

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019



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Consolidated Financial Statements

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ACCOUNTING OFFICER'S APPROVAL AND REVIEW

Annual Financial Statements for the year ended 31 March 2019

2019 **CONSOLIDATED FINANCIAL STATEMENTS**



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ACCOUNTING OFFICER'S APPROVAL

For the year ended 31 March 2019

The Consolidated Financial Statements are prepared on the going concern basis. They are based on accounting policies, which have been consistently applied and supported by reasonable and prudent judgements of estimates. The Consolidated Financial Statements have been approved by the Accounting Officer and the Acting Accountant-General on 31 October 2019.



Dondo Mogajane
Director-General
Accounting Officer



Karen Maree
Acting-Accountant-General

ACCOUNTING OFFICER'S REVIEW

For the year ended 31 March 2019

1. Mandate

Section 8(1) (a) of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), requires that the National Treasury (NT) prepares and tables the Consolidated Financial Statements (CFS) in accordance with generally recognised accounting practice (grap) for:

- i) National departments;
- ii) Public entities under the ownership control of the national executive;
- iii) Constitutional institutions;
- iv) The South African Reserve Bank;
- v) The Auditor-General; and
- vi) Parliament.

The mandatory CFS for government for the year ended 31 March 2019 as required by section 8(1) (a) of the PFMA as amended is hereby presented.

The Minister of Finance granted exemption in terms of Section 92 of the PFMA to the National Treasury from the provisions of section 8(1) of the PFMA to the extent that it requires preparing one set of consolidated Annual Financial Statements (AFS) for national departments and public entities. Due to the significantly different accounting bases being applied by departments and entities (modified cash and accrual), the Minister has allowed the National Treasury to prepare separate sets of consolidated financial statements for departments and public entities respectively. The CFS are prepared for both the national departments and public entities and submitted for audit ensuring compliance with the principles of GRAP 6 on Consolidated and Separate Financial Statements for the 2019 financial year.

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

In a drive to improve public accountability, National Treasury is facilitating the transition from reporting on the modified cash basis of accounting to reporting on the accrual basis of accounting. Under the modified cash basis of accounting, transactions and other events are recognised when cash is received or paid, while disclosure notes, which are recognised on accrual basis, are provided in the annual financial statements (AFS) such as provisions, accruals, property plant and equipment (PPE), public private partnership (PPP), lease commitments, contingent liabilities and so on. Under the accrual basis of accounting, transactions and other events are recognised when earned or incurred and not when cash is received or paid.

Prior to the 2013/14 financial year, the departments' accounting framework was set out in the Departmental Financial Reporting Framework Guide (DFRFG) which was prepared, updated and published by the OAG on annual basis. The reporting framework comprised of accounting policies for the recognition and measurement of information in the primary statements and the disclosure notes. It also contained the format or the template for the presentation of information in the primary statements, as well as the disclosure notes.

ACCOUNTING OFFICER'S REVIEW

For the year ended 31 March 2019

With effect from the 2013/14 financial year, and as part of the cash-to-accrual process, the OAG developed and published two separate but related documents referred to as the Modified Cash Standard (MCS) and the Accounting Manual for departments (AMD). These are the accounting framework for departments.

The MCS sets out the principles of the modified cash framework in a format ordinarily used by other public sector accounting standard setters such as Accounting Standards Board (ASB). The Accounting Manual on the other hand, provides detailed guidance on the principles stated in the MCS.

Modified Cash Standard (MCS) for departments sets out the principles for the recognition, recording, measurement, presentation and disclosure of information required in terms of the prescribed formats. Under the modified cash basis of accounting, only certain elements are recognised in the Statement of Financial Position and Statement of Financial Performance. To ensure a complete view of the financial position and performance of a department for the purposes of fair presentation, and without changing the basis of accounting, the MCS also prescribes disclosure requirements for accrual basis financial information despite these items not qualifying for recognition. In developing the MCS the OAG also considered the best practices, both locally and internationally; the capacity of departments to comply with the reporting requirements; and the systems used by departments in preparing and collating the information required to comply with the reporting requirements.

The principles in the existing accounting standards, such as Generally Recognised Accounting Practice (GRAP), International Public Sector Accounting Standards (IPSAS) or International Financial Reporting Standards (IFRS), were also studied. Where required, the national and provincial legislation was consulted to develop principles and or required disclosures.

Government is also in the process of formalising the accounting reporting framework in terms of section 89 of the PFMA and section 216(1)(a) of the Constitution. Currently there are 35 standards that are effective as approved by the Minister of Finance. As at 31 March 2019, there are (7) new Standards of GRAP that have been developed by the Accounting Standards Board (ASB), but the effective date has not yet been determined by the Minister. The effective Standards of GRAP are 1 – 14, 16 – 21, 23-27, 31, 32, 100 and 103 – 109. The Standards of GRAP approved, but for which the Minister of Finance has not yet determined an effective date are GRAP 34 – 38, 104 and 110. 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 ASB developed five new consolidation standards GRAP 34 - Separate Financial Statements, GRAP 35 – Consolidated Financial statements, GRAP 36 – Investments in Associates and Joint Ventures, GRAP 37 – Joint Arrangements and GRAP 38 – Disclosure of Interests in Other Entities. These standards become effective 1 April 2020.

Even though some of the fundamental requirements have been retained in the new Standards of GRAP, the National Treasury will be required to reassess the existence of control and joint control, as well as the nature of joint arrangements. The most significant changes from GRAP 6, 7 and 8 are:

- A new definition for control. The new GRAP 35 - Consolidated Financial Statements includes a new definition and more guidance for control;
- A new category of entity has been introduced in the new Standards, i.e. an investment entity. Specific accounting guidance that is to be applied on consolidation of, or by an investment entity;
- The new Standards on Joint arrangements also introduce new classifications of joint arrangements, i.e., a joint operation and a joint venture. These classifications differ from GRAP 8 which referred to three types of arrangements, namely jointly controlled entities, jointly controlled operations and jointly controlled assets. In GRAP 8, a jointly controlled entity could either be accounted for using the equity method, or proportionate consolidation. The new standard removes proportionate consolidation, and an entity is required to apply the equity method to account for its investments in joint ventures;

ACCOUNTING OFFICER'S REVIEW

For the year ended 31 March 2019

- All disclosure requirements are now included in one standard. The new GRAP 38 - Disclosure of Interests in Other Entities brings together all the disclosure requirements currently included in GRAP 6, 7 and 8. The objective of the proposed Standard is to require an entity to disclose information that enables users of its financial statements to evaluate: (a) the nature of, and risks associated with its interests in other entities; and (b) the effects of those interests on its financial position, financial performance and cash flows.

Entities are required to comply with GRAP 24 Presentation of Budget Information in Financial Statements, which requires a comparison of budget amounts and the actual amounts arising from execution of the budget to be included in the financial statements of entities that are required to, or elect to, make publicly available their approved budget(s) and for which they are, therefore, held publicly accountable. As there is no publicly available budget that is reconcilable with the group of entities for the purposes of the National Department Consolidation, and National Public Entity Consolidation, it is deemed inappropriate to present a comparison between actual and budget information at this level of consolidation. GRAP 24 is therefore not relevant to this set of CFS.

The South African national government is structured into five main segments commonly referred to as clusters, mainly to address government priorities and policies.

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 review of operating results reflects monetary values presented in the CFS in accordance with paragraph 18.2 of the Treasury Regulations. It is also a descriptive report clarifying the amounts presented. The CFS therefore provides information not only on the financial performance but also on the government's ability to meet current and future obligations.

■ 2. Consolidation Process

2.1 Goals for consolidation and this report

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

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

2.2 Scope of consolidation

SCOPE

GRAP 6 requires that the entity that prepares consolidated financial statements establishes whether it controls an entity before consolidating it. It uses criteria such as: does the controlling entity benefit from the activities or have the power to govern the financial and operating policies for the other entity. These

ACCOUNTING OFFICER'S REVIEW

For the year ended 31 March 2019

control indicators must be presently exercisable. For this set of consolidated financial statements, there is no specific identifiable controlling entity as envisaged in GRAP 6.

The motivation behind preparing these financial statements is not to show what is directly controlled, but rather to present a combined view of entities considered to be a part of government as envisaged by the PFMA. In accordance with the definition of a public entity in the PFMA, the Accountant-General has determined that accountability to Parliament (or the legislature) for the use of public funds must be the driver and considers this to be the primary criterion for including entities in the consolidation, with ownership control by government being assumed to exist in such cases. Consequently, if an entity has a legal or constructive obligation to account to Parliament on its finances, it is deemed to also be under the control of the National (Provincial) Executive, and shall be included in the national (provincial) government consolidation. This approach is expected to prudently ensure a more complete consolidation.

ACCOUNTING POLICIES

Accounting policies of entities are adjusted to be on a uniform basis where the effect thereof is deemed to be material to the consolidated financial statements.

Treatment of Government Business Enterprise (GBE's)

The National Treasury currently adheres to guidance provided in IPSAS 6 which assists with determining whether the National Treasury is able to exert control over the GBE's. Based on the criteria provided in this standard for control, the National Treasury believes that GBE's are controlled by government and are therefore consolidated in full.

Elimination

All material balances and transactions between entities included in the CFS are eliminated. For departments, the AFS template makes provision in the Annexures for departments to disclose these inter-entity transactions and balances. For public entities, the Office of the Accountant General (OAG) developed an inter-entity elimination template that is completed by each entity, authorised and then submitted to the National Treasury.

Process

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

The responsibility for the integrity and objectivity of the accompanying CFS for the year ended 31 March 2019, and all information contained in this report rests with the OAG, a division within the National Treasury as well as the Director-General of the National Treasury.

The OAG has developed and maintained policies, procedures and internal controls, deemed appropriate, in order to provide assurance that the financial information is a reliable reflection of the consolidated national departments' and consolidated entities' financial position as at 31 March 2019.

Parliament reports on the accrual basis of accounting using the GRAP framework. Parliament's GRAP based financial statements were converted to modified cash basis of accounting and consolidated with national departments.

The public entity list per schedule 1, 2 and 3 of the PFMA was used as a basis from which public entities that were consolidated, however some public entities and trading entities, which are not listed but fall within the scope based on accountability to parliament, were consolidated.

ACCOUNTING OFFICER'S REVIEW

For the year ended 31 March 2019

The OAG is tasked with, amongst others, the responsibility to develop standard reporting formats (including AFS templates), Modified Cash Standards and Accounting Manual for Departments, used by departments in preparing their annual financial statements. The AFS template is updated annually to meet the requirements of the policies set by the OAG. The AFS templates are then completed by all national departments and Parliament and forwarded to NT, where these are consolidated using a consolidation model. The latter exercise is performed twice annually based on unaudited information by 30 June, and finally based on audited information by 31 August. The process for public entity consolidation is similar. Both sets of statements are forwarded to the AGSA firstly to comply with the legislation (PFMA) and secondly for audit.

To improve the consolidation process, AFS templates are published earlier in the year and training is provided to departments on the AFS template, Modified Cash Standards and Accounting Manual Departments for the preparation of AFS. Training is also provided to the public entities on the latest GRAP standards as approved by the Minister and on completing the consolidation AFS template.

The NT is grateful for the efforts of the national departments, public entities and the OAG in the preparation of the CFS for 2018/19.

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for the year ended 31 March 2019

EXECUTIVE SUMMARY

Annual Financial Statements for the year ended 31 March 2019

2019 **CONSOLIDATED FINANCIAL STATEMENTS**



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REPUBLIC OF SOUTH AFRICA





EXECUTIVE SUMMARY

For the year ended 31 March 2019

South Africa continues to confront a challenging economic environment in which global growth is slowing and trade tensions are mounting. The economic outlook has weakened since the MTBPS, with growth now projected to increase from 1.5 per cent in 2019 to 2.1 per cent in 2021. The revisions take into account weaker investment outcomes, a more fragile recovery in household income and slower export demand than expected due to moderating global growth. The global outlook is becoming less supportive of South Africa's economy, with signs of slower growth in China and Europe.

For 2018/19 tax revenue was revised down by R15.4 billion from the projected R1.3 trillion mainly due to higher than expected VAT refunds. This lowers revenue collection for the year, but puts money back into the economy.

Compensation accounts for more than 35 per cent of consolidated public spending and has been a major driver of the fiscal deficit. Spending reductions have typically fallen on goods and services, and capital investment. Over time, compensation as a share of consolidated spending has increased for most departments. Over the medium term, government will take steps to manage growth in compensation by scaling up early retirement without penalties. The combination of natural attrition and active measures allows for a reduction of compensation budgets by R5.3 billion in 2019/20, R11 billion in 2020/21 and R10.7 billion in 2021/22.

The budget deficit is projected to narrow from an estimated 4.2 per cent of GDP in 2018/19 to 4 per cent of GDP in 2021/22. Gross debt is projected to stabilise at 60.2 per cent of GDP in 2023/24, with net debt stabilising at 57.3 per cent of GDP a year later. The main risks to the fiscal outlook are uncertainty in the growth and revenue forecasts, the contingent liabilities of state-owned companies and the public-service compensation budget. The medium-term expenditure framework (MTEF) reflects progress in slowing growth in the wage bill and reducing compensation as a share of expenditure.

Over the past year, government's gross borrowing requirement has risen by R15.3 billion to R239.5 billion. This was mainly as a result of lower-than expected revenue collection. The domestic capital market finances most of government's borrowing requirement.

The fiscal framework continues to provide for real growth in social expenditure, including health, social grants and community development. The fastest-growing area of spending is community development, which includes funding for free basic services and human settlements. Over the next three years, more than half of government spending will be allocated to basic education, community development, health and social protection. The MTBPS prioritised funding to improve service delivery, mainly in informal settlements and in road, transport and educational infrastructure. The 2019 Budget proposes additional spending of R75.3 billion over the next three years, of which R69 billion is a provisional allocation for reconfiguring Eskom, R5 billion is for the infrastructure fund and R1.3 billion is for the 2021 Census. To partially offset these increases, medium-term baselines have been reduced by R50.3 billion, and the contingency reserve has been decreased by R2 billion in aggregate over the period.

The detailed performance of national government with regards to revenue, expenditure and borrowing is discussed in the 2018/19 review of operation results.

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for the year ended 31 March 2019

REVIEW OF OPERATING RESULTS

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

Annual Financial Statements for the year ended 31 March 2019

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REVIEW OF OPERATING RESULTS

For the year ended 31 March 2019

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2019

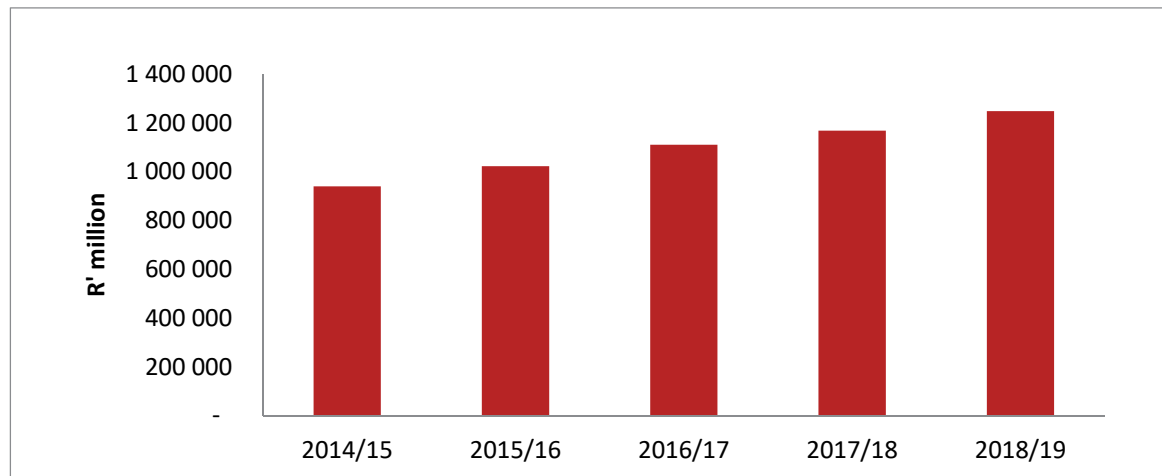
Total revenue

Table 1: Total revenue

Year Ended 31 March <i>R' million</i>	Actual 2014/15	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19
Taxes, Levies & Duties	940 156	1 023 163	1 111 136	1 168 400	1 248 857
Departmental revenue	23 679	51 601	25 973	26 757	24 104
Local & foreign aid assist.	2 129	2 473	1 930	1 508	1 695
Other	4 106	2 714	2 887	5 320	7 378
Total Revenue	970 070	1 079 951	1 141 926	1 201 985	1 282 033
Year on year increase in revenue	9%	11%	6%	5%	7%

Total revenue increased by 7% in 2018/19 against an increase of 5% in the preceding year. The bulk of the income, in the form of taxes, levies and duties, is collected by the South African Revenue Service (SARS). Other sources of income include departmental revenue and aid assistance. SARS collected a total of R1.358 trillion in taxes but only paid R1.249 trillion to the National Revenue Fund (NRF). The difference between the total of taxes collected and the net revenue surrendered to the NRF is made up of transfers of ring-fenced taxes.

Graph 1: Total taxes, levies and duties



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

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

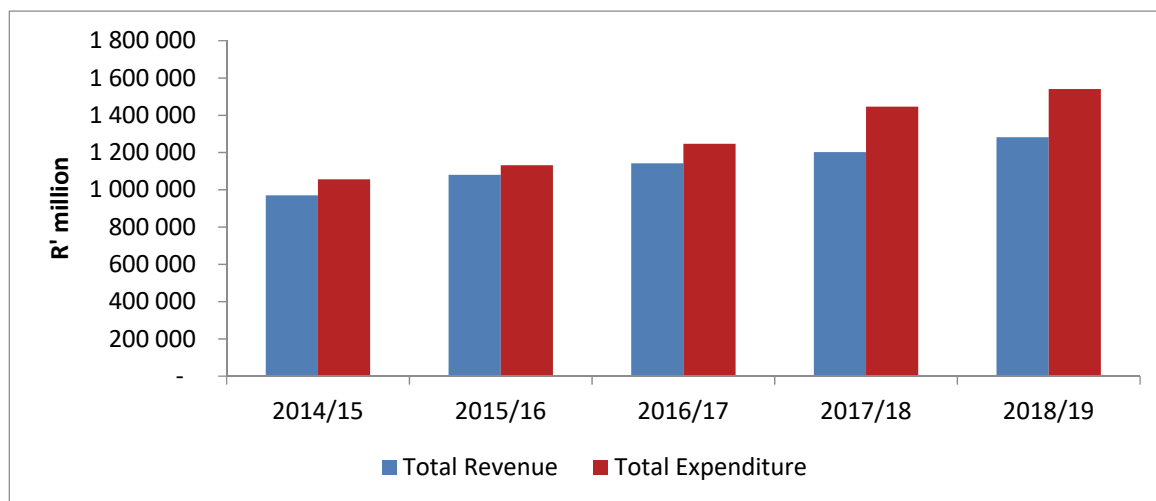
Year Ended 31 March <i>R' million</i>	Actual 2017/18	Actual 2018/19
SARS Revenue	1 279 007	1 358 259
Less: South African Customs Union Agreement	55 951	48 289
Less: Payment to UIF	18 271	19 117
Less: Payment to RAF	36 048	41 890
Less: Amount payable by SARS to RAF	341	110
Net Revenue as reflected by NT	1 168 396	1 248 853

As noted, taxes levies and duties makeup the largest portion of total revenue at 97% and has remained at this percentage since 2015/16. Revenue other than taxes, levies and duties showed a decrease of 1.4% in the current year against an increase of 9% in the prior year. For a detailed analysis of Departmental Revenue and Aid Assistance constituents, refer to Notes 3 and 6 of the Notes to the Consolidated Financial Statements.

REVIEW OF OPERATING RESULTS

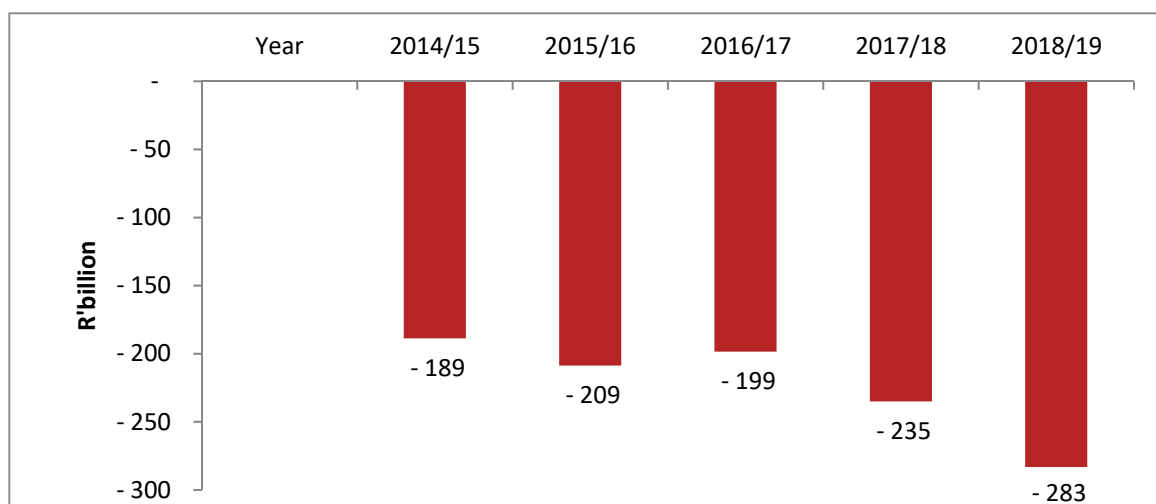
For the year ended 31 March 2019

Graph 2: Revenue vs. Expenditure



Illustrated above is revenue versus expenditure for National Government. Both revenue and expenditure have seen slight increases 7% in 2018/19.

Graph 3: Deficit net of revaluation gains/losses



As can be seen in the graph above, the budget has been in deficit for the past five years. This has been the trend since 2008/09. Although government's fiscal framework is grounded in a sustainable, countercyclical approach to managing revenue and expenditure, it is committed to reducing the budget deficit and stabilising debt levels. Over the medium term, spending reductions amount to R50.3 billion, 54 per cent of which comes from compensation budget adjustments. Compensation of employees remains the largest category of spending, accounting for an average of 34.4 per cent of consolidated expenditure over the MTEF period. Measures are introduced to realise a R27 billion reduction in compensation through the early retirement framework. Provisional allocations of R75.3 billion are budgeted over the 2019 medium-term expenditure framework (MTEF) period, mainly for Eskom's reconfiguration plan. The expenditure ceiling is increased by R16 billion over the next three years, mainly due to provisional allocations for reconfiguring Eskom, which amount to R69 billion. The consolidated budget deficit is projected to narrow from 4.5 per cent of GDP in 2019/20 to 4 per cent in 2021/22.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2019

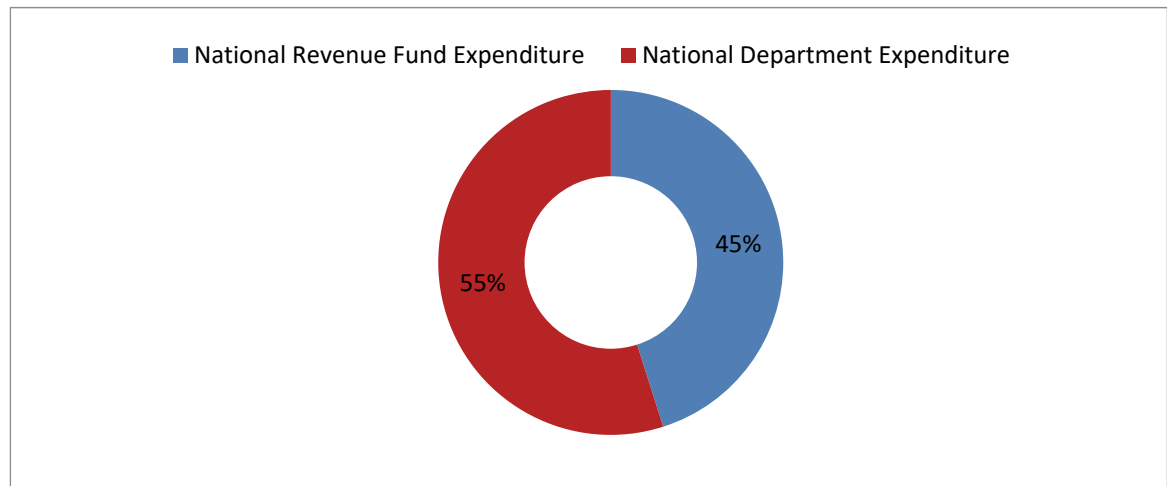
Total expenditure

Table 3: Total Expenditure

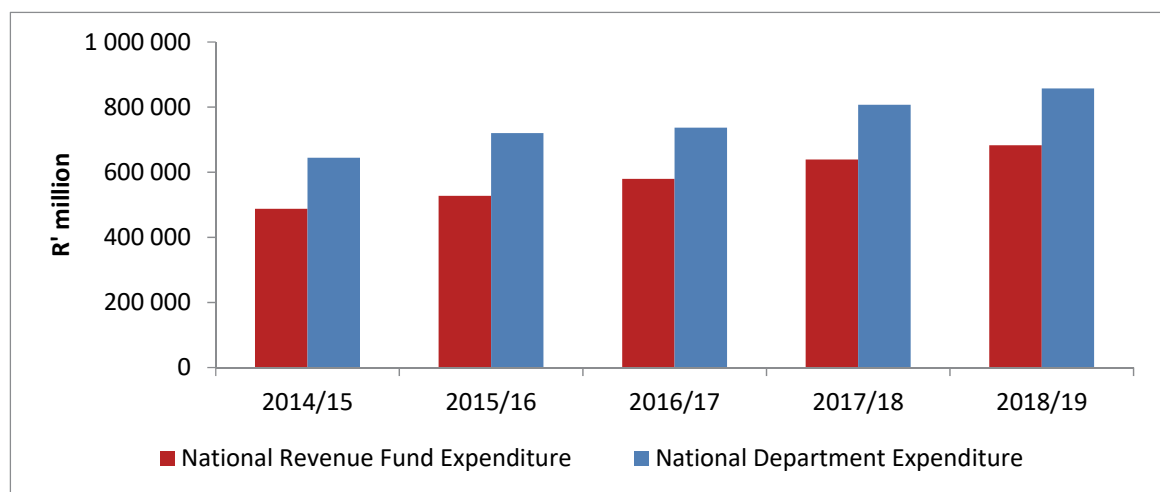
Year Ended 31 March <i>R' million</i>	Actual 2014/15	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19
National Revenue Fund Expenditure	487 290	527 143	579 685	639 767	683 181
National Department Expenditure	644 468	719 908	736 715	777 568	832 217
Total Expenditure	1 131 758	1 247 051	1 316 400	1 417 336	1 515 398
Movement in expenditure	7%	10%	6%	8%	7%

Total expenditure increased by 7% (2017/18: 8%). Total expenditure is made up of National Departments' expenditure plus NRF expenditure. National Departments' expenditure remains at an average of 55% of total expenditure. Included in National Departments' expenditure are transfers to provinces and municipalities of R208 billion (2017/18: R197 billion). These are further analysed under the section on Transfers and Subsidies.

Graph 4: NRF expenditure vs. National Departments expenditure



Graph 5: Total expenditure



REVIEW OF OPERATING RESULTS

For the year ended 31 March 2019

National revenue fund expenditure

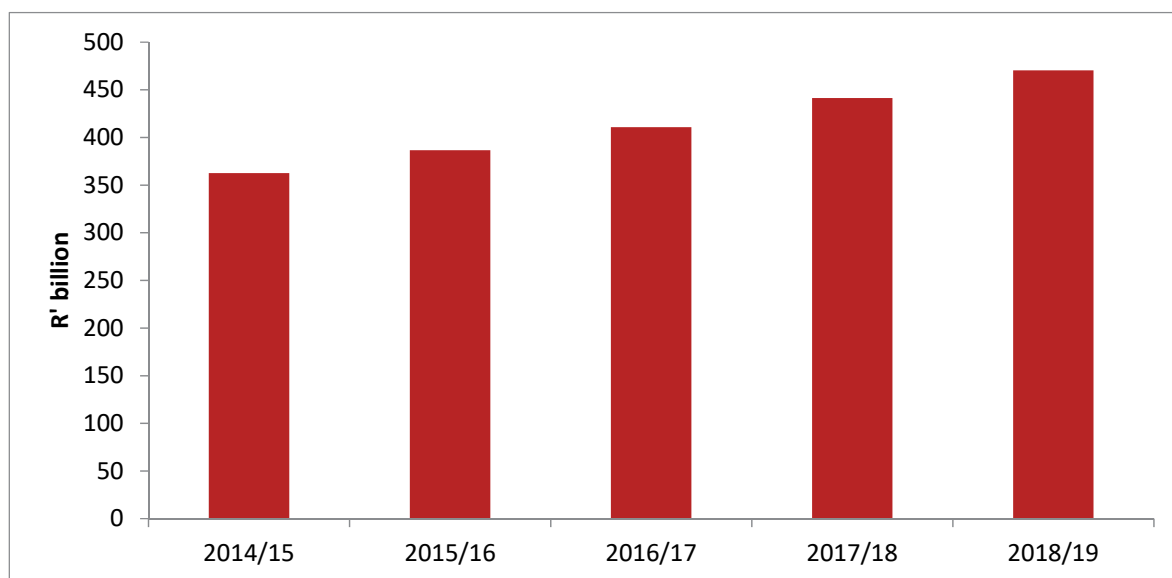
Equitable share transfers to provinces

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

Table 4: Equitable share transfers to provinces

Year ended 31 March R' million	Actual 2014/15	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19
Equitable Shares - Provinces	362 468	386 500	410 698	441 331	470 287
Movement in Equitable shares	8%	7%	6%	7%	7%

Graph 6: Equitable transfers – provinces



There was a 7% increase in equitable share transferred to provinces in the current financial year. The provincial equitable share increased in 2019/20 for the Sanitary Dignity Project which funds for the rollout of free sanitary products for learners from low income households. Other changes to provincial allocations since the 2018 Medium Term Budget Policy Statement (MTBPS) include a wage freeze for political office holders and a reduction in the human settlements development grant, which requires reform.

The 7% increase in equitable share transfers to provinces has remained the same as the prior year increase which is in line with expenditure trends. Therefore, transfers to provinces amounted to R470 billion in the current financial year (2017/18: R441 billion), which is 30% of NRF expenditure (2017/18: 30%)

Debt-service costs

Government incurs debt to finance its gross borrowing requirement consisting of the budget deficit and maturing debt. The stock of debt is also influenced by market variables such as interest, inflation and exchange rates. On this debt, government pays interest and other cost to raise and manage this debt.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2019

South Africa's public finances have deteriorated on the back of low economic growth and financial support to financially distressed state-owned companies. As a consequence, the stock of debt and the cost of servicing it, increased.

Table 5: Debt-service costs

Year ended 31 March R' million	Actual 2014/15	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19
Domestic	106 522	118 436	135 652	150 825	167 438
Foreign	8 276	10 360	10 844	11 819	14 411
Total debt-service costs	114 798	128 796	146 496	162 644	181 849
Increase in costs	15%	12%	14%	11%	12%

Domestic debt borrowing remains the major source of financing. Borrowing in the international capital markets is used to fully finance government's foreign currency commitments and to maintain benchmarks in major currencies. Foreign debt of 10.6% of total debt is well within the strategic risk benchmark of 15% by the end of 2018/19.

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

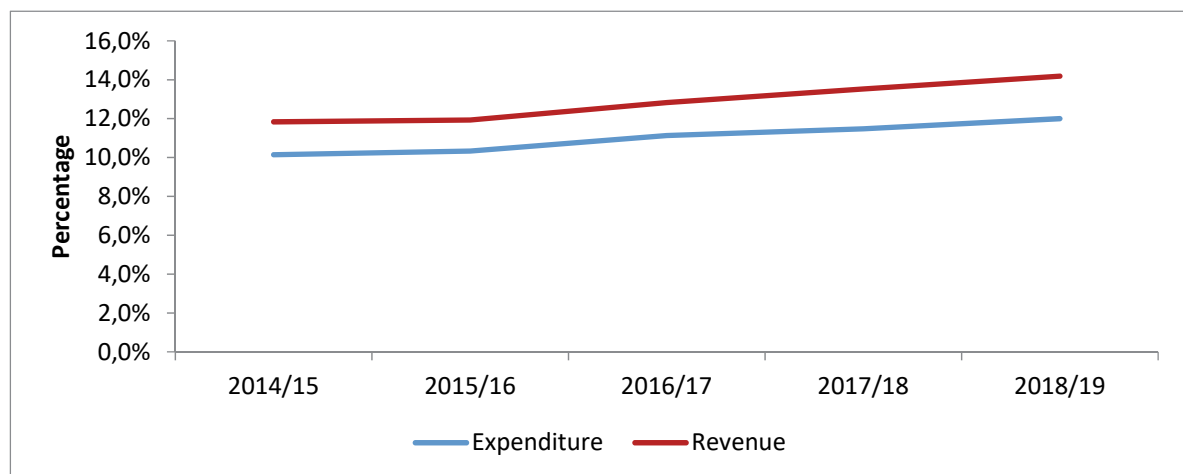


Table 6: Actual Expenditure vs. Adjusted Appropriation 2018/19

Name of Department	Appropriation	Actual Expenditure excluding unauthorised expenditure funded by NRF	Variance	%
	R'000	R'000	R'000	
Presidency	505 580	459 305	46 275	9%
Parliament	1 872 694	1 872 694	0	0%
Communications	1 516 246	1 488 121	28 125	2%
Cooperative Governance and Traditional Affairs	85 037 011	81 918 384	3 118 627	4%
Home Affairs	9 047 439	9 047 239	200	0%
International Relations and Cooperation	6 552 768	6 370 239	182 529	3%
National Treasury	29 710 233	28 652 292	1 057 941	4%
Planning Monitoring and Evaluation	958 035	874 754	83 281	9%
Public Enterprise	6 522 914	6 474 793	48 121	1%
Public Service and Administration	950 656	926 014	24 642	3%
Public Works	7 483 326	7 448 549	34 777	0%
Statistics S A	2 271 699	2 311 135	-39 436	-2%
Women	230 207	222 352	7 855	3%
Basic Education	23 699 583	23 414 767	284 816	1%
Higher Education and Training	73 124 073	72 923 738	200 335	0%

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2019

Name of Department	Appropriation	Actual Expenditure excluding unauthorised expenditure funded by NRF	Variance	%
	R'000	R'000	R'000	
Health	47 508 374	46 594 585	913 789	2%
Social Development	172 822 233	172 579 918	242 315	0%
Correctional Services	23 848 973	23 776 916	72 057	0%
Defence and Military Veterans	48 496 235	48 492 073	4 162	0%
Independent Police Investigative Directorate	315 113	314 831	282	0%
Justice and Constitutional Development	17 458 829	17 182 107	276 722	2%
Office of the Chief Justice	1 119 747	1 092 019	27 728	2%
Police	91 684 161	90 428 742	1 255 419	1%
Agriculture, Forestry and Fisheries	7 732 803	7 574 089	158 714	2%
Economic Development	1 072 597	1 044 010	28 587	3%
Energy	7 163 532	7 090 239	73 293	1%
Environmental Affairs	7 430 532	6 736 971	693 561	9%
Labour	3 282 870	3 086 691	196 179	6%
Minerals Resources	1 890 661	1 880 123	10 538	1%
Science and Technology	7 958 388	7 891 926	66 462	1%
Small Business Development	1 488 453	1 419 518	68 935	5%
Telecommunications and Postal Services	4 006 936	3 994 414	12 522	0%
Tourism	2 261 817	2 234 802	27 015	1%
Trade and Industry	9 531 758	9 490 244	41 514	0%
Transport	59 831 294	59 192 474	638 820	1%
Water and Sanitation	16 873 729	16 619 435	254 294	2%
Arts and Culture	4 338 737	4 237 985	100 752	2%
Human Settlements	32 455 843	32 195 384	260 459	1%
Rural Development and Land Reform	10 425 243	10 281 100	144 143	1%
Sport and Recreation S A	1 090 777	1 076 013	14 764	1%
Total	831 572 099	820 910 985	10 661 114	1%

The above table shows amounts appropriated to departments in the 2018/19 financial year against actual expenditure incurred by departments.

National department's expenditure

Table 7: National department's expenditure

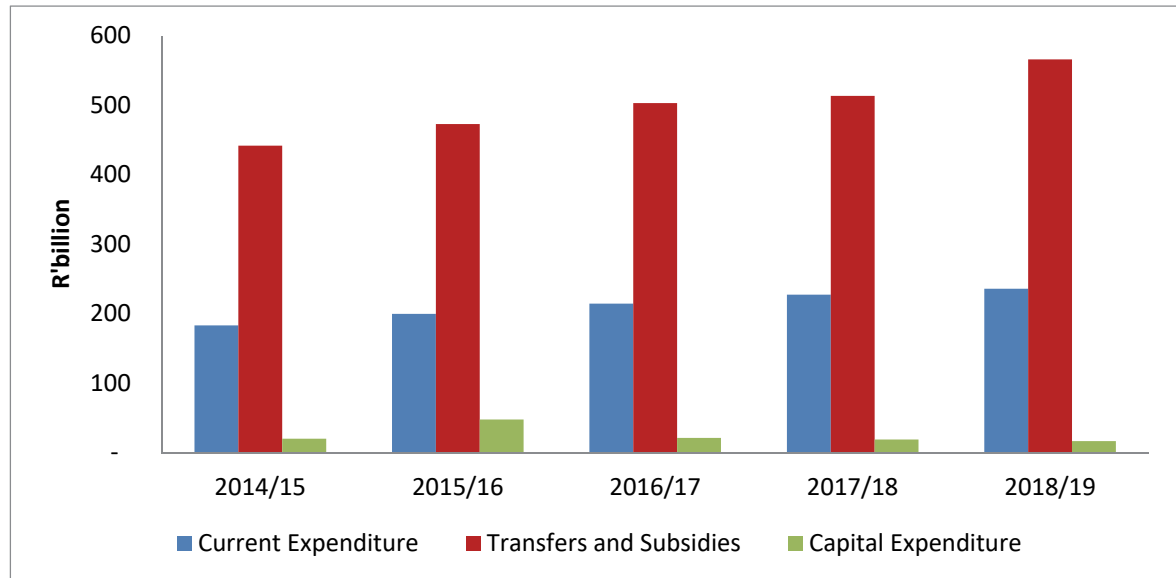
Year Ended 31 March R' million	Actual 2014/15	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19
Current Expenditure	182 933	199 558	214 371	227 132	235 792
Transfers and Subsidies	441 714	472 795	503 036	513 222	565 755
Capital Expenditure	19 821	47 554	20 888	18 701	16 307
Total	644 468	719 908	738 295	759 055	817 853
Movement in expenditure	8%	12%	3%	3%	8%

National departments' expenditure has increased to R817 billion from R759 billion in the prior year. This represents an 8% increase, as compared to the 3% increase in the prior year, mainly as a result of an increase in transfers and subsidies which increased by 10% in the 2018/19 financial year. The bulk of National Department's expenditure is attributable to transfers and subsidies. Transfers and subsidies are further analysed in Note 13 of the Notes to The Consolidated Financial Statements.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2019

Graph 8: National department's expenditure



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

Table 8: National department cluster expenditure

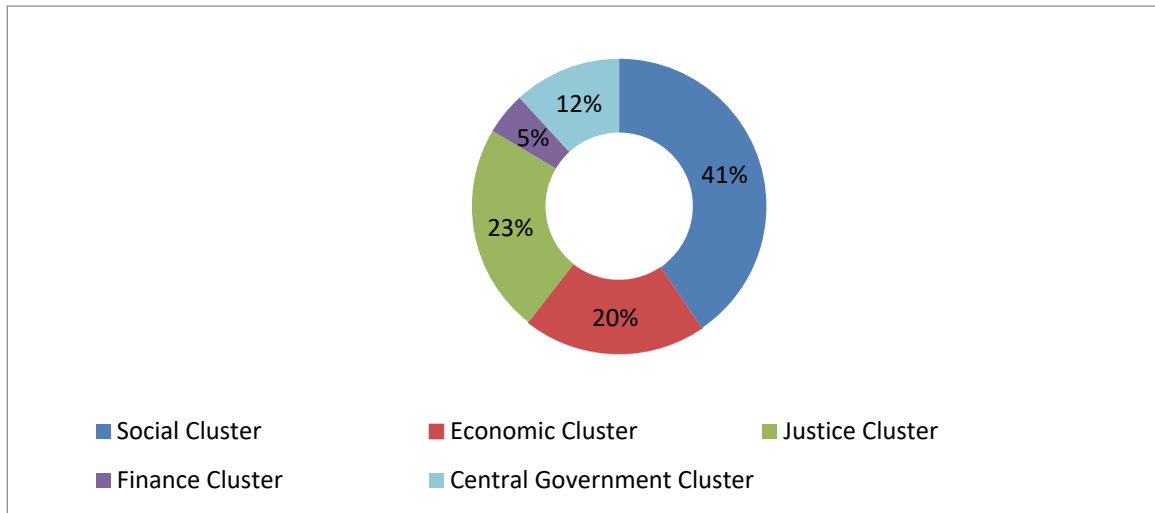
Year Ended 31 March	Actual	Actual	Movement
R' billion	2017/18	2016/17	
Social Cluster	302	342	13%
Justice Cluster	189	194	3%
Economic Cluster	164	169	3%
Central Government Cluster	93	100	7%
Finance Cluster	44	39	-11%
Total	792	844	

The Social cluster remains the largest spender of all clusters with expenditure of R342 billion (2017/18: R302 billion) accounting for 41% of national departments' expenditure in 2018/19. The smallest spender is the Finance cluster with expenditure of R39 billion (2017/18: R44 billion), accounting for 5% of national departments' expenditure in 2018/19. There was an 13.2% increase in Social cluster expenses as the biggest spender due mainly to an increase in social grants spending.

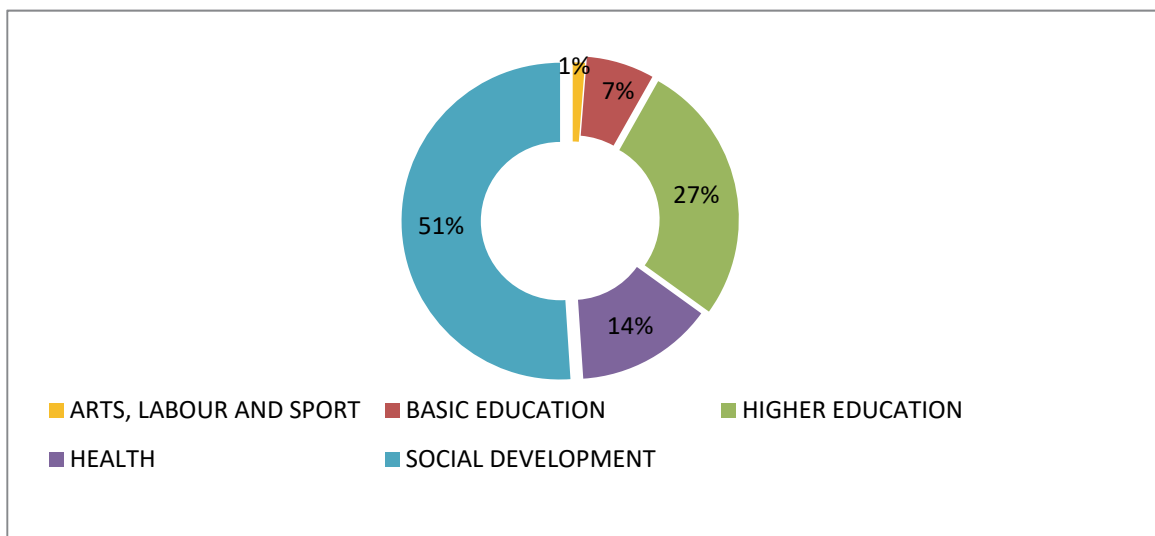
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2019

Graph 9: Expenditure per cluster 2018/19



Graph 10: Expenditure per Social cluster 2018/19



Within the Social Cluster, the Department of Social development was the biggest spender. This department incurred total expenditure of R172 billion amounting to 51% of social cluster expenditure.

Of the R172 billion, 99% was transfers and subsidies, the major recipients of which were households. Social assistance remains government’s most direct means of combating poverty. In this regard, social grants account for an estimated 94.4% (R176.1 billion per year on average) of the department’s total budget over the MTEF period.

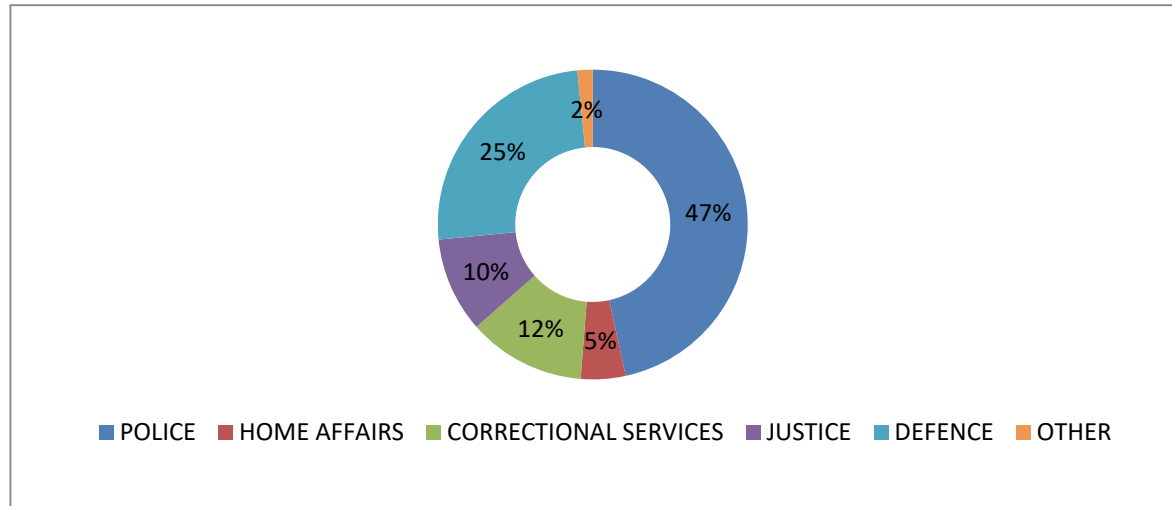
Over the medium term, the department of Higher Education and Training will continue to focus on: transforming universities and increasing student financial aid, improving the performance of TVET colleges, developing artisans, and improving the community education and training sector. Cabinet has approved budget reductions amounting to R384.4 million over the MTEF period, to be effected on transfers and subsidies in the University Education, the Technical and Vocational Education and Training, and the Skills Development programmes. Over the same period, Cabinet has approved a freeze on salary increases for senior management staff in public entities earning more than R1.5 million per year and a 2.8% increase for senior managers in public entities earning between R1 million and R1.49 million per year; and reductions to spending on goods and services.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2019

The department of Health plans to focus on implementing the second phase of national health insurance; expanding treatment and prevention programmes for HIV and AIDS, and tuberculosis (TB); revitalising public health care facilities; and ensuring accessible specialised tertiary health services. As provincial health departments are mandated to provide health care services, the national department's role is to formulate policy, and coordinate and support provincial health departments in fulfilling their mandates. In this regard, 86.8% (R133.8 billion) of the department's total budget over the medium term is expected to be transferred to provinces through conditional grants.

Graph 11: Expenditure per Justice cluster 2018/19



The second largest spending cluster is the Justice and Protection Services cluster. A substantial amount of this cluster's spending goes towards the compensation of employees amounting to R133 billion (69%). The cluster has the largest staff complement of all clusters, with the cluster's employees constituting 84% of National departments' employees.

The largest spender within the Justice and Protection services cluster is the Department of Police at 47% of the total cluster expenses. Unsurprisingly, due to the labour intensive nature of policing, a large component of its spending is compensation of employees at 79% of total cost of that department.

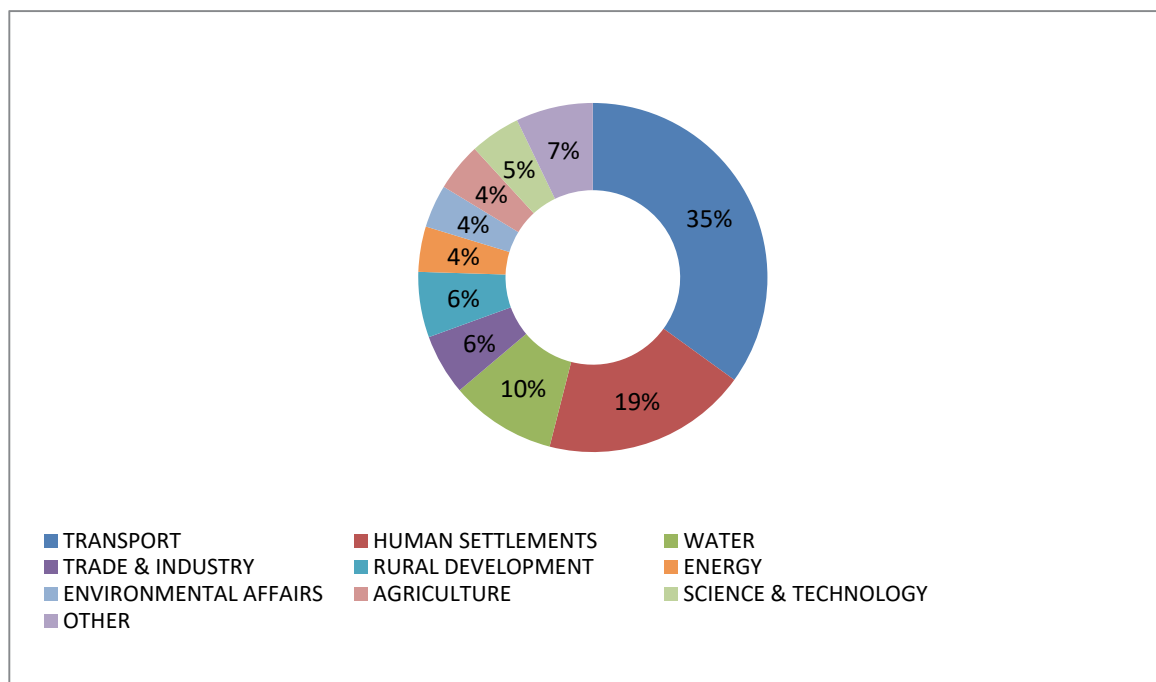
The second largest spender in the Justice and Protection services cluster is the Department of Defence and Military Veterans at 25%. The spending focus of the Department was still mainly on the Force Employment programme, whose focus is border safeguarding, antipiracy operations and peacekeeping missions in foreign countries. The compensation of employees increased by 7% from the previous year.

The Department of Correctional Services is the third largest spender in this cluster at 12%, with compensation of employees being the largest cost at 67% of its total expenditure.

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Graph 12: Expenditure per Economic cluster 2018/19



The third largest spending cluster is the Economic Cluster. The Department of Transport remains the highest spending department in the cluster at 35% of the total cluster expenditure. The highest expenditure item for this department being transfers and subsidies at R58 billion (2017/18: R54 million) accounting for 98% of the department's budget. Of the R58 billion spent, transfers were mainly allocated to SANRAL at R19 billion and PRASA at 16 billion, these entities accounted for 31% and 27% respectively of the total transfers and subsidies budget for the department. Department of Human Settlements as well as Department of Water and Sanitation also ranked high in expenditure at 19% and 10% respectively of the total cluster expenditure.

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

Energy investment is expected over the medium term to focus on extending access to electricity and enhancing energy efficiency, managing nuclear energy in terms of international commitments, and diversifying the energy generation mix. In this regard the Department of Energy's total expenditure is expected to increase at an average annual rate of 5.7 per cent, from R7.1 billion in 2018/19 to R8.4 billion in 2021/22, mainly as a result of Cabinet-approved additional funding of R597.5 million over the medium term. This increase in total expenditure includes amounts reprioritised for the department's operational expenditure, for the National Radioactive Waste Disposal Institute and also for the South African Nuclear Energy Corporation for the decommissioning and decontamination of old nuclear facilities.

Transport and logistics infrastructure will focus on maintaining national and provincial road networks, providing passenger rail infrastructure and services, and facilitating integrated public transport networks. The department's expenditure is expected to increase at an average annual rate of 10.1 per cent, from R55.8 billion in 2018/19 to R74.5 billion by 2021/22. This is mainly driven by increases in transfers to the Passenger Rail Agency of South Africa for rail rehabilitation, maintenance operations and inventories.

The Water Infrastructure Development programme is the largest spending area in the budget for the Department of Water and Sanitation. Transfers and subsidies have been allocated mainly to water

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boards for the provision of regional bulk infrastructure, the Water Trading Entity, the regional bulk infrastructure grant and the water services infrastructure grant.

Major cost drivers within the Department of Human Settlements have been allocated towards the following: the human settlements development grant to provinces which funds the low-income housing programme, amounting to R50.1 billion; the urban settlements development grant to metropolitan municipalities which is a supplementary capital grant that supports infrastructure provision for broader urban development, amounting to R31.1 billion and transfers to entities, amounting to R4.3 billion.

National department's current expenditure

Table 9: Major items of current Expenditure

Year Ended 31 March	Actual	Actual	Actual	Actual	Actual
<i>R' million</i>	2014/15	2015/16	2016/17	2017/18	2018/19
Compensation of employees	123 246	137 079	147 802	156 567	165 613
Goods and Services	58 361	60 836	65 439	69 429	69 045

Table 10: Compensation of employees

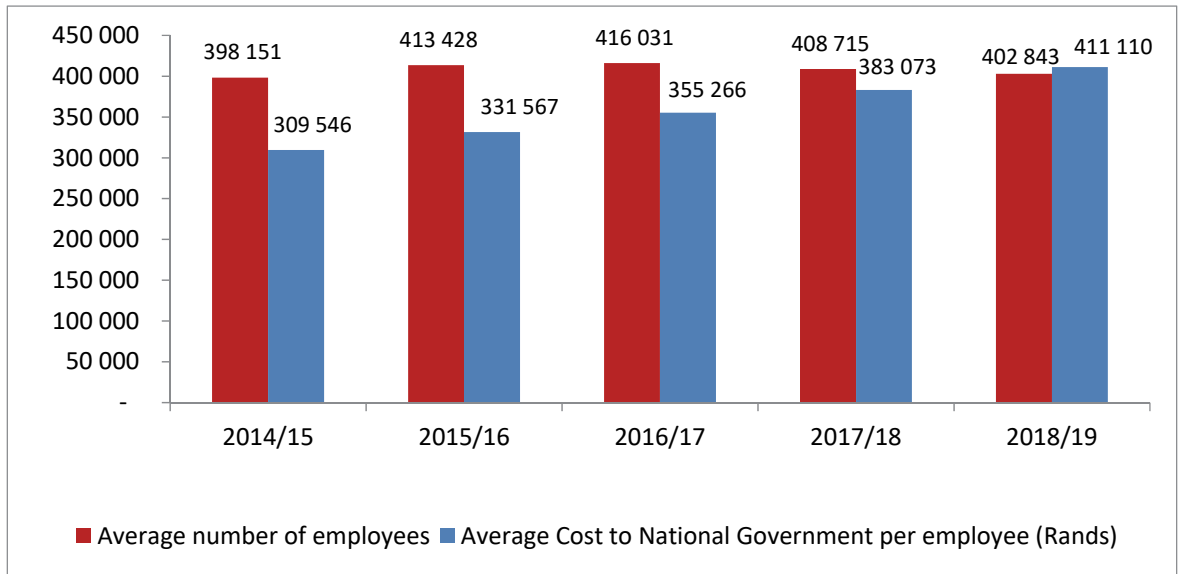
Year Ended 31 March	Actual	Actual	Actual	Actual	Actual
Description	2014/15	2015/16	2016/17	2017/18	2018/19
Total Compensations costs (R' million)	123 246	137 079	147 802	156 567	165 613
Average number of employees	398 151	413 428	416 031	408 715	402 843
Average Cost to per employee (Rands)	309 546	331 568	355 266	383 073	411 110

The above information illustrates the costs to national government departments and excludes provincial departments. The average number of employees at national departments has decreased from 408 715 in 2017/18 to 402 843 in 2018/19, a decline of 1.4%. Compensation, in Rand terms, has grown from R157 billion in 2017/18 to R166 billion in 2018/19 thus resulting in a 5.8% increase (2017/18: 5.9%).

