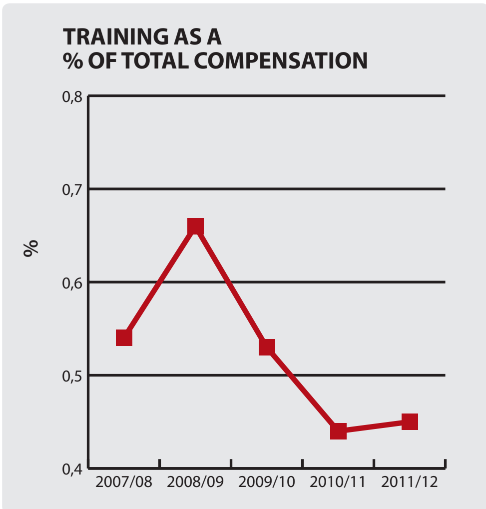
For the year ended 31 March 2012

Training and staff development costs

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

Training and staff development costs	Actual 2007/08	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12
Training & staff development (R mil)	311	426	398	385	425
Total compensation of employees (R' mil)	57 584	64 981	75 390	87 036	95 188
Training as a % of Compensation	**0.54%**	**0.66%**	**0.53%**	**0.44%**	**0.45%**

As can be noted per the graphs below, training and staff development costs were gradually decreasing over the past 2 years, however in the current year they have reverted back to 2008/09 levels. As a component of compensation, the ratio has remained the same as in the prior year, reverting to the 2004/05 and 2005/06 levels of 0.4 per cent. This is attributed to cost cutting measures where training has been offered only when necessary.

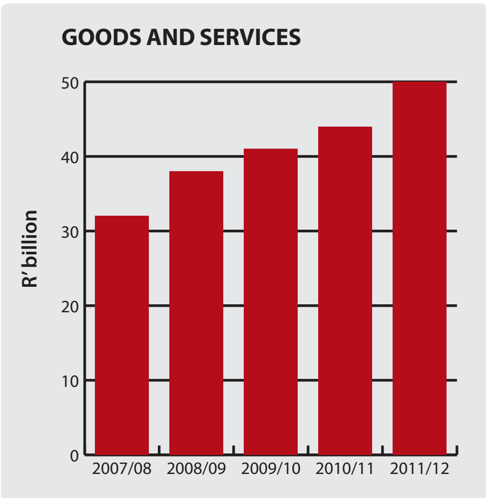


REVIEW OF OPERATING RESULTS

For the year ended 31 March 2012

2.2.1.2 Goods and Services

	Actual	Actual	Actual	Actual	Actual
R' million	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**2011/12**
Goods and Services	32 244	38 255	41 660	44 292	49 764
Movement in expenditure	15%	19%	9%	6%	12%



Goods and services increased steadily over the years, albeit at a decreasing rate until 2010/11. In the current year the growth in spending has increased from 6 per cent in 2010/11 to 12 per cent in 2011/12 due to increased spending in Contractors, Agencies and support/outsourced services and Stationery and printing.

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

Major items of goods and services	Actual	Actual	Actual	Actual	Actual
R' million	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**2011/12**
Consultants, contractors and special services	8 096	9 930	10 825	11 078	12 541
Inventory	5 017	6 153	6 289	6 511	7 612
Operating leases	4 007	4 445	5 376	6 059	6 177
Travel and subsistence	4 109	4 862	4 663	4 961	5 510
Computer Services	3 267	3 988	5 068	5 141	5 218
Owned and leasehold property expenditure	2 071	2 495	3 174	3 859	4 368
Communication	1 461	1 532	1 640	1 625	1 698
Other	4 216	4 850	4 625	5 060	6 640
Total	32 244	38 255	41 660	44 294	49 764

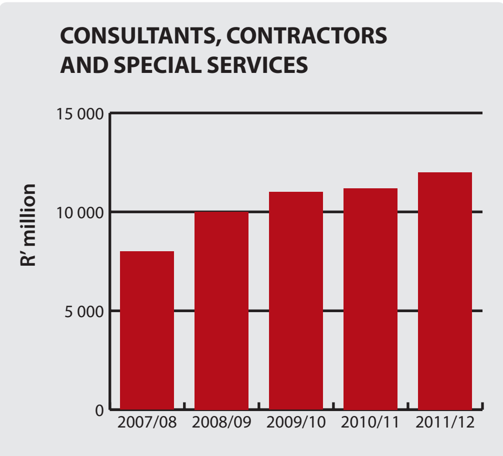
These major items of goods and services have consistently accounted for around 87 per cent to 89 per cent of the total goods and services expenditure for the past 5 years.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2012

Consultants, Contractors and Special Services

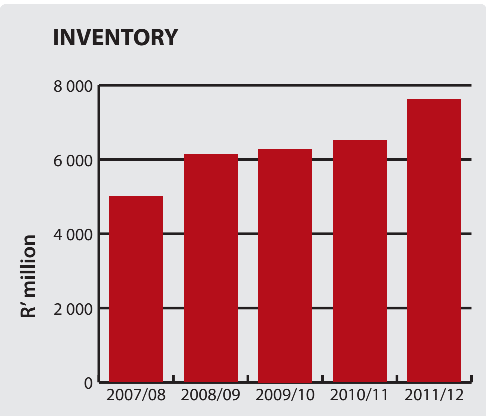
	Actual	Actual	Actual	Actual	Actual
R' million	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**2011/12**
Consultants, contractors and special services	8 096	9 930	10 825	11 078	12 541
Movement in expenditure	117%	23%	9%	2%	13%



Payment of consultants, contractors and special services (CCSS) has increased by 13 per cent. The primary constituents thereof being contractors (rather than placement of permanent staff), as well as agencies or outsourced services with specialist expertise.

Inventory

	Actual	Actual	Actual	Actual	Actual
R' million	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**2011/12**
Inventory	5 017	6 153	6 289	6 511	7 612
Movement in expenditure	7%	23%	2%	4%	17%



Inventory purchases increased significantly with a 17 per cent increase in the 2011/12 year and an average increase of 10.3 per cent for the past five years.

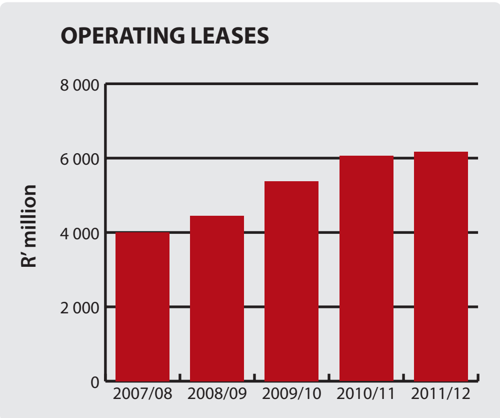
For the year under review, inventory spending has increased by approximately R1 billion. The **Justice and Protection Services cluster** remains the biggest spender in inventories. The major purchases of inventory were made by Police (SAPS) of R3 billion which was mainly for the increased spending on physical resources in line with the expansion in personnel. Defence spent approximately R1.9 billion.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2012

Operating Leases

	Actual	Actual	Actual	Actual	Actual
R' million	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**2011/12**
Operating leases	4 007	4 445	5 376	6 059	6 177
Movement in expenditure	10%	11%	21%	13%	2%

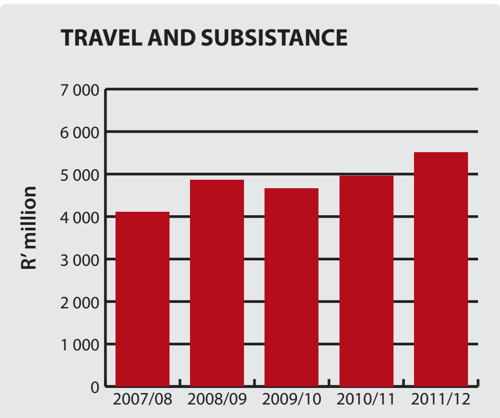


Operating leases increased by only 2 per cent in the current year, which is lower than that of the 2 previous years being 13 per cent in 2010/11 and 21 per cent in 2009/10. The biggest spenders were the departments of Police and Correctional Services who spent R1.8 billion and R1.4 billion respectively for the year.

In total the Justice and Protection Services cluster accounts for R4 billion, the Central Government cluster accounts for R1 billion and the Economic Services and Infrastructure Development cluster accounts for R0.8 billion of spending on operating leases.

Travel and Subsistence

	Actual	Actual	Actual	Actual	Actual
R' million	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**2011/12**
Travel and subsistence	4 109	4 862	4 663	4 961	5 510
Movement in expenditure	14%	18%	-4%	6%	11%



Travel and subsistence shows an 11 per cent increase over the past financial year, as compared to 6 per cent in the previous year. The **Justice cluster** accounts for R2.2 billion while the **Economic Services and Infrastructure Development cluster** spent R1.1 billion.

The major spenders within the Justice cluster were again Police and Defence who spent R0.66 billion and R0.73 billion respectively followed by the department of Justice with R0.4 billion.

The **Central Government Administration cluster** spent R1 billion.

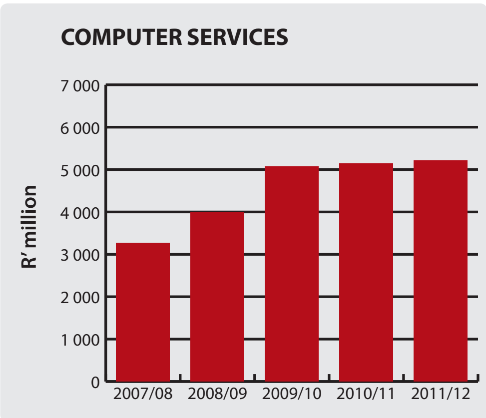
Local travel accounts for the majority of the expenditure on travel across all the clusters, with the exception of the department of International Relations and Cooperation where 66 per cent of travel constitutes foreign travel (compared to 83 per cent in the prior year).

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2012

Computer Services

	Actual	Actual	Actual	Actual	Actual
R' million	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**2011/12**
Computer Services	3 267	3 988	5 068	5 141	5 218
Movement in expenditure	9%	22%	27%	1%	2%

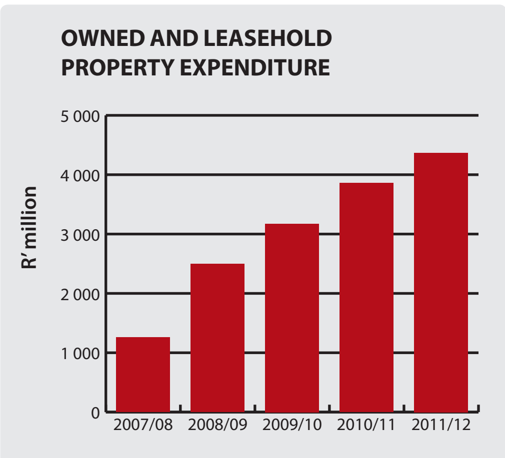


Computer services' spending has increased by 2 per cent from the prior year. This equates to a R77 million increase. Expenditure on computer services has, on average increased by approximately 74 per cent since the 2006/07 year. This is evident of the country's improvement in information systems infrastructure.

The largest spending occured in Police with R2 billion mainly as a result of enhancing information systems and ICT.

Owned and Leasehold Property Expenditure

	Actual	Actual	Actual	Actual	Actual
R' million	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**2011/12**
Owned and leasehold property expenditure	1 257	2 495	3 174	3 859	4 368
Movement in expenditure	235%	99%	27%	22%	13%



This expenditure line item has increased in the current year by 13 per cent compared to the 22 per cent increase in 2010/11 and the 27 per cent seen in 2009/10.

The major spenders in this area are again Police with R1.8 billion and Correctional Services R1.4 billion while Justice spent approximately R0.5 billion.

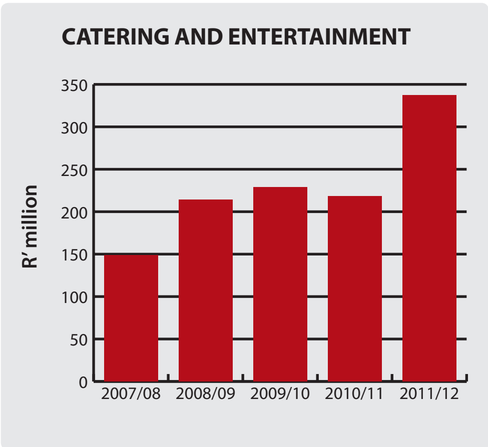
REVIEW OF OPERATING RESULTS

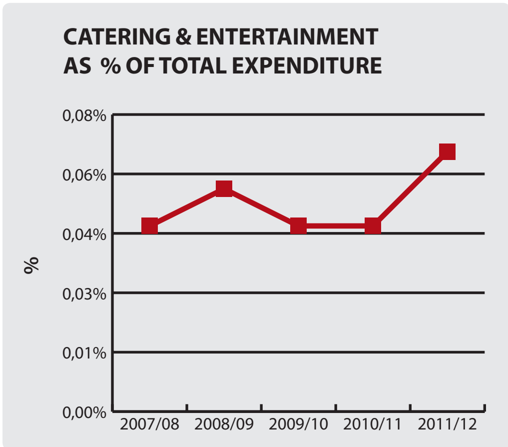
For the year ended 31 March 2012

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

Catering and entertainment

	Actual	Actual	Actual	Actual	Actual
R' million	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**2011/12**
Catering and entertainment	149	214	229	218	337
Movement in expenditure	24%	44%	7%	-5%	55%





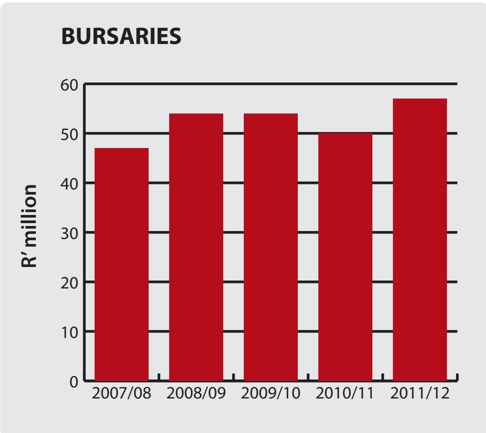
Catering and entertainment has increased significantly by 55 per cent in 2011/12 from 2010/11. This equates to a R119 million increase, with Statistics South Africa making up 80 per cent of the increase. Catering and entertainment now sits at 0.07 per cent of total departmental expenditure, compared to the mean average of 0.05 per cent over the last five years. The catering and entertainment expenditure is however still insignificant in comparison to total expenditure costs.

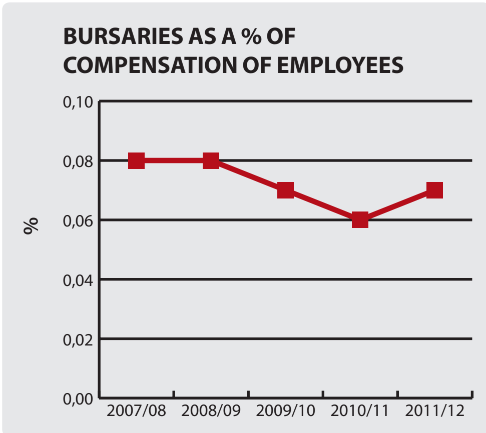
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2012

Bursaries

	Actual	Actual	Actual	Actual	Actual
R' million	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**2011/12**
Bursaries	47	54	54	50	57
Movement in expenditure	24%	14%	1%	-8%	15%





Bursary expenditure increased by 15 per cent in the current year to R57 million compared to R50 million in the prior year. The bursary expenditure as a percentage of compensation is still low remaining at 0.06 per cent of total compensation of employees.

2.2.2 Transfers and subsidies

Transfers and Subsidies	Actual	Actual	Actual	Actual	Actual
R' million	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**2011/12**
Provinces and municipalities	70 375	86 030	98 839	111 074	130 490
Households	69 308	79 206	89 687	95 581	105 061
Departmental agencies and accounts	43 300	52 224	57 170	55 357	73 078
Public corporations and private enterprises	20 812	31 002	51 374	20 118	22 253
Universities and technikons	12 004	13 898	15 452	17 727	19 552
Other	1 895	2 179	2 638	2 296	2 651
Total	217 694	264 539	315 159	302 152	353 085
Increase from prior year	20%	22%	19%	-4%	17%
As a % of Total revenue	39%	43%	53%	44%	47%
As a % of Total expenditure	40%	41%	42%	37%	39%

Transfers and subsidies have increased by 17 per cent from the previous year, equating to R51 billion year-on-year increase. The significant increases of R19 million, R18 million and R9 million in transfers were attributable to Provinces and municipalities, Departmental agencies and accounts and Households respectively.

REVIEW OF OPERATING RESULTS

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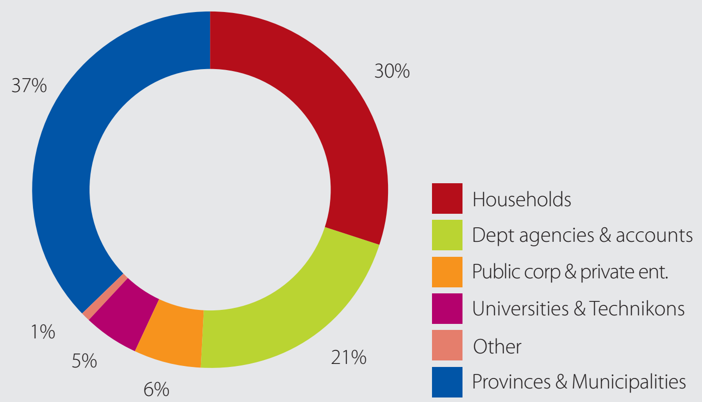
The **Social Services cluster** is the biggest spender in this area with expenditure of R179 billion, representing a 17 per cent increase from the prior year. The next spenders are the Economic Services and Central Government Administration clusters at R94 billion (a 41 per cent increase from the prior year) and R52 billion respectively.

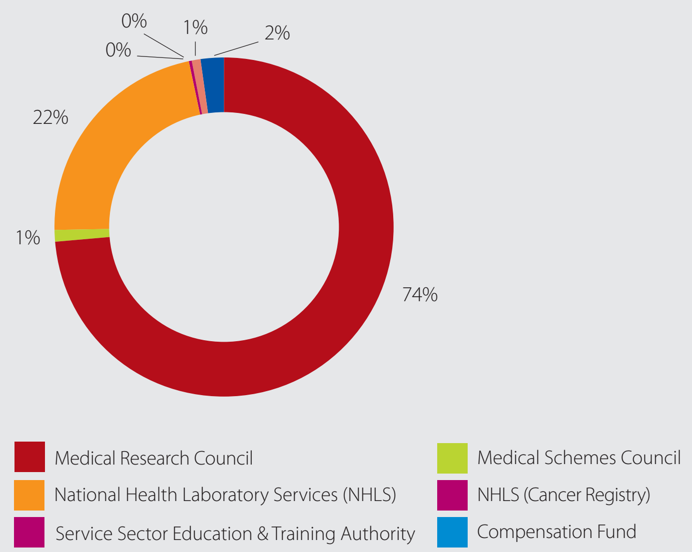
Government offers a range of subsidies to promote industrial development. Progressive extension of the social security net will continue over the period ahead. During the year under review, a total of R96 billion was paid out by the department of Social Development to households, representing a 10 per cent increase from the prior year. These cash grants provided income support to people whose livelihoods were most at risk. The available grants are the old age pension, the disability, child support, foster care, care dependency, war veterans' grant and the grant in aid and social relief.

BREAKDOWN OF TRANSFERS & SUBSIDIES



TRANSFERS & SUBSIDIES

BREAKDOWN OF HEALTH TRANSFERS & SUBSIDIES



Transfers and subsidies of the department of Health totalled R25 billion for 2011/12 and the programmes in the accompanying graph received allocations:

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2012

As can be seen in the pie chart on the previous page, the Medical Research Council received a large chunk of the transfers and subsidies from the department of Health. The reason for this large transfer is the focus being placed on development of the HIV vaccine and prevention against the virus. Large payments are required for research collaborators to speed up the process of researching and developing this vaccine. Spending has also been allocated to Tuberculosis programmes.

The department of Higher Education and Training has also increased its transfers to the various tertiary institutions throughout South Africa by 10 per cent from the prior year.

In the **Finance Cluster**, the National Treasury accounted for R19 billion of total transfers and subsidies, representing a 24 per cent decline from the previous year. This is over 97 per cent of the transfers and subsidies in that cluster. The major difference in movement from the prior year is attributable to an R8 billion reduction in transfers to Provinces and municipalities.

In the **Economic Services and Infrastructure cluster,** the departments of Transport and Human Settlements accounted for R40 billion and R22 billion respectively of total transfers and subsidies, thus constituting 65 per cent of expenditure within the cluster.

In 2007, government approved a strategy to create integrated rapid transport networks. The development of a safe, reliable and accessible public transport system remains a key priority. Construction associated with the Gauteng freeway improvement scheme began during the year and these costs are to be recovered over time through toll revenue.

Spending on road infrastructure by the department of Transport over the next three years is expected to grow to R34.1 billion.
Some significant transfers to various entities have been depicted.

Department of Transport	**Actual**	**Actual**
Transfers (R' million)	**2011/12**	**2010/11**
National Sea Rescue Institute	1	1
SANTACO	21	15
International Civil Aviation Organisation	5	3
Passenger Rail Authority of South Africa	8 765	8 765
South African National Roads Agency	14 402	6 845
Total	**23 194**	**15 629**

The department of Human Settlements has also continued to increase grant payments to the provinces and municipalities by 41% from the prior year. Expenditure increased from R15 billion in 2010/11, to R21 billion in 2011/12. This is mainly due to the increase in additional allocations for conditional grants to provinces and municipalities within the Housing Development Finance programme. Between 2008/09 and 2011/12, spending in the Strategic Relations and Governance programme decreased from R253.4 million to R160.5 million, at an average annual rate of 14.1 per cent, as the department discontinued its advertising campaign in 2009 due to budget cuts. Refer to the table below for transfers to provinces.

A key focus is to support the elimination of informal housing, and the development of sustainable settlements. The aim is to reduce spatial disparities and create safe, vibrant neighbourhoods.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2012

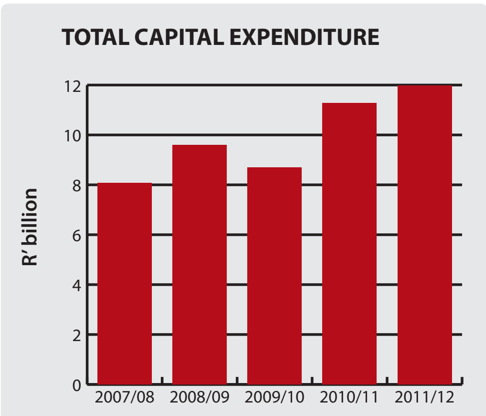
Since 1994 nearly 3 million houses have been financed by the department of Human Settlements and its predecessor. Over the MTEF period, expenditure is expected to increase to R30.1 billion in 2014/15, at an average annual rate of 9.7 per cent, mainly due to increased transfers for the urban settlements development grant to metropolitan municipalities to support the upgrading of informal settlements.

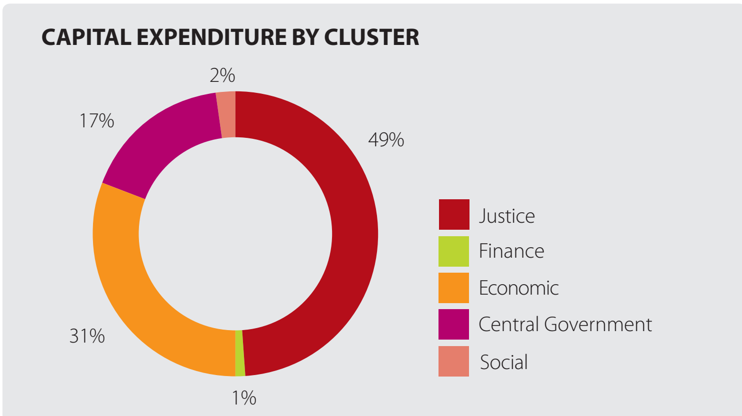
To improve inter-governmental co-ordination, systems have been put in place to ensure closer scrutiny of housing delivery and evaluate progress made thus far.

Housing Transfers to	Actual	Actual	Actual	Actual
Province (R' million)	**2008/09**	**2009/10**	**2010/11**	**2011/12**
Eastern Cape	981	1 313	1 638	2 178
Free State	859	963	1 038	914
Gauteng	2 807	3 187	3 887	3 805
Kwazulu-Natal	1 622	2 331	2 634	2 770
Limpopo	825	997	1 365	1 399
Mpumalanga	697	795	976	917
Northern Cape	219	325	447	323
North West	862	1 100	1 189	998
Western Cape	1 306	1 581	1 869	1 639
Total	10 178	12 592	15 042	14 942

2.2.3 Expenditure for capital assets

Capital Expenditure	Actual	Actual	Actual	Actual	Actual
R' million	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**2011/12**
Total capital expenditure	8 069	9 592	8 705	11 289	11 982
Movement in expenditure	27%	19%	-9%	30%	6%





REVIEW OF OPERATING RESULTS

For the year ended 31 March 2012

Capital expenditure increased by 6 per cent during the current year, from R11.3 billion to R12 billion. The majority of capital expenditure was on buildings and other fixed structures which accounted for R6.4 billion or 54 per cent of the total. R5 billion went to the purchase of machinery and equipment.

Expenditure by cluster shows that the **Justice and Protection Services cluster** accounts for 49 per cent of total capital expenditure, followed by the **Economic Services cluster** and then the **Central Government cluster**.

Police was the largest spender in this area, spending R3 billion, followed by Justice and Constitutional Development and Defence at R1 billion each.

Police earmarked its spend on the investment in capital infrastructure and technological enhancements, especially in the forensic science and investigative functions, additional capacity for the Directorate for Priority Crime Investigation and the upgrading of the IT network.

The department of Water Affairs spent R1.3 billion on buildings and other fixed structures. Some large projects underway include the raising of Clanwilliam Dam, phase 1 and 2 of the Mokolo and Crocodile River (West) water augmentation, raising of Tzaneen and Namitwa Dams for the Great Letaba River, Nandoni water treatment works and distribution networks and Nandoni Pipeline.

Please note that this capital expenditure is only for national departments and excludes the capital expenditure of provinces. Therefore, the capital expenditure by government as a whole exceeds the R12 billion disclosed above.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2012

3. ASSETS

3.1 CASH & CASH EQUIVALENTS

Cash & cash equivalents	Actual	Actual	Actual	Actual	Actual
R' million	2007/08	2008/09	2009/10	2010/11	2011/12
Cash and equivalents	98 739	105 030	136 074	177 727	207 265
Movement in cash and cash equivalents	26%	6%	30%	31%	17%

Cash and cash equivalents stands at R207 billion, with the National Revenue Fund holding the bulk of the cash with R198 billion. Government's total cash includes deposits held at the SARB and commercial banks. The SARB uses the deposits that it holds to compensate the excess cash created in the money market when purchasing foreign exchange reserves.

National Revenue Fund Holding	Actual	Actual	Actual	Actual	Actual
R' million	2007/08	2008/09	2009/10	2010/11	2011/12
Commercial Banks					
Tax and Loan account	30 497	31 284	38 418	44 256	63 293
South African Reserve Bank					
Corporation for public deposits	202	3 973	975	-	-
Sterilisation deposits	63 109	66 091	67 157	67 157	67 157
Foreign currency deposits	-	-	24 749	58 597	67 558
Escrow investment account	-	-	-	146	51
Other	-	-	357	205	232
US $ equivalent of foreign cash balances	-	-	$3.4bn	$8.6bn	$8.8bn
Total	93 808	101 348	131 657	170 361	198 291

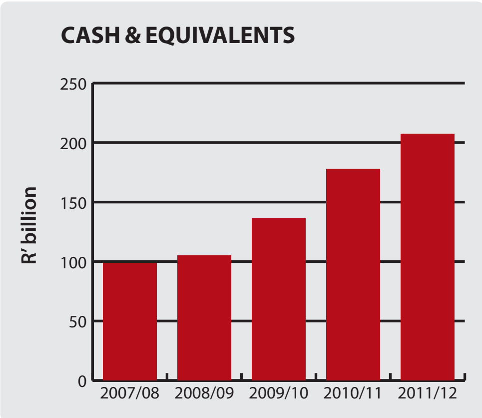
Cash deposits with the Reserve Bank comprise the following:

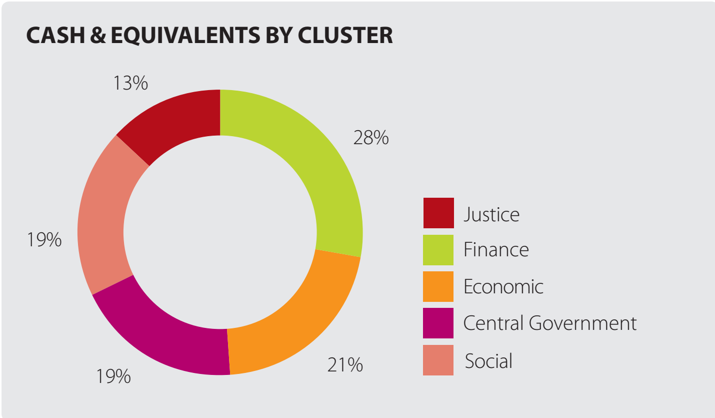
- Deposits in Rand used to compensate the excess cash created in the money market when buying foreign exchange reserves
- Foreign exchange deposits made from money borrowed in international markets, or from purchases in the local market
- Investments with the Corporation for Public Deposits.

Operational cash available to finance the borrowing requirement is held in the National Treasury tax and loan accounts with the four commercial banks and in foreign currency accounts with the SARB. The level of operational cash is determined by future cash requirements. Sterilisation deposits are not readily available to finance government expenditure in view of their role in managing money market liquidity.

REVIEW OF OPERATING RESULTS

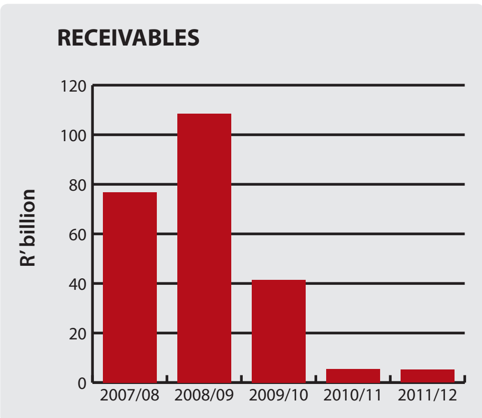
For the year ended 31 March 2012





3.2 RECEIVABLES

Receivables	Actual	Actual	Actual	Actual	Actual
R' million	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**2011/12**
Receivables	76 856	108 535	41 433	5 549	5 224
Movement in receivables	142%	41%	-62%	-87%	-6%



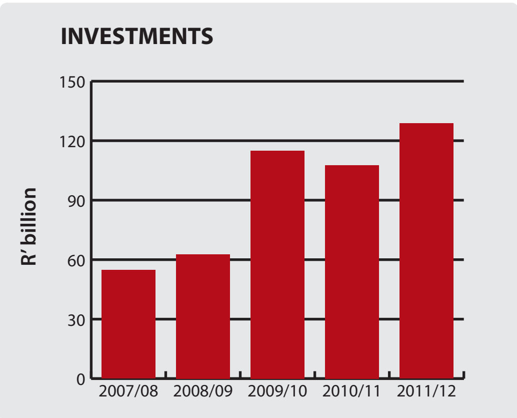
Included in Receivables are amounts owed to the government in relation to goods and services and interest receivables. In the 2011/12 year, the Gold and Foreign Exchange Contingency Account was disclosed as a contingent asset in line with accounting policies. This resulted in the restatement comparative amount in 2010/11.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2012

3.3 INVESTMENTS

Investments	Actual	Actual	Actual	Actual	Actual
R' million	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**2011/12**
Investments	54 778	62 759	114 876	106 468	133 097
Movement in Investments	7%	15%	83%	-7%	25%



Total investments increased to R133 billion for the current year. This represents a 25 per cent increase from the prior year approximating R27 billion. A R7.4 billion decrease in Investments listed at issue price was seen during the current period within the NRF..

The major investments of government are listed in the table which follows. This gives the actual Rand amount of the investments held by government for the past two years. Most investments have remained similar in the current year with little or no movement. Investments in multilateral institutions increased by R21.1 billion to R81.1 billion because of an increase in South Africa's shareholding in the African Development Bank.

Major Investments	Actual	Actual
R' million	**2011/12**	**2010/11**
Alexkor Limited	50	50
Aventura Limited	60	60
Broadband Infraco (Pty) Limited	1 351	1 351
Denel (Pty) Ltd	5 476	5 476
Eskom Limited *	-	-
Safcol Limited	318	318
South African Airways (Pty) Ltd	3 598	3 598
Transnet Limited	12 661	12 661
South African Express (Pty) Ltd	585	585
Passenger Rail Authority of South Africa Ltd.	4 248	4 248
Airports Company Ltd.	559	559
Air Traffic and Navigation Services Company Ltd.	191	191
S.A. National Roads Agency Ltd.	1 091	1 091

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2012

Major Investments	Actual	Actual
R' million	**2011/12**	**2010/11**
NHFC	880	880
Telkom SA Limited	2 070	2 070
South African Post Office Limited	201	201
Vodacom Group Limited	12 174	12 174
DBSA	200	200
Land Bank	201	201
IDC	-	-
Armscor	75	75
International Bank for Reconstruction and Development	12 461	11 031
African Development Bank	29 310	8 207
Total	**87 762**	**65 228**
**ESKOM SHAREHOLDING IS COMPRISED OF ONE SHARE @ R1.00*		

3.4 LOANS

Loans	Actual	Actual	Actual	Actual
R' million	**2008/09**	**2009/10**	**2010/11**	**2011/12**
Loans	10 549	45 082	65 404	65 452
Movement in Loans		327%	45%	0%

In 2008, government approved a 30-year subordinated loan of R60 billion in support of Eskom's capital expansion programme. During 2010/11, the outstanding R20 billion was drawn against this loan facility. Eskom will be required to repay the loan with interest when its credit matrix improves to an investment grade rating. In 2011/12 there were negligible movements year-on-year as a result of new issues, repayments due and write-offs.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2012

4. LIABILITIES

4.1 PAYABLES

Payables	Actual	Actual	Actual	Actual	Actual
R' million	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**2011/12**
Payables	4 758	6 318	8 459	5 324	6 211
Movement in Payables	53%	33%	34%	-37%	17%

Payables have remained at a relatively low value of R6.2 billion compared to 2009/10 and 2008/09 financial years, representing a R0.9 billion increase from 2010/11. The NRF accounts for the majority of the payables, at approximately R5.7 billion, prior to inter-departmental eliminations. These constitutes of R1.3 billion for voted funds to be transferred, R1.4 billion for unauthorised expenditure not funded by the revenue fund and other payables of R3 billion.

4.2 MULTILATERAL INSTITUTIONS

Multilateral Institutions	Actual	Actual	Actual	Actual	Actual
R' million	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**2011/12**
Multilateral Institutions	50 463	57 638	76 250	58 078	82 527
Movement in Multilateral Institutions	14%	14%	32%	-24%	42%

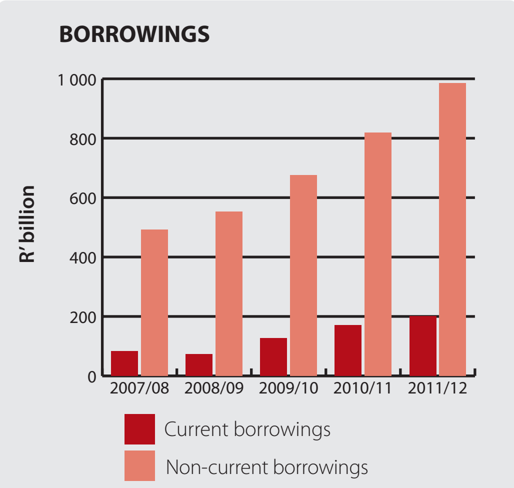
The balance represents the callable portion of South Africa's subscription in the various multilateral institutions. The balance is comprised of The African Development Bank R 27.3 billion (2010/11 R7.5 billion) was IMF-Securities Account R22.2 billion (2010/11 R20.1 billion), IMF- SDR Allocations R21.2 billion (2010/11 R19.2 billion) plus the International Bank for Reconstruction and Development R11.7 billion (2011/12 R19.2 billion).