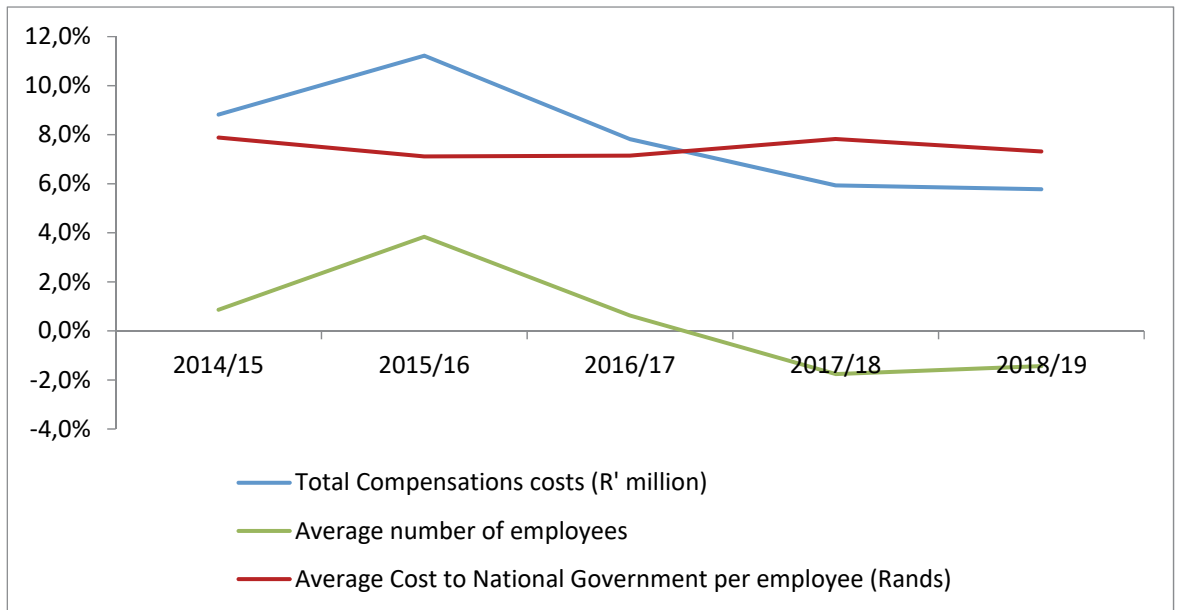
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2019

Graph 13: Compensation of employees



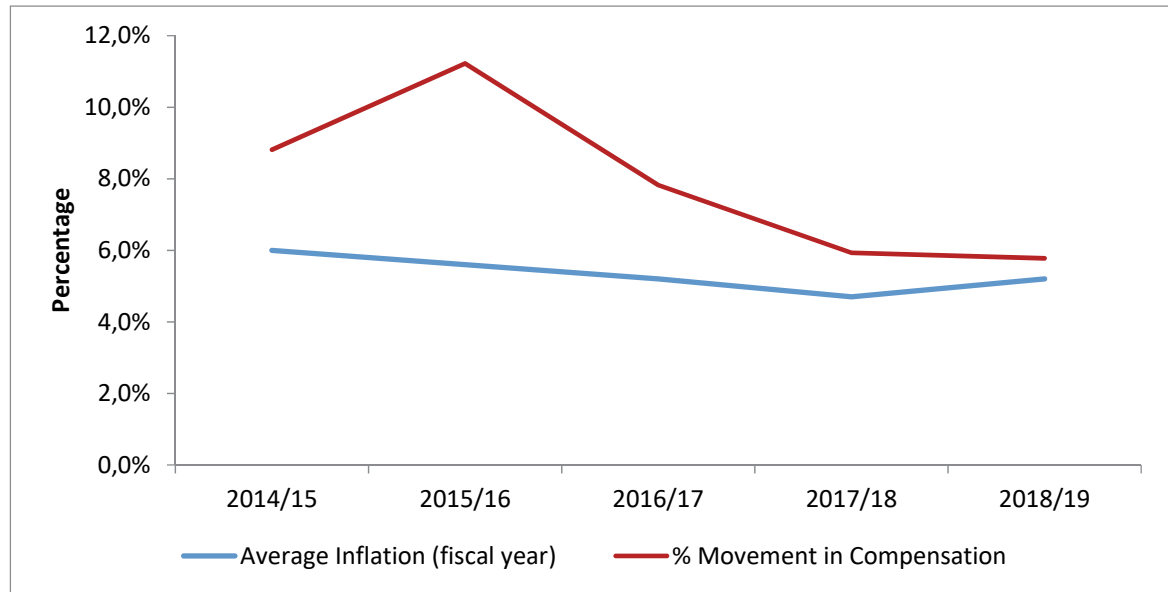
Graph 14: Year on year movement – compensation of employees



REVIEW OF OPERATING RESULTS

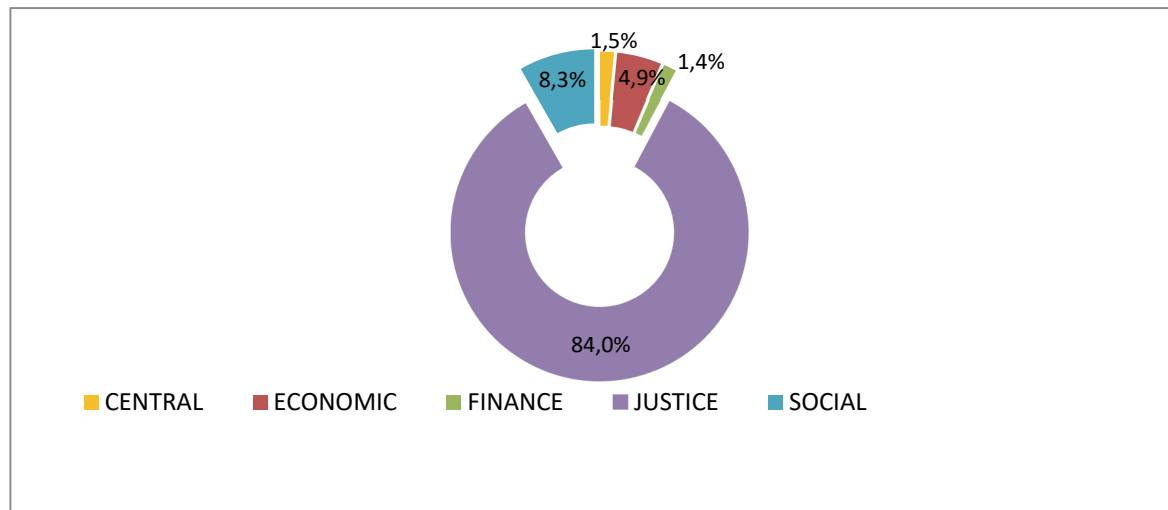
For the year ended 31 March 2019

Graph 15: Compensation % increase vs. inflation



The graphs above also indicate the percentage movement in compensation of employees against the inflation rate over the same period. It depicts a negative correlation of the two over the past five years.

Graph 16: Average number of employees per cluster



The majority of national departments employees are employed in the Justice and Protection Services cluster numbering 338 280 (2017/18: 342 335) which equates to 84% of the total employees for the year under review (2017/18: 83.8%). The Justice and Protection Services cluster includes, amongst others, the following departments which each employ a large number of civil servants:

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For the year ended 31 March 2019

Table 11: Average number of employees

Year Ended 31 March	Actual	Actual	Actual	Actual	Actual
Department	2014/15	2015/16	2016/17	2017/18	2018/19
Department of Police	193 746	192 879	193 630	191 760	190 144
Department of Defence	77 899	77 386	76 616	75 532	74 349
Department of Correctional Services	39 220	38 226	39 634	39 508	39 108

Department of Police

The Department of Police employs the most number of staff in national government and as a result, their expenditure on compensation to employees is R71 billion and accounts to 43% of total compensation costs.

Department of Correctional Services

Spending on compensation of employees increased by 4.2% in 2018/19, with a marginal decrease in the number of employees from 39 508 to 39 108 in the current year.

Department of Defence

The department's staff compliment has marginally decreased from 75 532 in the prior year to approximately 74 349 in 2018/19. Spending on compensation increased by 7% in the current year.

Performance awards

Table 12: Performance awards

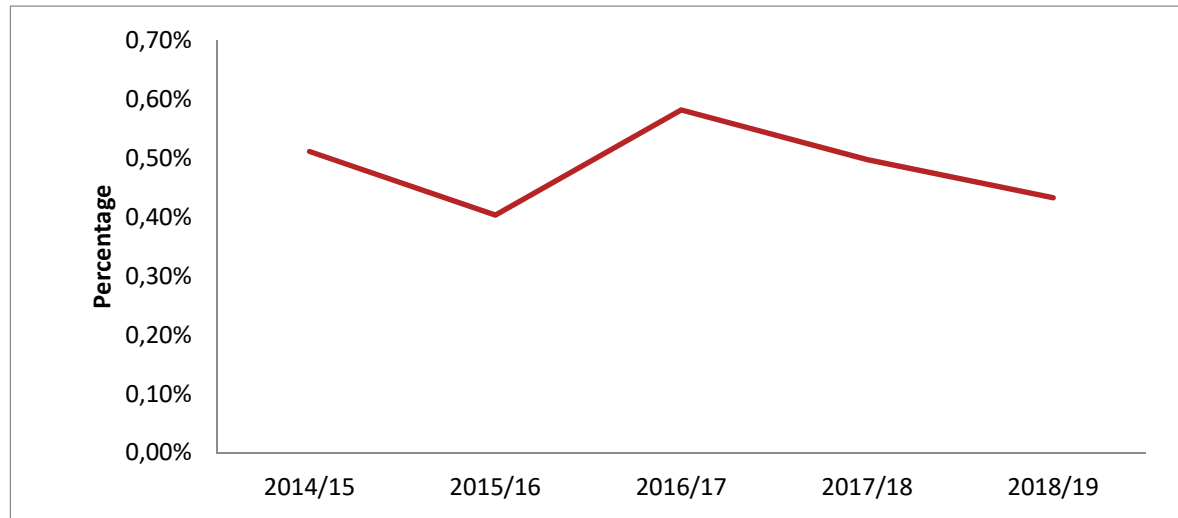
Year Ended 31 March	Actual	Actual	Actual	Actual	Actual
Description	2014/15	2015/16	2016/17	2017/18	2018/19
Performance Awards (R mil)	630	553	860	779	717
Total Compensation of Employees	123 246	137 079	147 802	156 567	165 613
Performance awards as a % of Compensation	0,51%	0,40%	0,58%	0,50%	0,43%
Movement in Performance Awards	-0,04%	-0,11%	0,18%	-0,08%	-0,06%
Movement in Compensation costs	7,31%	11,22%	7,82%	5,93%	5,78%

During the 2018/19 financial year, the performance awards decreased by 0.06%. Performance awards make up 0.43% of compensation (0.50% in 2017/18). Refer to the graphs below showing performance awards as a percentage of compensation and the movement in performance awards versus movement in compensation.

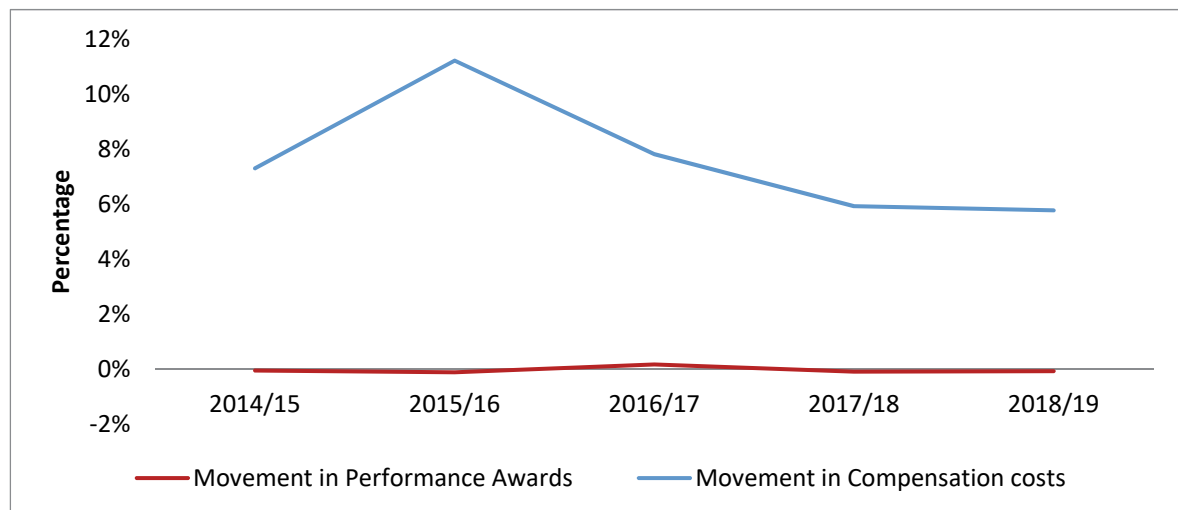
REVIEW OF OPERATING RESULTS

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Graph 17: Performance awards as a % of compensation costs



Graph 18: Movement in performance awards vs. compensation



Training and staff development costs

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

Table 13: Training and staff development

Year Ended 31 March					
<i>R million</i>	2014/15	2015/16	2016/17	2017/18	2018/19
Training & Staff Development	721	675	753	1 425	1 714
Total Compensation of Employees	123 246	137 079	147 802	156 567	165 613
Training as a % of Compensation	0,58%	0,49%	0,51%	0,91%	1,03%

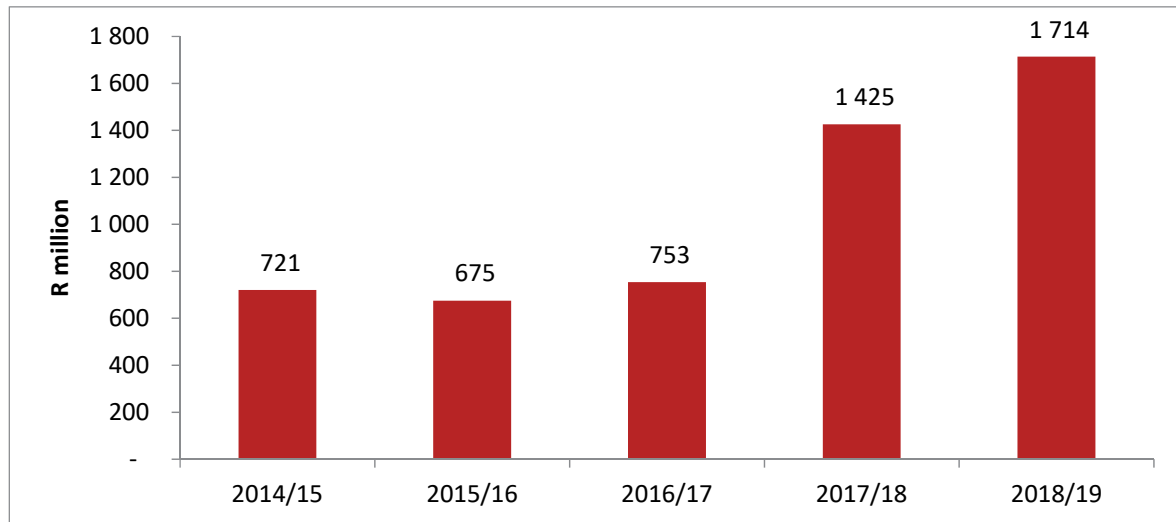
As can be noted in the graphs 19 and 20 below, training and staff development costs have increased since 2015/16. Training and development cost increased by 20% in the current year from R1 423 million in the year 2017/18 to R1 711 million in the year 2018/19. As a component of compensation, the ratio increased slightly from 0.91% to 1.03%. The Department of Water and Sanitation accounts for the

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highest spending training costs at R826 million (2017/18: R581 million) due to its programme War on Leaks.

Graph 19: Training and staff development



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

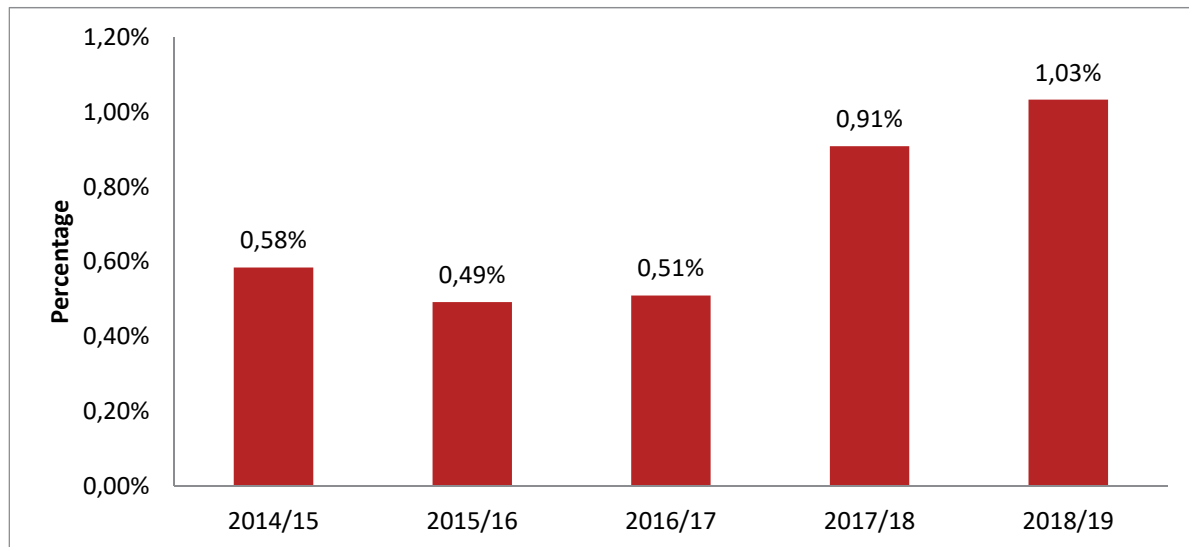


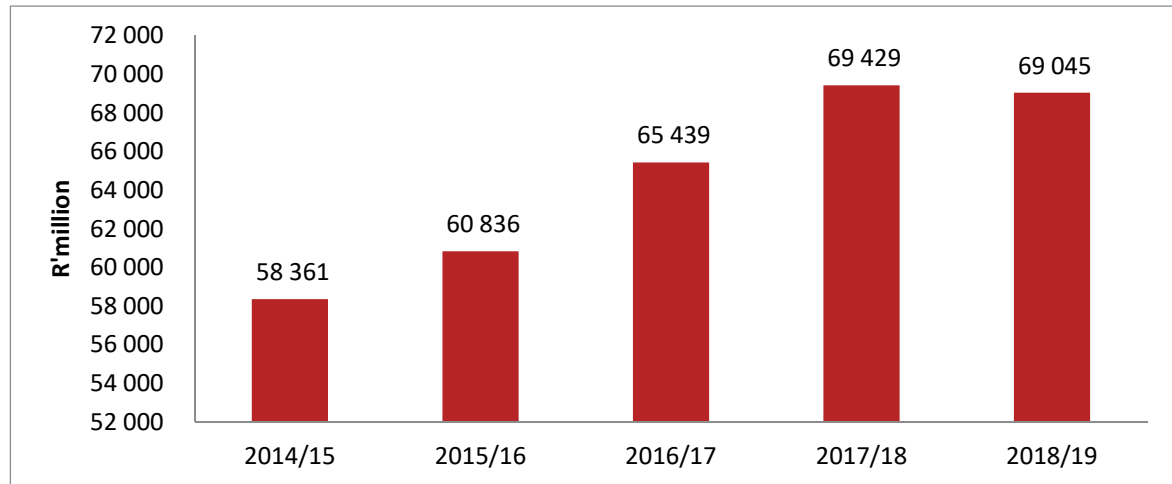
Table 14: Goods and services

Year Ended 31 March	Actual	Actual	Actual	Actual	Actual
R' million	2014/15	2015/16	2016/17	2017/18	2018/19
Goods and Services	58 361	60 836	65 439	69 429	69 045
Movement in expenditure	-0,2%	4,2%	7,6%	6,1%	-0,6%

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Graph 21: Goods and services



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

Table 15: Major items of goods and services

Year Ended 31 March	Actual	Actual	Actual	Actual	Actual
R' million	2014/15	2015/16	2016/17	2017/18	2018/19
Consultants, contractors and special services	10 781	12 096	15 310	16 433	15 382
Inventory	7 158	7 748	8 162	9 321	9 166
Operating leases	9 401	9 294	9 698	10 145	11 299
Travel and subsistence	5 558	5 862	5 770	5 562	6 049
Computer Services	6 642	7 085	7 582	6 932	5 509
Property payments	5 811	5 751	6 377	5 824	6 024
Communication	1 683	1 682	1 596	1 434	1 346
Other	11 328	11 317	10 944	13 778	14 270
Total	58 361	60 836	65 439	69 429	69 045

The major contributor to Goods and Services was expenditure on Consultants, contractors and special services as well as expenditure on operating leases. These expenditures accounted for 22% and 16% respectively of total goods and services.

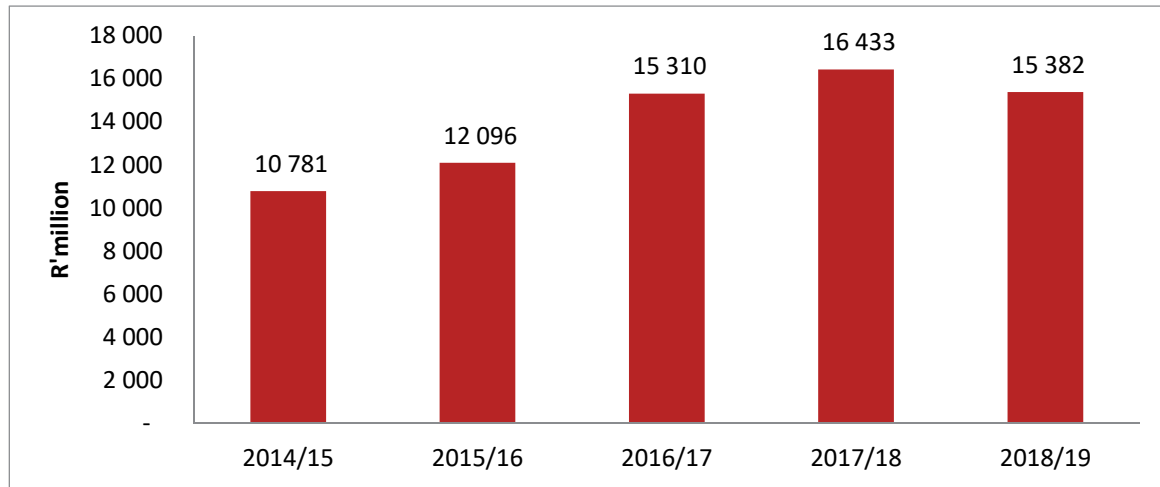
Table 16: Consultants, contractors and special services

Year Ended 31 March	Actual	Actual	Actual	Actual	Actual
R' million	2014/15	2015/16	2016/17	2017/18	2018/19
Consultants, contractors and special services	10 781	12 096	15 310	16 433	15 382
Movement in expenditure	-16,4%	12,2%	26,6%	7,3%	-6,4%

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Graph 22: Consultants, contractors and special services

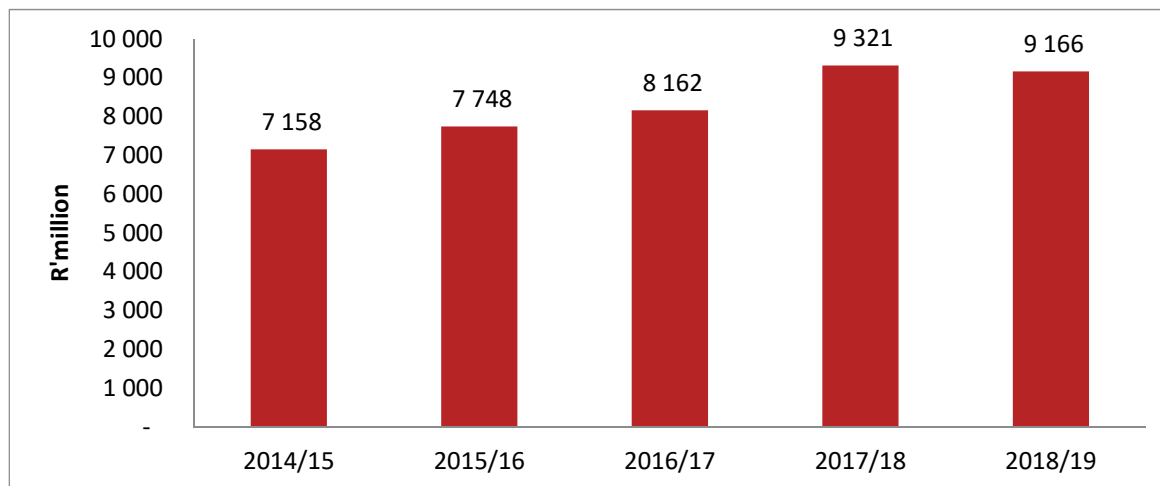


Payment of consultants, contractors and special services (CCSS) decreased slightly from the 2017/18 financial year. The three highest spending departments in this regard are Defence at R3.2 billion (2018: R3 billion), Cooperative Governance R3 billion (2018: R2,7 billion) and Environmental Affairs at 1.8 billion (2018: R2.5 billion).

Table 17: Inventory and consumables

Year Ended 31 March	Actual	Actual	Actual	Actual	Actual
R' million	2014/15	2015/16	2016/17	2017/18	2018/19
Inventory	7 158	7 748	8 162	9 321	9 166
Movement in expenditure	14,2%	8,2%	5,3%	14%	-2%

Graph 23: Inventory and consumables



Inventory and consumables purchases decreased by 2% in the 2018/19 year. The major purchases of inventory were incurred by the Department of Defence amounting to R2.8 billion which was mainly for fuel, food and supplies, clothing material and medicine and Department of Basic Education at R1.1 billion.

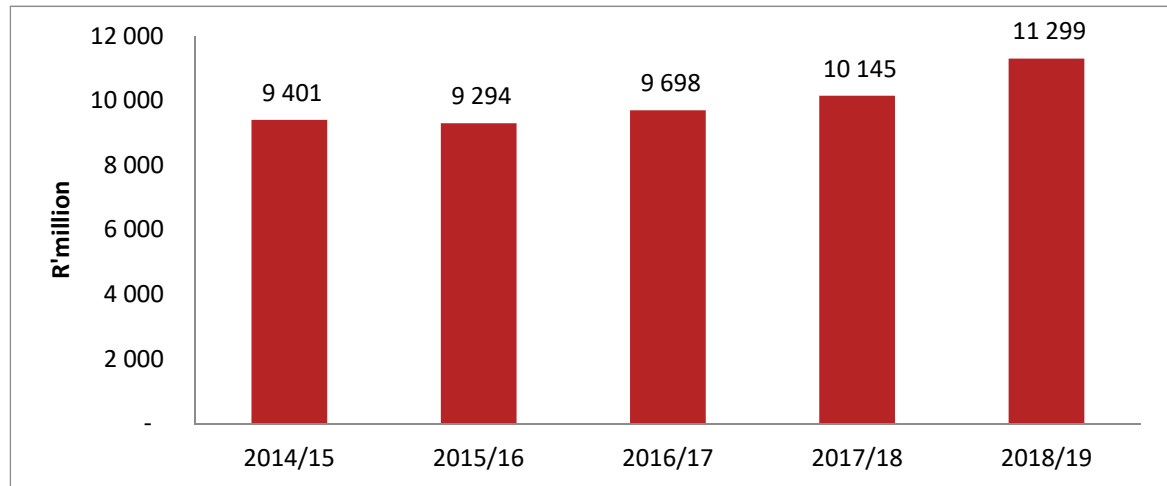
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Table 18: Operating leases

Year Ended 31 March R' million	Actual 2014/15	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19
Operating leases	9 401	9 294	9 698	10 145	11 299
Movement in expenditure	1,7%	-1,1%	4,3%	5%	11%

Graph 24: Operating leases

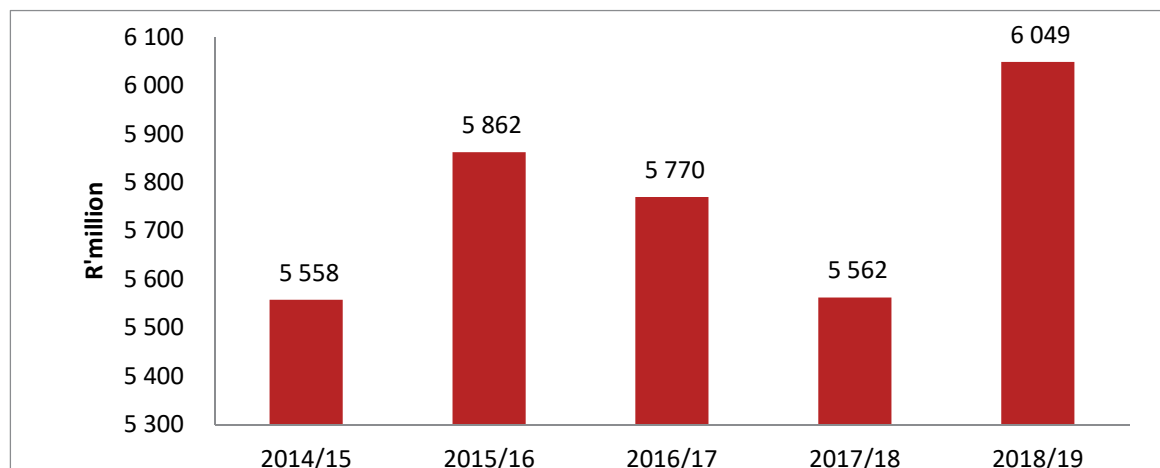


Expenditure on operating leases increased by 11% in the 2018/19 year as compared to a 5% increase 2017/18. The three highest spending departments in this regard are Police at R2.9 billion 26%, Defence R1.6 billion 14% and Correctional Services at 1.5 billion 13%.

Table 19: Travel and subsistence

Year Ended 31 March R' million	Actual 2014/15	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19
Travel and subsistence	5 558	5 862	5 770	5 562	6 049
Movement in expenditure	-3,1%	5,5%	-1,6%	-4%	9%

Graph 25: Travel and subsistence



Travel and subsistence shows a 9% increase, as compared to a 4% decrease in the previous year. The Justice cluster accounts for 50% of the total expenditure of R3 billion while the Economic cluster spending accounts for 21% at R1.3 billion. The major spenders within the Justice cluster were again

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Police and Defence who spent R1.1 billion and R1 billion respectively followed by the Department of Justice with R0.38 billion.

Table 20: Computer services

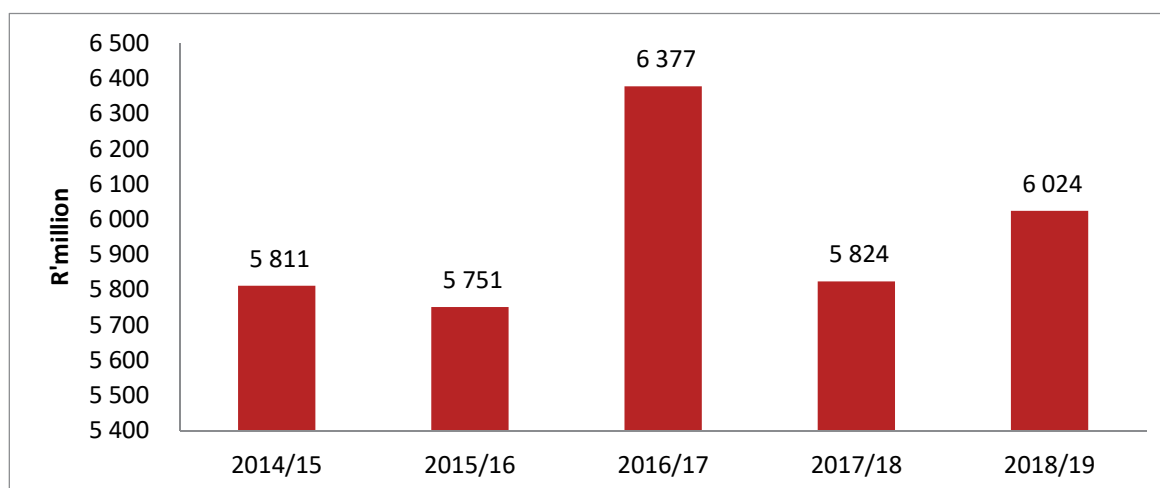
Year Ended 31 March	Actual	Actual	Actual	Actual	Actual
R' million	2014/15	2015/16	2016/17	2017/18	2018/19
Computer Services	6 642	7 085	7 582	6 932	5 509
Movement in expenditure	7,9%	6,7%	7,0%	-9%	-21%

Computer services spending decreased by 21% as compared to 9% decrease in 2017/18 financial year. Justice Cluster had the biggest expenditure amounting to almost 70% of total expenditure. Police was the biggest spender within the Justice Cluster at R1.7 billion mainly in resulting from enhancing its information systems.

Table 21: Property payments

Year Ended 31 March	Actual	Actual	Actual	Actual	Actual
R' million	2014/15	2015/16	2016/17	2017/18	2018/19
Property payments	5 811	5 751	6 377	5 824	6 024
Movement in expenditure	3,7%	-1,0%	10,9%	-9%	3%

Graph 26: Property payments



This expenditure amounts to 9% of the total goods and services expenditure. Expenditure on owned and leasehold property has increased by 3% in the current year compared to a decrease of 9% in the 2017/18 financial year. The largest contributors to the 3% overall increase is Defence with a 29% increase of R188 million as well as Department of Agriculture, Forestry and Fisheries with a 68% increase of R89 million. The other major spenders in this area are Police with R1.2 billion (2017/18: R1.1 billion) and Correctional Services with R1.2 billion (2017/18: R1.4 billion) while Justice spent R1 billion (2017/18: R1 billion).

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

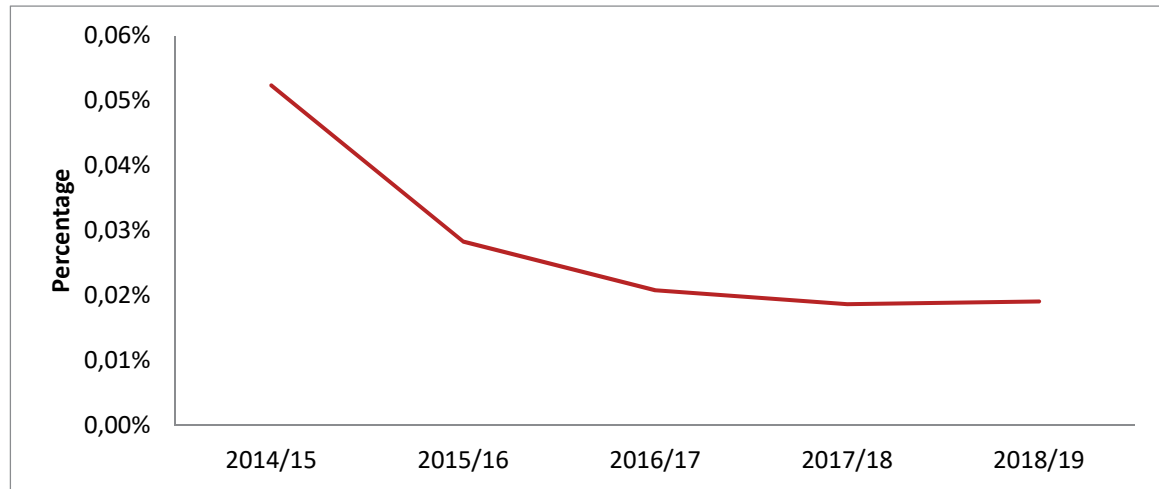
Table 22: Catering and entertainment

Year Ended 31 March	Actual	Actual	Actual	Actual	Actual
R' million	2014/15	2015/16	2016/17	2017/18	2018/19
Catering and entertainment	311	320	274	270	294
Movement in expenditure	-2,3%	3,2%	-14,5%	-1,5%	8,9%

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



Catering and entertainment increased by 8.9% in 2018/19 compared to the prior year decrease of 1.5%. The largest contributors to the overall increase are Correctional Services with an 83% increase of R6.9 million, Basic Education with a 25% increase of R5.2 million as well as Department of International Relations and Cooperation with a 17% increase of R5.9 million.

Table 23: Bursaries

Year Ended 31 March					
R million	2014/15	2015/16	2016/17	2017/18	2018/19
Bursaries	62	61	60	68	80
Total Compensation of employees	123 246	137 079	147 802	156 567	165 613
As a % of Compensation of employees	0,05%	0,04%	0,04%	0,04%	0,05%

There were no major changes in the bursary expenditure. The expenditure increased by 5.8% in the current year. The bursary expenditure as a percentage of compensation is still low remaining at 0.05% of total compensation of employees as was reported in the previous year.

Table 24: Transfers and subsidies

Year Ended 31 March					
R' million	Actual 2014/15	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19
Provinces and municipalities	160 271	173 006	181 496	196 812	207 975
Households	131 475	137 544	98 981	83 605	102 927
Departmental agencies and accounts	85 968	91 935	28 207	31 597	36 911
Public corporations and private enterprises	32 140	37 602	36 770	32 438	32 910
Universities and Technikons	24 461	26 565	149 442	162 311	175 163
Other	7 049	5 563	6 103	6 277	9 711
Total	441 363	472 215	500 999	513 040	565 597
Increase from prior year	8,6%	7,0%	6,1%	2,4%	10,2%
As a % of Total revenue	45,5%	43,7%	43,9%	42,7%	44,1%
As a % of Total expenditure	39,0%	37,9%	38,1%	36,2%	37,3%

Transfers and subsidies increased by 10.2% in the current year. A significant portion of subsidies relate to provinces and municipalities representing 37% of the total. Provincial departments have limited revenue-raising powers, with 97% of their spending financed through the division of revenue. The

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Social Service cluster takes the largest portion of transfers and subsidies amounting to 56% the total transfers and subsidies.

Graph 28: Breakdown of transfers and subsidies 2018/19

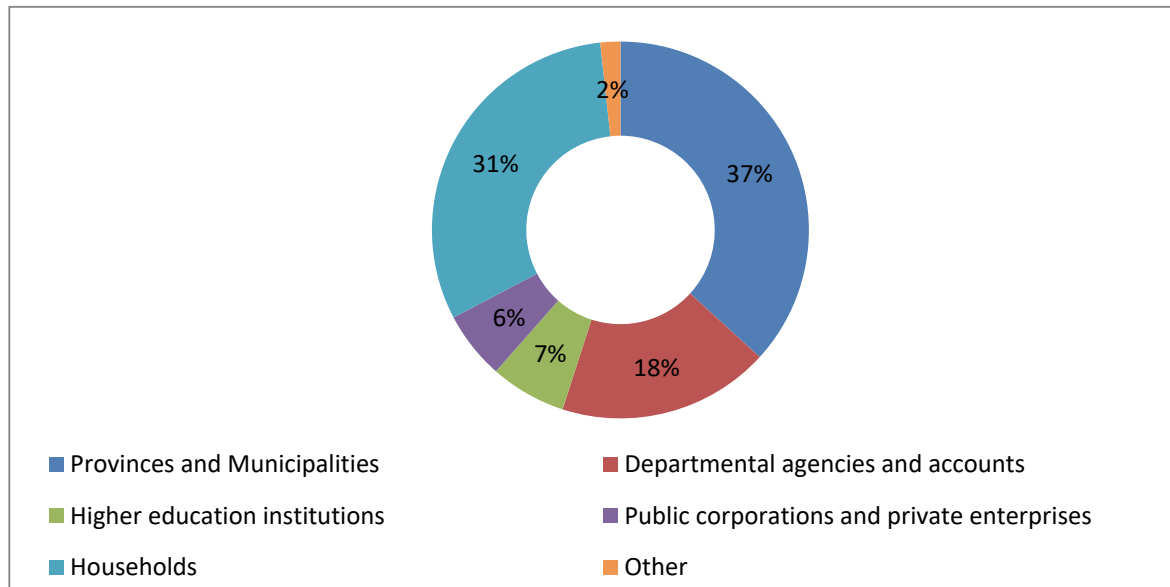


Table 25: Expenditure for capital assets

Capital Expenditure <i>R' million</i>	Actual 2014/15	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19
Total capital expenditure	16 294	18 357	16 026	18 701	16 307
Movement in expenditure	15,1%	12,7%	-12,7%	16,7%	-12,8%

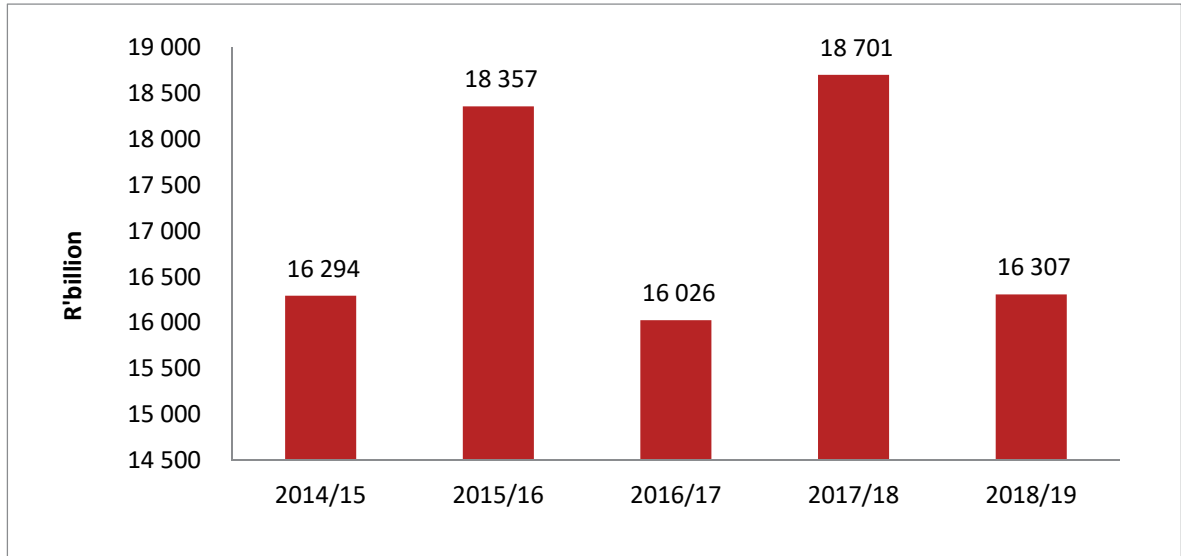
Capital expenditure has decreased by 12.8% during the current year from R18.7 billion in 2017/18 to R16.3 billion in 2018/19. The majority of the capital expenditure was spent on buildings and other structures which accounted for R9.7 billion of the total expenditure. Capital expenditure on machinery and equipment amounts to R4.9 billion.

Expenditure by cluster shows that the Justice and Protection Service cluster is the biggest spender at R8.1 billion, Economic cluster accounts R4.7 billion of total capital expenditure, followed by the Social Service cluster at R2.9 billion.

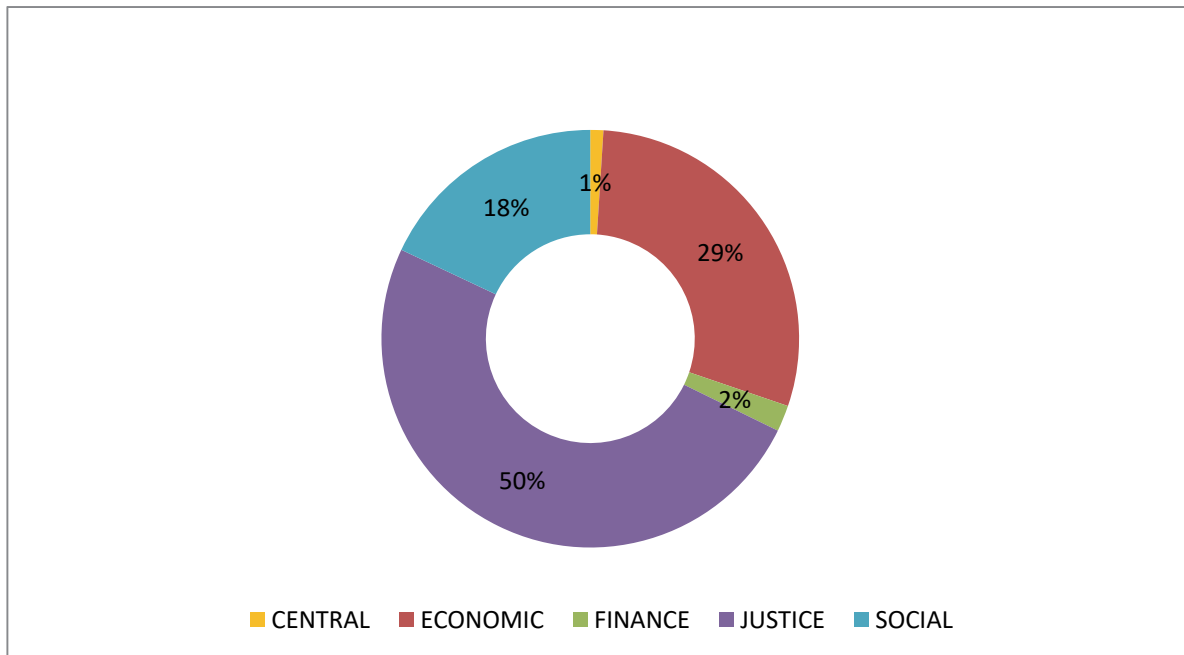
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2019

Graph 29: Total capital expenditure



Graph 30: Capital expenditure by cluster 2018/19



REVIEW OF OPERATING RESULTS

For the year ended 31 March 2019

Assets

Table 28: Cash and cash equivalents

Year Ended 31 March	Actual	Actual	Actual	Actual	Actual
R' million	2014/15	2015/16	2016/17	2017/18	2018/19
Cash and equivalents	204 396	206 710	209 186	228 325	229 590
Movement in cash and cash equivalents	5%	1%	1%	9%	1%

Cash and cash equivalents stand at R229.5 billion (gross R234 billion less R4.5 billion bank overdraft). Therefore, 53% is made up of foreign investments, 25% SARB balances and 17% deposits held with commercial banks.

Graph 30: Cash and cash equivalents by cluster 2018/19

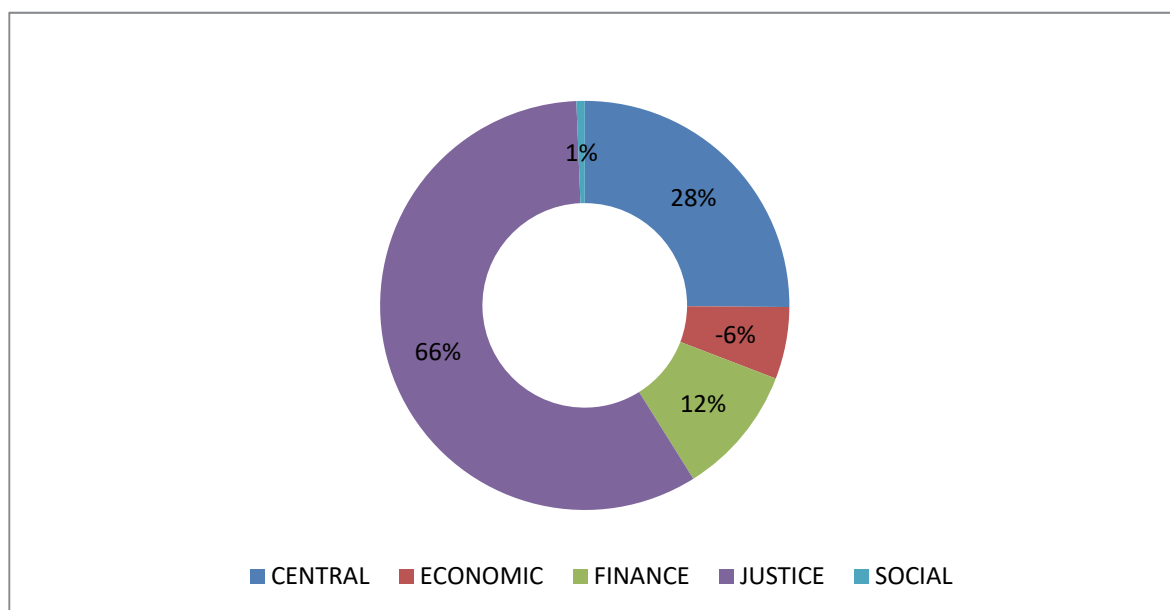


Table 29: National Revenue Fund Holding

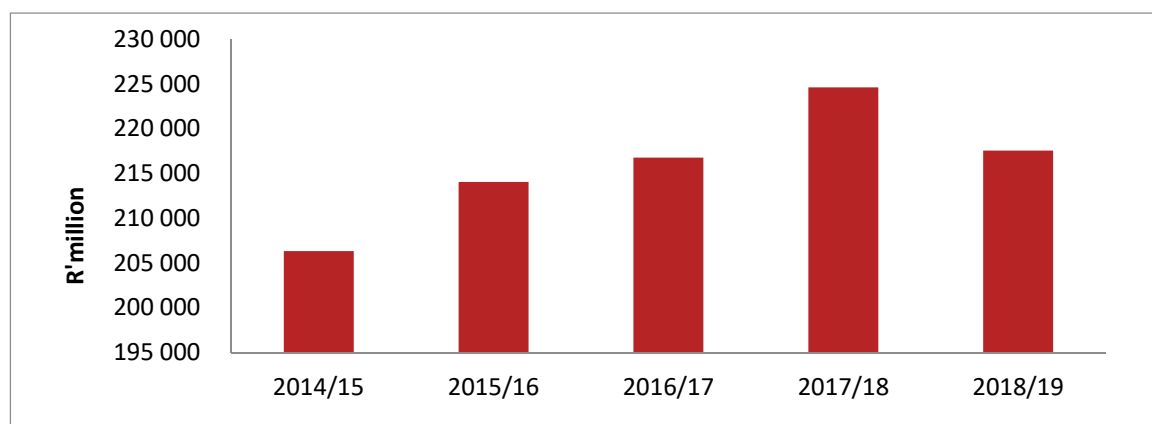
Year Ended 31 March	Actual	Actual	Actual	Actual	Actual
R' million	2014/15	2015/16	2016/17	2017/18	2018/19
Commercial Banks ¹					
Tax and Loan account	45 065	47 354	41 739	58 623	37 754
South African Reserve Bank					
Sterilisation deposits	67 157	67 157	67 157	67 157	57 157
Foreign currency deposits	94 404	102 083	106 649	101 947	122 541
Other	-291	-2 534	1 223	-3 098	115
US \$ equivalent of foreign cash balances	\$8.1bn	\$7.4bn	\$8.0bn	\$8.6bn	\$8.5bn
Total	206 336	214 060	216 768	224 629	217 568

¹ Cash and cash equivalents balance are net of outstanding transfers

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2019

Graph 31: National Revenue Fund Holding



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

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

Sterilisation deposits are not readily available to finance government expenditure in view of their role in managing money market liquidity. However, these funds are available for bridging finance purposes.

Cash with commercial banks is invested in line with predetermined credit-risk benchmarks. Foreign currency deposits increased from R101.9 billion in 2017/18 to R122.5 billion in 2019/20 to mainly prefund large foreign currency commitments due in 2019/20.

Table 30: Receivables

Year Ended 31 March	Actual	Actual	Actual	Actual	Actual
R' million	2014/15	2015/16	2016/17	2017/18	2018/19
Receivables	9 056	8 097	8 777	8 146	9 523
Movement in receivables	131,4%	-10,6%	8,4%	-7,2%	16,9%

Receivables increased by 16.9% in 2018/19 from R8.1 billion to R9.5 billion. The decrease is mainly attributable to increases in claims recoverable and other debtors that constitutes the majority of total receivables. Included in receivables are amounts owed to the government in relation to goods and services as well as interest receivables.

Table 31: Investments

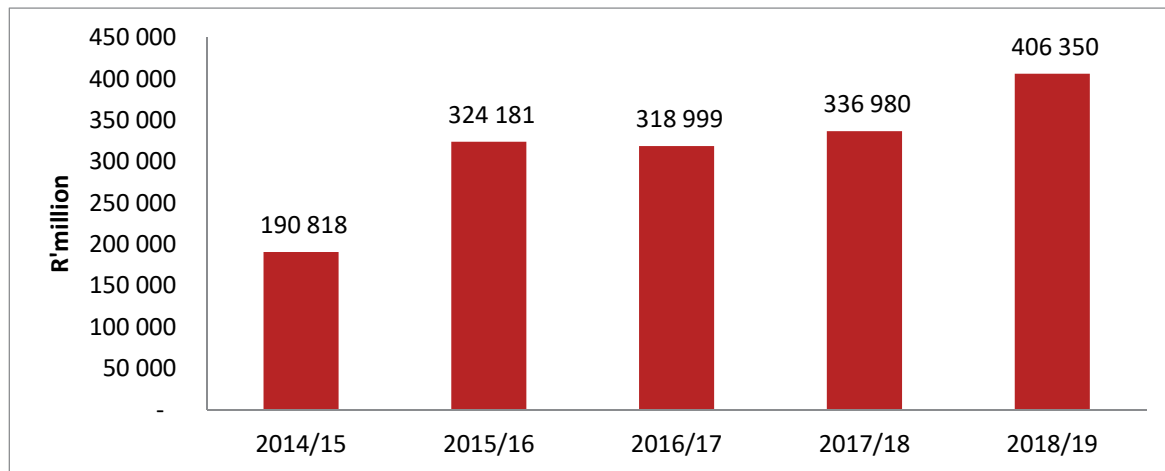
Year Ended 31 March	Actual	Actual	Actual	Actual	Actual
R' million	2014/15	2015/16	2016/17	2017/18	2018/19
Investments	190 818	324 181	318 999	336 980	406 350
Movement in investments	13%	70%	-2%	5,6%	20,6%

Investments include South Africa's subscription to shares in multilateral institutions such as International Monetary Fund, the African Development Bank, World Bank and the New Development Bank. Total investments increased from R337 billion in 2017/18 to R406 billion in 2018/19 or 21%. The increase is mainly due to exchange rate weakening against the US dollar and an increase in subscription in the New Development Bank.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2019

Graph 32: Investments



The major investments of government are listed in the following table which indicates actual Rand amounts 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.

Table 32: Major Investments

Year Ended 31 March R' million	Actual 2018/19	Actual 2017/18
Onderstepoort Biological Products Ltd	1	1
Ncera Farms (Pty) Ltd	1	1
IDC A Shares 1 000 000 at cost (100% shareholding)	1 000	1 000
IDC B Shares 1 391 969 357 at cost (100% shareholding)	1 391 969	1 391 969
Nuclear Energy Corporation of South Africa	2 205	2 205
National Housing Finance Corporation	2 313 635	1 610 000
SERVCON	604	604
National Urban Reconstruction and Housing Agency	-	442 660
Rural Housing Loan Fund	-	180 975
Passenger Rail Agency of South Africa Ltd.	4 248 259	4 248 259
Airports Company Ltd.	559 492	559 492
Air Traffic and Navigational Services Company Ltd.	190 646	190 646
S.A. National Roads Agency (SOC) Ltd.	1 091 044	1 091 044
Telkom SA Limited	2 070 381	2 070 381
South African Post Office Limited	8 164 116	5 217 116
Sentech (Pty) (Ltd)	2	2
Vodacom Group Limited	3 743	3 743
Development Bank of Southern Africa	200 000	200 000
Public Investment Corporation Limited	1	1
Land Bank	200 955	200 955
Alexkor SOC Ltd	400 000	400 000
Denel SOC Ltd	6 176 376	6 176 376
Eskom SOC Ltd	83 000 000	83 000 000
Safcol SOC Ltd	318 013	318 013
Transnet SOC Ltd	12 660 986	12 660 986
South African Express SOC Ltd	1 834 000	585 000
South African Airways SOC Ltd	28 008 758	23 008 758
Armscor	75 000	75 000
Special Defence activities	107 164	106 164
Total Investments Shares and Other Equity	153 018 351	143 741 351

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2019

Table 33: Loans

Year Ended 31 March <i>R' million</i>	Actual 2014/15	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19
Loans	4 786	7 558	2 659	1 580	1 587
Movement in Loans	-8,0%	57,9%	-64,8%	-40,6%	0,4%

Loans increased marginally by 0.4% in 2018/19 mainly resulting from an increase of R14 million by Department of Environmental Affairs.

Liabilities

Table 34: Payables

Year Ended 31 March <i>R' million</i>	Actual 2014/15	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19
Payables	4 786	7 558	5 709	10 321	6 102
Movement in Payables	-8,0%	57,9%	-24,5%	80,8%	-40,9%

Payables have decreased by 40.9% from R10.3 billion in 2017/18 to R6.1 billion in 2018/19. Other payables which are included in the non-current payables include salary related payables such as pension fund, housing allowance, income tax and bargaining council expense/fees.

Table 35: Multilateral institutions

Year Ended 31 March <i>R' million</i>	Actual 2014/15	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19
Multilateral Institutions	127 353	184 505	176 837	177 874	227 209
Movement in Multilateral Institutions	9,5%	44,9%	-4,34%	0,6%	27,7%

Liabilities to multilateral institutions represents the callable portion of South Africa's subscription in the African Development bank (R54 billion), International Monetary Fund - Securities Account (R50 billion), International Monetary Fund - SDR Allocations (R36 billion), International Bank for Reconstruction and Development (R29 billion), Multilateral Investments Guarantee Agency (R0.21 billion), and New Development Bank (R58 billion). Government has an obligation to help recapitalise these institutions if they run into financial difficulty by paying for shares that are subscribed but not paid for.

Current and non-current borrowings

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

Table 36: Borrowings

Year Ended 31 March <i>R' million</i>	Actual 2014/15	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19
Current borrowings	252 322	305 197	326 832	328 462	380 109
Non-current borrowings	1 546 466	1 713 713	1 906 011	2 161 227	2 408 181
Total	1 798 788	2 018 910	2 232 843	2 489 689	2 788 290
Movement in Borrowings	13,52%	12,24%	10,60%	11,5%	12,0%

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2019

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

Graph 33: Borrowings

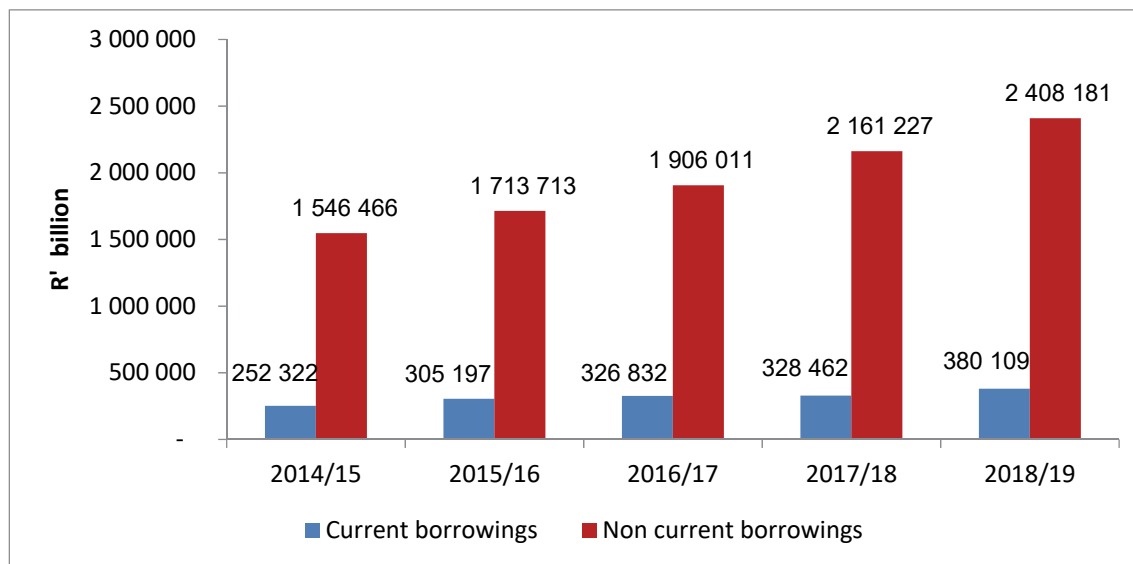


Table 37 below shows government debt split between domestic and foreign debt. In addition, government's debt is also disclosed on a gross and net basis. Net loan debt consists of total domestic and foreign debt less the cash balances of the NRF. Gross government debt has increased from 46.5% in 2014/15 to 56.7% in 2018/19. This was as a result of higher budget deficit following lower economic growth and financial support to state-owned companies in distress.

Table 37: National government debt

R' million	2014/15	2015/16	2016/17	2017/18	2018/19
Domestic debt	1 631 957	1 819 303	2 020 089	2 271 878	2 496 976
Foreign debt	166 831	199 607	212 754	217 811	291 314
Gross loan debt	1 798 788	2 018 910	2 232 843	2 489 689	2 788 290
Less: National Revenue Fund bank balances	(206 336)	(214 060)	(216 768)	(224 629)	(217 568)
Net loan debt	1 592 452	1 804 850	2 016 075	2 265 060	2 570 722
<i>As percentage of GDP :</i>					
Gross loan debt	46,5	48,9	50,6	52,7	56,7
Net loan debt	41,2	43,7	45,7	48,0	52,2

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

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

Annual Financial Statements for the year ended 31 March 2019

2019 **CONSOLIDATED FINANCIAL STATEMENTS**



AUDITOR-GENERAL
SOUTH AFRICA



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2019

Report on the audit of the consolidated financial statements

Qualified opinion

1. I have audited the consolidated financial statements of the National Treasury set out on pages 54 to 112, which comprise the consolidated statement of financial position as at 31 March 2019, the consolidated statement of financial performance, statement of changes in net assets and consolidated cash flow statement for the year then ended, as well as the notes to the consolidated financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects of the matters described in the basis for qualified opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the National Treasury as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) as prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Division of Revenue Act of South Africa, 2017 (Act No. 1 of 2018) (Dora).

Basis for qualified opinion

Moveable tangible capital Assets

3. The Department of International Relations and Cooperation did not maintain a reliable asset register in accordance with the requirements of the Modified Cash Standard (MCS), due to an ineffective system of internal control over asset management. Some of the assets listed in the asset register could not be physically verified and some assets were not recorded in the asset register. As a result, I was unable to obtain sufficient appropriate audit evidence that all moveable tangible capital assets are appropriately disclosed. I could not confirm this by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to

moveable tangible capital assets stated at R96 312 821 000 (2018: R93 479 440 000) in note 40 to the consolidated financial statements.

4. I was unable to obtain sufficient appropriate audit evidence for moveable tangible assets for the Department of Cooperative Governance. I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for moveable tangible capital CWP assets and minor assets, due to the status of the accounting records that could not trace the assets from the asset register to the floor and I could not trace assets selected from the floor to the asset register because of no unique identification information. I was unable to confirm these assets by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to moveable tangible capital assets stated at R96 312 821 000 (2018: R93 479 440 000) and minor assets stated at R4 957 541 000 (2018: R4 799 500 000) in note 41 to the consolidated financial statements.
5. As stated in the consolidated financial statements, the Department of Agriculture, Forestry and Fisheries did not record all disposals of biological assets, as there were inadequate systems to record the disposals. This resulted in the amount of disposals disclosed in note 40 to the consolidated financial statements being misstated. I was unable to determine the full extent of the misstatement because it was impracticable to do so. Furthermore, I was unable to obtain sufficient appropriate audit evidence for biological assets amounting to R52 416 196, as the compartments that contain these biological assets were inaccessible and therefore these assets could not be verified. Consequently, I was unable to determine whether any further adjustments were required to biological assets stated at R925 809 000 in note 40 to the consolidated financial statements.
6. As stated in the consolidated financial statements, the Department of Defence did not disclose capital work in progress for projects under development, in accordance with MCS chapter 11, *Capital assets*. As a result, tangible capital assets work in progress is understated by an undeterminable amount. I was unable to confirm capital work in progress by alternative means.

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2019

Additionally, the Department of Defence did not correctly disclose all items relating to tangible capital assets according to MCS chapter 11, *Capital assets*. Certain assets that qualify to be recognised as assets were incorrectly classified as inventory. I was unable to determine the full extent of the non-disclosure as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments were necessary to the movable tangible capital assets stated at R96 312 821 000 (2018: R93 479 440 000) in note 40 to the consolidated financial statements.

7. As stated in the consolidated financial statements and included in movable tangible assets are R1 877 111 000 for movable tangible capital assets and R857 337 000 for minor assets. The Department of Justice and Constitutional Development did not have adequate internal controls to ensure the effective maintenance of the movable assets register and ensure the existence and completeness of assets disclosed in note 40 to the consolidated financial statements. Consequently, the movable tangible capital assets disclosed in note 40 was overstated by R309 021 000

Goods and Services

8. As stated in the consolidated financial statements, I was unable to obtain sufficient appropriate audit evidence for payments made to Community Work Programme (CWP) implementing agents as the Department of Cooperative Governance could not provide accurate and complete substantiating records for payments made for goods and services purchased, and some material invoices were not recorded on the consolidated financial statements, as required by the contracts signed with implementing agents. In addition, I could not obtain sufficient appropriate audit evidence for payments made to CWP participants, as the department could not provide accurate and complete time sheets. Some participants could not be verified and payments were made to deceased participants and participants who are employed by the state. I could not confirm the amounts by alternative means. Consequently, I was unable to determine whether any adjustment to goods and services stated at R69 044 743 000

(2018: R69 428 500 000) in note 8 to the consolidated financial statements was necessary.

9. As stated in the consolidated financial statements, the Department of Defence accounts for non-sensitive and sensitive projects expenditure in connection with special defence activities as per section 2(2)(a) of the Defence Special Account Act of South Africa, 1974 (Act No. 6 of 1974), as amended. I was unable to obtain sufficient appropriate audit evidence regarding sensitive projects expenditure and related investments due to the sensitivity of the environment and the circumstances under which the related transactions were incurred and recorded. Consequently, I was unable to determine whether any adjustments were necessary to sensitive projects expenditure included in the expenditure of R69 044 743 000 (2018: R69 428 500 000) as per note 8 and investments for special defence activities included in the investment amount of R153 018 351 000 (2018: R143 741 351 000) as per note 17 to the consolidated financial statements.
10. As stated in the consolidated financial statements, I was unable to obtain sufficient appropriate audit evidence to confirm the correctness of additions to assets relating to the accelerated school infrastructure delivery initiative (Asidi), as the management of the Department of Basic Education could not provide the relevant supporting evidence. Furthermore, the department incorrectly included non-capital expenditure relating to management fees paid to implementing agents as part of the cost of capital infrastructure assets, contrary to the requirements of the MCS. I was unable to determine the full extent of the misstatements for both the current and previous financial periods for the following items, as it was impracticable to do so:
- Understatement of goods and services expenditure of R69 044 743 000 (2018: R69 428 500 000), as disclosed in note 8 to the consolidated financial statements.
11. As stated in the consolidated financial statements, I was unable to obtain sufficient appropriate audit evidence for the Department of Environmental Affairs for the amounts disclosed in note 9 to the consolidated financial statements, goods and services – outsourced

REPORT OF THE AUDITOR-GENERAL

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services, as the Department of Environmental Affairs did not retain transactional evidence for the utilisation of funds that were paid to implementing agents for expanded public works projects within the environmental programme. The internal controls that the Department of Environmental Affairs implemented to record delivery of goods and services by implementing agents were not always substantiated by sufficiently reliable accounting records. I was unable to confirm the expenditure by alternative means. Consequently, I was unable to determine whether any adjustment to goods and services – outsourced services stated at R5 178 000 000 (2018: R5 859 096 000) was necessary in note 8 to the consolidated financial statements.

In addition, in 2017-18, I was unable to obtain sufficient appropriate audit evidence for goods and services – administrative fees, as the department did not maintain accurate and complete records of the management fees paid to implementing agents. I could not confirm the amounts by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to comparative figure for goods and services – administrative fees stated at R506 290 000 in note 8 to the consolidated financial statements.

Transfers and subsidies

12. Included in transfer and subsidies of the Department of Social Development is R162 800 000 000 that relates to transfers to households. I was unable to obtain sufficient appropriate audit evidence that these transfers had been properly accounted for due to the status of the accounting records. I was unable to confirm these transfers by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the transfer and subsidies stated at R175 162 810 000 in disclosure note 11 of the consolidated financial statements.

Intangible capital assets

13. As stated in the consolidated financial statements, I was unable to obtain sufficient appropriate audit evidence for intangible capital assets due to inadequate record management

systems and some of the assets not being readily available for verification for the Department of Defence. I was also unable to confirm these assets by alternative means. In addition, the department did not account for intangible assets at appropriate values as required by chapter 11 of the MCS, capital assets. Consequently, I was unable to determine whether any adjustments were necessary to the intangible capital assets stated at R7 610 481 000 (2018: R6 244 964 000) in note 42 to the consolidated financial statements.

Immovable tangible capital assets

14. As stated in the consolidated financial statements, I was unable to obtain sufficient appropriate audit evidence that immovable tangible capital assets were properly accounted for in accordance with the requirements of the chapter 11 of the MCS, capital assets for the Department of Tourism. This was due to the inadequate status of the accounting records, including the lack of a credible asset register. Some capital assets were recorded in the register as completed assets could not be fully verified because some deliverables could not be physically verified. In addition, I was unable to confirm the status of completed projects disclosed in the capital work in progress disclosed in sub-note 43.3 to the consolidated financial statements. I was unable to confirm these assets by alternative means.

Consequently, I was unable to determine whether any further adjustments were necessary to immovable tangible capital assets stated at R62 134 089 000 (2018: R59 298 248 000) and capital work in progress stated at R37 137 280 000 (2018: R33 052 292 000) as included in note 43 and sub-note 43.3 to the consolidated financial statements, respectively.

15. As stated in the consolidated financial statements, I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figure for immovable tangible capital assets for the Department of Police. As described in note 43.3 to the consolidated financial statements, the restatement was made to rectify a prior year misstatement, but the restatement could not be

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substantiated by sufficient and appropriate supporting audit evidence. I was unable to confirm the restatement and current year amount by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the other fixed structures within the immovable tangible capital assets figure stated at R62 134 089 000 (2018: R 59 298 248 000) in note 43 to the consolidated financial statements.

16. As stated in the consolidated financial statements, I was unable to obtain sufficient appropriate audit evidence to confirm the correctness of additions to assets relating to Asidi, as management could not provide the relevant supporting evidence. Furthermore, the Department of Basic Education incorrectly included non-capital expenditure relating to management fees paid to implementing agents as part of the cost of capital infrastructure assets, contrary to the requirements of the MCS. I was unable to determine the full extent of the misstatements for both the current and previous financial periods for the following items, as it was impracticable to do so:

- Overstatement of the immovable tangible capital assets of R62 134 089 000 (2018: R59 298 248 000) and capital work-in-progress of R37 137 280 000 (2018: R33 052 922 000), as disclosed in note 43 to the consolidated financial statements
- Overstatement of expenditure for capital assets of R15 834 379 000 (2018: R18 259 710 000), as disclosed in note 10 to the consolidated financial statements
- Overstatement of approved and contracted capital expenditure commitments of R33 777 416 000 (2018: R29 395 407 000), and understatement of approved and contracted current expenditure commitments of R30 228 827 000 (2018: R30 958 133 000), as disclosed in note 28 to the consolidated financial statements

I could not confirm immovable tangible capital assets by alternative means. As a result, I was unable to determine whether any further adjustments were necessary to immovable tangible capital assets stated at R62 134 089 000 in the consolidated financial statements.

17. As stated in the consolidated financial statements, the Department of Environmental Affairs did not disclose immovable tangible capital assets as required by chapter 11 of the MCS in note 43 of the consolidated financial statements. Chapter 11 of MSC requires that additions to capital work in progress as per note 43.1 in the consolidated financial statement is transferred to the note for capital work in progress, therefore note 43.3. The completed capital work in progress as per note 43.3 in the consolidated financial statement is transferred to non-cash additions in the immovable tangible capital assets as per note 43.1. In addition, when completed assets are transferred out of the Department of Environmental Affairs to third-party recipients in terms of section 42 of the PFMA, the Department of Environmental Affairs is required to disclose the disposal of those assets in a separate disclosure note to the consolidated financial statements. Contrary to the requirements stated above, the Department of Environmental Affairs did not make the required disclosures, including the descriptive narratives and a relevant age analysis as required by the reporting framework for the current and prior period. I have not included the omitted information in this auditor's report, as it was impracticable to do so.

As stated in the consolidated financial statements, I was unable to obtain sufficient appropriate audit evidence for the restatement amounting to R260 332 000 and ready-for-use or contracts terminated amounting to R494 233 000 reported in the Department of Environmental Affairs corresponding figure for capital work in progress. As disclosed in note 43.3 to the consolidated financial statements, a restatement was made to rectify a prior year misstatement and certain immovable tangible capital assets were considered ready for use or terminated, but the movements could not be substantiated by sufficient and appropriate supporting evidence. I was unable to confirm the movements and its related impact on the current year by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the buildings and other fixed structures figure stated at R36 329 477 000 in note 43.3 to the consolidated financial statements.

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2019

Irregular expenditure

18. I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figure for irregular expenditure and the corresponding prior period error for the Department of Cooperative Governance. As described in note 33 to the consolidated financial statements, the restatement was made to rectify prior year misstatements, but the restatements could not be substantiated by supporting audit evidence. I was unable to confirm the restatements by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the irregular expenditure figure stated at R28 157 846 000 (2018: R21 084 340 000) in the consolidated financial statements.
19. As stated in the consolidated financial statements, the Department of Energy did not include the required information on irregular expenditure in the notes to the consolidated financial statements, as required by section 40(3)(b)(i) of the PFMA. The department did not disclose payments of R64 068 000 (2018: R98 382 000) made in contravention of the supply chain management requirements, resulting in irregular expenditure being understated by R64 068 000 (2018: R98 382 000).
20. As stated in the consolidated financial statements, I was unable to obtain sufficient appropriate audit evidence that all irregular expenditure incurred by the Department of Police for the current and previous year had been properly accounted for. This was due to payments made in contravention of the supply chain management requirements. I was unable to confirm the irregular expenditure by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to irregular expenditure stated at R28 157 846 000 (2018: R21 084 340 000) in note 33 to the consolidated financial statements.
- In addition, the Department of Police did not evaluate the population for similar instances of non-compliance based on the factors as communicated. Consequently, I was unable to determine the full extent of the irregular expenditure as it was impractical to do so, due to management not revisiting the population to quantify the extent of the irregular expenditure.
21. As stated in the consolidated financial statements, I was unable to confirm the completeness of the irregular expenditure in the Department of Correctional Services disclosed in note 35 to the consolidated financial statements. This was because the department did not have an adequate system for identifying all irregular expenditure. There were no satisfactory alternative procedures that I could perform to obtain reasonable assurance that all irregular expenditure had been properly recorded in note 33. Consequently, I was unable to determine whether any adjustment was necessary to the balance of irregular expenditure stated at R28 157 846 000 in the consolidated financial statements.
22. As stated in the consolidated financial statements, the Department of Defence did not fully record irregular expenditure in the notes to the consolidated financial statements, as required by section 40(3)(i) of the PFMA. This was due to inadequate systems to detect record and appropriately disclose this expenditure in the consolidated financial statements. Consequently, I was unable to determine the full extent of the irregular expenditure stated at R28 157 846 000 in the consolidated financial statements as it was impracticable to do so.
23. As stated in the consolidated financial statements, the Department of Basic Education did not include all irregular expenditure in the notes to the consolidated financial statements, as required by section 40(3)(i) of the PFMA. This was due to payments made in contravention of the supply chain management prescripts, which resulted in irregular expenditure of R177 498 000 not being disclosed. Furthermore, as the department did not have adequate internal controls in place to identify and report on all irregular expenditure, which did not meet the requirements of legislation, I was unable to determine the full extent of the understatement of irregular expenditure for the current and previous year, as it was impracticable to do so.
24. As stated in the consolidated financial statements, I was unable to determine whether the awards made to implementing agents were fair, transparent and equitable in accordance with

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2019

section 38(1)(a)(iii) of the PFMA. The Department of Environmental Affairs could not provide sufficient evidence of a rotational process followed when inviting suppliers from the prospective supplier listings or established panels of services providers. As a result, I was unable to determine the amount of the further adjustments that may be necessary to irregular expenditure stated at R28 157 846 000 (2018: R21 084 340 000) in note 33 to the consolidated financial statements.

As stated in the consolidated financial statements, the Department of Environmental Affairs did not record and include the required information on irregular expenditure in the notes to the consolidated financial statements, as required by section 40(3)(i) of the PFMA. Expenditure was incurred in contravention of the supply chain management requirements, resulting in an understatement of irregular expenditure by R241 064 000 in note 33 to the consolidated financial statements.

Fruitless and wasteful expenditure

25. As stated in the consolidated financial statements, the Department of Tourism did not include the full extent of fruitless and wasteful expenditure in the notes to the consolidated financial statements, as required by section 40(3)(b)(i) of the PFMA. This was due to excessive payments made on immovable tangible capital assets. I was unable to confirm the full extent of fruitless and wasteful expenditure included in the notes to the consolidated financial statements as the department did not quantify the full extent of fruitless and wasteful expenditure. I was unable to confirm this by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the fruitless and wasteful expenditure stated at R1 316 903 000 (2018: R1 328 000 000) in note 34 to the consolidated financial statements.

26. As stated in the consolidated financial statements, section 40(3)(b)(i) of the PFMA requires the department to include particulars of fruitless and wasteful expenditure in the notes to the consolidated financial statements. The

Department of Environmental Affairs did not have adequate systems to maintain complete records of fruitless and wasteful expenditure. Due to this lack of internal controls, I was unable to confirm the amount of fruitless and wasteful expenditure to be disclosed by alternative means. Consequently, I was unable to determine whether any adjustment to fruitless and wasteful expenditure, stated at R1 316 903 000 in note 34 to the consolidated financial statements, was necessary.

Commitments

27. As stated in the consolidated financial statements, I was unable to obtain sufficient appropriate audit evidence for commitments, as the Department of Correctional Services did not maintain accurate and complete records of the contractual information used to determine commitments. I could not confirm the amounts by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to commitments stated at R67 960 527 000 (2018: R77 316 142 000) in the consolidated financial statements.

Furthermore, management of the Department of Correctional Services made adjustments to the commitments amount disclosed in note 28 which I was unable to audit.

28. As stated in the consolidated financial statements during the 2018 financial year, the Department of Defence did not maintain adequate records of the contractual information used to determine commitments. This resulted in commitments being understated by an undeterminable amount. Consequently, I was unable to determine whether any adjustment was necessary to commitments stated at R77 316 142 000 in note 28 to the consolidated financial statements for the comparative information. My audit opinion on the consolidated financial statements for the period ended 31 March 2018 was modified accordingly. My opinion on the current year's consolidated financial statements is also modified because of the possible effect of this matter on the comparability of commitments for the current period.

29. As stated in the consolidated financial statements, I was unable to obtain sufficient

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2019

appropriate audit evidence for the approved and contracted capital expenditure commitment for disbursements as the Department of Basic Education could not substantiate the R167 306 000 relating to professional service provider fees. In addition, the department did not correctly determine the amounts for approved and contracted capital commitment, which resulted in commitments disclosed in note 28 to the consolidated financial statements being understated by R83 096 000.

Furthermore, the Department of Basic Education disclosed capital expenditure as approved but not yet contracted commitments for the previous financial year, although service providers were not appointed and there was no communication of awards made to these service providers. As a result, the comparative amount of approved but not yet contracted capital commitments, as disclosed in note 28 to the consolidated financial statements, was overstated by R4 031 000 000.

30. As stated in the consolidated financial statements, the Department of Environmental Affairs did not implement appropriate systems and controls to properly account for commitments stated at an amount of R67 960 527 000 (2018: R77 316 142 000) in note 28 to the consolidated financial statements as required by the MCS chapter 14, provisions and contingents. In some instances, the commitments reported were invalid while in others, not all payments made during the year for ongoing contracts were taken into account when determining the outstanding commitment at the reporting date. As a result, commitments was overstated by R598 519 000 (2018: R165 477 000).

Modified Cash Standard disclosure

31. The National Treasury's consolidations of national departments did not disclose information as required by the MCS. I have not included all the details of the omitted information in this auditor's report, as it was impracticable to do so. The following summarises the omitted disclosures:

- Management did not conclude that the financial statements present fairly the departments' primary and secondary information as is required by paragraph 19(a) of chapter 1 – preface to the modified cash standard.
- An analysis of finance lease expenditure included in expenditure for capital assets as required by paragraph 19 chapter 8 on expenditure was not adequately disclosed in disclosure note 10 of the consolidated financial statements for departments.
- There was no disclosure included in the consolidated financial statements for other financial assets as required by chapter 9, paragraph 33, on general departmental assets and liabilities for:
 - the major categories of current and non-current financial assets
 - individually material financial assets as disclosed separately
 - in disclosing the major categories of other financial assets the differentiation between local and foreign financial assets.
- Disclosure note 15 for receivables does not disclose a split between current and non-current receivables as required by paragraph 35, chapter 9, on general departmental assets and liabilities.
- Disclosure note 17 for investments did not include a reconciliation of the opening balance and the balance at the reporting date of the non-current investments as required by paragraph 36, chapter 9, on general departmental assets and liabilities reflecting the following:
 - Additions in cash
 - Disposals in cash
 - Non-cash movements
- Disclosure note 19.2, for non-current payables did not include an age-analysis for non-current payables per category as required by paragraph 40, chapter 9 on general departmental assets and liabilities reflecting the following aging classifications:
 - One to two years
 - Two to three years
 - Older than three years
- Disclosure note 29 did not include the required disclosure as required by paragraph 46, chapter 9, on general departmental assets and

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2019

liabilities disclosing a summary of its accruals and payables not recognised (other than those relating to employee benefits) per economic classification. In presenting this summary, the department shall also provide an aging of those accruals and payables not recognised differentiating between 30-day accruals and payables not recognised and those that are older than 30 days.

- Disclosure note 40 did not include the required disclosure as required by paragraph 96, chapter 11, on capital assets, as there were no disclosures on additions to movable assets for the reporting period, showing separately:
 - cash additions
 - non-cash additions
 - capital work in progress current costs and finance lease payments
 - items received in current period, not paid (and paid in current year, received prior year).
- In addition, there were no disposals of movable assets for the reporting period, showing separately:
 - assets sold for cash
 - assets transferred out or destroyed or scrapped
 - total actual cash received from disposals.
- Disclosure note 41 did not include the required disclosure as required by paragraph 97, chapter 11, on capital assets for the total value and quantities of minor capital assets in the asset register at the end of the reporting period, distinguishing between quantities between recorded at one rand and recorded at cost.
- Disclosure note 42 did not include the required disclosure as required by paragraph 99, chapter 11, on capital assets as required by additions to intangible assets for the reporting period showing separately:
 - cash additions
 - non-cash additions
 - development work in progress – current costs
 - items received in current period, not paid (paid current year, received prior year).
- Disclosure note 42 did not include the required disclosure as required by paragraph 99, chapter 11, on capital assets as required for disposals of intangible assets for the reporting period, separately reflecting the following:
 - assets sold for cash
 - assets transferred out or destroyed or scrapped
 - total actual cash received from disposals.
- Disclosure note 43 did not include the required disclosure as required by paragraph 101, chapter 11, on capital assets as required by additions to intangible assets for the reporting period showing separately for additions to immovable asset for the reporting period separately reflecting the following:
 - cash additions
 - non-cash additions
 - capital work-in-progress current costs and finance lease payments
 - received current, not paid (paid current year, received prior year).
- Disclosure note 43 did not include the required disclosure as required by paragraph 101, chapter 11, on capital assets as required by disposals of immovable assets for the reporting period, separately reflecting the following:
 - assets sold for cash
 - assets transferred out or destroyed or scrapped
 - total actual cash received from disposals.

Aggregation of uncorrected misstatements

32. The following aggregation of misstatements was extracted from the 2018-19 summary of uncorrected misstatements and may impact the audit opinion expressed on the consolidated financial statements of national departments of the National Treasury.

33. The consolidated financial statements are materially misstated due to the cumulative effect of numerous uncorrected misstatements emanating from the audited financial statements of national departments. The misstatement impact the disclosure notes by R6,9 billion.

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2019

Context for the opinion

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

35. I am independent of the department in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* and, parts 1 and 3 of the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA codes), as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.

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

Emphasis of matters

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

Ministerial exemption in terms of section 92 of the PFMA from preparing a single set of consolidated financial statements

38. As disclosed in note 49 to the consolidated financial statements, the minister of Finance granted the National Treasury exemption in terms of section 92 of the PFMA from the provisions of section 8(1) of the act. The exemption applies to the financial periods 2017-18 to 2019-20 and allows the National Treasury not to prepare a single set of consolidated financial statements for national departments and national public entities.

Subsequent events

39. As disclosed in note 51 to the consolidated

financial statements, material subsequent events occurred after 31 March 2019. The events relate to additional funding and guarantees provided to state-owned entities and rating agency results.

Restatement of corresponding figures

40. As disclosed in note 25 to the consolidated financial statements, the corresponding figures for 31 March 2018 were restated as a result of errors in the financial statements of the national departments at, and for the year ended, 31 March 2019.

Other matter

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

Unaudited supplementary schedules

42. The supplementary information set out on pages 113 to 120 does not form part of the consolidated financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

Responsibilities of the accounting officer for the consolidated financial statements

43. The accounting officer is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Modified Cash Standard and the requirements of the as 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 the Division of Revenue Act of South Africa, 2017 (Act No. 1 of 2018) (Dora), and for such internal control as the accounting officer determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2019

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

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

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

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

Other information

47. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the audit committee's report. The other information does not include the consolidated financial statements and the auditor's report that have been specifically reported in this auditor's report.

48. My opinion on the financial statements do not cover the other information and I do not express

an audit opinion or any form of assurance conclusion thereon.

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

50. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

51. I considered internal control relevant to my audit of the consolidated financial statements. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion included in this report.

52. The National Treasury issued group instructions to the national departments. However, numerous departments did not correct misstatements as requested. Therefore, the aggregated misstatements result in a qualification of opinion at consolidation level and the National Treasury was thus not able to comply with the requirements of the PFMA.

53. The capacitating of the government workforce through the development of appropriate systems and processes should be prioritised by leadership to enable credible consolidated financial statements and thus compliance with the requirements of the PFMA.

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2019

Pretoria
28 November 2019



Annexure – Auditor-general’s responsibility for the audit

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

Financial statements

2. In addition to my responsibility for the audit of the consolidated financial statements as described in this auditor’s report, I also:
 - identify and assess the risks of material misstatement of the consolidated financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the departments’ internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
 - conclude on the appropriateness of the accounting officer’s use of the going concern

basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the National Treasury’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a department to cease continuing as a going concern

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- obtain sufficient appropriate audit evidence regarding the financial information of all national departments within the Republic of South Africa to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the consolidation audit. I remain solely responsible for my audit opinion.

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 March 2019

	Notes	2018/19 R'000	2017/18 R'000
OPERATING INCOME			
Revenue from Taxes, Levies & Duties	2	1 248 856 966	1 168 399 848
Departmental revenue	3	24 103 799	26 757 231
Other Revenue	4	7 378 145	5 320 093
Aid assistance		1 694 710	1 507 874
TOTAL REVENUE		1 282 033 620	1 201 985 046
REVENUE FUND EXPENDITURE			
		683 180 616	639 767 382
Appropriated Funds	6	683 043 754	639 757 892
CARA payments		136 862	9 490
DEPARTMENTAL EXPENDITURE			
Current Expenditure			
		235 791 577	227 132 241
Compensation of employees	7	165 612 808	156 567 480
Goods and services	8	69 044 743	69 428 500
Interest and rent on land	9	177 016	160 146
Aid assistance		957 010	976 115
Transfers and subsidies			
		565 754 586	513 222 128
Transfers and subsidies	11	565 596 848	513 040 633
Aid assistance		157 738	181 495
Expenditure for capital assets			
		16 306 947	18 700 700
Tangible assets	10.1	15 834 379	18 259 710
Intangible assets	10.2	472 568	440 990
Payments for financial assets			
	12	14 364 361	18 513 094
TOTAL EXPENDITURE		1 515 398 087	1 417 335 545
SURPLUS/(DEFICIT)			
		(233 364 467)	(215 350 499)
Foreign exchange revaluation		(49 801 773)	(19 676 780)
SURPLUS/(DEFICIT) FOR THE YEAR		(283 166 240)	(235 027 279)
Reconciliation of Net Surplus/(Deficit) for the year			
Voted Funds		(283 425 106)	(234 784 642)
Departmental revenue and NRF Receipts		(112 844)	(422 420)
Aid assistance	5	371 710	179 783
SURPLUS/(DEFICIT) FOR THE YEAR		(283 166 240)	(235 027 279)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2019

	Notes	2018/19 R '000	2017/18 R '000
ASSETS			
Current Assets		241 072 964	262 183 359
Cash and cash equivalents	13	234 153 740	243 427 922
Other financial assets		17 939	11 847
Prepayments and advances	14	1 041 514	13 644 927
Receivables	15	5 819 552	5 030 915
Loans	16	4 498	3 896
Aid assistance receivable	5	35 721	63 852
Non-Current Assets		411 709 101	341 750 499
Investments	17	406 349 784	336 979 899
Receivables	15	3 703 359	3 114 939
Loans	16	1 582 306	1 576 402
Other financial assets		73 652	79 259
TOTAL ASSETS		652 782 065	603 933 858
LIABILITIES			
Current Liabilities		389 350 625	352 507 905
Bank overdraft	18	4 563 912	15 102 575
Payables	19.1	4 189 255	8 595 775
Borrowings	20	380 108 623	328 461 720
Aid assistance repayable	5	312 164	182 324
Aid assistance unutilised	5	176 671	165 511
Non-Current Liabilities		2 637 302 403	2 340 826 396
Payables	19.2	1 912 348	1 725 532
Borrowings	21	2 408 180 753	2 161 226 516
Multi-lateral institutions	22	227 209 302	177 874 348
TOTAL LIABILITIES		3 026 653 029	2 693 334 303
NET ASSETS		(2 373 870 964)	(2 089 400 445)
Represented by:			
Capitalisation reserve		154 291 043	145 021 412
Recoverable revenue		2 515 292	1 856 958
Retained funds		(2 530 677 299)	(2 236 278 815)
TOTAL		(2 373 870 964)	(2 089 400 445)

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 March 2019

	Notes	2018/19 R'000	2017/18 R'000
NET ASSETS			
Capitalisation Reserves			
Opening balance		145 021 412	130 356 828
Transfers:		9 269 630	14 664 584
Movement in Equity		9 272 603	4 667 408
Movements in Operational Funds		(23 008 758)	-
Other movements		23 005 785	9 997 176
Closing balance		154 291 042	145 021 412
Recoverable revenue			
Opening balance		1 856 958	2 848 608
Transfers		658 335	(991 650)
Irrecoverable amounts written off		(14 537)	(15 725)
Debts revised		(21 484)	(84 744)
Debts recovered (included in departmental receipts)		(1 722 732)	(2 221 082)
Debts raised		900 960	831 551
Closing balance		2 515 293	1 856 958
Retained funds			
Opening balance		(2 236 315 759)	(1 988 524 941)
Transferred from voted funds to be surrendered (Parliament/Legislatures ONLY)		26 483	(3 908)
Utilised during the year		30 156	(1 039 841)
Other		(294 328 993)	(246 677 089)
Closing balance		(2 530 677 299)	(2 236 278 815)
Revaluation Reserves			
Opening balance		-	-
Closing balance		-	-
TOTAL		(2 373 870 964)	(2 089 400 445)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2019

	Notes	2018/19 R'000	2017/18 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS DISCLOSED BY THE NATIONAL REVENUE FUND			
		1 292 469 038	1 208 701 156
Revenue collected by SARS		1 248 949 212	1 168 697 528
Departmental Revenue collected		23 448 469	26 667 026
CARA Receipts		167 971	129 493
Surrenders from departments		12 525 241	7 887 016
Other revenue received by the revenue fund		7 378 145	2 886 816
RECEIPTS DISCLOSED BY NATIONAL DEPARTMENTS			
		12 314 004	9 680 068
Annual appropriated funds received		-	-
Statutory appropriated funds received		-	-
Departmental revenue received		3 935 899	4 792 913
Interest received		6 851 366	3 508 774
Aid assistance received		1 526 739	1 378 381
PAYMENTS DISCLOSED BY THE NATIONAL REVENUE FUND			
		683 251 569	638 878 084
Annual Appropriation		-	-
Statutory Appropriation		682 914 984	638 783 085
CARA Payments		136 862	9 490
Appropriation for unauthorised expenditure		-	-
Other		199 723	85 509
Net (increase)/ decrease in working capital		10 165 550	(1 462 374)
Surrendered to Revenue Fund		(23 849 080)	(16 899 437)
Surrendered to RDP Fund/Donor		(199 608)	(177 181)
Current payments		(235 580 403)	(226 801 715)
Interest paid		(153 054)	(150 479)
Payments for financial assets		(14 364 361)	(18 512 934)
Transfers and subsidies paid		(576 583 435)	(501 449 819)
Net cash flow available from operating activities	23	(219 032 918)	(211 527 211)
CASH FLOWS FROM INVESTING ACTIVITIES			
Distribution/dividend received		962 879	1 406 436
Payments for capital assets		(16 306 947)	(15 119 049)
Proceeds from sale of capital assets		111 918	197 491
(Increase)/ decrease in loans		(6 506)	1 078 621
(Increase)/ decrease in investments		(9 277 000)	(14 674 000)
(Increase)/ decrease in other financial assets		(485)	(4 591)
Net cash flows from investing activities		(24 516 141)	(27 115 092)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/ (decrease) in net assets		9 927 965	(1 145 039)
Increase/ (decrease) in non-current payables		184 602	(196 774)
Increase/ (decrease) in borrowings		234 700 802	238 343 661
Net cash flows from financing activities		244 813 369	252 106 067
Net increase/ (decrease) in cash and cash equivalents		1 264 310	13 463 764
Cash and cash equivalents at beginning of period		228 325 347	214 824 310
Unrealised gains and losses within cash and cash equivalents		172	37 273
Cash and cash equivalents at end of period	24	229 589 829	228 325 347

ACCOUNTING POLICIES

For the year ended 31 March 2019

■ 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 National Treasury.

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

1.1 Basis of preparation

The Consolidated Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid or when the final authorisation for payment is effected on the system (by no later than 31 March of each year). Under this basis, the revaluation of foreign and domestic investments and loans are also recognised.

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

recognised material provisions that will result in the potential cash outflow to government.

1.2 Presentation currency

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

1.3 Rounding

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

1.4 Comparative figures

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

1.5 Revenue

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

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

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

1.5.1 Revenue from taxes, levies and duties

Taxpayer-assessed revenues are recognised when funds are received by South African Revenue Services (SARS). Cash in transit or over remitted as at 31 March by the SARS is included in

ACCOUNTING POLICIES

For the year ended 31 March 2019

the Statement of Financial Position as other receivables/payables.

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

1.5.2 Departmental revenue

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

1.5.2.1 Sales of goods and services other than capital assets

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

1.5.2.2 Fines, penalties & forfeits

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

1.5.2.3 Interest, dividends and rent on land

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

1.5.2.4 Sale of capital assets

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

1.5.2.5 Financial transactions in assets and liabilities

Repayments of loans and advances previously extended to employees and public corporations for policy purposes are recognised as revenue in the

statement of financial performance on receipt of the funds from departments.

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

Forex gains and losses are recognised on settlement of loans.

1.5.2.6 Transfers received

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

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)

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

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

1.5.6 Direct exchequer receipts

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

1.6 Expenditure

1.6.1 Appropriated funds

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

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

1.6.2 Compensation of employees

1.6.2.1 Salaries and wages

Salaries and wages are expensed in the statement of financial performance when the final authorisation for payment is effected on the accounting 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 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.

1.6.3 Goods and services

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

1.6.4 Interest and rent on land

Interest and rental payments are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the accounting 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

ACCOUNTING POLICIES

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made for irrecoverable amounts but an estimate is included in the notes to the financial statements amounts.

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

1.6.6 CARA payments

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

1.6.7 Transfers and subsidies

Transfers and subsidies are recognised as an expense 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 on 31 March. Associated gains and losses are recognised in the Statement of Financial Performance. Gains and losses due to the revaluation of inflation-linked bonds are also included in the Statement of Financial Performance.

1.6.10 Unauthorised expenditure

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

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

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

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,

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deposits held, other short-term highly liquid investments and bank overdrafts.

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

1.7.2 Other financial assets

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

1.7.3 Prepayments and advances

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

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

1.7.4 Receivables

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

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

1.7.7 Settlement period of assets and liabilities

1.7.7.1 Current and Non-Current Assets

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

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

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

1.7.7.2 Current and Non-Current Liabilities

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

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

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

1.7.8 Investments

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

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

The International Monetary Fund (IMF) quota represents South Africa's membership subscription to the IMF. The investment is denominated in special drawing rights (SDR) and is recognised in the Statement of Financial Position in Rand, converted at the closing SDR exchange rate published by the IMF as at 31 March.

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

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For the year ended 31 March 2019

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

1.7.9 Inventory

Inventories that qualify for recognition 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 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."

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

Subsequent recognition

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

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

Age analysis of on-going capital projects is disclosed when requested by auditors in 2017/18 financial year.

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

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

Subsequent recognition

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

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

1.8 Liabilities

1.8.1 Payables

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are carried at cost in the statement of financial position.

1.8.2 Lease commitments

Finance lease

Finance leases are not recognised as assets and liabilities in the statement of financial position. Finance lease payments are recognised as an expense in the statement of financial performance and are apportioned between the capital and

ACCOUNTING POLICIES

For the year ended 31 March 2019

interest portions. The finance lease liability is disclosed in the notes to the financial statements.

Operating lease

Operating lease payments are recognised as an expense in the statement of financial performance. The operating lease commitments are disclosed in the disclosure 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 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 notes to the financial statements when it is probable that an inflow of economic benefits will flow to the National revenue fund. Contingent assets include the Gold and Foreign Exchange Contingency Reserve Account that is initially measured at cost as it does not have a fixed maturity date, and is subsequently revalued with the profits and losses incurred on gold and foreign exchange transactions.

1.8.6 Commitments

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

1.8.7 Employee benefits

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

1.8.8 Provisions

Provisions are disclosed when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is

probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

1.8.9 Multilateral Institutions

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

1.9 Borrowings

1.9.1 Domestic Borrowings

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

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

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

1.9.2 Foreign Loans and Bonds

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

1.10 Foreign loans

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

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For the year ended 31 March 2019

1.11 Net Assets

1.11.1 Capitalisation reserve

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

1.11.2 Recoverable revenue

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

1.12 Related party transactions

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

Related party transactions within the Minister/MEC's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length. The number of individuals and their full compensation is recorded in the notes to the financial statements.

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 notes.

1.15 Restatements and adjustments

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

1.16 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 note to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	Notes	2018/19 R'000	2017/18 R'000
2 Revenue from Taxes, levies and Duties			
Taxation			
Income tax		738 744 021	711 705 492
Value-added tax / Sales tax		324 765 978	297 997 587
Fuel levy		72 486 885	69 124 318
Customs duties		54 019 977	48 232 628
Excise duties		43 532 385	39 498 485
Skills Development Levy		17 438 989	16 012 406
Other taxes		15 251 827	16 584 270
Environmental Levy		10 871 233	10 853 457
Health Promotion Levy		3 248 162	-
Road accident fund recoupment		2 885 341	1 824 258
SACU member duties		2 437 275	2 557 392
Air Passenger tax		1 082 862	1 086 040
State miscellaneous revenue		615 129	677 298
Universal Service Fund		222 666	192 357
Diamond export levy		77 997	86 856
Turnover Tax on small business		12 938	33 504
Small business tax amnesty		349	1 766
Total Taxation		1 287 694 014	1 216 468 114
Non-taxation revenue			
Road accident fund levy		42 426 677	36 474 472
Unemployment Insurance Fund (UIF)		19 116 523	18 271 131
Mineral and petroleum resource royalty		8 611 781	7 617 251
Mining leases and ownership		413 477	179 777
Provincial administration receipts		61	63
Total Non-taxation		70 568 519	62 542 694
Total Gross Revenue		1 358 262 533	1 279 010 808
Less			
South African Customs Union Agreement		48 288 636	55 950 873
Payment ito sec 12(3) of the PFMA		63	62
Payment to UIF		17 419 812	16 613 651
Payable by SARS to UIF		1 696 711	1 657 480
Payment to RAF		41 890 191	36 048 140
Payable by SARS to RAF		110 154	340 754
Total		109 405 567	110 610 960
Total Net Revenue for the Year		1 248 856 966	1 168 399 848
3 Departmental Revenue			
NRF receipts		11 999 373	16 600 257
Sales of goods and services other than capital assets		2 365 329	2 632 549
Fines, penalties and forfeits		382 707	464 042
Interest, dividends and rent on land		7 836 672	4 952 484
Sales of capital assets		111 918	197 491
Transactions in financial assets and liabilities		1 056 136	1 622 911
Transfer received		351 664	287 497
Total		24 103 799	26 757 231

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	Notes	2018/19 R'000	2017/18 R'000
4	Other Revenue		
	Surrenders from entities	4 561 671	3 885 996
	Other revenue received	2 816 474	1 434 097
	Total	7 378 145	5 320 093
5	Aid assistance		
	Opening Balance	283 983	277 110
	Prior period error	-	-
	As restated	283 983	277 110
	Transferred from statement of financial performance	371 710	179 783
	Transferred to/from retained funds	(2 971)	4 271
	Paid during the year	(199 608)	(177 181)
	Closing Balance	453 114	283 983
	Analysis of balance by source		
	Aid assistance from RDP	281 055	123 167
	Aid assistance from other sources	159 180	149 377
	CARA	12 879	11 439
	Closing Balance	453 114	283 983
	Analysis of Balance		
	Aid assistance receivable	(35 721)	123 167
	Aid assistance unutilised	176 671	149 377
	Aid assistance repayable	312 164	11 439
	Closing Balance	453 114	283 983
	Aid assistance prepayments (expensed)		
	Goods and services	23 636	-
	Transfers and subsidies	22 159	-
	Closing Balance	5 885	13 284
6	Appropriated Funds		
	Annual Appropriation	-	-
	Statutory Appropriation	683 043 754	639 757 892
	Total Annual Appropriation	683 043 754	639 757 892

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	Notes	2018/19 R'000	2017/18 R'000
7	Compensation of employees		
	Salaries and Wages		
	Basic Salary	109 280 681	103 346 032
	Performance Award	717 084	779 070
	Service Based	688 034	478 197
	Compensative/circumstantial	6 854 038	6 073 982
	Periodic Payments	139 299	134 002
	Other non-pensionable allowances	21 111 253	20 178 689
	Total	138 790 389	130 989 972
	Social Contributions		
	Employer contributions		
	Pension	15 741 172	14 970 768
	Medical	11 056 328	10 581 943
	UIF	130	414
	Bargaining Council	11 595	11 208
	Official unions and associations	13 175	13 145
	Insurance	19	30
	Total	26 822 419	25 577 508
	Total compensation of employees	165 612 808	156 567 480
	Average number of employees	402 843	408 897
8	Goods and services		
	Administrative fees	470 243	506 290
	Advertising	472 571	448 204
	Minor assets	8.1 376 538	422 608
	Bursaries (employees)	79 758	68 136
	Catering	272 451	248 026
	Communication	1 346 002	1 433 979
	Computer services	8.2 5 509 197	6 931 510
	Consultants, contractors and outsourced services	3 296 622	3 880 786
	Infrastructure and planning services	217 777	402 071
	Laboratory services	75 095	82 592
	Scientific and technological services	942 125	1 301 531
	Legal services	1 127 321	1 088 361
	Contractors	6 907 171	6 692 852
	Agency and support / Outsourced services	5 178 000	5 859 096
	Entertainment	21 398	21 846
	Audit cost – external	8.3 579 865	592 684
	Fleet services	5 363 314	4 893 806
	Inventory	8.4 6 076 520	6 039 024
	Consumables	8.5 3 089 500	3 281 815
	Operating leases	11 298 598	10 145 241
	Property payments	8.6 6 024 115	5 823 946
	Rental and hiring	60 018	48 439
	Transport provided part of departmental activities	51 511	54 782
	Travel and subsistence	8.7 6 048 676	5 562 349
	Venues and facilities	561 352	456 328
	Training and staff development	1 713 515	1 425 304
	Other operating expenditure	8.8 1 885 490	1 716 894
	Total	69 044 743	69 428 500

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	<i>Notes</i>	2018/19 R'000	2017/18 R'000
8.1 Minor Assets			
Tangible assets		375 339	412 853
Buildings and other fixed structures		30	43
Biological assets		-	599
Heritage assets		-	-
Machinery and equipment		374 427	409 339
Transport assets		118	161
Specialised military assets		764	2 711
Intangible assets		1 199	9 755
Software		1 068	9 755
Mastheads and publishing titles		118	-
Patents, licenses, copyright, brand names, trademarks		13	-
Total		376 538	422 608
8.2 Computer services			
SITA computer services		2 739 672	4 030 819
External computer service providers		2 769 525	2 900 691
Total		5 509 197	6 931 510
8.3 Audit cost – external			
Regularity audits		542 291	565 137
Performance audits		399	1 152
Investigations		25 044	12 461
Environmental audits		-	22
Computer audits		12 131	13 912
Total		579 865	592 684
8.4 Inventory			
Clothing material and accessories		471 594	426 962
Farming supplies		733 787	439 361
Food and food supplies		1 758 274	1 543 862
Fuel, oil and gas		543 693	584 548
Learning and teaching support material		1 059 735	1 044 853
Materials and supplies		185 995	130 773
Medical supplies		161 392	149 020
Medicine		361 750	421 400
Other supplies	<i>8.4.1</i>	800 300	1 298 245
Total		6 076 520	6 039 024
8.4.1 Other Supplies			
Ammunition and security supplies		39 554	44 879
Assets for distribution		77 866	76 635
School furniture		59 019	48 587
Sports and recreation		7 707	11 522
Other assets for distribution		11 140	16 526
Other assets for distribution		682 880	1 176 731
Total		800 300	1 298 245

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	<i>Notes</i>	2018/19 R'000	2017/18 R'000
8.5 Consumables		1 205 186	1 343 785
Consumable supplies		1 205 186	1 343 785
Uniform and clothing		345 998	348 537
Household supplies		393 546	405 176
Building material and supplies		31 807	68 316
Communication accessories		914	923
IT consumables		80 729	80 418
Other consumables		352 192	440 415
Stationery, printing and office supplies		1 884 314	1 938 030
Total		3 089 500	3 281 815
8.6 Property payments			
Municipal services		3 925 102	3 703 649
Property management fees		444 310	342 577
Property maintenance and repairs		452 331	387 881
Other		1 202 372	1 389 839
Total		6 024 115	5 823 946
8.7 Travel and subsistence			
Local		5 057 219	4 559 137
Foreign		991 457	1 003 212
Total		6 048 676	5 562 349
8.8 Other operating expenditure			
Professional bodies, membership and subscription fees		109 107	144 517
Resettlement costs		145 909	126 324
Other		1 630 474	1 446 053
Total		1 885 490	1 716 894
9 Interest and Rent on Land			
Interest expense		153 054	150 479
Rent on land		23 962	9 667
Total interest and rent on land		177 016	160 146
10 Expenditure on capital assets			
10.1 Tangible assets		15 834 379	18 259 710
Buildings and other fixed structures		9 675 862	9 811 862
Heritage assets		32 867	43 459
Machinery and equipment		4 910 676	5 292 425
Specialised military assets		1 179 640	2 992 061
Land and subsoil assets		25 258	111 124
Biological assets		10 076	8 779