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2012

4.3 CURRENT AND NON-CURRENT BORROWINGS

Borrowings	Actual	Actual	Actual	Actual	Actual
R' million	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**2011/12**
Current borrowings	83 160	73 258	127 892	170 484	201 910
Non-current borrowings	492 445	552 390	675 813	819 590	985 458
Total	**575 605**	**625 649**	**803 705**	**990 074**	**1 187 369**
Movement in Borrowings	4%	9%	28%	23%	20%



Government's 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 rise in debt stock since 2007/08 is the result of higher budget deficits because of the global economic downturn. Growth in total debt has diminished slightly at 20 per cent for the current year compared to 23 per cent in the prior year. The total gross debt figure now stands at R1 187 billion. Government's debt levels are affected by the gross borrowing requirement, discount on loans, increases/decreases due to revaluation of foreign loans and the revaluation of inflation-linked bonds and repayment on domestic and foreign loans. Total government debt is shown in the following table:

Total National Government Debt					
R' million	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**2011/12**
Domestic debt [1]	479 386	528 381	704 266	892 223	1 070 517
Foreign debt	96 218	97 268	99 454	97 851	116 851
Gross loan debt	**575 604**	**625 649**	**803 720**	**990 074**	**1 187 369**
Less: National Revenue Fund bank balances	(93 809)	(101 349)	(131 656)	(170 361)	(198 291)
Net loan debt	**481 795**	**524 300**	**672 063**	**819 713**	**989 077**
As percentage of GDP :					
Net loan debt	*23*	*23*	*27*	*30*	*33*
Foreign debt	*5*	*4*	*4*	*4*	*4*

1. Excludes unamortized interest on zero coupon bonds.

Net loan debt consists of total domestic and foreign debt less the cash balances of the NRF. Over the period 2007/08 to 2011/12, net loan debt as a percentage of GDP increased from 23 per cent to 33 per cent.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2012

5. NET SURPLUS/(DEFICIT) RECONCILIATION

The table below reflects the reconciliation of the deficit per consolidation to the budget review.

RECONCILIATION TO NET SURPLUS/(DEFICIT) AS REFLECTED IN THE Budget Review R' millions	Revised Estimate 2011/12	Actual Outcome 2010/11	As Published In 2010/11
Surplus/(Deficit) per Income Statement (NRF)	(164 917)	(145 305)	(153 031)
Foreign Exchange Revaluation	5 208	996	8 331
(Increase)/Decrease in revenue	(17 740)	(10 039)	(13 357)
Movement in Annual Appropriation: Net Financing	9 516	12 189	7 455
Other receipts:			
Exchange rate profit : ECA Loans	(7)	(39)	(39)
Recovery of criminal assets	(17)	(50)	(50)
Local Government Surrenders	(13)	(1)	(1)
Extra-ordinary receipts:			
Premium on issuance bonds for financing	(6 204)	(1 559)	(1 559)
Premium on debt portfolio restructuring	-	(131)	(131)
Penalties on Retail Bonds	(2)	(1)	(1)
Surplus cash from ICASA	(12)	-	-
Special dividends-Telkom	-	(362)	(362)
Liquidation of SASRIA investments	(228)	(150)	(150)
Saambou Bank Liability	(30)	(20)	(20)
Equalisation Fund account transfer	-	(700)	(700)
Escrow Investment Account	(34)	(1)	(1)
Profit on Conversion of Foreign currency transactions	-	(134)	(134)
GEFRECA Account	(794)	-	-
Profit on Foreign currency investment	(607)	-	-
Proceeds on old coins	(1)	-	-
SASSA Indemnity	(22)	-	-
Other payments:			
Leave credits	-	-	534
Premium Paid	5 556	227	227
Exchange Rate Loss: Escrow Account	-	1	1
Other expenditure	-	21	21
Extra-ordinary payments:			
Losses on GEFRECA	940	173	173
Loss on conversion of Foreign currency transactions	448	440	440
Appropriation for unauthorised expenditure approved	12 313	8 993	8 993

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2012

RECONCILIATION TO NET SURPLUS/(DEFICIT) AS REFLECTED IN THE Budget Review R' millions	Revised Estimate 2011/12	Actual Outcome 2010/11	As Published In 2010/11
Surplus/(Deficit) per Budget Review	(156 648)	(135 453)	(143 361)
(Deficit) per budget review	(156 648)	(135 453)	(143 361)
Items as specified above	(8 262)	(9 854)	(9 670)
Surplus per the NRF Statement of Financial Performance	(164 910)	(145 307)	(153 031)
Aggregated surplus/(deficit) of the National Departments	12 786	11 797	11 780
Add back unauthorised, fruitless & wasteful expenditure	-	-	-
Surplus/(Deficit) per CAFS	(152 124)	(133 509)	(141 251)
Analysis of the aggregated surplus of the National Departments			
Statutory and Voted Funds to be surrendered to NRF	(153 129)	(134 445)	(142 070)
Departmental revenue to be surrendered to the revenue fund	62	79	95
Aid assistance	943	857	724
	(152 124)	(133 509)	(141 251)

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2012

6. ACTUAL EXPENDITURE VS. ADJUSTED APPROPRIATION 2011/12

Name of Department	Actual Expenditure Excluding Unauthorised Expenditure funded by NRF/PRF R'000	Adjusted Appropriation R'000	Variance R'000	% Variance
Central Government Administration	66 389 117	69 481 758	3 092 641	4.5%
Presidency	904 207	930 910	26 703	2.9%
Parliament	1 272 890	1 272 890	-	0.0%
Cooperative Governance and Traditional Affairs	46 221 564	48 204 662	1 983 098	4.1%
Home Affairs	5 648 491	5 850 814	202 323	3.5%
International Relations and Cooperation	5 021 826	5 153 389	131 563	2.6%
Performance Monitoring and Evaluation	92 841	96 202	3 361	3.5%
Public Works	7 061 437	7 829 744	768 307	9.8%
Women Children and People with Disabilities	165 861	143 147	(22 714)	-15.9%
Financial and Administrative Services	26 449 234	29 055 036	2 605 802	9.0%
Government Communications and Information Systems	421 221	441 943	20 722	4.7%
National Treasury	21 362 048	23 839 471	2 477 423	10.4%
Public Enterprise	346 115	353 342	7 227	2.0%
Public Service and Administration	645 469	690 153	44 684	6.5%
Statistics SA	3 674 381	3 730 127	55 746	1.5%
Social Services	175 258 211	178 007 034	2 748 823	1.5%
Arts and Culture	2 405 832	2 536 933	131 101	5.2%
Basic Education	12 900 914	14 080 466	1 179 552	8.4%
Health	25 712 842	25 967 971	255 129	1.0%
Higher Education and Training	28 281 697	28 299 514	17 817	0.1%
Labour	2 007 122	2 017 383	10 261	0.5%
Social Development	103 139 182	104 283 887	1 144 705	1.1%
Sport and Recreation SA	810 622	820 880	10 258	1.2%

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2012

Name of Department	Actual Expenditure Excluding Unauthorised Expenditure funded by NRF/PRF R'000	Adjusted Appropriation R'000	Variance R'000	% Variance
Justice, Crime Prevention and Security	120 269 265	121 321 782	1 052 517	0.9%
Correctional Services	16 276 801	16 686 925	410 124	2.5%
Defence	34 331 437	34 349 087	17 650	0.1%
Independent Police Investigative Directorate	153 532	153 534	2	0.0%
Justice and Constitutional Development	11 574 374	11 581 699	7 325	0.1%
Justice	8 958 959	8 960 034	1 075	0.0%
NPA	2 615 415	2 621 665	6 250	0.2%
Police	57 933 121	58 550 537	617 416	1.1%
Economic Services and Infrastructure	111 022 855	113 063 641	2 040 786	1.8%
Agriculture, Forestry and Fisheries	4 928 273	4 964 449	36 176	0.7%
Communications	1 791 954	2 002 865	210 911	10.5%
Economic Development	577 602	598 359	20 757	3.5%
Energy	6 174 262	6 200 909	26 647	0.4%
Enviromental Affairs	4 108 549	4 201 616	93 067	2.2%
Human Settlements	22 598 920	22 825 541	226 621	1.0%
Minerals Resources	1 029 435	1 038 965	9 530	0.9%
Rural Development and Land Reform	7 997 725	8 136 697	138 972	1.7%
Science and Technology	4 403 472	4 407 003	3 531	0.1%
Tourism	1 250 246	1 264 985	14 739	1.2%
Trade and Industry	6 800 980	6 876 513	75 533	1.1%
Transport	41 196 531	41 517 420	320 889	0.8%
Water Affairs	8 164 906	9 028 319	863 413	9.6%
	499 388 682	510 929 251	11 540 569	2.3%

Consolidated
Financial
Statements

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

For the year ended 31 March 2012

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

PUBLISHED BY AUTHORITY

REPORT OF THE AUDITOR GENERAL

For the year ended 31 March 2012

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Introduction

1. I have audited the consolidated financial statements of the National Departments of the National Treasury set out on pages 48 to 108, which comprise the consolidated statement of financial position as at 31 March 2012, the consolidated statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the consolidated financial statements

2. The accounting officer is responsible for the preparation of these consolidated financial statements in accordance with the Departmental financial reporting framework prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and Division of Revenue Act of South Africa, 2011(Act No. 6 of 2011) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2001) (PAA), the General Notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

REPORT OF THE AUDITOR GENERAL

For the year ended 31 March 2012

BASIS FOR QUALIFIED OPINION

Elimination of interdepartmental transactions and balances

6. I was unable to obtain sufficient and appropriate audit evidence to satisfy myself that the inter-departmental transactions and balances had been eliminated. Consequently I was unable to determine any misstatements in the affected classes of transactions and balances which include receivables, payables, revenue and expenditure.

Irregular expenditure

7. Irregular expenditure of R 281 846 092 (2011: R 1 175 296 088) was incurred by some national departments in contravention of section 38(1)(a)(iii) of PFMA which requires that departments must implement and maintain an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective. I was unable to obtain sufficient appropriate audit evidence concerning recording of all irregular expenditure. I was unable to determine any misstatements in the affected disclosure note and no alternative procedure could be performed.

Immovable tangible capital assets

8. National departments entrusted with responsibility of land management do not have complete registers of all state land situated in former Transkei, Bophuthatswana, Vhu-Venda and Ciskei states and former South African Development Trust. I was unable to confirm whether all land has been accounted for.

Qualified Opinion

9. In my opinion, except for the effects of the matters described in the Basis for qualified opinion paragraphs, the consolidated financial statements present fairly, in all material respects, the financial position of the National Departments of the National Treasury as at 31 March 2012 and its financial performance and cash flows for the year then ended, in accordance with Departmental financial reporting framework prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and DoRA.

Emphasis of matters

10. I draw attention to the matters below.

Restatement of corresponding figures

11. As disclosed in note 30 to the financial statements, the corresponding figures for 31 March 2011 have been restated as a result of adjustments made during the 2011-12 financial year in the financial statements of national departments at and for the year ended 31 March 2011.

Unauthorised, irregular and fruitless and wasteful expenditure

12. As disclosed in note 38 the national departments incurred irregular expenditure of R1,8 billion as reported in the individual departments' audit reports.

    As disclosed in note 39 the national departments incurred fruitless and wasteful expenditure of R98,8 million as reported in the individual departments' audit reports.

    As disclosed in note 13 the national departments incurred unauthorised expenditure of R510, 8 million due to funds expended for purposes which were not in accordance with the vote.

Additional matter

13. I draw attention to the matter below.

Financial reporting framework

14. The financial reporting framework prescribed and applied by the National Treasury is a compliance framework. The wording of my opinion on a compliance framework should reflect that the financial statements have been prepared in accordance with this framework. Section 20(2)(a) of the PAA, however, requires me to express an opinion on the fair presentation of the financial statements. The wording of my opinion therefore reflects this requirement.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Compliance with laws and regulations

15. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the General Notice issued in terms of the PAA are as follows:

Public Finance Management Act, 1999 (Act No. 1 of 1999)

16. Section 8(1)(a) of the PFMA requires that the National Treasury prepare consolidated financial statements in respect of the national departments, public entities under the ownership control of the national executive, constitutional institutions, the South African Reserve Bank, the Auditor-General and Parliament. The National Treasury did not prepare such consolidation as envisaged in the PFMA. Two separate consolidations were prepared due to a significantly different basis of accounting being applied.

REPORT OF THE AUDITOR GENERAL

For the year ended 31 March 2012

Internal control

17. I considered internal control relevant to my audit of the financial statements and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the basis for qualified opinion and the findings on compliance with laws and regulations included in this report.

Financial and Performance Management

18. Insufficient group wide controls were implemented to ensure that the consolidation process addresses the requirements for consolidations and insufficient group wide instructions issued to the departments regarding the required consolidation packs for the National Consolidation.The financial statements to be included in the annual report were not adequately reviewed prior to submission for audit purposes.

    Management exercised limited oversight regarding the review and monitoring of compliance with applicable laws and regulations. Non-compliance with Departmental financial reporting framework is not addressed in a timely manner.

Auditor- General

Pretoria

30 October 2012

AUDITOR-GENERAL
SOUTH AFRICA

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CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000
OPERATING INCOME		**752 581 302**	**680 005 205**
Revenue from Taxes, Levies & Duties	2	726 556 248	660 543 143
Departmental revenue	3	13 626 027	8 482 894
Other Revenue	4	12 399 027	10 979 168
Receipts by National Departments from NRF	5	-	-
DIRECT EXCHEQUER RECEIPTS		**7 726 504**	**2 947 370**
Direct Exchequer Receipts	**6**	**7 726 504**	**2 947 370**
Aid assistance	7	1 826 951	1 609 657
TOTAL REVENUE		**762 134 757**	**684 562 232**
REVENUE FUND EXPENDITURE		**396 430 090**	**350 143 666**
Appropriated Funds	8	377 172 653	340 288 688
Expenditure in terms of Schedule 5 of PFMA, Act 1 of 1999		12 312 653	8 992 803
Direct Exchequer payments		6 944 784	840 720
Other		-	21 455
DEPARTMENTAL EXPENDITURE			
Current expenditure			
Compensation of employees	9	95 188 291	87 036 498
Goods & Services	10	49 763 890	44 292 478
Interest & Rent on Land	11	94 179	255 321
Aid assistance	7	463 898	492 814
Unauthorised expenditure approved without funding	13	483 821	330
Total current expenditure		**145 994 079**	**132 077 441**

CONSOLIDATED STATEMENT OF FINANCIAL PERFOMANCE

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000
Transfers and subsidies			
Transfers and subsidies	14	353 084 861	302 152 197
Aid assistance	7	400 468	206 715
Total transfers and subsidies		**353 485 329**	**302 358 912**
Expenditure for capital assets			
Tangible capital assets	12	11 507 181	11 040 227
Software and other intangible assets	12	474 699	248 615
Total expenditure for capital assets		**11 981 880**	**11 288 842**
Payments for financial assets	15	1 166 504	21 205 261
TOTAL EXPENDITURE		**909 057 882**	**817 074 122**
SURPLUS/(DEFICIT)		**(146 923 125)**	**(132 511 890)**
Add back Revaluation gains/(losses)		(5 200 823)	(997 533)
SURPLUS/(DEFICIT) FOR THE YEAR		**(152 123 948)**	**(133 509 423)**
Reconciliation of Net Surplus/(Deficit) for the year			
Voted Funds to be surrendered to the revenue fund		(153 128 969)	(134 445 243)
Departmental revenue to be surrendered to the revenue fund		62 035	78 543
Aid assistance		942 986	857 277
SURPLUS/(DEFICIT) FOR THE YEAR		**(152 123 948)**	**(133 509 423)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000
ASSETS			
Current Assets		**219 549 341**	**187 145 434**
Unauthorised expenditure	13	86 523	59 497
Fruitless and wasteful expenditure	16	1 215	1 530
Cash and cash equivalents	17	207 264 868	177 727 383
Prepayments and advances	18	6 949 147	3 762 488
Receivables	19	5 223 631	5 549 261
Loans	20	22 422	24 254
Aid assistance receivable	7	1 535	21 021
Non-current assets		**198 527 935**	**171 849 581**
Investments	21	133 096 626	106 468 437
Loans	20	65 429 083	65 379 286
Other financial assets		2 226	1 858
TOTAL ASSETS		**418 077 276**	**358 995 015**
LIABILITIES			
Current liabilities		**216 815 614**	**183 465 786**
Voted funds to be surrendered to the Revenue Fund	22	333 776	390 144
Departmental revenue to be surrendered to the Revenue Fund	23	151 346	(122 192)
Direct Exchequer Receipts to be surrendered to the Revenue Fund	24	3 243	4 176
Bank overdraft	25	7 863 149	6 908 087
Payables	26	5 457 422	5 044 893
Borrowings	27	201 910 193	170 484 471
Aid assistance repayable	7	869 232	385 451
Aid assistance unutilised	7	227 253	370 756

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000
Non-current liabilities		**1 068 738 404**	**877 946 609**
Payables	26	753 437	279 141
Borrowings	27	985 458 414	819 589 716
Multilateral Institutions	28	82 526 553	58 077 752
TOTAL LIABILITIES		**1 285 554 018**	**1 061 412 395**
NET ASSETS		**(867 476 742)**	**(702 417 380)**
Represented by:			
Capitalisation reserve		47 474 254	47 771 088
Recoverable revenue		66 046 849	65 594 983
Retained funds		(980 997 843)	(815 784 126)
Revaluation reserves		(2)	675
TOTAL RESERVES		**(867 476 742)**	**(702 417 380)**

CONSOLIDATED STATEMENT OF CHANGE IN NET ASSETS

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000
Capitalisation Reserves			
Opening balance		47 862 757	47 730 094
Transfers:		(352 642)	132 663
Movement in Equity		-	1 840 645
Other movements		(352 642)	(1 707 982)
Closing balance		**47 510 115**	**47 862 757**
Recoverable revenue			
Opening balance		65 503 314	45 118 947
Transfers		506 323	20 384 367
Irrecoverable amounts written off		(59 922)	(32 400)
Debts revised		(36 934)	(38 069)
Debts recovered (included in departmental receipts)		(256 254)	(175 055)
Debts raised		859 433	20 629 891
Closing balance		**66 009 637**	**65 503 314**
Retained funds			
Opening balance		(815 784 126)	(645 043 805)
Other		(165 213 717)	(170 740 321)
Closing balance		**(980 997 843)**	**(815 784 126)**
Revaluation Reserves			
Opening balance		675	-
Other		674	675
Closing balance			
		1 349	**675**
TOTAL		**(867 476 742)**	**(702 417 380)**

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS DISCLOSED BY THE NATIONAL REVENUE FUND		**755 777 618**	**676 809 134**
Revenue collected by SARS		726 754 938	661 030 119
Departmental Revenue collected		13 781 005	8 020 060
Direct Exchequer receipts		7 954 491	3 097 370
CARA Receipts		17 333	50 279
Surrenders from departments		6 919 669	4 432 328
Other revenue received by the revenue fund		350 182	178 978
RECEIPTS DISCLOSED BY NATIONAL DEPARTMENTS		**13 479 763**	**9 317 094**
Annual appropriated funds received		(29 413)	106 190
Appropriation for unauthorised ependiture received		-	(5 898)
Departmental revenue received		11 688 038	7 235 646
Direct Exchequer receipts		11 520	421 788
Aid assistance received		1 809 618	1 559 368
PAYMENTS DISCLOSED BY THE NATIONAL REVENUE FUND		**396 512 016**	**350 455 706**
Statutory Appropriation		389 567 232	349 346 681
Direct Exchequer Payments		6 944 784	840 720
Other		-	268 305
Net increase in working capital		(2 343 988)	(1 718 755)
Surrendered to Revenue Fund		(20 558 767)	(12 981 632)
Surrendered to RDP Fund/Donor		(583 222)	(301 258)
Current payments		(145 944 339)	(131 456 151)
Payments for financial assets		(1 166 504)	(21 205 261)
Transfers and subsidies paid		(353 485 329)	(302 383 076)
Net cash flow available from operating activities	29	**(151 336 784)**	**(134 375 611)**

CONSOLIDATED STATEMENTS

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets		(11 981 880)	(11 183 803)
Proceeds from sale of capital assets		115 052	35 626
Increase in loans		(589 207)	(20 377 805)
Decrease in investments		20 667	8 345
(Increase)/decrease in other financial assets		(368)	1 322
Net cash flows from investing activities		**(12 435 736)**	**(31 516 315)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Distribution/dividend received		1 594 932	1 197 127
Increase in net assets		392 172	20 376 332
Increase/(decrease) in non-current payables		474 296	(6 436)
Increase in borrowings		189 893 543	185 926 569
Net cash flows from financing activities		**192 354 943**	**207 493 592**
Net increase in cash and cash equivalents		28 582 423	41 601 666
Cash and cash equivalents at beginning of period		170 819 296	129 217 630
Cash and cash equivalent at end of period		**199 401 719**	**170 819 296**

ACCOUNTING POLICIES

For the year ended 31 March 2012

1 PRESENTATION OF THE FINANCIAL STATEMENTS

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 2 of 2006.

All departments are controlled by Government. These consolidated financial statements include the financial results of the departments and Parliament.

Government Departments apply uniform accounting policies as prescribed by the National Treasury except to the extent that a department has requested a deviation from the Treasury.

Departmental revenue is allocated by SARS and directly deposited into the National Revenue Fund which forms part of the overall consolidation revenue, and is accounted for on a modified cash basis.

1.1 BASIS OF PREPARATION

The Consolidated Financial statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid or when the final authorisation for payment is effected on the system (by no later than 31 March of each year). The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, (1 of 1999) (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act.

Inter-entity transactions and balances between the departments and the National Revenue Fund (NRF) are eliminated. PAYE is not eliminated as it is not considered as an interdepartmental transaction. VAT is not eliminated as government does not pay VAT directly to the NRF and government is not a VAT vendor. National Revenue Fund only recognised material provisions that will result in the potential cash outflow to government.

1.2 PRESENTATION CURRENCY

All amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.

1.3 ROUNDING

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

ACCOUNTING POLICIES

For the year ended 31 March 2012

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 consist of unexpended appropriated funds which are surrendered to the National Revenue Fund less exceeding of approved statutory appropriation . Amounts owing to the National Revenue Fund at the end of the financial year are recognised as receivables in the Statement of Financial Position and exceeding of approved statutory appropriation are recognised as a payable in the Statement of Financial Position.

1.5.1 Revenue from Taxes, Levies and Duties

Taxpayer-assessed revenues are recognised when funds are received by South African Revenue Services (SARS). Cash in transit or overremitted as at 31 March by the SARS is included in the Statement of Financial Position as other receivables/payables.

All transfers, duties, fees and other moneys collected by the South African Revenue Services (SARS) for a province are deposited into the national revenue fund and then transferred to the respective provincial revenue fund is recognised when instructed by SARS.

1.5.2 Departmental revenue

All departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the National Revenue Fund, unless otherwise stated. Any amount owing to the National Revenue Fund at the end of the financial year is recognised as a payable in the statement of financial position. No accrual is made for amounts recievable from the last receipt date to the end of the reporting period. These amounts are however disclosed in the disclosure note to the annual financial statements. Departmental revenue includes the following:

1.5.2.1 Sales of goods and services other than capital assets

This comprises the proceeds from the sale of goods and/or services produced by the departments. Revenue is recognised in the Statement of Financial Performance on receipt of the funds by departments.

1.5.2.2 Fines, penalties & forfeits

Fines penalties and forfeits are compulsory receipts imposed by court or quasi-judicial body. Revenue is recognised in the Statement of Financial Performance on receipt of the funds from the departments.

ACCOUNTING POLICIES

For the year ended 31 March 2012

1.5.2.3 Interest, dividends and rent on land

Interest, dividends and rent on land is recognised in the statement of financial performance when the cash is received from the departments.

1.5.2.4 Sale of capital assets

The proceeds received on sale of capital assets are recognised in the statement of financial performance when the cash is received from departments.

1.5.2.5 Financial transactions in assets and liabilities

Repayments of loans and advances previously extended to employees and public corporations for policy purposes are recognised as revenue in the statement of financial performance on receipt of the funds from departments.

Cheques issued in previous accounting periods that expire before being banked are recognised as revenue in the statement of financial performance when the cheque becomes stale. When the cheque is reissued the payment is made from Revenue.

Forex gains and losses are recognised on settlement of loans.

1.5.2.6 Transfers received

Transfers received include transfers from Universities and Technikons, Foreign governments, International organisations, Public corporations and private enterprises, Households and non-profit institutions and Other governmental units. Revenue is recognised in the Statement of Financial Performance on receipt of the funds from the departments.

1.5.3 Gifts, donations and sponsorships (transfers received)

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

1.5.4 CARA Receipts

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

1.5.5 Aid assistance

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

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

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

ACCOUNTING POLICIES

For the year ended 31 March 2012

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 incured where the funds have not been requested against the appropriation are reflected as expenditure.

1.6.2 Compensation of employees

1.6.2.1 Salaries and wages

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

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

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

1.6.2.2 Social contributions

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

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

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

ACCOUNTING POLICIES

For the year ended 31 March 2012

1.6.3 Goods and services

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

1.6.4 Interest and rent on land

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

1.6.5 Payments for financial assets

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

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

1.6.6 CARA Payments

Funds are transferred to departments, when approved by Cabinet, in accordance with section 65 of the Prevention of Organized Crime Act, 1998 (Act 121 of 1998). Amounts transferred by the revenue fund are recognised in the Statement of Financial Performance when approved by Cabinet.

1.6.7 Transfers and subsidies

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

1.6.8 Expenditure for capital assets

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

1.6.9 Revaluation gains/(losses)

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

ACCOUNTING POLICIES

For the year ended 31 March 2012

1.6.10 Unauthorised expenditure

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

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

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

1.6.11 Fruitless and wasteful expenditure

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

1.6.12 Irregular expenditure

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

1.6.13 Direct Exchequer Payments

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

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

Expenditure is recognised when payment becomes payable.

1.7 ASSETS

1.7.1 Cash and cash equivalents

Domestic cash and cash equivalents are carried in the statement of financial position at cost.

Bank overdrafts are shown separately on the face of the statement of financial position. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

ACCOUNTING POLICIES

For the year ended 31 March 2012

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

1.7.2 Other financial assets

Other financial assets are carried in the statement of financial position at cost.

1.7.3 Prepayments and advances

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made and are derecognised as and when the goods/services are received or the funds are utilised.

Prepayments and advances outstanding at the end of the year are carried in the statement of financial position at cost.

1.7.4 Receivables

Receivables included in the statement of financial position arise from cash payments made that are recoverable from another party (including departmental employees) and are derecognised upon recoveryor write-off.

Receivables outstanding at year-end are carried in the statement of financial position at cost plus any accrued interest. Amounts that are potentials irrecoverable are included in the disclosure notes.

1.7.5 Other Receivables

The net of profits and losses arising from exchange forward cover provided by the South African Reserve Bank; including the periodic revaluation of the Reserve Bank's foreign exchange reserves, foreign loans and gold reserves are included in other receivables.

1.7.6 Loans

Loans are recognised in the statement of financial position when the cash is paid to the beneficiary. Loans that are outstanding at year-end are carried in the statement of financial position at cost plus accrued interest.

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

1.7.7 Settlement period of assets and liabilities

1.7.7.1 Current and Non-Current Assets

This represents domestic and foreign assets and should be classified as a current asset, when it:
Is expected to be realised in, or is held for sale or consumption in the normal course of the operating cycle; or
Is held primarily for trading purposes or for the short-term and expected to be realised within 12 months of the reporting date; or Is a Cash and cash equivalent asset.

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

ACCOUNTING POLICIES

For the year ended 31 March 2012

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 cost in the Statement of Financial Position.

Foreign investments represent South Africa's membership/shareholding in the African Development Bank, the International Bank for Reconstruction and Development, the International Finance Corporation and Multilateral Investment Guarantee Agency. These investments are initially recognised at cost (i.e. the issue price) and are subsequently revalued using the closing exchange rate at 31 March.

The International Monetary Fund (IMF) quota represents South Africa's membership subscription to the IMF. The investment is denominated in special drawing rights (SDR) and is recognised in the Statement of Financial Position in Rand, converted at the closing SDR exchange rate published by the IMF at the year end.

Any gains and or losses on the revaluation of investments and financial liabilities are recognised in the Statement of Financial Performance

Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any impairment loss is included in the disclosure notes.

1.7.9 Inventory

Inventories that qualify for recognition must be initially reflected at cost. Where inventories are acquired at no cost, or for nominal consideration, their cost shall be their fair value at the date of acquisition.

All inventory items at year-end are reflected using either the weighted average cost or FIFO cost formula.

1.7.10 Capital assets

Disclosure
Additions to Capital Assets are disclosed as expenditure in the statement of financial performance and in the disclosure notes on Capital Assets.

1.7.10.1 Movable 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.

ACCOUNTING POLICIES

For the year ended 31 March 2012

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

Subsequent recognition

Subsequent expenditure of a capital nature is recorded in the statement of financial performance as "expenditure for capital asset" and is capitalised in the asset register of the department on completion of the project.

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

1.7.10.2 Immovable 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 R1 unless the fair value for the asset has been reliably estimated.

Subsequent recognition

Work-in-progress of a capital nature is recorded in the statement of financial performance as "expenditure for capital asset". On completion, the total cost of the project is included in the asset register of the department that is accountable for the asset.

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

1.7.10.3 Intangible assets

Initial recognition

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

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.

ACCOUNTING POLICIES

For the year ended 31 March 2012

1.8.2 Lease commitments

Finance lease

Finance leases are not recognised as assets and liabilities in the statement of financial position. Finance lease payments are recognised as an expense in the statement of financial performance and are apportioned between the capital and interest portions. The finance lease liability is disclosed in the disclosure notes to the financial statements.

Operating lease

Operating lease payments are recognised as an expense in the statement of financial performance. The operating lease commitments are disclosed in the discloser notes to the financial statement.

1.8.3 Accruals

Accruals are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

1.8.4 Contingent liabilities

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

1.8.5 Contingent assets

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

1.8.6 Commitments

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

1.8.7 Employee benefits

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

1.8.8 Provisions

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

ACCOUNTING POLICIES

For the year ended 31 March 2012

1.8.9 Multilateral Institutions

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

1.9 BORROWINGS

1.9.1Domestic Borrowings

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

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

The nominal (face 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 cost and subsequently revalued to rand using the closing exchange rates as at 31 March. Foreign loans are not hedged against foreign currency movements.

1.10 FOREIGN LOANS

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

1.11 NET ASSETS

1.11.1 Capitalisation reserve

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National Revenue Fund when the underlying asset is disposed and the related funds are received.

1.11.2 Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current fnancial year. Amounts are either transferred to the National Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.