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	<i>Notes</i>	2018/19 R'000	2017/18 R'000
10.2 Software and other intangible assets		472 568	440 990
Computer software		472 418	440 990
Mastheads and publishing titles		36	-
Patents, licences, copyright, brand names, trademarks		114	-
Total		16 306 947	18 700 700
Compensation for capital expenditure			
Compensation of employees		13 326	13 601
Goods and services		17 035	17 582
Total		30 361	31 183
Analysis of funds utilised to acquire capital assets			
Tangible assets			
Voted Funds		15 794 543	18 219 078
Buildings and other fixed structures		9 660 003	9 777 197
Heritage assets		56 071	43 459
Machinery and equipment		4 863 495	5 286 458
Specialised military assets		1 179 640	2 992 061
Land and subsoil assets		25 258	111 124
Biological assets		10 076	8 779
Aid assistance		39 837	40 632
Buildings and other fixed structures		15 859	34 665
Machinery and equipment		23 978	5 967
TOTAL		15 834 380	18 259 710
Software and other intangible assets			
Voted Funds		472 123	755 239
Computer software		471 403	755 239
Mastheads and publishing titles		36	12 144
Patents, licences, copyright, brand names, trademarks		684	-
Aid assistance		444	356
Computer software		444	356
TOTAL		472 567	440 990

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	<i>Notes</i>	2018/19 R'000	2017/18 R'000
11	Transfers and subsidies		
	Provinces and Municipalities	207 974 945	196 812 212
	Departmental agencies and accounts	102 926 946	83 604 576
	Higher education institutions	36 910 818	31 596 853
	Foreign governments and international organisations	2 345 735	1 970 440
	Public corporations and private enterprises	32 909 812	32 438 356
	Non-profit institutions	7 365 782	4 306 919
	Households	175 162 810	162 311 277
	Total	565 596 848	513 040 633
12	Payments for financial assets		
	Material losses through criminal conduct	2 324	4 710
	Theft	2 324	710
	Other material losses	-	4 000
	Other material losses written off	6 329 000	150 000
	Purchase of equity	7 857 280	18 195 710
	Extension of loans for policy purposes	122 463	29 889
	Debts written off	50 542	125 072
	Forex losses	2 752	7 713
	Total	14 364 361	18 513 094
13	Cash and cash equivalents		
	Consolidated Paymaster General Account	15 644 955	17 659 944
	Cash receipts	(530)	1 386
	Disbursements	(131 839)	(47 070)
	Cash on hand	37 839 905	58 702 272
	Investments (Domestic)	603 441	762 000
	Investments (International)	383 756	342 882
	Cash with SARB	57 157 404	67 157 404
	Foreign Currency investment	122 541 478	101 946 999
	Other	115 170	(3 097 895)
	Total	234 153 740	243 427 922

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	<i>Notes</i>	2018/19 R'000	2017/18 R'000
14	Prepayments and Advances		
	Staff advances	6 102	1 787
	Travel and subsistence	177 922	135 516
	Prepayments (Not expensed) <i>14.2</i>	328 129	156 830
	Advances paid (Not expensed) <i>14.1</i>	503 007	430 408
	SOCPEN advances	26 354	12 920 386
	Total	1 041 514	13 644 927
14.1	Advances paid (Not expensed)		
	National departments	1 161	125 059
	Provincial departments	52 661	9 794
	Public entities	269 940	89 280
	Other institutions	179 245	206 275
	Total	503 007	430 408
14.2	Prepayments (Not expensed)		
	<i>Listed by economic classification</i>		
	Goods and services	262 394	85 647
	Transfers and subsidies	65 197	1
	Capital assets	-	877
	Other	538	70 033
	Total	328 129	156 558
14.3	Prepayments (Expensed)		
	<i>Listed by economic classification</i>		
	Goods and services	2 529 735	169 646
	Transfers and subsidies	25 116	17 581
	Capital assets	1 330 921	1 472 192
	Total	3 885 772	1 659 419
14.4	Advanced paid (Expensed)		
	National Departments	27 040	17 437
	Public Entities	3 378 705	3 059 296
	Other institutions	21 385	59 814
	Total	3 427 130	3 136 547

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	Notes	2018/19 R'000	2017/18 R'000
15	Receivables		
	Claims recoverable	15.1 4 748 011	4 476 362
	Trade receivables	15.2 686 018	355 706
	Recoverable expenditure	15.3 190 443	234 895
	Staff debt	15.4 638 348	608 297
	Fruitless and wasteful expenditure	15.6 59 160	22 360
	Other debtors	15.5 2 768 245	2 293 295
	Voted funds to be surrendered to the Revenue Fund	376 797	132 303
	Unauthorised expenditure to be surrendered	980	-
	Departmental Revenue to be surrendered to the Revenue Fund	3 362	22 636
	Other	51 547	-
	Total	9 522 911	8 145 854
15.1	Claims Recoverable		
	National departments	2 217 320	1 944 627
	Provincial departments	1 545 952	1 006 344
	Foreign government	1 447	1 100
	Public entities	803 218	1 423 759
	Private enterprises	74 569	94 219
	Higher education institutions	100 181	866
	Households and non-profit institutions	108	89
	Local governments	5 216	5 358
	Total	4 748 011	4 476 362
15.2	Trade receivables		
	Trade receivables	686 018	355 706
	Total	686 018	355 706
15.3	Recoverable expenditure		
	Disallowance account	93 258	148 873
	Salary Accounts	33 069	20 747
	Damages and losses	38 298	48 387
	Other	25 818	16 888
	Total	190 443	234 895
15.4	Staff debt		
	Debt: Miscellaneous	152 761	165 286
	Salaries: Miscellaneous	417 431	388 982
	Bursaries	4 835	4 713
	Other	63 321	49 317
	Total	638 348	608 298

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	<i>Notes</i>	2018/19 R'000	2017/18 R'000
15.5 Other debtors			
Damages and losses		2 399	6 153
UN Services Rendered LOA		852 937	630 156
Disallowances		30 396	31 945
Salary Related		147 197	145 432
Debt account		195 683	209 935
Breach of Contract		102 991	1 130
Tax		1 717	8 362
SASSA Debtors		1 358 956	1 153 030
Other		75 969	107 152
Total		2 768 245	2 293 295
15.6 Fruitless and wasteful expenditure			
Opening balance		22 360	14 016
Less amounts recovered		(773)	(6 776)
Less amounts written off		2 874	(188)
Transfers from note 32 Fruitless and wasteful expenditure		34 452	15 305
Interest		247	3
Total		59 160	22 360
Impairment of receivables			
Estimate of impairment of receivables		2 457 456	1 486 464
Total		2 457 456	1 486 464
16 Loans			
Public corporations		1 371 442	1 375 987
Higher education institutions		11 325	14 298
Private enterprises		204 037	190 013
Total Loans Balance		1 586 804	1 580 298
Less: Current		4 498	3 896
Total Non-Current		1 582 306	1 576 402
Analysis of Total Loans Balance			
Opening balance		1 580 298	2 830 310
New Issues		14 132	18 852
Repayments		(7 626)	(1 268 864)
Closing balance		1 586 804	1 580 298

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	<i>Notes</i>	2018/19 R'000	2017/18 R'000
17	Investments		
	Non-Current Investments		
	Foreign	253 331 433	193 238 548
	Shares and other equity	153 018 351	143 741 351
	Total non-current	406 349 784	336 979 899
	Impairment of loans		
	Estimate of impairment of loans	4 535 603	32 595 412
	Total	4 535 603	32 595 412
	Number of shares		
	International Finance Corporation	17 418	17 418
	African Development Bank	330 749	330 749
	International Bank for Reconstruction and Development	17 831	17 831
	Multilateral Investment Guarantee Agency	1 662	1 662
	New Development Bank	50 000	35 000
	Special Drawing Rights		
	International Monetary Fund Quota-Subscription	3 051 200	3 051 200
	International Monetary Fund SDR Holding	1 494 329	1 493 033
	Issue price per share		
	Foreign:		
	<i>Issued in American dollars</i>		
	International Finance Corporation	14 487	11 868
	International Bank for Reconstruction and Development	1 747 621	1 431 702
	Multilateral Investment Guarantee Agency	156 748	128 412
	New Development Bank	1 448 685	1 186 805
	<i>Issued in unit of account</i>		
	African Development Bank	174 762	143 170
	Exchange rates as at year end		
	American dollar (USD)	14.49	11.87
	Special Drawing Rights (SDR)	20.11	17.25

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

<i>Notes</i>	2018/19	2017/18
	R'000	R'000
Non-Current Investments - Shares and other equity		
Major Investments per National Department		
Department of Economic Development		
IDC A Shares 1000 000 at cost (100% shareholding)	1 000	1 000
IDC B Share 1 391 969 357 at cost (100% shareholding)	1 391 969	1 391 969
	1 392 969	1 392 969
Department of Human Settlement		
National Housing Finance Corporation	2313635	1 610 000
SERVCON	604	604
National Urban Reconstruction and Housing Agency	-	442 660
Rural Housing Loan Fund	-	180 975
	2 314 239	2 234 239
Department of Transport		
Passenger Rail Agency of South Africa Ltd.	4 248 259	4 248 259
Airports Company Ltd.	559 492	559 492
Air Traffic and Navigational Services Company Ltd.	190 646	190 646
S.A. National Roads Agency Ltd.	1 091 044	1 091 044
	6 089 441	6 089 441

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

<i>Notes</i>	2018/19 R'000	2017/18 R'000
Department of Telecommunications and Postal Services		
Telkom SA Limited	2 070 381	2 070 381
South African Post Office Limited	8 164 116	5 217 116
Sentech (Pty) (Ltd)	2	1
Vodacom Group Limited	3 743	3 743
	10 238 242	7 291 241
National Treasury		
Development Bank of Southern Africa	200000	200 000
Public Investment Corporation Limited	1	1
Land Bank	-	200 955
South African Airways	200955	23 008 758
	400 956	23 409 714
Department of Public Enterprises		
Alexkor	400 000	400 000
Denel	6 176 376	6 176 376
Eskom	83 000 000	83 000 000
Safcol	318 013	318 013
Transnet	12 660 986	12 660 986
South African Express	1 834 000	585 000
South African Airways SOC Ltd	28 008 758	-
	132 398 133	103 140 375
Total Investments - Shares and other equity	153 018 351	143 741 351
18 Bank overdraft		
Consolidated Paymaster General Account	4 563 844	15 102 204
Overdraft with commercial banks (Local)	68	371
Total	4 563 912	15 102 575

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	<i>Notes</i>	2018/19 R'000	2017/18 R'000
19	Payables		
19.1	Payables-Current		
	Amounts owing to other entities	2 315	32 971
	Advances received	19.1.1 360 461	923 010
	Clearing accounts	19.1.2 114 882	98 558
	Other payables	19.1.3 899 049	1 707 623
	Voted funds to be transferred	372 702	199 722
	Other	2 234 915	5 427 980
	Unauthorised Expenditure NOT funded by Revenue Fund	204 931	205 911
	Total	4 189 255	8 595 775
19.1.1	Advances received		
	Provincial departments	124 347	79 150
	Public entities	235 017	841 143
	Other institutions	1 097	2 717
	Total	360 461	923 010
19.1.2	Clearing accounts		
	Payable	106 038	88 274
	Salary Accounts	1 431	1 661
	Foreign related	7 413	8 623
	Total	114 882	98 558
19.1.3	Other payables		
	DHA REVENUE	401 064	306 856
	Salary Related	32 915	43 450
	SASSA	6 655	241 367
	Miscellaneous	264 511	724 147
	Surrendered	74	42 325
	Other	193 830	349 478
	Total	899 049	1 707 623

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

		2018/19	2017/18
	Notes	R'000	R'000
19.2	Payables-Non-current		
	Amounts owing to other entities	581 550	588 876
	Advances received	19.2.1 8 540	10 249
	Other payables	19.2.2 1 322 258	1 126 407
	Total	1 912 348	1 725 532
19.2.1	Advances received		
	Provincial departments	212	362
	Public entities	8 328	9 887
	Total	8 540	10 249
19.2.2	Other payables		
	Payables	8 232	8 340
	Debt Receivable	1 299 932	1 099 204
	Salary Miscellaneous	50	-
	Foreign Debt Account	5 798	-
	State Guarantees	4 024	4 033
	Disallowance Miscellaneous	-	13 637
	Other	4 222	1 193
	Total	1 322 258	1 126 407
20	Borrowings		
	Current		
	Domestic	20.1 353 463 814	326 582 653
	Foreign	20.2 26 644 809	1 879 067
	Total Current Borrowings	380 108 623	328 461 720

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	<i>Notes</i>	2018/19	2017/18
		R'000	R'000
20.1	Domestic short-term bonds, debentures and other loans		
	Debt as at 1 April	18 557 590	45 631 934
	Created	(46 261 008)	(46 261 008)
	Reduced	(28 366 532)	(28 366 532)
	Transfer from long-term	84 888 927	44 994 000
	Treasury bills	307 432 585	293 393 585
	Other Loans	17 212 252	17 190 674
	Total	353 463 814	326 582 653
20.1.1	Composition of short-term bonds, treasury bills and other loans		
	1-day Treasury bills	72 585	72 585
	91-day Treasury bills	17 000 000	27 430 000
	182-day Treasury bills	59 818 000	56 833 000
	273-day Treasury bills	98 504 000	88 947 000
	365-day Treasury bills	132 038 000	120 111 000
	CPD borrowing	17 205 286	17 183 708
	Fixed-rate bonds	28 818 977	15 998 394
	Other	6 966	6 966
	Total	353 463 814	326 582 653
20.2	Foreign short-term bonds, debentures and other loans		
	Debt as at 1 April	1 272 106	2 016 825
	Reduced	(1 272 106)	(2 016 825)
	Transfer from long-term	14 906 098	1 272 106
	Revaluation of foreign loans	11 738 711	606 961
		26 644 809	1 879 067
21	Non-current Borrowings		
	Long Term		
	Domestic	21.1 2 143 511 967	1 945 294 577
	Foreign	21.2 264 668 786	215 931 939
	Total Long Term Borrowings	2 408 180 753	2 161 226 516

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	<i>Notes</i>	2018/19 R'000	2017//17 R'000
21.1	Domestic long-term bonds, debentures and other loans		
	Debt as at 1 April	1 837 208 216	1 610 682 689
	Created	218 185 300	274 523 610
	Reduced	(3 509 629)	(3 004 083)
	Transfer to short-term	(39 894 927)	(44 994 000)
	Revaluation premium on inflation-linked bonds	131 484 136	108 047 472
	Former Regional Authorities	38 871	38 889
	Total	2 143 511 967	1 945 294 577
21.1.1	Composition of long-term bonds and other loans		
	Fixed-rate bonds	1 564 041 814	1 427 267 116
	Inflation-linked bonds	567 527 655	506 157 530
	Zero coupon bonds	-	120 324
	Retail bonds	11 903 627	11 710 718
	Former Regional Authorities	38 871	38 889
	Total	2 143 511 967	1 945 294 577
21.1.2	Redemption Analysis		
	Financial year(s)		
	2019-2022	110 051 571	104 980 355
	2022-2025	240 122 026	204 869 390
	2025-2028	281 079 598	187 206 300
	2028-2031	265 116 772	250 294 683
	2031-2035	309 049 738	304 522 531
	2035-2055	938 053 391	893 382 429
	Total	2 143 473 096	1 945 255 688
21.2	Foreign long term bonds and other loans		
	Debt as at 1 April	194 088 389	161 465 995
	Created	25 259 800	33 894 500
	Transfer to short-term	(14 906 098)	(1 272 106)
	Revaluation of foreign loans	60 226 695	21 843 550
	Total	264 668 786	215 931 939
21.2.1	Redemption Analysis		
	Financial year(s)		
	2019-2022	39 206 681	48 379 297
	2022-2025	36 235 594	17 828 290
	2025-2028	69 709 998	63 680 989
	2028-2031	49 255 290	35 604 150
	2031-2035	-	50 439 213
	2035-2055	70 261 223	-
	Total	264 668 786	215 931 939

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	<i>Notes</i>	2018/19 R'000	2017/18 R'000
21.2.2	Currency Analysis		
	British pound	21 903	57 809
	Euro	8 235 136	7 561 568
	Japanese yen	7 871 153	6 713 695
	Swedish krona	361 054	982 816
	United States dollar	248 179 540	200 616 051
	Total	264 668 786	215 931 939

22 LIABILITIES IN MULTILATERAL INSTITUTIONS

	International Monetary Fund- Securities Account	22.1	50 000 714	45 556 414
	International Monetary Fund- SDR Allocations	22.2	35 908 437	30 802 389
	International Bank for Reconstruction and Development	22.3	29 286 998	23 992 763
	Multilateral Investment Guarantee Agency	22.4	211 060	172 907
	African Development Bank	22.5	53 854 693	44 119 335
	New Development Bank	22.6	57 947 400	33 230 540
	Total Multi-lateral Institutions		227 209 302	177 874 348

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

22.1	INTERNATIONAL MONETARY FUND - SECURITIES ACCOUNT	50 000 714	45 556 414
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This commitment represents the balance of securities in the International Monetary Fund's (IMF) General Resources Account held with the South African Reserve Bank.

22.2	INTERNATIONAL MONETARY FUND - SDR ALLOCATIONS	35 908 437	30 802 389
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The special drawing rights deposit at the South African Reserve Bank is the Rand equivalent of South Africa's special drawing right liability towards the International Monetary Fund, in terms of the Finance and Financial Adjustments Acts, Consolidation Act 11 of 1977.

22.3	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT	29 286 998	23 992 763
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This commitment represents the callable portion of a country's subscription available to the International Bank for Reconstruction and Development (IBRD) to meet its obligations for funds borrowed or loans guaranteed by it.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	<i>Notes</i>	2018/19 R'000	2017/18 R'000
22.4 MULTILATERAL INVESTMENT GUARANTEE AGENCY		211 060	172 907
<p>This commitment represents the callable portion of a country's subscription available to the Multilateral Investment Guarantee Agency (MIGA) to meet its obligations on foreign investment guarantees to investors that are planning investments in developing member countries.</p>			
22.5 AFRICAN DEVELOPMENT BANK		53 854 693	44 119 335
<p>This commitment represents the callable portion of a country's subscription available to the African Development Bank to meet its obligations on borrowing of funds or guarantees chargeable.</p>			
22.6 NEW DEVELOPMENT BANK		57 947 400	33 230 540
<p>This commitment represents the callable portion of a country's subscription available to New Development Bank to meet its obligations on borrowing of funds or guarantees chargeable.</p>			
23	Net cash flow available from operating activities		
	Net surplus/(deficit) as per Statement of Financial Performance	(283 166 241)	(235 027 279)
	Add back non cash/cash movements not deemed operating activities	64 133 322	23 500 068
	(Increase)/decrease in receivables – current	11 520 139	7 806 167
	(Increase)/decrease in prepayments and advances	12 485 000	1 389 697
	(Increase)/decrease in other current assets	(718 116)	212 793
	Increase/(decrease) in payables – current	(1 264 828)	458 706
	Proceeds from sale of capital assets	(111 918)	(197 491)
	Proceeds from sale of investments	(722 891)	(846 603)
	(Increase)/decrease in other financial assets	(1 025)	(97)
	Expenditure on capital assets	16 306 947	15 119 049
	Surrenders to Revenue Fund	(23 849 080)	(16 899 437)
	Surrenders to RDP Fund/Donor	(199 608)	(177 181)
	Voted funds not requested/not received	(10 661 114)	(12 688 895)
	Other non-cash items	61 349 816	29 323 360
	Net cash flow generated by operating activities	(219 032 919)	(211 527 211)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	Notes	2018/19 R'000	2017/18 R'000
24	Reconciliation of cash and cash equivalents for cash flow purposes		
	Consolidated Paymaster General Account	11 081 111	2 557 740
	Cash receipts	(530)	1 386
	Disbursements	(131 839)	(47 070)
	Cash on hand	57 358 767	64 138 624
	Cash with commercial banks (Local)	38 357 085	59 384 786
	Cash with commercial banks (Foreign)	<u>122 925 234</u>	<u>102 289 881</u>
	Total Cash	<u>229 589 828</u>	<u>228 325 347</u>
	Cash and cash equivalents for cash flow purposes	<u>229 589 828</u>	<u>228 325 347</u>
25	Reconciliation of prior year net surplus to current comparatives		
	Net surplus as reported in prior year	(198 525 179)	
	Less: Restatement	<u>(36 502 100)</u>	
	Restated Net Surplus for the Year	<u>(235 027 279)</u>	
	<i>Reconciliation of cash and cash equivalents reported in prior year and restated cash and cash equivalents in the current year</i>		
	Cash and cash equivalents as reported in prior year	224 367 529	
	Add: Restatement	<u>19 060 393</u>	
	Restated cash and cash equivalents	<u>243 427 922</u>	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

<i>Notes</i>	2018/19 R'000	2017/18 R'000
Reconciliation of statement of position reported in prior year and restated amounts in current year		
ASSETS		
Current assets as reported in prior year:	243 771 306	
Add : Restatement	18 412 053	
Restated current assets for the financial year	262 183 359	
Non-Current Assets		
Non-current assets as reported prior year	323 090 987	
Add : Restatement	18 659 512	
Restated non-current assets for the financial year	341 750 499	
LIABILITIES		
Current liabilities		
Current liabilities as reported in prior year:	345 962 556	
Add : Restatement	6 545 349	
Restated current liabilities for the financial year	352 507 905	
Non-Current Liabilities		
Non-current liabilities as reported prior year	2 084 915 525	
Add : Restatement	255 910 871	
Restated non-current assets for the financial year	2 340 826 396	
NET ASSETS/(LIABILITIES)		
Net Liabilities as reported in prior year (Capital Reserves)		
	130 356 827	
Add: Restatement	14 664 585	
Restated net liabilities for the year	145 021 412	
Net Liabilities as reported in prior year (Recoverable Revenue)		
	2 427 454	
Less: Restatement	(570 496)	
Restated net liabilities for the year	1 856 958	
Net Liabilities as reported in prior year (Retained Funds)		
	(1 996 800 069)	
Less: Restatement	(239 478 746)	
Restated net liabilities for the year	(2 236 278 815)	
Net Liabilities as reported in prior year (Total)		
	(1 864 015 788)	
Less: Restatement	(225 384 657)	
Restated net liabilities for the year	(2 089 400 445)	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	<i>Notes</i>	2018/19 R'000	2017/18 R'000
26	Contingent liabilities and Contingent assets		
26.1	Contingent Liabilities		
	Housing loan guarantees	6 450	7 597
	Other guarantees	367 746 764	321 025 823
	Claims against the department	134 001 358	31 807 060
	Other departments (interdepartmental unconfirmed balances)	2 024 862	1 058 682
	Environmental rehabilitation liability	2 936 679	3 043 820
	Other	543 544	938 460
	Total	507 260 907	357 881 442
	Other		
	Guaranteed liabilities		
	Road Accident Fund	173 559 000	139 204 000
	Export Credit Insurance Corporation of SA Ltd	20 450 964	18 191 535
	Unemployment Insurance Fund	20 641 524	13 100 816
	South African Reserve Bank	111 446	111 446
		214 762 934	170 607 797
	Underwritten by Government		
	NECSA	20 000	20 000
	SANRAL	39 461 778	30 367 604
	KOBWA	491 098	597 605
	TCTA	13 961 476	18 550 125
	Land Bank	36 383	37 093
	SAPO	-	400 305
	Telkom	123 816	111 147
	Development Bank of Southern Africa	4 333 009	4 985 890
	Land and Agricultural Development Bank of South Africa	965 410	2 879 001
	South African Airways	15 268 794	11 058 518
	South African Express	163 300	867 300
	Denel	3 430 000	2 430 000
	Eskom	285 587 479	244 678 250
	Transnet	3 757 096	3 905 945
	KWF	147 125	137 040
	Total	367 746 764	321 025 823

The National Government furnishes guarantees to various institutions. The guarantees furnished to parastatal institutions are disclosed under the relevant functional government departments. These guarantees will realise as liabilities to the State only if the institutions on whose behalf the guarantees were furnished, are unable to meet their commitments.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

Notes	2018/19 R'000	2017/18 R'000
Road Accident Fund	173 559 000	139 204 000
<p>This represents the underfunding of the Fund's future commitment in respect of claims against the Fund according to the actuarial valuation. Actuarial valuations are conducted every year.</p>		
Export Credit Insurance Corporation of South Africa Ltd	20 450 964	18 191 535
<p>The Corporation has a possible salvage relating to the claims settled in the previous years. A portion of the possible salvage did not meet the recognition criteria as at the reporting date. The total amount which may be recognised in future is R 522 million.</p>		
South African Reserve Bank (SARB)	111 446	111 446
<p>This contingent liability in respect of old coinage still in circulation is limited to 73,67% of the net cost of disposal of the old coins when they are returned to the SARB. A portion of the coinage will probably never be returned. The Government's related costs are set-off against surpluses of the SARB paid to Government. The SARB raises the full liabilities for old coinage in their books.</p>		
26.2 Contingent Assets		
Rental in Accra DHA	6 475	6 475
Claims	2 729 258	123 701
Litigation cases	10 939	11 366
Dispute on guarantees payments	70 552	40 696
Breach of Contract	3 710	703
Cellphone limit	5 485	6 414
Other	102 026	8 646
Gold and Foreign Exchange Contingency Reserve Account	285 829 289	193 917 028
Total	288 757 734	194 115 029

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	2018/19 R'000	2017/18 R'000
27 Post-retirement benefits		
27.1 Pension Funds		
Government Employees Pension Fund		
This commitment represents the underfunding of the pension fund according to the most recent actuarial valuations. Actuarial valuations are conducted at least every three years. Below are the updated Actuarial Valuations as at 31 March 2018.		
Funding Levels		
Government Employees Pension Fund	116%	116%
Temporary Employees Pension Fund	123%	123%
Associated Institutions Pension Fund	160%	160%
Valuation Dates		
Government Employees Pension Fund	March 2018	March 2018
Temporary Employees Pension Fund	March 2018	March 2018
Associated Institutions Pension Fund	March 2018	March 2018
28 Commitments		
Current Expenditure		
Approved and contracted	30 228 827	30 958 133
Approved but not yet contracted	2 681 111	5 727 679
Total	32 909 938	36 685 812
Capital Expenditure (including transfers)		
Approved and contracted	33 777 416	29 395 407
Approved but not yet contracted	1 273 173	11 234 923
Total	35 050 589	40 630 330
Total Commitments	67 960 527	77 316 142
29 Accruals not recognised		
Goods and services	3 096 590	3 329 201
Interest and rent on land	6 960	-
Transfers and subsidies	223 299	216 198
Capital assets	607 892	1 808 257
Other	58 329	101 283
Total	3 993 070	5 454 939
Payables not recognised		
Goods and services	3 050 928	2 396 795
Interest and rent on land	-	202
Transfers and subsidies	186 265	141 939
Capital assets	464 818	1 116 851
Other	41 995	32 877
Total	3 744 007	3 688 664
Confirmed balances		
Confirmed balances with departments	601 703	499 086
Confirmed balances with other government entities	649 335	1 017 115
Total	1 251 038	1 516 202

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	2018/19 R'000	2017/18 R'000
30 Employee benefits		
Leave entitlement	6 428 210	5 995 359
Service bonus (Thirteenth cheque)	4 482 502	4 235 147
Performance awards	629 617	662 124
Capped leave commitments	7 067 488	7 374 567
Other	350 212	787 802
Total	18 958 029	19 054 999

31 Lease commitments

31.1 Operating leases expenditure

2018 / 2019	Specialised military assets R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	24 073	2 075 277	274 188	2 373 538
Later than 1 year and not later than 5 years	-	65 058	3 719 731	146 880	3 931 669
Later than five years	-	45 784	917 750	209	963 743
Total lease commitments	-	134 915	6 712 758	421 277	7 268 950

2017 / 2018	Specialised military assets R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	14 678	2 061 813	294 962	2 371 454
Later than 1 year and not later than 5 years	-	45 253	3 288 690	183 598	3 517 541
Later than five years	-	45 463	144 921	873	191 257
Total lease commitments	-	105 394	5 495 424	479 433	6 080 251

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

31.2 Finance leases expenditure

2018 / 2019	Specialised military assets	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	415 478	415 478
Later than 1 year and not later than 5 years	-	-	-	297 591	297 591
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	713 069	713 069

2017 / 2018	Specialised military assets	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	225 669	225 669
Later than 1 year and not later than 5 years	-	-	-	169 095	169 095
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	394 764	394 764

31.3 Operating lease revenue

2018 / 2019	Specialised military assets	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	7 368	-	-	7 368
Later than 1 year and not later than 5 years	-	16 219	-	-	16 219
Later than five years	-	1 523 133	-	-	1 523 133
Total operating lease revenue receivable	-	1 546 720	-	-	1 546 720

2017 / 2018	Specialised military assets	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	7 389	-	-	7 389
Later than 1 year and not later than 5 years	-	22 588	-	-	22 588
Later than five years	-	1 524 160	-	-	1 524 160
Total operating lease revenue receivable	-	1 554 137	-	-	1 554 137

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	Notes	2018/19 R'000	2017/18 R'000
32	Accrued departmental revenue		
	Tax revenue	-	-
	Sales of goods and services other than capital assets	16 944	12 698
	Fines, penalties and forfeits	180 040	164 246
	Interest, dividends and rent on land	396 476	686 868
	Sale of capital assets	220 189	19
	Transactions in financial assets and liabilities	7 934	42 224
	Transfers received (incl conditional grants to be repaid by prov depts)	144 372	98 846
	Other	50 615	51 692
	Total	1 016 570	1 165 038
	Analysis of receivables for departmental revenue		
	Opening balance	1 165 038	922 153
	Less: Amounts received	954 784	728 054
	Add: Amounts recognised	831 171	1 059 919
	Less: Amounts written-off/reversed as irrecoverable	24 855	88 980
	Closing balance	1 016 570	1 165 038
33	Irregular expenditure		
33.1	Reconciliation of irregular expenditure		
	Opening balance	21 084 340	14 073 608
	Prior period error	-	1 218 725
	As restated	21 084 340	15 292 333
	Add: Irregular expenditure - relating to prior year	1 872 822	2 854 909
	Add: Irregular expenditure - relating to current year	7 177 072	4 455 439
	Less: Prior year amounts condoned	(1 865 881)	(61 605)
	Less: Current year amounts condoned	(19 398)	(49 961)
	Less: Amounts not condoned and recoverable	(559)	(100)
	Less: Amounts not condoned and not recoverable	(90 551)	(1 406 674)
	Irregular expenditure awaiting condonation	28 157 845	21 084 340
	Analysis of awaiting condonation per age classification		
	Current Year	7 159 681	4 848 062
	Prior Years	20 998 165	16 236 279
	Total	28 157 846	21 084 340

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	Notes	2018/19 R'000	2017/18 R'000
34	Fruitless and wasteful expenditure		
34.1	Reconciliation of fruitless and wasteful expenditure		
	Opening balance	1 328 984	889 072
	Prior period error	(495)	6 607
	As restated	1 328 489	895 679
	Fruitless and wasteful expenditure – relating to prior year	80 486	176 225
	Fruitless and wasteful expenditure – relating to current year	278 359	352 851
	Less: Amounts condoned	(330 017)	(80 212)
	Less: Amounts transferred to receivables for recovery	(40 414)	(15 458)
	Fruitless and wasteful expenditure awaiting condonement	1 316 903	1 328 984
	Analysis of awaiting condonement per economic classification		
	Current Year	1 038 552	833 330
	Prior Year	269 606	487 085
	Transfers and subsidies	8 745	8 569
	Total	1 316 903	1 328 984
35	Related party transactions		
	Revenue received (paid)		
	Interest, dividends and rent on land	66 749	65 226
	Transactions in financial assets and liabilities	5 894	11 190
	Total	72 643	76 416
	Payments made		
	Goods and services	386 981	257 512
	Payments for financial assets	85 290	10 155 147
	Transfers	1 041 258	916 873
	Total	1 513 529	11 329 532
	Year end balances arising from revenue/payments		
	Receivables from related parties	77 920	91 134
	Payables to related parties	-	(17 306)
	Total	77 920	73 828
	Loans to/from related parties		
	Non-interest bearing loans to/(from)	1 351 130	1 351 130
	Interest bearing loans to/(from)	-	-
	Total	1 351 130	1 351 130
	Guarantees issued/received		
	Guarantees issued/received	62 039 372	59 380 608
	S.A. National Roads Agency (SOC) Ltd.	30 191 701	30 367 604
	South African Airways	-	11 004 716
	Land Bank	955 455	3 792 728
	Development Bank of Southern Africa	4 297 600	4 018 559
	Guarantees issued - NECSA	20 000	20 000
	Staff Secondment	350	433
	Total	97 504 478	108 584 648

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

Independent Power Producers Office (IPPO)

There is a Memorandum of Agreement (MoA) between Department of Energy, the National Treasury and the Development of Southern Africa Limited (DBSA) for co-ordinated support, management and facilitation of the implementation of the Independent Power Programmes (IPP) Procurement Programmes and interventions through the IPP office, within the context of their respective statutory mandates, policy objectives, powers, functions, duties and accountability. The Department of energy influences the operations of the IPP Office due to the nature of service of the IPP Office which is derived from the mandate of the Department and its operations have a significant impact on the said mandate. However, there are no financial transactions between the Department and the IPP Office. The IPP Office financial statements will be consolidated in the national consolidation for entities, and subject to its own independent audit. The IPP Office financial statements are included in the Annual Report of the Department of energy for the users ease of reference.

	Notes	2018/19 R'000	2017/18 R'000
36	Key management personnel		
	Description		
	Political office bearers	154 119	164 103
	Officials:	29 837	22 931
	Level 15 to 16	751 855	721 253
	Level 14 (incl CFO if at a lower level)	1 318 997	1 291 161
	Level 13	244 736	192 523
	Family members of key management personnel	54 380	47 406
	Total	2 553 923	2 439 377
	Parliament		
	Speaker to Parliament/the Legislature	5 650	5 650
	Deputy Speaker to Parliament/the Legislature	3 956	3 956
	Secretary to Parliament/ the Legislature	8 090	4 689
	Deputy Secretary	2 089	4 465
	Chief Financial Officer	3 330	3 038
	Legal Advisor	3 583	3 123
	Other	32 207	33 068
	Total	58 905	57 989

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	Notes	2018/19 R'000	2017/18 R'000
37	Public Private Partnership		
	Unitary fee paid	2 255 487	2 253 793
	Fixed component	794 919	802 263
	Indexed component	1 460 568	1 451 530
	Analysis of indexed component	1 460 568	1 451 530
	Goods and Services(excluding lease payments)	1 357 759	1 362 248
	Operating leases	7 862	6 871
	Interest	94 947	82 411
	Capital/ (Liabilities)	1 823 692	1 647 532
	Tangible rights	-	-
	Property	1 766 222	1 590 062
	Plant and equipment	57 470	57 470
	Other	49 195	49 750
	Other Obligations	49 195	49 750
	Concession fee received	-	29
38	Impairment		
	Debtor	11 508	10 236
	Investments	629	790
	Ex-employee debtors	42 809	40 588
	Total	54 946	51 613
39	Provisions		
	Opening balance	3 016 246	2 816 354
	Increase in provision	2 395 482	1 214 523
	Settlement of provision	(979 574)	(961 524)
	Unused amount reversed	(249 465)	(234 983)
	Reimbursement expected from third party	(61 473)	26 350
	Change in provision due to change in estimation of inputs	190 466	157 815
	Closing balance	4 311 682	3 018 535

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

39.1 Reconciliation in movement in provisions – 2018/19

	Environmental Liability	Claims and admin expenses	Retention fees	Other	TOTAL
	R'000	R'000	R'000	R'000	R'000
Opening balance	2 021 096	587 248	286 285	121 617	3 015 968
Increase in provision	1 805 325	363 063	133 004	94 090	2 395 039
Settlement of provision	563 080	(374 794)	(14 055)	(27 645)	(976 313)
Unused amount reversed	54 340	(193 759)	(1 366)	-	(249 465)
Reimbursement expected from third party	61 452	(21)	-	-	(61 473)
Change in provision due to change in estimation of inputs	169 221	28 526	(7 281)	-	189 950
Closing balance	3 316 770	410 263	396 587	188 062	4 313 706

39.2 Reconciliation in movement in provisions – 2017/18

	Environmental Liability	Claims and admin expenses	Retention fees	Other	TOTAL
	R'000	R'000	R'000	R'000	R'000
Opening balance	2 041 707	467 029	187 977	119 641	2 807 184
Increase in provision	482 087	513 265	183 353	35 818	1 218 052
Settlement of provision	(588 885)	(320 125)	(18 673)	(33 841)	(956 161)
Unused amount reversed	(69 976)	(97 448)	(67 559)	-	(234 983)
Reimbursement expected from third party	-	26 350	-	-	26 350
Change in provision due to change in estimation of inputs	156 162	(434)	2 087	-	157 815
Closing balance	2 021 095	588 637	287 185	121 618	3 018 257

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

40 Movable Tangible Capital Assets

40.1 MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing balance R'000
HERITAGE ASSETS	337 504	2	40	-	337 546
Heritage assets	337 504	2	40	-	337 546
MACHINERY AND EQUIPMENT	44 412 045	(3 979)	4 157 093	1 420 669	47 144 490
Transport assets	20 631 933	(20)	2 363 763	800 972	22 194 705
Computer equipment	8 109 145	(6 289)	753 919	347 801	8 508 974
Furniture and office equipment	2 326 530	311	125 714	38 536	2 414 019
Other machinery and equipment	13 344 436	2 019	913 698	233 361	14 026 792
SPECIALISED MILITARY ASSETS	47 804 082	-	13 968	-	47 818 050
Specialised military assets	47 804 082	-	13 968	-	47 818 050
BIOLOGICAL ASSETS	925 809	111 997	37 287	62 358	1 012 735
Biological assets	925 809	111 997	37 287	62 358	1 012 735
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	93 479 440	108 020	4 208 388	1 483 027	96 312 821

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

40.2 MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing balance R'000
HERITAGE ASSETS	330 385	7 102	21	5	337 504
Heritage assets	330 385	7 102	21	5	337 504
MACHINERY AND EQUIPMENT	40 958 397	161 365	5 038 953	1 746 670	44 412 045
Transport assets	19 432 745	2 816	2 354 620	1 158 248	20 631 933
Computer equipment	7 682 623	(138 597)	941 511	376 392	8 109 145
Furniture and office equipment	2 162 708	(1 952)	240 973	75 199	2 326 530
Other machinery and equipment	11 680 320	299 098	1 501 850	136 832	13 344 436
SPECIALISED MILITARY ASSETS	47 785 921	5 093	14 826	1 758	47 804 082
Specialised military assets	47 785 921	5 093	14 826	1 758	47 804 082
BIOLOGICAL ASSETS	955 625	452	28 782	59 050	925 809
Biological assets	955 625	452	28 782	59 050	925 809
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	90 030 328	174 012	5 082 582	1 807 483	93 479 440

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

41 Minor assets

41.1 MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	11 273	5 338	4 767 250	15 639	4 799 500
Value adjustments	-	-	-	2 859	(1 726)	1 133
Additions	-	1 787	-	251 650	12 341	265 778
Disposals	-	83	8	102 810	5 968	108 869
TOTAL MINOR ASSETS	-	12 977	5 330	4 918 948	20 286	4 957 541

41.2 MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	11 129	5 550	4 518 198	9 092	4 543 969
Prior period error	-	-	(211)	159 509	391	159 689
Additions	-	2 532	-	255 445	11 380	269 357
Disposals	-	2 388	1	165 902	5 224	173 515
	-	11 273	5 338	4 767 250	15 639	4 799 500

41.3 MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2019

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Assets written off	23	665	-	1 021 849	5 396	1 027 933
	23	665	-	1 021 849	5 396	1 027 933

41.4 MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2018

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Assets written off	327	1 579	-	1 339 876	19 204	1 360 986
	327	1 579	-	1 339 876	19 204	1 360 986

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

42 Intangible Capital Assets

42.1 MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing balance R'000
Software	4 392 446	1	358 444	339 631	4 411 260
Patents, Licences, Copyright, Brand names, Trademarks	-	-	36	-	36
Recipes, Formulae, Prototypes, Designs, Models	7 676	-	1 233	1 534	7 375
Services and Operating rights	1 844 407	-	1 348 637	1 616	3 191 428
	435	-	-	53	382
TOTAL INTANGIBLE CAPITAL ASSETS	6 244 964	1	1 708 350	342 834	7 610 481

42.2 MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing balance R'000
Software	4 296 727	(424 815)	949 768	429 234	4 392 446
Patents, Licences, Copyright, Brand names, Trademarks	-	-	-	-	-
Recipes, Formulae, Prototypes, Designs, Models	7 239	-	443	6	7 676
Services and Operating rights	1 770 566	(168 760)	246 188	3 587	1 844 407
	53	-	382	-	435
TOTAL INTANGIBLE CAPITAL ASSETS	6 074 585	(593 575)	1 196 781	432 827	6 244 964

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

43 Immovable Tangible Capital Assets

43.1 MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	41 937 980	34	4 789 264	1 729 894	44 997 384
Dwellings	3 579 868	-	13 703	1 486	3 592 085
Non-residential buildings	22 358 772	343	2 107 284	1 804	24 464 595
Other fixed structures	15 999 341	(309)	2 668 277	1 726 604	16 940 705
HERITAGE ASSETS	2 923 061	-	110 850	-	3 033 911
Heritage assets	2 923 061	-	110 850	-	3 033 911
LAND AND SUBSOIL ASSETS	14 437 206	-	32 894	367 307	14 102 793
Land	14 437 206	-	32 894	367 307	14 102 793
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	59 298 248	34	4 933 008	2 097 201	62 134 089

43.2 MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	34 765 871	4 903 697	5 457 092	3 188 679	41 937 980
Dwellings	3 459 096	120 376	1 901	1 505	3 579 868
Non-residential buildings	20 563 485	2 115 136	847 862	1 167 711	22 358 772
Other fixed structures	10 743 290	2 668 185	4 607 329	2 019 463	15 999 341
HERITAGE ASSETS	2 796 117	93	126 851	-	2 923 061
Heritage assets	2 796 117	93	126 851	-	2 923 061
LAND AND SUBSOIL ASSETS	14 439 735	-	181 815	184 344	14 437 206
Land	14 439 735	-	181 815	184 344	14 437 206
	-	-	-	-	-
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	52 001 723	4 903 790	5 765 758	3 373 023	59 298 248

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

43.3 CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2019

	Opening Balance 1 April 2018 R'000	Current Year WIP R'000	Ready for use (Assets to the AR) / Contracts terminated R'000	Closing Balance 31 March 2019 R'000
Heritage assets	392 332	33 156	(109 677)	315 811
Buildings and other fixed structures	32 297 034	7 041 742	(3 009 299)	36 329 477
Machinery and equipment	133 216	44 279	(4 857)	172 638
Intangible assets	230 340	89 339	(325)	319 354
TOTAL	33 052 922	7 208 516	(3 124 158)	37 137 280

43.4 Age analysis on on-going projects

	Number of projects		
	Planned, construction not started	Planned, construction started	2018/19 R'000
0 to 1 year	11 951	1 662	1 809 609
1 to 3 year(s)	2 120	2 151	6 917 487
3 to 5 years	772	102 106	9 826 298
Longer than 5 years	118	433	21 841 801
TOTAL	14 961	106 352	40 395 196

43.5 Accruals and payables not recognised relating to Capital WIP

	2018/19 R'000	2017/18 R'000
Amounts relating to progress certificates received but not paid at year end and therefore not included in capital work-in-progress	1 024 587	1 188 759
TOTAL	1 024 587	1 188 759

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

43.6 CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2018

	Opening Balance 1 April 2017 R'000	Prior period error R'000	Current Year WIP R'000	Ready for use (Assets to the AR) / Contracts terminated R'000	Closing Balance 31 March 2018 R'000
Heritage assets	472 547	(3 831)	42 274	(122 489)	392 332
Buildings and other fixed structures	31 211 282	(939 874)	7 105 282	(646 548)	32 297 034
Machinery and equipment	167 260	(32 558)	30 562	(64 606)	133 216
Intangible assets	99 763	-	103 577	-	230 340
TOTAL	31 950 852	(976 263)	7 281 695	(833 643)	32 052 922

Age analysis on on-going projects

	Number of projects		
	Planned, construction not started	Planned, construction started	2017/18 R'000
0 to 1 year	271	425	948 185
1 to 3 year(s)	68	211	950 369
3 to 5 years	144	957	3 181 966
Longer than 5 years	2	102	1 592 070
TOTAL	485	1 695	6 672 590

	Notes	2018/19 R'000	2017/18 R'000
44	S42 Immovable assets		
	Assets subjected to transfer in terms of S42 of the PFMA		
	BUILDINGS AND OTHER FIXED STRUCTURES	8 399 007	8 150 878
	Non-residential buildings	576 722	1 519 012
	Other fixed structures	7 822 285	6 631 866
	HERITAGE ASSETS	133 322	24 242
	Heritage assets	133 322	24 242
	TOTAL	8 532 329	8 175 120

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	Notes	2018/19 R'000	2017/18 R'000
45	Reconciliation of Note 43, 45 & 46 to Expenditure on Capital Assets per Statement of Financial Performance		
	Capital expenditure additions per note 43	4 208 388	5 082 582
	Capital expenditure additions per note 45	1 708 350	1 196 781
	Capital expenditure additions per note 46	4 933 008	5 765 758
	Total additions per disclosure notes	10 849 746	12 045 121
	Total reconciling items	2 659 825	-
	Non Cash Movement	(6 463 642)	-
	Capital Work in Progress-current costs	9 353 251	-
	Received but not paid/ (Paid current year but received prior year)	(229 784)	-
	Other	-	-
	Capital expenditure per statement of financial performance	13 509 572	12 045 121
46	Agent-principal arrangements		
46.1	Department acting as the principal		
	International Labour Organisation	2 519	2 326
	Independent Development Trust	44 524	30 872
	CWP Implementing Agents	235 735	-
	Landbank	4 062	3 504
	Postbank	3 272	187
	Maenetja Attorneys	147 089	132 492
	Nkosi Sabelo Incorporates	41 414	-
	National Wool Growers Association of South Africa	10 304	5 400
	National School of Government	7 582	-
	CSIR	13 536	25 889
	National Research Foundation	232	-
	Heifer Projects	6 897	28 235
	UNDP	5 500	-
	Others	38 280	184 848
	South African Farmers Development Association	133 081	-
	Department of Justice and Constitutional Development	673	3 091
	Expanded Public Works Programme projects	9 085	12 741
	Regional Bulk Infrastructure Grant (RBIG)	78 044	66 064
	Water Services Infrastructure Grant (WSIG)	4 640	682
	Government Pension Administration Agency (GPAA)	63 524	61 099
	Development Bank of Southern Africa (DBSA)	-	22 000
	Government Technical Advisory Centre (GTAC)	360	360
	IDT	1 273	9 139
	Coega Development Corporation	17 945	13 645
	Development Bank of Southern Africa	46 782	63 788
	The Independent Development Trust	20 136	27 221
	The Mvula Trust	73 259	8 365
	Mhlathuze Water	213	1 059
	SAB & T	2 474	5 146
	Department of Roads and Public Works EC	-	4 574
	Foundation for Professional Development	-	8 998
	Government Communication & Information Systems (GCIS)	-	1 052
	NSFAS	3 155	-
	Total	1 015 590	722 778

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	Notes	2018/19 R'000	2017/18 R'000
46.2 Department acting as the agent			
Revenue received for agency activities			
Department of Higher Education and Training (DHET) - National Skills Fund (NSF)		22 951	52 965
CARA receives proceeds in cash, property, motor vehicles equipment and other assets from the enforcement of court orders granted in terms of the Prevention of Organised Crime Act (Act 121 of 1998) as amended, and the Financial Intelligence Act (Act 38 of 2001). The proceeds are deposited into CARA which is an account in the National Revenue Fund.		167 970	130 515
State Attorney Monies: Money collected by the State Attorney on behalf of Government Institutions. The State Attorney also collects a commission on debt collections on behalf of Government Institutions which is paid over to the National Revenue Fund.		244 001	798 223
Total		434 922	981 703
47 Prior period errors			
Correction of prior period error for secondary information			
Revenue: (e.g. Annual Appropriation, Departmental Revenue, Aid assistance, etc.)			
Operating lease revenue			1 096 190
Departmental revenue misstated			355 137
Municipal accounts			(433)
Foreign revenue adjustment			(311 885)
Net effect on the note			1 139 009
Expenditure: (e.g. Compensation of employees, Goods and services, Tangible capital assets, etc.)			
Compensation of employees			267 215
Goods and Services			(183 637)
Net effect on the note			(83 578)
Assets: (e.g. Receivables, Investments, Accrued departmental revenue, Movable tangible capital assets, etc.)			
Tangible Capital Assets			1 983 079
Receivables			916 651
Immovable Capital Assets			1 048 850
Net effect on the note			3 948 580
Liabilities: (e.g. Payables current, Voted funds to be surrendered, Commitments, Provisions, etc.)			
Accruals			16 692
Provisions			500
Contingent Liabilities			15 251
Payables			95 212
Commitments			(306 384)
Key management personnel			9 490
Net effect on the note			(169 239)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	Notes	2018/19 R'000	2017/18 R'000
48	Inventory		
	Opening balance	45 756	16 378
	Add/(less): Adjustment to prior year balances	(8 102)	793
	Add: Additions/Purchases - Cash	1 547 031	1 341 184
	Add: Additions - Non-Cash	5 078	13 446
	(Less): Disposals	(638 646)	(535 556)
	(Less): Issues	(864 370)	(692 258)
	Add/(less): Adjustments	72	2
		(13 081)	(98 237)
	Closing balance	73 738	45 752

49 Departures and Exemptions

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

The reason for all departures and exemptions granted was to achieve fair presentation, and Management has concluded that the consolidated financial statements fairly present the primary and secondary information as required by the MCS.

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

For the 2016/17 financial year, the following departures and exemptions were granted by the National Treasury and therefore the effect of applying these departures are included in the consolidated financial statements.

The reason for all departures and exemptions granted was to achieve fair presentation, and Management has concluded that the consolidated financial statements fairly present the primary and secondary information as required by the MCS.

50 Financial Sustainability

Economic growth projections are at 0.5 per cent for 2019 rising gradually to 1.7 per cent by 2022. This level of growth is far too low to support meaningful increases in employment and welfare. The increase in the unemployment rate, devaluation of the Rand against the Dollar and the poor financial position of some state-owned companies that continue to burden the public finances over the medium term, results in a very bleak outlook for South Africa. Furthermore, mounting trade tensions and political uncertainty resulted in the global growth forecast for 2019 to be the lowest since the 2008 financial crisis for both developed and developing countries.

In this regard the National Treasury released a discussion paper on economic reforms to boost GDP growth over the medium and long term, support increase investment and job creation. These measures have been broadly agreed within government and the next step is to implement them urgently to restore the momentum of economic growth and stabilise the public finances. The interventions considered are strengthening network industries for road and rail and enabling small firms to grow and compete with dominant players.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

South Africa's biggest economic risk remains Eskom. Problems with the utility's operations continue to disrupt the supply of electricity to households and businesses which puts a further hamper on economic growth. Government has set aside significant resources for Eskom to service its debt obligations. Addressing Eskom's underlying problems requires reinvigorated governance, operational efficiencies and restructuring for a competitive, transparent and financially viable electricity sector. To reduce future transfers, a sustainable plan for state-owned companies is required. It should include the disposal of non-core assets and options for private-sector participation

Over the past decade public finances deteriorated. This accelerated in recent years as low growth led to large revenue shortfalls. In 2018/19, government collected R57.3 billion less than projected in the 2018 Budget, and R14.5 billion less than set out in the 2019 Budget. This was the largest under collection since 2009/10, following the global financial crisis. It was partly driven by large and unexpected once-off payments of VAT refunds in line with commitments in the 2018 MTBPS. The bulk of the 2018/19 shortfall resulted from weaker-than-expected economic growth in 2019. Measures to increase tax revenue have offset some of this decline, but the expected increase in collections has disappointed. Sustained higher economic growth, and a revitalised and effective SARS, are key to improved revenue outcomes over the medium term. The SARS Large Business Centre, which focuses on major firms and high net-worth individuals, was officially reopened in October.

For 10 years, South Africa have run large budget deficits raising its borrowing and making the increase in South Africa's debt-to-GDP ratio among the highest of peer countries. This might have provided some support to the economy but put us deeply in debt. The combination of lower revenue and increased spending widens the budget deficit to an average of 6.2 per cent over the next three years. Debt and debt-service costs will continue to increase. South Africa is now at the point where interest payments have begun crowding out social and economic spending programmes.

Although South Africa's macroeconomic framework remains broadly supportive of investment and growth, economic reforms are required. Persistent growth in the wage bill has worsened the composition of spending, while spending outcomes continue to disappoint. This resulted in fiscal deficits not raising long-run growth, and begun to undermine confidence. South Africa needs to boost the economy, narrow the fiscal deficit and raise the quality of spending particularly on large infrastructure projects. Treasury has begun a review of public-private partnership regulation aimed at merging approval processes and reducing implementation timeframes.

Gross loan debt is expected to increase from R3.2 trillion or 60.8 per cent of GDP in 2019/20 to R4.5 trillion or 71.3 per cent of GDP in 2022/23, mainly to finance the budget deficit. The key drivers of this increase remain the budget balance and fluctuations in the interest, inflation and exchange rates. Government's gross borrowing requirement consisting of the budget deficit and maturing debt is expected to increase from 7.6 per cent of GDP in 2019/20 to 8.2 per cent of GDP in 2022/23. As previously highlighted provision for financial support for Eskom in the current year and over the medium term amounts to R161 billion. Excluding these provisions for Eskom, the main budget primary deficit improves by 0.9 percentage points to 1.4 per cent of GDP in 2019/20, and narrows to 1.1 per cent of GDP in 2022/23.

Government remains committed to fiscal sustainability. Spending pressures continue to mount, led by the public service wage bill and state-owned companies in crisis. This requires substantial spending and expenditure reductions to stabilise debt. Measures to manage and reduce public-sector pressures and risks will be implemented over the medium term.

51 Subsequent Events

On 1 April 2019, the Minister of Finance invoked Section 16 (1) of the Public Finance Management Act (PFMA) to transfer R17 652 billion to Eskom. During April 2019, an amount of R13.5 billion was transferred to Eskom to meet its obligations and avoid a call on its existing government guarantees. The remaining balance of R4.1 billion will be transferred to Eskom in accordance with their cash flow requirements.

The first quarter of 2019/20, was characterised by heightened risk of policy uncertainty amid the upcoming national elections in May 2019. However, the risk of adverse rating actions somewhat subsided following the outcome of the elections. Subsequently, on 24 May 2019, S&P Global Ratings (S&P) affirmed the country's long-term foreign and local currency ratings at 'BB' and 'BB+'

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

respectively, and maintained a stable outlook. On the same day, Rating and Investment Information, Inc. (R&I) affirmed South Africa's long-term foreign and local currency ratings at 'BBB' and 'BBB+' respectively, and maintained a stable outlook.

Fitch Ratings (Fitch), on 26 July 2019, affirmed the sovereign's long-term foreign and local currency ratings at 'BB+' and changed the outlook to negative from stable. This came three days after tabling of the Special Appropriation Bill for Eskom (announced on 23 July 2019), aimed at providing additional financial support of R26 billion in 2019/20 and R33 billion in 2020/21 to the entity.