1.12 RELATED PARTY TRANSACTIONS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

1.13 KEY MANAGEMENT PERSONNEL

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

1.14 PUBLIC PRIVATE PARTNERSHIPS

A public private partnership (PPP) is a commercial transaction between the department and a private party in terms of which the private party:
Performs an institutional function on behalf of the institution; and/or

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

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

1.15 RESTATEMENTS AND ADJUSTMENTS

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

1.16 EVENTS AFTER THE REPORTING DATE

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000
2 REVENUE FROM TAXES, LEVIES AND DUTIES			
TAXATION			
Income tax		426 583 400	379 912 152
Value-added tax / Sales tax		191 020 199	183 571 439
Fuel levy		53 230 281	48 918 315
Excise duties		27 239 495	24 563 842
Customs duties		34 197 901	26 637 438
Other taxes		7 814 606	9 105 371
Unemployment Insurance Fund (UIF)		12 183 955	11 098 707
Skills Development Levy		10 173 133	8 652 339
Electricity Levy		8 244 690	6 030 444
Air Passenger tax		762 416	648 929
Universal Service Fund		75 089	255 341
Ordinary levy		64 229	70 473
Incandescent light bulb Levy		330	29 080
Turnover Tax		5 703	2 802
Total Taxation		**771 595 427**	**699 496 672**
Non-taxation revenue			
Departmental receipts		5 611 539	3 554 722
Customs miscellaneous (expense)/revenue		(141 146)	269 304
Provincial administration receipts		3 290	19 392
Mining leases and ownership		80 047	860 155
Non-tax revenue		7 403	16 740
Total Non-taxation		**5 561 133**	**4 720 313**
Total Gross Revenue		**777 156 560**	**704 216 985**
Less			
South African Customs Union Agreement		21 759 965	17 905 679
Payment ito sec 12(3) of the PFMA		3 484	20 594
Payment to UIF		12 130 825	11 018 720
Payment to RAF		16 371 406	14 287 162
Amount payable by SARS to SETA's		78 020	228 111
Amount payable by SARS to RAF		256 612	213 576
Total		**50 600 312**	**43 673 842**
Total Net Revenue for the Year		**726 556 248**	**660 543 143**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000
3 DEPARTMENTAL REVENUE			
Allocated to extra-ordinary receipts		(1 065 320)	(1 232 333)
Sales of goods and services other than capital assets		2 740 865	2 106 506
Fines, penalties and forfeits received		955 807	1 027 050
Interest, dividends and rent on land received		4 673 750	3 818 978
Sales of capital assets		115 052	47 435
Financial transactions in assets and liabilities		4 549 000	1 203 555
Transfer received		1 656 873	1 511 703
Total revenue collected		**13 626 027**	**8 482 894**
4 OTHER REVENUE			
Surrenders		12 048 977	10 800 190
Other		350 050	178 978
Total		**12 399 027**	**10 979 168**
5 RECEIPTS BY NATIONAL DEPARTMENTS FROM NRF			
Annual Appropriation		-	-
Statutory appropriation		-	-
Total		**-**	**-**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000
6 DIRECT EXCHEQUER RECEIPTS			
6.1 DIRECT EXCHEQUER RECEIPTS			
Special restructuring proceeds-Telkom		-	362 333
ICASA		12 452	-
Exchange Rate Profit		6 809	38 802
SAMBOU		30 000	20 000
Equalisation Funds		-	700 000
Proceeds on old coins		598	-
Penalties on Retail Bonds		2 497	1 235
Premium Received		-	131 113
Premium on Bonds issued		6 203 876	1 558 582
SASSA Indemnity		21 617	-
Local Government Surrender		13 415	629
Profit on Conversion of Foreign Loan		-	133 906
Escrow Investment Account		-	770
GFECRA		794 283	-
Profit on Foreign Currency Investment		607 494	-
Total		**7 693 041**	**2 947 370**
6.2 NON-OPERATING RECEIPTS ITEMS			
Exchange rate profit : ECA Loans		2	-
Exchange rate profit : Escrow Investment Account		33 461	-
Total		**33 463**	**-**
Total Direct Exchequer Receipts		**7 726 504**	**2 947 370**
7 AID ASSISTANCE			
7.1 ASSISTANCE RECEIVED IN CASH FROM RDP			
Local			
Opening Balance		13 836	10 258
Revenue		42 000	5 541
Expenditure		**(42 000)**	**(869)**
Current		(3 600)	(869)
Transfers		(38 400)	-
Surrendered to the RDP		(3 578)	(1 094)
Closing Balance		**10 258**	**13 836**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000
Foreign			
Opening Balance		549 844	111 228
Revenue		1 719 513	1 351 325
Expenditure		**(769 693)**	**(669 351)**
Current		(448 918)	(465 131)
Capital		(2 107)	(2 572)
Transfers		(318 668)	(201 648)
Surrendered to the RDP		(569 383)	(243 358)
Closing Balance		**930 281**	**549 844**

7.2 ASSISTANCE RECEIVED IN CASH FROM OTHER SOURCES

	Notes	2011/12 R'000	2010/11 R'000
Local			
Opening Balance		151 962	38 165
Revenue		17 652	184 253
Expenditure		**(25 503)**	**(14 359)**
Current		(10 103)	(9 359)
Transfers		(15 400)	(5 000)
Surrendered to the donor		(8 392)	(56 097)
Closing Balance		**135 719**	**151 962**
Foreign			
Opening Balance		7 523	7 089
Revenue		30 453	18 259
Expenditure		**(29 193)**	**(17 116)**
Current		(1 193)	(17 116)
Transfers		(28 000)	-
Surrendered to the donor		(1 869)	(709)
Closing Balance		**6 914**	**7 523**

7.3 ASSISTANCE RECEIVED IN CASH FROM CARA FUND

	Notes	2011/12 R'000	2010/11 R'000
Opening Balance		12 021	12 427
Revenue		17 333	50 279
Expenditure		**(243)**	**(406)**
Current		(84)	(339)
Capital		(159)	-
Transfers		-	(67)
Closing Balance		**29 111**	**62 300**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000
Total			
Opening Balance		735 186	179 167
Revenue		1 826 951	1 609 657
Expenditure		**(866 632)**	**(702 101)**
Current		(463 898)	(492 814)
Capital		(2 266)	(2 572)
Transfers		(400 468)	(206 715)
Surrendered / Transferred to retained funds		(583 222)	(301 258)
Closing Balance		**1 112 283**	**785 465**
Analysis of Balance			
Aid assistance receivable		(1 535)	(21 021)
Aid assistance unutilised		227 253	370 756
Aid assistance repayable		869 232	385 451
CARA funds transferred to Retained Funds		17 333	50 279
Closing Balance		**1 112 283**	**785 465**

8 APPROPRIATED FUNDS

Statutory Appropriation		377 172 653	340 288 688
Total Annual Appropriation		**377 172 653**	**340 288 688**

9 COMPENSATION OF EMPLOYEES

Salaries and Wages			
Basic Salary		62 003 284	55 989 991
Performance Award		380 177	484 921
Service Based		232 350	272 093
Compensative/circumstantial		2 973 972	3 517 343
Periodic Payments		151 283	111 742
Other non-pensionable allowances		13 324 420	12 128 195
Total		**79 065 486**	**72 504 285**

	Notes	2011/12 R'000	2010/11 R'000
Social Contributions			
Employer contributions			
Pension		9 122 838	8 331 551
Medical		6 979 433	6 180 209
UIF		1 949	2 920
Bargaining Council		7 031	6 739
Official unions and associations		5 561	5 323
Insurance		5 993	5 471
Total		**16 122 805**	**14 532 213**
Total Compensation of employees		**95 188 291**	**87 036 498**
Average number of employees		396,865	389,764

10 GOODS AND SERVICES

	Notes	2011/12 R'000	2010/11 R'000
Administrative fees		326 946	255 322
Advertising		671 961	494 785
Assets less than R5,000	10.1	666 230	664 568
Bursaries (employees)		57 182	49 840
Catering		304 188	186 481
Communication		1 698 085	1 625 232
Computer services	10.2	5 217 871	5 140 751
Consultants, contractors and agency/outsourced services	10.3	12 541 190	11 077 740
Entertainment		33 093	31 577
Audit cost – external	10.4	441 553	417 302
Fleet services		202 923	79 310
Inventory	10.5	7 611 983	6 510 601
Operating leases		6 176 820	6 059 043
Property payments	10.6	4 367 989	3 858 600
Rental and hiring		19 759	1 891
Transport provided as part of the departmental activities		90 264	83 148
Travel and subsistence	10.7	5 509 951	4 960 780
Venues and facilities		617 922	402 639
Training and staff development		425 102	384 554
Other operating expenditure	10.8	2 782 878	2 008 314
Total		**49 763 890**	**44 292 478**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

		Notes	2011/12 R'000	2010/11 R'000
10.1	**ASSETS LESS THAN R5,000**			
	Tangible assets		**544 622**	**583 227**
	Buildings and other fixed structures		109	40
	Biological assets		4 300	7 045
	Machinery and equipment		533 464	568 420
	Transport assets		141	190
	Specialised military assets		6 608	7 532
	Intangible assets		**121 608**	**81 341**
	Total		**666 230**	**664 568**
10.2	**COMPUTER SERVICES**			
	SITA computer services		3 197 585	3 123 843
	External computer service providers		2 020 286	2 016 908
	Total		**5 217 871**	**5 140 751**
10.3	**CONSULTANTS, CONTRACTORS AND AGENCY/OUTSOURCED SERVICES**			
	Business and advisory services		2 869 658	2 613 531
	Infrastructure and planning		288 237	743 304
	Laboratory services		39 544	39 667
	Legal costs		551 415	386 217
	Contractors		5 791 332	4 797 718
	Agency and support/outsourced services		3 001 004	2 497 303
	Total		**12 541 190**	**11 077 740**
10.4	**AUDIT COST – EXTERNAL**			
	Regularity audits		413 910	384 466
	Performance audits		6 395	6 696
	Investigations		8 645	3 601
	Environmental audits		23	-
	Other audits		12 580	22 539
	Total		**441 553**	**417 302**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

		Notes	2011/12 R'000	2010/11 R'000
10.5	**INVENTORY**			
	Learning and teaching support material		4 433	7 039
	Food and food supplies		1 049 739	1 048 823
	Fuel, oil and gas		2 516 711	2 141 716
	Other consumable materials		847 663	784 094
	Maintenance material		837 391	740 271
	Stationery and printing		1 743 616	1 176 847
	Medical supplies		210 689	224 075
	Medicine		229 807	244 229
	Military stores		171 934	143 507
	Total		**7 611 983**	**6 510 601**
10.6	**PROPERTY PAYMENTS**			
	Municipal services		2 815 319	2 344 852
	Property management fees		272 434	263 531
	Property maintenance and repairs		159 714	263 869
	Other		1 120 522	986 348
	Total		**4 367 989**	**3 858 600**
10.7	**TRAVEL AND SUBSISTENCE**			
	Local		4 572 906	4 043 289
	Foreign		937 045	917 491
	Total		**5 509 951**	**4 960 780**
10.8	**OTHER OPERATING EXPENDITURE**			
	Learnerships		384 120	122 276
	Professional bodies, membership and subscription fees		102 090	82 640
	Resettlement costs		153 671	148 139
	Gifts		1 477	357
	Other		2 141 520	1 654 902
	Total		**2 782 878**	**2 008 314**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

		Notes	2011/12 R'000	2010/11 R'000
11	**INTEREST AND RENT ON LAND**			
	Interest expense		94 112	254 488
	Rent on land		67	833
	Total interest and rent on land		**94 179**	**255 321**
12	**EXPENDITURE ON CAPITAL ASSETS**			
12.1	**TANGIBLE ASSETS**		**11 507 181**	**11 040 227**
	Buildings and other fixed structures		6 386 944	5 591 853
	Heritage assets		2 707	38 087
	Machinery and equipment		4 982 115	4 628 179
	Specialised military assets		-	7 599
	Land and subsoil assets		132 032	772 438
	Biological assets		3 383	2 071
12.2	**SOFTWARE AND OTHER INTANGIBLE ASSETS**		**474 699**	**248 615**
	Computer software		474 493	247 225
	Patents, licences, copyright, brand names, trademarks		206	1 390
	Total		**11 981 880**	**11 288 842**
	Compensation for capital expenditure			
	Compensation of employees		14 287	17 836
	Goods and services		34 225	70 527
	Total		**48 512**	**88 363**
	Analysis of funds utilised to acquire capital assets			
	Tangible assets			
	Voted Funds		**11 501 514**	**11 037 730**
	Buildings and other fixed structures		6 386 944	5 591 853
	Heritage assets		2 680	38 087
	Machinery and equipment		4 976 475	4 625 682
	Land and subsoil assets		132 032	772 438
	Biological assets		3 383	2 071
	Aid assistance		**1 518**	**2 497**
	Machinery and equipment		1 518	2 497
	TOTAL		**11 503 032**	**11 040 227**

	Notes	2011/12 R'000	2010/11 R'000
Software and other intangible assets			
Voted Funds		**478 100**	**248 540**
Computer software		477 894	247 150
Patents, licences, copyright, brand names, trademarks		206	1 390
Aid assistance		**748**	**75**
Computer software		748	75
TOTAL		**478 848**	**248 615**

13 UNAUTHORISED EXPENDITURE

Reconciliation of unauthorised expenditure			
Opening balance		**59 497**	**(716 263)**
Unauthorised expenditure - discovered in the current year		510 847	776 090
Less: Amounts approved by Parliament/Legislature without funding and written off in the Statement of Financial Performance		**(483 821)**	**(330)**
Current		(483 821)	(330)
Unauthorised expenditure awaiting authorisation / written off		**86 523**	**59 497**
Analysis of unauthorised expenditure awaiting authorisation per economic classification			
Current		65 089	44 637
Capital		82	-
Transfers and subsidies		21 352	14 860
Total		**86 523**	**59 497**

14 TRANSFERS AND SUBSIDIES

Provinces and Municipalities		130 490 346	111 073 809
Departmental agencies and accounts		73 078 203	55 356 695
Universities and technikons		19 551 500	17 726 527
Foreign governments and international organisations		1 545 905	1 247 547
Public coporations and private enterprises		22 253 155	20 118 450
Non-profit institutions		1 102 001	1 046 306
Households		105 060 605	95 580 592
Gifts, donations and sponsorships made		3 146	2 271
Total		**353 084 861**	**302 152 197**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000
15 PAYMENTS FOR FINANCIAL ASSETS			
Material losses through criminal conduct		**1 925**	**9 196**
Theft		1 623	9 100
Other material losses		302	96
Purchase of equity		-	138 600
Extension of loans for policy purposes		750 000	20 746 700
Other material losses written off		298 724	229 407
Debts written off		72 664	52 452
Forex losses		43 191	28 906
Total		**1 166 504**	**21 205 261**
16 FRUITLESS AND WASTEFUL EXPENDITURE			
Reconcilation of fruitless and wasteful expenditure			
Opening Balance		1 530	18 292
Less: Amounts condoned		**(299)**	**(14 212)**
Current		(299)	(14 212)
Less: Amounts transferred to receivables for recovery		(16)	(2 550)
Fruitless and wasteful expenditure awaiting condonement		**1 215**	**1 530**
Analysis of awaiting condonement per economic classifications			
Current		1 215	1 530
Total		**1 215**	**1 530**
17 CASH AND CASH EQUIVALENTS			
Consolidated Paymaster General Account		7 714 619	6 426 514
Cash receipts		681	2 885
Disbursements		(38 340)	(92 478)
Cash on hand		69 523	63 490
Cash with commercial banks		64 520 342	45 221 310
Cash with SARB		67 157 404	67 157 404
Foreign Currency Investment		67 557 749	58 597 146
Escrow Investment Account		50 836	146 443
Other		232 054	204 669
Total Cash and cash equivalents		**207 264 868**	**177 727 383**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

		Notes	2011/12 R'000	2010/11 R'000
18	**PREPAYMENTS AND ADVANCES**			
	Staff advances		44 312	4 901
	Travel and subsistence		147 659	119 984
	Prepayments		88 407	252 447
	Advances paid to other entities		681 566	349 992
	SOCPEN advances		5 987 203	3 035 164
	Total		**6 949 147**	**3 762 488**
19	**RECEIVABLES**			
	Claims recoverable		1 837 234	1 910 738
	Trade receivables		766	719
	Recoverable expenditure		207 727	310 031
	Staff debt		548 190	436 674
	Other debtors		1 295 401	1 561 666
	Voted funds to be surrendered to the Revenue Fund		56	-
	Departmental Revenue to be surrendered to the Revenue Fund		(1)	-
	Unauthorised expenditure to be surrendered		31 590	162 706
	Other		1 302 668	1 166 727
	Total		**5 223 631**	**5 549 261**
20	**LOANS**			
	Public corporations		65 423 074	65 373 156
	Universities and technikons		28 431	30 384
	Total		**65 451 505**	**65 403 540**
	Less: Current		22 422	24 254
	Total Non-Current		**65 429 083**	**65 379 286**
	Analysis of Balance			
	Opening balance		65 403 540	45 025 735
	New Issues		109 657	20 422 689
	Repayments		(36 283)	(12 735)
	Write-offs		(25 409)	(32 149)
	Closing balance		**65 451 505**	**65 403 540**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

21 INVESTMENTS

	Notes	2011/12 R'000	2010/11 R'000
Non-current			
Foreign		85 497 231	58 848 375
Shares and other equity		47 599 395	47 620 062
Total non-current		**133 096 626**	**106 468 437**

Investments are revalued at closing exchange rate as at 31 March. Total revaluation amounted to R26,6 bn (2010/11: R8,5 bn).

		2011/12 R'000	2010/11 R'000
Major investments per National Department			
Department of Transport			
SA Rail Commuter Corporation		4 248 259	4 248 259
Airports Company Ltd		559 492	559 492
Air Traffic and Navigation Services Company Ltd		190 646	190 646
SA National Roads Agency Ltd		1 091 044	1 091 044
		6 089 441	**6 089 441**
National Treasury			
Development Bank of Southern Africa		200 000	200 000
Public Investment Corporation Limited		1	1
Land Bank		200 955	200 955
		400 956	**400 956**
Department of Defence			
Armscor		75 000	75 000
		75 000	**75 000**
Department of Agriculture, Forestry and Fisheries			
Ncera investment		1	1
OBP investment		1	1
Abattoir industry fund		16 855	17 475
National Forestry Recreation & Access Trust		5 078	4 809
Forestry Lease Rental Trust Fund		159 028	195 744
		180 963	**218 030**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000
Department of Communications			
Telkom SA Limited		2 070 380	2 070 380
Southern African Post Office Ltd		200 940	200 940
Sentech (Pty) Ltd		1	1
Vodacom Group Limited		12 173 839	12 173 839
		14 445 160	**14 445 160**
Department of Human Settlement			
NHFC		880 000	880 000
Servcon		604	604
		880 604	**880 604**
Department of Rural Development and Land Reform			
Inala Farms		16 112	16 112
Banbanani United Exports (Pty)Ltd		16 400	-
		32 512	**16 112**
Department of Economic Development			
IDC A Shares		1 000	1 000
IDC B Shares		1 391 969	1 391 969
		1 392 969	**1 392 969**
Department of Public Enterprises			
Alexkor Limited		50 000	50 000
Aventura Limited		60 000	60 000
Broadband Infraco (Pty) Limited		1 351 130	1 351 130
Denel (Pty) Ltd		5 476 376	5 476 376
SAFCOL		318 013	318 013
South African Airways (Pty) Ltd		3 598 080	3 598 080
Transet Limited		12 660 986	12 660 986
South African Express (Pty) Ltd		585 000	585 000
		24 099 585	**24 099 585**
Department of Minerals and Energy			
South African Nuclear Energy Corporation		2 205	2 205
		2 205	**2 205**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000
National Treasury-Asset and Liability Management Division			
International Finance Corporation		122 374	108 326
International Bank for Reconstruction and Development		12 461 350	11 030 860
Multilateral Investment Guarentee Agency		137 988	122 147
African Development Bank		29 310 461	8 206 855
International Monetary Fund quota subscription		22 210 124	20 122 729
International Monetary Fund SDR Holding		21 254 934	19 257 458
		85 497 231	**58 848 375**
Number of Shares			
Foreign:			
International Finance Corporation		15 948	15 948
International Bank for Reconstruction and Development		13 462	13 462
Multilateral Investment Guarentee Agency		1 662	1 662
African Development Bank		316 641	100 156
Issue Price per Share			
Foreign:			
Issued in American Dollars			
International Finance Corporation		7 673	6 792
International Bank for Reconstruction and Development		925 669	819 407
Multilateral Investment Guarentee Agency		83 025	73 494
African Development Bank		92 567	81 941
Exchange rates as at year end used to convert issue price			
American dollar (USD)		7.673	6.972
Special Drawings Rights (SDR)		11.887	10.769

22 VOTED FUNDS TO BE SURRENDERED TO THE REVENUE FUND

		2011/12 R'000	2010/11 R'000
Opening Balance		312 417	(1 255 835)
Transfer from Statement of Financial Performance		2 514 258	4 101 064
Add: Unauthorised expenditure for current year		49 722	776 090
Voted Funds not requested/ not received		(2 309 907)	(3 335 678)
Transferred to retained revenue to defray excess expenditure (Parliament/ Legislatures ONLY)		(173)	(2)
Paid during the year		(232 541)	104 505
Closing Balance		**333 776**	**390 144**

	Notes	2011/12 R'000	2010/11 R'000

23 DEPARTMENTAL REVENUE TO BE SURRENDERED TO THE REVENUE FUND

		2011/12 R'000	2010/11 R'000
Opening balance		(122 192)	51 059
Transfer from Statement of Financial Performance		42 342	93 165
Paid during the year		231 196	(266 416)
Closing balance		**151 346**	**(122 192)**

24 DIRECT EXCHEQUER RECEIPTS TO BE SURRENDERED TO THE REVENUE FUND

		2011/12 R'000	2010/11 R'000
Opening balance		4 176	-
Transfer from Statement of Financial Performance		11 520	371 509
Paid during the year		(12 453)	(367 333)
Closing balance		**3 243**	**4 176**

25 BANK OVERDRAFT

		2011/12 R'000	2010/11 R'000
Consolidated Paymaster General Account		7 862 710	6 908 087
Overdraft with commercial banks (Local)		439	-
Total		**7 863 149**	**6 908 087**

26 PAYABLES

26.1 PAYABLES-CURRENT

		2011/12 R'000	2010/11 R'000
Amounts owing to other entities		318 234	458 825
Advances received		460 129	437 192
Clearing accounts		466 653	461 213
Other payables		891 959	701 980
Other		3 700 103	3 365 339
Unauthorised Expenditure NOT funded by Revenue Fund		(379 657)	(379 657)
Unauthorised Expenditure funded by Revenue Fund		1	1
Total		**5 457 422**	**5 044 893**

26.2 PAYABLES-NON-CURRENT

		2011/12 R'000	2010/11 R'000
Amounts owing to other entities		159 850	961
Advances received		353	460
Other payables		593 234	277 720
Total		**753 437**	**279 141**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000

27 BORROWINGS

27.1 CURRENT

		2011/12 R'000	2010/11 R'000
Domestic		194 211 243	170 443 567
Foreign		7 698 950	40 904
Total Current Borrowings		**201 910 193**	**170 484 471**

Included in domestic current borrowings are inflation linked bonds with the revalued amount of R25.8 bn (2010/11: R0 bn). The norminal/face value of these bonds are R19.1 bn (2010/11: R0 bn) Foreign bonds are revalued at the closing exchange rate at 31 March. The norminal/face value of these bonds at the date of issue was R11.0 bn (2010/11: R0.04 bn).

Domestic short-term bonds, debentures and other loans

Bonds and debentures

		2011/12 R'000	2010/11 R'000
Debt as at 1 April		20 745 929	13 018 802
Created		(14 293 979)	1 139 088
Reduced		(13 725 076)	(14 611 209)
Transfer from long term		26 405 513	21 199 248
Revaluation premium on inflation-linked bonds		6 656 584	-
Treasury bills		155 206 359	136 197 356
Other Loans		13 215 913	13 500 281
		194 211 243	**170 443 566**

Foreign short-term bonds, debentures and other loans

Bonds and debentures

		2011/12 R'000	2010/11 R'000
Debt as at 1 April		41 387	67 754
Reduced		(20 279)	(90 690)
Transfer from long term		10 977 000	64 323
Revaluation of foreign loans		(3 299 157)	(482)
		7 698 951	**40 905**

27.2 NON-CURRENT

Long Term

		2011/12 R'000	2010/11 R'000
Domestic		876 305 967	721 779 549
Foreign		109 152 447	97 810 167
Total Long Term Borrowings		**985 458 414**	**819 589 716**

Included in domestic non-current borrowings are inflation linked bonds with the revalued amount of R195.2 bn (2010/11: R178.8 bn). The norminal/face value of these bonds are R187.8 bn (2010/11: R115.3 bn) Foreign bonds are revalued at the closing exchange rate at 31 March. The norminal/face value of these bonds at the date of issue was R99.2 bn (2010/11: R100.5 bn).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000
Domestic long-term bonds, debentures and other loans			
Bonds and debentures		**868 840 599**	**712 699 284**
Debt as at 1 April		712 699 284	567 547 693
Created		184 942 816	166 882 034
Reduced		(2 395 988)	(531 195)
Transfer from long term		(26 405 513)	(21 199 248)
Revaluation premium on inflation-linked bonds		7 426 322	9 041 082
Former Regional Authorities		39 047	39 184
		7 465 369	**9 080 266**
Redemption Analysis			
Financial year(s)		**876 266 921**	**721 740 366**
2012-2015		44 179 863	73 191 086
2015-2018		206 622 586	121 091 368
2018-2021		165 293 423	202 729 548
2021-2024		166 150 393	70 371 193
2024-2027		65 072 469	85 455 868
2027-2041		228 948 187	168 901 303
Foreign long term bonds, debentures and other loans			
Debt as at 1 April		100 536 998	97 291 182
Created		12 594 610	5 658 461
Reduced		(2 959 869)	(2 348 322)
Transfer from long term		(10 977 000)	(64 323)
Revaluation of foreign loans		9 957 708	(2 726 831)
		109 152 447	**97 810 167**
Redemption Analysis			
Financial year(s)		**109 152 447**	**97 810 167**
2012-2015		20 474 288	18 858 387
2015-2018		27 350 405	34 896 189
2018-2021		33 499 561	27 169 800
2021-2024		16 318 243	11 791 453
2024-2041		11 509 950	5 094 338

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000
Currency Analysis		**109 152 447**	**97 810 167**
British pound		1 226 177	1 146 619
Euro		28 006 413	28 237 172
Japanese yen		5 696 329	4 999 003
Swedish krone		6 400 112	6 441 785
United States dollar		67 823 416	56 985 588

28 MULTILATERAL INSTITUTIONS

Special Drawing Rights		-	794 162
International Monetary Fund- Securities Account		22 188 700	20 105 134
International Monetary Fund- SDR Allocations		21 222 527	19 227 950
International Bank for Reconstruction and Development		11 703 068	10 359 624
Multilateral Investment Guarentee Agency		111 793	98 960
African Development Bank		27 300 465	7 491 922
Total Multilateral Institutions		**82 526 553**	**58 077 752**

These liabilities in Multi-Lateral Institutions are revalued at closing exchange rate as at 31 March. Total revaluation amounted to R23,4 bn (2010/11: R7,4 bn)

28.1 SPECIAL DRAWING RIGHTS		-	794 162

This commitment represents the net balance on the Special Drawing Rights Income and Expenditure Account at the South African Reserve Bank in respect of special drawing rights transactions with the International Monetary Fund

28.2 INTERNATIONAL MONETARY FUND- SECURITIES ACCOUNT		22 188 700	20 105 134

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

28.3 INTERNATIONAL MONETARY FUND- SDR ALLOCATIONS		21 222 527	19 227 950

The special drawing rigths 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

		Notes	2011/12 R'000	2010/11 R'000
28.4	**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT**		11 703 068	10 359 624

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.

28.5	**MULTILATERAL INVESTMENT GUARENTEE AGENCY**		111 793	98 960

This commitment represent the callable portion of a country's subscription available to the Multilateral Investment Guarantee Agency (MIGA) to meet it's obligations on foreign investment guarantees to investors that are planning investments in developing countries.

28.6	**AFRICAN DEVELOPMENT BANK**		27 300 465	7 491 922

This commitment represents the callable portion of a country's subscription available to the African Development Bank to meet it's obligation on borrowing of funds or guarantees chargeable.

29 NET CASH FLOW AVAILABLE FROM OPERATING ACTIVITIES

	2011/12 R'000	2010/11 R'000
Net deficit as per Statement of Financial Performance	**(152 123 948)**	**(133 509 423)**
Add back non cash/cash movements not deemed operating activities	**787 164**	**(866 188)**
Increase in receivables – current	(4 848 690)	(6 341 836)
Increase in prepayments and advances	(3 186 659)	(799 026)
Decrease in other current assets	484 136	22 990
Decrease in payables – current	12 977 919	7 370 544
Proceeds from sale of capital assets	(114 740)	(35 270)
Proceeds from sale of investments	(1 430 747)	(1 356 161)
Expenditure on capital assets	11 981 880	11 183 803
Surrenders to Revenue Fund	(20 546 314)	(12 614 299)
Surrenders to RDP Fund/Donor	(583 222)	(301 258)
Voted funds not requested/not received	76 627	1 460 426
Approved Statutory Overdrawn	(12 394 406)	(9 057 988)
Other non-cash items	18 371 380	9 601 887
Net cash flow generated by operating activities	**(151 336 784)**	**(134 375 611)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000
Reconciliation of cash and cash equivalents for cash flow purposes			
Consolidated Paymaster General Account		(148 091)	(481 573)
Cash receipts		274 344	259 215
Distbursements		(38 340)	(92 478)
Cash on hand		69 523	63 490
Cash with commercial banks-Local		1 075 937	841 020
Cash with commercial banks-Foreign		198 442 009	170 485 952
Total Cash		**199 675 382**	**171 075 626**
Less: Bank overdraft		7 863 149	6 908 087
Cash and cash equivalents for cash flow purposes		**207 538 531**	**177 983 713**

30 RECONCILIATION OF PRIOR YEAR NET SURPLUS TO CURRENT COMPARATIVES

Net surplus as reported in prior year	(141 250 748)
Restatement of prior year journals	(91 803)
Restatement of Opening balances from departments	108 995
Funds to be surrendered to the revenue fund	7 724 123
Restated Net Surplus for the Year	**(133 509 423)**

Reconcilation 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	177 723 445
Restatement of Justice Cluster	260 268
CARA adjustments	(256 330)
Restated cash and cash equivalents	**177 727 383**

Reconciliation of statement of position reported in prior year and Restated amounts in current year

ASSETS

Current assets as reported in prior year:	218 034 521
Restatement of prior year journals	(2 776 640)
Restatement by Central, Social and Economic Services Clusters	56 496
Current assets from Justice	257 465
NRF Receivables Restated	(28 426 408)
Restated current assets for the 2009/2010 financial year	**187 145 434**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000
Non-Current Assets			
Non current assets as reported prior year		173 031 924	
Restatement by NRF		(1 122 720)	
Restatement by Social Cluster		(26)	
Restatement by Central Cluster		(59 597)	
Restated non current assets for the 2009/2010 financial year		**171 849 581**	
LIABILITIES			
Current liabilities as reported in prior year:		255 485 653	
Restatement of prior year journals		(2 520 310)	
Restated current liabilities by Economic Justice and Central Clusters		(4 221)	
Restatement by NRF		(69 495 336)	
Restated current liabilities for the 2008/2009 financial year		**183 465 786**	
Non-Current Liabilities			
Non-current liabilities as reported prior year		819 868 858	
Restatement by NRF		58 077 751	
Restated non current assets for the 2008/2009 financial year		**877 946 609**	
NET ASSETS/(LIABILITIES)			
Net Liabilities as reported in prior year (Capital Reserves)		47 862 757	
Restatement by Economic Services Cluster		(91 669)	
Restated net liabilities for the year		**47 771 088**	
Net Liabilities as reported in prior year (Recoverable Revenue)		65 503 314	
Restatement by Economic Services cluster		91 669	
Restated net liabilities for the year		**65 594 983**	
Net Liabilities as reported in prior year (Retained Earnings)		(797 654 812)	
Restatement by Central - Parliament		(18 129 314)	
Restated net liabilities for the year		**(815 784 126)**	
Net Liabilities as reported in prior year (Total)		(684 288 066)	
Restatement by Central - Parliament		2 229	
Adjustment and restatement of NRF		(18 131 543)	
Restated net liabilities for the year		**(702 417 380)**	

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000
31 CONTINGENT LIABILITIES AND CONTINGENT ASSETS			
31.1 CONTINGENT LIABILITIES			
Departments		**202 611 507**	**184 631 035**
Motor vehicle guarantees		1 809	2 643
Housing loan guarantees		65 568	124 319
Other guarantees		153 801 856	151 378 909
Claims against the department		42 968 715	31 309 966
Other departments (interdepartmental unconfirmed balances)		625 422	585 760
Environmental rehabilitation liability		4 067 026	129 372
Other		1 081 111	1 100 066
Other		**67 436 059**	**46 587 913**
Road Accident Fund		53 918 703	33 547 050
Export Credit Insurance Corporation of SA Ltd		10 024 513	9 613 610
Unemployment Insurance Fund		3 380 573	3 314 819
South African Reserve Bank		112 270	112 434
Total		**270 047 566**	**231 218 948**
Underwritten by Government			
Guaranteed liabilities			
Transnet		3 974 970	9 500 000
Development Bank of SA		25 691 696	25 784 278
Trans Caledon Tunnel Authority		19 885 905	20 928 951
Telkom SA		85 106	90 329
South African National Roads Agency Ltd		19 426 320	18 604 630
KOBWA		1 246 736	1 312 840
Industrial Development Corporation of SA		646 518	739 530
Denel		1 850 000	1 850 000
Lesotho Highlands Development Authority		170 941	226 246
Land Bank		1 092 728	1 844 225
SAA		1 300 000	1 915 567
NECSA		20 000	20 000
Tertiary Institutions		19 822	32 653

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000
SABC		888 889	1 000 000
Passenger Rail Agency of South Africa		264 343	468 390
ESKOM		77 234 201	67 056 783
SA Institute of Architecture		3 681	4 487
Total		**153 801 856**	**151 378 909**

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 theinstitutions on who's behalf the guarantees were furnished, are unable to meet their commitments.

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

Road Accident Fund		**53 918 703**	**33 547 050**

This represents the underfunding of the Fund's future commitment in respect of claims against the Fund accorfing to the actuarial valuation. Acturual valuations are conducted every year.

Export Credit Insurance Corporation of South Africa Ltd		**10 024 513**	**9 613 610**

The Export Credit Insurance Corporation of South Africa Ltd and its predecessor, the Credit Guarentee 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 acys as a guarantor for the liabilities of the company. The Government's commitment represents the net of the total underwriting exposure of the company and its total assets.

South African Reserve Bank (SARB)		**112 270**	**112 434**

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 foe old coinage in their books.

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

		Notes	2011/12 R'000	2010/11 R'000
31.2	**CONTINGENT ASSETS**			
	Gold and Foreign Exchange Contingency Reserve Account (GFECRA)		67 654 647	35 617 810
	Other		300 422	79 739
	Total		**67 955 069**	**35 697 549**
32	**POST RETIREMENT BENEFITS**			
	Post retirement medical assistance		**65 347 919**	**65 347 919**

32.1 POST RETIREMENT MEDICAL ASSISTANCE

This contingent liability is the estimated present balue of the State's future commitment in respect of government employees; post employment medical assistance (including former members of the National Defence Force, the Police Service and Correctional Services in respect of former service members and on the Finance vote in respect of other government emplyees.

The State's commitment in respect of post retirement medical scheme assistance is provided for in the annual budget on the votes of the Defence Force, Police Service and Correctional Services in respect of former service members and on the Finance vote in respect of other government employees.

	Notes	2011/12 R'000	2010/11 R'000

32.2 PENSION FUNDS

Government Employees Pension Fund

This commitment represents the underfunding of the pension fund according to the most recent acturial valuations. Acturial valuations are conducted every three years, This liability continues to be based on incomplete assessment data.

	2011/12	2010/11
Funding Levels		
Government Employees Pension Fund	100%	100%
Temporary Employees Pension Fund	79%	79%
Associated Institutions Pension Fund	126.4%	126.4%
Valuation Dates		
Government Employees Pension Fund	Mar 10	Mar 10
Temporary Employees Pension Fund	Mar 09	Mar 09
Associated Institutions Pension Fund	Mar 09	Mar 09

Government Employees Pension Fund, Temporary Employees and the Associated Pension Fund are in surplus(deficit) with R64 282 million, (R94.7 million) and R2 513.9 million respectively. (2010/11: R64 282 million, (R94.7 million), R2 513.9 million respectively)

33 COMMITMENTS

	2011/12	2010/11
Current Expenditure		
Approved and contracted	10 474 135	13 563 191
Approved but not yet contracted	3 092 066	3 267 304
Total	**13 566 201**	**16 830 495**
Capital Expenditure (including transfers)		
Approved and contracted	5 750 918	5 708 036
Approved but not yet contracted	6 355 687	6 665 563
Total	**12 106 605**	**12 373 599**
Total Commitments	**25 672 806**	**29 204 093**

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

		Notes	2011/12 R'000	2010/11 R'000
34	**ACCRUALS**			
	By economic classification			
	Goods and services		3 222 450	2 615 978
	Interest and rent on land		112	9 735
	Transfers and subsidies		110 976	264 973
	Captial assets		405 855	1 008 688
	Other		20 508	13 974
	Total		**3 759 901**	**3 913 348**
35	**EMPLOYEE BENEFITS**			
	Leave entitlement		3 444 035	3 118 824
	Service bonus (Thirteenth cheque)		1 419 347	1 293 311
	Performance awards		432 322	276 728
	Capped leave commitments		7 822 392	7 697 196
	Other		173 955	202 411
	Total		**13 292 052**	**12 588 470**
36	**LEASE COMMITMENTS**			
36.1	**OPERATING LEASE EXPENDITURE**			
	Land			
	Not later than 1 year		11 896	17 136
	Later than 1 year and not later than 5 years		20 140	9 566
	Later than 5 years		144 445	2 619
	Total		**176 481**	**29 321**
	Buildings and other fixed structures			
	Not later than 1 year		4 056 554	3 202 249
	Later than 1 year and not later than 5 years		7 623 778	7 614 960
	Later than 5 years		6 899 372	6 273 049
	Total		**18 579 704**	**17 090 258**
	Machinery and equipment			
	Not later than 1 year		116 710	119 549
	Later than 1 year and not later than 5 years		126 711	103 048
	Later than 5 years		144	5 000
	Total present value		**243 564**	**227 597**

	Notes	2011/12 R'000	2010/11 R'000
Total present value			
Not later than 1 year		4 185 160	3 338 934
Later than 1 year and not later than 5 years		7 770 629	7 727 574
Later than 5 years		7 043 961	6 280 668
Total present value		**18 999 749**	**17 347 176**

36.2 FINANCE LEASE EXPENDITURE

	Notes	2011/12 R'000	2010/11 R'000
Land			
Not later than 1 year		28 749	20 816
Later than 1 year and not later than 5 years		9 583	27 749
LESS: finance costs		(2 191)	(4 607)
Total present value		**36 141**	**43 958**
Buildings and other fixed structures			
Not later than 1 year		73 160	66 310
Later than 1 year and not later than 5 years		346 775	318 089
Later than 5 years		1 031 264	974 302
LESS: finance costs		(890 216)	(842 829)
Total present value		**560 983**	**515 872**
Machinery and equipment			
Not later than 1 year		156 939	191 749
Later than 1 year and not later than 5 years		121 719	120 794
LESS: finance costs		(22 782)	(29 478)
Total present value		**255 876**	**283 064**
Total Finance Leases			
Not later than 1 year		258 848	278 875
Later than 1 year and not later than 5 years		478 077	466 632
Later than 5 years		1 031 264	974 302
LESS: finance costs		(915 189)	(876 914)
Total present value		**853 000**	**842 894**

36.3 OPERATING LEASE REVENUE

	Notes	2011/12 R'000	2010/11 R'000
Buildings and other fixed structures			
Not later than 1 year		24 774	28 482
Later than 1 year and not later than 5 years		51 466	71 624
Later than 5 years		7 676	12 291
Total		**83 916**	**112 397**

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000
Total present value			
Not later than 1 year		24 774	28 482
Later than 1 year and not later than 5 years		51 466	71 624
Later than 5 years		7 676	12 291
Total operating lease revenue receivable		**83 916**	**112 397**

37 RECEIVABLES FOR DEPARTMENTAL REVENUE

Sales of goods and services other than capital assets		186 716	202 585
Fines, penalties and forfeits		664 916	595 770
Interest, dividends and rent on land		1 288 357	953 544
Sale of capital assets		60 825	25 776
Transactions in financial assets and liabilities		109 527	179 379
Transfers received (incl conditional grants to be repaid by prov depts)		208 492	198 112
Other		27 967	20 299
Total		**2 546 800**	**2 175 465**
Analysis of receivables for departmental revenue			
Opening balance		2 177 583	1 205 059
Less: Amounts received		(1 351 669)	(965 627)
Add: Amounts recognised		1 721 031	1 937 071
Less: Amounts written-off/reversed as irrecoverable		(145)	(1 038)
Closing balance		**2 546 800**	**2 175 465**

38 IRREGULAR EXPENDITURE

38.1 RECONCILIATION OF IRREGULAR EXPENDITURE

Opening balance		3 064 400	6 047 419
Add: Irregular expenditure - relating to prior year		1 414 383	97 120
Add: Irregular expenditure - relating to current year		1 807 453	2 104 038
Less: Amounts condoned		(1 296 854)	(5 125 216)
Less: Amounts recoverable (not condoned)		(10)	(55 654)
Less: Amounts not recoverable (not condoned)		(4 374)	(3 307)
Irregular expenditure awaiting condonation		**4 984 998**	**3 064 400**

	Notes	2011/12 R'000	2010/11 R'000
Analysis of awaiting condonation per age classification			
Current Year		1 771 241	1 592 448
Prior Years		3 213 757	1 471 952
Total		**4 984 998**	**3 064 400**

39 FRUITLESS AND WASTEFUL EXPENDITURE

39.1 RECONCILIATION OF FRUITLESS AND WASTEFUL EXPENDITURE

	2011/12 R'000	2010/11 R'000
Opening balance	460 336	43 433
Fruitless and wasteful expenditure – relating to prior year	108 483	4 072
Fruitless and wasteful expenditure – relating to current year	98 873	416 592
Less: Amounts condoned	(12 410)	(2 905)
Less: Amounts transferred to receivables for recovery	(2 388)	(856)
Fruitless and wasteful expenditure awaiting condonement	**652 894**	**460 336**
Analysis of awaiting condonement per economic classification		
Current Year	554 535	451 722
Prior Year	95 571	8 491
Transfers and subsidies	2 788	123
Total	**652 894**	**460 336**

40 RELATED PARTY TRANSACTIONS

Revenue received (paid)	2011/12 R'000	2010/11 R'000
Tax revenue/user charges	41 521 694	25 099 182
Sales of goods and services other than capital assets	505	-
Fines, penalties and forfeits	538 474	489 351
Interest, dividends and rent on land	60 203	58 671
Transactions in financial assets and liabilities	10 000	56 465
Total	**42 130 876**	**25 703 669**

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000
Payments made			
Goods and services		1 130 095	915 877
Interest and rent of land		628	1 880
Purchases of capital assets		1 028 023	1 281 986
Transactions in financial assets and liabilities		541 887	414 060
Transfers		1 531 038	2 872 591
Total		**4 231 671**	**5 486 394**
Year end balances arising from revenue/payments			
Receivables from related parties		296 060	313 462
Payables to related parties		66 440	48 413
Total		**362 500**	**361 875**
Loans to/from related parties			
Non-interest bearing loans to/(from)		12 362	323 643
Total		**12 362**	**323 643**
Other			
Guarantees issued/received		11 981 662	24 598 385
DPW Commitments and lease commitments		2 289 064	-
S.A. National Roads Agency Ltd (NDTrans) & Labour Compensation of employees		20 304 302	21 140 461
PRASA(NDTRANS) & NPA-Oficials Seconded		286 316	942 037
Loan of assets without remuneration - data capturing devices for the War on Poverty programme		4 328	(6 057)
Loan of assets without remuneration - 56 GPS devices		783	-
Transfer of assets without remuneration - furniture, office and computer equipment		10 889	-
Total		**34 877 344**	**46 674 826**

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

		Notes	2011/12 R'000	2010/11 R'000
41	**KEY MANAGEMENT PERSONEL**			
	Description			
	Political office bearers (provide detail below)		110 348	106 172
	Officials:		14 739	14 564
	Level 15 to 16		478 241	426 293
	Level 14 (incl CFO if at a lower level)		867 060	714 149
	Family members of key management personnel		12 534	12 278
	Total		**1 482 922**	**1 273 456**
	Key management personel (Parliament/the Legislature)			
	Description			
	Speaker to Parliament/the Legislature		7 604	-
	Secretary to Parliament/ the Legislature		1 906	-
	Deputy Secretary		1 245	-
	Chief Financial Officer		1 076	152
	Legal Advisor		1 019	312
	Total		**12 850**	**464**
42	**PUBLIC PRIVATE PARTNERSHIP**			
	Contract fee received		**(153 060)**	**(146 146)**
	Unemployment Insurance Fund		(76 530)	(73 073)
	Compensation Fund		(76 530)	(73 073)
	Contract fee paid		**1 603 799**	**1 541 026**
	Fixed component		726 578	784 333
	Indexed component		877 221	756 693
	Analysis of indexed component		**858 851**	**746 578**
	Goods and Services(excluding lease payments)		767 139	723 808
	Operating leases		22 650	21 640
	Interest		69 062	1 130

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000
Capital/ (Liabilities)		**825 950**	**216 680**
Tangible rights		10 279	18 902
Property		195 265	197 778
Loans		620 406	-
Other		**9 405**	**10 121**
Other Obligations		9 405	10 121

43 IMPAIRMENT AND OTHER PROVISIONS

Impairment			
Investments		16 112	-
Loans		12 362	12 362
Debtors		267 740	251 933
Other		136 032	126 048
Total		**432 246**	**390 343**
Other provisions			
DRDLR Lease Debtors		136 393	109 077
Agricultural Debt Account, debt which are not written off against savings from the vote.		6 419 469	4 615 957
Interest, Dividends and Rent on Land		680 280	351 344
Provision for rehabilitation of ownerless and derelict mines		239 893	194 797
Third Party funds - Revenue		52 891	46 463
Special Pension and Fraudulent Payments and theft under investigation		6 845	8 337
Staff debt and Other		5 631	3 049
Claim for damages due to cut grass not removed from the N1		35	5 494
Claim for a communications event		1 535	16 112
eNaTIS transaction fees due by the Road Traffic Management Corporation		222 544	-
Total		**7 765 516**	**5 350 630**

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000

44 NON-ADJUSTING EVENTS AFTER REPORTING DATE

	Notes	2011/12 R'000	2010/11 R'000
Fire destroyed Shamroch Non Commissioned Officers Mess in Army Support Base Potchefstroom		200	-
Advance payments for the acquisition of VVIP Airbus		82 975	-
Refund received for the cancellation of the VVIP Airbus acquisition		(81 700)	-
Appointment of Minister N.N. Mapisa-Nqakula (No financial effect)		-	-
Fire destroyed Bloemfontein Army Support Base G-Club Mess		8 529	-
Duma Travel (Pty) Ltd was awarded a tender for rendering travel agent services to PSC for a period of 24 months. The contract period starts from 1 July 2012 to 30 June 2014.		11 562	-
Fruitless and wasteful expenditure - Payment of settlement agreements		1 001	-
Other			1 092
Total		**22 567**	**1 092**

Other - Sovereign Credit Ratings

The persistent uncertainty regarding the global economy and the European debt crisis led to the review of about 171 countries in 2011. During September and October 2012, Moody's Investor Services (Moody's) and Standard and Poor's (S&P) downgraded South Africa's sovereign credit rating to "Baa1" (from A3) and "BBB" (from BBB+), respectively, with a negative outlook.

The Rating agencies have raised concerns about government's diminishing institutional strength, reduced fiscal space, negative investment climate in the light of infrastructure backlogs, relative high labour costs, socio-economic stresses, diminished capacity to manage the growth and competitive risks, and reduced room for maneuver to implement counter-cyclical macroeconomic policy. All the issues raised are known to government and are being addressed through various government programmes. In addition, government's fiscal framework for the next three years as announced in the 2012 MTBPS will provide further detail on how government intends to address these concerns. Government remains committed to taking the necessary measures to lift growth potential based on the objectives of counter-cyclicality, debt sustainability and inter-generational equity as stated in the 2012 Budget.

45 MOVABLE TANGIBLE CAPITAL ASSETS

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	2011/12 R'000	2010/11 R'000
Opening Balance		
HERITAGE ASSETS	**41 776**	**42 381**
Heritage assets	41 776	42 381

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000
MACHINERY AND EQUIPMENT		**26 220 134**	**23 980 979**
Transport assets		17 948 781	16 613 158
Computer equipment		3 759 948	3 296 606
Furniture and office equipment		1 291 095	1 148 326
Other machinery and equipment		3 220 308	2 922 889
SPECIALISED MILITARY ASSETS		**37 709 821**	**37 757 150**
Specialised military assets		37 709 821	37 757 150
BIOLOGICAL ASSETS		**398 071**	**17 766**
Biological assets		398 071	17 766
TOTAL		**64 369 801**	**61 798 275**
Current Year Adjustment to prior year Balances			
HERITAGE ASSETS		**53 792**	**-**
Heritage assets		53 792	-
MACHINERY AND EQUIPMENT		**(6 442 858)**	**-**
Transport assets		(6 394 290)	-
Computer equipment		82 014	-
Furniture and office equipment		(26 314)	-
Other machinery and equipment		(104 268)	-
SPECIALISED MILITARY ASSETS		**(19 641 342)**	**-**
Specialised military assets		(19 641 342)	-
BIOLOGICAL ASSETS		**1 780**	**-**
Biological assets		1 780	-
TOTAL		**(26 028 628)**	**-**
Additions			
HERITAGE ASSETS		**2 935**	**205**
Heritage assets		2 935	205

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000
MACHINERY AND EQUIPMENT		**3 446 219**	**3 300 612**
Transport assets		1 925 048	2 071 266
Computer equipment		699 771	597 982
Furniture and office equipment		189 224	206 463
Other machinery and equipment		632 176	424 901
SPECIALISED MILITARY ASSETS		**2 041**	**35 408**
Specialised military assets		2 041	35 408
BIOLOGICAL ASSETS		**78 871**	**382 309**
Biological assets		78 871	382 309
TOTAL		**3 530 066**	**3 718 534**
Disposals			
HERITAGE ASSETS		**57**	**810**
Heritage assets		57	810
MACHINERY AND EQUIPMENT		**970 793**	**1 061 457**
Transport assets		657 124	735 643
Computer equipment		169 579	134 639
Furniture and office equipment		77 342	63 694
Other machinery and equipment		66 748	127 481
SPECIALISED MILITARY ASSETS		**-**	**82 737**
Specialised military assets		-	82 737
BIOLOGICAL ASSETS		**4 320**	**2 004**
Biological assets		4 320	2 004
TOTAL TANGIBLE ASSETS		**975 170**	**1 147 008**
Closing balance			
HERITAGE ASSETS		**98 446**	**41 776**
Heritage assets		98 446	41 776

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000
MACHINERY AND EQUIPMENT		**22 252 702**	**26 220 134**
Transport assets		12 822 415	17 948 781
Computer equipment		4 372 155	3 759 948
Furniture and office equipment		1 376 663	1 291 095
Other machinery and equipment		3 681 469	3 220 308
SPECIALISED MILITARY ASSETS		**18 070 520**	**37 709 821**
Specialised military assets		18 070 520	37 709 821
BIOLOGICAL ASSETS		**474 402**	**398 071**
Biological assets		474 402	398 071
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS		**40 896 070**	**64 369 801**

46 MINOR ASSETS

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER

		2011/12 R'000	2010/11 R'000
Opening Balance			
Specialised military assets		9	-
Intangible assets		14 047	13 230
Heritage assets		949	944
Machinery and equipment		4 043 962	4 234 887
Biological assets		10 701	11 074
TOTAL		**4 069 668**	**4 260 135**
Current Year Adjustment to prior year Balances			
Specialised military assets		1	9
Intangible assets		(1 095)	(531)
Heritage assets		402	1
Machinery and equipment		(25 487)	(336 318)
Biological assets		(513)	181
TOTAL		**(26 692)**	**(336 658)**

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000
Additions			
Intangible assets		1 562	1 698
Heritage assets		-	4
Machinery and equipment		328 504	486 961
Biological assets		3 835	3 878
TOTAL		**333 901**	**492 541**
Disposals			
Intangible assets		140	350
Heritage assets		16	-
Machinery and equipment		153 816	341 568
Biological assets		4 111	4 432
TOTAL		**158 083**	**346 350**
Closing balance			
Specialised military assets		10	9
Intangible assets		14 374	14 047
Heritage assets		1 335	949
Machinery and equipment		4 193 163	4 043 962
Biological assets		9 912	10 701
TOTAL MINOR ASSETS		**4 218 794**	**4 069 668**

47 INTANGIBLE CAPITAL ASSETS

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

Opening Balance Cost		
Computer software	1 432 610	1 054 728
Patents, licences, copyright, brand names, trademark	2 861	2 846
Services and operating rights	751	523
TOTAL INTANGIBLE ASSETS	**1 436 222**	**1 058 097**

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000
Current Year Adjustment to prior year Balances			
Computer software		6 417	-
Patents, licences, copyright, brand names, trademark		(255)	-
TOTAL INTANGIBLE ASSETS		**6 162**	**-**
Additions			
Computer software		75 766	459 173
Patents, licences, copyright, brand names, trademark		144	15
Services and operating rights		12	228
TOTAL INTANGIBLE ASSETS		**75 922**	**459 416**
Disposals			
Computer software		17 529	81 291
TOTAL INTANGIBLE ASSETS		**17 529**	**81 291**
Closing balance			
Computer software		1 497 264	1 432 610
Patents, licences, copyright, brand names, trademark		2 750	2 861
Services and operating rights		763	751
TOTAL INTANGIBLE ASSETS		**1 500 777**	**1 436 222**

48 IMMOVABLE TANGIBLE CAPITAL ASSETS

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER

	2011/12	2010/11
Opening Balance		
BUILDINGS AND OTHER FIXED STRUCTURES	**9 708 993**	**8 317 312**
Dwellings	3 107 645	2 837 263
Non-residential buildings	6 522 842	5 447 425
Other fixed structures	78 506	32 624
HERITAGE ASSETS	**8 147**	**-**
Heritage assets	8 147	-
LAND AND SUBSOIL ASSETS	**1 762 997**	**995 765**
Land	1 762 997	995 765
TOTAL Opening Balance	**11 480 137**	**9 313 077**

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000
Current Year Adjustment to prior year Balances			
BUILDINGS AND OTHER FIXED STRUCTURES		**15 357 329**	**-**
Dwellings		40 298	-
Non-residential buildings		15 317 031	-
LAND AND SUBSOIL ASSETS		**13 923 669**	**-**
Land		13 923 669	-
TOTAL Current Year Adjustment to prior year Balances		**29 280 998**	**-**
Additions			
BUILDINGS AND OTHER FIXED STRUCTURES		**1 210 092**	**1 580 444**
Dwellings		110 920	274 354
Non-residential buildings		719 318	1 114 460
Other fixed structures		379 854	191 630
HERITAGE ASSETS		**-**	**8 147**
Heritage assets		-	8 147
LAND AND SUBSOIL ASSETS		**141 372**	**785 577**
Land		141 372	785 577
TOTAL Additions		**1 351 464**	**2 374 168**
Disposals			
BUILDINGS AND OTHER FIXED STRUCTURES		**109 558**	**188 763**
Dwellings		1 273	3 972
Non-residential buildings		4 701	39 043
Other fixed structures		103 584	145 748
LAND AND SUBSOIL ASSETS		**250 743**	**18 117**
Land		250 743	18 117
TOTAL Disposals		**360 301**	**206 880**

DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000
Closing balance			
BUILDINGS AND OTHER FIXED STRUCTURES		**26 166 856**	**9 708 993**
Dwellings		3 257 590	3 107 645
Non-residential buildings		22 554 490	6 522 842
Other fixed structures		354 776	78 506
HERITAGE ASSETS		**8 147**	**8 147**
Heritage assets		8 147	8 147
LAND AND SUBSOIL ASSETS		**15 577 295**	**1 763 225**
Land		15 577 295	1 763 225
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS		**41 752 298**	**11 480 365**

49 WORLD CUP EXPENDITURE

	2011/12 R'000	2010/11 R'000
Tickets acquired	-	4 640
Distribution of tickets		
Clients/Stakeholders	-	93
Accounting Authority		
Executive	-	116
Non-executive	-	23
Accounting Officer	-	46
Senior Management	-	133
Other employees	-	70
Family members officials	-	46
Other		
Trade Minister of Namibia & Guest speakers for NDScience	-	54
Parliamentarians	-	70
Local and Foreign Investors	-	4 014
Total	**-**	**4 665**

	Notes	2011/12 R'000	2010/11 R'000
Travel costs			
Clients/Stakeholders			
Other employees		-	706
Accommodation		-	284 090
Air Transport (Foregn, Support Staff - DIRCO Employees)		-	352
Daily Allowance		-	570
KM Allowance (Own Trans)		-	8
Car Rental		-	2 479
Total		**-**	**288 205**
Purchase of other world cup apparel			
Specify the nature of the purchase (e.g t-shirts, caps etc.)			
Catering		-	2 256
Fuel		-	128
Cell phone Exp		-	107
Venues and Facilities		-	13 803
Other		-	6
Total		**-**	**16 300**
Total world cup expenditure		**-**	**309 170**

50 RECONCILLIATION OF NOTE 45,47 & 48 TO EXPENDITURE ON CAPITAL ASSETS PER STATEMENT OF FINANCIAL PERFORMANCE

	2011/12 R'000	2010/11 R'000
Capital expenditure additions per note 45	3 530 066	3 718 534
Capital expenditure additions per note 47	75 922	449 307
Capital expenditure additions per note 48	1 351 464	2 374 168
Total additions per disclosure notes	**4 957 452**	**6 542 009**
Total reconciling items	**7 024 428**	**4 746 833**
Non Cash Movement	(1 070 778)	(1 602 710)
Capital Work in Progress-current costs	7 264 789	5 728 357
Received but not paid/ (Paid current year but received prior year)	79 269	78 537
Other	751 148	542 649
Capital expenditure per statement of financial performance	**11 981 880**	**11 288 842**

SEGMENTS REPORTS

For the year ended 31 March 2012

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE - CURRENT YEAR

	Central Government Administration	Financial Administration Services	Social Services	Justice and Protection Services	Economic Services and Infrastructure Development	CONS TOTAL EXCL NRF
	2011/2012	2011/2012	2011/2012	2011/2012	2011/2012	2011/2012
OPERATING INCOME	**70 844 208**	**32 738 849**	**188 295 540**	**128 555 000**	**116 809 736**	**537 243 333**
Departmental revenue	948 800	3 414 441	190 300	5 129 056	3 732 776	13 415 373
Receipts by National Departments from NRF	69 895 408	29 324 408	188 105 240	123 425 944	113 076 960	523 827 960
NON-OPERATING INCOME						
Aid assistance	56 962	56 289	700 324	26 996	969 047	1 809 618
TOTAL REVENUE	70 901 170	32 795 138	188 995 864	128 581 996	117 778 783	539 052 951
DEPARTMENTAL EXPENDITURE						
Current expenditure						
Compensation of employees	6 587 378	2 334 423	2 279 023	78 001 975	5 985 492	95 188 291
Goods & Services	6 076 533	3 506 506	3 562 220	29 385 762	7 232 869	49 763 890
Interest & Rent on Land	14 469	1 623	52 573	10 398	15 116	94 179
Aid assistance	54 961	33 759	254 701	19 462	101 015	463 898
Unauthorised expenditure approved without funding	-	-	-	483 821	-	483 821
Total current expenditure	**12 733 341**	**5 876 311**	**6 148 517**	**107 901 418**	**13 334 492**	**145 994 079**
Transfers and subsidies						
Transfers and subsidies	51 869 481	19 949 174	179 113 477	8 370 726	94 056 267	353 359 125
Aid assistance	12	-	15 310	-	385 146	400 468
Total transfers and subsidies	**51 869 493**	**19 949 174**	**179 128 787**	**8 370 726**	**94 441 413**	**353 759 593**

SEGMENTS REPORTS

For the year ended 31 March 2012

Expenditure for capital assets						
Tangible capital assets	1 673 679	123 007	260 078	5 818 681	3 631 736	11 507 181
Software and other intangible assets	423 827	4 391	4 633	2 524	39 324	474 699
Total expenditure for capital assets	**2 097 506**	**127 398**	**264 711**	**5 821 205**	**3 671 060**	**11 981 880**
Payments for financial assets	47 264	786 095	12 898	252 751	67 496	1 166 504
TOTAL EXPENDITURE	**66 747 604**	**26 738 978**	**185 554 913**	**122 346 100**	**111 514 461**	**512 902 056**
SURPLUS/(DEFICIT) FOR THE YEAR	**4 153 566**	**6 056 160**	**3 440 951**	**6 235 896**	**6 264 322**	**26 150 895**
Reconciliation of Net Surplus/(Deficit) for the year						
Voted Funds to be surrendered to the revenue fund	3 202 777	2 619 189	2 818 685	1 099 579	2 040 786	11 781 016
Departmental revenue to be surrendered to the revenue fund	948 800	3 414 441	190 300	5 129 056	3 732 776	13 415 373
Direct Exchequer receipts/payments	-	-	3 093	-	8 427	11 520
Aid assistance	1 989	22 530	428 873	7 261	482 333	942 986
SURPLUS/(DEFICIT) FOR THE YEAR	**4 153 566**	**6 056 160**	**3 440 951**	**6 235 896**	**6 264 322**	**26 150 895**

SEGMENTS REPORTS

For the year ended 31 March 2012

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - **CURRENT YEAR**

	Central Government Administration	Financial Administration Services	Social Services	Justice and Protection Services	Economic Services and Infrastructure Development	CONS TOTAL EXCL NRF
	2011/2012	2011/2012	2011/2012	2011/2012	2011/2012	2011/2012
ASSETS						
Current Assets	**3 458 166**	**2 874 921**	**8 940 106**	**2 766 118**	**4 559 846**	**22 599 157**
Unauthorised expenditure	1 044 698	-	68 642	61 809	1 263 396	2 438 545
Fruitless and wasteful expenditure	545	-	54	20	596	1 215
Cash and cash equivalents	1 795 816	2 597 197	1 788 278	1 147 885	1 917 907	9 247 083
Prepayments and advances	115 152	19 563	6 271 916	264 925	277 591	6 949 147
Receivables	501 645	258 034	809 161	1 278 904	1 091 466	3 939 210
Loans	-	-	2 055	12 362	8 005	22 422
Aid assistance receivable	310	127	-	213	885	1 535
Non-current assets	**449**	**89 847 124**	**26 376**	**75 000**	**23 081 755**	**113 030 704**
Investments	-	24 500 541	-	75 000	23 023 854	47 599 395
Loans	-	65 346 583	26 376	-	56 124	65 429 083
Other financial assets	449	-	-	-	1 777	2 226
TOTAL ASSETS	**3 458 615**	**92 722 045**	**8 966 482**	**2 841 118**	**27 641 601**	**135 629 861**

SEGMENTS REPORTS

For the year ended 31 March 2012

LIABILITIES						
Current liabilities	**3 085 771**	**2 869 536**	**8 564 572**	**2 280 965**	**4 356 246**	**21 157 090**
Voted funds to be surrendered to the Revenue Fund	1 379 818	2 606 652	2 527 812	1 119 069	1 913 864	9 547 215
Departmental revenue to be surrendered to the Revenue Fund	284 745	733	31 763	50 680	92 210	460 131
Direct Exchequer Receipts to be surrendered to the Revenue Fund	-	-	3 093	-	150	3 243
Bank overdraft	186 622	13 506	5 433 910	729 118	1 499 993	7 863 149
Payables	1 174 095	102 396	142 107	354 507	413 762	2 186 867
Aid assistance repayable	-	15 262	418 971	1 810	433 189	869 232
Aid assistance unutilised	60 491	130 987	6 916	25 781	3 078	227 253
Non-current liabilities	**215 374**	**4 231**	**352 808**	**-**	**181 024**	**753 437**
Payables	215 374	4 231	352 808	-	181 024	753 437
TOTAL LIABILITIES	**3 301 145**	**2 873 767**	**8 917 380**	**2 280 965**	**4 537 270**	**2 190 527**
NET ASSETS	**157 470**	**89 848 278**	**49 102**	**560 153**	**23 104 331**	**113 719 334**
Represented by:						
Capitalisation reserve	-	24 500 541	28 431	75 000	22 870 282	47 474 254
Recoverable revenue	8 189	65 347 737	20 673	441 847	228 403	66 046 849
Retained funds	149 281	-	-	43 306	5 646	198 233
Revaluation reserves	-	-	(2)	-	-	(2)
TOTAL	**157 470**	**89 848 278**	**49 102**	**560 153**	**23 104 331**	**113 719 334**

SEGMENTS REPORTS

For the year ended 31 March 2012

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE - PRIOR YEAR

	Central Government Administration	Financial Administration Services	Social Services	Justice and Protection Services	Economic Services and Infrastructure Development	CONS TOTAL EXCL NRF
	2010/2011	2010/2011	2010/2011	2010/2011	2010/2011	2010/2011
OPERATING INCOME	**65 755 540**	**57 676 172**	**161 567 284**	**113 805 804**	**87 543 071**	**486 347 871**
Departmental revenue	754 913	3 347 984	59 725	1 557 358	2 848 183	8 568 163
Receipts by National Departments from NRF	65 000 627	54 328 188	161 507 559	112 248 446	84 694 888	477 779 708
NON-OPERATING INCOME						
Aid assistance	44 097	176 809	314 446	52 234	971 792	1 559 378
TOTAL REVENUE	**65 799 637**	**57 852 981**	**161 881 730**	**113 858 038**	**88 514 863**	**487 907 249**
DEPARTMENTAL EXPENDITURE						
Current expenditure						
Compensation of employees	6 161 834	1 971 554	2 016 663	71 535 716	5 350 731	87 036 498
Goods & Services	5 844 785	1 859 684	2 569 618	27 555 363	6 463 028	44 292 478
Interest & Rent on Land	113 210	1 047	51 664	14 943	74 457	255 321
Aid assistance	24 432	42 409	244 027	19 361	162 585	492 814
Unauthorised expenditure approved without funding	189	-	141	-	-	330
Total current expenditure	**12 144 450**	**3 874 694**	**4 882 113**	**99 125 383**	**12 050 801**	**132 077 441**
Transfers and subsidies						
Transfers and subsidies	50 257 159	26 088 356	153 154 760	6 107 324	66 862 847	302 470 446
Aid assistance	-	-	9 288	-	197 427	206 715
Total transfers and subsidies	**50 257 159**	**26 088 356**	**153 164 048**	**6 107 324**	**67 060 274**	**302 677 161**

SEGMENTS REPORTS

For the year ended 31 March 2012

Expenditure for capital assets						
Tangible capital assets	1 803 129	83 740	127 572	5 975 057	3 050 729	11 040 227
Software and other intangible assets	217 553	2 211	2 335	12 834	13 682	248 615
Total expenditure for capital assets	**2 020 682**	**85 951**	**129 907**	**5 987 891**	**3 064 411**	**11 288 842**
Payments for financial assets	107 259	20 889 472	1 003	193 631	13 896	21 205 261
TOTAL EXPENDITURE	**64 529 550**	**50 938 473**	**158 177 071**	**111 414 229**	**82 189 382**	**467 248 705**
SURPLUS/(DEFICIT) FOR THE YEAR	**1 270 087**	**6 914 508**	**3 704 659**	**2 443 809**	**6 325 481**	**20 658 544**
Reconciliation of Net Surplus/(Deficit) for the year						
Voted Funds to be surrendered to the revenue fund	495 520	3 432 929	3 584 105	853 929	2 495 112	10 861 595
Departmental revenue to be surrendered to the revenue fund	754 913	3 347 984	59 725	1 557 358	2 848 183	8 568 163
Direct Exchequer receipts/payments	-	-	-	-	371 509	371 509
Aid assistance	19 654	133 595	60 829	32 522	610 677	857 277
SURPLUS/(DEFICIT) FOR THE YEAR	**1 270 087**	**6 914 508**	**3 704 659**	**2 443 809**	**6 325 481**	**20 658 544**

SEGMENTS REPORTS

For the year ended 31 March 2012

CONSOLIDATED STATEMENT OF FINANCIAL POSOTION - **PRIOR YEAR**

	Central Government Administration	Financial Administration Services	Social Services	Justice and Protection Services	Economic Services and Infrastructure Development	CONS TOTAL EXCL NRF
	2010/2011	2010/2011	2010/2011	2010/2011	2010/2011	2010/2011
ASSETS						
Current Assets	**3 518 638**	**1 048 112**	**5 967 319**	**2 930 057**	**5 060 155**	**18 524 281**
Unauthorised expenditure	994 958	-	68 642	545 630	1 263 396	2 872 626
Fruitless and wasteful expenditure	546	-	323	53	608	1 530
Cash and cash equivalents	1 488 132	733 667	2 266 168	724 001	2 410 566	7 622 534
Prepayments and advances	258 249	125 702	3 064 426	117 518	196 593	3 762 488
Receivables	776 753	187 570	555 764	1 523 043	1 176 698	4 219 828
Loans	-	-	1 953	12 362	9 939	24 254
Aid assistance receivable	-	1 173	10 043	7 450	2 355	21 021
Non-current assets	**458**	**89 430 994**	**28 431**	**75 000**	**23 466 323**	**113 001 206**
Investments	-	24 500 541	-	75 000	23 044 521	47 620 062
Loans	-	64 930 453	28 431	-	420 402	65 379 286
Other financial assets	458	-	-	-	1 400	1 858
TOTAL ASSETS	**3 519 096**	**90 479 106**	**5 995 750**	**3 005 057**	**28 526 478**	**131 525 487**

SEGMENTS REPORTS

For the year ended 31 March 2012

LIABILITIES						
Current liabilities	**3 223 536**	**1 045 659**	**5 947 240**	**2 355 095**	**4 823 438**	**17 394 968**
Voted funds to be surrendered to the Revenue Fund	1 281 617	808 667	2 107 095	818 647	2 019 670	7 035 696
Departmental revenue to be surrendered to the Revenue Fund	310 502	8 663	11 299	66 765	234 363	631 592
Direct Exchequer Receipts to be surrendered to the Revenue Fund	-	-	-	-	4 176	4 176
Bank overdraft	613 343	1 862	3 334 763	1 164 831	1 793 288	6 908 087
Payables	959 188	80 127	417 903	260 086	341 906	2 059 210
Aid assistance repayable	-	21 167	69 351	16 726	278 207	385 451
Aid assistance unutilised	58 886	125 173	6 829	28 040	151 828	370 756
Non-current liabilities	**59 597**	**1 421**	**-**	**-**	**218 123**	**279 141**
Payables	59 597	1 421	-	-	218 123	279 141
TOTAL LIABILITIES	**3 283 133**	**1 047 080**	**5 947 240**	**2 355 095**	**5 041 561**	**17 674 109**
NET ASSETS	**235 963**	**89 432 026**	**48 510**	**649 962**	**23 484 917**	**113 851 378**
Represented by:						
Capitalisation reserve	-	24 500 541	30 384	75 000	23 165 163	47 771 088
Recoverable revenue	7 661	64 931 485	17 451	318 632	319 754	65 594 983
Retained funds	228 302	-	-	256 330	-	484 632
Revaluation reserves	-	-	675	-	-	675
TOTAL	**235 963**	**89 432 026**	**48 510**	**649 962**	**23 484 917**	**113 851 378**

ANNEXURE NAMES OF GOVERNMENT DEPARTMENTS PER CLUSTER

For the year ended 31 March 2012

CENTRAL GOVERNMENT ADMINISTRATION

	:	The Presidency
	:	Parliament
DHA	:	Department of Home Affairs
DPW	:	Department of Public Works
COGTA	:	Co-operative Governance and Traditional Affairs
DIRCO	:	Department of International Relation and Co-operation
DPWCPD	:	Department of Women, Children and People with disabilities
DPME	:	Department of Performance, Monitoring and Evaluation

FINANCIAL AND ADMINISTRATIVE SERVICES

GCIS	:	Government Communication Information Services
NT	:	The National Treasury
DPE	:	Department of Public Enterprises
DPSA	:	Department of Public Service and Administration
PSC	:	Public Service Commission
PALAMA	:	Public Administration of the Leadership and Management Academy
STATSSA	:	Statistics South Africa

SOCIAL SERVICES CLUSTER

DAC	:	Department of Arts and Culture
DOE	:	Department of Education
DHET	:	Department of Higher Education and Training
DBE	:	Department of Basic Education
DOL	:	Department of Labour
DOH	:	Department Health
DSD	:	Department of Social Development
SRSA	:	Sport and Recreation South Africa

JUSTICE AND PROTECTION SERVICES

CORR	:	Department of Correctional Services
DOD	:	Department of Defence
ICD	:	Independent Complaints Directorate
DOJ & CD	:	Department of Justice and Constitutional Development
NPA	:	National Prosecuting Agency
SAPS	:	Department of Police

ECONOMIC SERVICES AND INFRASTRUCTURE DEVELOPMENT

NDAFF	:	Department of Agriculture, Forestry and Fisheries
NDCOMM	:	Department of Communications
NDENV	:	Department of Environmental Affairs
NDHS	:	Department of Human Settlement
NDECON	:	Department of Economic Development
NDMINERAL	:	Department of Minerals Resource
NDSCIENCE	:	Department of Science and Technology
NDTRADE	:	Department of Trade and Industry
NDTRANS	:	Department of Transport
NDWATER	:	Department of Water Affairs
NDENERGY	:	Department of Energy
NDTOUR	:	Department of Tourism
NDRDLR	:	Department of Rural Development and Land Reform

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2012

PUBLIC ENTITIES

The Combined Financial Statements incorporates 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 Combined Financial Statements.

The Combined Financial Statements have been prepared in accordance with the Departmental Financial Reporting Framework: Combined Financial Statements as prescribed by the National Treasury. The combined 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 develops a standard template in Microsoft Excel format for use in the combination process.
- This template is sent to the public entities for completion.
- The Auditor General (AG) reviews the templates to ensure that the figures on the template agree to the figures published in the entities annual report, prior to submission.
- Where this process has not been performed by the AG, the templates received from the entity are considered draft templates. The details of these templates are listed in the various annexures to the Combined Financial Statements.
- NT then uses these templates as a source to the combinations model.

COMBINATIONS STATISTICS

In terms of S47(1)(a) and (b) of the PFMA, the Minister, by notice in the national Government Gazette, must amend Sch 3 to include all public entities not listed and make technical changes to the list. Furthermore per S47(2), the accounting authority for a public entity that is not listed in either Sch 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 Gazette and have thus been combined, except for those listed as per Annexure D[1]; which were not yet operational in the current year.

The updated list of entities combined is in the PFMA and is published on the Treasury website as at 30 September 2011. As mentioned above, the Combined Financial Statements also includes some entities not listed on the PFMA Schedules but known to NT. Confirmation is sent annually to all departments to confirm the entities belonging to the departments. There has, once again, been an improvement in the number of entities that submitted financial information in the prescribed format for inclusion in the current year combination compared to prior years. NT continued to strive for a 100% combination 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 combination templates.

1 all Annexures refer to the Annexures of the Combined Financial statement.