On 1 November 2019, Moody's Investors Service (Moody's) affirmed South Africa's long term foreign and local currency debt ratings at 'Baa3' and also revised the outlook to negative from stable. South Africa's credit ratings by Moody's remain investment grade (one notch above non-investment grade). Similarly, S&P on 22 November 2019 affirmed the country's foreign and local currency debt ratings at 'BB' and 'BB+', respectively and changed the outlook to negative from stable.

On 17 April 2019, an additional guarantee of R1 billion was issued for a 18-month period to Denel increasing their outstanding guarantees to R4.43 billion.

Government's debt portfolio is exposed to currency and inflation risk. Since 31 March 2019 to 31 October 2019, the rand weakened against the Euro by 3.9 per cent and against the US dollar by 4.7 per cent. Consequently, the rand equivalent of foreign debt would have increased by R13.6 billion or 4.7 per cent. In addition, government also held cash deposits of US\$8.5 billion or R122.5 billion. The weaker currency would have increased the rand value of these deposits by R5.7 billion or 4.6 per cent to R128.2 billion.

Furthermore, revaluing the stock of inflation-linked bonds using the consumer price index (CPI) of 31 October 2019 would have resulted in the outstanding value of inflation-linked bonds increasing by R17.5 billion (3.1 per cent) to R585.1 billion.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

52 Financial Risk Management

Government's debt portfolio during 2018/19 was assessed for a fifth year against the strategic risk benchmarks which were implemented in 2014/15. Government's funding programme was monitored against these benchmarks to assess the impact on refinancing, inflation and currency risks. While the numeric benchmarks and indicators will remain unchanged in 2019/20, they will continue to be monitored and reported on a quarterly basis.

Strategic portfolio risk benchmarks

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

Government's gross loan debt of R2 788.3 billion consist of domestic (R2 497.0 billion) and foreign debt (R291.3 billion). Domestic debt comprises short-term debt (Treasury bills and borrowing from the Corporation for Public Deposits) and long-term debt (fixed-rate, inflation-linked, retail and zero-coupon bonds, and other loans). For purposes of calculating the risk benchmarks borrowing from the CPD, retail bonds, zero coupon bonds and other loans amounting to R29.4 billion were excluded from gross loan debt. This is because these items are generally small in nominal values and difficult to price.

Inflation risk

Inflation risk is the risk that adverse changes in inflation might result in increases in the outstanding amount of inflation-linked bonds and thus result in higher future redemption amounts. This risk is managed by setting a benchmark for inflation-linked bonds (ILB) as a per cent of domestic debt between 20 to 25 per cent. Domestic debt includes Treasury bills, fixed-rate- and inflation-linked bonds.

Inflation-linked bonds as a per cent of domestic debt

Indicator	31-Mar-19	31-Mar-18
Domestic debt ¹	R2 467.6 bn	R2 242.7 bn
Inflation-linked bonds	R 567.5 bn	R 506.2 bn
ILBs as % of domestic debt	23.0%	22.6%

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

Currency risk

Currency risk arises from the change in price of the rand against major currencies the foreign debt is denominated in. These impacts on the rand value of interest and redemption amounts on foreign loans. The risk is managed by setting a limit of 15 per cent for foreign currency debt as a per cent of total debt. Changes in the exchange rate, mainly the USD/ZAR also impact on the rand value of government's foreign currency deposits with the Reserve Bank. Government monitors its net foreign debt exposure, the difference between gross foreign debt and foreign currency deposits. Although government does not enter into hedge transactions to limit its exposure to foreign currency volatility, foreign currency cash deposits provide a natural hedge to a portion of the foreign debt portfolio. Foreign currency deposits are held in US dollar.

Composition of foreign debt

Indicator	31-Mar-19	31-Mar-18
Percentage		
As % of total debt		
- Gross foreign debt	10.6	8.9
- Net foreign debt	6.7	5.2
Currency composition		
- US Dollar	94	92.3
- Euro	2.9	3.6
- Yen	2.7	3.1
- GBP	0	0.1
- Swedish krona	0.4	0.9

Refinancing risk

Refinancing risk is the possibility that money cannot be borrowed to refinance maturing debt or that these borrowings take place at unfavourable rates. This risk is manifested in the concentration of large volumes of debt that needs to be repaid.

One of the aims of government's debt management strategy is to maintain a smooth debt maturity profile. Refinancing risk is reduced through an active switch programme whereby short dated bonds are exchanged for longer-term bonds. During 2018/19, R21.4 billion (2017/18; R73.5 billion) of short-dated bonds were exchanged for long-term bonds.

Indicator	31-Mar-19	31-Mar-18
Treasury bills as % of domestic debt	12.5%	13.1%
Long-term debt maturing in 5 years as % of fixed-rate and inflation-linked bonds	14.4%	11.8%
Weighted term-to-maturity of fixed-rate bonds plus Treasury bills (in years)	13.3%	13.5%
Weighted term-to-maturity of inflation-linked bonds (in years)	14.2%	14.9%

Credit risk

Credit risk exposure from explicit contingent portfolio

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

As at 31 March 2019, guarantees to public institutions increased by R17.6 billion, from R469.8 billion in 2017/18 to R487.4 billion in 2018/19. This is mainly due to an increase in the guarantee issued to the Trans-Caledon Tunnel Authority. The total amount borrowed, revaluation adjustments due to inflation rate movements, and accrued interest against the guarantees, was approximately R367.7 billion.

Counterparty risk exposure from investment of government surplus cash

Government's surplus cash is invested with four South African commercial banks, namely: Standard Bank, First National Bank, ABSA and Nedbank. As at 31 March 2019, the total surplus cash invested with the banks amounted to R63.4 billion (2017/18: R56.1 billion).

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

The amount of government surplus cash invested with each of the four banks is based on government's risk assessment of each bank. The bank with the highest risk out of the four banks is allocated the lowest amount of surplus cash while the bank with the lowest risk is allocated the highest amount of surplus cash. As at 31 March 2019, government's risk exposure to the banks was equal and therefore the surplus cash was allocated equally between the banks.

Sovereign Risk

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

In 2018/19, pressures on South Africa's credit ratings somewhat subsided following a year of adverse rating outcomes from all solicited rating agencies. This was attributed to, among other factors, the political transition which led to improved business and consumer confidence. Furthermore, the 2018 Budget outlined fiscal measures aimed at stimulating economic growth and stabilising high government debt and was also well received by rating agencies as they all affirmed the country's credit ratings.

On 13 April 2018, R&I affirmed the country's long-term foreign currency debt rating at 'BBB' and the local currency debt rating at 'BBB+' and revised the outlook to stable from negative. S&P, on 25 May 2018, affirmed South Africa's long-term foreign currency debt rating at 'BB' and the local currency debt rating at 'BB+' and maintained a stable outlook. Fitch, on 15 June 2018, followed suit and affirmed the country's long-term foreign and local currency debt rating at "BB+" and maintained the stable outlook.

Later in the year, following the tabling of the 2018 MTBPS, S&P and Fitch conducted their second sovereign credit rating review missions. Subsequently, on 23 November 2018, S&P affirmed the country's long-term foreign currency debt rating at 'BB' and the local currency debt rating at 'BB+' and maintained a stable outlook. In addition, Fitch on 6 December 2018, affirmed both long-term foreign and local currency debt ratings at 'BB+' with a stable outlook. Nevertheless, rating agencies raised concerns on higher debt projections owing to the financial support extended to Eskom over the next three years which was announced in the 2019 Budget. The agencies argue that the additional financial support to Eskom coupled with lower revenue collections will further weaken the country's fiscal strength. Moreover, persistently low economic growth and contingent liability risk posed by financially weak SOCs remain downside risks to the sovereign credit rating.

Moody's conducted its first annual credit rating review mission on 6 to 8 March 2019, and as per the rating announcement calendar was expected to announce a new rating action for South Africa on 29 March 2019. However, similar to 12 October 2018, the agency did not make an announcement. Speculation was that the agency might have been waiting for the outcome of the national elections to be held on 8 May 2019 as well as Eskom's turn-around plan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

Herewith South Africa's Credit Ratings per solicited rating agency:

Rating Agency	Latest credit rating action	Action	LTFC ¹	LTLC ²	Outlook
Fitch	06-Dec-18	Ratings affirmed	BB+	BB+	stable
S&P	23-Nov-18	Ratings affirmed	BB	BB+	stable
R&I	13-Apr-18	Ratings affirmed	BBB	BBB+	stable
Moody's	23-Mar-18	Ratings affirmed	Baa3	Baa3	stable

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

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Non-adjusting events after reporting date

In terms of section 22 of the 2018 Division of Revenue Act the approval for roll over was only received after 31 March 2019. Unspent conditional grants should be surrendered by the Province to the National Revenue Fund through the relevant National Departments. As these approvals were received after June 2019 the amounts for unspent conditional grants to be surrendered were not included in the audited Annual Financial Statements of the relevant National departments. The National Revenue Fund should therefore receive the amount of R1,622 million. See breakdown below:

Province/Agency	2018/19 R'000	2017/18 R'000
Western Cape	154	5 249
Mpumalanga	15 668	50 410
Northern Cape	31 199	61 199
Kwazulu Natal	39 547	53 763
North West	66 586	32 417
Limpopo	139 334	81 859
Eastern Cape	156 546	82 689
Free State	205 467	71 351
Gauteng	967 529	290 162
Housing Development Agency	-	2 333 000
Total	1 622 030	3 062 099

UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

For the year ended 31 March 2019

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

	Central Government Administration	Economic Services and Infrastructure Development	Financial administration Services	Justice and Protection Services	Social Services
	2018/19	2018/19	2018/19	2018/19	2018/19
	Note				
OPERATING INCOME					
Revenue from Taxes, Levies & Duties	102,802,927	171 650 032	40 348 475	192 728 803	325 866 647
Departmental revenue	499 903	-	-	3 237 629	17 479 896
Receipts by National Departments from NRF	116,689	1 748 363	7 122 161	3 014 434	106 552
Aid assistance	3 080	173 062	133 635	78 678	1 138 284
	103 422 599	173 571 457	47 604 271	199 059 544	344 591 379
EXPENDITURE					
Current expenditure					
Compensation of employees	6 036 870	10 998 571	3 215 692	133 354 725	12 006 950
Goods and services	7 267 384	11 255 240	2 314 484	42 777 149	5 430 486
Interest and rent on land	95 392	24 923	334	2 064	54 303
Aid assistance	2 621	18 024	94 545	40 792	801 028
	13 402 267	22 296 758	5 625 055	176 174 730	18 292 767
Transfers and subsidies					
Transfers and subsidies	86 302 395	138 816 966	22 521 466	9 637 272	320 962 183
Aid assistance	-	115 058	63	-	42 617
	86 302 395	138 932 024	22 521 529	9 637 272	321 004 800

UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

For the year ended 31 March 2019

	Note	Central Government Administration	Economic Services and Infrastructure Development	Financial administration Services	Justice and Protection Services	Social Services
		2018/19	2018/19	2018/19	2018/19	2018/19
Expenditure for capital assets						
Tangible assets	11.1	158 720	4 573 810	324 897	7 835 241	2 941 711
Intangible assets	11.2	6 554	115 916	8 239	330 798	11 061
Total expenditure for capital assets		165 274	4 689 726	333 136	8 166 039	2 952 772
Unauthorised expenditure approved without funding		-	-	-	-	-
Payments for financial assets	14	16 512	3 351 419	10 855 233	136 332	4 865
TOTAL EXPENDITURE		99 886 448	169 269 927	39 334 953	194 114 373	342 255 204
SURPLUS/(DEFICIT) FOR THE YEAR		3 536 151	4 301 530	8 269 318	4 945 171	2 336 175
Reconciliation of Net Surplus/(Deficit) for the year						
Voted Funds		3 419 003	2 513 227	1 108 545	1 914 711	1 952 950
Departmental revenue and NRF Receipts		116 689	1 748 363	7 122 161	3 014 434	106 552
Aid assistance		459	39 940	38 612	16 026	276 673
SURPLUS/(DEFICIT) FOR THE YEAR		3 536 151	4 301 530	8 269 318	4 945 171	2 336 175

UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

For the year ended 31 March 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Central Government Administration	Economic Services and Infrastructure Development	Financial administration Services	Justice and Protection Services	Social Services
Note	2018/19	2018/19	2018/19	2018/19	2018/19
ASSETS					
Current Assets	5 078 708	4 374 416	1 717 112	12 942 180	2 139 492
Unauthorised expenditure	710 188	2 035 599	134 431	6 708	7 193
Cash and cash equivalents	3 703 887	1 249 354	1 493 024	9 553 636	586 075
Other financial assets	17 497	442	-	-	-
Prepayments and advances	220 605	241 974	22 364	297 771	544 075
Receivables	426 047	815 258	67 293	3 084 065	994 203
Loans	-	1 398	-	-	3 100
Aid assistance prepayments	-	-	-	-	-
Aid assistance receivable	484	30 391	-	-	4 846
Non-Current Assets	249 257	18 998 962	126 579 640	1 698 865	1 205 713
Investments	-	20 037 098	132 799 089	182 164	-
Receivables	178 399	98 724	6 283	2 006 302	1 413 651
Loans	-	1 574 081	-	-	8 225
Other financial assets	72 745	907	-	-	-
TOTAL ASSETS	5 329 852	26 085 226	134 522 484	15 130 646	3 561 368

UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

For the year ended 31 March 2019

	Central Government Administration	Economic Services and Infrastructure Development	Financial Administration Services	Justice and Protection Services	Social Services
	2018/19	2018/19	2018/19	2018/19	2018/19
LIABILITIES					
Current Liabilities	4 573 636	3 668 353	1 696 025	6 353 409	2 223 557
Voted funds to be surrendered to the Revenue Fund	3 488 209	1 121 287	1 165 682	1 934 557	1 200 383
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	85 576	149 580	24 084	2 556 437	84 928
Bank overdraft	294 883	2 021 839	98 362	1 652 431	496 397
Payables	704 025	359 241	223 326	187 894	177 024
Aid assistance repayable	943	14 675	23 489	10 490	262 567
Aid assistance unutilised	-	1 731	161 082	11 600	2 258
Non-Current Liabilities					
Payables	595 619	241	18 849	4 220	1 303 891
TOTAL LIABILITIES	5 169 255	3 668 594	1 714 874	6 357 629	3 527 448
NET ASSETS	160 597	22 416 632	132 807 610	8 773 017	33 920
Represented by:					
Capitalisation reserve	-	21 405 628	132 799 090	75 000	11 325
Recoverable revenue	37 797	1 011 004	8 520	1 435 631	22 340
Retained funds	122 800	-	-	7 262 386	255
TOTAL	160 597	22 416 632	132 807 610	8 773 017	33 920

UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

For the year ended 31 March 2019

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

	Note	Central Government Administration	Economic Services and Infrastructure Development	Financial administration Services	Justice and Protection Services	Social Services
		2017/18	2017/18	2017/18	2017/18	2017/18
OPERATING INCOME						
Revenue from Taxes, Levies & Duties	2	95 327 640	170 727 845	44 643 178	185 785 992	286 798 707
Departmental revenue	3	562 661	-	-	3 006 580	16 293 801
Receipts by National Departments from NRF	5	82 514	2 132 170	4 437 931	3 306 276	202 322
Aid assistance		13 161	120 981	111 285	3 290	1 129 664
TOTAL REVENUE		95 985 976	172 980 996	49 192 394	192 102 138	304 424 494
EXPENDITURE						
Current expenditure						
Compensation of employees	8	5 706 888	10 496 527	3 088 355	125 829 678	11 446 032
Goods and services	9	6 822 533	10 994 197	2 132 482	44 278 945	5 200 343
Interest and rent on land	10	84 287	25 248	452	4 661	45 498
Aid assistance		8 167	33 878	88 932	1 416	843 722
Total current expenditure		12 621 875	21 549 850	5 310 221	170 114 700	17 535 595
Transfers and subsidies						
Transfers and subsidies	13	80 440 372	133 029 925	23 976 211	8 427 453	282 115 674
Aid assistance		26	84 228	50	-	97 191
Total transfers and subsidies		80 440 398	133 114 153	23 976 261	8 427 453	282 212 865

UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

For the year ended 31 March 2019

	Note	Central Government Administration	2017/18	Economic Services and Infrastructure Development	2017/18	Financial Administration Services	2017/18	Justice and Protection Services	2017/18	Social Services	2017/18
Expenditure for capital assets											
Tangible assets	11.1	152 194		4 917 923		321 771		10 344 498		2 523 324	
Intangible assets	11.2	5 166		79 767		13 222		321 504		21 331	
Total expenditure for capital assets		157 360		4 997 690		334 993		10 666 002		2 544 655	
Unauthorised expenditure approved without funding		-		-		-		-		-	
Payments for financial assets	14	6 715		3 967 423		14 390 235		72 072		76 649	
TOTAL EXPENDITURE		93 226 348		163 629 116		44 011 710		189 280 227		302 369 764	
SURPLUS/(DEFICIT) FOR THE YEAR		2 759 628		9 351 880		5 180 684		2 821 911		2 054 730	
Reconciliation of Net Surplus/(Deficit) for the year											
Voted Funds		2 672 146		7 217 036		720 874		-486 239		1 704 020	
Departmental revenue and NRF Receipts		82 514		2 132 170		4 437 931		3 306 276		202 322	
Aid assistance		4 968		2 674		21 879		1 874		148 388	
SURPLUS/(DEFICIT) FOR THE YEAR		2 759 628		9 351 880		5 180 684		2 821 911		2 054 730	

UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

For the year ended 31 March 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Central Government Administration	Economic Services and Infrastructure Development	Financial administration Services	Justice and Protection Services	Social Services
Note	2017/18	2017/18	2017/18	2017/18	2017/18
ASSETS					
Current Assets	4 159 701	8 928 019	1 189 622	10 984 873	15 139 401
12 Unauthorised expenditure	710 188	2 034 619	77 291	6 708	7 193
15 Cash and cash equivalents	3 196 404	5 581 957	950 812	8 070 114	998 970
Other financial assets	10 380	1 467	-	-	-
16 Prepayments and advances	49 405	157 447	91 872	270 275	13 242 790
17 Receivables	193 324	1 107 030	67 487	2 637 776	870 359
18 Loans	-	924	-	-	2 972
Aid assistance receivable	-	44 575	2 160	-	17 117
Non-Current Assets	249 257	18 683 083	126 576 047	1 797 851	1 205 713
19 Investments	-	17 010 098	126 550 089	181 164	-
17 Receivables	170 523	107 384	25 958	1 616 687	1 194 387
18 Loans	-	1 565 076	-	-	11 326
Other financial assets	78 734	525	-	-	-
TOTAL ASSETS	4 408 958	27 611 102	127 765 669	12 782 724	16 345 114

UNAUDITED SUPPLEMENTARY SEGMENT REPORTS

For the year ended 31 March 2019

	Central Government Administration	Economic Services and Infrastructure Development	Financial Administration Services	Justice and Protection Services	Social Services
	2017/18	2017/18	2017/18	2017/18	2017/18
LIABILITIES					
Current Liabilities	3 631 536	8 538 208	1 185 566	4 330 756	15 197 477
Voted funds to be surrendered to the Revenue Fund	2 719 035	7 420 934	778 144	608 620	723 143
20	61 338	62 864	663	2 071 186	70 868
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	310 131	235 316	45 468	1 467 097	13 044 563
21	537 903	817 375	195 816	172 414	1 192 830
22	-	454	17 248	-	164 622
23.1	3 129	1 265	148 227	11 439	1 451
6					
6					
Non-Current Liabilities					
Payables	597 248	240	22 761	4 033	1 113 936
23.2					
TOTAL LIABILITIES	4 228 784	8 538 448	1 208 327	4 334 789	16 311 413
NET ASSETS	180 174	19 072 654	126 557 342	8 447 935	33 701
Represented by:					
Capitalisation reserve	-	18 382 025	126 550 089	75 000	14 298
Recoverable revenue	8 787	690 629	7 253	1 131 515	18 774
Retained funds	171 387	-	-	7 241 420	629
TOTAL	180 174	19 072 654	126 557 342	8 447 935	33 701

ANNEXURES: NAMES OF GOVERNMENT DEPARTMENTS

For the year ended 31 March 2019

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

ANNEXURES: NAMES OF GOVERNMENT DEPARTMENTS

For the year ended 31 March 2019

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

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

REVIEW OF OPERATING RESULTS

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

Annual Financial Statements for the year ended 31 March 2019

2019 **CONSOLIDATED FINANCIAL STATEMENTS**



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



REVIEW OF OPERATING RESULTS

For the year ended 31 March 2019

Public entities

The Consolidated Financial Statements (CFS) incorporate the financial statements of the national public entities including entities and enterprises under the ownership control of government, constitutional institutions, and trading entities as listed in the schedules to the Public Finance Management Act (PFMA), Act 1 of 1999. Where entities are identified during the year, but not yet listed, these unlisted entities are also included in the Consolidated Financial Statements.

The Consolidated Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP), as issued by the Accounting Standards Board (ASB) in accordance with Section 91(1) of the Public Finance Management Act, (Act No 1 of 1999). In particular, the principles of GRAP 6: Consolidated and Separate Financial Statements have been applied to the development of the accounting policies supporting this consolidation. A specific policy statement has been developed for this set of consolidated financial statements and entities are required to convert to the GRAP reporting framework and follow the National Treasury (NT) accounting policies. The consolidated financial statements have been prepared on the accrual basis of accounting and incorporate the historical cost conventions as the basis of measurement, except where specified otherwise.

The approach used by NT is as follows:

- NT makes use of a consolidation software solution in the consolidation process.
- This template is sent to the public entities for completion.
- The auditors review and sign the templates off to ensure that the figures on the template agree to the figures published in the entities' AFS, that conversion journals were identified where applicable and that inter-entity worksheets were completed.
- Where this process has not been performed by the auditors, the templates received from the entity are considered draft templates. The details of these templates are listed in the various annexures to the consolidated financial statements.
- NT then uses these templates as a source to the consolidation model.

Consolidations statistics

In terms of Section 47(1)(a) and (b) of the PFMA, the Minister, by notice in the national Government Gazette, must amend Schedule 3 to include all public entities not listed and make technical changes to the list. Furthermore per Section 47(2), the accounting authority for a public entity that is not listed in either Schedule 2 or 3, must without delay notify the National Treasury in writing that the public entity is not listed. As a result, all listed entities were identified as per the list on NT website and have thus been consolidated, except for those listed as per Annexure C.

The updated list of entities that will be consolidated is published on the Treasury website as at 24 May 2019. As mentioned above, the consolidated financial statements also include some entities not listed on the PFMA Schedules but falling within the criteria to consolidate. Confirmation is sent annually to all departments to confirm the entities under control of the departments. NT continued to strive for a 100% consolidation of all listed and known public entities and the OAG placed an extra emphasis on a proactive approach in collecting financial information and assisting entities with completing the consolidation templates. In certain circumstances, listed national entities and known non listed entities that must be consolidated are excluded if no templates are forwarded for reasons beyond the OAG's intervention.

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

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2019

The following is a statistical consolidation summary:

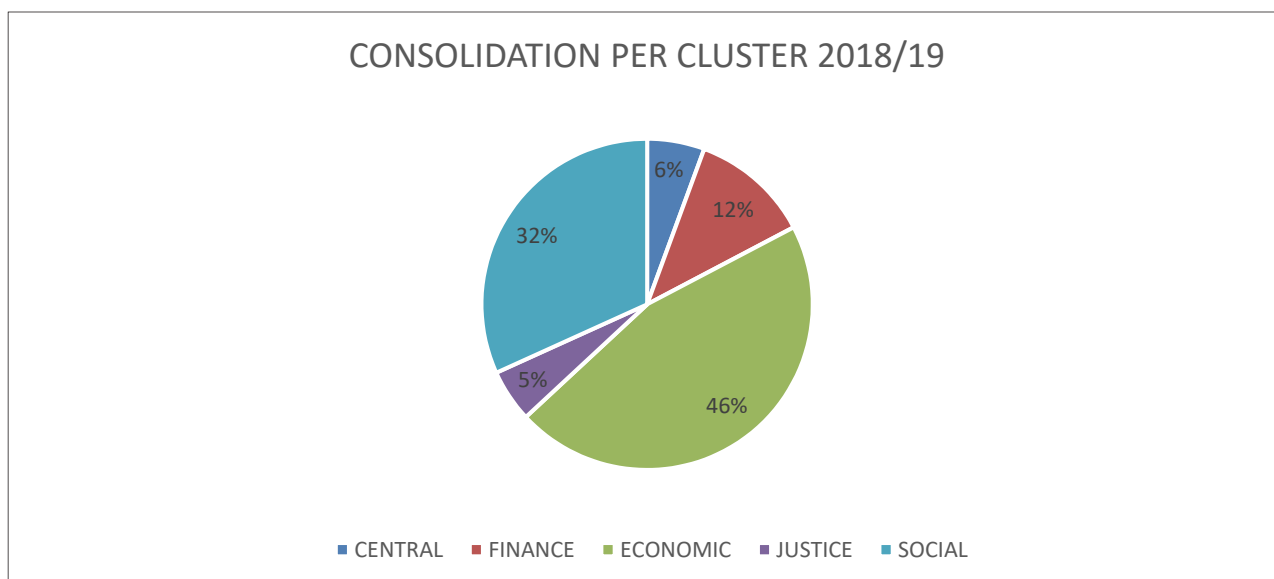
Entities in 2018/19	Listed entities	Non Listed entities
- Total	202	18
- Consolidated	198	16
-Not Consolidated	4	2

Entities in 2017/18	Listed entities	Non Listed entities
- Total	204	14
- Consolidated	202	13
- Not Consolidated	2	1

In 2018/19, a total of 214 entities were consolidated, please refer to Annexure A. Of the total entities consolidated, a total of 198 (98%) of listed entities are consolidated. The total number of listed consolidated entities in the current year is slightly lower than that of the previous year where 202 of 204 (99%) of the listed entities were consolidated. A total of 16 non listed entities were consolidated in 2018/19.

There are entities whose reporting date differs from the reporting date of other public entities, however these entities have been included as part of the consolidation. These entities are disclosed in Annexure C of this report.

The Economic and Infrastructure Services cluster contributes the largest proportion (46%) of total number of entities consolidated, followed by the Social Services cluster (32%), Finance Services cluster (12%), Central Services cluster (6%) and lastly, the Justice and Protection Services cluster (5%).



Consistency in the entities being consolidated

Achieving consistency in the entities being consolidated every year is a challenge, as some entities were consolidated in the current year but not in the previous year and by the same token some were consolidated in the previous year but not in the current year and some were disestablished during the year. This inconsistency contributes to the variance in the opening balances or prior year figures as compared to figures published in the 2017/18 financial year.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2019

Below is a list of annexures to the consolidated financial statements that gives a comparative breakdown of entities consolidated, those not consolidated and other information to illustrate inconsistencies in the number of entities Consolidated and challenges related thereto.

- **Annexure A** – Lists of entities consolidated
- **Annexure B** – Lists of entities not consolidated but included in the PFMA list
- **Annexure C** – Lists of entities consolidated with year ends other than 31 March 2019
- **Annexure D** - Lists of entities consolidated based on draft annual financial statements

Financial Performance

Total revenue

Total revenue for the year under review increased by 7% from R680 billion in 2017/18 to R728 billion in 2018/19. Non-exchange revenue consisting of government grants and subsidies, public contributions and donations, transfer and sponsorships, fines and penalties, legislative and oversight functions, taxation revenue and licences and permits, grew by 18.3%.

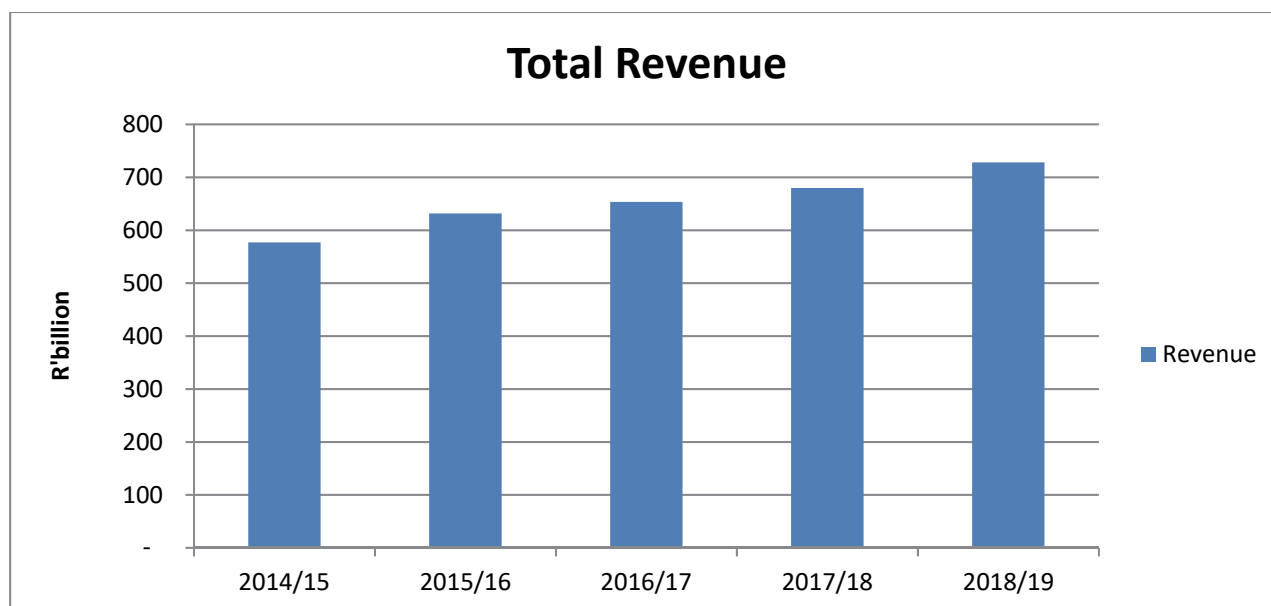
Exchange revenue for both 2017/18 and 2018/19 constitutes 76% and 74% of total revenue respectively in the respective years. The major drivers of exchange revenue are sale of goods and rendering of services, rental of facilities and equipment, interest earned from external investments and outstanding receivables as well as other income. Sale of goods and rendering of services constitutes 79% of exchange revenue and 58% of total revenue in the current year.

Revenue	Actual 2018/19 R'million	Actual 2017/18 R'million
Revenue from non-exchange transactions		
Government grants and subsidies	92, 864	79, 887
Public contributions and donations	4, 645	6, 111
Transfers and Sponsorships	9, 932	9,416
Fines and Penalties	1,348	999
Legislative and Oversight functions	74,746	58, 111
Taxation revenue	7,121	6,534
Licences and permits	1,513	1,331
	192, 169	162, 389
Revenue from exchange transactions		
Sale of Goods & Rendering of Services	422, 288	411, 716
Rental of facilities and equipment	7, 553	6, 816
Interest earned - external investments	67, 095	60, 628
Interest earned - outstanding receivables	1, 703	1, 545
Other income	37, 121	36, 365
	535, 760	517, 068
TOTAL REVENUE	727, 929	679, 456

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2019

Total Revenue 2019



The growth in revenue has remained relatively stable at an average of 6% from 2015/16 financial year to the current year. The finance cluster is the major driver of revenue making up 48% of total revenue followed by the economic cluster making up 32% of total revenue. Approximately 53% of the revenue generated from the finance cluster is through Eskom with total revenue of R185 billion. In 2018/19 financial year, CEF, IDC, PRASA, RAF and SANRAL collectively contributed 47% of the revenue within economic cluster, a slight increase as compared to the previous year which was 46% with a combined total of R109 billion (cluster total revenue of R232 billion). These entities derive revenue through exchange and non-exchange transactions.

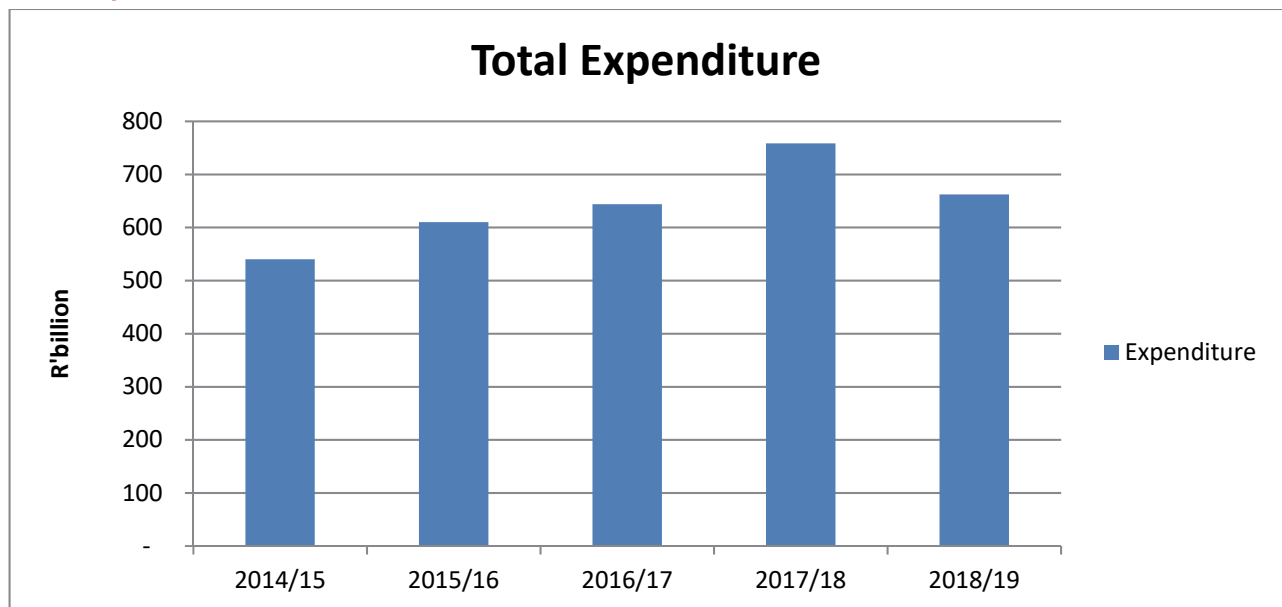
Total expenditure

Analysis of total expenditure	Actual 2018/19 R'million	Actual 2017/18 R'million
Employee related costs	141,202	132,341
Repairs and maintenance	23,175	25,440
Depreciation and amortisation expense	67,029	59,586
Contracted services	4,508	5,967
Grants and subsidies paid	23,728	26,937
Finance costs	84,554	75,338
General expenses	407,838	326,899
Bad debts	5,140	8,657
Non Profit institutions and donor project expenses	1,260	991
Total expenditure	758,435	662,156

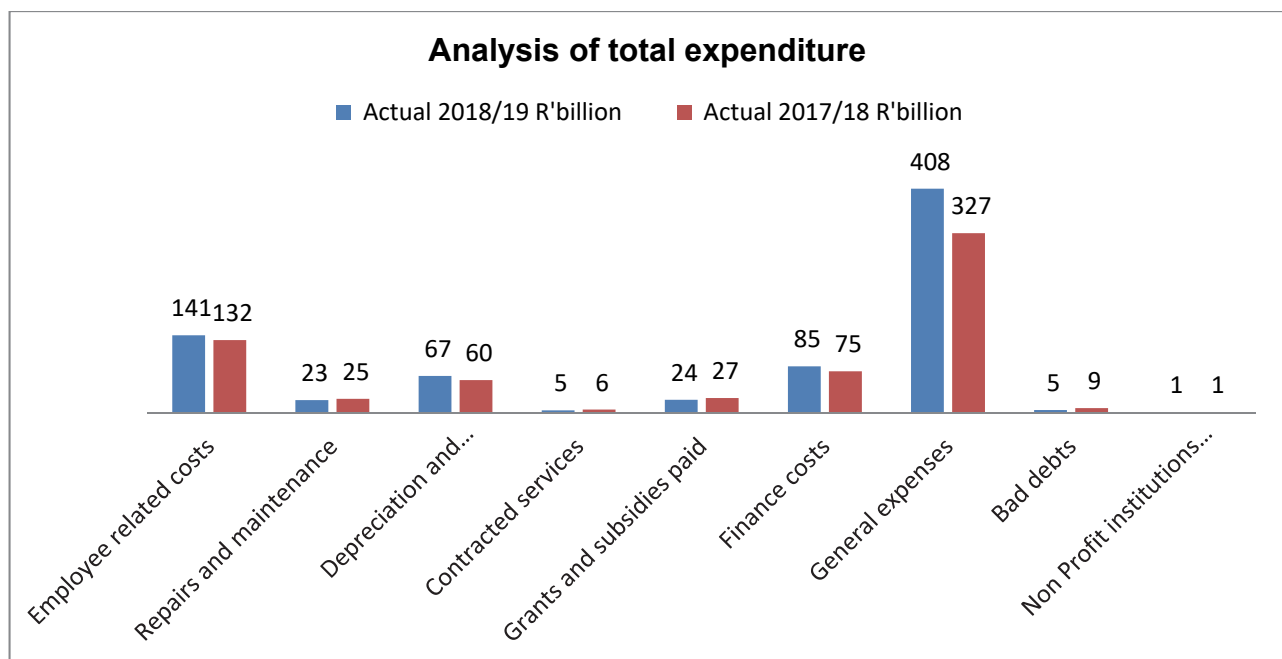
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2019

Total expenditure 2019



Analysis of Total expenditure 2019



Total expenditure amounted to R758 billion for the current year which is a R96 billion increase from the prior year's total of R662 billion. Employee related costs and general expenses account for 72% of total expenditure; with general expenses at 54% and employee related costs at 18% of total expenditure. The main expenditure items under general expenses are cost of sales (38%), other expenses (12%), movements in other provisions (14%) and administration fees (11%). The economic cluster and the finance cluster accounts for 42% and 40% of total expenditure, respectively.

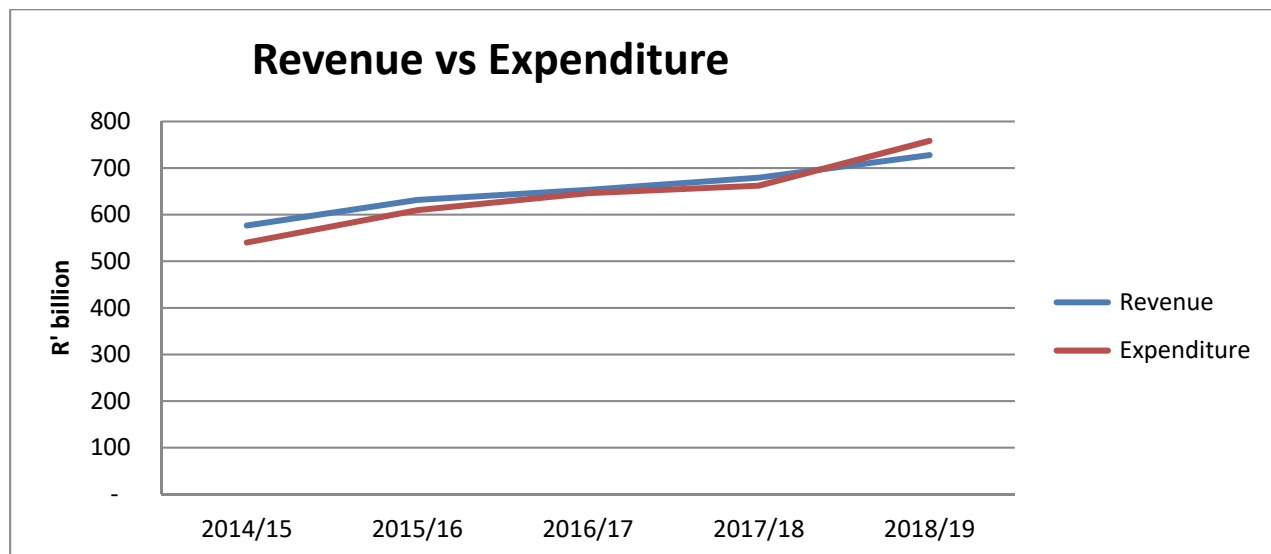
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2019

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

Revenue vs. Expenditure R' million	Actual 2014/15	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19
Revenue	576 833	631 588	653 364	679 457	727 929
Expenditure	540 160	609 573	646 029	662 156	758 435
Sus/(Deficit) from operations	36 673	22 015	7 335	17 301	(30 506)

Revenue vs. Expenditure 2019



A deficit from operations has increased by 276% in the current year from a surplus of R17.3 billion in the prior year to a deficit of R30.5 billion. The increase in deficit is due to 57% (movement in provisions) increase in RAF and 16% increase from ESKOM in general expenses. The increase in deficit is also attributable to total expenses increasing by 15% while total revenue increased by 7%. The number of loss making entities have slightly reduced however the value of deficit have increased due to these entities that have significantly increased.

Loss / Deficit making Public Entities

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

Name of Entity Schedule 1	2017/18 R'000	2018/19 R'000	Movement in loss R'000
Independent Communications Authority of South Africa	(13 189)	(27 863)	(14 674)
Municipal Demarcation Board	9 633	(2 966)	(12 599)
The Commission for PPRCRLC	327	(1 059)	(1 386)
	(3 228)	(31 888)	(28 660)

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2019

Name of Entity Schedule 2	2017/18	2018/19	Movement in
	R'000	R'000	loss R'000
Alexkor Limited	34 245	(149 591)	(183 837)
Broadband Infrastructure Company (Pty) Ltd	(113 471)	(14 736)	98 935
CEF (Pty) Ltd	353 868	(470 593)	(824 461)
DENEL	(1 053 561)	(1 747 694)	(694 132)
Eskom	(2 337 356)	(20 730 128)	(18 392 772)
Independent Development Trust	(92 317)	(17 829)	78 488
South African Broadcasting Corporation Limited	(571 843)	(489 335)	82 508
South African Post Office Limited	(1 004 301)	(1 099 701)	(95 400)
South African Airways (Pty) Ltd	(5 404 645)	(5 152 202)	252 442
South African Express (Pty) Ltd	(162 143)	(590 763)	(428 620)
South African Forestry Company Limited	(80 167)	(117 635)	(37 468)
South African Nuclear Energy Corporation Limited	(106 988)	(147 421)	(40 433)
Trans-Caledon Tunnel Authority	2 086 759	(4 906 546)	(6 993 305)
	(8 451 919)	(35 634 174)	(27 182 255)

Name of Entity Schedule 3A	2017/18	2018/19	Movement in
	R'000	R'000	loss R'000
Accounting Standards Board	279	(27)	(305)
Agricultural Research Council	(38 066)	(22 063)	16 003
African Renaissance International Cooperation	143 984	(57 376)	(201 360)
Brand SA	(9 032)	(19 143)	(10 111)
Chemical Industries Education and Training Authority	(4 837)	(4 046)	791
Compensation Fund, including Reserve Fund	4 870 353	(6 539 611)	(11 409 964)
Companies Tribunal	(3 263)	(1 290)	1 973
Council for Geoscience	(21 910)	(1 086)	(20 824)
Council on Higher Education	11 202	(1 657)	(12 860)
Ditsong: Museums of Africa	(4 697)	(10 532)	(5 835)
Freedom Park Trust	(15 836)	(16 844)	(1 008)
Independent Regulatory Board for Auditors	(1 218)	(11 987)	(10 769)
Isimangaliso Wetland Park	58 680	(1 777)	(60 457)
Mine Health and Safety Council	(11 764)	(22 645)	(10 881)
Marine Living Resources Fund	18 711	(47 679)	(66 390)
National Arts Council of South Africa	(4 439)	(2987)	1 453
National Consumer Tribunal	(8 988)	(6 630)	2 357
National Electronic Media Institute of South Africa	(4 790)	(2 471)	2 319
National Empowerment Fund	(58 091)	(461 331)	(403 240)
National Nuclear Regulator	14 785	(12 946)	(27 731)
National Heritage Council of South Africa	4 291	(3 799)	(8 090)
National Economic Development and Labour Council	3 961	(5 434)	(9 395)
National Regulator for Compulsory Specifications	134 283	(125 517)	(259 799)
Road Accident Fund	(26 351 189)	(55 779 875)	(29 428 686)
Road Traffic Infringement Agency	(30 308)	(20 403)	9 904

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2019

Name of Entity	2017/18	2018/19	Movement in
	R'000	R'000	loss R'000
Schedule 3A			
Universal Service and Access Agency of South Africa	(84 238)	(23 166)	(61 072)
South African State Theatre	(3 014)	(1 144)	1 870
National Student Financial Aid Scheme	3 060 542	(1 944 764)	(5 005 306)
Housing Development Agency	21 421	(12 693)	(34 114)
Human Sciences Research Council	(819)	(551)	267
Council for the Built Environment	831	(493)	(1 323)
Council for Medical Schemes	(8 918)	(10 847)	(1 929)
Construction Education and Training Authority	236 761	(67 340)	(304 102)
Energy and Water Sector Education and Training Authority	(34 842)	(98 303)	(63 461)
Medical Research Council of South Africa	(46 480)	(3 186)	(43 294)
Municipal Infrastructure Support Agency	83 182	(72 793)	(155 975)
National Development Agency	(4 117)	(5 123)	(1 006)
Performing Arts Council of the Free State	(602)	(5 363)	(4 761)
Services Sector Education and Training Authority	(825 379)	(711 435)	113 944
South African Revenue Services	(113 076)	(157 706)	(44 630)
South African Tourism	(19 790)	(41 007)	(21 217)
South African Weather Service	17 464	(68 956)	(92 335)
Supported Employment Enterprises	9 087	(18 381)	(27 469)
State Information Technology Agency	226 878	(101 508)	(328 386)
uMalusi Council for Quality Assurance in General and Further Education and Training	(3 505)	(14 039)	(10 534)
Office of Health Standards Compliance	24 474	(5 925)	(30 400)
Unemployment Insurance Fund	12 727 245	(1 588 047)	(14 315 292)
Universal Service and Access Fund	(158 691)	(199 427)	(40 736)
War Museum of the Boer Republics	(401)	(4 096)	(3 695)
	(6 203 883)	(68 335 449)	(62 131 566)

Name of Entity	2017/18	2018/19	Movement in
	R'000	R'000	loss R'000
Schedule 3B			
Passenger Rail Agency of South Africa	1 441 711	(1 685 100)	(3 126 811)
Sasria Limited	1 025 207	(1 383)	(1 026 590)
State Diamond Trader	7 843	(3 058)	(10 901)
South African Bureau of Standards	(70 708)	(4 375)	66 333
	2 404 054	(1 693 917)	(4 097 971)

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2019

Name of Entity	2017/18	2018/19	Movement in
	R'000	R'000	loss R'000
Unlisted Entities			
Deeds Registration Trading Account	(14 895)	(15 940)	(30 835)
Academy of Science of South Africa	174	(1 915)	(2 089)
Government Technical Advisory Centre (GTAC)	30 088	(7 072)	(37 160)
	45 157	(24 926)	(70 084)
Totals	(12 209 819)	(105 720 354)	(93 510 535)

Loss/deficit making public entities accounts for 33% (23% in 2017/18) of entities consolidated while profit/surplus making entities accounts for 67% of the consolidated entities. Road Accident Fund (RAF) had the highest loss with R56 billion in the current year and R26 billion in 2017/18 financial year. Eskom has also increased their deficit significantly from R2 billion in 2017/18 to R21 billion in 2018/19. There are two entities (Compensation Fund, including Reserve Fund and National Student Financial Aid Scheme) which were making profits in the prior year and made significant deficit in the current year.

Compensation Fund, including Reserve Fund have went from a surplus of R4.8 billion (2017/18) to a deficit of R6.5 billion in 2018/19. This was mainly attributable to a significant increase in loss on fair value adjustments (other financial liabilities and other fair value adjustments) by 216% in 2018/19 (R-9.3 billion 2018/19 from R8 billion in 2017/18).

National Student Financial Aid Scheme has increased its operating deficit from R-7.8 billion in 2017/18 to R-25.7 billion in 2018/19. This increase which significantly affected the operating deficit which is mainly attributable to bursaries granted by NSFAS in the current year which increased from R7.4 billion in 2017/18 to R25.3 billion in 2018/19. The bursaries increased by R17.9 billion in 2018/19.

Financial position

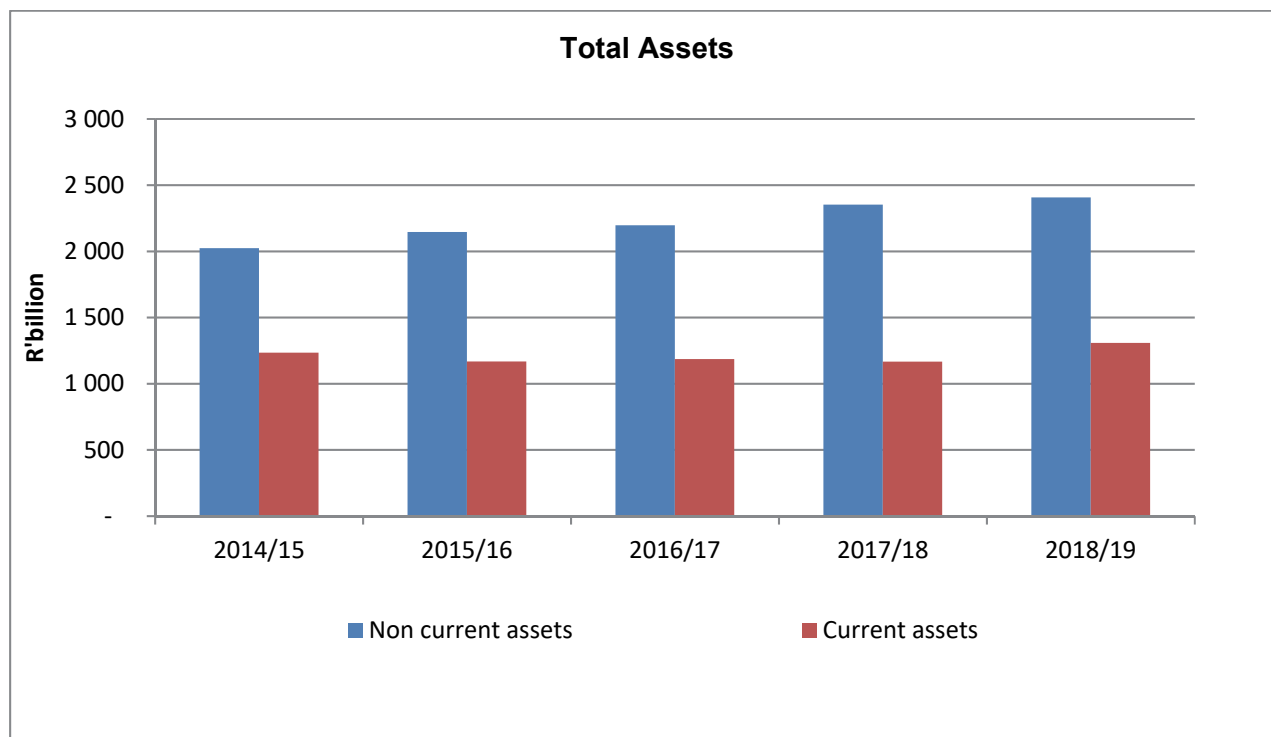
Total assets

Assets	2018/19	2017/18
R' million	R' million	R' million
Non-current assets	2 406 242	2 352 315
Current assets	1 307 537	1 166 054
Total Assets	3 713 779	3 518 369

Total assets increased by R195 billion to R3.713 trillion (2017/18: R3.468 trillion) in the current year. This significant increase is attributable to increases across all asset balances.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2019



Non-current assets constitute 65% (R 2.406 trillion) of total assets in the current financial year. The significant contributors of non-current assets are Eskom (R677 billion), SANRAL (R403 billion) and Transnet (R354 billion). The three entities combined contribute 60% of the total non-current assets. In addition, SARB (R851 billion), Eskom (R79 billion) and UIF (R66 billion) significantly contributed towards current assets. The three entities combined contribute 76% of the total current asset.

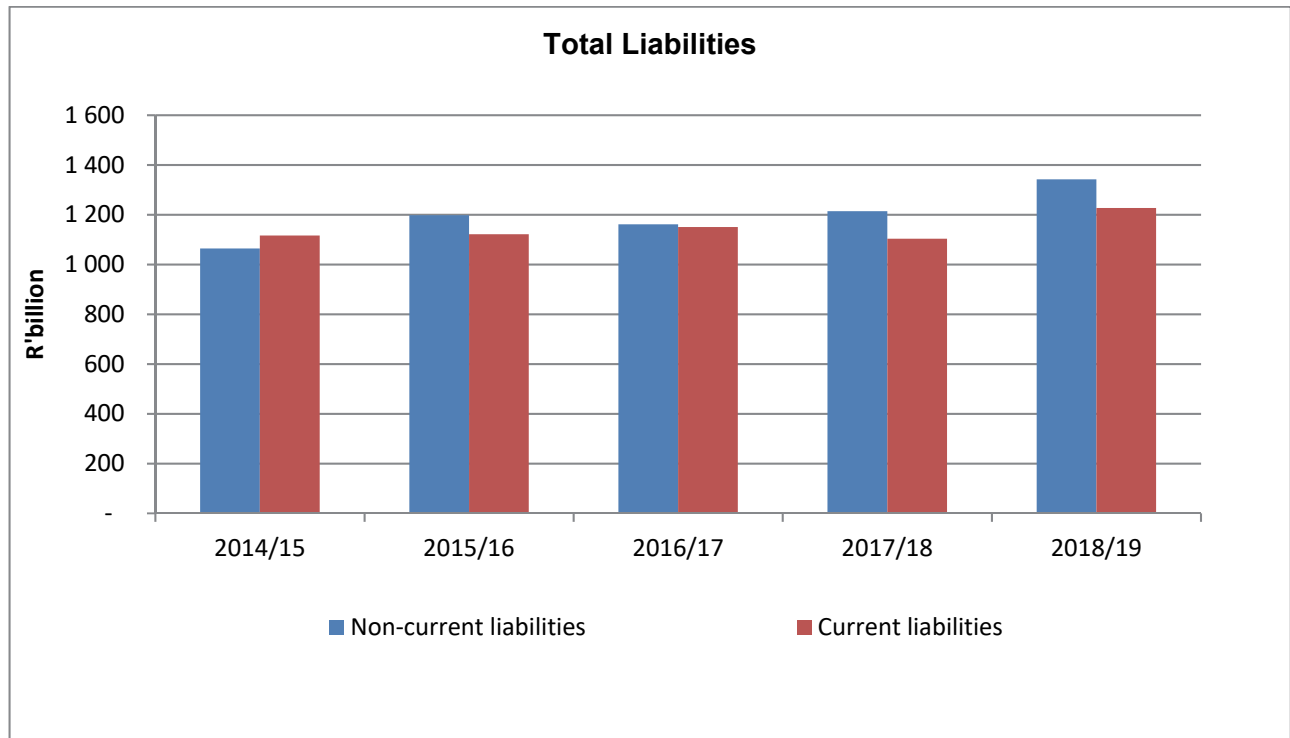
Total liabilities

Liabilities R'million	2018/19 R' million	2017/18 R' million
Non-current liabilities	1 342 059	1 213 991
Current liabilities	1 226 839	1 103 451
Total liabilities	2 568 899	2 317 442

Total liabilities increased by R251 billion to R2.569 trillion (2017/18: 2.317 trillion) in the current year. This is attributable to a 11% increase in non-current liabilities and 11% increase in current liabilities. Non-current liabilities constitute 52% (2017/18: 52%) of total liabilities in the current year. SARB and Eskom combined contributed a significant 57% (R 1.5 trillion) to total liabilities.