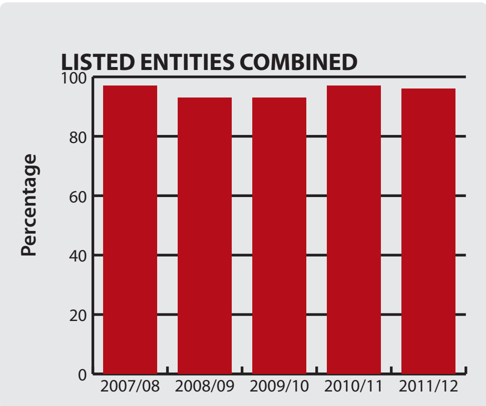
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2012

The following is a statistical combination summary:

Listed Operational Entities	Number of listed entities as at 31 March 2012	Annual Variance
- Combined	199	-1%
- Not combined	9	50%

Comparison with prior years	2011/12	2010/11	2009/10	2008/09	2007/08
- Combined	96%	97%	93%	93%	93%
- Not combined	4%	3%	7%	7%	7%
Unlisted entities					
- Combined	26	31	31	33	39



A total of 199 (96 per cent) of listed entities were combined in 2011/12 which is a slight decrease if compared to the 2010/11 year, where 202 listed entities were combined. A total of 26 unlisted entities were combined in 2011/12.

Certain entities did not submit their AFS combination template within the prescribed timeframes to allow them being combined. The main reasons for non-submission was a lack of capacity and key personnel leaving the entities around the submission deadlines. These entities are disclosed in Annexure D and E.

CONSISTENCY IN THE ENTITIES BEING COMBINED

Achieving consistency in the entities being combined every year is a challenge, as some entities were combined in the current year but not in the previous year and by the same token some were combined in the previous year but not in the current year. It will be realised that fewer entities were combined in 2011/12 (225) than in 2010/11 (233). This inconsistency contributes to the variance in the opening balances or prior year figures as compared to figures published in the 2010/11 financial year.

Below is a list of annexures to the CFS that gives a comparative breakdown of entities combined, those not combined, and other information to illustrate inconsistencies in the number of entities combined and challenges related.

- Annexure A – Lists all the public entities combined in the current and comparative years.
- Annexure B – Lists all the public entities combined using draft financial statements. This means that the entity did not submit their final audited financial figures to NT within the prescribed time frames for combination due to delays experienced.
- Annexure C – Lists all the public entities combined that are not included in the PFMA listings which appear on the NT website.

REVIEW OF OPERATING RESULTS

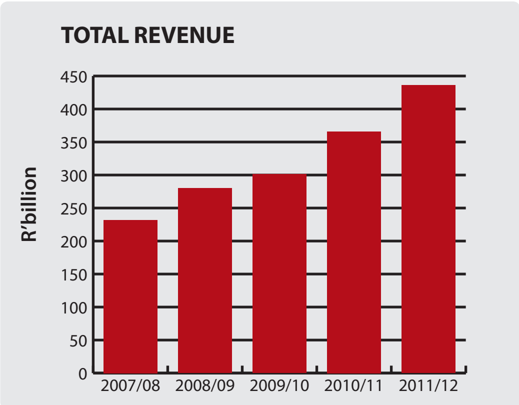
For the year ended 31 March 2012

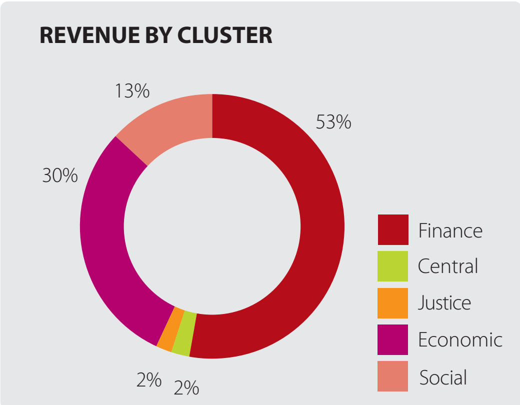
- **Annexure D** – Lists all the public entities not combined that are included in the PFMA listings which appear on the NT website.
- **Annexure E** – Lists all the public entities not combined and not listed in the PFMA listings which appear on the NT website.
- **Annexure F** – Lists all the public entities combined but audited by other auditors (not the Auditor General)
- **Annexure G** – Lists all the public entities combined which have a different year end than 31 March 2012. These are mainly the water boards that have year ends which coincide with local government year ends.

1. TOTAL REVENUE

Total revenue for the year under review increased by 19 per cent (previous year 9 per cent), with the current total being R436 billion. Exchange revenue, consisting of Sale of goods and services, Interest dividends and Rent plus Profit on disposal of assets, accounts for the largest portion of revenue at 77 per cent. Sale of goods and rendering of services in the exchange category, constitute 63 per cent of the total revenue.

REVENUE	Actual 2011/12 R' million	Actual 2010/11 R' million
Non-exchange revenue		
Transfers and subsidies	56 641	47 468
Taxation revenue	42 149	36 864
Fines, penalties and forfeits	384	717
	99 174	85 049
Exchange revenue		
Sale of goods and rendering of services	275 528	229 162
Interest, dividends and rent on land	41 401	33 896
Other operating income	19 181	18 059
Profit on disposal of assets	1 180	210
	337 290	281 327
Revenue prior to eliminations	**436 464**	**366 374**
Intragroup eliminations: Sale of goods and rendering of services	(17 850)	(12 779)
Total Revenue	**418 614**	**353 595**





REVIEW OF OPERATING RESULTS

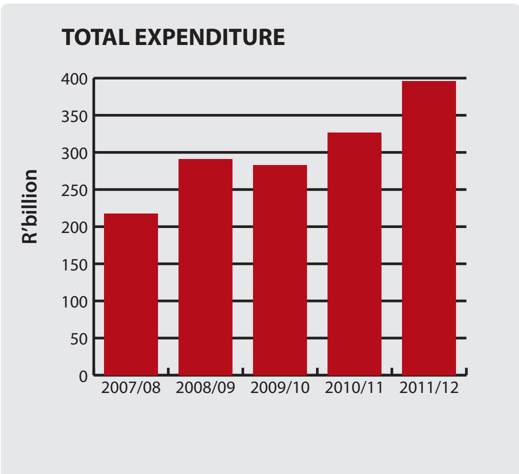
For the year ended 31 March 2012

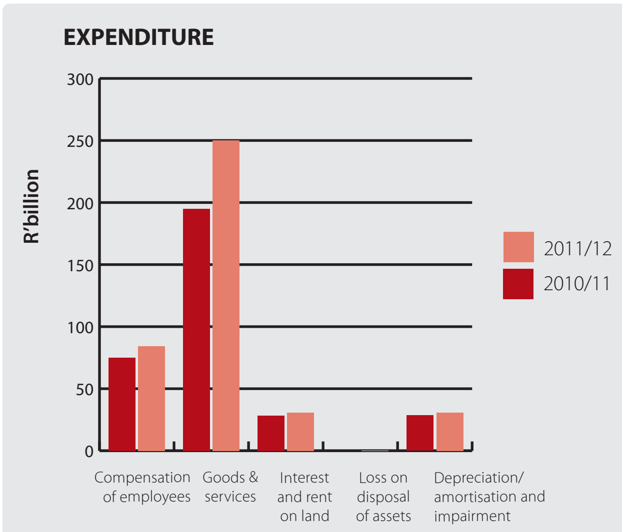
The Finance cluster is the largest contributor of revenue. Entities falling under the finance cluster include; Eskom, Transnet, Denel and SAA to mention but a few.

The Schedule 2 entities contributed towards 59 per cent of the total revenue received by the national public entities. National government owns a 100 per cent stake in all, except Telkom SA Limited (39.8 per cent) of these entities. The objective of these entities is to operate as business enterprises and they have been assigned financial operational authority by government to carry on a business activity. The Telkom holding is accounted for using the equity method in the combined financial statements.

2. TOTAL EXPENDITURE

EXPENDITURE	2011/12 R' million	2010/11 R' million
Compensation of employees	84 312	74 898
Goods and services	250 147	195 083
Interest and rent on land	30 727	28 473
Loss on disposal of assets	186	180
Depreciation/amortisation and impairment	30 750	28 572
Total	396 122	327 207
Intragroup eliminations: Goods and services	(17 850)	(12 779)
Total Expenditure	**378 272**	**314 428**





Total expenditure amounted to R396 billion for the current year; this represents a 21 per cent increase from the prior year's total of R327 billion. Goods and services contributed 63 per cent towards the total expenditure, increasing by R55 billion, which is

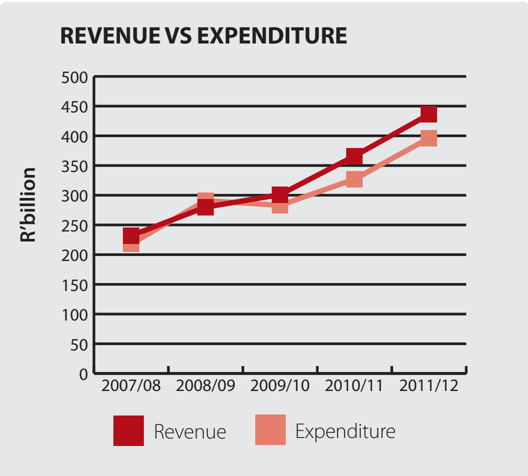
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2012

80 per cent more than of the total increase; followed by compensation of employees, including employee benefits, contributing 21 per cent to total expenditure. Due to the improving economic conditions entities are seen to increase their expenditure, however in a very cautious manner as there are still uncertainties in the economy.

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

Revenue vs. Expenditure R' million	Actual 2007/08	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12
Revenue	231 637	280 263	300 998	366 376	436 465
Expenditure	218 103	291 002	282 958	327 208	396 122
Surplus/(Deficit) from operations	**13 534**	**(10 739)**	**18 040**	**39 168**	**40 343**



As can be seen, revenue covers expenditure by a very small margin, while both revenue and expenditure continue on an upward trend on the backdrop of the global economic downturn in 2008.

A major portion of the increase in total revenue and expenditure can be attributed to the following public entities:

Revenue	2011/12 R' million
Eskom	118 995
Transnet	48 145
SAA	23 927
UIF	18 683
RAF	17 104
CEF	16 298
Total	**243 152**
% of total (R436 465 million revenue)	**56%**

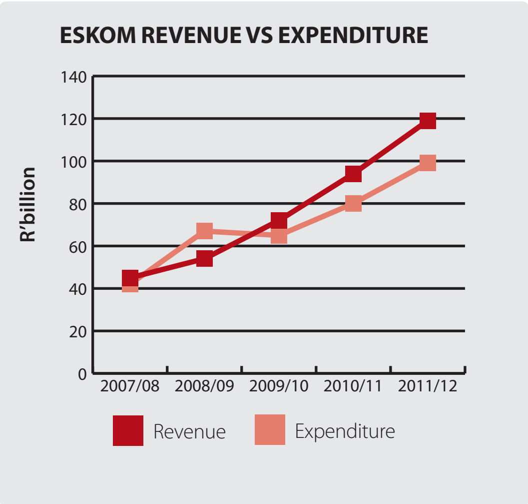
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2012

ESKOM

As a State Owned Entity (SOE) Eskom's sole shareholder is the South African government. Eskom's primary mandate is to ensure the security of electricity supply for industrial and household needs in South Africa. It generates approximately 95 per cent of South Africa's electricity and approximately 45% of the electricity used in Africa.

Eskom Summary R' million	Actual 2007/08	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12
Revenue	44 663	54 359	71 757	94 470	118 995
Expenditure	41 607	67 120	64 679	79 744	98 577
Surplus/(Deficit) from Operations	3 056	(12 761)	7 078	14 726	20 418
Change in surplus/(deficit)	(72%)	(518%)	155%	108%	39%



The graph depicts Eskom's gradual increase in profitability, recording a third successive year of profitability.

Eskom's profitability can be attributed to a 26 per cent increase in revenue. A large part of the increase in revenue was due to the tariff increase granted during the 2011/12 year. Eskom's R119 billion revenue represents 27 per cent of total revenues collected by public entities. Sale of goods and services amounted to R115 billion, while an increase in interest related income of R1 billion was noted from the prior year.

Expenditure increased by 24 per cent or R19 billion, mainly as a result of a R14 billion increase in expenditure on goods and services, followed by a R3 billion increase in employee costs. Staff compliment rose from 41 778 to 43 473.

Eskom's return to profitability in the past three years bodes well with the company's ambitious capital expansion plan as surpluses are reinvested in the expansion programme. The trend in increasing revenue is expected to continue for the next financial year as a result of the tariff increases granted by National Energy Regulator of South Africa as part of the Multi Year Price Determination (MYPD).

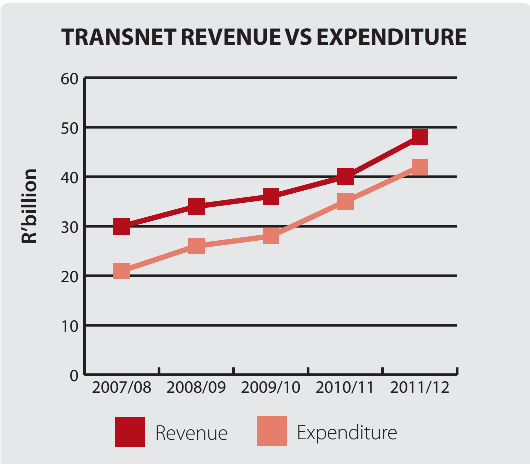
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2012

TRANSNET

Transnet is a focused operator of a network of rail freight, underground petroleum and gas pipelines and commercial ports throughout the country. It is mandated to assist in the lowering of the cost of doing business in South Africa, enabling economic growth and security of supply through providing appropriate port, rail and pipeline infrastructure as well as operations in a cost effective and efficient manner, within acceptable benchmark standards.

Transnet Summary R' million	Actual 2007/08	Actual 2008/09	Actual 2009/10	Actual 2010/11	Actual 2011/12
Revenue	30 091	33 636	35 673	39 856	48 145
Expenditure	20 547	25 975	28 311	34 847	41 696
Surplus/(Deficit) from Operations	**9 544**	**7 661**	**7 362**	**5 009**	**6 449**



Transnet's operating surplus increased slightly during the current period after the prior year's decrease. Revenue for the year increased by 21 per cent due to growth in volumes, operational and productivity improvements, positive impact of the new operations philosophy and benefits of the capital investment programme. Tariff increases were in line with contractual commitments and enabled Transnet to earn a fair return on invested capital. Operating costs increased by 16 per cent which approximates R7 billion mainly due to increase in staff costs R2 billion, material costs R1 billion, interest expense of R1 billion.

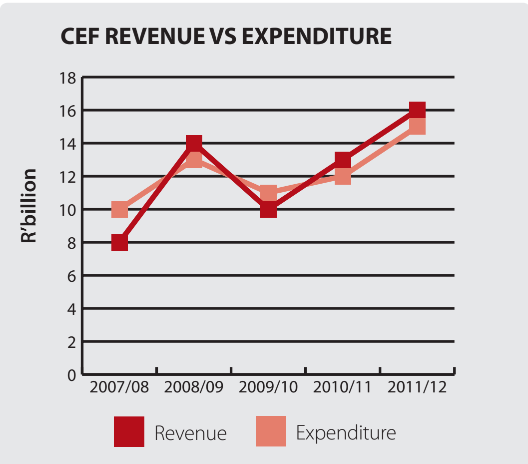
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2012

CENTRAL ENERGY FUND

The objective of the CEF is to pursue economically viable opportunities in oil, gas, coal and renewable energy resources and to provide access to sustainable and affordable energy. The CEF does not receive any revenue from the fiscus. Revenue required for infrastructure development and operations is raised through debt funding, dividends from its subsidiaries, fuel levies and from reserves.

CEF Summary	Actual	Actual	Actual	Actual	Actual
R' million	2007/08	2008/09	2009/10	20010/11	20011/12
Revenue	7 837	13 793	9 851	12 586	16 298
Expenditure	9 613	13 297	10 931	11 625	14 568
Surplus/(Deficit) from Operations	(1 776)	496	(1 080)	961	1 730



The CEF revenue increased by approximately R3 billion or 29 per cent mainly due to higher crude oil process and the increase in crude and finished products trading. A previous impairment of R300 million was reversed due to the positive business outcomes. The loans of subsidiaries within the group are impaired until the subsidiaries are able to become profitable and self-sustaining.

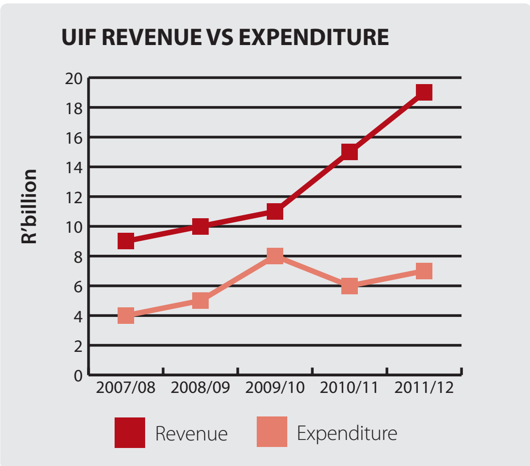
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2012

UNEMPLOYMENT INSURANCE FUND

The UIF provides short-term unemployment insurance to qualifying workers in cases of unemployment, illness, maternity, adoption of a child or death.

UIF Summary R' million	Actual 2007/08	Actual 2008/09	Actual 2009/10	Actual 20010/11	Actual 20011/12
Revenue	9 167	10 327	10 763	15 497	18 683
Expenditure	3 967	4 665	7 889	6 035	6 846
Surplus/(Deficit) from Operations	**5 200**	**5 662**	**2 874**	**9 462**	**11 837**



Revenues increased by R3 billion, while expenditure increased by R810 billion during 2011/12. The UIF managed to increase its contribution revenue, which includes penalties and interest collected from contributors by 9.7 per cent, which translates to approximately R12 billion collected compared to R11 billion in the 2010/11 financial period. R4 billion (2010/11 R3 billion) was received in Investment revenue while Dividends more than doubles to R311 million (2010/11 R127 million).

Benefit payments make up the majority of the expenses of the RAF. Benefit payments increased by 2 per cent in the current period as opposed to a 6 per cent decrease recorded in the prior period. Although the value of the Fund benefits payments increased during the year under review, the actual number of benefit claims decreased.

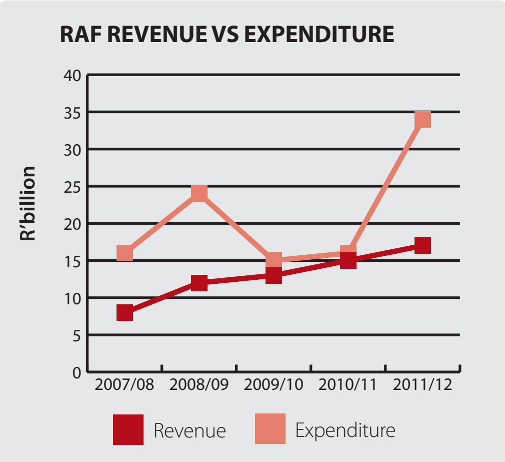
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2012

ROAD ACCIDENT FUND

The 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 2007/08	Actual 2008/09	Actual 2009/10	Actual 20010/11	Actual 20011/12
Revenue	8 225	11 866	12 635	14 526	17 104
Expenditure	15 976	24 057	15 136	15 998	33 591
Surplus/(Deficit) from Operations	(7 751)	(12 191)	(2 501)	(1 472)	(16 487)



The RAF remains in a deficit position. Whilst revenues are increasing year-on-year, expenditure increased at a faster rate, with the 2011/12 exhibiting the highest expenditure amount over the past five years exceeding revenue by approximately R16 billion. The increase in revenue is attributable mainly to a 17 per cent increase in the Fuel Levy, an 18 per cent increase in Investment income and a R2 million decrease in Reinsurance and other income.

RAF's expenditure increased by 110 per cent from the financial year ended 2011/12. Total claims expenditure which makes up about 97 per cent of total expenditure increased by 117 per cent. Average claim amounts were higher than management anticipated at the start of the financial period, this instigated an adjustment in the assumptions used to be aligned to recent claims trends.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2012

REVENUE AND EXPENDITURE CONTRIBUTIONS PER ENTITY CATEGORY

The income contribution analysis below per entity demonstrates the income in terms of which schedule of the PFMA an entity belongs to. The entities are listed under one of the following:

Schedule 1 – These entities are Constitutional Institutions that are required per section 181(1) of the Constitution of South Africa to strengthen constitutional democracy in the Republic. These institutions include amongst others The Commission for Gender Equality, The Human Rights Commission, The Financial and Fiscal Commission etc.

Schedule 2 – These entities are the major public entities and include ACSA, CEF, ESKOM, IDC, Transnet, SABC, Land Bank etc. The main driver of these entities is to function as businesses and be independent of major government funding.

Schedule 3 – This schedule is for other public entities which are fully or substantially funded either from National Revenue Fund or by way of tax, levy or other money imposed in terms of national legislature and includes the following:
PART A – National Public Entities which include, amongst others, all SETAS, CCMA, Competition Commission, HSRC, Market Theatre Foundation, National Parks Board, RAF etc.
PART B – National Government Business Enterprises which includes, amongst others:
The PIC, Khula Enterprises, CSIR, Water Boards, SA Rail Commuter Corporation Limited etc.

Unlisted – These entities are not included in the PFMA, but required to be combined and include, National Skills Fund, Compensation Fund, South African Reserve Bank etc.

Total Revenue

R' million	2011/12	2010/11
Schedule 1 entities	1 541	2 106
Schedule 2 entities	257 388	213 512
Schedule 3 entities	137 638	119 854
Unlisted	39 898	30 904
Total	436 465	366 376

Total Expenditure

R' million	2011/12	2010/11
Schedule 1 entities	7 076	1 734
Schedule 2 entities	214 631	189 436
Schedule 3 entities	140 652	103 883
Unlisted	33 763	32 155
Total	396 122	327 208

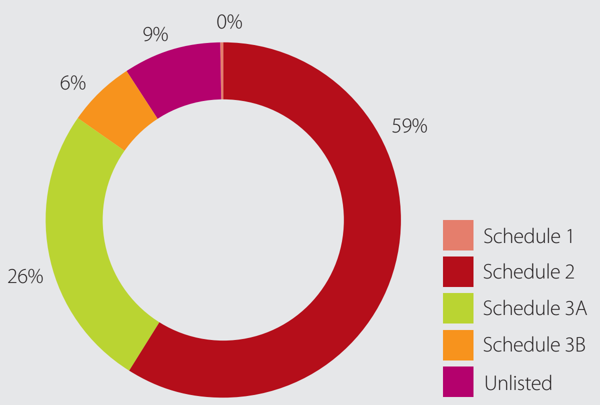
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2012

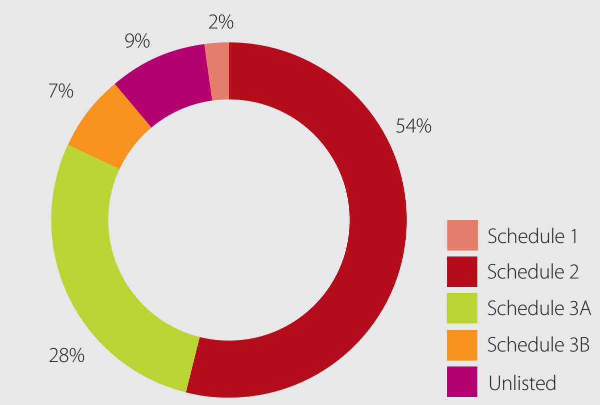
The Schedule 2 entities contributed approximately 59 per cent or R257 billion of the total income for the current year. This can be attributed to the fact that the larger public entities make-up the schedule 2 listing e.g. Eskom, Transnet, Denel, IDC etc.

The Schedule 2 entities also contributed approximately 54 per cent or R215 billion of the total expenditure for the current year. In the prior year this contribution was 58 per cent of total expenditure.

INCOME CONTRIBUTION PER ENTITY CATEGORY



EXPENDITURE CONTRIBUTION PER ENTITY CATEGORY



REVIEW OF OPERATING RESULTS

For the year ended 31 March 2012

PUBLIC ENTITIES WITH CURRENT YEAR DEFICITS:

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

Name of Entity	2011/12 R'000	2010/11 R'000	Movement in loss R'000
Schedule 1			
Independent Electoral Commission	(460 406)	320 936	(781 342)
The Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities	(675)	1 801	(2 476)
The South African Human Rights Commission	(1 526)	(1 586)	60
	(462 607)	**321 151**	**(783 758)**

Schedule 2	2011/12 R'000	2010/11 R'000	Movement in loss R'000
Alexkor Limited	(16 730)	84 229	(100 959)
Broadband Infrastructure Company Pty Ltd	(95 222)	(206 932)	111 710
Development Bank of Southern Africa	(370 822)	29 444	(400 266)
Independent Development Trust	(108 752)	(246 252)	137 500
South African Airways	(843 802)	777 975	(1 621 777)
Trans-Caledon Tunnel Authority	(404 372)	(284 154)	(120 218)
	(1 839 700)	**154 310**	**(1 994 010)**

Schedule 3A	2011/12 R'000	2010/11 R'000	Movement in loss R'000
Accounting Standards Board	(288)	(569)	281
Council for The Built Environment	(559)	(4 128)	3 569
Ditsong: Museums of South Africa	(5 113)	(18 730)	13 617
EDI Holdings (Pty) Ltd	(2 033)	31 488	(33 521)
Estate Agency Affairs Board	(12 096)	8 020	(20 116)
Financial Intelligence Centre	(33 702)	46 835	(80 537)
Financial Services Board	(17 205)	15 050	(32 255)
Iziko Museums of Cape Town	(959)	(6 540)	5 581
KwaZulu-Natal Museum	(676)	(191)	(485)
Luthuli Museum	(424)	1 137	(1 561)

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2012

Schedule 3A - continued	2011/12 R'000	2010/11 R'000	Movement in loss R'000
Marine Living Resources Fund	(26 805)	(48 143)	21 338
Media Development Diversity Agency	(36 593)	6 804	(43 397)
Medical Research Council of South Africa	(15 146)	1 317	(16 463)
National Consumer Tribunal	(1 130)	1 970	(3 100)
National Credit Regulator	(5 900)	2 042	(7 942)
National Electronic Media Institute of South Africa	(5 436)	(4 289)	(1 147)
National Empowerment Fund	(5 985)	74 829	(80 814)
National Energy Regulator of South Africa	(32 857)	(2 360)	(30 497)
National Urban Reconstruction and Housing Agency	(44 059)	(63 312)	19 253
National Museum, Bloemfontein	(1 979)	(1 021)	(958)
Nelson Mandela National Museum	(2 859)	(1 563)	(1 296)
Performing Arts Council of the Free State	(6 073)	6 701	(12 774)
Perishable Products Export Control Board	(16 316)	12 316	(28 632)
Private Security Industry Regulatory Authority	(9 276)	(23 046)	13 770
Productivity SA	(13 752)	9 920	(23 672)
Road Accident Fund	(16 487 322)	(1 471 743)	(15 015 579)
Road Traffic Management Corporation	(41 072)	(72 507)	31 435
Social Housing Regulation Authority	(68 618)	128 268	(196 886)
South African Diamond and Precious Metals Regulator	(12 929)	(3 161)	(9 768)
South African Heritage Resources Agency	(2 226)	(3 543)	1 317
South African Library for the Blind	(549)	2 525	(3 074)
SA National Roads Agency	(2 482 379)	(1 647 929)	(834 450)
The South African State Theatre	(5 448)	(2 694)	(2 754)
South African International Marketing Council Trust/Brand SA	(28 706)	24 574	(53 280)
South African Revenue Service	(387 008)	961 316	(1 348 324)
Small Enterprise Development Agency	(39 295)	(13 533)	(25 762)
Social Housing Foundation	(2 092)	(272)	(1 820)
South African Qualifications Authority	(3 077)	1 472	(4 549)
South African Tourism	(34 316)	(21 684)	(12 632)
SA Institute for Drug-free Sport	(106)	603	(709)
Voortrekker Museum	(1 669)	3 611	(5 280)
War Museum of the Boer Republics	(1 242)	(889)	(353)
Water Research Commission	(3 794)	(6 234)	2 440
Wholesale and Retail Sector Education and Training Authority	(31 817)	84 763	(116 580)
Windybrow Theatre	(253)	2 130	(2 383)
	(19 931 139)	**(1 990 390)**	**(17 940 749)**

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2012

Schedule 3B	2011/12 R'000	2010/11 R'000	Movement in loss R'000
Amatola Water Board	(37 186)	8 713	(45 899)
Botshelo Water	(64 774)	(64 753)	(21)
Bushbuckridge Water Board	(42 263)	(12 203)	(30 060)
Khula Enterprises Finance Limited	(39 184)	(83 510)	44 326
Onderstepoort Biological Products Limited	(3 389)	22 022	(25 411)
Passenger Rail Agency of South Africa	(28 931)	(795 607)	766 676
	(215 727)	**(925 338)**	**709 611**

Unlisted Entities	2011/12 R'000	2010/11 R'000	movement in loss R'000
Development Bank of SA Development Fund	(7 545)	10 679	(18 224)
Disaster Relief Fund	(8 917)	42 154	(51 071)
Government Employee Pension Fund	(4 380)	31 349	(35 729)
Represented Political Parties Fund	(1 102)	(950)	(152)
Sheltered Employment Factories	(12 096)	(2 075)	(10 021)
South African Reserve Bank	(591 997)	(1 092 916)	500 919
	(626 037)	**(1 011 759)**	**(385 722)**

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2012

2. TOTAL ASSETS

Assets	2011/12 R' million	2010/11 R' million
Non-current Assets	1 229 493	1 070 829
Assets classified as held for sale	3 426	3 026
Current Assets	741 328	648 374
Total Assets	1 974 247	1 722 229
Intragroup eliminations: Current Assets	(19 626)	(11 447)
Total Assets	1 954 621	1 710 782

Total assets increased by R252 billion and this major increase can be attributed to the entities in the table below, who collectively, account for approximately 70 per cent of the total assets of the combined public entities.

Five Major Asset Balances	R' million
SARB	437 540
Eskom	382 325
SANRAL	269 265
Transnet	178 005
IDC	112 102
Total Assets	1 379 237

Eskom:

Total assets increased by R54 billion to R382 billion during the year under review. This increase is mainly attributable to an increase in its property, plant and equipment of the said amount. The increase in property, plant and equipment was due to the capital expansion program which include (among others); the boiler at Kusile power station in Mpumalanga, Medupi power station, return to service of the Grootvlei power station and three units at Komati power station. Trade and other receivables increased by R3.2 billion, cash and cash equivalents increased by R8 billion. Other Investments decreased by R11 billion.

IDC:

The total assets balance of the IDC stands at R112 billion, which is a R5 billion increase from the previous year mainly as a result of a R4 billion increase in loans and advances to clients. Cash and cash equivalents increased by R2 billion whilst Investments decreased by approximately R900 million was lost due to the movements in the fair values.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2012

SANRAL:

The total assets of SANRAL increased by R49 billion to R269 billion, R43 billon of which was an increase in the property plant and equipment balance. Of the R269 billion, R194 billion represents the Road Network value as at year end. R13 billion was spent on both toll and non-toll roads both for capital works and maintenance, followed by a R6 billion increase in cash and cash equivalents.

SARB:

The SARB is the entity with the largest asset balance of all the public entities at a total of R438 billion in the 2011/12 financial period. The bank's total assets increased by R66 billion, mainly due to an increase of R54.2 billion in gross gold and foreign assets, while domestic assets increased by R5.8 billion. Owing to the depreciation of the rand and an increase in the gold price, the balance on the Gold and Foreign Exchange Contingency Reserve Account (GFECRA) (used for currency revaluation of the gross gold and foreign assets and liabilities which is for the account of government) increased by R39 billion.

Transnet:

Transnet's total assets grew by R11 billion to R178 billion. The rise in non-current assets is mainly attributable to the increase in property, plant and equipment, as a result of continued aggressive investment in infrastructure of R22 billion excluding the Durban International Airport payment of R1 billion. Of the total capital spend, 52 per cent was for expansion with the reminder used for maintenance. The rail and other segment accounted for 65 per cent of the expenditure, pipelines 20 per cent and ports 15 per cent.

2.1 CASH AND CASH EQUIVALENTS

	2007/08 R' million	2008/09 R' million	2009/10 R' million	2010/11 R' million	2011/12 R' million
Cash and cash equivalents	92 032	108 866	105 037	107 226	125 412

Cash and cash equivalents grew by R18 billion which represents a 17 per cent increase. The movement in the cash and cash equivalents is attributable to net cash generated from operations of R97 billion, cash used in investing activities of R112 billion and cash flows from financing activities of R32 billion. The following entities were the main contributors to the upward movement of the cash balances; Eskom (R7 billion), SANRAL (R6 billion), RAF (R3 billion), IDC (R2 billion), PRASA (R1 billion), ACSA (R1 billion).

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2012

3. TOTAL LIABILITIES

Liabilities	2011/12 R' million	2010/11 R' million
Non-current liabilities	602 261	518 651
Liabilities of assets classified as held for sale	570	1 679
Current liabilities	608 621	515 031
Total Liabilities	1 211 452	1 035 361
Intragroup eliminations: Current liabilities	(19 626)	(11 447)
Total Liabilities	1 191 826	1 023 914

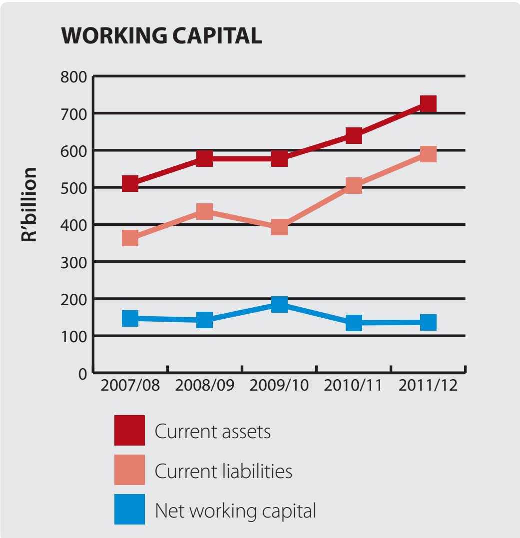
Five Major Liabilities Balances	R' million
SARB	428 060
Eskom	279 221
Transnet	98 584
SANRAL	70 265
IDC	19 909
Total Liabilities	**896 039**

Total liabilities increased by R176 billion. The increase in total liabilities can be attributed to the increase in borrowings for most of the business enterprises. Transnet and Eskom, in particular, embarked on major capital expenditure during the year under review.

The majority of the funding for the projects was raised through borrowings. Of the R83 billion upward movement in non-current liabilities, the significant movements arose from the following entities: Eskom R 27 billion, SANRAL R13 billion Transnet R7 billion and IDC R6 billion. The SARB and Eskom displayed the largest increases in the current liabilities balances being R66 billion and R38 billion respectively.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2012



3.1 WORKING CAPITAL

The working capital graph illustrates that, generally, the public entities appear to be liquid – i.e. the entities are able to meet their current obligations, as they arise, through their current assets. Note that the current portion for this analysis includes assets/liabilities classified as held-for-sale.

Working Capital	2007/08 R' million	2008/09 R' million	2009/10 R' million	2010/11 R' million	2011/12 R' million
Current assets	510 385	577 212	576 712	639 953	725 128
Current liabilities	363 040	435 306	392 690	505 263	589 565
Working capital	**147 345**	**141 906**	**184 022**	**134 690**	**135 563**

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Combined
Financial
Statements

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

For the year ended 31 March 2012

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

PUBLISHED BY AUTHORITY

REPORT OF THE AUDITOR GENERAL

For the year ended 31 March 2012

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Introduction

1. I was engaged to audit the consolidated financial statements of the National Public Entities of the National Treasury, which comprise the consolidated statement of financial position as at 31 March 2012, the consolidated statements of financial performance, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 160 to 219.

Accounting officer's responsibility for the consolidated financial statements

2. The accounting officer is responsible for the preparation of these consolidated financial statements in accordance with the *South African Standards of Generally Recognised Accounting Practice (GRAP)* and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) , and for such internal control as the accounting officer determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on the consolidated financial statements based on conducting the audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. Because of the matters described in the Basis for disclaimer of opinion paragraphs, however, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for disclaimer of opinion

Basis of preparation

4. As disclosed in note 1.2 of the consolidated financial statements the basis for preparation of financial statements did not specify the financial reporting framework used. I was unable to evaluate whether consolidated financial statements meet the objectives of general purpose financial statements as required by Generally Recognised Accounting Practice statement 1 paragraph 8.
5. I was unable to obtain sufficient and appropriate audit evidence to satisfy myself that different accounting frameworks applied for individual entities were adjusted to one accounting framework in preparing the consolidated financial statements. I was further unable to verify the consistent application of accounting policies used in preparing the underlying financial statements. Consequently I could not determine the impact of the misstatements in the consolidated financial statements and no alternative procedures could be performed.
6. I was not provided with the additional financial statements, adjusted to 31 March, for the Water Boards with a year ending 30 June. Consequently I could not perform alternative procedures to determine the impact of the misstatements in the consolidated financial statements.
7. I was unable to obtain sufficient and appropriate audit evidence to satisfy myself that the inter-entity transactions and balances had been eliminated. Consequently I was unable to determine misstatements in the affected classes of transactions and balances which include receivables, payables, revenue and expenditure.

Trade and other Receivables

8. I was unable to obtain sufficient, appropriate audit evidence to confirm receivables totalling R15, 593 billion (R10, 398 billion)

REPORT OF THE AUDITOR GENERAL

For the year ended 31 March 2012

included in disclosure note 6 to the consolidated financial statements.

Property, plant and equipment

9. Included in note 2 to the consolidated financial statements is an amount of R6.7 billion relating to assets under construction. I was unable to obtain sufficient appropriate audit evidence concerning abnormal costs included in the carrying value of assets under construction.

Revenue

10. Capital expenditure of R707 million (2011: R2 billion) was incurred on planned maintenance at state-owned buildings which was erroneously offset against revenue stated at R6, 4 billion (R4, 4 billion) included in note 24 to the financial statements.
11. I was unable to obtain sufficient appropriate audit evidence concerning revenue totalling R4, 9 billion (2011: R4, 8 billion) included in note 24 to the consolidated annual financial statements. No alternative procedures could be performed to determine any misstatement in the affected class of transaction.
12. There was no adequate system of control over the recording of sales of water services on which I could rely for the purposes of my audit, and there were no satisfactory audit procedures that I could perform to obtain reasonable assurance that all the water-related services revenue of R5, 7 billion (2011: R4, 3 billion) was properly recorded. This revenue is included in note 24 to the consolidated financial statements.

Operating lease commitments

13. I was unable to perform satisfactory alternative procedures and consequently was unable to satisfy myself as to the balance of operating lease commitments from the perspective of both the lessee and the lessor , stated at R 13, 9 billion (2011: R 12, 5 billion) included in note 19 to the consolidated financial statements.

Aggregation of immaterial uncorrected misstatements

14. The consolidated financial statements as a whole are materially misstated due to the cumulative effect of numerous immaterial uncorrected misstatements from the national public entities and the following elements making up; statement of financial position misstated by R3, 6 billion, statement of financial performance misstated by R6, 1 billion and disclosure notes are misstated by R4, 7 billion.

Disclaimer of opinion

15. Because of the significance of the matters described in the Basis for disclaimer of opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.

Emphasis of matters

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

Restatement of corresponding figures

17. As disclosed in note 36 to the financial statements, the corresponding figures for 31 March 2011 have been restated as a result of adjustments made during the 2011-12 financial year in the financial statements of national public entities at and for the year ended 31 March 2011.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Compliance with laws and regulations

18. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the *General Notice* issued in terms of the PAA are as follows:

Public Finance Management Act, 1999 (Act No. 1 of 1999)

19. Section 8(1)(a) of the PFMA requires that the National Treasury prepare consolidated financial statements in respect of the national departments, public entities under the ownership control of the national executive, constitutional institutions, the South African Reserve Bank, the Auditor-General and Parliament. The National Treasury did not prepare such consolidation as envisaged in the PFMA. Two separate consolidations were prepared due to a significantly different basis of accounting being applied.

Internal control

20. I considered internal control relevant to my audit of the financial statements and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the basis for the disclaimed opinion and the findings on compliance with laws and regulations included in this report.

Financial and Performance Management

21. Group wide controls that were implemented concerning consolidation of public entities were inadequate and limited instructions were issued to the entities regarding the requirements for the national consolidation.

22. The financial statements to be included in the annual report are not reviewed for completeness and accuracy prior to submission for audit purposes.

    Management exercised limited oversight regarding the review and monitoring of compliance with applicable laws and regulations. Non-compliance with GRAP 6 and *The Departmental Financial Reporting Framework for Combined Financial Statements* is not addressed in a timely manner.

Auditor-General

Pretoria

30 October 2012

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2012

ANNEXURE LEAD SCHEDULE 2011/12

Annexure A - List of entities combined

Annexure B - List of entities combined using draft financial statements

Annexure C - List of entities that have not been included in the PFMA listing but have been combined

Annexure D - List of entities not combined that have been included in the PFMA listing

Annexure E - List of entities not combined and not included in the PFMA listing

Annexure F - List of entities combined but audited by other auditors

Annexure G - List of entities combined with year ends other than 31 March

ANNEXURES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2012

ANNEXURE A

LIST OF ENTITIES COMBINED AT:

31 March 2012		31 March 2011	
1	Academy of Science of South Africa	1	Academy of Science of South Africa
2	Accounting Standards Board	2	Accounting Standards Board
3	Africa Institute of South Africa	3	African Institute of South Africa
4	African Renaissance International Cooperation	4	African Renaissance International Cooperation
5	Agricultural Land Holding Account	5	Agricultural Land Holding Account
6	Agricultural Research Council	6	Agricultural Research Council
7	Agricultural Sector Education and Training Authority	7	Agricultural Sector Education and Training Authority
8	Air Traffic and Navigation Services Company Limited	8	Air Traffic and Navigation Services Company Limited
9	Airports Company of South Africa Ltd	9	Airports Company of South Africa Ltd
10	Alexkor Limited	10	Alexkor Limited
11	Amatola Water Board	11	Amatola Water Board
12	Armaments Corporation of South Africa Limited	12	Armaments Corporation of South Africa Limited
13	Artscape	13	Artscape
14	Auditor General of South Africa	14	Auditor General SA
15	Banking Sector Education and Training Authority	15	Banking Sector Education and Training Authority
16	Bloem Water	16	Bloem Water
17	Botshelo Water	17	Botshelo Water
18	Boxing South Africa	18	Boxing South Africa
19	Breede River Catchment Management Agency	19	Breede River Catchment Management Agency
20	Broadband Infrastructure Company (Pty) Ltd	20	Broadband Infrastructure Company (Pty Ltd
21	Bushbuckridge Water Board	21	Bushbuckridge Water Board
22	Castle Control Board	22	Castle Control Board
23	CEF (Pty) Ltd	23	CEF (Pty) Ltd
24	Chemical Industries Education and Training Authority	24	Chemical Industries Education and Training Authority
25	Commission for Conciliation, Mediation & Arbitration	25	Clothing, Textiles, Footwear and Leather Sector Education and Training Authority
26	Companies and Intellectual Property Commission	26	Commission for Conciliation, Mediation & Arbitration
27	Companies Tribunal	27	Companies and Intellectual Property Commission
28	Compensation Fund, including Reserve Fund	28	Compensation Commissioner for Occupational Diseases
29	Competition Commission	29	Compensation Fund, including Reserve Fund
30	Competition Tribunal	30	Competition Commission
31	Construction Education and Training Authority	31	Competition Tribunal

ANNEXURES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2012

ANNEXURE A

LIST OF ENTITIES COMBINED AT:

31 March 2012		31 March 2011	
32	Construction Industry Development Board	32	Construction Education and Training Authority
33	Council for Geoscience	33	Construction Industry Development Board
34	Council for Medical Schemes	34	Council for Geoscience
35	Council for Mineral Technology	35	Council for Medical Schemes
36	Council for Scientific and Industrial Research	36	Council for Mineral Technology
37	Council for the Built Environment	37	Council for Scientific and Industrial Research
38	Council on Higher Education	38	Council for the Built Environment
39	Cross-Border Road Transport Agency	39	Council on Higher Education
40	Culture, Arts, Tourism, Hospitality and Sport Education and Training Authority	40	Cross-Border Road Transport Agency
41	Deeds Registration Trading Account	41	Deeds Registration Trading Account
42	DENEL (Pty) Ltd	42	DENEL (Pty) Ltd
43	Development Bank of SA Development Fund	43	Development Bank of SA Development Fund
44	Development Bank of Southern Africa	44	Development Bank of Southern Africa
45	Die Afrikaanse Taal Museum	45	Die Afrikaanse Taal Museum
46	Disaster Relief Fund	46	Disaster Relief Fund
47	Ditsong: Museums of Africa	47	Ditsong: Museums of SA
48	Driving License Card Trading Account	48	Driving License Card Trading Account
49	EDI Holdings (Pty) Ltd	49	EDI Holdings (Pty) Ltd
50	Education and Labour Relations Council	50	Education Labour Relations Council
51	Education, Training and Development Practices SETA	51	Education, Training and Development Practices Sector Education and Training Authority
52	Energy Sector Education and Training Authority	52	Energy Sector Education and Training Authority
53	ESKOM	53	Equalisation Fund
54	Estate Agency Affairs Board	54	ESKOM
55	Export Credit Insurance Corporation of South Africa Limited	55	Estate Agency Affairs Board
56	Fibre Processing Manufacturing Sector Education and Training Authority	56	Export Credit Insurance Corporation of South Africa Limited
57	Film and Publication Board	57	Film and Publication Board
58	Financial and Accounting Services SETA	58	Financial Intelligence Centre
59	Financial Intelligence Centre	59	Financial Services Board

ANNEXURE A

LIST OF ENTITIES COMBINED AT:

31 March 2012		31 March 2011	
60	Financial Services Board	60	Food and Beverages Manufacturing Industry Sector Education and Training Authority
61	Food and Beverages Manufacturing Industry SETA	61	Forest Industries Sector Education and Training Authority
62	Freedom Park Trust	62	Freedom Park Trust
63	Government Pensions Administration Agency	63	Government Pension Administration Agency
64	Government Printing Works	64	Government Printing Works
65	Health and Welfare Sector Education and Training Authority	65	Health and Welfare Sector Education and Training Authority
66	Housing Development Agency	66	High School Vorentoe Disaster Fund
67	Human Sciences Research Council	67	Housing Development Agency
68	Independent Development Trust	68	Human Sciences Research Council
69	Independent Regulatory Board for Auditors	69	Independent Development Trust
70	Industrial Development Corporation of South Africa Limited	70	Independent Regulatory Board of Auditors
71	Ingonyama Trust Board	71	Industrial Development Corporation of South Africa Limited
72	Inkomati Catchment Management Agency	72	Information Systems, Electronics and Telecommunications Technologies Training Authority
73	Insurance Sector Education and Training Authority	73	Ingonyama Trust Board
74	International Trade Administration Commission	74	Inkomati Catchment Management Agency
75	Isimangaliso Wetland Park	75	Insurance Sector Education and Training Authority
76	Iziko Museums of Cape Town	76	International Trade Administration Commission
77	Khula Enterprises Finance Limited	77	Isimangaliso Wetland Park
78	King George V Silver Jubilee	78	Iziko Museums of Cape Town
79	Kwa-Zulu Natal Museum	79	Khula Enterprise Finance Limited
80	Land and Agricultural Development Bank of South Africa	80	King George V Silver Jubilee Fund for Tuberculosis
81	Legal Aid South Africa	81	KwaZulu-Natal Museum
82	Lepelle Northern Water	82	Land and Agricultural Development Bank of South Africa
83	Local Government Education and Training Authority	83	Legal Aid South Africa
84	Luthuli Museum	84	Lepelle Northern Water
85	Magalies Water	85	Local Government Education and Training Authority

ANNEXURES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2012

ANNEXURE A

LIST OF ENTITIES COMBINED AT:

31 March 2012		31 March 2011	
86	Manufacturing Engineering and Related Services Education Training Authority	86	Luthuli Museum
87	Marine Living Resources Fund	87	Magalies Water
88	Market Theatre Foundation	88	Manufacturing Engineering and Related Services Education Training Authority
89	Media Development Diversity Agency	89	Marine Living Resources Fund
90	Media, Information and Communication Technologies Sector Education and Training Authority	90	Market Theatre Foundation
91	Medical Research Council of South Africa	91	Media Development Diversity Agency
92	Mhlathuze Water	92	Media, Advertising, Publishing, Printing and Packaging Sector Education and Training Authority
93	Mine Health and Safety Council	93	Medical Research Council of South Africa
94	Mining Qualifications Authority	94	Mhlathuze Water
95	National Agricultural Marketing Council	95	Mine Health and Safety Council
96	National Arts Council of South Africa	96	Mining Qualifications Authority
97	National Consumer Commission	97	Namaqua Water Board
98	National Consumer Tribunal	98	National Agricultural Marketing Council
99	National Credit Regulator	99	National Arts Council of South Africa
100	National Development Agency	100	National Consumer Tribunal
101	National Economic Development and Labour Council	101	National Credit Regulator
102	National Electronic Media Institute of South Africa	102	National Development Agency
103	National Empowerment Fund	103	National Economic Development and Labour Council
104	National Energy Regulator of South Africa	104	National Electronic Media Institute of South Africa
105	National Film and Video Foundation of South Africa	105	National Empowerment Fund
106	National Gambling Board of South Africa	106	National Energy Regulator of South Africa
107	National Health Laboratory Service	107	National Film and Video Foundation of South Africa
108	National Heritage Council of South Africa	108	National Gambling Board of South Africa
109	National Home Builders Registration Council	109	National Health Laboratory Service
110	National Housing Finance Corporation Limited	110	National Heritage Council of South Africa
111	National Library of South Africa	111	National Home Builders Registration Council
112	National Lotteries Board	112	National Housing Finance Corporation Limited
113	National Lottery Distribution Fund	113	National Library of South Africa

ANNEXURE A

LIST OF ENTITIES COMBINED AT:

31 March 2012		31 March 2011	
114	National Metrology Institute of South Africa	114	National Lotteries Board
115	National Museum, Bloemfontein	115	National Lottery Distribution Fund
116	National Nuclear Regulator	116	National Metrology Institute of South Africa
117	National Regulator for Compulsory Specifications	117	National Museum, Bloemfontein
118	National Research Foundation	118	National Nuclear Regulator
119	National Skills Fund	119	National Regulator for Compulsory Specification
120	National Student Financial Aid Scheme	120	National Research Foundation
121	National Urban Reconstruction and Housing Agency	121	National Skills Fund
122	National Youth Development Agency	122	National Student Financial Aid Scheme
123	Ncera Farms (Pty) Ltd	123	National Urban Reconstruction and Housing Agency
124	Nelson Mandela National Museum	124	National Youth Development Agency
125	Office of the Ombud for Financial Services Providers	125	Ncera Farms (Pty) Ltd
126	Office of the Pension Funds Adjudicator	126	Nelson Mandela National Museum
127	Onderstepoort Biological Products Limited	127	Office of the Ombud for Financial Services Providers
128	Overberg Water	128	Office of the Pension Funds Adjudicator
129	PALAMA Trading Entity	129	Onderstepoort Biological Products Limited
130	Passenger Rail Agency of South Africa	130	Overberg Water
131	Pelladrift Water Board	131	PALAMA Trading Entity
132	Performing Arts Council of the Free State	132	Passenger Rail Agency of South Africa
133	Perishable Products Export Control Board	133	Pebble Bed Modular Reactor
134	Ports Regulator of South Africa	134	Pelladrift Water Board
135	President's Fund	135	Performing Arts Council of the Free State
136	Private Security Industry Regulatory Authority	136	Perishable Products Export Control Board
137	Productivity SA	137	Port Regulator of South Africa
138	Project Development Facility	138	President's Fund
139	Public Investment Corporation Limited	139	Private Security Industry Regulatory Authority
140	Public Management Trading Entity	140	Productivity SA
141	Public Service Sector Education and Training Authority	141	Project Development Facility
142	Quality Council for Trades and Occupations	142	Public Investment Corporation Limited
143	Railway Safety Regulator	143	Public Management Trading Entity
144	Rand Water	144	Public Sector Education and Training Authority
145	Represented Political Parties Fund	145	Quality Council for Trades and Occupations
146	Road Accident Fund	146	Railway Safety Regulator

ANNEXURES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2012

ANNEXURE A

LIST OF ENTITIES COMBINED AT:

31 March 2012		31 March 2011	
147	Road Traffic Infringement Agency	147	Rand Water
148	Road Traffic Management Corporation	148	Refugee Relief Fund
149	Robben Island Museum	149	Represented Political Parties Fund
150	Rural Housing Loan Fund	150	Road Accident Fund
151	Safety and Security Education and Training Authority	151	Road Traffic Infringement Agency
152	Sasria Limited	152	Road Traffic Management Corporation
153	Sedibeng Water	153	Robben Island Museum
154	Sentech Limited	154	Rural Housing Loan Fund
155	Services Sector Education and Training Authority	155	Safety and Security Education and Training Authority
156	Sheltered Employment Factories	156	Sasria Limited
157	Small Enterprise Development Agency	157	Sedibeng Water
158	Social Housing Foundation	158	Sentech Limited
159	Social Relief Fund	159	Servcon Housing Solution (Pty) Ltd
160	South African Airways (Pty) Ltd	160	Services Sector Education and Training Authority
161	South African Broadcasting Corporation Limited	161	SETA for Finance, Accounting, Management Consulting and other Financial services
162	South African Bureau of Standards	162	Sheltered Employment Factories
163	South African Civil Aviation Authority	163	Small Enterprise Development Agency
164	South African Council for Educators	164	Social Housing Foundation
165	South African Diamond and Precious Metals Regulator	165	Social Relief Fund
166	South African Forestry Company Limited	166	South African Airways (Pty) Limited
167	South African Heritage Resources Agency	167	South African Broadcasting Corporation Limited
168	South African International Marketing Council Trust/ Brand SA	168	South African Bureau of Standards
169	South African Library for the Blind	169	South African Cities Network
170	South African Local Government Association	170	South African Civil Aviation Authority
171	South African Maritime Safety Authority	171	South African Council for Educators
172	South African Micro Finance Apex Fund	172	South African Diamond and Precious Metals Regulator
173	South African National Accreditation System	173	South African Express (Pty) Ltd
174	South African National Aids Trust	174	South African Forestry Company Limited
175	South African National Biodiversity Institute	175	South African Heritage Resource Agency
176	South African National Parks	176	South African International Marketing Council/Brand SA

ANNEXURE A

LIST OF ENTITIES COMBINED AT:

31 March 2012		31 March 2011	
177	South African National Space Agency	177	South African Library for the Blind
178	South African Nuclear Energy Corporation Limited	178	South African Local Government Association
179	South African Post Office Limited	179	South African Maritime Safety Authority
180	South African Qualifications Authority	180	South African Micro Finance Apex Fund
181	South African Reserve Bank	181	South African National Accreditation System
182	South African Revenue Services	182	South African National Aids Trust
183	South African Social Services Agency	183	South African National Biodiversity Institute
184	South African Tourism	184	South African National Parks
185	South African Weather Service	185	South African National Space Agency
186	Special Defence Accounts	186	South African Nuclear Energy Corporation Limited
187	Special Investigation Unit	187	South African Post Office Limited
188	State Diamond Trader	188	South African Qualification Authority
189	State Information Technology Agency	189	South African Reserve Bank
190	State President Fund	190	South African Revenue Services
191	Technical Assistance Unit	191	South African Social Security Agency
192	Technology Innovation Agency	192	South African Tourism
193	Telkom SA Limited	193	South African Weather Service
194	The Commission for the Promotion and Protection of the Rights of Cultural Religious and Linguistic Communities	194	Special Defence Accounts
195	The Commission on Gender Equality	195	Special Investigation Unit
196	The Co-Operatives Banks Development Agency	196	State Diamond Trader
197	The Financial & Fiscal Commission	197	State Information Technology Agency
198	The Independent Communications Authority of South Africa	198	State President Fund
199	The Independent Electoral Commission	199	Technology Innovation Agency
200	The Municipal Demarcation Board	200	Telkom SA Limited
201	The National English Literary Museum	201	The Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities
202	The Pan South African Language Board	202	The Commission on Gender Equality
203	The Playhouse Company	203	The Co-operatives Banks Development Agency
204	The Public Protector of South Africa	204	The Financial and Fiscal Commission

ANNEXURES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2012

ANNEXURE A

LIST OF ENTITIES COMBINED AT:

31 March 2012		31 March 2011	
205	The Social Housing Regulatory Authority	205	The Independent Communication Authority of South Africa
206	The South African Human Rights Commission	206	The Independent Electoral Commission
207	The South African Institute for Drug-Free Sport	207	The Municipal Demarcation Board
208	The South African National Roads Agency Limited	208	The National English Literary Museum
209	The South African State Theatre	209	The Pan South African Language Board
210	Thubelisha Homes	210	The Playhouse Company
211	Trans-Caledon Tunnel Authority	211	The Public Protector of South Africa
212	Transnet Limited	212	The Social Housing Regulatory Authority
213	Transport Education and Training Authority	213	The South African Human Rights Commission
214	uMalusi Council for Quality Assurance in General and Further Education and Training	214	The South African Institute for Drug-free Sport
215	Umgeni Water	215	The South African National Roads Agency Limited
216	Unemployment Insurance Fund	216	The South African State Theatre
217	Universal Service and Access Agency of South Africa	217	Thubelisha Homes
218	Universal Service and Access Fund	218	Tourism, Hospitality and Sport Education and Training Authority
219	Voortrekker Museum	219	Trans-Caledon Tunnel Authority
220	War Museum of the Boer Republics	220	Transnet Limited
221	Water Research Commission	221	Transport Education and Training Authority
222	Water Trading Account	222	uMalusi Council for Quality Assurance in General and Further Education & Training
223	Wholesale and Retail Sector Education and Training Authority	223	Umngeni Water
224	William Humphreys Art Gallery	224	Unemployment Insurance Fund
225	Windybrow Theatre	225	Universal Service and Access Agency of South Africa
		226	Universal Service and Access Fund
		227	Voortrekker Museum
		228	War Museum of the Boer Republics
		229	Water Research Commission
		230	Water Trading Account

ANNEXURES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2012

ANNEXURE A

LIST OF ENTITIES COMBINED AT:

31 March 2012		31 March 2011	
		231	Wholesale and Retail Sector Education and Training Authority
		232	William Humphreys Art Gallery
		233	Windybrow Theatre

ANNEXURE B

LIST OF ENTITIES COMBINED USING DRAFT FINANCIAL STATEMENTS AT:

31 March 2012		31 March 2011	
1	Amatola Water Board	1	Bloem Water
2	Bloem Water	2	Botshelo Water
3	Botshelo Water	3	Boxing South Africa
4	Bushbuckridge Water Board	4	Bushbuckridge Water Board
5	Lepelle Northern Water	5	Compensation Fund, including Reserve Fund
6	Local Government, Water and Related Services Sector Education and Training Authority	6	Lepelle Northern Water
7	Magalies Water	7	Magalies Water
8	Mhlathuze Water	8	Media, Advertising, Publishing, Printing and Packaging Sector Education and Training Authority
9	National Arts Council	9	Mhlathuze Water
10	Nelson Mandela Museum	10	Mine Health and Safety Council
11	Overberg Water	11	Namaqua Water Board
12	Pelladrift Water Board	12	National Youth Development Agency
13	Public Management Trading Entity	13	Nelson Mandela National Museum
14	Performing Arts Council of the Free State	14	Onderstepoort Biological Products Limited
15	Rand Water	15	Overberg Water
16	Safety and Security Education and Training Authority	16	Pelladrift Water Board
17	Sedibeng Water	17	Port Regulator of South Africa
18	Services Sector Education and Training Authority	18	Public Management Trading Entity
19	Umngeni Water	19	Quality Council for Trade and Occupation
20	Water Research Commission	20	Rand Water
		21	Represented Political Parties Fund
		22	South African National Aids Trust
		23	Sasria Limited
		24	Sedibeng Water
		25	South African Cities Network
		26	Special Defence Account
		27	Technology Innovation Agency
		28	The South African Institute for Drug-Free Sport
		29	Thubelisha Homes
		30	Umngeni Water

ANNEXURE C

ENTITIES COMBINED THAT ARE NOT INCLUDED IN THE PFMA LISTING AT:

31 March 2012		31 March 2011	
1	Academy of Science of SA	1	Academy of Science of SA
2	Agricultural Land Holding Account	2	Agricultural Land Holding Account
3	Auditor General of South Africa	3	Auditor General of South Africa
4	Deeds Registration Trading Account	4	Compensation Commissioner for Occupational Diseases
5	Development Bank of SA Development Fund	5	Driving License Card Trading Account
6	Disaster Relief Fund	6	Deeds Registration Trading Account
7	Driving License Card Trading Account	7	Development Bank of SA Development Fund
8	Government Pensions Administration Agency	8	Disaster Relief Fund
9	Government Printing Works	9	Equalisation Fund
10	King George V Silver Jubilee	10	Government Pension Administration Agency
11	National Lottery Distribution Fund	11	Government Printing Works
12	National Skill Fund	12	High School Vorentoe Disaster Fund
13	Palama Trading Entity	13	King George V Silver Jubilee Fund for Tuberculosis
14	Presidents Fund	14	National Lottery Distribution Fund
15	Project Development Facility	15	National Skills Fund
16	Public Management Trading Entity	16	PALAMA Trading Entity
17	Represented Political Parties Fund	17	Pebble Bed Modular Reactor
18	South African National Aids Trust	18	President's Fund
19	South African Reserve Bank	19	Project Development Facility
20	Sheltered Employment Factories	20	Public Management Trading Entity
21	Social Relief Fund	21	Refugee Relief Fund
22	South African Micro Finance Apex Fund	22	Represented Political Parties Fund
23	Special Defence Accounts	23	South African National Aids Trust
24	State President Fund	24	South African Reserve Bank
25	Technical Assistance Unit	25	Sheltered Employment Factories
26	Water Trading Account	26	Social Relief Fund
		27	South African Cities Network
		28	South African Micro Finance Apex Fund
		29	Special Defence Account
		30	State President Fund
		31	Water Trading Account

ANNEXURES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2012

ANNEXURE D

ENTITIES NOT COMBINED THAT ARE INCLUDED IN THE PFMA LISTING AT:

31 March 2012		31 March 2011	
1	Inala Farms (Pty) Ltd	1	Companies Tribunal
2	Municipal Infrastructure Investment Unit	2	Inala Farms (Pty) Ltd
3	Namaqua Water Board	3	Municipal Infrastructure Investment Unit
4	South African Express (Pty) Ltd	4	National Consumer Commission
5	South African National Energy Development Institute	5	South African National Energy Development Institute
6	The National Radioactive Waste Disposal Institute	6	Urban Transport Fund
7	Tourism, Hospitality & Sport Education & Training Authority		
8	Urban Transport Fund		

ANNEXURE E

ENTITIES NOT COMBINED AND NOT INCLUDED IN THE PFMA LISTING AT:

31 March 2012		31 March 2011	
1	Equalisation Fund	1	Guardians Fund
2	Guardians fund	2	Technical Assistance Unit
3	Pebble Bed Modular Reactor	3	Third Party Funds
4	Refugee Relief Fund		
5	South African Cities Network		
6	Third Party Funds		

ANNEXURES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2012

ANNEXURE F

LIST OF ENTITIES COMBINED BUT AUDITED BY OTHER AUDITORS AT:

31 March 2012			31 March 2011		
1	Academy of Science of South Africa	Douglas&Velcich	1	Academy of Science of SA	Douglas and Velcich
2	Accounting Standards Board	SAB&T	2	Accounting Standards Board	SAB & T
3	Air Traffic Navigation Services	Ernst & Young	3	Air Traffic and Navigation Services Company	Ernst & Young
4	Airports Company of SA Limited	Pricewaterhousecoopers and Ngubane & Co	4	Airports Company of SA Ltd	Pricewaterhousecoopers and Ngubane & Co.
5	Alexkor Limited	Pricewaterhousecoopers	5	Alexkor Limited	Pricewaterhousecoopers
6	Amatola Water Board	KPMG	6	Amatola Water Board	KPMG
7	Bloem Water	Ernst & Young	7	Auditor General SA	Kwinana & Associates Inc.
8	Breede River Catchment Management Agency	Nexia SAB&T	8	Bloem Water	Ernst & Young
9	Broadband Infraco (Pty) Ltd	KPMG	9	'Breede River Catchment Management Agency	SAB & T
10	Bushbuckridge Water Board	KPMG	10	Broadband Infraco (Pty) Ltd	KPMG
11	Denel (Pty) Ltd	Ernst & Young	11	Bushbuckridge Water Board	Stabilis Inc.
12	Development Bank of South Africa - Development Fund	SizweNtsalubaGobodo	12	Council for Scientific and Industrial Research	KPMG/AGSA
13	Development Bank of Southern Africa	KPMG	13	DENEL (Pty) Ltd	Ernst & Young
14	ESKOM	KPMG and SisweNtsalubaGobodo	14	Development Bank of SA	Gobodo Inc. and KPMG
15	Estate Agency Affairs Board	SM Xulu Inc. and Kwinana & Associates Inc.	15	Development Bank of SA Development Fund	KPMG
16	Export Credit Insurance Corporation of SA	Pricewaterhousecoopers	16	ESKOM	SizweNtsaluba VSP
17	Housing Development Agency	Ernst & Young	17	Estate Agency Affairs Board	Kwinana & Associates Inc.
18	Industrial Development Corporation of SA	KPMG and SizweNtsalubaGobodo	18	Export Credit Insurance Corporation of South Africa Limited	KPMG
19	Inkomati Catchment Management Agency	Pricewaterhousecoopers	19	Housing Development Agency	Ernst & Young

ANNEXURE F

LIST OF ENTITIES COMBINED BUT AUDITED BY OTHER AUDITORS AT:

31 March 2012			31 March 2011		
20	Khula Enterprise Finance Limited	SizweNtsalubaGobodo	20	Industrial Development Corporation of South Africa Limited	SizweNtsaluba VSP
21	Lepelle Northern Water Board	Kwinana and Associates Inc.	21	Inkomati Catchment Management Agency	Pricewaterhousecoopers
22	National Economic Development and Labour Council	SizweNstalubaGobodo	22	Khula Enterprise Finance Limited	SizweNtsaluba VSP
23	National Empowerment Fund	Pricewaterhousecoopers and SizweNtsalubaGobodo	23	Legal Aid South Africa	Ramathe Inc.
24	National Health Laboratory Service	SizweNtsalubaGobodo	24	Lepelle Northern Water	Kwinana and Associates Inc.
25	National Housing Finance Corporation Ltd	Ernst & Young	25	Mhlathuze Water	Gobodo Inc.
26	National Metrology Institute of SA	Pricewaterhousecoopers	26	National Consumer Tribunal	Nkonki Inc.
27	National Student Financial Aid Scheme	Ernst & Young	27	National Economic Development and Labour Council	Gobodo Inc.
28	National Urban Reconstruction & Housing Agency	Nkonki Inc.	28	National Empowerment Fund	Pricewaterhousecoopers
29	Ncera Farms (Pty) Ltd	Pricewaterhousecoopers	29	National Health Laboratory Service	Gobodo Inc.
30	Overberg Water Board	Moore Stephens Chartered Accountants	30	National Housing Finance Corporation Limited	Ernst & Young
31	Pebble Bed Modular Reactor	KPMG	31	National Metrology Institute of South Africa	Pricewaterhousecoopers
32	Pelladrift Water Board	Claassen & Stone	32	National Urban Reconstruction Housing Agency	Nkonki Inc.
33	Perishable Products Export Control Board	Pricewaterhousecoopers	33	Ncera Farms (Pty) Ltd	Pricewaterhousecoopers
34	Productivity SA	SizweNstalubaGobodo	34	Overberg Water Board	Moore Stephens Chartered Accountants
35	Rand Water Board	SAB&T	35	Pebble Bed Modular Reactor	KPMG
36	Rural Housing Loan Fund	SizweNtsalubaGobodo	36	Pelladrift Water Board	Claassen & Stone
37	SASRIA Limited	Pricewaterhousecoopers	37	Perishable Products Export Control Board	Pricewaterhousecoopers
38	Sedibeng Water Board	Pricewaterhousecoopers	38	Productivity SA	SizweNtsaluba VSP
39	Sentech Limited	KPMG	39	Public Investment Corporation Limited	Nkonki Inc.
40	Servcon Housing Solutions (Pty) Ltd	SAB&T	40	Rand Water	SAB & T

ANNEXURES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2012

ANNEXURE F

LIST OF ENTITIES COMBINED BUT AUDITED BY OTHER AUDITORS AT:

31 March 2012			31 March 2011		
41	Social Housing Foundation	Pricewaterhousecoopers	41	Rural Housing Loan Fund	Gobodo Inc.
42	Social Housing Regulatory Authority	Ernst & Young	42	South African Reserve Bank	Pricewaterhousecoopers
43	South Africa Heritage Resources Agency	PKF	43	Sasria Limited	Pricewaterhousecoopers
44	South African Airways (Pty) Ltd	Pricewaterhousecoopers and Nkonki Inc.	44	Sedibeng Water	Pricewaterhousecoopers
45	South African Broadcasting Corporation	KPMG and Ngubane & Co	45	Sentech Limited	KPMG
46	South African Council of Educators	N.M.N. Chartered Accountants	46	Servcon Housing Solution (Pty) Ltd	SAB & T
47	South African Express (Pty) Limited	Nkonki Inc.	47	Small Enterprise Development Agency	PKF
48	South African Forestry Company Limited	Pricewaterhousecoopers	48	Social Housing Foundation	Pricewaterhousecoopers
49	South African National Accreditation System	Kwinana and Associates Inc.	49	South African Airways (Pty) Limited	Deloitte & Touché
50	South African National Space Agency	KPMG	50	South African Broadcasting Corporation Limited	KPMG and Ngubane & Co
51	South African Post Office Limited	SizweNstalubaGobodo and Deloitte & Touche	51	South African Council for Educators	N.M.N Chartered Accountants (SA)
52	South African Reserve Bank	SizweNstalubaGobodo and Pricewaterhousecoopers	52	South African Express (Pty) Ltd	Nkonki Inc.
53	State Information Technology Agency (Pty) Ltd	KPMG	53	South African Forestry Company Limited	Pricewaterhousecoopers
54	Telkom Limited	Ernst & Young	54	South African National Accreditation System	SAB & T
55	Thubelisha Homes	Deloitte & Touché	55	South African National Space Agency	KPMG / AGSA
56	Trans-Caledon Tunnel Authority	Deloitte & Touché and SizweNtsalubaGobodo	56	South African Post Office Limited	Deloitte & Touché and Gobodo Inc.
57	Transnet Limited	Deloitte & Touché	57	Special Investigation Unit	Gobodo Inc.

ANNEXURE F

LIST OF ENTITIES COMBINED BUT AUDITED BY OTHER AUDITORS AT:

31 March 2012			31 March 2011		
58	uMalusi Council for Quality Assurance in General and Further Education and Training	SAB&T	58	State Diamond Trader	KPMG
			59	Technology Innovation Agency	KPMG
			60	Telkom SA Limited	Ernst and Young
			61	The Co-operatives Banks Development Agency	Faitz Chartered Accountants Inc.
			62	The Social Housing Regulatory Authority	Pricewaterhousecoopers
			63	Thubelisha Homes	Deloitte & Touché
			64	Trans-Caledon Tunnel Authority	Deloitte & Touché
			65	Transnet Limited	Deloitte & Touché
			66	uMalusi Council for Quality Assurance in General and Further Education and Training	SizweNtsaluba VSP
			67	Umngeni Water	Deloitte & Touché
			68	Water Research Commission	Gobodo Inc.