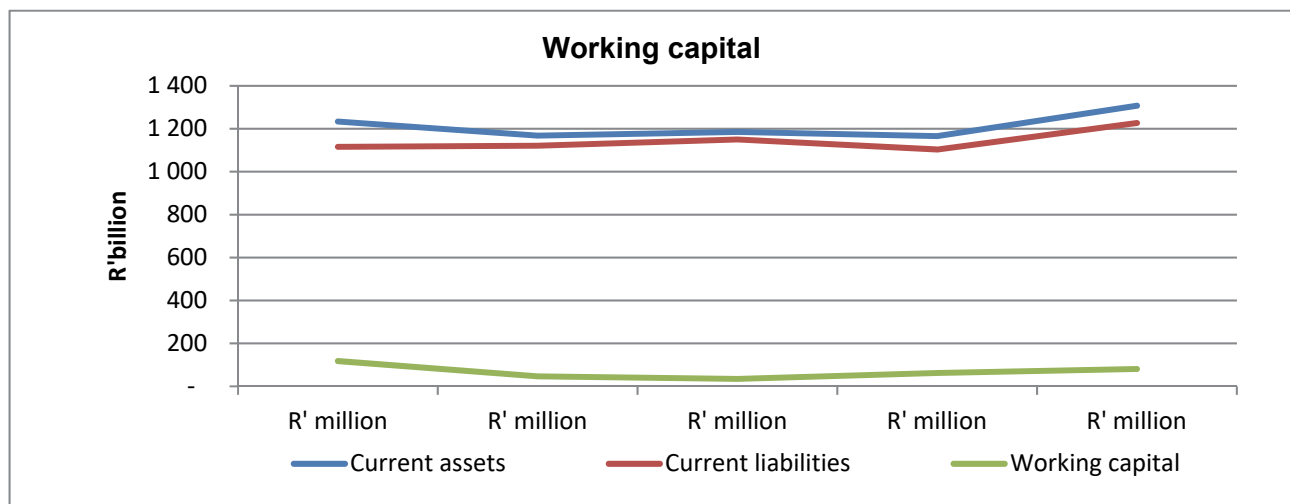
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2019



Working Capital

Working Capital	2014/15	2015/16	2016/17	2017/18	2018/19
R' million	R' million	R' million	R' million	R' million	R' million
Current assets	1 233 933	1 168 379	1 185 380	1 166 054	1 307 537
Current liabilities	1 115 970	1 121 525	1 150 565	1 103 451	1 226 839
Working capital	117 963	46 854	34 816	62 602	80 698



The working capital graph indicates a 29% increase in liquidity for the 2018/19 financial year. This is due the current assets of entities exceeding the current liabilities by R75 billion, therefore the entities appear to be slightly liquid i.e. the entities are able to meet their current obligations as they become due and payable by a small percentage.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2019

Eskom

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

Eskom Summary	Actual	Actual	Actual	Actual	Actual
R' million	2014/15	2015/16	2016/17	2017/18	2018/19
Revenue	154 944	169 947	183 725	181 677	184 774
Expenditure	150 842	160 654	180 295	182 350	210 347
Surplus/(deficit) from operations	4 102	9 293	3 430	-673	-25 572

In 2018/19 Eskom generated a total revenue of R185 billion which represents 26% of national public entities revenues. Revenue from sale of goods & rendering of services marginally increased by less than 2%. The realised insignificant increase is mainly due to the revised/lowered electricity price increase. Interest from external investments decreased by 1% to R2.3 billion (2017/18: R2.4 billion) and the decrease is mainly attributable to a slight decrease in the acquisition of investments.

Electricity sales volumes continued to stagnate in the current year. Sales of 208 319GWh for the year were 1.82% lower than last year sales of 212 190GWh. The majority of financial ratios performed worse than target and deteriorated in comparison to the prior financial years. Financial results remain well below levels acceptable to investors and credit rating agencies.

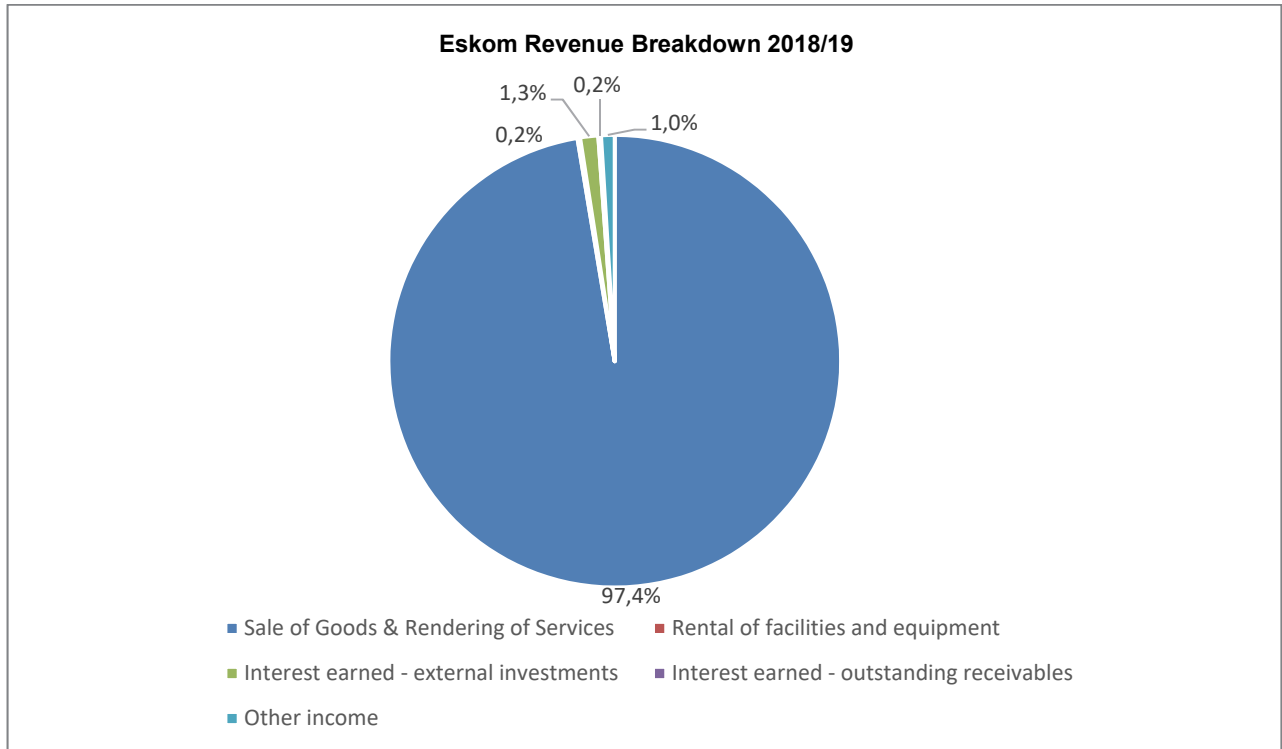
The price of 90.01c/kWh sold reflects a year-on-year increase of 5.8%; this is slightly higher than the NERSA determination of 5.23% due to differences between volume and capacity charges as well as differences in time-of-use tariffs, as consumption patterns varied from expectations.

Expenditure increased by 15% to R210 billion (2017/18: R182 billion) in the current year. The increase is mainly attributable to an increase in the following costs, 28% increase in depreciation & amortisation costs, 16% increase in general expenses and 16% in finance costs.

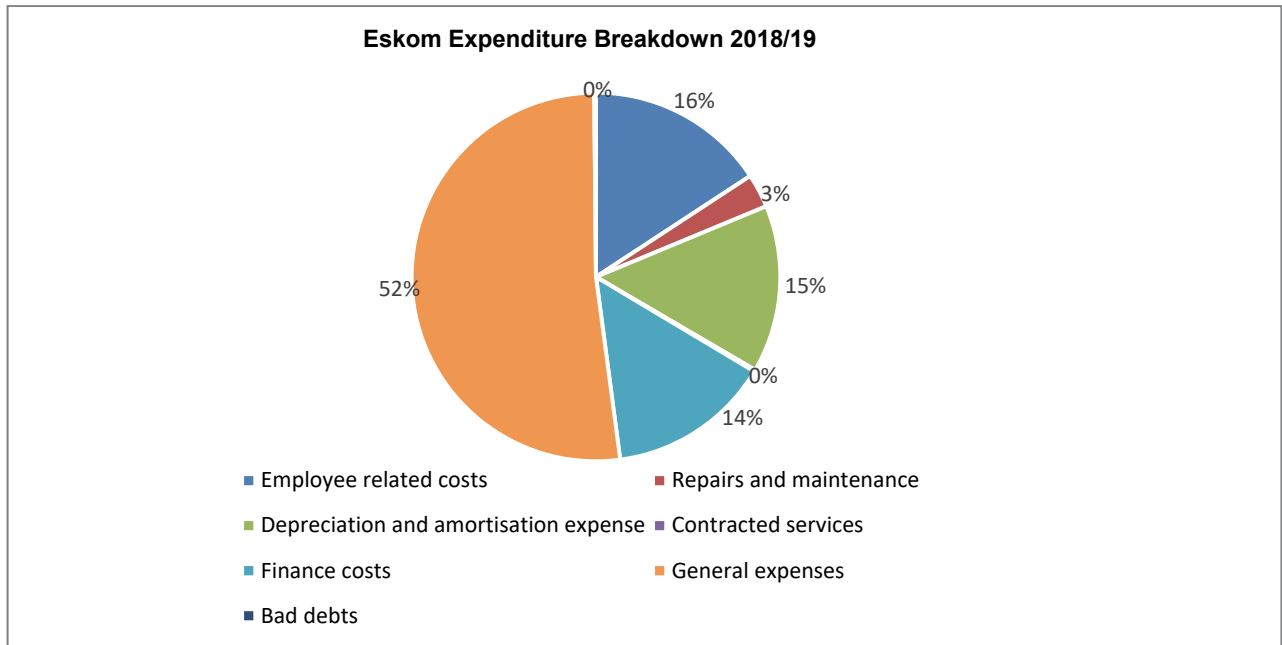
Eskom recognized the operating deficit of R25.5 billion (3699% decline) from operating deficit of R673 million as a result of a less than 2% revenue increase and 15% total expenditure increased. The higher increase in expenses is attributable to higher depreciation & amortisation costs, general expenses and net finance costs which increased by 28%, 16% and 16% respectively.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2019



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

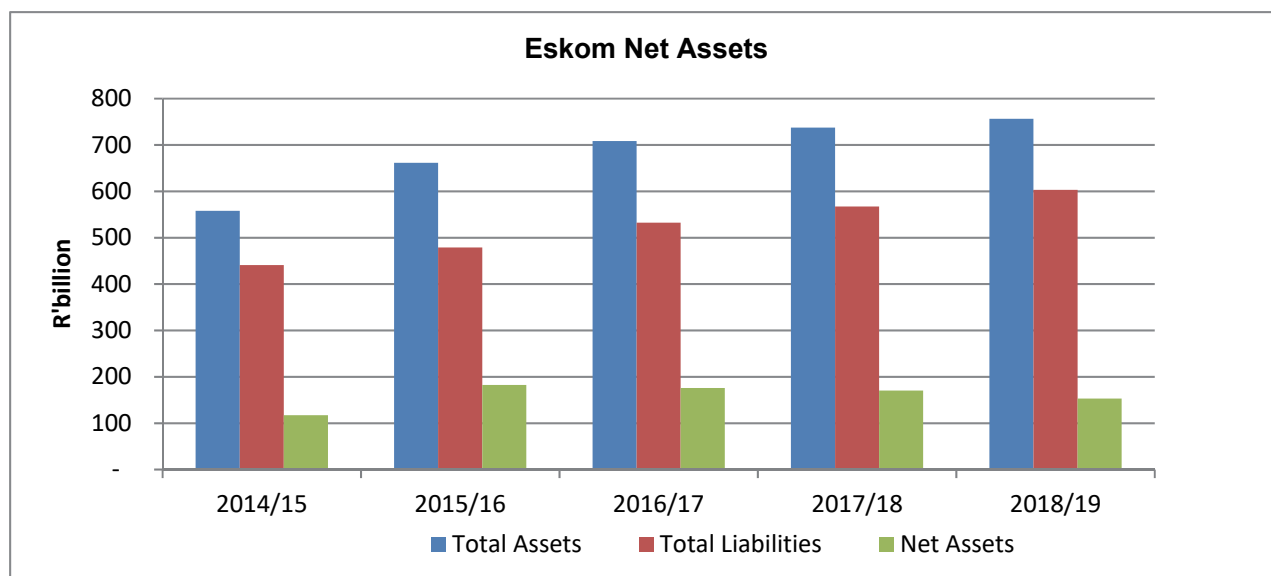


General expenses is the biggest contributor of expenditure, contributing 52% of the total expenditure. Included in general expenses is the expenditure on primary energy costs, which represent Eskom's cost of sales and contributed 90% of general expenditure. Other costs included in total expenditure are as follows, employee costs, which contributed 16%, while depreciation costs accounted for 15% and finance costs 14%.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2019

Eskom Assets vs. Liabilities R' million	Actual 2014/15	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19
Total Assets	557 943	661 363	708 328	737 431	756 336
Total Liabilities	440 778	479 012	532 385	567 095	603 242
Net Assets	117 165	182 351	175 943	170 336	153 094

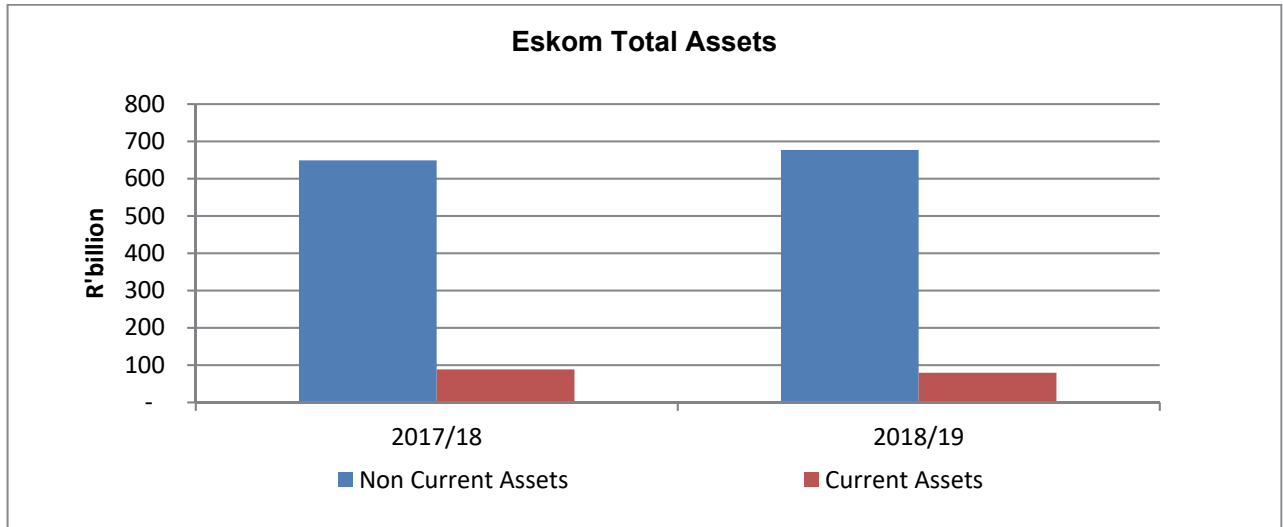


The trend over the last five years since 2014/15 has seen a steady increase in total liabilities with 2018/19 total liabilities increasing by 6%. The trend for total assets has also been steadily increasing in the past five years with an increase of 3% in 2018/19. The net assets decrease in 2018/19 is as a result of total liabilities' increase margin higher than the total assets' increase margin that is 6% and 3% respectively.

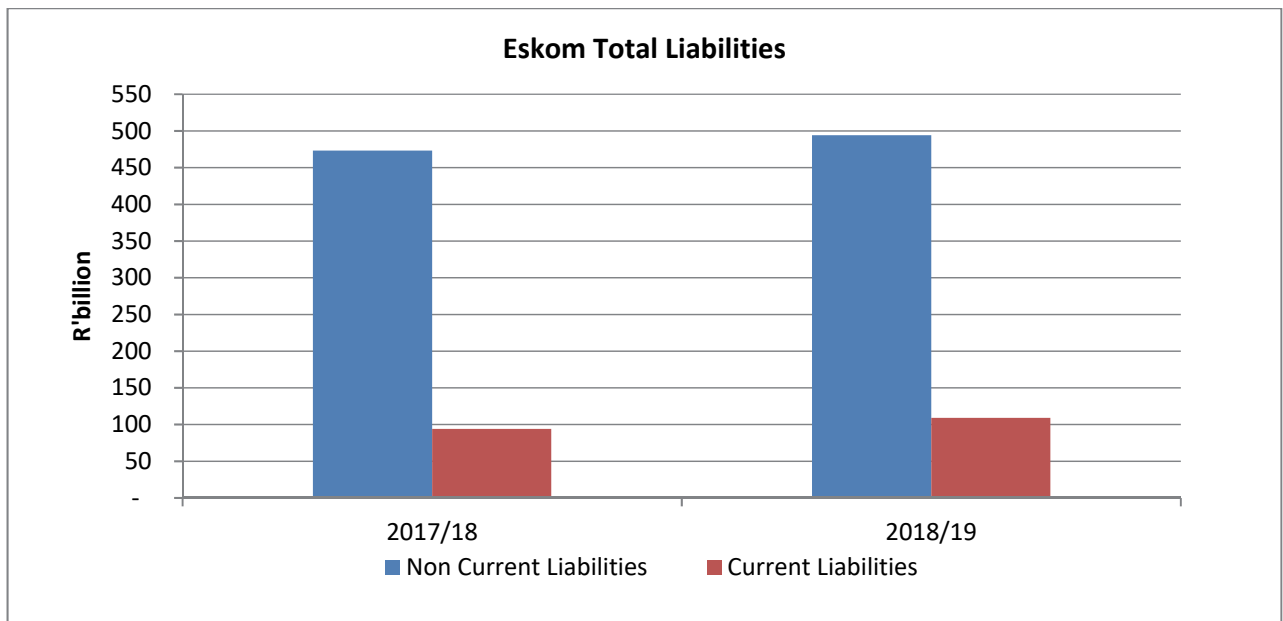
Eskom contributes 21% of the total assets of national public entities assets in 2018/19, same results as 2017/18. Total assets of Eskom increased by 3% to R 756 billion (2017/18: R737 billion) in the current year, with non current assets increasing by only 4%.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2019



Eskom's total liabilities contributed 24% of the total liabilities of national public entities assets. The 2018/19 total liabilities of Eskom increased by 6.37% to R603 billion (2017/18: R567 billion). The increase is mainly attributable to the long term borrowings which increased by R39 billion and short term borrowings which increased by R13 billion.



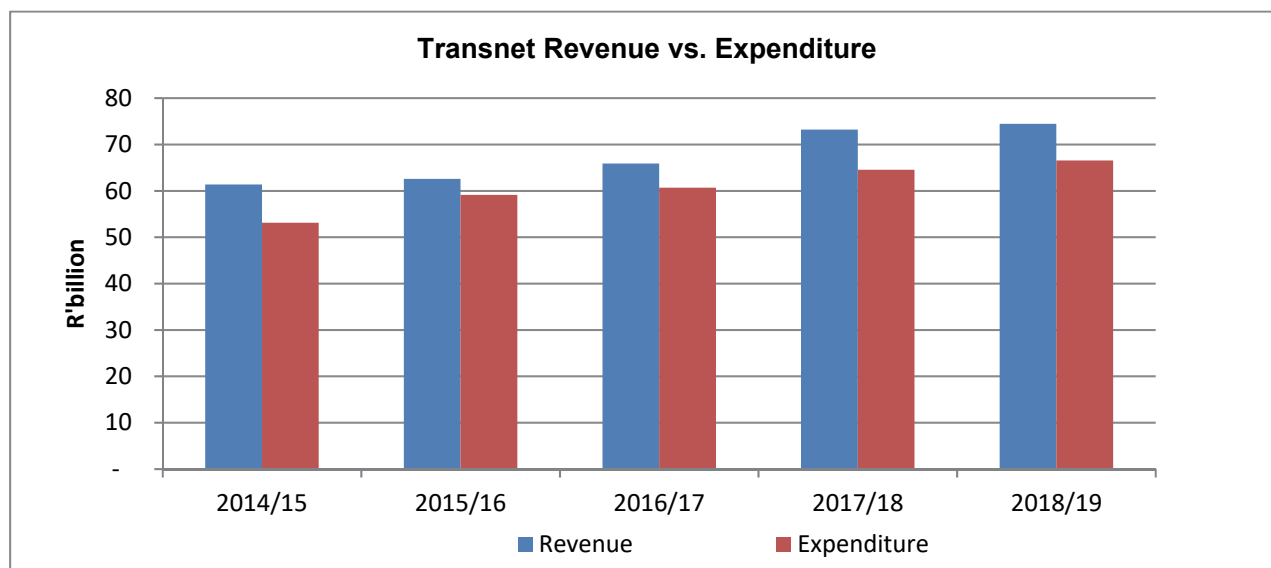
Transnet

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

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2019

Transnet Summary	Actual	Actual	Actual	Actual	Actual
R' million	2013/14	2014/15	2015/16	2017/18	2018/19
Revenue	61 374	62 575	65 887	73 189	74 457
Expenditure	53 123	59 116	60 679	64 527	66 535
Surplus/(Deficit) from Operations	8 251	3 459	5 208	8 661	7 922

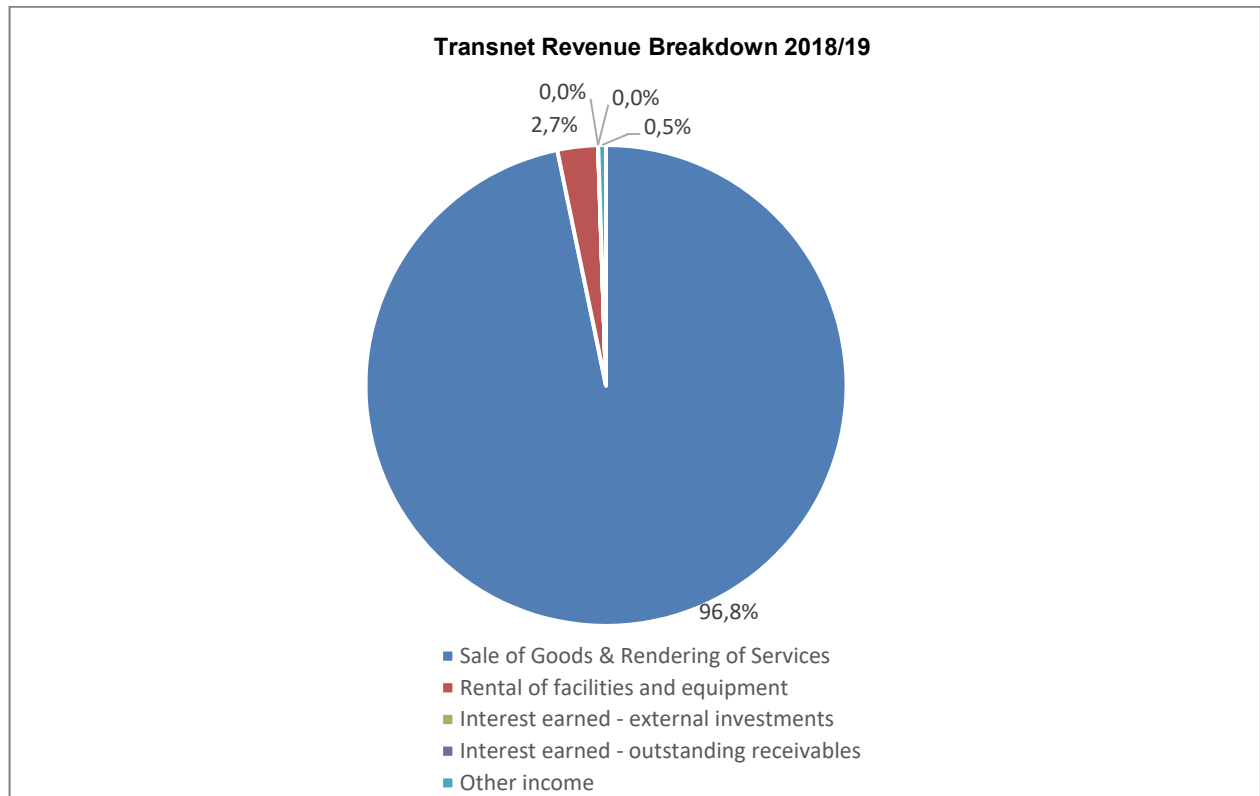


Transnet generated total revenue of R74 billion, which represents 11% of national public entities revenues. Total revenue increased by 1.73%, the entity's major revenue comes from sale of goods & rendering of services contributing 97% of the total revenue of Transnet which increased by 1.6% in the current year. Other income has shown an increase of 28% during the 2018/19 year end, but due to its small percentage to total revenue this increase did not make a noticeable difference to total revenue growth.

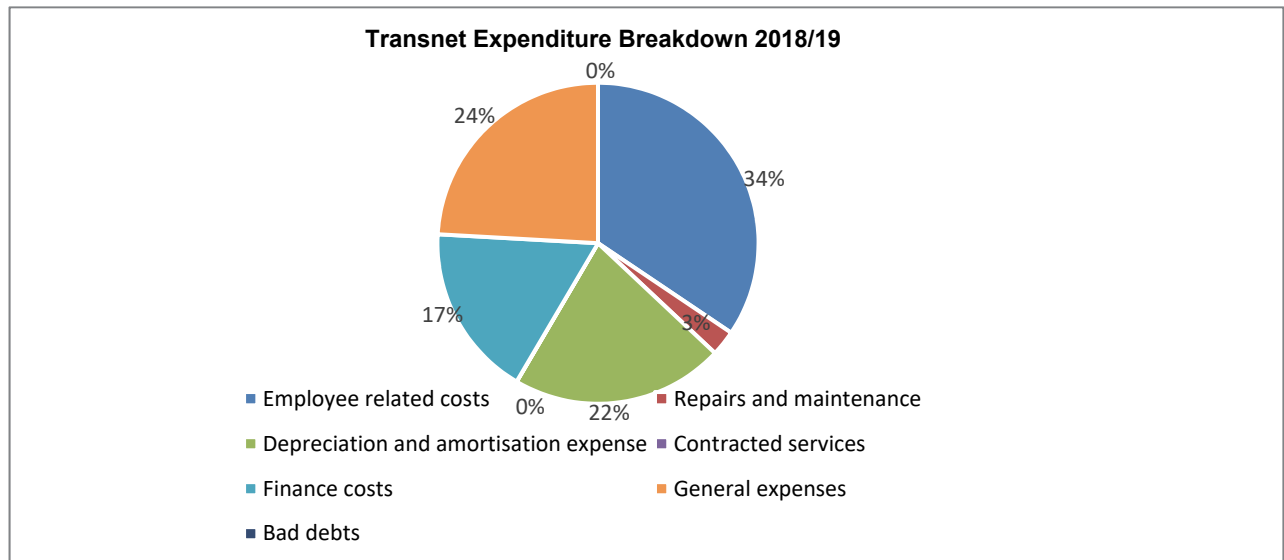
Expenditure increased by 3% in the current year to R67 billion (2017/18: R65 billion). Finance costs increased by 14% to R12 billion (2017/18: R10 billion) however this increase was reduced by a 3% decrease in employee related costs which is significant in rand value and also a 15% decrease in bad debts. Overall, the operating surplus decreased by 9% to R7.9 billion (2017/18: R8.7 billion) during the current year.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2019



Sale of goods & rendering of services was the biggest contributor of revenue, contributing 97% of the total revenue. Rental of facilities and other income combined makes up the remaining 3%.

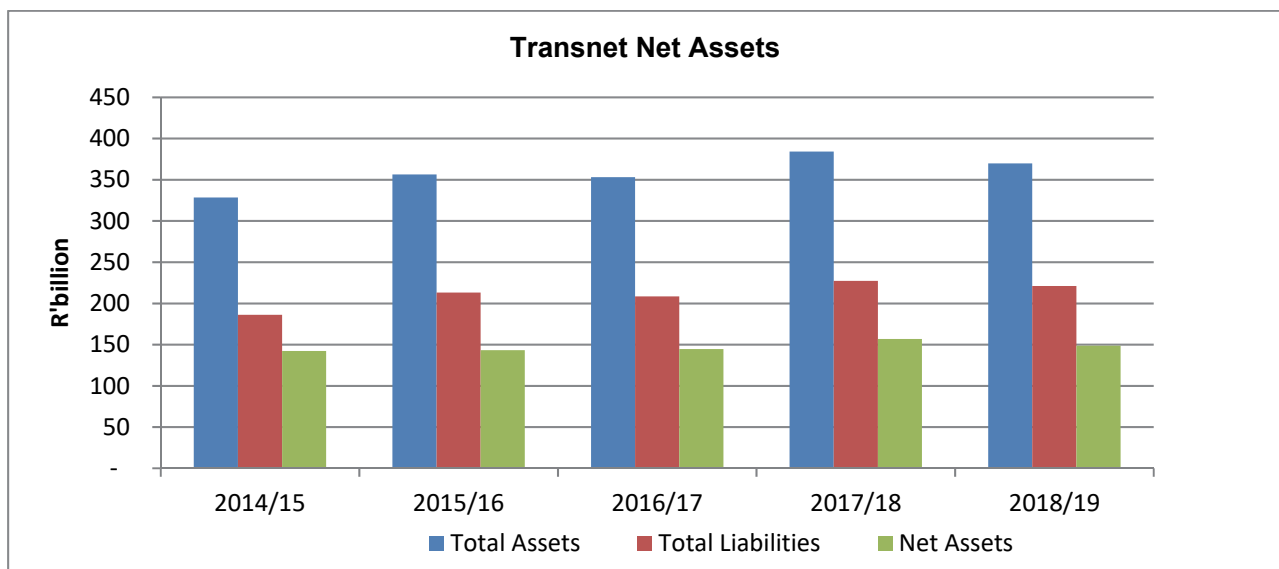


Employee related costs is the biggest contributor of expenditure, contributing 34% of the total expenditure, followed by general expenses contributing 24%, while depreciation costs contributed 22% and finance costs 17%.

REVIEW OF OPERATING RESULTS

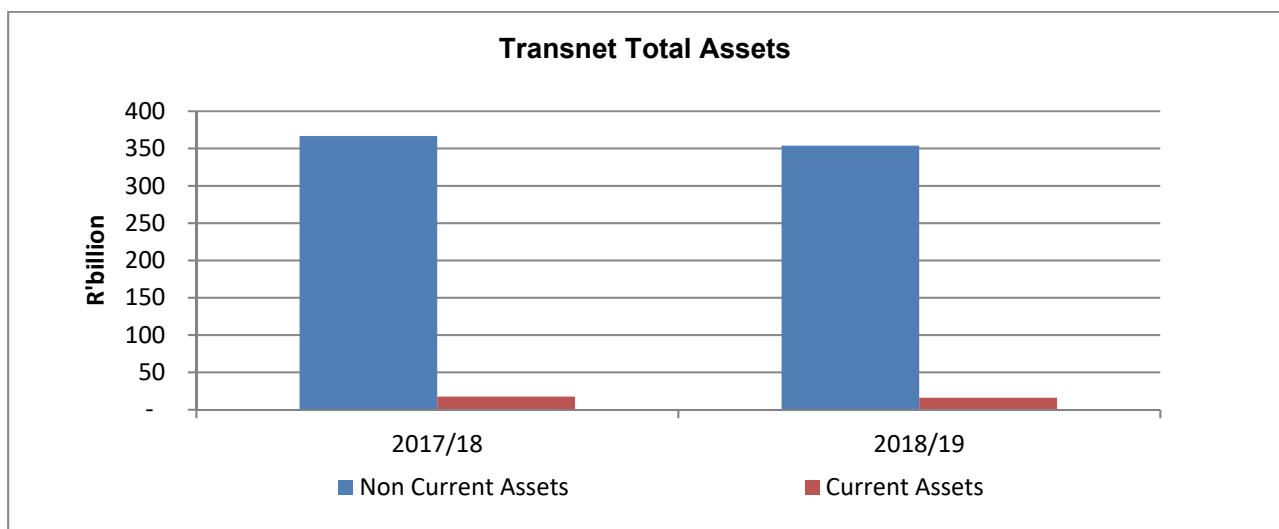
For the year ended 31 March 2019

Transnet Asset vs. Liabilities R 'million	Actual 2013/14	Actual 2014/15	Actual 2015/16	Actual 2017/18	Actual 2018/19
Total Assets	328 439	356 393	353 139	384 150	369 766
Total Liabilities	186 110	213 103	208 494	227 275	221 134
Net Assets	142 329	143 290	144 645	156 875	148 632



The trend has been fluctuating within the last five year under review between a decrease and an increase in general.

Transnet contributes 10% of the total assets of national public entities assets. Total assets decreased by 4% to R370 billion (2017/18: R384 billion) in the current year, with current assets decreasing by 8% and non current assets decreasing by 4% .The decrease in current assets was mainly due to other current financial assets which decreased by 63% and inventories with a decrease of 26%, these are insignificant to the total assets hence the total decrease is only 4%.

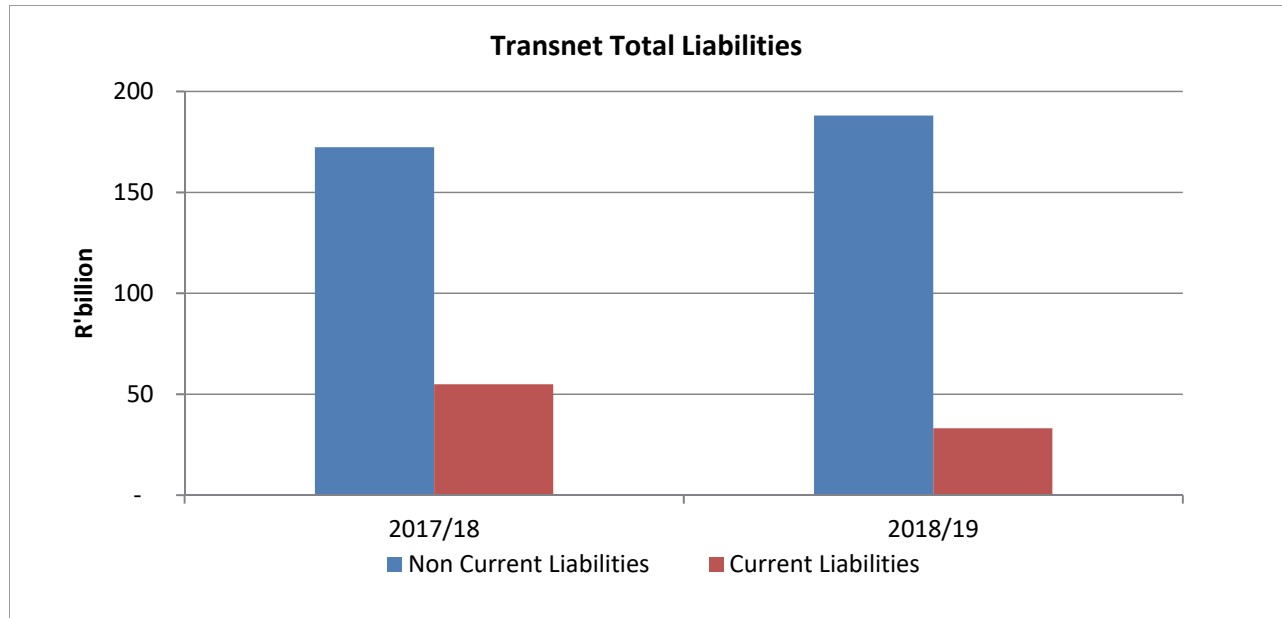


Transnet total liabilities contributed 9% of the total liabilities of national public entities assets. In 2018/19 total liabilities of Transnet decreased by 3% to R221 billion (2017/18: R227 billion). The decrease is mainly

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2019

attributable to current portion of long-term borrowings which decreased by 58% to R12 billion (2017/18: R29 billion) and current portion of unspent conditional grants and receipts decreased by 100% to R0 (2017/18: R4 billion). Even though there is a significant decrease in the the above line items of current liabilities there was also a significant increase in the long term borrowings and Finance lease liability which made the total increase to be 3%.



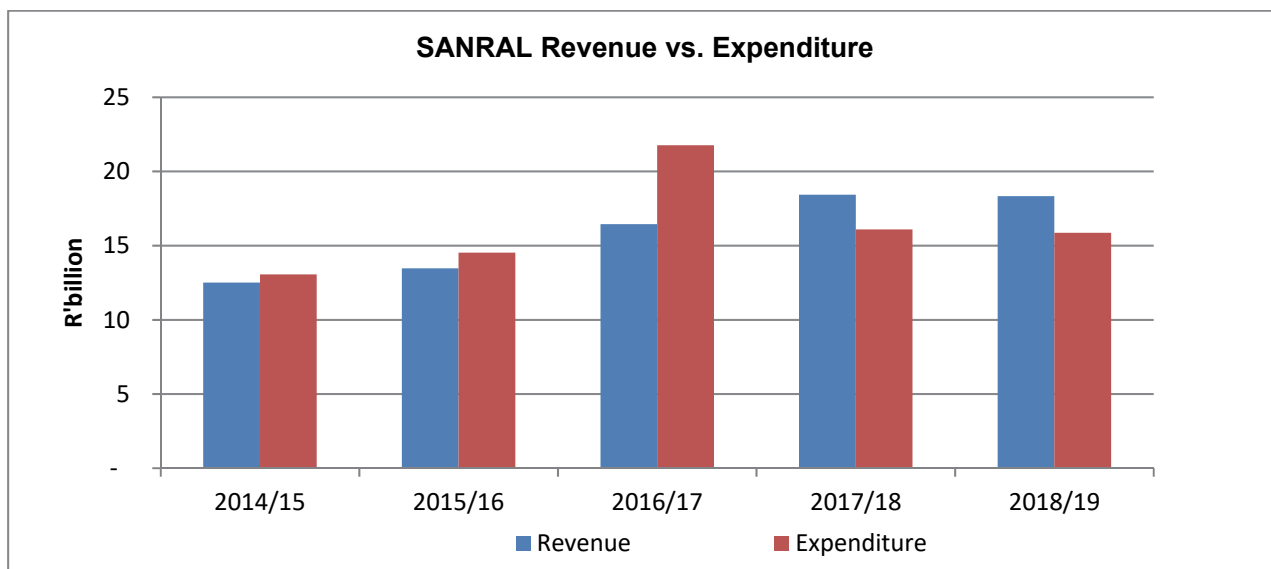
The South African National Roads Agency Soc Limited (SANRAL)

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

SANRAL Summary R' million	Actual 2013/14	Actual 2014/15	Actual 2015/16	Actual 2017/18	Actual 2018/19
Revenue	12 513	13 471	16 450	18 434	18 335
Expenditure	13 061	14 525	21 766	16 084	15 861
Surplus/(Deficit) from Operations	-548	-1 054	-5 316	2 350	2 474

REVIEW OF OPERATING RESULTS

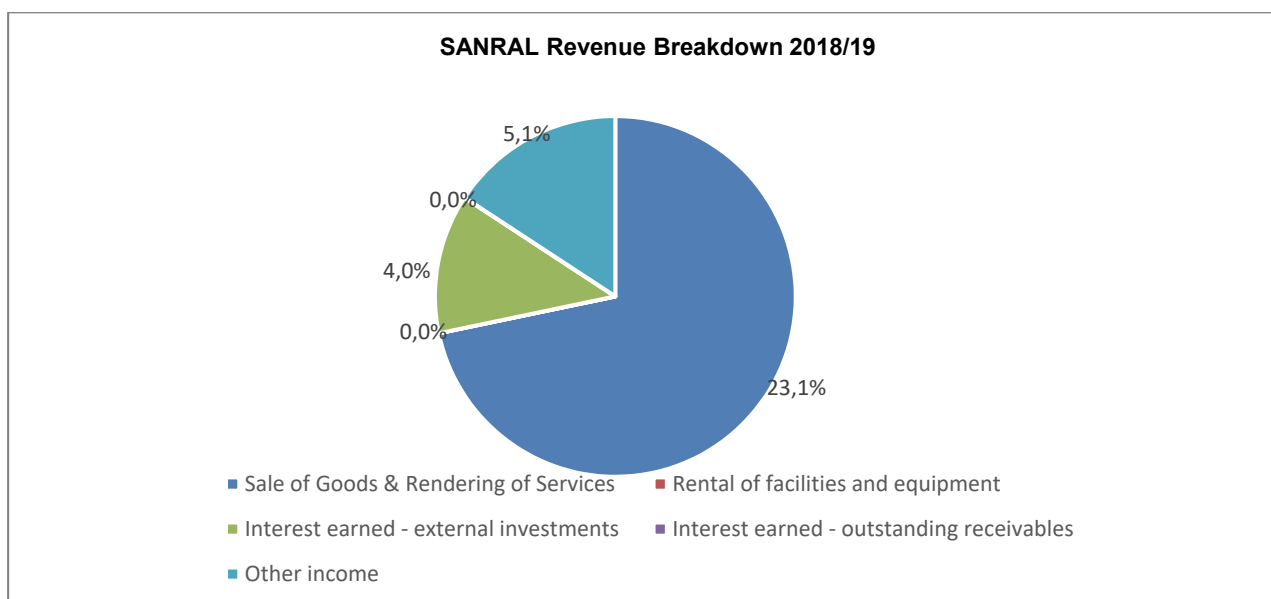
For the year ended 31 March 2019



A slight improvement in 2018/19 has been recorded with the entity reliasing a R2.5 billion operating surplus. The total revenue in 2018/19 was 16% higher than the total expenditure compared to 15% in 2017/18 hence the slight improvement in the operating surplus. It should be noted that even though there was an operating surplus SANRAL made a deficit of R1.4 billion in 2018/19 because of a significant increase of other losses mainly from losses on sale of assets and Impairment losses.

Revenue has been increasing gradually at an average of 10% in the past four financial years however, the current year decreased by 0.5% to R18.3 billion (2017/18: R18.4 billion) is mainly attributable to a 18% decrease in sale of goods and rendering of services and a 34% decrease in other income. The decrease remained low at 0.5% because of a 12% increase in Government grants and subsidies which is a significant revenue source for SANRAL.

Below is the revenue breakdown of SANRAL.

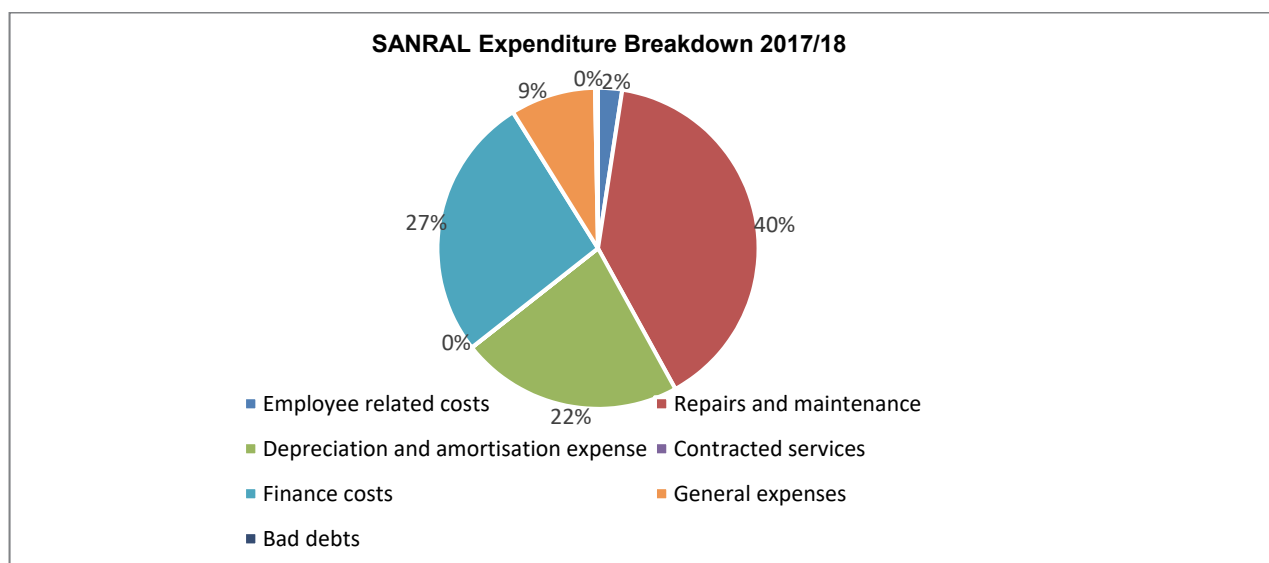


Expenditure also decreased by 1% to R15.8 billion (2017/18: R16 billion) in the current year. The decrease is highly attributable to a decrease of 10% in repairs and maintenance and there was also an increase in Finance

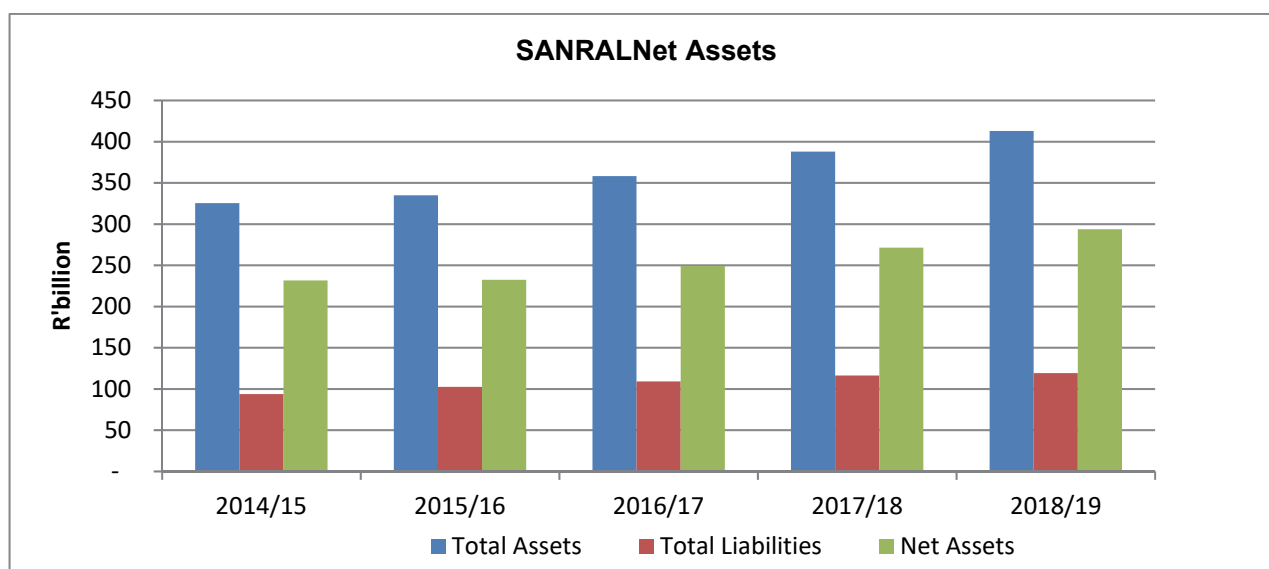
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2019

costs and General expenses (2% and 6% respectively), these have resulted in a total of 1% decrease. Below is the expenditure breakdown of SANRAL.



SANRAL Assets vs. Liabilities R 'million	Actual	Actual	Actual	Actual	Actual
	2013/14	2014/15	2015/16	2017/18	2018/19
Total Assets	325 368	334 856	358 168	387 861	412 910
Total Liabilities	93 711	102 476	109 064	116 348	119 110
Net Assets	231 657	232 380	249 103	271 513	293 800



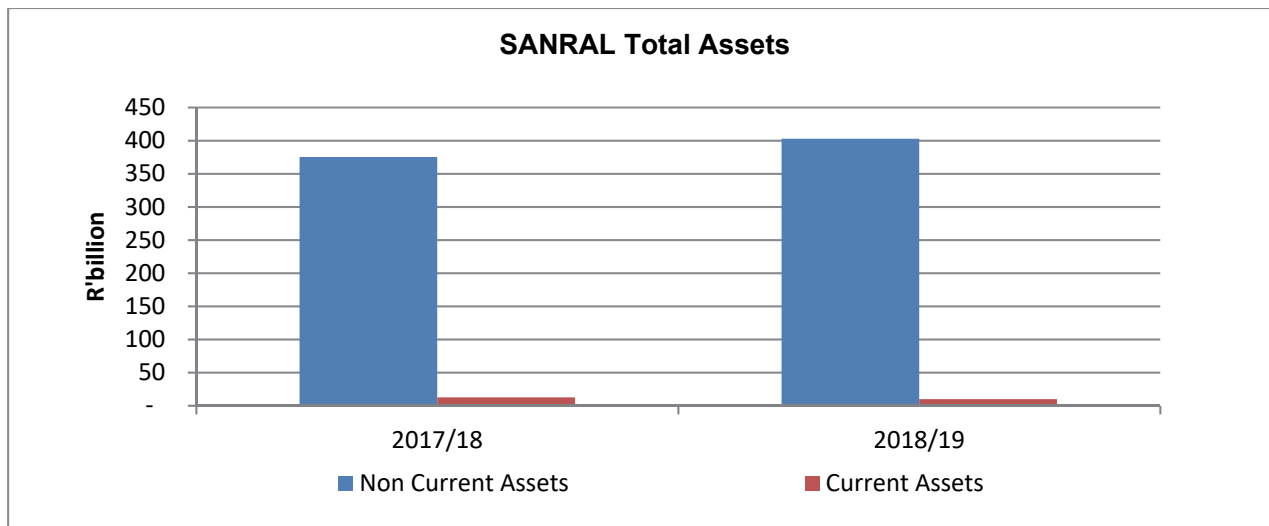
The net asset value of SANRAL has increased marginally by 8% (R22 billion) to R 272 billion (2017/18: R294 billion) in the current financial year. This is mainly attributable to a R24 billion increase in revaluation of property plant and equipment as a result of a revaluation of infrastructure assets during the current year. The management reviewed the valuations of the road network and structures as at 31 March 2019 as a result of changes in material unit rates.

REVIEW OF OPERATING RESULTS

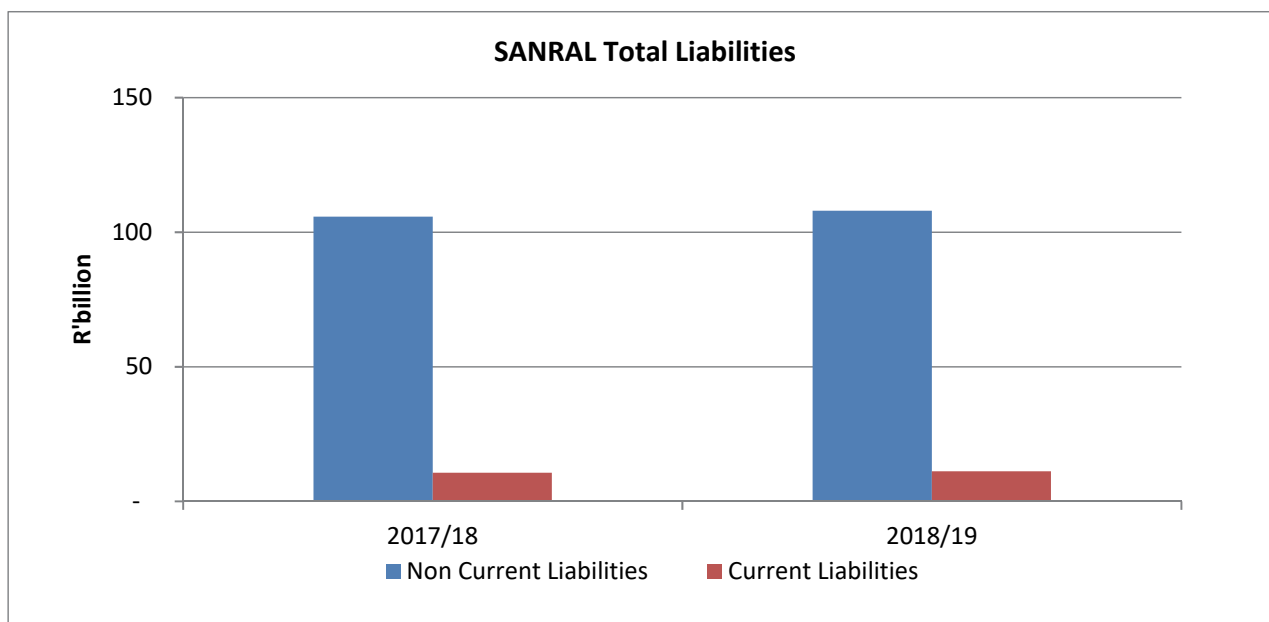
For the year ended 31 March 2019

Total assets increased by 7% to R413 billion (2017/18: R388 billion) in the current year. Non-current assets constitute 97.6% of the total assets of the entity, with property plant and equipment contributing 96% of the total assets of the entity.

The current assets slightly decreased by 20% to R10 million (2017/18: R13 million) in the current year.



Total liabilities increased by 2.37% to R119 billion (2017/18: R116 billion). This is as a result of a R5.6 billion increase in deferred income, R735 million increase in current portion of long term borrowings. The long term borrowings decreased by R3.4 billion in the current year.