ANNEXURES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2012

ANNEXURE G

ENTITIES COMBINED WITH YEAR ENDS OTHER THAN 31 MARCH AS AT:

31 March 2012		31 March 2011	
1	Amatola Water Board	1	Amatola Water Board
2	Bloem Water	2	Bloem Water
3	Botshelo Water	3	Botshelo Water
4	Bushbuckridge Water Board	4	Bushbuckridge Water Board
5	Lepelle Northern Water	5	Lepelle Northern Water
6	Magalies Water	6	Magalies Water
7	Mhlathuze Water	7	Mhlathuze Water
8	Overberg Water	8	Namaqua Water
9	Pelladrift Water Board	9	Overberg Water
10	Rand Water	10	Pelladrift Water Board
11	Sedibeng Water	11	Rand Water
12	South African Cities Network	12	Sedibeng Water
13	Umgeni Water	13	Umngeni Water
14	Water Research Commission		

nt Combined Financial Statements

STATEMENT OF FINANCIAL PERFOMANCE

For the year ended 31 March 2012

	Notes	31 March 2012 R'000	31 March 2011 R'000
Revenue			
Non-exchange revenue		99 173 792	85 046 948
Transfers and subsidies	21	56 640 879	47 466 493
Taxation revenue	22	42 149 212	36 863 611
Fines, penalties and forfeits	23	383 701	716 844
Exchange revenue		319 440 704	268 547 697
Sale of goods and rendering of services	24	257 678 051	216 383 687
Interest, dividends and rent on land	25	41 401 510	33 895 447
Other operating revenue		19 181 130	18 059 054
Profit on disposal of assets		1 180 013	209 509
		418 614 496	**353 594 645**
Expenditure			
Compensation of employees	26	(84 311 915)	(74 898 218)
Goods and services	27	(232 296 480)	(182 304 560)
Interest and rent on land	28	(30 726 754)	(28 472 775)
Loss on disposal of assets		(186 995)	(180 445)
Depreciation/amortisation and impairment		(30 749 789)	(28 572 745)
		(378 271 933)	(314 428 743)
Losses on revaluation of assets/liabilities		(2 415 316)	(2 523 596)
Share of (loss)/profit of associates	7	(144 421)	923 301
Surplus before tax		37 782 826	37 565 607
Income tax expense	29	(7 384 333)	(4 956 316)
Surplus from continuing operations		30 398 493	32 609 291
Deficit for the year from discontinued operations		(11 319)	(201 752)
SURPLUS/FOR THE YEAR		**30 387 174**	**32 407 539**
Attributable to:			
Owners of the controlling entity		30 401 900	32 423 098
Minority interests		(14 726)	(15 559)

STATEMENTS OF FINANCIAL POSITION

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000
Assets			
Non-current assets			
Property, plant and equipment	2	878 511 456	751 716 287
Investment property	3	14 122 938	14 703 227
Biological assets	4	2 937 434	2 806 049
Intangible assets	5	21 808 756	21 497 258
Trade and other receivables	6	123 955 561	109 313 766
Investments in associates and controlled entities	7	23 980 362	14 021 427
Other investments	8	160 761 598	154 033 870
Finance lease receivables	9	614 962	603 477
Deferred tax assets	10	2 450 076	1 760 797
Employee Benefits	17	349 864	373 089
		1 229 493 007	1 070 829 247
Current assets			
Trade and other receivables	6	76 012 727	70 017 527
Finance lease receivables	9	16 025	15 716
Other investments	8	496 926 156	436 216 663
Inventories	11	23 335 622	23 450 878
Cash and cash equivalents	12	125 411 855	107 226 359
		721 702 385	636 927 143
Assets classified as held for sale	13	3 426 063	3 026 118
		725 128 448	639 953 261
TOTAL		**1 954 621 455**	**1 710 782 508**

STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000
Liabilities			
Non-current liabilities			
Loans and borrowings	14	449 418 532	391 929 913
Financial guarantee contracts		48 836	69 422
Finance lease obligations	15	1 201 451	1 293 555
Derivatives	16	4 960 077	10 035 576
Employee benefits	17	22 114 290	20 186 735
Provisions	18	82 597 536	64 057 066
Deferred tax liabilities	10	41 920 119	31 078 601
		602 260 841	518 650 868
Current liabilities			
Loans and borrowings	14	475 644 500	412 017 870
Trade and other payables	19	72 479 708	65 627 405
Finance lease obligations	15	205 154	208 584
Current income tax liabilities		32 506	(389 416)
Derivatives	16	5 458 378	3 070 823
Provisions	18	35 176 036	23 048 623
		588 996 282	503 583 889
Liabilities of assets classified as held for sale	13	569 757	1 679 247
		589 566 039	505 263 136
TOTAL LIABILITIES		**1 191 826 880**	**1 023 914 004**
Net Assets			
Ordinary shares		21 424 169	21 424 169
Share premium		6 923 796	6 923 796
Contributed capital		24 269 976	24 233 076
Other reserves	20	375 717 693	342 185 599
Accumulated surplus		334 095 479	291 731 415
		762 431 113	686 498 055
Minority interest		363 462	370 449
TOTAL NET ASSETS		**762 794 575**	**686 868 504**
TOTAL NET ASSETS AND LIABILITIES		**1 954 621 455**	**1 710 782 508**

STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 March 2012

	Share capital (Contribution from Owners)	Share premium	Contributed capital	Hedging reserve	Available for sale investments	Revaluation reserve	Translation Reserve	Other reserves	Accumulated surplus/deficit	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Balance at 1 April as originally stated	**21 424 169**	**6 923 796**	**23 996 278**	**(796 751)**	**45 780 581**	**85 860 230**	**25 779**	**76 276 446**	**175 837 976**	**435 328 504**
- correction of prior period error	-	-	-	-	-	-	-	(858)	(344 944)	(345 802)
- change in accounting policy	-	-	-	494 000	-	(61 668 410)	-	236 795	86 049 983	25 112 368
As restated	**21 424 169**	**6 923 796**	**23 996 278**	**(302 751)**	**45 780 581**	**24 191 820**	**25 779**	**76 512 383**	**261 543 015**	**460 095 070**
Surplus / (deficit) for the year	-	-	-	-	-	-	-	-	32 423 098	32 423 098
Depreciation transfer on property, plant and equipment	-	-	-	-	-	(3 594)	-	-	191 234	187 640
Dividends paid	-	-	-	-	-	-	-	-	(304 367)	(304 367)
Actuarial loss/gain on post employment benefit obligations net of tax	-	-	-	-	-	-	-	-	293 000	293 000
Other movements	-	-	236 798	(231 000)	177 484	6 162 074	73	178 568 890	(2 120 782)	182 793 537
Gains on revaluation of property, plant and equipment	-	-	-	-	-	65 521	-	-	-	65 521
Currency translation differences	-	-	-	-	-	-	(410 887)	-	-	(410 887)
Revaluation of available-for-sale investments	-	-	-	-	11 617 832	-	-	-	-	11 617 832
Movement in cash flow hedges	-	-	-	30 068	-	-	-	-	-	30 068
Closing Balance as at 31 March 2011	**21 424 169**	**6 923 796**	**24 233 076**	**(503 683)**	**57 575 897**	**30 415 821**	**(385 035)**	**255 081 273**	**292 025 198**	**686 790 512**

STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 March 2012

	Share capital (Contribution from Owners)	Share premium	Contributed capital	Hedging reserve	Available for sale investments	Revaluation reserve	Translation Reserve	Other reserves	Accumulated surplus/deficit	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Balance at 1 April as originally stated	21 424 169	6 923 796	24 233 076	(503 683)	57 575 897	30 415 821	(385 035)	255 081 273	292 025 198	686 790 512
- correction of prior period error	-	-	-	-	(3 990)	-	-	5 316	(11 592)	(10 266)
- change in accounting policy	-	-	-	-	-	-	-	-	(282 191)	(282 191)
As restated	21 424 169	6 923 796	24 233 076	(503 683)	57 571 907	30 415 821	(385 035)	255 086 589	291 731 415	686 498 055
Surplus / (deficit) for the year	-	-	-	-	-	-	-	-	30 761 692	30 761 692
Depreciation transfer on property, plant and equipment	-	-	-	-	-	3 106	-	-	74 284	77 390
Dividends paid	-	-	-	-	-	-	-	-	(268 652)	(268 652)
Actuarial loss/gain on post employment benefit obligations net of tax	-	-	-	-	-	-	-	-	14 000	14 000
Purchase of treasury shares	-	-	-	-	-	-	-	-	(2 272)	(2 272)
Other movements	-	-	36 900	2 198 564	(2 647 352)	2 896 918	411 551	29 950 140	11 785 012	44 631 733
Gains on revaluation of property, plant and equipment	-	-	-	-	-	-	379 593	-	-	379 593
Equity component of convertible bond	-	-	-	-	361 169	-	-	-	-	361 169
Share of available-for-sale financial asset reserve of associates	-	-	-	(21 595)	-	-	-	-	-	(21 595)
	21 424 169	6 923 796	24 269 976	1 673 286	55 285 724	33 315 845	406 109	285 036 729	334 095 479	762 431 113

CASH FLOW STATEMENT

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000
Cash flow from operating activities			
Cash receipts		410 540 932	359 184 623
Transfers and subsidies		57 690 496	47 667 678
Taxation revenue		39 194 064	35 627 448
Fines, penalties and forfeits		1 020 089	927 678
Sale of goods and rendering of services		265 660 032	222 080 596
Interest, dividends and rent on land		28 804 499	37 826 206
Other operating revenue		18 171 752	15 055 017
Cash payments		(312 854 549)	(292 839 596)
Compensation of employees		(79 526 857)	(69 182 437)
Goods and services		(219 345 648)	(221 924 935)
Interest and rent on land		(13 158 638)	-
Taxation paid		(823 406)	(1 732 224)
Net cash generated from operating activities	30	**97 686 383**	**66 345 027**
Cash flow from investing activities			
Acquisition of controlled entity (net of cash acquired)		98 941	112 471
Purchase of assets		(116 880 914)	(102 882 764)
Proceeds from the sale of assets		5 427 288	4 623 669
Disposal/(Purchase) of available-for-sale financial assets		4 185 999	(39 548 021)
Movement in pension assets/liabilities		(89 226)	14 682
Loans granted to associates/other economic entities		(10 730 376)	(12 565 090)
Loan repayments received from associates/other economic entities		5 940 754	735 580 540
Net cash used in investing activities		**(112 047 534)**	**585 335 487**
Cash flow from financing activities			
Proceeds from issuance of ordinary shares/contributed capital		6 346 501	14 480 698
Purchase of treasury shares		(4 644)	-
Repayment / issuance of financial guarantee contracts		735 905	803 594
Dividends paid		(3 890 703)	(505 093)
Proceeds from borrowings		70 789 626	126 114 565
Repayments of borrowings		(42 400 619)	(50 506 319)
Net cash used in financing activities		**31 576 066**	**90 387 445**
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		17 214 915	9 740 057
Cash, cash equivalents and bank overdrafts at beginning of the year		105 854 132	96 147 637
Exchange gains/(losses) on cash and bank overdrafts		1 072 283	(33 562)
Cash, cash equivalents and bank overdrafts at end of the year	12	**124 141 330**	**105 854 132**

ACCOUNTING POLICIES FOR COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2012

1.1 STATEMENT OF COMPLIANCE

The combined financial statements have been prepared in accordance with the Departmental Financial Reporting Framework: Combined Financial Statements as prescribed by the National Treasury.

1.2 BASIS OF PREPARATION

The combined 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. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

1.3 BASIS OF COMBINATION

The combined financial statements incorporate the financial statements of the national public entities including entities and enterprises under their control, constitutional institutions and trading entities. Control is achieved where the entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Water Boards have a year end other than 31 March and have been combined based on twelve months management accounts.

All material balances and transactions between entities included in the combined are eliminated. Balances and transactions that are less than 3% of total expenditure are not considered to be material and are not eliminated. Where material, adjustments are made to the financial statements of the group entities to bring their accounting policies in line with those adopted by the National Treasury.

The principal accounting policies 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.

1.4 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

1.5 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.

1.6 COMPARATIVE INFORMATION

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.

ACCOUNTING POLICIES FOR COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2012

Where necessary, comparative figures have been adjusted to conform to the changes in the presentation made in the current year. The comparative figures for the current year will not agree to the prior year combined financial information due to the following reasons:

- This is the first year of preparing fully combined financial statements in accordance with the Combined Financial statements framework, requiring elimination of all material intra-group transactions and balances.
- The template used in the current year has reclassified some of the line items from the prior year's CFI, thus resulting in some differences.
- The number of entities combined in the current year is not the same as used in last year's CFI.

1.7 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:

Standard number	Standard name	Effective date (if applicable)
GRAP 18	Segment Reporting	No effective date
GRAP 20	Related Party Disclosures	No effective date
GRAP 21	Impairment of non-cash generating assets	1-Apr-12
GRAP 23	Revenue from non-exchange transactions	1-Apr-12
GRAP 24	Presentation of budget information in Financial Statements	1-Apr-12
GRAP 25	Employee benefits	No effective date
GRAP 26	Impairment of cash-generating assets	1-Apr-12
GRAP 103	Heritage assets	1-Apr-12
GRAP 104	Financial instruments	1-Apr-12
GRAP 105	Transfer of functions between entities under common control	No effective date
GRAP 106	Transfer of functions between entities not under common control	No effective date
GRAP 107	Mergers	No effective date

The combined entity has not early-adopted any of these new Standards or amendments thereto, but has referred to them for guidance in the development of accounting policies in accordance with GRAP 3 as read with Directive 5. The precise impact of these standards on the combined financial statements of the entity is still being assessed but it is expected that this will only result in additional disclosures without affecting the underlying accounting.

1.8 SIGNIFICANT JUDGEMENTS AND ESTIMATES

In the process of applying these accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The specific details of the judgements and estimates made are specific and included in the concerned entity's financial statements.

In the process of applying the combined accounting policies, the following common estimates were identified:

PROVISIONS

Provisions are measured as the present value of the estimated future outflows required to settle the obligation. In the process of determining the best estimate of the amounts that will be required in future to settle the provision management considers the weighted average probability of the potential outcomes of the provisions raised. This measurement entails determining what the different potential outcomes are for a provision as well as the financial impact of each of those potential outcomes. Management then assigns a weighting factor to each of these outcomes based on the probability that the outcome will materialise in future. The factor is then applied to each of the potential outcomes and the factored outcomes are then added together to arrive at the weighted average value of the provisions.

PENSION AND OTHER POST-EMPLOYMENT BENEFITS

Some of the post-employment benefits offered by the entities 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, expected future use and the entity's expectations about the availability of finance to replace the asset at the end of its useful life. In evaluating the how the condition and use of the asset informs the useful life and residual value management considers the impact of technology and minimum service requirements of the assets.

ACCOUNTING POLICIES FOR COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2012

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.

INVENTORY

The estimation of the water stock in the reservoirs is based on the measurement of water via electronic level sensors, which determines the depth of water in the reservoirs, which is then converted into volumes based on the total capacity of the reservoir.

HERITAGE ASSETS

Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated due to the uncertainty regarding their estimated useful lives. The valuation of heritage assets is dependent on the type of the asset and the availability of reliable information. Management makes estimates and assumptions about factors such as the restoration cost, replacement cost and cash flow generating ability in estimating fair value.

IMPAIRMENTS OF NON-FINANCIAL ASSETS

In testing for, and determining the value-in-use of non-financial assets, management is required to rely on the use of estimates about the asset's ability to continue to generate cash flows (in the case of cash-generating assets). For non-cash-generating assets, estimates are made regarding the depreciated replacement cost, restoration cost, or service units of the asset, depending on the nature of the impairment and the availability of information.

1.9 FINANCIAL INSTRUMENTS

1.9.1 FINANCIAL ASSETS

Financial assets are classified into the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held-for-trading and those designated at fair value through profit or loss at inception.

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held-for-trading unless they are designated as hedging instruments.

For combined financial statements, financial assets are designated at fair value through profit or loss when either:

- The assets are managed, evaluated and reported internally on a fair value basis
- The designation eliminates or significantly reduces an accounting mismatch which would otherwise arise
- The asset contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract

Loans and receivables

Loans and receivables are non-derivative assets with fixed or determinable payments that are not quoted in an active market other than those that the Group entities intend to sell in the near future. They arise when the entities provides money, goods or services directly to a debtor with no intention of trading the receivable.

Held-to-maturity

Held-to-maturity investments are non derivative financial assets with fixed or determinable payments and fixed maturity that the Group entities have the positive intent and ability to hold to maturity. If the Group entities were to sell other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available for-sale.

Available-for-sale

Available-for-sale investments are non derivative investments that are not designated as another category of financial assets. Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

ACCOUNTING POLICIES FOR COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2012

RECOGNITION AND MEASUREMENT

Purchases and sales of financial assets at fair value through profit or loss, held-to-maturity and available-for-sale are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Loans are recognised when the cash is advanced to the borrowers. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest rate method less impairment loss. Gains and losses arising from changes in the fair value of the financial instruments through profit or loss category are included in the statement of financial performance in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in statement of changes in net assets, until the financial asset is disposed of, derecognised or impaired, at which time the cumulative gain or loss previously recognised in statement of changes in net assets should be recognised in statement of financial performance. However, interest calculated using the effective interest method is recognised in the statement of financial performance for available-for-sale debt investments. Dividends on available-for sale equity instruments are recognised in the statement of financial performance when the entity's right to receive payment is established.

Financial assets (or, where applicable, a part of a financial asset or part of a group of similar financial assets) are derecognised when the contractual rights to receive cash flows from the financial assets have expired or where the Group entities have transferred substantially all the risks and rewards of ownership, without retaining control. Any interest in the transferred financial assets that is created or retained is recognised as a separate asset or liability.

The fair values of quoted investments in active markets are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the fair value is established by using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants. Any instrument that does not have a quoted market price in an active market and whose fair value cannot be reliably measured is stated at its cost, including transaction costs, less impairment.

1.9.2 FINANCIAL LIABILITIES

Financial liabilities are recognised initially at fair value, generally being their issue proceeds net of transaction costs incurred. Financial liabilities, other than those at fair value through profit or loss, are subsequently stated at amortised cost and interest is recognised over the period of the borrowing using the effective interest rate method.

Where the Group classifies certain liabilities at fair value through profit or loss, changes in fair value are recognised in the statement of financial performance. This designation takes place when either:

- The liabilities are managed, evaluated and reported internally on a fair value basis, or
- The designation eliminates or significantly reduces an accounting mismatch which would otherwise arise, and
- The liability contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of financial performance.

Financial guarantees

Financial guarantees are contracts that require the Group entities to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are initially recognised at their fair value and the initial fair value is amortised over the life of the financial guarantee. The guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment (when payment under the guarantee has become probable). Financial guarantees are included with other liabilities.

1.9.3 OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and liabilities are off set and the net amount reported in the statement of financial position when there is a legally enforceable right to off set the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

1.9.4 DERIVATIVE FINANCIAL INSTRUMENTS

Certain Group companies use derivative financial instruments to hedge their exposure to foreign exchange rate risks and other market risks arising from operational, financing and investment activities.

The Group does not hold or issue derivative financial instruments for trading purposes. The derivatives that do not meet the requirements for hedge accounting are accounted for as trading instruments.

Embedded derivatives

Derivatives may be embedded in another contractual arrangement (a 'host contract'). The group entities account for an embedded derivative separately from the host contract when the host contract is not itself carried at fair value through profit or loss, the terms of the embedded derivative would meet the definition of a derivative if they were contained in a separate contract, and the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risk of the host contract. Separated embedded derivatives are accounted for depending on their classification, and are presented in the statement of financial position together with the host contract.

Hedge accounting

The following hedge relationships are applied:

Fair value hedge – a hedge of exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss. Changes in fair value are recognised in the statement of financial performance.

Any adjustments to the carrying amount related to the hedged risk are recognised in the statement of financial performance.

Cash flow hedge – a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit or loss. The effective portion of changes in its fair value, is recognised directly in a separate component of net assets through the statement of changes in net assets and the ineffective portion of the gain or loss, is recognised in the statement of financial performance. The change in fair value recognised directly in net assets is transferred to the statement of financial performance when the future transaction affects profit or loss.

No adjustments are made to the carrying amount of the hedged item.

Discontinuation of hedge accounting

Hedge accounting is discontinued prospectively if any one of the following occurs:

- The hedging instrument expires or is sold, terminated or exercised
- The forecast transaction is no longer expected to occur (in the case of a cash flow hedge, the cumulative unrealised gain or loss recognised in net assets is recognised immediately in the statement of financial performance)
- The hedge no longer meets the conditions for hedge accounting
- When the designation is revoked

1.9.5 IMPAIRMENT OF FINANCIAL ASSETS

Impairment of financial assets carried at amortised cost

The Group entities assess whether there is objective evidence that a financial asset or Group of financial assets not carried at fair value through profit or loss are impaired at each reporting date. A financial asset or group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Impairment losses are recognised in the statement of financial performance.

Impairment of available-for-sale financial assets

The Group entities assess at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available for sale significant or prolonged decline in the fair value of the instrument below its cost is an indication of impairment. If any such evidence exists for available for sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit t or loss is removed from equity and recognised in the statement of financial performance. Impairment losses recognised in the statement of financial performance on equity instruments are not reversed through the statement of financial performance.

1.10 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.

ACCOUNTING POLICIES FOR COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2012

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.

1.11 DISCONTINUED OPERATIONS AND NON-CURRENT ASSETS HELD FOR SALE

DISCONTINUED OPERATIONS

A discontinued operation is a component of the Group entities' business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier. A disposal group that is to be abandoned may also qualify.

NON-CURRENT ASSETS HELD FOR SALE

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.

Impairment losses on initial classification as held-for sale are included in profit and loss even when there is a revaluation. The same applies to gains and losses on subsequent measurement.

DERECOGNITION

Non-current assets and disposal groupies 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 / loss 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.

1.12 PROPERTY, PLANT AND EQUIPMENT

INITIAL RECOGNITION AND MEASUREMENT

Property, plant and equipment are tangible non-current 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 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.

ACCOUNTING POLICIES FOR COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2012

SUBSEQUENT MEASUREMENT

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, except for those carried at revalued amounts. 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:

Asset class
Land
Ports infrastructure
Roads infrastructure
Aircrafts

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, except for assets acquired under a finance lease which are depreciated over the lease term if shorter. 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.

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

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

Land & Buildings	**Useful Life Range in Years**
Buildings	5 - 100
Land	Indefinite Life
Infrastructure Assets	Useful Life Range in Years
Roads, Sidewalks & Stormwater Networks	2 – 95
Ports infrastructure and equipment	3 – 100
Sewerage Mains & Purification Works	15 – 80
Water Supply & Reticulation	10 – 50
Dams & Treatment Works	25 – 100
Other Assets	**Useful Life Range in Years**
	10 – 50
Plant and Machinery	3 – 80
Office equipment	2 – 22
Other Machinery and equipment	2 – 60
Motor vehicles	2 – 26
Office Furniture & Fittings	2 – 22
ICT Communication related equipment	2 – 22
Musical equipment	5 – 40
Leasehold improvements	2 – 25
Computer Equipment	2 – 11
Air craft	5 – 15

DERECOGNITION

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

HERITAGE ASSETS

Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated due to the uncertainty regarding their estimated useful lives, as reflected in the table below:

Heritage Sites	**Useful Life Range in Years**
Memorials & Statues	Indefinite Life
Heritage Sites	Indefinite Life
Museums	Indefinite Life
Art Works	Indefinite Life
Collections (Rare books, coins, stamps, etc.)	Indefinite Life

ACCOUNTING POLICIES FOR COMBINED FINANCIAL STATEMENTS

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1.13 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:

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

INTANGIBLE ASSETS ARE INITIALLY RECOGNISED AT COST.

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

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

SUBSEQUENT MEASUREMENT

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

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:

Intangible	Useful Life Range in Years
Computer Software	2 – 10
Servitudes	5 – 20
Licences	3 – 5

The amortisation period, the amortisation method and residual value for intangible assets with finite useful lives are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in 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.

1.14 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.

ACCOUNTING POLICIES FOR COMBINED FINANCIAL STATEMENTS

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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

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.

Cost model

Certain Investment properties held to earn rentals are measured using the cost model when the costs of valuation is regarded as excessive compared to the benefit thereof. Subsequent to initial recognition, these investment properties are stated at cost less accumulated depreciation and accumulated impairment.

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:

Investment Property	Useful Life Range in Years
Buildings	3 - 100
Land	Indefinite

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

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.

1.15 BIOLOGICAL ASSETS

RECOGNITION

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

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

- The entity controls the asset; and
- Future economic benefits or service potential from the asset is probable; and
- The fair value or cost of the asset can be determined.

MEASUREMENT

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

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

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

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

DERECOGNITION

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

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

ACCOUNTING POLICIES FOR COMBINED FINANCIAL STATEMENTS

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1.16 IMPAIRMENT OF NON-FINANCIAL ASSETS

RECOGNITION

The carrying amounts of tangible and intangible assets other than biological assets, land, investment properties, non-current assets held for sale, inventories and deferred tax assets are reviewed at each reporting period to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of the asset is estimated as the higher of an asset's fair value less costs to sell and value in use.

MEASUREMENT

Fair value less costs to sell is determined by ascertaining the current market value of the asset and deducting any costs relating to the realisation of the asset. In assessing the value in use, the expected future cash flows from the asset are discounted to their net present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (and the business unit to which that asset belongs) for which the future cash flows have not been adjusted.

Where an asset does not generate cash flows that are independent from other assets, the recoverable amount of the cash generating unit to which the asset belongs to is estimated.

Goodwill and intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less that it's carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease to the extent of the balance in the revaluation reserve relating to that asset. Impairment losses recognised in respect of cash generating unit are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit and then to reduce the carrying amount of the other assets in the cash generating unit on a pro-rata basis.

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

An impairment loss in respect of goodwill, whether recognised at an interim reporting date or at year end, is not reversed in subsequent periods.

In respect of other assets, a previously recognised impairment loss is reversed if the recoverable amount increases as a result of a change in the estimates previously used to determine the recoverable amount, to an amount not higher than the carrying amount that would have resulted, net of depreciation or amortisation had no impairment loss been recognised. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.17 EMPLOYEE BENEFITS

POST EMPLOYMENT BENEFITS

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

DEFINED CONTRIBUTION PLANS

Contributions made towards the fund are recognised as an expense in the Statement of Financial Performance when employees have rendered services entitling them to the contributions and the contributions are due. 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.

The liability recognised in the Statement of Financial Position is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. Actuarial valuation is performed using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government securities which have terms of maturity approximating the terms of the related liability.

Cumulative actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of:

- 10% of the value of plan assets; or
- 10% of the defined benefit obligations

are recognised in Statement of Changes in Net Assets.

ACCOUNTING POLICIES FOR COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2012

Past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested, past service costs are recognised immediately.

Any surplus of plan assets over plan liabilities is recognised as an asset limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

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

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

1.18 LEASES

THE ENTITY AS LESSEE

RECOGNITION

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the entity through the lease agreement. Assets subject to finance leases are recognised in the Statement of Financial Position at the inception of the lease, as is the corresponding finance lease liability.

Assets subject to operating leases, i.e. those leases where substantially all of the risks and rewards of ownership are not transferred to the lessee through the lease, are not recognised in the Statement of Financial Position. The operating lease expense is recognised over the course of the lease arrangement.

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

MEASUREMENT

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

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

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

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

DERECOGNITION

The finance lease liabilities are derecognised when the entity's obligation to settle the liability is extinguished. The assets capitalised under the finance lease are derecognised when the entity no longer expects any economic benefits or service potential to flow from the asset.

The operating lease liability is derecognised when the entity's obligation to settle the liability is extinguished. The operating lease asset is derecognised when the entity no longer anticipates economic benefits to flow from the asset.
The entity as Lessor

RECOGNITION

For those leases that meet the definition of a finance lease, where the entity is the lessor, the entity derecognises the asset subject to the lease at the inception of the lease. Along with the derecognition of the asset the entity recognises a finance lease receivable. Finance lease income is allocated to between the finance lease receivable and finance income using the effective interest rate method and the resulting finance income is recognised in the Statement of Financial Performance as it accrues.

For those leases classified as operating leases the asset subject to the lease is not derecognised and no lease receivable is recognised at the inception of the lease. Lease payments received under an operating lease are recognised as income, in the Statement of Financial Performance, in the period that the income accrues.

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

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.

1.19 REVENUE

REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrues to the entity directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable, excluding indirect taxes, rebates and discounts.

RECOGNITION

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

a) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
b) The amount of revenue can be measured reliably; and
c) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue arising out of situations where the entity acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the entity as compensation for executing the agreed services.

SPECIFIC EXCHANGE-REVENUE SOURCES

Revenue from sale of goods

Revenue from the sales of goods is recognised when the risk and rewards of ownership is passed to the consumer.

Revenue from Services

Revenue from services rendered is recognised with reference to the stage of completion of the service being rendered when the outcome of the transaction can be estimated reliably. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity.
- The stage of completion of the transaction at the reporting date can be measured reliably.
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Dividends

Dividends are recognised on the date that the entity's right to receive payment is established.

Interest

Interest is recognised on a time proportion basis, which takes into account the principal amount outstanding and the effective interest rate over the period to maturity.

Measurement

Revenue from exchange transactions is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

Revenue from Non-Exchange Transactions

Non-exchange transactions are transactions that are not exchange transactions.

Revenue from non-exchange transaction arises when the entity either receives value from another entity without directly giving approximately equal value in exchange or gives value to another entity without directly receiving approximately equal value in exchange.

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

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.

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MEASUREMENT

An asset that is recognised as a result of a non-exchange transaction is recognised at its fair value at the date of the transfer. Consequently, revenue arising from a non-exchange transaction is measured at the fair value of the asset received, less the amount of any liabilities that are also recognised due to conditions that must still be satisfied.

Where there are conditions attached to a grant, transfer or donation that gave rise to a liability at initial recognition, that liability is transferred to revenue as and when the conditions attached to the grant are met.

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

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

1.20 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, 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.

1.21 FOREIGN CURRENCY TRANSACTIONS

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.

FOREIGN OPERATIONS

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Rand at closing rate. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to Rand at exchange rates at the dates of the transactions.

Foreign currency differences are recognised directly in Statement of Changes in Net Assets. When a foreign operation is disposed of, in part or in full, the relevant amount in the Foreign Currency Translation Reserve (FCTR) is transferred to Statement of Financial Performance. Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of net investment in a foreign operation and are recognised directly in the Statement of Changes in Net Assets in the FCTR.

1.22 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.

1.23 VALUE ADDED TAX

The entity accounts for Value Added Tax on the invoice basis.

1.24 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government or organ of state and expenditure in the form of a grant that is not permitted. Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as income in the Statement of Financial Performance.

1.25 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to any applicable legislation, including the Public Finance Management Act (PFMA) or is in contravention of the entity's supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.26 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

ACCOUNTING POLICIES
FOR COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2012

1.27 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 is 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 occurred.

The entity will disclose the nature of the event and an estimate 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.

1.28 RELATED PARTIES

Related parties for combined purposes include entities directly or indirectly owned by the South African Government. Due to the environment in which public entities operate, the combined disclosure of related parties is limited to disclosing information that is not too costly to gather and of less value to users. The combination has also taken into account the constitutional independence of all three spheres of government in South Africa, resulting in only parties within the national sphere of government being considered as related parties. Other related party transactions are also disclosed in terms of the requirements of IAS 24.

1.29 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 the residual interest of 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.

1.30 INTEREST IN JOINT VENTURES

The Entity has an interest in a joint venture, which is a jointly controlled entity, whereby the venturers have a contractual arrangement that establishes joint control over the economic activities of the entity. The agreement requires unanimous agreement for financial and operating decisions among the venturers. The Entity recognises its interest in the joint venture using the proportionate consolidation method. The Entity combines its proportionate share of each of the assets, liabilities, income and expenses of the joint venture with similar items, line by line, in its financial statements. The financial statements of the joint venture are prepared for the same reporting period as the Entity. Adjustments are made where necessary to bring the accounting policies in line with those of the Entity.

Adjustments are made in the Entity's financial statements to eliminate the Entity's share of intra-group balances, transactions and unrealised gains and losses on such transactions between the Entity and its joint venture. Losses on transactions are recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss. The joint venture is proportionately consolidated until the date on which the Entity ceases to have joint control over the joint venture.