Road Accident Fund

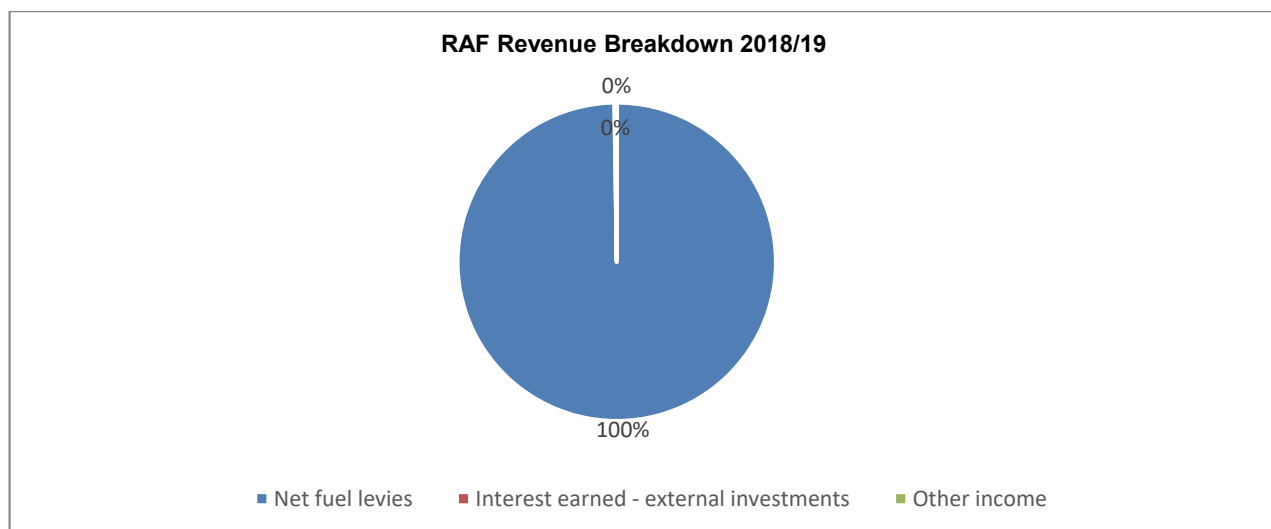
The Road Accident Fund (RAF) is a schedule 3(A) entity, wholly owned by government. RAF is responsible for providing compulsory social insurance cover to all users of the South African roads; to rehabilitate and compensate persons injured as a result of negligence driving of motor vehicles, in a timely and caring manner;

REVIEW OF OPERATING RESULTS

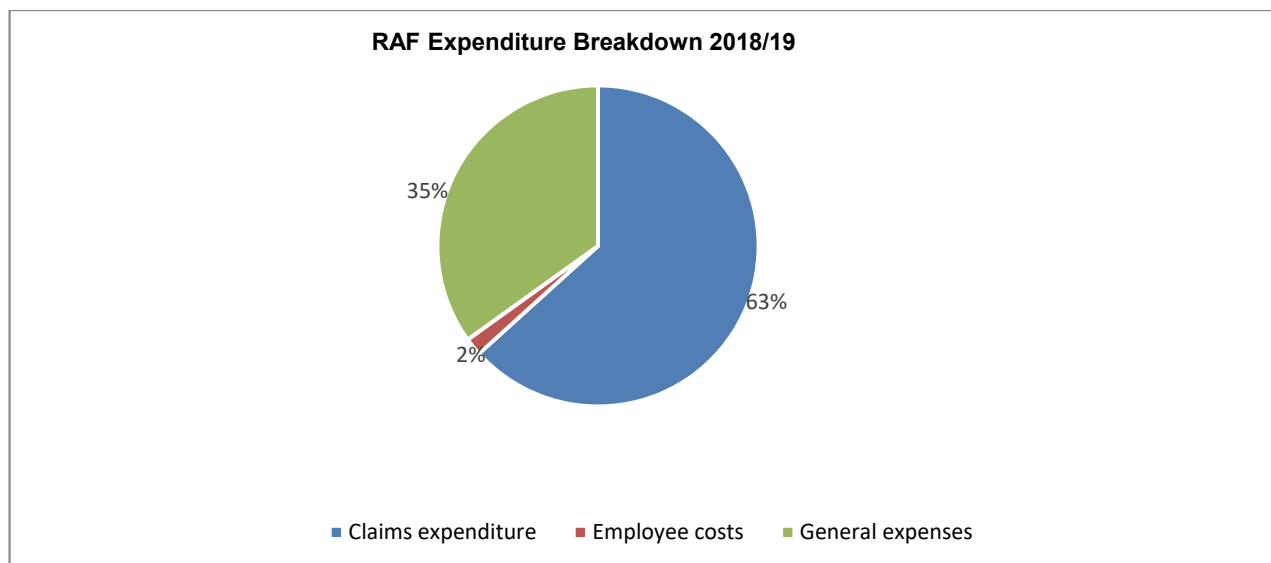
For the year ended 31 March 2019

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 2013/14	Actual 2014/15	Actual 2015/16	Actual 2017/18	Actual 2018/19
Revenue	22 680	33 204	33 341	37 340	43 239
Expenditure	42 131	68 164	68 083	63 691	99 019
Surplus/(Deficit) from Operations	(19 451)	(34 960)	(34 742)	(26 350)	-55 779



RAF derives its revenue from fuel levy. Net fuel levies account for almost 100% of total revenue, while interest earned from external investments and other income account for a very small portion of revenue. The RAF fuel levy increased by 30c/l (18.4% increase) to 193c/l (2017/18: 163c/l) in the 2018/19 financial year.



The RAF has been in a deficit position for the past five financial years, the deficit has been increasing every year from 2014/15 to 2018/19 financial years. The deficit has increased by R30 billion 115% from R26 billion in

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2019

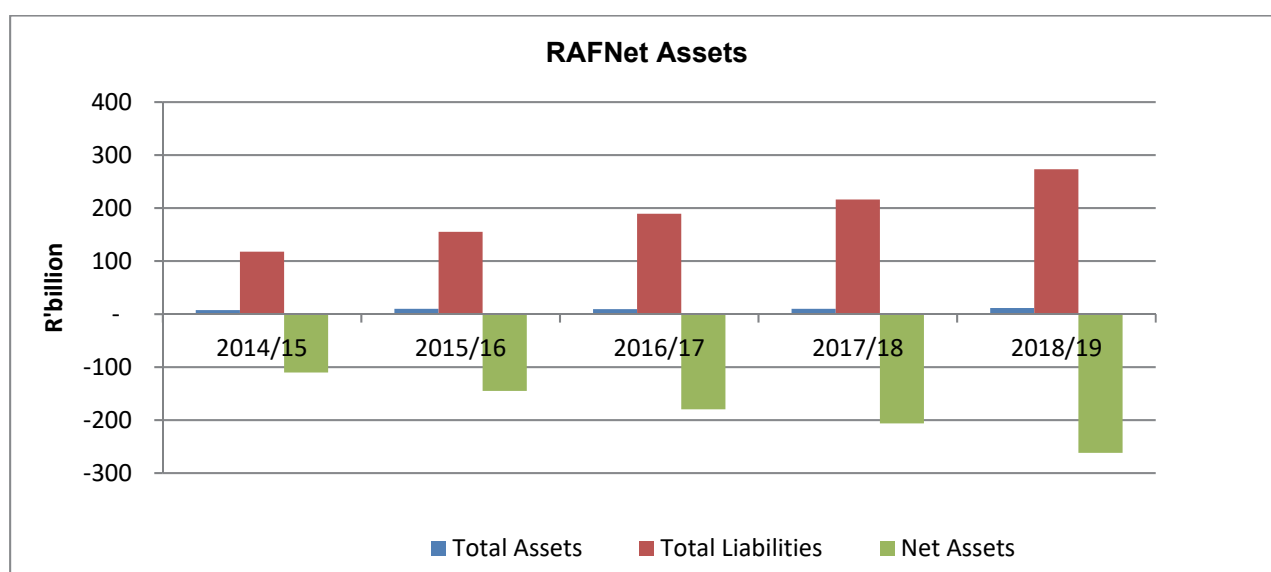
2017/18 to R56 billion in the current year. Claims expenditure increased by 21% to R41 billion (2017: R35 billion). Movement in provisions under general expenses increased by 104% to R54 billion (R27 billion).

Total revenue during the 2018/19 financial year increased to R43.24 billion from R37.34 billion in the previous financial year mainly due to 30 cents per litre (c/l) increase in the RAF Fuel Levy from the beginning of the financial year. Cash expenditure on claims amounted to 92% of the net RAF Fuel Levy, this is due to the high rate of claims settled, and payments strictly managed via the RAF's Cash management strategy. The total expenditure, increased by 55% to R99 billion in 2018/19 (from R64 billion in the previous year). The RAF registered 328 173 new claims and finalised 229 534 claims in 2018/19. Average RAF legal and other costs per claim increased by 16% from R32 613 to R37 974.

The net deficit recorded by RAF was largely due to an increase in the claims provision of R54 billion (2017/18: R26.8 billion)

The RAF remains severely under-capitalised with liabilities exceeding assets by R262 billion (2017/18: R206 billion).

RAF Assets vs Liabilities R' million	Actual 2014/15	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19
Total Assets	7 367	9 796	9 198	9 806	11 220
Total Liabilities	117 614	155 048	189 191	216 147	273 334
Net Assets	(110 247)	(145 252)	(179 993)	(206 341)	(262 115)

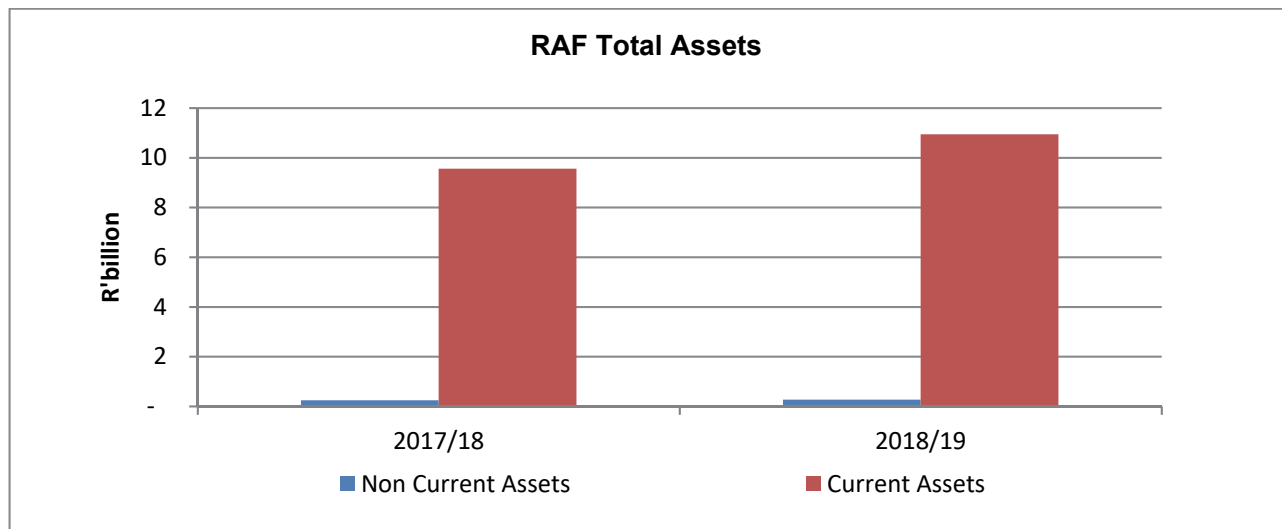


Net assets have deteriorated further in the current year by R56 billion. The decline in net assets is due to a R57 billion increase in total liabilities mainly as a result of an increase in claims liabilities of R54 billion.

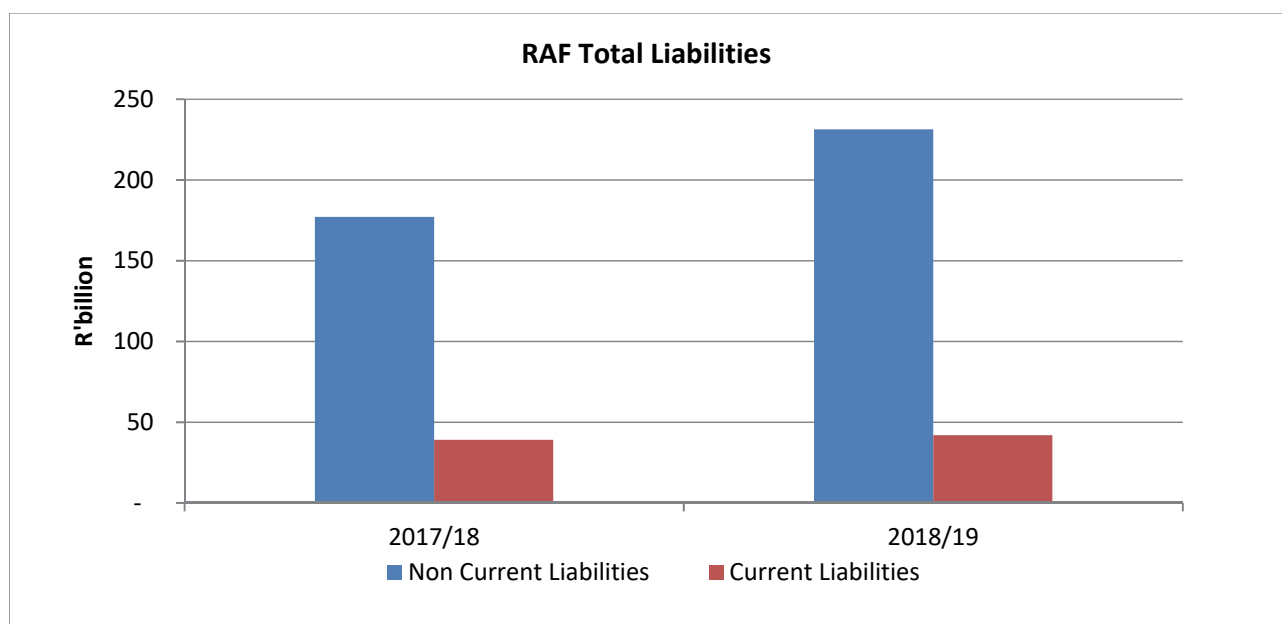
Total assets increased by 12.6% from R10 billion in 2018/19 to R11 billion in the current year. The increase is due to a 26% increase in receivables from non-exchange transactions, 7% increase in PPE as well as a 29% increase in intangible assets. The current assets for RAF constitute 98% of its total assets in the current year, same as the previous financial year. Cash and cash equivalents decreased by R659 million compared to 2017/18.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2019



Total liabilities increased by 26% from R216 billion in 2017/18 to R273 billion in the current year. The increase is mainly attributable to a 31% increase in non-current provisions and a 22% increase in other current financial liabilities. The RAF non-current liabilities constitute 85% of total liabilities in the current year, almost a 3% change from the previous year where it was at 82% in 2017/18 year.



South African Reserve Bank

The South African Reserve Bank is the central bank of the Republic of South Africa. The primary objective and independence are entrenched in the Constitution (Sections 224 and 225 of the Constitution), being to achieve and maintain price stability in the interest of balanced and sustainable economic growth in South Africa. Together with other institutions, it also plays a pivotal role in ensuring financial stability in the country. The bank was established by the SARB Act, read with section 223 of the Constitution of South Africa, Act 108 of 1996 (Constitution).

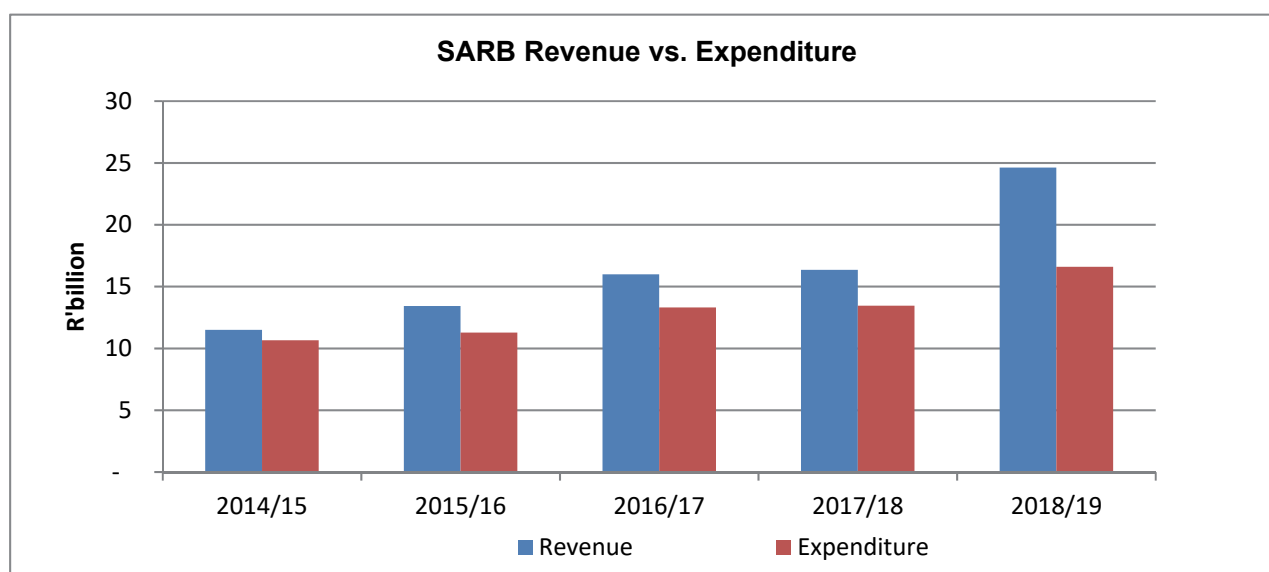
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2019

Some of the Functions of the bank are:

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

SARB Summary	Actual	Actual	Actual	Actual	Actual
R' million	2014/15	2015/16	2016/17	2017/18	2018/19
Revenue	11 502	13 432	15 983	16 348	24 629
Expenditure	10 657	11 272	13 314	13 457	16 604
Surplus/(Deficit) from Operations	845	2 160	2 669	2 891	8 025



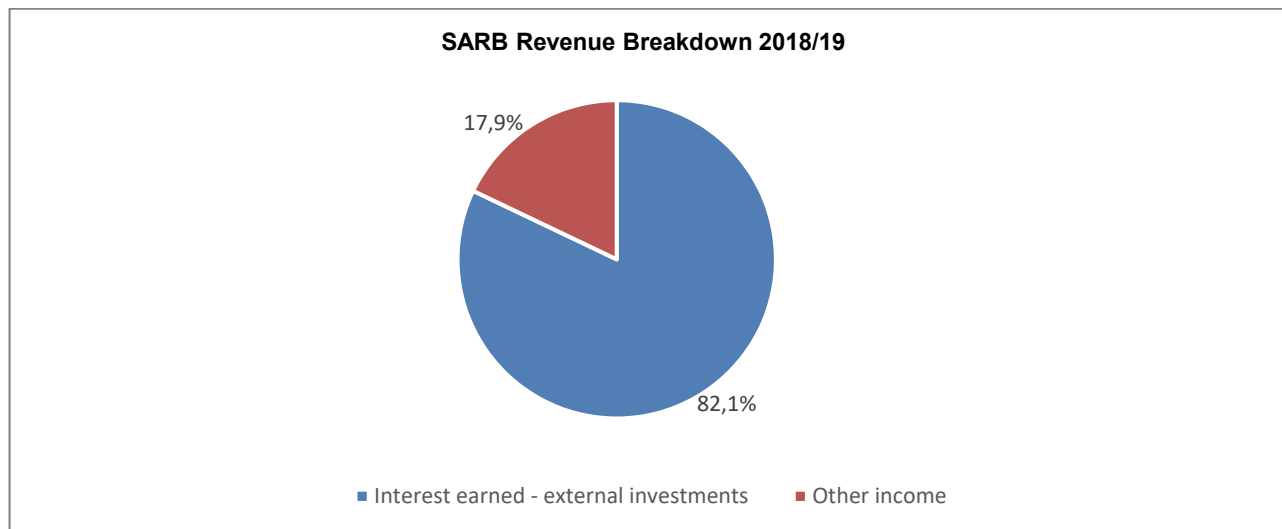
The SARB generated total revenue of R24.6 billion in the current year which comprised mainly of interest earned from external investments (foreign investments and accommodation to banks) and other income. Total revenue increased by 51% this year compared to 2% in the previous year. The main attribute to the 51% increase is interest earned – external investments which increase by 49% (R. 6.6 billion) and other income which increased by 59% (R1.6 billion).

Expenditure also increase slightly by 23% to R16.6 billion (2017/18: R13.5 billion) in the current year, mainly attributable to general expenses and finance costs which increased by 115% and 10% respectively.

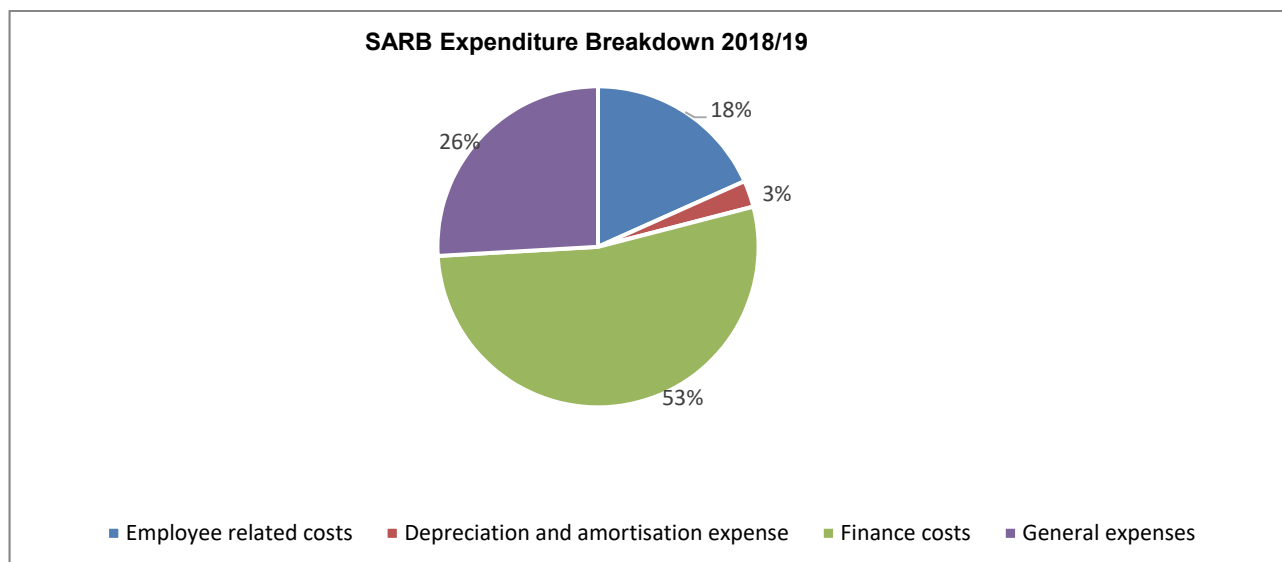
The net result of the these factors was a 178% increase in the operating surplus to R8 billion (2017/18: R2.8 billion).

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2019



The interest earned from external investments is the biggest contributor of revenue, contributing 82% of the total revenue while other income makes up the remaining 18%.

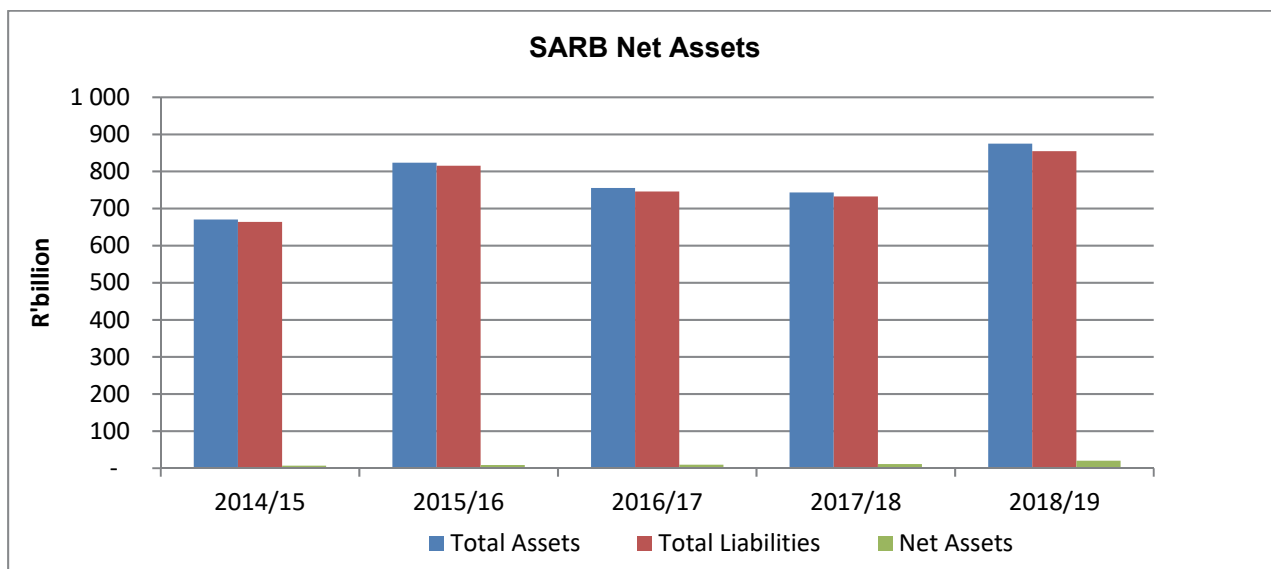


Finance costs contributes a larger portion of the expenditure, contributing 53% of the total expenditure, followed by general expenses with 26%, employee related costs contributing 18% and depreciation costs making up the remaining 3%.

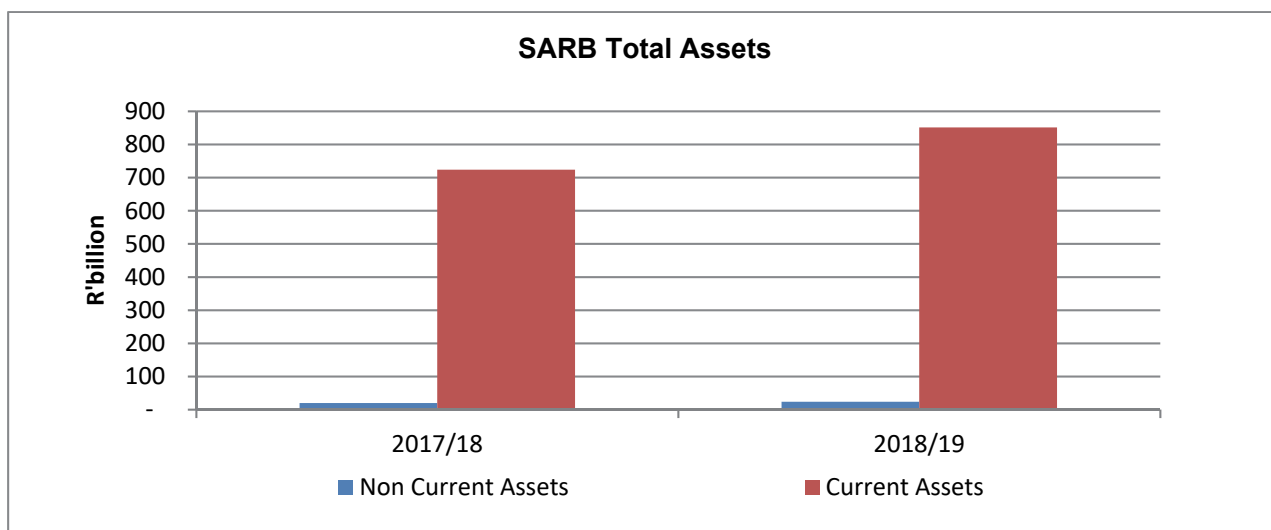
SARB Assets vs liabilities	Actual	Actual	Actual	Actual	Actual
R' million	2014/15	2015/16	2016/17	2017/18	2018/19
Total assets	670 407	823 676	755 363	743 457	874 768
Total liabilities	663 780	815 386	745 954	732 346	854 713
Net Assets	6 627	8 290	9 409	11 111	20 055

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2019



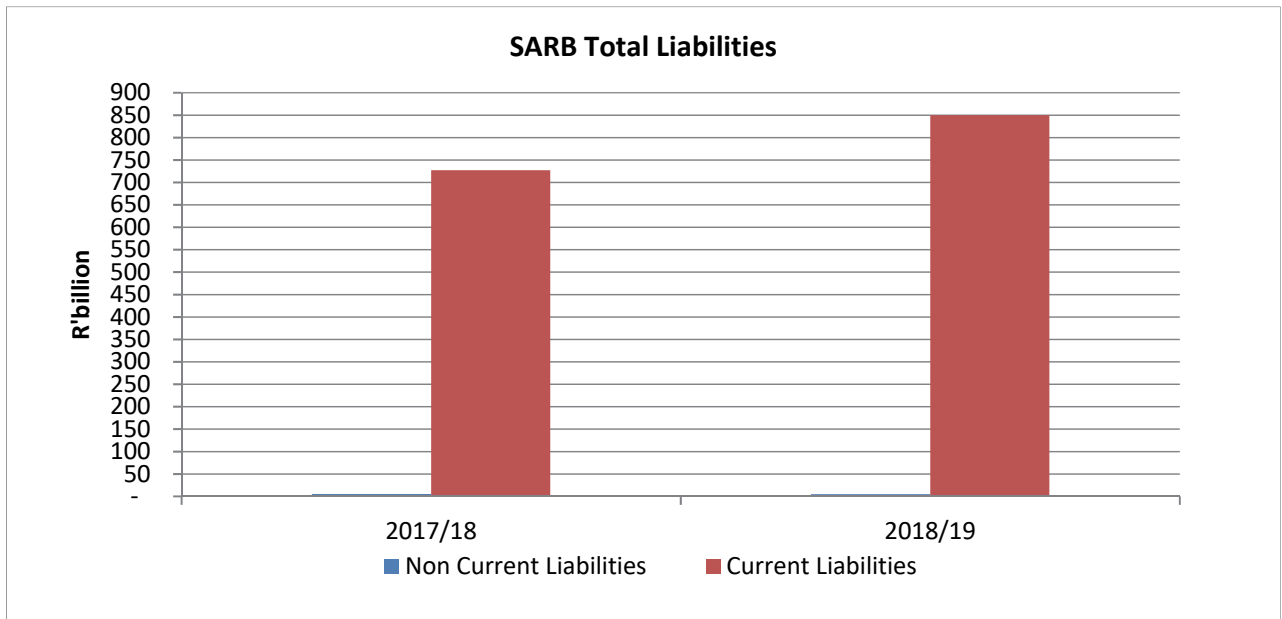
The total assets and total liabilities for SARB increased by 17.66% and 16,71% respectively in 2018/19. The total asstes and total liabilities in 2017/18 recorded R743 billion and R732 billion respectively. Total assets increased by R131 billion in the current year to R875 billion (2017/18: R755 billion) mainly as a result of a 17% increase in other current financial assets Total liabilities increased by R122 billion in the current year to R854 billion (2016/17: R732 billion) also due to a 17% (R122 billion) increase in other current financial liabilities.



The increase in liabilities is mainly due to the Gold and Foreign-Exchange Contingency Reserve Account (GFECRA), used for the currency revaluation of foreign assets and liabilities which is for SA government's account. The GFECRA increased by R92 billion to R285 billion from R193 billion in 2017/18.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2019



REVIEW OF OPERATING RESULTS

For the year ended 31 March 2019

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

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

Annual Financial Statements for the year ended 31 March 2019

2019 **CONSOLIDATED FINANCIAL STATEMENTS**



AUDITOR-GENERAL
SOUTH AFRICA



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2019

■ Report on the audit of the consolidated financial statements

Disclaimer of opinion

1. I was engaged to audit the consolidated financial statements of the national public entities set out on pages 171 to 246 which comprise the consolidated statement of financial position as at 31 March 2019, the consolidated statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the consolidated financial statements, including a summary of significant accounting policies.
2. I do not express an opinion on the consolidated financial statements of the national public entities. Because of the significance of the matters described in the basis for disclaimer of opinion section of this auditor's report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

Basis for disclaimer of opinion

Revenue and receivables from non-exchange transactions - Contribution by employer

Compensation Fund

3. I was unable to obtain sufficient appropriate audit evidence for revenue from legislated and oversight functions and receivables from non-exchange transactions for the current and prior year as the entity had inadequate processes in place to ensure that employers were accurately assessed in terms of Compensation for Occupational Injuries and Diseases Act of South Africa, 1993 (Act No. 130 of 1993) (Coida). Furthermore, management did not maintain proper accounting records and adequate controls over assessment of revenue and debtors. The entity's records did not permit the application of adequate alternative audit procedures

regarding revenue and receivables from non-exchange transactions. Consequently, I was unable to determine whether any adjustments were necessary to the financial statements as follows:

- Revenue from legislated and oversight functions stated at R74 746 billion (2018: R58 111 billion) in note 43 to the consolidated financial statements and
 - Receivables from non-exchange transactions stated at R22 589 billion (2018: R19 532 billion) in note 3 to the consolidated financial statements.
4. The limitations indicated above also have an impact on the debt impairment stated at R13 543 billion (2018: R13 713 billion) in note 58 of the consolidated financial statements.

General expenses and related other financial liabilities

Compensation Fund

5. Management did not implement adequate internal controls to maintain records of benefits claimed. I was therefore unable to obtain sufficient appropriate audit evidence to substantiate whether management had correctly accounted for all claims in the current and prior year. The entity's records did not permit the application of adequate alternative audit procedures regarding benefits paid. As a consequence, I was unable to determine whether any adjustments to benefits paid included in general expenses stated at R407 838 billion (2018: R326 899 billion) in note 56 to the consolidated financial statements financial were necessary.
6. The limitations indicated above also have an impact on the capitalised value of pensions in the financial statements as follows:
 - Other non-current financial liabilities stated at R38 779 billion (2018: R59 167 billion) in note 31 to the consolidated financial statements
 - Other current financial liabilities stated at R878 802 billion (2018: R760 575 billion) in note 24 of the consolidated financial statements.

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2019

Property, plant and equipment

Property Management Trading Entity

7. The trading entity did not correctly measure deemed costs for property, plant and equipment recognised in accordance with GRAP 17: Property, plant and equipment read in conjunction with GRAP directive 7: The application of deemed cost. The entity incorrectly utilised the source data in determining deemed costs of the properties being measured. Furthermore, the entity recognised assets for which it did not retain proof of ownership. Consequently, property, plant and equipment disclosed in note 33 was overstated by R16 345 billion (2018: R16 677 billion). Additionally, there was an impact on the surplus for the period and on the accumulated surplus.

Ingonyama Trust Board

8. The trust did not recognise and measure property, plant and equipment in accordance with GRAP 17, Property, plant and equipment. Land controlled by the trust was not reflected in the financial statements and land values were incorrectly determined due to inadequate controls in place value the land. Consequently, I was not able to determine the full extent of the property, plant and equipment of R1 765 958 billion (2018: R1 646 603 billion) as shown in note 33 to the consolidated financial statements, as it was impracticable to do so.

9. The trust did not recognise investment property where land is held to earn rentals in accordance with the requirements of GRAP 16, Investment property. The entity controls land which is leased out, but this land has not been accounted for as investment property. Consequently, investment property as stated in note 36 is understated and property, plant and equipment as stated in note 33 to the financial statements is overstated. I did not determine the correct fair value and extent of land held as it was impracticable to do so.

Compensation Fund

10. I was unable to obtain sufficient appropriate audit evidence for the provision for outstanding claims for both the current and the prior year.

Management did not implement effective systems of internal control to maintain proper accounting records and information relating to the movement in the provision for outstanding claims resulting from payments and the measurement of estimates in accordance with GRAP 19, Provisions, contingent liabilities and contingent assets. Therefore, I could not confirm, by any alternative means, whether any adjustments were necessary to the provision for outstanding claims stated in the financial statements as follows:

- Outstanding claims: Non-current provision stated at R341 386 billion (2018: R274 918 billion) in note 30 to the consolidated financial statements,
- Outstanding claims: Current provision stated at R77 345 billion (2018: R68 126 billion) in note 25 to the consolidated financial statements.

Contingencies

Compensation Fund

11. I was unable to obtain sufficient appropriate audit evidence for the amount disclosed as contingent liabilities in note 72 for both the current and the prior year, as the entity did not maintain adequate records in respect of contingencies. The entity's records did not permit the application of adequate alternative audit procedures in this regard. As a consequence, I was unable to determine whether any adjustments were necessary to contingent liabilities stated at R169 billion (2018: R35 billion) in the consolidated financial statement.

Irregular expenditure

South African Broadcasting Corporation SOC Limited

12. The SABC did not include particulars of all irregular expenditure in the notes to the consolidated and separate financial statements, as required by section 55(2)(b)(i) of the Public Financial Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA). The entity did not implement adequate internal control systems to identify and record all

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2019

instances of irregular expenditure disclosure being understated. The full extent of the misstatement identified could not be quantified and I was unable to confirm the amount of irregular expenditure to be disclosed by alternative means. Consequently, I was unable to determine whether any further adjustments were necessary to the irregular expenditure disclosure stated at R294 324 billion (2018: R185 836 billion) in note 68 to the consolidated financial statements.

Eskom SoC Ltd

13. The irregular expenditure includes amounts emanating from the modifications to contracts which were not conducted as required in terms of the PFMA. In addition, irregular expenditure was not always recorded at the correct amount. We were unable to determine the full extent of the understatement of the irregular expenditure disclosed in terms of section 55(2)(b)(i) of the PFMA stated at R294 324 billion (2018: R185 836 billion) in note 68 to the consolidated financial statements, as it was impractical to do so.

Transnet SoC Ltd

Section 55(2)(b)(i) of the PFMA requires the group to disclose in a note to the consolidated and separate financial statements all irregular expenditure incurred. Irregular expenditure is expenditure that was not incurred in the manner prescribed by legislation; in other words, somewhere in the procurement process that led to the expenditure, the auditee did not comply with the applicable legislation.

Efforts to improve and establish adequate controls to maintain complete and accurate records of irregular expenditure have resulted in significant amounts of irregular expenditure being reported which has previously gone unidentified and unreported. However, the current audit identified areas of non-compliance which gave rise to irregular expenditure which have gone undetected.

The group did not have adequate internal controls to identify, quantify and report all irregular expenditure resulting from payments made in contravention of the supply chain management requirements. As a result, we

were unable to obtain sufficient appropriate audit evidence to confirm the full extent of irregular expenditure as it was impracticable to do so. Consequently, we were unable to determine whether any adjustment to irregular expenditure stated at R294 324 billion (2018: R185 836 billion) in note 68 to the consolidated financial statements, was necessary

Aggregation of uncorrected misstatements

14. The consolidated financial statements are materially misstated due to the cumulative effect of numerous uncorrected misstatements emanating from the audited financial statements of national public entities. These misstatements impact the statement of financial performance by R9.2 billion, statement of financial position by R12 billion and disclosure notes by R4.8 billion.

Basis of preparation

15. I was unable to obtain sufficient appropriate audit evidence of the completeness and accuracy of the elimination of inter-entity transactions and balances in respect of the current and prior year because government's systems and processes were not at a level of maturity that would enable credible whole-of-government consolidation. I was unable to perform alternative procedures to obtain reasonable assurance that inter-entity transactions and balances were eliminated in full. As a result of this all inter-entity balances have not been fully eliminated and this has a resultant impact on related party disclosures required by IPSAS 20. These remaining balances not eliminated has not been disclosed as related party transactions as required by IPSAS20.
16. I was unable to obtain sufficient appropriate audit evidence in respect of eight state owned entities (SOEs), seven government business enterprises (GBEs), seven public entities and one trading entity whose unaudited financial information was included for consolidation because the audits of these entities had not been finalised in time to prepare the consolidated financial statements. Consequently, I could not determine by alternative means whether any further

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2019

adjustments to the consolidated financial information of these entities were necessary.

17. The national public entities financial statements have not consolidated one trading entity as required by GRAP 6 Consolidated and Separate Financial Statements due to non-submission of financial information for the 2018-19 financial year. The effects on the consolidated financial statements of the failure to consolidate have not been determined for 31 March 2019 and corresponding figures.

Emphasis of matters

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

Ministerial exemption in terms of section 92 of the PFMA from preparing a single set of consolidated financial statements

19. As disclosed in note 79 to the consolidated financial statements, the minister of Finance granted the National Treasury exemption in terms of section 92 of the PFMA from the provisions of section 8(1) of the act. The exemption applies to the financial periods 2017-18 to 2019-20 and allows the National Treasury not to prepare a single set of consolidated financial statements for national departments and national public entities.

Restatement of corresponding figures

20. As disclosed in note 65 to the consolidated financial statements, the corresponding figures for 31 March 2018 were restated as a result of errors in the financial statements of the national public entities at, and for the year ended, 31 March 2019.

Subsequent events

21. As disclosed in note 75 to the consolidated financial statements, material subsequent events occurred after 31 March 2019. The events relate to additional funding and guarantees provided to State Owed Entities and rating agency results.

Other matter

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

Unaudited supplementary schedules

23. The supplementary information set out on pages 237 to 240 does not form part of the consolidated financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

Responsibilities of the accounting officer for the consolidated financial statements.

24. The accounting officer is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of 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.
25. In preparing the consolidated financial statements, the accounting officer is responsible for assessing the national public entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the national public entities or to cease operations, or has no realistic alternative but to do so.

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2019

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

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

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

Other information

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

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

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

31. I received the other information and have nothing to report in this regard.

Internal control deficiencies

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

33. Lack of consequences for poor performance and transgressions at national public entities impedes the preparation of credible and accurate financial statements.

Auditor-General

Pretoria

21 November 2019



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

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

Financial statements

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

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2019

- identify and assess the risks of material misstatement of the consolidated financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entities' internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
- conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the consolidated financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the public entities ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the consolidated financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause public entities to cease continuing as a going concern
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- obtain sufficient appropriate audit evidence regarding the financial information of the national public entities to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the audit. I remain solely responsible for my audit opinion.

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

Annexure A

List of entities consolidated

31 March 2019	31 March 2018
1 Academy of Science of South Africa	1 Academy of Science of South Africa
2 Accounting Standards Board	2 Accounting Standards Board
3 African Renaissance International Cooperation	3 African Renaissance International Cooperation
4 Agreement South Africa	
5 Agricultural Land Holding Account	4 Agricultural Land Holding Account
6 Agricultural Research Council	5 Agricultural Research Council
7 Agricultural Sector Education and Training Authority	6 Agricultural Sector Education and Training Authority
8 Air Traffic and Navigation Services Company Limited	7 Air Traffic and Navigation Services Company Limited
9 Airports Company of South Africa Ltd	8 Airports Company of South Africa Ltd
10 Alexkor Limited	9 Alexkor Limited
11 Amatola Water Board	10 Amatola Water Board
12 Armaments Corporation of South Africa Limited (ARSMCOR)	11 Armaments Corporation of South Africa Limited (ARSMCOR)
13 Artscape	12 Artscape
14 Auditor General of South Africa	13 Auditor General of South Africa
15 Banking Sector Education and Training Authority	14 Banking Sector Education and Training Authority
16 Bloem Water	15 Bloem Water
17 Boxing South Africa	16 Boxing South Africa
18 Brand SA	17 Brand SA
19 Breede-Gouritz Catchment Management Agency	18 Breede River Catchment Management Agency
20 Broadband Infrastructure Company (Pty) Ltd	19 Broadband Infrastructure Company (Pty) Ltd
21 Castle Control Board	20 Castle Control Board
22 CEF (Pty) Ltd	21 CEF (Pty) Ltd
23 Chemical Industries Education and Training Authority	22 Chemical Industries Education and Training Authority
24 Coega Development Corporation (Pty) Ltd	23 Commission for Conciliation, Mediation & Arbitration
25 Commission for Conciliation, Mediation and Arbitration	24 Commission for Gender Equality (CGE)
26 Commission for Gender Equality (CGE)	25 Community Schemes Ombud Services
27 Community Schemes Ombud Services	26 Companies and Intellectual Property Commission
28 Companies and Intellectual Property Commission	27 Companies Tribunal
29 Companies Tribunal	28 Compensation Fund, including Reserve Fund
30 Compensation Fund, including Reserve Fund	29 Competition Commission
31 Competition Commission	30 Competition Tribunal
32 Competition Tribunal	31 Construction Education and Training Authority
33 Construction Education and Training Authority	32 Construction Industry Development Board
34 Construction Industry Development Board	33 Co-Operatives Banks Development Agency
35 Co-Operatives Banks Development Agency	34 Council for Geoscience
36 Council for Geoscience	35 Council for Medical Schemes
37 Council for Medical Schemes	36 Council for Scientific and Industrial Research
38 Council for Scientific and Industrial Research	37 Council for the Built Environment
39 Council for the Built Environment	38 Council on Higher Education
40 Council on Higher Education	39 Cross-Border Road Transport Agency

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

31 March 2019	31 March 2018
41 Cross-Border Road Transport Agency	40 Culture, Arts, Tourism, Hospitality and Sport Education
42 Culture, Arts, Tourism, Hospitality and Sport Education and Training Authority	41 Deeds Registration Trading Account
43 Deeds Registration Trading Account	42 DENEL (Pty) Ltd
44 DENEL (Pty) Ltd	43 Development Bank of Southern Africa
45 Development Bank of Southern Africa	44 Die Afrikaanse Taal Museum
46 Die Afrikaanse Taal Museum	45 Ditsong: Museums of Africa
47 Ditsong: Museums of Africa	46 Driving License Card Trading Account
48 Driving License Card Trading Account	47 Education, Training and Development Practices SETA
49 Education, Training and Development Practices SETA	48 Energy & Water Sector Education and Training Authority
50 Energy & Water Sector Education and Training Authority	49 Equalisation Fund
51 Equalisation Fund	50 ESKOM
52 ESKOM	51 Estate Agency Affairs Board
53 Estate Agency Affairs Board	52 Export Credit Insurance Corporation of South Africa Limited
54 Export Credit Insurance Corporation of South Africa Limited	53 Fibre Processing Manufacturing Sector Education and Training Authority
55 Fibre Processing Manufacturing Sector Education and Training Authority	54 Film and Publication Board
56 Film and Publication Board	55 Financial & Fiscal Commission
57 Financial & Fiscal Commission	56 Financial and Accounting Services SETA
58 Financial and Accounting Services SETA	57 Financial Intelligence Centre
59 Financial Intelligence Centre	58 Financial Services Board
60 Financial Sector Conduct Authority	59 Food and Beverages Manufacturing Industry SETA
61 Food and Beverages Manufacturing Industry SETA	60 Freedom Park Trust
62 Freedom Park Trust	61 Government Pensions Administration Agency
63 Government Pensions Administration Agency	62 Government Printing Works
64 Government Printing Works	63 Government Technical Advisory Centre
65 Government Technical Advisory Centre (GTAC)	64 Health and Welfare Sector Education and Training Authority
66 Health and Welfare Sector Education and Training Authority	65 Housing Development Agency
67 Housing Development Agency	66 Human Sciences Research Council
68 Human Sciences Research Council	67 Independent Communications Authority of South Africa
69 Independent Communications Authority of South Africa	68 Independent Development Trust
70 Independent Development Trust	69 Independent Electoral Commission
71 Independent Electoral Commission	70 Independent Regulatory Board for Auditors
72 Independent Regulatory Board for Auditors	71 Industrial Development Corporation of South Africa Limited
73 Industrial Development Corporation of South Africa Limited	72 Ingonyama Trust Board
74 Ingonyama Trust Board	73 Inkomati Catchment Management Agency
75 Inkomati-Usuthu Catchment Management Agency	74 Insurance Sector Education and Training Authority
76 Insurance Sector Education and Training Authority	75 International Trade Administration Commission
77 International Trade Administration Commission	76 Isimangaliso Wetland Park
78 Isimangaliso Wetland Park	77 Iziko Museums of Cape Town
79 Iziko Museums of Cape Town	78 Kwa-Zulu Natal Museum
80 Kwa-Zulu Natal Museum	79 LANDBANK
81 LANDBANK	80 Legal Aid South Africa

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

31 March 2019	31 March 2018
82 Legal Aid South Africa	81 Lepelle Northern Water
83 Lepelle Northern Water	82 Local Government Education and Training Authority
84 Local Education and Training Authority	83 Luthuli Museum
85 Luthuli Museum	84 Magalies Water
86 Magalies Water	85 Manufacturing Engineering and Related Services Education Training Authority
87 Manufacturing Engineering and Related Services SETA	86 Marine Living Resources Fund
88 Marine Living Resources Fund	87 Market Theatre Foundation
89 Market Theatre Foundation	88 Media Development Diversity Agency
90 Media Development Diversity Agency	89 Media, Information and Communication Technologies Sector Edu
91 Media, Information and Communication Technologies SETA	90 Medical Research Council of South Africa
92 Medical Research Council of South Africa	91 Mhlathuze Water
93 Mhlathuze Water	92 Mine Health and Safety Council
94 Mine Health and Safety Council	93 Mining Qualifications Authority
95 Mining Qualifications Authority	94 MINTEK
96 MINTEK	95 Municipal Demarcation Board
97 Municipal Demarcation Board	96 Municipal Infrastructure Support Agency
98 Municipal Infrastructure Support Agency	97 National Agricultural Marketing Council
99 National Agricultural Marketing Council	98 National Arts Council of South Africa
100 National Arts Council of South Africa	99 National Consumer Commission
101 National Consumer Commission	100 National Consumer Tribunal
102 National Consumer Tribunal	101 National Credit Regulator
103 National Credit Regulator	102 National Development Agency
104 National Development Agency	103 National Economic Development and Labour Council
105 National Economic Development and Labour Council	104 National Electronic Media Institute of South Africa
106 National Electronic Media Institute of South Africa	105 National Empowerment Fund
107 National Empowerment Fund	106 National Energy Regulator of South Africa
108 National Energy Regulator of South Africa	107 National English Literary Museum
109 National English Literary Museum	108 National Film and Video Foundation of South Africa
110 National Film and Video Foundation of South Africa	109 National Gambling Board of South Africa
111 National Gambling Board of South Africa	110 National Health Laboratory Service
112 National Health Laboratory Service	111 National Heritage Council of South Africa
113 National heritage Council of South Africa	112 National Home Builders Registration Council
114 National Home Builders Registration Council	113 National Housing Finance Corporation Limited
115 National Housing Finance Corporation Limited	114 National Library of South Africa
116 National Library of South Africa	115 National Lotteries Commission
117 National Lotteries Commission	116 National Metrology Institute of South Africa
118 National Metrology Institute of South Africa	117 National Museum, Bloemfontein
119 National Musuem, Bloemfontein	118 National Nuclear Regulator
120 National Nuclear Regulator	119 National Regulator for Compulsory Specifications
121 National Radioactive Waste Disposal Institute	120 National Research Foundation
122 National Regulator for Compulsory Specifications	121 National Skills Fund
123 National Research Foundation	122 National Student Financial Aid Scheme

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

31 March 2019	31 March 2018
124 National School of Government	123 National School of Government
125 National Skills Fund	125 National Youth Development Agency
126 National Student Financial Aid Scheme	126 Ncera Farms (Pty) Ltd
127 National Youth Development Agency	127 Nelson Mandela National Museum
128 Nelson Mandela National Museum	128 Office of Health Standards Compliance
129 Office of Health Standards Compliance	129 Office of the Ombud for Financial Services Providers
130 Office of the Ombud for Financial Services Providers	130 Office of the Pension Fund Adjudicator
131 Office of the Pension Fund Adjudicator	131 Onderstepoort Biological Products Limited
132 Office of the Valuer-General	132 Overberg Water
133 Onderstepoort Biological Products Limited	133 Coega Development Corporation (Pty) Ltd
134 Pan South African Language Board	134 Pan South African Language Board
135 Passenger Rail Agency of South Africa	135 Passenger Rail Agency of South Africa
136 Performing Arts Council of the Free State	136 Performing Arts Council of the Free State
137 Perishable Products Export Control Board	137 Perishable Products Export Control Board
138 Playhouse Company	138 Playhouse Company
139 Ports Regulator of South Africa	139 Ports Regulator of South Africa
140 President's Fund	140 President's Fund
141 Private Security Industry Regulatory Authority	141 Private Security Industry Regulatory Authority
142 Productivity SA	142 Productivity SA
143 Property Management Trading Entity	143 South African Express (Pty) Ltd
144 Public Investment Corporation Limited	144 Property Management Trading Entity
145 Public Protector of South Africa	145 Public Investment Corporation Limited
146 Public Service Sector Education and Training Authority	146 Public Protector of South Africa
147 Quality Council for Trades and Occupations	147 Public Service Sector Education and Training Authority
148 Railway Safety Regulator	148 Quality Council for Trades and Occupations
149 Rand Water	149 Railway Safety Regulator
150 Represented Political Parties Fund	150 Rand Water
151 Road Accident Fund	151 Represented Political Parties Fund
152 Road Traffic Infringement Agency	152 Road Accident Fund
153 Road Traffic Management Corporation	153 Road Traffic Infringement Agency
154 Robben Island Museum	154 Road Traffic Management Corporation
155 Safety and Security Education and Training Authority	155 Robben Island Museum
156 Sasria Limited	156 Rural Housing Loan Fund
157 Sedibeng Water	157 Safety and Security Education and Training Authority
158 Sentech Limited	158 Sasria Limited
159 Services Sector Education and Training Authority	159 Sedibeng Water
160 Small Enterprise Development Agency	160 Sentech Limited
161 Social Housing Regulatory Authority	161 Services Sector Education and Training Authority
162 South African Airways (Pty) Ltd	162 Sheltered Employment Factories
163 South African Broadcasting Corporation Limited	163 Small Enterprise Development Agency
164 South African Bureau of Standards	164 Social Housing Regulatory Authority
165 South African Civil Aviation Authority	165 South African Airways (Pty) Ltd

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

31 March 2019	31 March 2018
166 South African Council for Educators	166 South African Bureau of Standards
167 South African Diamond and Precious Metals Regulator	167 South African Civil Aviation Authority
168 South African Express (Pty) Ltd	168 South African Council for Educators
169 South African Forestry Company Limited	169 South African Diamond and Precious Metals Regulator
170 South African Health Products Regulatory Authority	170 South African Forestry Company Limited
171 South African Heritage Resources Agency	171 South African Heritage Resources Agency
172 South African Human Rights Commission	172 South African Human Rights Commission
173 South African Institute for Drug-Free Sport	173 South African Institute for Drug-Free Sport
174 South African Library for the Blind	174 South African Library for the Blind
175 South African Local Government Association	175 South African Local Government Association
176 South African Maritime Safety Authority	176 South African Maritime Safety Authority
177 South African National Accreditation System	177 South African National Accreditation System
178 South African National Biodiversity Institute	178 South African National Biodiversity Institute
179 South African National Energy Development Institute	179 South African National Energy Development Institute
180 South African National Parks	180 South African National Parks
181 South African National Roads Agency Limited	181 South African National Roads Agency Limited
182 South African National Space Agency	182 South African National Space Agency
183 South African Nuclear Energy Corporation Limited	183 South African Nuclear Energy Corporation Limited
184 South African Post Office Limited	184 South African Post Office Limited
185 South African Qualifications Authority	185 South African Qualifications Authority
186 South African Reserve Bank	186 South African Reserve Bank
187 South African Revenue Services (SARS)	187 South African Revenue Services (SARS)
188 South African Social Services Agency	188 South African Social Services Agency
189 South African State Theatre	189 South African State Theatre
190 South African Tourism	190 South African Tourism
191 South African Weather Service	191 South African Weather Service
192 Special Investigation Unit	192 Special Defence Account
193 State Diamond Trader	193 Special Investigation Unit
194 State Information Technology Agency	194 State Diamond Trader
195 Supported Employment Enterprise	195 State Information Technology Agency
196 Technology Innovation Agency	196 Technology Innovation Agency
197 Telkom SA Limited	197 Telkom SA Limited
198 The Commission for PPRCRLC	198 The Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities
199 Thubelisha Homes	199 Thubelisha Homes
200 Trans-Caledon Tunnel Authority	200 Trans-Caledon Tunnel Authority
201 Transnet Limited	201 Transnet Limited
202 Transport Education and Training Authority	202 Transport Education and Training Authority
203 uMalusi Council for Quality Assurance in General and Further Education	203 uMalusi Council for Quality Assurance in General and Further
204 Umgeni Water	204 Umgeni Water
205 uMsunduzi Musuem(includes Voortrekker Museum)	205 uMsunduzi Museum (& Voortrekker Museum)
206 Unemployment Insurance Fund	206 Unemployment Insurance Fund