Upon loss of joint control, the Entity measures and recognises its remaining investment at its fair value. Any difference between the carrying amount of the former joint controlled entity upon loss of joint control and the fair value of the remaining investment and proceeds from disposal are recognised in surplus or deficit. When the remaining investment constitutes significant influence, it is accounted for as investment in an associate.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000
2 PROPERTY, PLANT AND EQUIPMENT			
Land and buildings			
Opening net carrying amount		134 393 139	113 116 826
Cost or valuation		153 011 572	129 421 551
Accumulated depreciation and impairment		(18 618 433)	(16 304 725)
Additions		5 800 744	6 473 148
Disposal		(220 281)	(162 075)
Depreciation charge		(3 646 617)	(3 421 918)
Transfer (to)/from asset held for sale or disposal group classified as held for sale		(55 747)	166 820
Transfer from inventories and/or investment property		6 565 143	4 959 267
Work-in-progress		3 040 155	2 387 189
Assets acquired through a business/entity combination		22 559	23 487
Impairment deficit recognised		(557 022)	(332 909)
Revaluation adjustments		3 414 912	11 203 990
Borrowing costs capitalised		62 000	9 000
Exchange differences		(4 139)	203
Other Transfers		(59 454)	(29 889)
Closing net carrying amount 31 March		**148 755 391**	**134 393 139**
Cost or valuation		163 615 809	153 011 572
Accumulated depreciation and impairment		(14 860 418)	(18 618 433)
Machinery and equipment			
Opening net carrying amount		**148 786 595**	**132 101 994**
Cost or valuation		246 320 619	232 260 497
Accumulated depreciation and impairment		(97 534 024)	(100 158 504)
Additions		25 475 037	22 371 695
Disposal		(477 658)	(717 505)
Depreciation charge		(13 002 150)	(11 140 755)
Transfer (to)/from asset held for sale or disposal group classified as held for sale		(51 150)	16 771
Transfer from inventories and/or investment property		259 377	3 765 687
Work-in-progress		804 004	181 597
Assets acquired through a business/entity combination		(29 751)	204 629
Impairment deficit reversed/(recognised)		123 097	(185 213)
Borrowing costs capitalised		6 000	7 000
Exchange differences		(284)	91
Other Transfers		541 421	2 180 604
Closing net carrying amount 31 March		**162 434 537**	**148 786 595**
Cost or valuation		282 206 953	246 320 619
Accumulated depreciation and impairment		(119 772 416)	(97 534 024)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000
Vehicles			
Opening net carrying amount		**4 690 079**	**4 158 077**
Cost or valuation		7 895 755	7 098 146
Accumulated depreciation and impairment		(3 205 677)	(2 940 070)
Additions		853 287	1 217 328
Disposal		(56 783)	(177 279)
Depreciation charge		(812 791)	(535 988)
Transfer (to)/from asset held for sale or disposal group classified as held for sale		(3 421)	1 521
Transfer from inventories and/or investment property		9 105	8 838
Work-in-progress		21 332	21 070
Assets acquired through a business/entity combination		1 017	266
Impairment deficit reversed/(recognised)		1 366	(11 357)
Exchange differences		(722)	108
Other Transfers		(2 319)	7 495
Closing net carrying amount 31 March		**4 700 150**	**4 690 079**
Cost or valuation		8 374 896	7 895 755
Accumulated depreciation and impairment		(3 674 746)	(3 205 677)
Office furniture and fittings			
Opening net carrying amount		**1 766 852**	**1 737 635**
Cost or valuation		4 241 169	3 862 500
Accumulated depreciation and impairment		(2 474 317)	(2 124 865)
Additions		388 950	457 703
Disposal		(35 340)	(57 614)
Depreciation charge		(408 780)	(441 145)
Transfer to asset held for sale or disposal group classified as held for sale		(4 543)	(2 121)
Transfer (to)/from inventories and/or investment property		(3 689)	49 082
Work-in-progress		3 754	3 708
Assets acquired through a business/entity combination		312	2 932
Impairment deficit (recognised)/reversed		(3 543)	16 853
Borrowing costs capitalised		-	127
Exchange differences		730	6
Other Transfers		(20 540)	(314)
Closing net carrying amount 31 March		**1 684 163**	**1 766 852**
Cost or valuation		4 323 119	4 241 169
Accumulated depreciation and impairment		(2 638 956)	(2 474 317)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000
Other			
Opening net carrying amount		**462 079 622**	**389 981 235**
Cost or valuation		578 461 183	496 769 593
Accumulated depreciation and impairment		(116 381 561)	(106 788 358)
Additions		71 658 336	61 349 843
Disposal		(29 491)	(172 044)
Depreciation charge		(9 720 269)	(8 753 478)
Transfer from/(to) asset held for sale or disposal group classified as held for sale		19 678	(1 215 395)
Transfer to inventories and/or investment property		(759 853)	(229 540)
Work-in-progress		(4 039 095)	(12 220 768)
Assets acquired through a business/entity combination		6 084	10 299
Impairment deficit recognised		(221 713)	(330 407)
Borrowing costs capitalised		6 730 118	10 451 664
Exchange differences		(282)	298
Other Transfers		35 214 079	23 207 915
Closing net carrying amount 31 March		**560 937 215**	**462 079 622**
Cost or valuation		684 220 246	578 461 183
Accumulated depreciation and impairment		(123 283 031)	(116 381 561)
Total property, plant and equipment			
Opening net carrying amount		**751 716 287**	**641 095 766**
Cost or valuation		989 930 298	869 412 287
Accumulated depreciation and impairment		(238 214 011)	(228 316 521)
Additions		104 176 353	91 869 717
Disposal		(819 554)	(1 286 517)
Depreciation charge		(27 590 607)	(24 293 284)
Transfer to asset held for sale or disposal group classified as held for sale		(95 183)	(1 032 404)
Transfer from inventories and/or investment property		6 070 083	8 553 334
Work-in-progress		(169 850)	(9 627 204)
Assets acquired through a business/entity combination		221	241 613
Impairment deficit recognised		(657 815)	(843 033)
Revaluation adjustments		3 414 912	11 203 990
Borrowing costs capitalised		6 798 118	10 467 791

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000
Exchange differences		(4 697)	706
Other Transfers		35 673 187	25 365 811
Closing net carrying amount 31 March		**878 511 456**	**751 716 287**
Cost or valuation		1142 741 023	989 930 298
Accumulated depreciation and impairment		(264 229 567)	(238 214 011)

Property, plant and equipment is stated at historical cost except for infrastructure and land and buildings, which are stated at revalued amounts. The Group's policy is to perform a revaluation of its land and buildings frequently with appropriate valuation indices being applied in the intervening years to bring the valuation in line. External revaluations are performed by independent firms of professional valuers on the basis of the modern equivalent net asset value. The following entities had significant values of infrastructure and land and buildings included in the closing balance of property, plant and equipment.

Transnet	Revaluation amount	86,806,000	70,021,000
	Carrying amount unders cost model	34,977,000	33,507,000
South African National Road	Revaluation amount	166,332,661	135,856,902
Agency Limited	Carrying amount unders cost model	25,131,652	17,915,966

3 INVESTMENT PROPERTY

Opening net carrying amount	14 703 227	11 433 665
Additions	20 793	734 059
Disposals	(5 027)	(75 060)
Fair value adjustment during the year	1 568 368	1 351 815
Transfer (to) asset held for sale or disposal group classified as held for sale	(168 846)	(87 410)
Transfers to inventories and owner-occupied property	(1 973 685)	1 423 964
Fair value adjustment previously recognosed as accumulated depreciation	(21 892)	(77 806)
Closing net carrying amount 31 March	**14 122 938**	**14 703 227**

Significant adjustments to the fair value by Transnet resulted in a total of R7 732m (2011: R7 368m) included in the total investment properties. The critical assumptions made in the assessment include the following:

- Future cash flows were based on the after taxation related rentals per investment property.
- The capitalisation rate used to discount cash flows for the purposes of determining present value was the market related return rate adjusted to reflect the appropriate risk profile of each individual property.
- Capitalisation rates ranged between 10% and 15% for the various properties.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000
4 BIOLOGICAL ASSETS			
Mature consumable biological assets		-	1 533
Immature consumable biological assets		2 936 109	2 803 541
Total consumable biological assets		**2 936 109**	**2 805 074**
Mature bearer biological assets		1 325	975
Total bearer biological assets		**1 325**	**975**
Reconciliation of changes in the carrying amount:			
Carrying amount at the beginning of the year		2 806 049	2 887 865
Ddeficit arising from changes in fair value less estimated point-of-sale costs		(1 804)	(890)
- Attributable to physical changes		(38 201)	126 658
- Attributable to price changes		92 663	(668 244)
Increases due to new plantings		1 354	-
Increases due purchases		5 000	54
Discount rate		170 805	257 833
Cost		(97 735)	202 772
Exchange rate differences		(564)	-
Other- converted to orchard		(133)	-
Carrying amount at the end of the year		**2 937 434**	**2 806 049**

	Notes	2011/12 R'000	2010/11 R'000
5 INTANGIBLE ASSETS			
Goodwill			
Opening net carrying amount		**22 044**	**22 044**
Cost or valuation		957 973	754 809
Accumulated impairment		(935 929)	(731 122)
Arising from a business/entity combination		44 475	202 000
Impairment deficit recognised		(43 394)	(204 807)
Additions and disposals		895	1 164
Closing net carrying amount 31 March		**24 020**	**22 044**
Cost or valuation		1 003 343	957 973
Accumulated impairment		(979 323)	(935 929)
Computer software, licences and trademarks, and other assets			
Computer software			
Opening net carrying amount		**3 491 405**	**3 035 258**
Gross carrying amount		8 817 242	7 782 469
Accumulated amortisation and impairment		(5 325 837)	(4 747 211)
Additions		1 024 795	1 126 482
Transfer from asset held for sale or disposal group classified as held for sale		24 502	286 974
Work-in-progress		10 590	95
Assets acquired through a business/entity combination		715	345
Disposals		(11 267)	(269 054)
Amortisation		(1 186 455)	(811 684)
Impairment deficit recognised		(5 872)	(63 296)
Exchange differences		-	(17)
Borrowing costs/Transfer to PPE		278 034	186 302
Closing net carrying amount 31 March		**3 626 447**	**3 491 405**
Gross carrying amount		10 161 392	8 817 242
Accumulated amortisation and impairment		(6 534 945)	(5 325 837)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000
Licences and trademarks			
Opening net carrying amount		**1 028 099**	**997 990**
Gross carrying amount		7 066 650	5 619 714
Accumulated amortisation and impairment		(6 038 551)	(4 621 724)
Additions		1 304 136	1 709 047
Transfer from asset held for sale or disposal group classified as held for sale		481	-
Work-in-progress		-	152
Amortisation		(1 373 136)	(1 599 976)
Impairment deficit reversed/(recognised)		3 281	(79 987)
Additions: Adjustments to Cost (Economic)		-	873
Closing net carrying amount 31 March		**962 861**	**1 028 099**
Gross carrying amount		7 999 289	7 066 650
Accumulated amortisation and impairment		(7 036 428)	(6 038 551)
Other			
Opening net carrying amount		**16 955 710**	**989 439**
Gross carrying amount		1 587 904	1 523 116
Accumulated amortisation and impairment		15 367 806	(533 677)
Additions		263 461	155 536
Transfer to asset held for sale or disposal group classified as held for sale		(3 225)	(2 521)
Disposals		(320)	(7 115)
Amortisation		(19 956)	(20 714)
Impairment deficit recognised		(432)	(3 099)
Change in control (Finance)		190	15 844 184
Closing net carrying amount 31 March		**17 195 428**	**16 955 710**
Gross carrying amount		1 700 909	1 587 904
Accumulated amortisation and impairment		15 494 519	15 367 806

	Notes	2011/12 R'000	2010/11 R'000
Total intangible assets			
Opening net carrying amount		**21 497 258**	**5 046 374**
Gross carrying amount		18 429 769	15 680 108
Accumulated amortisation and impairment		3 067 489	(10 633 734)
Additions		2 592 392	2 991 065
Transfer from asset held for sale or disposal group classified as held for sale		21 758	284 453
Work-in-progress		10 590	247
Assets acquired through a business/entity combination		45 190	202 345
Disposals		(11 587)	(276 169)
Amortisation		(2 579 547)	(2 432 374)
Impairment deficit recognised		(46 417)	(351 189)
Exchange differences		-	(17)
No Specification		279 119	16 032 523
Closing net carrying amount 31 March		**21 808 756**	**21 497 258**
Gross carrying amount		20 864 933	18 429 769
Accumulated amortisation and impairment		943 823	3 067 489

6 TRADE AND OTHER RECEIVABLES

	Notes	2011/12 R'000	2010/11 R'000
Trade receivables		73 622 764	64 530 943
Less: provision for impairment of trade receivables		(15 429 612)	(13 338 702)
Trade receivables - net		58 193 152	51 192 241
Prepayments		12 533 365	11 381 259
Receivables from related parties		31 883 739	31 678 212
Loans to related parties		230 555	989 349
PPP/Service concession receivables		31 076	24 421
Construction WIP		1 051 667	790 789
Accrued interest income, staff loans and development loans		115 670 384	94 722 269
Intragroup trade receivables		(19 625 650)	(11 447 247)
		199 968 288	**179 331 293**
Analysis for reporting purposes:		**199 968 288**	**179 331 293**
Non-current		123 955 561	109 313 766
Current		76 012 727	70 017 527

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2012

		Notes	2011/12 R'000	2010/11 R'000
	Movement in the provision for impairment of trade receivables			
	Balance at 1 April		**13 338 702**	**12 936 455**
	Provision for receivables impairment		2 844 419	2 379 233
	Receivables written off during the year as uncollectible		(564 466)	(1 690 373)
	Unused amounts reversed		(178 336)	(286 897)
	Unwinding of discount		(10 707)	284
	Balance at 31 March		**15 429 612**	**13 338 702**
7	**INVESTMENTS IN ASSOCIATES AND CONTROLLED ENTITIES**			
	Balance at 1 April		14 021 427	13 307 496
	Acquisitions		206 225	669 411
	Disposals		(573 339)	(53 587)
	Share of surplus		(144 421)	923 301
	Exchange difference		3 982	(136 409)
	Impairment loss		(148 666)	(23 714)
	Other		10 615 134	(665 071)
	Balance at 31 March		**23 980 362**	**14 021 427**
8	**OTHER INVESTMENTS**			
	Non-current investments			
	Held-to-maturity investments		23 922 820	22 612 956
	Financial assets designated at fair value through surplus/deficit		49 718 454	41 211 420
	Available-for-sale financial assets		84 872 784	90 188 494
	Derivatives used for hedging		2 247 540	21 000
	Balance at 31 March		**160 761 598**	**154 033 870**
	Current investments			
	Held-to-maturity investments		10 567 758	9 826 342
	Financial assets designated at fair value through surplus/deficit		457 816 847	386 234 421
	Available-for-sale financial assets		26 799 882	39 878 806
	Derivatives used for hedging		1 741 669	277 094
	Balance at 31 March		**496 926 156**	**436 216 663**

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2012

		Notes	2011/12 R'000	2010/11 R'000
9	**FINANCE LEASE RECEIVABLES**			
	Reconciliation between the total gross investment in the lease and the present value of the minimum lease payments:			
	No later than 1 year		109 935	106 924
	Later than 1 year and no later than 5 years		393 407	384 644
	Later than 5 years		916 067	993 087
			1 419 409	1 484 655
	Unearned future finance income		(788 422)	(865 462)
	Net investment in finance leases		**630 987**	**619 193**
	Analysis for reporting purposes:		630 987	619 193
	Non-current		614 962	603 477
	Current		16 025	15 716
10	**DEFERRED TAX**			
	Deferred tax asset		(2 450 076)	(1 760 797)
	Deferred tax liability		41 920 119	31 078 601
	Deferred tax liabilities (net)		**39 470 043**	**29 317 804**
	Movement in deferred income tax assets and liabilities during the year:			
	Balance at 1 April		**29 317 804**	**22 781 299**
	Charged to the statement of financial performance		6 107 312	3 255 397
	Charged directly to net assets		2 357 959	963 065
	Acquired in entity combination		(63 313)	330 604
	Raised in other comprehensive income		1 750 281	1 987 439
	Balance at 31 March		**39 470 043**	**29 317 804**

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2012

		Notes	2011/12 R'000	2010/11 R'000
11	**INVENTORIES**			
	Raw materials		3 661 937	2 983 186
	Work in progress		712 005	739 585
	- construction work in progress		607 104	585 599
	- other		104 901	153 986
	Finished goods		6 914 267	5 973 431
	Consumable		1 971 690	1 793 503
	Write-down in inventory aglances		(398 616)	(296 213)
	Other Coal and Nuclear fuel		7 292 774	9 025 903
	Strategic inventory		3 181 565	3 231 483
	Total		**23 335 622**	**23 450 878**
12	**CASH AND CASH EQUIVALENTS**			
	Bank balances and cash on hand		49 283 109	49 349 989
	Call deposits		76 128 746	57 876 370
	Total		**125 411 855**	**107 226 359**
	Cash and cash equivalents in the statement of cash flows			
	Cash and cash equivalents		125 411 855	107 226 359
	Bank overdrafts		(1 270 525)	(1 372 227)
			124 141 330	**105 854 132**
13	**ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS**			
	Operating cash flows		56 341	2 482
	Investing cash flows		-	(10 000)
	Financing cash flows		19 892	43 000
			76 233	**35 482**

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000
Assets of a disposal group classified as held for sale			
Property, plant and equipment		466 171	574 943
Investment property		1 958 652	63 939
Inventory		6 992	10 604
Collateral assets against loan funding that has been attached		994 248	2 376 632
Other			
Total		**3 426 063**	**3 026 118**
Liabilities of a disposal group classified as held for sale			
Trade and other payables		284 258	1 274 171
Other current liabilities		84 782	277 076
Provisions		200 717	128 000
Total		**569 757**	**1 679 247**
Analysis of the result of discontinued operations, and the result recognised on the remeasurement of assets or disposal group, is as follows:			
Revenue		99 731	754 135
Expenses		(111 050)	(658 397)
Surplus/(deficit) before tax of discontinued operations		**(11 319)**	**95 738**
Taxation		-	-
Surplus/(deficit) after tax of discontinued operations		**(11 319)**	**95 738**
Pre-tax loss recognised on the remeasurement of assets of a disposal group		-	(71 000)
Taxation		-	(226 490)
After tax loss on the remeasurement of assets of a disposal group		-	(297 490)
Surplus/(deficit) for the year from discontinued operations		**(11 319)**	**(201 752)**

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2012

		Notes	2011/12 R'000	2010/11 R'000
14	**LOANS AND BORROWINGS**			
	Non-current liabilities			
	Secured bank loans		42 824 474	39 637 748
	Unsecured bond issues		40 415 863	38 170 041
	Convertible notes		7 637	8 627
	Loan from associate		2 728	2 530
	Debt Securities Issued, Borrowings, Deferred income		366 167 830	314 110 967
	Total		**449 418 532**	**391 929 913**
	Current liabilities			
	bank overdraft		1 270 525	1 372 227
	Secured bank loans		4 229 596	3 163 940
	Unsecured bond issues		28 422 831	46 091 210
	Collateralised borrowings		405	962
	Notes and Coins in circulation, Foreign loans and deposits, Deposit accounts and Other liabilities		441 721 143	361 389 531
	Total		**475 644 500**	**412 017 870**
	Total borrowings		**925 063 032**	**803 947 783**
15	**FINANCE LEASE OBLIGATIONS**			
	Reconciliation between the total minimum lease payments and the present value of minimum lease payments:			
	No later than 1 year		415 162	401 656
	Later than 1 year and no later than 5 years		1 050 953	1 061 127
	Later than 5 years		1 418 420	1 594 221
			2 884 535	3 057 004
	Future finance charges on finance leases		(1 477 930)	(1 554 865)
	Present value of finance lease obligations		1 406 605	1 502 139
	Analysis for reporting purposes:		1 406 605	1 502 139
	Non-current		1 201 451	1 293 555
	Current		205 154	208 584

	Notes	2011/12 R'000	2010/11 R'000
16 DERIVATIVES			
Non-current portion			
Interest rate swaps		(579 150)	92 936
Forward exchange contracts		(375 927)	(451 319)
Embedded derivative liability		4 642 362	5 817 959
Derivatives held for risk management		1 272 792	4 576 000
Total		**4 960 077**	**10 035 576**
Current portion			
Interest rate swaps		80 770	83 522
Forward exchange contracts		841 011	1 007 966
Embedded derivative liability		939 146	569 821
Derivatives held for risk management		3 597 451	1 409 514
Total		**5 458 378**	**3 070 823**
17 EMPLOYEE BENEFITS			
Note:			
Statement of Financial Position			
Pension benefits		2 543 500	2 380 614
Post employment medical benefits		14 267 050	12 966 052
Other long-term employee benefits		4 953 876	4 466 980
Total		**21 764 426**	**19 813 646**
Statement of Financial Performance charges			
Pension benefits		(187 670)	(42 201)
Post employment medical benefits		1 778 708	1 552 663
Other long-term employee benefits		91 468	64 832
Total		**1 682 506**	**1 575 294**
Actuarial losses/(gains) recognised in the statement changes in net assets for the period (before tax)		119 507	(355 767)
Cumulative actuarial losses recognised in the statement changes in net assets (before tax)		(53 211)	(41 219)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000
Pension benefits			
Present value of unfunded obligations		687 125	610 573
Present value of funded obligations		11 161 313	10 072 531
Total present value of obligations		**11 848 438**	**10 683 104**
Fair value of plan assets		(10 496 753)	(9 974 937)
Unrecognised past service costs		1 191 815	1 672 447
Liability for defined benefit obligations in the statement of financial position		**2 543 500**	**2 380 614**
Movement in the defined benefit obligation for the year:			
Balance at 1 April		**10 683 104**	**14 751 471**
Current service costs		237 687	243 691
Interest costs		947 971	1 101 152
Contributions by plan participants		(160 878)	(153 943)
Actuarial losses/(gains)		628 188	(764 325)
Exchange differences		41 575	18 369
Benefits paid		(639 288)	(696 456)
Liabilities acquired in an entity combination		-	-
Curtailments		-	-
Settlements		(3 400)	(3 611 939)
Past service cost		113 479	(204 916)
Balance at 31 March		**11 848 438**	**10 683 104**

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000
Movement in the fair value of the plan assets for the year:			
Balance at 1 April		**9 974 937**	**14 344 708**
Expected return on plan assets		905 330	1 115 700
Actuarial gains/(losses)		(4 597)	8 245
Exchange differences		11 000	(4 000)
Employer contributions		79 695	(387 455)
Employee contributions		77 135	69 542
Benefits paid		(538 765)	(596 122)
Year end movements		(7 982)	(4 575 681)
Balance at 31 March		**10 496 753**	**9 974 937**
Amounts recognised in statement of financial performance:			
Current service costs		(169 818)	(159 161)
Interest costs		(657 934)	(619 670)
Expected return on plan assets		856 235	782 391
Past service costs		(138 000)	7 488
Losses on curtailments		3 758	8 097
Benefits paid		(81 911)	(61 346)
Total		**(187 670)**	**(42 201)**
Medical benefits			
Present value of unfunded obligations		11 819 353	10 952 255
Present value of funded obligations		4 181 623	3 751 131
Total present value of obligations		16 000 976	14 703 386
Fair value of plan assets		(1 733 926)	(1 737 334)
Liability for defined benefit obligations in the statement of financial position		**14 267 050**	**12 966 052**

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000
Movement in the defined benefit obligation for the year:			
Balance at 1 April		**14 703 386**	**13 268 333**
Current service costs		538 666	537 656
Interest costs		1 311 399	1 165 111
Contributions by plan participants		(53 279)	(44 052)
Actuarial losses/(gains)		477 659	(82 572)
Benefits paid		(504 581)	(520 654)
Assets/Liabilities acquired in an entity combination		(70 532)	10 138
Curtailments		(68 895)	-
Settlements		(128 136)	(45 253)
Actuarial (gains)/losses not recognised		(204 711)	414 679
Balance at 31 March		**16 000 976**	**14 703 386**
Movement in the fair value of the plan assets for the year:			
Balance at 1 April		1 737 334	1 746 312
Expected return on plan assets		159 002	176 253
Actuarial gains		(13 050)	(164 800)
Employer contributions		10 686	27 678
Benefits paid		(47 443)	(56 416)
Liability buy-out		(112 603)	8 307
Balance at 31 March		**1 733 926**	**1 737 334**
Amounts recognised in statement of financial performance:			
Current service costs		446 372	466 774
Interest costs		1 201 840	1 087 698
Expected return on plan assets		(151 644)	(168 925)
Net actuarial profit/(loss) recognised during the year		282 140	167 116
Total		**1 778 708**	**1 552 663**

	Notes	2011/12 R'000	2010/11 R'000
Other employee benefits			
Liability for long-service leave		3 969 820	3 519 210
Incentive bonuses		518 482	450 849
Other post-retirement and medical benefits		465 574	496 921
Total		**4 953 876**	**4 466 980**

18 PROVISIONS

		2011/12 R'000	2010/11 R'000
Environmental restoration		21 802 570	18 650 731
Restructuring provision		56 123	43 889
Legal claims		54 563 097	34 066 067
Bonuses		2 720 931	2 566 520
Warranties		3 511 701	3 462 942
Onerous contracts		17 287 971	14 287 733
Contingent liability arising on an entity combination		17 831 179	14 027 807
Total		**117 773 572**	**87 105 689**
Analysis for reporting purposes:			
Non-current		82 597 536	64 057 066
Current		35 176 036	23 048 623
		117 773 572	87 105 689
Movement in aglance:			
Balance at 1 April		**87 105 689**	
Charged/(credited) to the statement of financial performance		-	
Additional provisions		49 066 583	
Unused amounts reversed		13 344	
Unwinding of discount		1 382 915	
Used during the year		(19 982 218)	
Exchange differences		206 221	
Transferred to disposal group/classified as held for sale		5 188	
Fair vale and Adjustment based on higher weighted average cost of capital		(24 150)	
Balance at 31 March		**117 773 572**	

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000
19 TRADE AND OTHER PAYABLES			
Trade payables		37 821 044	34 033 894
Amounts due to related parties		1 779 903	1 169 316
Accrued expenses		23 449 064	16 463 152
Local and foreign aid assistance		111 959	44 472
Government grants		2 314 355	1 534 595
Operating lease liability		8 101 998	8 076 346
Payments received in advance and deposits		18 527 035	15 752 877
Sub total		**92 105 358**	**77 074 652**
Intra group trade payables		(19 625 650)	(11 447 247)
Total		**72 479 708**	**65 627 405**
20 OTHER RESERVES			
Land and buildings revaluation reserve		33 315 845	30 415 821
Hedging reserve		1 673 286	(503 683)
Available-for-sale investments		55 285 724	57 571 907
Translation reserve		406 109	(385 035)
Other reserves		285 036 729	255 086 589
Balance at 31 March		**375 717 693**	**342 185 599**
21 TRANSFERS AND SUBSIDIES			
Transfer payment from controlling entity		29 443 683	22 705 311
Transfer payment from other departments/entities		26 149 350	23 440 274
Local and foreign aid assistance		22 626	38 667
Gifts, donations and sponsorships received		157 347	171 735
Development Bank of Southern Africa Funding		867 873	1 110 506
		56 640 879	**47 466 493**

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2012

		Notes	2011/12 R'000	2010/11 R'000
22	**TAXATION REVENUE**			
	Taxes on income and profits		6 152 520	5 910 476
	Taxes on payroll and workforce		18 510 919	16 148 519
	Domestic taxes on goods and services		16 989 071	14 474 058
	Other taxes (stamp duties and fees)		496 702	330 558
			42 149 212	**36 863 611**
23	**FINES, PENALTIES AND FORFEITS**			
	Fines		64 800	127 950
	Penalties		317 350	588 011
	Forfeits		1 551	883
			383 701	716 844
24	**SALE OF GOODS AND RENDERING OF SERVICES**			
	Administrative fees		**2 357 248**	**2 160 382**
	Licences and permits		2 078 928	1 912 390
	Registration fees		49 483	50 551
	Inspection fees		228 838	197 441
	Services rendered		100 851 745	87 452 187
	Sale of goods		171 513 111	138 773 241
	Rental on movable assets		806 371	776 933
	Sub total		275 528 475	229 162 743
	Intragroup revenues		(17 850 424)	(12 779 056)
	Total		**257 678 051**	**216 383 687**
25	**INTEREST, DIVIDENDS AND RENT ON LAND**			
	Interest		35 472 411	29 498 095
	Short-term bank deposits		3 922 656	3 797 936
	Available-for-sale financial assets		2 710 880	2 102 618
	Loans		12 858 529	10 827 300
	Financial Instruments designated at fair value and held for trading		15 980 346	12 770 241
	Dividends		4 265 617	3 051 953
	Rent on land		1 663 482	1 345 399
			41 401 510	**33 895 447**

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2012

		Notes	2011/12 R'000	2010/11 R'000
26	**COMPENSATION OF EMPLOYEES**			
	Salaries and wages		74 940 377	66 274 644
	Executive director's emoluments		920 803	863 291
	Social contributions		5 396 934	4 939 494
	Defined benefit plan expense		(187 670)	(42 201)
	Defined contribution plan expense		1 371 296	1 245 495
	Other post employement benefits		1 870 176	1 617 495
			84 311 915	**74 898 218**
27	**GOODS AND SERVICES**			
	Administrative fees		4 097 776	3 740 991
	Advertising		1 057 050	799 052
	Assets less than capitalisation threshold		79 286	47 611
	Audit cost		776 426	725 981
	agd debts written off		1 333 566	1 919 062
	Bursaries (employees)		359 995	200 984
	Communication		1 532 182	1 403 653
	Computer services		3 109 345	2 821 535
	Consultants, contractors and agents/outsourced services		9 328 136	9 452 651
	Courier and delivery costs		200 792	145 240
	Entertainment		149 447	176 525
	Inventory consumed		10 871 940	10 199 282
	Maintenance, repairs and running costs		10 871 462	10 238 898
	Operating leases		10 349 514	9 087 133
	Owned and leasehold property expenditure		1 602 826	1 866 054
	Transport costs		2 315 179	2 151 595
	Travel and subsistence		3 271 524	2 817 138
	Training and staff development		1 023 140	885 836
	Venues and facilities		876 154	648 336
	Other operating expenditure		186 941 164	135 756 058
	Sub - total		250 146 904	195 083 616
	Intragroup expenditures		(17 850 424)	(12 779 056)
	Total		**232 296 480**	**182 304 560**

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2012

		Notes	2011/12 R'000	2010/11 R'000
28	**INTEREST AND RENT ON LAND**			
	Bank borrowings		8 854 392	7 624 351
	Convertible bonds		788 735	759 479
	Finance lease liabilities		155 793	160 008
	Provisions: unwinding of discount		1 358 473	1 163 305
	Debt security issued, Borrowings, Change in discount rate provision, Finance lease		20 119 121	22 930 966
	Borrowing costs capitalised		(549 760)	(4 165 334)
			30 726 754	**28 472 775**
29	**INCOME TAX EXPENSE**			
	Current tax:			
	Current tax on surplus for the year		1 391 877	1 979 781
	Adjustements in respect of prior years		(114 856)	(278 862)
	Total current tax		**1 277 021**	**1 700 919**
	Deferred tax		**6 107 312**	**3 255 397**
	Origination and reversal of temporary differences		6 107 312	3 255 397
	Impact of change in tax rate		-	-
			7 384 333	**4 956 316**
	Reconciliation between tax expense and accounting surplus/deficit			
	Surplus/deficit before tax		37 782 826	37 565 607
	Tax calculated on accounting profit		9 327 679	6 280 762
	Tax effects of:			
	Associates' results reported net of tax		(7 837)	(14 294)
	Revenue not subject to tax		(950 644)	(1 013 405)
	Expenses not deductible for tax purposes		643 660	391 223
	Utilisation of previously unrecognised tax losses/gains		(81 429)	221 732
	Tax losses for which no deferred income tax asset was recognised		(1 419 612)	(391 132)
	Remeasurement of deferred tax (rate change)		(66 749)	65 306
	Adjustment in respect of prior years		(60 735)	(583 876)
			7 384 333	**4 956 316**

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2012

		Notes	2011/12 R'000	2010/11 R'000
30	**NET CASH GENERATED FROM OPERATING ACTIVITIES**			
	Surplus/deficit before tax including discontinued operations		38 131 299	37 661 345
	Adjustments for:		59 555 084	28 683 682
	Depreciation		27 590 606	24 293 284
	Amortisation		2 579 547	2 432 374
	Impairment		704 232	1 194 222
	(Profit)/Loss on disposal of assets		142 673	94 186
	Fair value (gains)/losses on financial instruments		14 508	2 272 335
	Share of (surplus)/deficit from associate		(215 371)	(923 301)
	Foreign exchange (gains)/losses on operating activities		887 675	192 069
	Changes in working capital		(3 230 051)	(184 275)
	Incease in trade and other payables		5 838 955	2 414 854
	Decrease in trade and other receivables		24 748 581	1 121 028
	(Incease)/decrease in inventory		(33 688)	1 903 013
	Decrease in payments made and received in advance		(1 284 512)	(4 553 267)
	Decrease in deferred income		1 631 235	3 496 980
	Other working capital movements		180 694	(5 069 820)
	Net cash generated from operating activities		**97 686 383**	**66 345 027**
31	**CONTINGENT LIABILITIES**			
	Legal claims and other disputes		6 519 765	6 581 814
	Service providers		584 311	275 686
	Housing and other guarantees		476 436	496 159
	Rehabilitation & dismantling expenses		929 000	865 000
	SARS (custom duty & PAYE)		219 384	220 452
	Accumulated surplus not approved		2 487 083	2 287 271
	Future grant commitments awarded		1 810 263	1 703 189
	Enterprise content management systems (ECM)		35 000	50 827
	Claims incurred but not yet reported		21 332 192	16 386 497
			34 393 434	**28 866 895**

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2012

		Notes	2011/12 R'000	2010/11 R'000
32	**OPERATING LEASE ARRANGEMENTS**			
	Lessee			
	Up to 1 year		23 596 670	18 141 034
	1 to 5 years		39 536 855	35 087 567
	More than 5 years		39 621 487	38 903 561
			102 755 012	**92 132 162**
	Lessor			
	Up to 1 year		5 338 719	5 371 596
	1 to 5 years		13 289 541	12 538 954
	More than 5 years		11 861 533	10 008 154
			30 489 793	27 918 704
33	**CAPITAL COMMITMENTS**			
	Commitments for the acquisition of property, plant and equipment		610 061 334	470 647 685
	- Contracted for but not provided in the financial statements		137 376 018	159 292 229
	- Authorised but not contracted for		472 685 316	311 355 456
	Commitments for the acquisition of intangible assets		13 651 188	10 446 556
	- Contracted for but not provided in the financial statements		13 622 962	10 440 420
	- Authorised but not contracted for		28 226	6 136
	Total future capital commitments		**623 712 522**	**481 094 241**
	The capital expenditure is to be financed as follows:			
	- Internally generated funds		70 741 603	42 031 912
	- Existing credit facilities		71 897	56 267
	Pension fund commitments:			
	- unfunded actuarial liabilities, to be paid in annual installments of Rx over the next ten years		15 000	15 000

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000
34 EVENTS AFTER REPORTING DATE			
The value of the Group's listed shares has increased by R206 million since year-end as a result of movements in the listed equities market.		426 918	(4 449 621)
The incentive for employees for the 2011/12 financial year was approved by the Board on 29 June 2012.		15 399	-
		442 317	(4 449 621)
35 CHANGE IN ACCOUNTING POLICY			
Items in Statement of Financial Position			
(Increase)/decrease in net assets		(282 191)	25 112 368
36 PRIOR PERIOD ERROR			
Items in Statement of Financial Position			
Increase in property plant and equipmet		163 715	738 365
(Deficit)/Surplus reported for the year ended 31 March 2010/2011		(15 187)	89 194
Trade and other payables		149 844	84 022
Adjustment against retained earings at the beginning of the year		129 110	(697 601)
Increase/(Deacrease) in retained earnings		(30 658)	207 068
Increase in net assets		(10 266)	(345 802)
Attributable to minority shareholders		222 843	(663 119)

	Notes	2011/12 R'000	2010/11 R'000

37 RELATED PARTIES

Related Party transactions			
Departments (sales, grants, deferred revenue)		184 487 294	25 484 767
State owned entities		9 234 767	8 632 789
Directors & key management		392 635	478 665
Controlled entities		3 832 247	3 641 461
Other entities		12 557 881	11 359 652
Proceeds from Lottery operator		5 061 488	4 899 304
Rand Water		10 394 555	8 826 438
		225 960 867	**63 323 075**
Related Party balances			
Departments (sales, grants, deferred revenue)		37 557 412	3 603 728
Public entities		28 971 342	28 840 410
Directors & key management		11 541	16 665
Controlled entities		794 458	137 773
Other entities		540 194	542 380
Shareholder Loan: Dept. of Public Enterprises		2 726 595	2 604 367
Shareholder Loan: Industrial Development Corporation of SA		1 143 324	1 134 260
		71 744 866	**36 879 583**

38 RECONCILIATION OF BUDGET SURPLUS/DEFICIT WITH STATEMENT OF FINANCIAL PERFORMANCE

Net surplus/deficit per Statement of Financial Performance		30 387 174	32 407 539
Adjusted for:		5 043 887	(5 551 971)
Fair value adjustments		(1 392 797)	(968 528)
Impairments reversed/recognised		(39 828)	249 529
Surplus/deficit on sale of assets		327 066	(39 838)
Increase/decrease in provisions		137 662	(505 630)
Other (please specify		11 448 804	(1 468 963)
		(5 437 020)	(2 818 541)
Net surplus/deficit per approved budget		**35 790 853**	**26 855 568**

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2012

	Notes	2011/12 R'000	2010/11 R'000

39 RECONCILIATION OF OPENING BALANCES FOR PUBLIC ENTITIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

Reconciliation of opening balances for public entities for			
Surplus/ (Deficit) after tax-prior year (published)			56 654 144
Telkom			(500 578)
Minority Shareholders			42 364
Surplus/ (Deficit) after tax as per the Afs of the entities			56 195 930
Adjusted by restated figures in entities			(23 788 391)
Restated Surplus/ (Deficit) after tax for current year			**32 407 539**
Total assets-prior year (published)			1 701 508 030
Telkom			(8 671 395)
Total assets-prior year as per the AFS of the entities			1692 836 635
Adjusted by restated figures in entities			17 945 873
Restated Total assets for current year			**1 710 782 508**
Total Liabilitites-prior year (published)			1 028 938 170
Total Liabilitites-prior year as per the AFS of the entities			1 028 938 170
Adjusted by restated figures in entities			(5 024 166)
Restated Total liabilities for current year			**1 023 914 004**
Total net assets-prior year (published)			672 569 860
Telkom			(8 671 395)
Total net assets-prior year as per the Afs of the entities			663 898 465
Adjusted by restated figures in entities			22 970 039
Restated net assets for current year			**686 868 504**

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Consolidated Financial Information

For the year ended 31 March 2012

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