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

31 March 2019		31 March 2018	
207	Universal Service and Access Agency of South Africa	207	Universal Service and Access Agency of South Africa
208	Universal Service and Access Fund	208	Universal Service and Access Fund
209	War Museum of the Boer Republics	209	War Museum of the Boer Republics
210	Water Research Commission	210	Water Research Commission
211	Water Trading Account	211	Water Trading Account
212	Wholesale and Retail Sector Education and Training Authority	212	Wholesale and Retail Sector Education and Training Authority
213	William Humphreys Art Gallery	213	William Humphreys Art Gallery
214	Overberg Water	214	Social Housing Regulatory Authority

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

■ Annexure B

PFMA listed and unlisted entities not consolidated

31 March 2019		31 March 2018	
1	Compensation Commissioner for Occupational Diseases	1	Compensation Commissioner for Occupational Diseases
2	Vredefort Dome World Heritage Site	2	South African Express
3	Rural Housing Loan Fund		
4	National Urban Reconstruction and Housing Agency	3	Independent Power Producers Office
5	Servcon Housing Solutions (Pty) Ltd		
6	Special Defence Account (consolidated under Department of Defence)		

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

■ Annexure C

List of entities consolidated with year ends other than 31 March

31 March 2019	31 March 2018
1 Amatola Water Board	1 Amatola Water Board
2 Bloem Water	2 Bloem Water
3 Lepelle Northern Water	3 Lepelle Northern Water
4 Magalies Water	4 Magalies Water
5 Mhlathuze Water	5 Mhlathuze Water
6 Overberg Water	6 Overberg Water
7 Rand Water	7 Rand Water
8 Sedibeng Water	8 Sedibeng Water
9 Umgeni Water	9 Umgeni Water

ANNEXURES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

■ Annexure D

List of entities consolidated based on draft AFS

31 March 2019	31 March 2018
1 Amatola Water Board	1 DENEL (Pty) Ltd
2 DENEL (Pty) Ltd	2 Ingonyama Trust Board
3 Independent Development Trust	3 Lepelle Northern Water
4 Water Trading Account	4 Mhlathuze Water
5 Lepelle Northern Water	5 Overberg Water
6 Mhlathuze Water	6 Rand Water
7 Overberg Water	7 Sedibeng Water
8 Umgeni Water	8 South African Airways (Pty) Ltd
9 Sedibeng Water	9 South African Nuclear Energy Corporation Limited
10 South African Airways (Pty) Ltd South African Nuclear Energy Corporation Limited	
11 Limited	
12 State Diamond Trader	
13 Trans-Caledon Tunnel Authority	
14 South African Express (Pty) Ltd	
15 Government Printing Works	
16 National Student Financial Aid Scheme	
17 South African Council for Educators	
18 Marine Living Resources Fund	
19 Passenger Rail Agency of South Africa	
20 Rand Water	
21 South African Health Products Regulatory Authority	

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 March 2019

	Note	2018/19 R '000	2017/18 R '000
REVENUE			
REVENUE FROM NON-EXCHANGE TRANSACTIONS		192 168 859	162 388 991
Government grants and subsidies	39	92 864 280	79 887 079
Public contributions and donations	40	4 644 509	6 111 486
Transfers and Sponsorships	41	9 931 502	9 415 521
Fines and Penalties	42	1 348 495	998 937
Legislative and Oversight functions	43	74 746 456	58 110 753
Taxation revenue	44	7 121 023	6 534 391
Licences and permits		1 512 594	1 330 824
REVENUE FROM EXCHANGE TRANSACTIONS		535 759 717	517 067 509
Sale of Goods & Rendering of Services	45	422 288 136	411 712 791
Rental of facilities and equipment	46	7 552 558	6 816 383
Interest earned - external investments	47	67 094 717	60 628 254
Interest earned - outstanding receivables	48	1 703 098	1 545 345
Other income	49	37 121 208	36 364 736
TOTAL REVENUE		727 928 576	679 456 500
EXPENSES			
Employee related costs	50	(141 202 203)	(132 341 461)
Repairs and maintenance	51	(23 174 846)	(25 439 700)
Depreciation and amortisation expense	52	(67 029 358)	(59 585 767)
Contracted services	53	(4 507 640)	(5 967 074)
Grants and subsidies paid	54	(23 727 803)	(26 936 933)
Finance costs	55	(84 554 152)	(75 338 240)
General expenses	56	(407 837 955)	(326 898 585)
Bad debts		(5 140 090)	(8 657 228)
Non Profit institutions and donor project expenses		(1 260 457)	(990 591)
TOTAL EXPENSES		(758 434 504)	(662 155 579)
OTHER GAINS / (LOSSES)		(22 458 207)	1 219 208
Loss on sale of assets	57	(988 594)	(526 559)
Loss / Reversal of impairment loss	58	(13 542 809)	(13 713 467)
Gain/(Loss) on fair value adjustment	59	(14 238 665)	11 950 386
Gain / (Loss) on revaluation of assets	60	6 287 594	1 127 729
Gain on sale of shares		68 000	2 383 000
Inventories: Write-down to net realisable value		(43 734)	(1 881)
Share of surplus/ (deficit) of joint venture using equity method	18	59 560	29 930
Share of surplus/ (deficit) of associate	19	2 421 643	653 631

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 March 2019

	Note	2018/19 R '000	2017/18 R '000
Continuing Operations Surplus/ (Deficit) before tax		(50 482 932)	19 203 690
Taxation	61	2 383 527	(4 834 675)
Continuing Operations Surplus/ (Deficit) after tax		(48 099 404)	14 369 014
DISCONTINUED OPERATIONS SURPLUS / (DEFICIT) AFTER TAX	62	(65 545)	(598 205)
TOTAL SURPLUS / (DEFICIT) FOR THE PERIOD NET OF TAX		(48 164 950)	13 770 809
<i>Attributable to:</i>			
<i>Owners of the controlling entity</i>		(48 526 374)	13 853 863
<i>Minority interest</i>		361 424	(83 053)

STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2019

	Note	2018/19 R '000	2017/18 R '000
ASSETS			
Current assets		1 307 536 970	1 166 053 588
Cash and cash equivalents	1	201 740 391	196 153 314
Trade and other receivables from exchange transactions	2	78 240 732	74 723 792
Other receivables from non-exchange transactions	3	22 589 251	19 351 564
Other current financial assets	4	875 104 911	755 341 727
Current portion of non-current receivables	5	3 485 528	4 369 411
VAT receivable	6	796 949	931 731
Inventories	7	42 563 980	40 003 028
Prepayments	8	19 463 771	19 329 317
Current Investments	9	53 211 106	40 516 369
Construction contract receivables	10	852 251	1 908 983
Current assets held for sale	11	8 251 303	12 201 210
Finance lease receivable	12	84 644	70 055
Income tax receivable	13	1 152 155	1 153 087
Non-current assets		2 406 241 615	2 352 315 447
Non-current receivables from exchange transactions	14	34 049 274	41 846 962
Non-Current Investments	15	397 674 226	387 554 227
Non-Current Finance Lease Receivable	12	493 188	560 458
Other non-current financial assets	16	51 993 587	43 804 791
Investments in Subsidiaries	17	350 179	350 030
Investments in Joint Ventures	18	748 832	816 247
Investments in Associates	19	58 005 074	46 863 225
Deferred Tax Assets	20	17 963 105	16 991 628
Defined benefit plan assets	32	4 384 711	3 021 249
Property, plant and equipment	33	1 766 513 421	1 733 747 286
Heritage assets	34	6 569 821	6 486 059
Intangible assets	35	29 747 938	30 841 099
Investment property	36 & 37	34 435 338	36 063 293
Biological assets	38	3 312 923	3 368 891
TOTAL ASSETS		3 713 778 585	3 518 369 035

STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2019

	Note	2018/19 R '000	2017/18 R '000
LIABILITIES			
Current liabilities		1 226 839 458	1 103 451 247
Bank overdraft	1	4 265 321	4 743 732
Trade and other payables from exchange transactions	21	143 642 981	136 199 692
VAT payable	22	5 516 188	5 309 098
Taxes and transfers payable	23	5 523 074	5 253 531
Other current financial liabilities	24	878 801 598	760 575 441
Current provisions	25	77 345 069	68 126 012
Current portion of unspent conditional grants and receipts	26	10 463 401	15 254 263
Current portion of long-term borrowings	27	98 657 771	102 868 254
Short-Term Borrowings	28	1 025 013	3 755 368
Current portion of finance lease liability	29	1 130 832	720 070
Current portion of operating lease liability		468 212	645 785
Non-current liabilities		1 342 059 057	1 213 990 960
Deferred Tax Liabilities	20	81 905 742	90 631 761
Unspent conditional grants and receipts	26	45 311 957	40 707 799
Long-term borrowings	27	703 529 478	639 252 803
Finance lease liability	29	11 122 790	11 117 074
Non-current provisions	30	341 386 028	274 918 292
Other non-current financial liabilities	31	38 778 509	59 167 474
Defined benefit plan obligations	32	26 240 050	26 953 979
Deferred Income	49	91 885 824	69 479 340
Operating lease liability		1 898 680	1 762 438
TOTAL LIABILITIES		2 568 898 515	2 317 442 207
NET ASSETS		1 144 880 070	1 200 926 828
Ordinary Shares		128 828 795	125 883 198
Preference Shares		751 838	751 838
Revaluation Reserve		391 833 615	383 969 910
Contributed Capital		40 632 308	34 591 995
Translation Reserve		2 757 522	1 449 247
Other Reserves		88 562 712	81 112 662
Accumulated Surplus/ (Deficit)		491 355 360	572 692 304
Minority Interest		157 922	475 674
TOTAL NET ASSETS AND LIABILITIES		3 713 778 585	3 518 369 035

STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 March 2019

	Attributable To Owners Of The Controlling Entity										Total Net Assets R '000
	Ordinary Shares	Preference Shares	Revaluation Reserve	Contributed Capital	Translation Reserve	Other reserves	Accumulated Surplus/ (Deficit)	Minority Interest			
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	
BALANCE AT 31 MARCH 2017	122 180 630	751 838	392 584 724	24 000 038	2 279 024	73 708 630	469 308 549	682 220	1 085 495 653		
Changes in accounting policy			(321 681)		(942)	(3 071)	24 819 925		24 819 925		
Correction of prior period error							(14 348 680)	(47 105)	(14 721 479)		
BALANCE AT 1 APRIL 2017	122 180 630	751 838	392 263 043	24 000 038	2 278 082	73 705 559	479 779 794	635 115	1 095 594 099		
Net of Tax Surplus / (Deficit) on revaluation of Property, Plant & Equipment			8 475 574						8 475 574		
Net of Tax Surplus / (Deficit) on revaluation of Intangible Assets			-								
Net of Tax Surplus / (Deficit) on revaluation of heritage assets			53 217						53 217		
Net of Tax Surplus / (Deficit) on Revaluation of Investments Available For Sale			242 845						242 845		
Net Of Tax Currency Translation Differences			(17 492)		(772)	3 265 450	(1 049 437)		(772)		
Transfers to / from other reserves											
Increase / (Decrease) in Share Capital / Capital Contributions				10 000 000							
Surplus / (Deficit) for the period as per Statement of Financial Performance	(824 000)								1 374 521		
Transfers to / from accumulated surplus/(deficit)	4 526 568								14 526 568		
Dividends Paid (Net Of STC)			1 077 000	491 957	(796 810)	8 996 792	13 853 863	(83 053)	13 770 809		
Cash flow hedges						(5 630 746)	498		2 871 207		
Contributions introduced			21 614			2 834	18 910	107 000	(1 107 411)		
Other Movements			(18 145 891)	100 000	(31 254)	772 773	87 065 703	77 963	(5 630 248)		
								(10 031)	69 751 300		

STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 March 2019

	Attributable To Owners Of The Controlling Entity							Minority Interest	Total Net Assets
	Ordinary Shares	Preference Shares	Revaluation Reserve	Contributed Capital	Translation Reserve	Other Reserves	Accumulated Surplus/ (Deficit)		
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
BALANCE AT 31 MARCH 2018	125 883 198	751 838	383 969 910	34 591 995	1 449 247	81 112 662	571 808 507	475 674	1 200 043 031
Changes in accounting policy	-	-	-	-	-	-	883 797	-	883 797
Correction of prior period error	-	-	-	-	-	-	-	-	-
BALANCE AT 1 APRIL 2018	125 883 198	751 838	383 969 910	34 591 995	1 449 247	81 112 662	572 692 304	475 674	1 200 926 828
Net of Tax Surplus / (Deficit) on revaluation of Property, Plant & Equipment			(18 000 400)						(18 000 400)
Net of Tax Surplus / (Deficit) on revaluation of Intangible Assets			797						797
Net of Tax Surplus / (Deficit) on revaluation of heritage assets			(293 290)						(293 290)
Net of Tax Surplus / (Deficit) on Revaluation of Investments Available For Sale									
Net Of Tax Currency Translation Differences					752 925				752 925
Transfers to / from other reserves			(119 807)			7 060 187	(5 544 673)		1 395 708
Increase / (Decrease) in Share Capital / Capital Contributions	2 945 597			5 000 000					7 945 597
Surplus / (Deficit) for the period as per Statement of Financial Performance									
Transfers to / from accumulated surplus/(deficit)							(48 526 374)	361 424	(48 164 950)
Dividends Paid (Net Of STC)				525 275	495 072	(4 935 359)	4 683 987		768 976
Cash flow hedges						2 970 062	(51 023)	(368 360)	(419 383)
Contributions introduced				80 000			(3 834)		2 970 062
Other Movements			26 276 405	435 038	60 278	2 355 159	(31 895 028)	117 414	193 580
BALANCE AT 31 MARCH 2019	128 828 795	751 838	391 833 615	40 632 308	2 757 522	88 562 712	491 355 360	157 922	1 144 880 070

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2019

	Note	2018/19 R '000	2017/18 R '000
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS		707 868 700	667 109 850
Transfers and Subsidies		141 983 050	120 194 699
Taxation Revenue		10 815 542	10 944 583
Sale of goods and rendering of services		405 919 951	399 292 483
Other Operating Revenue		18 452 027	17 522 765
Service charges		4 442 185	4 242 465
Grants		41 435 045	40 459 571
Interest, Dividends and Rent on land		41 282 016	40 688 599
Fines, penalties and forfeits		1 557 366	1 470 259
Other Receipts		41 981 518	32 294 425
PAYMENTS		(626 509 779)	(583 103 315)
Compensation of Employees		(147 538 558)	(138 769 238)
Goods and Services		(247 896 490)	(233 297 167)
Interest and Rent on land		(75 427 042)	(68 042 238)
Taxation Paid		(3 787 688)	(2 019 933)
Other payments		(151 860 001)	(140 974 739)
Net cash flows from operating activities	63	81 358 922	84 006 535
CASH FLOWS FROM INVESTING ACTIVITIES			
		(96 293 125)	(117 386 077)
Purchase of Property, Plant and Equipment		(77 989 155)	(103 591 812)
Purchase of Intangible Assets		(1 890 448)	(1 493 192)
Purchase of Investment Property		(114 196)	23 902
Purchase of Heritage Assets		(85 343)	(62 877)
Purchase of Biological Assets		(67 473)	(25 070)
Proceeds on Disposal of Property, Plant and Equipment		1 489 079	997 300
Proceeds on Disposal of Intangible Assets		9 402	21 229
Proceeds on Disposal of Investment Property		114 891	40 770
Proceeds on Disposal of Heritage Assets			5
Proceeds on Disposal of Biological Assets		37 000	
Purchase of available-for-sale financial assets		10 336 330	(4 008 998)
Proceeds from sale of Investments		60 746 150	50 185 599
Purchase of controlled entity (net of cash acquired)		1 042	(2 838)
Dividend income		2 302 874	1 771 461
Movement in pension fund assets / liabilities			2 298
Loans granted to associates / other economic entities		(9 863 641)	(12 533 083)
Loan repayments received from associates / other economic entities		10 214 478	6 194 287
Borrowing costs capitalised		(1 659 420)	(2 933 000)
Acquisition of investments		(100 989 584)	(58 665 570)
Additional movements		11 114 887	6 693 511
Net cash flows from investing activities		(96 293 125)	(117 386 077)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2019

	Note	2018/19 R '000	2017/18 R '000
CASH FLOWS FROM FINANCING ACTIVITIES		19 311 780	48 894 516
Proceeds from borrowings		105 515 365	129 254 906
Repayment of borrowings		(99 661 798)	(97 424 511)
Proceeds from issuance of ordinary shares / contributed capital		15 201 580	20 333 611
Repayment / issuance of financial guarantee contracts		(67 486)	(65 250)
Finance lease payments		(1 169 263)	(1 221 198)
Distribution / dividends paid		(506 618)	(1 983 042)
Net cash flows from financing activities		19 311 780	48 894 516
Net increase/(decrease) in cash and cash equivalents		4 377 577	15 514 973
Cash and cash equivalents at the beginning of the year		191 409 582	175 811 718
Effect of exchange rate movement on cash balances		1 687 911	82 891
Cash and cash equivalents at the end of the year	1	197 475 070	191 409 582

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2019

■ Basis of preparation

The National (Provincial) Public Entity Consolidated Annual Financial Statements are prepared in accordance with the principles of GRAP. In particular, the principles of GRAP 6: Consolidated and Separate Financial Statements have been applied to the development of the accounting policies supporting the consolidation. More information is provided in the accounting policies in this regard. In the absence of an identifiable reporting entity, the scope of the consolidation has been determined with reference to the requirements of the Public Finance Management Act, read with GRAP 6.

The public entities' annual financial statements included in this set of consolidated annual financial statements have been prepared in accordance with South African Standards of Generally Recognised Accounting Practice (GRAP), as issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act, (Act No 1 of 1999). Entities reporting on accounting frameworks other than GRAP were adjusted accordingly to ensure uniform accounting policies for like transactions in similar circumstances.

The annual financial statements have been prepared on an accrual basis of accounting and incorporate the historical cost conventions as the basis of measurement, except where specified otherwise.

The different accounting bases for departments and public entities (modified cash versus accrual) necessitates the preparation of two separate consolidations, one for government departments and one for public entities. Government is however in the process of implementing systems that will eventually enable consistent reporting across these two groups, and consequently the preparation of a single consolidation of national (provincial) government accounts based on Standards of GRAP.

The principal accounting policies, applied in the preparation of these annual financial statements, are set out below. These accounting policies are consistent with those applied in the preparation of the prior year annual financial statements, unless specified otherwise.

Determining the basis of preparation

The Accounting Officer is required to prepare financial statements based on Standards of GRAP. For the purposes of Departmental financial statements, the Modified Cash Basis of Accounting is currently considered to be an appropriate form of generally recognised accounting practice, whereas for public entities, constitutional institutions, and certain legislatures, the Standards of GRAP issued by the ASB shall apply. Government Business Enterprises (GBEs) currently prepare the financial statements on either SA GAAP or IFRS.

The Minister of Finance granted exemption in terms of Section 92 of the PFMA for the National Treasury from the provisions of section 8(1) of the PFMA to the extent that it requires preparing one set of consolidated AFS for national departments and public entities. The exemption applies to the financial periods 2012-13 to 2016-17 and allows the National Treasury to not prepare a single set of consolidated financial statements for departments and public entities.

Ultimately, it is the intention of the Accounting Officer to prepare a single central government consolidation for all national departments and public entities combined. However, until all the entities are able to report on a substantially similar basis of accounting, it is considered to be impracticable and without benefit to the users to do so. Consequently, until such time as departments are in a position to prepare financial statements on an accrual basis, two separate consolidations are prepared – one for entities reporting on the Modified Cash Basis, and one for entities reporting on an accrual basis.

Accounting policies of entities are adjusted to be on a uniform basis where the effect thereof is deemed to be material to the consolidated financial statements.

Scope of consolidation

There is no specific identifiable controlling entity as envisaged in GRAP 6. The motivation behind preparing these financial statements is not to show what is directly controlled, but rather to present a

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2019

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

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

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

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

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

Budget information

As there is no publically available budget that is reconcilable with the group of entities for the purposes of the National Public Entity Consolidation, it is deemed inappropriate to present a comparison between actual and budget information at this level of consolidation.

Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity.

Going concern assumption

These annual financial statements were prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

Comparative information

Prior year comparatives

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and / or restatement is not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

The presentation and classification of items in the current year is consistent with prior periods.

Standards, amendments to standards and interpretations issued but not yet effective

The following Standards of GRAP and / or amendments thereto have been issued by the Accounting Standards Board, but will only become effective in future periods or have not been given an effective date by the Minister of Finance. The entity has not early-adopted any of these new

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2019

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:

GRAP 32 Service Concession Arrangements: Grantor

Arrangements within the scope of this Standard involve the operator proving a mandated function related to the service concession assets on behalf of the grantor. The operator providing the mandated function can either be a private party or another public sector entity.

The standard is approved but no effective date has been determined by the Minister of Finance during the year. The Minister published an effective date of 1 April 2019 after year-end.

GRAP 108 Statutory Receivables

The standard requires entities to recognise statutory receivables if transactions are both exchanged and non exchange transactions using the standard of GRAP on Revenue or the transactions are not within the scope of any other GRAP standard but receivables can be recognised because an asset is met, it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

The standard further requires entities to derecognise statutory receivables or part thereof when receivables are settled, expired, waived or transferred.

The standard is approved but no effective date has been determined by the Minister of Finance during the year. The Minister published an effective date of 1 April 2019 after year-end.

GRAP 109 Accounting by Principals and Agents

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

recognition and measurement of revenue, expenses, assets and/or liabilities.

The standard is approved but no effective date has been determined by the Minister of Finance during the year. The Minister published an effective date of 1 April 2019 after year-end.

Significant judgements and estimates

The use of judgment, estimates and assumptions is inherent to the process of preparing annual financial statements. These judgements, estimates and assumptions affect the amounts presented in the annual financial statements. Uncertainties about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the relevant asset or liability in future periods.

Judgements

In the process of applying these accounting policies, management has made the following judgements that may have a significant effect on the amounts recognised in the financial statements.

Estimates

Estimates are informed by historical experience, information currently available to management, assumptions, and other factors that are believed to be reasonable under the circumstances. These estimates are reviewed on a regular basis. Changes in estimates that are not due to errors are processed in the period of the review and applied prospectively.

In the process of applying the entity's accounting policies the following estimates, were made:

Other provisions

Provisions are measured as the present value of the estimated future outflows required to settle the obligation. In the process of determining the best estimate of the amounts that will be required in future to settle the provision management considers the weighted average probability of the potential outcomes of the provisions raised. This measurement entails determining what the different potential outcomes are for a provision as

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2019

well as the financial impact of each of those potential outcomes. Management then assigns a weighting factor to each of these outcomes based on the probability that the outcome will materialise in future. The factor is then applied to each of the potential outcomes and the factored outcomes are then added together to arrive at the weighted average value of the provisions.

Pension and medical post-employment benefits

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

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

Depreciation and amortisation

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

In evaluating how the condition and use of the asset informs the useful life and residual value management considers the impact of technology and minimum service requirements of the assets.

Allowance for doubtful debts

The measurement of receivables is derived after consideration of the allowance for doubtful debts. Management makes certain assumptions regarding the categorisation of debtors into groups

with similar risk profiles so that the effect of any impairment on a group of receivables would not differ materially from the impairment that would have been determined had each debtor been assessed for impairment on an individual basis. The determination of this allowance is predisposed to the utilisation of estimates, assumptions and management judgements. In determining this allowance the estimates are made about the probability of recovery of the debtors based on their past payment history and risk profile.

Fair value determination of properties (excluding heritage assets)

In determining the fair value of investment property (and / or property, plant and equipment) the entity applies a valuation methodology to determine the fair value of the properties based on any one of, or a combination of the following factors:

- The market related selling price of the property; or
- The market related rental that can be earned for the property; or
- The market related selling price of similar properties in the area; or
- The rentals currently or previously earned by the property.

Heritage assets

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

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

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2019

nature of the impairment and the availability of information.

Financial instruments

Initial recognition

The entity recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, the entity becomes a party to the contractual provisions of the instrument. This is achieved through the application of trade date accounting.

Upon initial recognition the entity classifies financial instruments or their component parts as a financial liabilities, financial assets or residual interests in conformity with the substance of the contractual arrangement and to the extent that the instrument satisfies the definitions of a financial liability, a financial asset or a residual interest.

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

Initial measurement

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

Subsequent measurement

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

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

Financial instruments at fair value.

- Derivatives.
- Compound instruments that are designated at fair value i.e. an instrument that includes a derivative and a non-derivative host contract.
- Instruments held for trading.
- Non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition.
- An investment in a residual interest for which fair value can be measured reliably.

Financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Financial instruments at amortised cost

Non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that the entity designates at fair value at initial recognition or are held for trading.

Financial instruments at cost

Investments in residual interests, which do not have quoted market prices and for which fair value cannot be determined reliably.

The entity assesses which instruments should be subsequently measured at fair value, amortised cost or cost, based on the definitions of financial instruments at fair value, financial instruments at amortised cost or financial instruments at cost as set out above.

Concessionary loans

The part of the concessionary loan that is a social benefit or non-exchange revenue is determined as the difference between the fair value of the loan and the loan proceeds, either paid or received.

After initial recognition, an entity measures concessionary loans in accordance with the subsequent measurement criteria set out for all financial instruments.

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Derecognition

A financial asset is derecognised at trade date, when: The cash flows from the asset expire, are settled or waived; a) Significant risks and rewards are transferred to another party; or b) Despite having retained significant risks and rewards, the entity has transferred control of the asset to another entity.

A financial liability is derecognised when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where the terms of an existing financial liability are modified, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired or through the amortisation process.

Offsetting

The entity does not offset financial assets and financial liabilities in the Statement of Financial Position unless a legal right of set-off exists and the parties intend to settle on a net basis.

Impairments

All financial assets measured at amortised cost, or cost, are subject to an impairment review. The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

For financial assets held at amortised cost:

The entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If the entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

For financial assets held at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably,

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the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Policies relating to specific financial instruments

Investments at amortised cost

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

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

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

Investments at fair value

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

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

Investments at cost

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

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost.

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking

institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

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

Trade and other receivables

Trade and other receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition and subsequently stated at amortised cost, less provision for impairment. All trade and other receivables are assessed at least annually for possible impairment. Impairments of trade and other receivables are determined in accordance with the accounting policy for impairments. Impairment adjustments are made through the use of an allowance account.

Bad debts are written off in the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the reporting date are classified as current. Interest is charged on overdue accounts.

Trade and other payables

Trade payables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost using the effective interest rate method.

Inventories

Initial recognition and measurement

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

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

Subsequent measurement

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

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

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

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

Derecognition

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

Non-current assets held for sale

Recognition

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Measurement

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

Derecognition

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

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■ Property, plant and equipment

Initial recognition and measurement

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

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

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

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

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

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

item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the entity expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

Subsequent measurement

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Subsequent to initial recognition, certain classes of property, plant and equipment are measured using the revaluation model. Application of the revaluation model results in carrying classes of property, plant and equipment at re-valued amounts. Depreciation for these classes of property, plant and equipment is adjusted proportionately for the revaluation increases and decreases upon revaluation of the items of property, plant and equipment. Revaluation increases / decreases are recognised in the revaluation reserve within the Statement of Changes in Net Assets. Where the revaluation model is applied, it is done so consistently for the entire class of assets. The following classes of property, plant and equipment are measured using the revaluation model:

Subsequent expenditure

Where the entity replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequent expenditure including major spare parts and servicing equipment qualify as property, plant and equipment if the recognition criteria are met.

Depreciation

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the

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whole asset and that have different useful lives are depreciated separately. The depreciable amount is determined after taking into account an assets' residual value, where applicable to entity.

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

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

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

possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

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

Derecognition

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

Heritage assets

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

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

Impairments

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

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Intangible assets

Initial recognition and measurement

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

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

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

Intangible assets are initially recognised at cost.

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

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

Subsequent measurement

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

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

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

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

Amortisation and impairment

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

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

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

Impairments

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

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

Derecognition

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

Investment property

Initial recognition and measurement

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

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

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

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

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

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

occupied property becomes an investment property, the entity accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

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

Subsequent measurement

Cost model

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

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

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

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

Fair value model

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

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Impairments

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

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

Derecognition

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

■ Biological assets

Recognition

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

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

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

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

Measurement

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

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

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

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

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

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

■ Impairment of non-financial assets

Recognition

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

Measurement

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

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

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

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

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

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

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

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

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

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

Reversal of impairment losses

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

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

■ Employee benefits

Short term employee benefits

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

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

Post-employment benefits

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

Defined contribution plans

Contributions made towards the fund are recognised as an expense in the Statement of Financial Performance in the period that such contributions become payable. This contribution

expense is measured at the undiscounted amount of the contribution paid or payable to the fund. A liability is recognised to the extent that any of the contributions have not yet been paid. Conversely an asset is recognised to the extent that any contributions have been paid in advance.

Defined benefit plans

Pursuant to the entity's obligation to fund the post-employment benefits provided through a defined benefit plan, the entity recognises a defined benefit obligation or asset with reference to the fund's financial position. To the extent that the future benefits payable under the fund exceeds the value of assets held to finance those benefits, the entity recognises as defined benefit obligation. To the extent that the value of plan assets exceeds the future benefits payable by the fund the entity recognises as defined benefit asset. Plan assets are assets that are held by long-term employee benefit funds or qualifying insurance policies. Plan assets are not available to the creditors of the entity nor can they be paid directly to the entity.

The defined benefit asset or obligation is recognised as the net difference between the value of the plan assets and plan liabilities and also taking past service cost into consideration (further detail is available in Note 47 Post-employment benefits)

Plan assets included in the defined benefit plan asset or liabilities recognised are measured at their fair values. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of any defined benefit asset recognised is limited to the sum of any past service costs and actuarial gains and losses not yet recognised and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

The plan liabilities are measured at the present value of the future benefits payable. This present value of the plan liabilities is determined through actuarial valuation techniques.

The entity operates a number of defined benefit pension plans, all of which require contributions to be made to separately administered funds. The cost of providing benefits under the defined benefit

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2019

plans is determined separately for each plan, using the projected unit credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries for each plan. Actuarial gains and losses are recognised in full in the Statement of Financial Performance in the year that they occur.

The past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits have already vested, immediately following the introduction of, or changes to, a pension plan, past service costs are recognised immediately.

Leases

The entity as lessee

Recognition

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

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

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

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

Measurement

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

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

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

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

Derecognition

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

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

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2019

The entity as lessor

Recognition

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

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

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

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

Measurement

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

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

the straight-line lease payments are more than the contractual lease payments). The operating lease asset and / or operating lease liability are measured as the undiscounted difference between the straight-line lease receipts and the contractual lease receipts.

Derecognition

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

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

Revenue

Revenue from exchange transactions

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

Recognition

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

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

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2019

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

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset and there is not a corresponding liability in respect of related conditions.

Measurement

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

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

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

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

Expenditure relating to non-exchange transactions

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The entity ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset

for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capitals asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

Foreign currency transaction

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

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

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

Surplus or deficit

Gains and losses

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

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

Irregular expenditure

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

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2019

the annual financial statements and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

■ Fruitless and wasteful expenditure

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

■ Recovery of irregular, fruitless & wasteful expenditure

The recovery of irregular and fruitless and wasteful expenditure is based on legislated procedures, and is recognised when the recovery thereof from the responsible officials is probable. The recovery of irregular and fruitless and wasteful expenditure is treated as other income.

■ Post-reporting date events

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amounts recognised in the financial statements to reflect adjusting events after the reporting date once the event has occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

■ Related parties

The entity has processes and controls in place to aid in the identification of related parties. A related party is a person or an entity with the ability to control or jointly control the other party or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Related party relationships where control exists are disclosed regardless of whether any transactions took place betatutween the parties during the reporting period.

Where transactions occurred between the entity and any one or more related parties, and those transactions were not within:

- normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances; and
- terms and conditions within the normal operating parameters established by the reporting entity's legal mandate;

Further details about those transactions are disclosed in the notes to the financial statements.

Information about such transactions is disclosed in the financial statements.

■ Investment in an associate

The entity's investment in its associate is accounted for using the equity method. An associate is an entity in which the entity has significant influence.

Under the equity method, the investment in the associate is carried on the Statement of Financial

GROUP ACCOUNTING POLICIES

For the year ended 31 March 2019

Position at cost plus post acquisition changes in the entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The Statement of Financial Performance reflects the entity's share of the results of operations of the associate. When there has been a change recognised directly in the net assets of the associate, the entity recognises its share of any changes and discloses this, when applicable, in the statement of changes in net assets.

Unrealised gains and losses resulting from transactions between the entity and the associate are eliminated to the extent of the interest in the associate.

The entity's share of the net surplus or deficit of an associate is shown on the face of the Statement of Financial Performance. This is the surplus attributable to holders of the residual interest in the associate and, therefore, is surplus after tax and minority interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the entity. When necessary, adjustments are made to bring the accounting policies in line with those of the entity.

■ Segment Reporting

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	2018/19 R '000	2017/18 R '000
1 Cash and Cash Equivalents		
Cash and cash equivalents consist of the following:		
Cash on hand	497 304	759 854
Cash at bank	72 076 918	67 377 267
Call deposits	122 226 168	114 470 280
Call investments	6 940 000	13 545 914
Less: Bank Overdraft	(4 265 321)	(4 743 732)
Total Cash and cash Equivalents	197 475 070	191 409 582

	Gross Balances R '000	Provision for Doubtful Debts R '000	Net Balance R '000
2 Trade and Other Receivables from Exchange Transactions			
Balance As At 31 March 2018/19			
Recoveries of staff expenses	66 861	(11 867)	54 994
Other Trade Receivables	95 791 172	(29 564 901)	66 226 272
Employee advances	53 470	88	53 558
Provincial Government	8 409 511	(4 399 691)	4 009 820
National Government	11 703 228	(3 807 140)	7 896 088
Total Trade & Other Receivables From Exchange Transactions As At 31 March 2018/19	116 024 243	(37 783 512)	78 240 732
Balance As At 31 March 2017/18			
Recoveries of Staff Expenses	55 308	(8 964)	46 344
Other Trade Receivables	88 011 270	(24 861 572)	63 149 698
Employee Advances	18 105	(156)	17 949
Provincial Government	8 196 816	(3 897 275)	4 299 541
National Government	10 555 974	(3 345 714)	7 210 260
Total Trade & Other Receivables From Exchange Transactions As At 31 March 2017/18	106 837 473	(32 113 681)	74 723 792

	2018/19 R '000	2017/18 R '000
Ageing of Trade & Other Receivables from Exchange Transactions (Net of Provision For Doubtful Debts)		
Current (0 – 30 days)	55 145 567	52 923 821
31 - 60 Days	4 944 683	3 768 495
61 - 90 Days	3 881 190	4 359 291
91 - 120 Days	6 447 528	5 417 729
121 + Days	7 821 764	8 254 456
Total	78 240 732	74 723 792

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

Summary of Debtors by Classification	Recoveries of Staff Expenses R '000	Other Trade Receivables R '000	Employee Advances R '000	Provincial Government R '000	National Government R '000
Balance as at 31 March 2018/19					
Current (0 – 30 days)	26 734	59 793 762	7 810	2 171 948	9 919 824
31 - 60 Days	734	5 377 249	34 308	572 705	187 441
61 - 90 Days	1 510	4 563 435	4 611	363 437	421 761
91 - 120 Days	7 512	15 847 759	302	367 282	649 120
121 - 365 Days	30 371	10 208 968	6 439	4 934 139	525 082
Total Debtors before Provision For Doubtful Debts	66 861	95 791 172	53 470	8 409 511	11 703 228
Less: Provision for doubtful debts	(11 867)	(29 564 901)	88	(4 399 691)	(3 807 140)
Total Debtors by Classification as at 31 March 2019	54 994	66 226 272	53 558	4 009 820	7 896 088

Summary of Debtors by Classification	Recoveries of Staff Expenses R '000	Other Trade Receivables R '000	Employee Advances R '000	Provincial Government R '000	National Government R '000
Balance as at 31 March 2017/18					
Current (0 – 30 days)	15 625	57 014 972	9 480	2 086 502	9 096 531
31 - 60 Days	1 229	3 252 051	1 399	628 221	299 378
61 - 90 Days	1 837	4 021 704	200	474 542	73 572
91 - 120 Days	3 422	13 237 887	588	365 631	228 329
121 - 365 Days	33 195	10 484 656	6 438	4 641 920	858 165
Total Debtors before Provision For Doubtful Debts	55 308	88 011 270	18 105	8 196 816	10 555 974
Less: Provision for doubtful debts	(8 964)	(24 861 572)	(156)	(3 897 275)	(3 345 714)
Total Debtors by Classification as at 31 March 2018	46 344	63 149 698	17 949	4 299 541	7 210 260

	2017/18 R '000	2016/17 R '000
2.1 Reconciliation of the doubtful debt provision		
Balance at beginning of the year	(32 113 681)	(28 869 214)
Contributions to provision	(6 813 993)	(4 731 267)
Doubtful debts written off against provision	1 116 016	1 091 933
Reversal of provision	270 895	1 210 468
Amounts used	125 839	76 609
Increase/ (Decrease) due to change in estimate	(585 432)	(321 219)
Change due to correction of errors	(47 369)	11 701
Balance at end of year	(37 783 512)	(32 113 681)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	2018/19 R '000	2017/18 R '000
3 Other Receivables from Non-Exchange Transactions		
Insurance claims		54
Subsidies	339 052	393 600
Unauthorized expenditure		
Other debtors	21 383 188	17 355 090
Provincial Government	153 186	110 919
National Government	53 410	960 888
Prepayments (if not material)	660 415	531 014
Total Other Debtors	22 589 251	19 351 564
4 Other Current Financial Assets		
Other current financial assets	875 104 911	755 341 727
5 Current Portion of Non-Current Receivables		
Current Portion of Non-Current Receivables	3 485 528	4 369 411
6 VAT Receivable		
VAT receivable	796 949	931 731
7 Inventories		
Carrying value of inventory	42 563 980	40 003 028
Consumable stores	2 431 038	2 459 186
Raw Materials	17 782 039	17 065 479
Work in Progress	2 768 436	2 964 991
Finished Goods	4 549 648	3 822 541
Maintenance materials	14 597 680	13 474 840
Spare parts	170 914	146 160
Other goods held for resale	264 225	69 831
7.1 Inventory carried at Net Realisable Value		
The following classes of inventory are carried at net realisable value:		
Consumable stores	2 771 939	2 478 115
Raw Materials	17 271 646	16 864 445
Work in Progress	2 803 585	2 990 718
Finished Goods	4 607 327	3 900 432
Maintenance materials	14 107 758	13 010 086
Spare parts	163 025	140 452
Other goods held for resale	313 610	51 068
Water	70 131	62 291
Write-downs of inventory to Net Realisable Value	(16 595)	(119 782)
Total	41 989 238	39 452 528

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	2018/19 R '000	2017/18 R '000	
7.2 Inventory carried at current replacement cost			
The following classes of inventory are carried at current replacement cost:			
Consumable stores	7 019	7 026	
Raw Materials	352	529	
Finished Goods	28 296	38 889	
Maintenance materials	536 577	501 991	
Spare parts	2 497	2 066	
Total	574 741	550 501	
8 Prepayments			
Prepaid expenses	19 463 771	19 329 317	
9 Current Investments			
Deposits	17 649 176	15 910 899	
Equity investments	35 561 930	24 605 470	
	53 211 106	40 516 369	
10 Construction Contract Receivables			
Contracts in progress at reporting date:			
Construction contract receivables	852 251	1 908 983	
11 Current Assets Held for Sale			
Current Assets Classified as held for Sale	8 251 303	12 201 210	
12 Finance Lease Receivable			
2018/19	Minimum Lease Receivable	Future Finance Charges	Present Value of Minimum Lease Receipts
	R '000	R '000	R '000
Amounts receivable under finance leases			
Within after one year	158 086	(53 775)	104 311
Within two to five years	430 673	(191 083)	239 591
Later than five years	306 521	(72 591)	233 930
	895 281	(317 449)	577 832
Less: Amount due for settlement within 12 months (current portion)	(142 799)	58 155	(84 644)
	752 482	(259 294)	493 188
2017/18	Minimum Lease Receivable	Future Finance Charges	Present Value of Minimum Lease Receipts
	R '000	R '000	R '000
Amounts receivable under finance leases			
Within after one year	154 607	(68 079)	86 528
Within two to five years	535 271	(268 804)	266 467
Later than five years	383 877	(106 359)	277 518
	1 073 755	(443 242)	630 513
Less: Amount due for settlement within 12 months (current portion)	(138 134)	68 079	(70 055)
	935 621	(375 163)	560 458

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	2018/19 R '000	2017/18 R '000
13 Income Tax Receivable		
Income Tax Receivable	<u>1 152 155</u>	<u>1 153 087</u>
14 Non-Current Receivables from Exchange Transactions		
Staff loans	1 019	20 155
Other non-current receivables	34 048 255	41 826 807
Total Non-Current Receivables after transfers to current receivables	<u><u>34 049 274</u></u>	<u><u>41 846 962</u></u>
15 Non-Current Investments		
Financial Instruments		
Fixed Deposits	938 206	446 689
Listed Investments	101 176 469	102 203 090
Other Investments	138 077 646	124 887 249
Loans Granted	147 591 080	150 512 621
Debt Securities	9 890 825	9 504 578
	<u><u>397 674 226</u></u>	<u><u>387 554 227</u></u>
16 Other Non-Current Financial Assets		
Other Non-Current Financial Assets	<u>51 993 587</u>	<u>43 804 791</u>
17 Investments in Subsidiaries		
Investments in Subsidiaries	<u>350 179</u>	<u>350 030</u>
18 Investments in Joint Venture		
Share of the joint venture's statement of financial position:		
Current Assets	48 165	36 522
Non current assets	762 357	1 086 489
Current liabilities	(1 766)	(6 663)
Non current liabilities	(59 924)	(300 101)
Equity	<u><u>748 832</u></u>	<u><u>816 247</u></u>
Share of the joint venture's revenue and profit:		
Revenue	17 762	10 577
Cost of sales		(166)
Other Expenses	(15 260)	(14 873)
Other Income	56 945	34 392
Finance Income	113	
Profit before tax	59 560	29 930
Income tax expense		
Profit for the year form continuing operations	<u>59 560</u>	<u>29 930</u>
Profit from discontinued operations		
Net Profit for the year	<u><u>59 560</u></u>	<u><u>29 930</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	2018/19 R '000	2017/18 R '000
19 Investments in Associates		
Share of the associate's statement of financial position:		
Current Assets	12 245 218	87 582 681
Non current assets	137 946 414	46 046 012
Current liabilities	(8 668 220)	(60 399 549)
Non current liabilities	(83 518 339)	(26 365 919)
Equity	58 005 074	46 863 225
Share of the associate's revenue and profit:		
Revenue	13 817 265	12 313 563
Cost of sales	(8 186)	(11 084)
Administrative expenses	(17 743)	(16 534)
Other Expenses	(12 145 117)	(12 149 715)
Other Income	438 796	369 121
Finance Income	481	447
Finance cost	(81 848)	(69 379)
Profit before tax	2 003 647	436 420
Income tax expense	(6 684)	(8 449)
Profit for the year from continuing operations	1 996 963	427 970
Profit from discontinued operations	424 680	225 660
Net Profit for the year	2 421 643	653 631

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	2018/19 R '000	2017/18 R '000
20		
Deferred taxation		
Deferred taxation liabilities/(assets)	63 942 636	73 640 133
- Opening balance	73 616 416	70 761 030
- Recognised in taxation	(6 322 179)	1 306 531
- Raised through Equity	3 874 039	(1 387 329)
- Raised through Other	(7 225 641)	2 959 901
Analysis of temporary differences:		
Deferred taxation assets	17 963 105	16 991 628
- Provisions	1 499 757	2 961 508
- Employee benefit obligations	2 200 440	2 837 836
- Revenue received in advance and deferred income	2 222 296	1 397 897
- Capitalised lease liability	737 068	485 110
- Doubtful debts	679 000	527 004
- Other	11 448 943	5 968 246
Deferred taxation liabilities	81 905 742	90 631 761
- Deferred expenditure	210 139	196 148
- Property, Plant and Equipment	149 030 937	143 447 878
- Future expenditure allowance	141 714	147 356
- Other	(67 477 048)	(53 159 620)
Net deferred taxation liability/(asset)	63 942 637	73 640 133
21		
Trade and Other Payables from Exchange Transactions		
Trade creditors	71 437 705	64 865 664
Payments received in advance	19 955 907	19 053 715
Retentions	3 466 014	2 906 037
Staff leave accrual	3 382 055	3 256 755
Accrued interest	4 297 775	4 600 173
Other creditors	41 103 525	41 517 348
Total creditors	143 642 981	136 199 692
22		
VAT Payable		
VAT payable	5 516 188	5 309 098
23		
Taxes and Transfers Payable		
Taxes and transfers payable (Non-Exchange)	5 392 764	5 041 254
Income Tax Payable	130 310	212 276
Total Taxes and transfers payable	5 523 074	5 253 531
24		
Other Current Financial Liabilities		
Notes and Coins in Circulation	151 306 952	146 330 155
Debentures	25 023	340 406
Forward Exchange Contract Liabilities	1 031 008	6 679 985
Gold and Foreign Exchange financial liabilities	193 917 028	285 829 289
Deposit Accounts	293 562 663	285 789 830
Foreign loans and deposits	122 558 637	101 955 792
Other Current Financial liabilities	24 488 026	25 562 244
Total Other Current Financial Liabilities	878 801 598	760 575 441

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

25 Current Provisions

25.1 Reconciliation of Movement in Current Provisions - 2018/19

	Performance Bonus	Provision for Leave Pay	Other Provisions	Current Portion of Other Non-Current Provisions	TOTAL
	R '000	R '000	R '000	R '000	R '000
Opening Balance	3 397 044	3 752 809	20 100 365	40 875 793	68 126 012
Provisions Raised	3 031 196	1 716 678	12 574 298	29 643 522	46 965 694
Unused Amounts Reversed	(40 284)	(49 360)	(891 937)	(2 995 952)	(3 977 533)
Unwinding of Time Value of Money		(9 402)	677	67	(8 658)
Amounts Used	(2 974 020)	(1 631 798)	(4 004 900)	(29 355 578)	(37 966 295)
Exchange differences					0
Transferred to disposal group/classified as held for sale	(5 746)				(5 746)
Settlement of Provision without cost to entity	(4 282)	(21 943)			(26 225)
Transfer from Non-Current Provision				4 243 653	4 243 653
Change in Provision due to change in Estimation inputs	53 659	5 000	(3 243)		55 416
Other Movements	(55 628)	54 710	(66 890)	6 559	(61 249)
Closing Balance	3 401 940	3 816 694	27 708 371	42 418 064	77 345 069

25.2 Reconciliation of Movement in Current Provisions - 2017/18

	Performance Bonus	Provision for Leave Pay	Other Provisions	Current Portion of Other Non-Current Provisions	TOTAL
	R '000	R '000	R '000	R '000	R '000
Opening Balance	6 451 071	3 700 431	13 495 430	42 980 087	66 627 019
Provisions Raised	2 706 368	1 670 596	12 785 789	37 817 723	54 980 476
Unused Amounts Reversed	(581 358)	(143 149)	(1 570 045)	(101 101)	(2 395 653)
Unwinding of Time Value of Money	(15 653)	(1 664)	32 657	(2 776)	12 564
Amounts Used	(5 378 255)	(1 476 167)	(2 943 842)	(37 042 442)	(46 840 707)
Exchange differences	(6 435)		(72)		(6 507)
Transferred to disposal group/classified as held for sale	(153)				(153)
Settlement of Provision without cost to entity		(20 424)		(44 118)	(64 542)
Transfer from Non-Current Provision	3 597	1 859	8 734	(2 732 194)	(2 718 004)
Change in Provision due to change in Estimation inputs	18 302	3 327	24 132		45 761
Other Movements	199 561	17 999	(1 732 418)	616	(1 514 242)
Closing Balance	3 397 044	3 752 809	20 100 365	40 875 793	68 126 012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	2017/18 R '000	2016/17 R '000
26 Unspent Conditional Grants and Receipts		
Non-current unspent conditional grants and receipts	<u>45 311 957</u>	<u>40 707 799</u>
Current portion of unspent conditional grants and receipts	<u>10 463 401</u>	<u>15 254 263</u>
27 Long-Term Borrowings		
Long-term interest bearing loans	508 897 881	448 757 602
Government Loans: Other	1 662 368	1 295 173
Other borrowings	291 626 999	292 068 282
Less: current portion transferred to current liabilities	<u>(90 317 955)</u>	<u>(98 657 771)</u>
	<u>703 529 478</u>	<u>639 252 803</u>
28 Short-Term Borrowings		
Short-Term Borrowings	<u>1 025 013</u>	<u>3 755 368</u>
29 Finance Lease Liability		

2018/19	Minimum Lease Payment R '000	Future Finance Charges R '000	Present Value of Minimum Lease Payments R '000
Amounts payable under finance leases			
Within one year	2 620 114	(1 590 654)	1 029 461
Within two to five years	8 205 599	(4 971 364)	3 234 235
Later than five years	12 281 614	(4 291 688)	7 989 926
	<u>23 107 327</u>	<u>(10 853 706)</u>	<u>12 253 622</u>
Less: Amount due for settlement within 12 months (current portion)	<u>(2 499 262)</u>	<u>1 368 430</u>	<u>(1 130 832)</u>
	<u>20 608 065</u>	<u>(9 485 276)</u>	<u>11 122 790</u>

2017/18	Minimum Lease Payment R '000	Future Finance Charges R '000	Present Value of Minimum Lease Payments R '000
Amounts payable under finance leases			
Within one year	2 565 352	(1 860 155)	705 197
Within two to five years	9 595 208	(6 969 562)	2 625 646
Later than five years	18 691 828	(10 185 527)	8 506 301
	<u>30 852 388</u>	<u>(19 015 244)</u>	<u>11 837 144</u>
Less: Amount due for settlement within 12 months (current portion)	<u>(2 533 168)</u>	<u>1 813 098</u>	<u>(720 070)</u>
	<u>28 319 220</u>	<u>(17 202 146)</u>	<u>11 117 074</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

30 Non-Current Provisions

Reconciliation of Movement in Non-Current Provisions - 2018/19			
	Provision for long-service awards	Other Non- Current Provisions	TOTAL
	R '000	R '000	R '000
Opening Balance	270 479	274 647 813	274 918 292
Provisions Raised	40 186	72 592 490	72 632 676
Unused Amounts Reversed		(10 824 856)	(10 824 856)
Unwinding of Time Value of Money	1 714	6 908 152	6 909 866
Amounts Used	(54 329)	(6 217 075)	(6 271 404)
Exchange differences		1 191 605	1 191 605
Transfer to Current Provision	(4 152)	(4 170 272)	(4 174 424)
Change in Provision due to change in Estimation inputs	3 765		6 736 182
Other Movements	(13 349)	281 440	268 091
Closing Balance	240 549	341 145 478	341 386 028

Reconciliation of Movement in Non-Current Provisions - 2017/18			
	Provision for long-service awards	Other Non- Current Provisions	TOTAL
	R '000	R '000	R '000
Opening Balance	278 341	250 507 658	250 785 999
Provisions Raised	91 597	41 074 895	41 166 492
Unused Amounts Reversed	(13 398)	(9 974 632)	(9 988 030)
Unwinding of Time Value of Money	(764)	7 855 863	7 855 099
Amounts Used	(78 245)	(10 880 085)	(10 958 330)
Exchange differences		(945 828)	(945 828)
Transfer to Current Provision	9 708	2 582 411	2 592 119
Change in Provision due to change in Estimation inputs	6 190		(5 859 161)
Other Movements	(16 759)	286 691	269 932
Closing Balance	270 479	274 647 813	274 918 292

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	2018/19 R '000	2017/18 R '000
31 Other Non-Current Financial Liabilities		
Other non-current financial liabilities	<u>38 778 509</u>	<u>59 167 474</u>
32 Defined Benefit Plan		
Defined Benefit Plans		
Statement of Financial Position		
Present value of Defined benefit obligation	26 240 050	26 953 979
Fair value of plan assets	(4 384 711)	(3 021 249)
Total Defined benefit plan Liability/(Asset)	<u>21 855 339</u>	<u>23 932 730</u>
Pension benefits		
Present value of unfunded obligations	(7 388 046)	(8 409 645)
Present value of funded obligations	18 913 655	18 844 174
Total present value of obligations	<u>11 525 610</u>	<u>10 434 529</u>
Fair value of plan assets	(6 360 460)	(6 235 511)
Unrecognised past service costs	637 801	678 886
Defined pension benefit obligation/(asset) disclosed in Statement of Financial Position	<u>5 802 951</u>	<u>4 877 905</u>
Medical benefits		
Present value of unfunded obligations	13 534 166	16 375 139
Present value of funded obligations	3 048 191	3 228 270
Total present value of obligations	<u>16 582 357</u>	<u>19 603 409</u>
Fair value of plan assets	(528 994)	(547 466)
Unrecognised past service costs	(975)	(1 118)
Defined medical benefit obligation/(asset) disclosed in Statement of Financial Position	<u>16 052 388</u>	<u>19 054 825</u>
32.1 Changes in the present value of the defined benefit obligation are as follows:		
	Pension Plan(s) R '000	Medical Plan(s) R '000
Defined benefit obligation as at 1 April 2018	<u>10 434 529</u>	<u>19 603 410</u>
Current service costs	394 210	703 360
Interest costs	2 228 650	1 807 835
Contributions by plan participants	120 940	(115 007)
Actuarial losses/(gains)	(2 921 137)	(2 117 251)
Exchange differences	(815 245)	382
Benefits paid	(936 893)	(42 966)
Past Service Cost	5 802	615
Settlements		(85 467)
Other	3 014 753	(3 172 553)
Defined benefit obligation plan as at 31 March 2019	<u>11 525 609</u>	<u>16 582 357</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	2018/19 R '000	2017/18 R '000
	Pension Plan(s) R '000	Medical Plan(s) R '000
Defined benefit obligation as at 1 April 2017	8 389 724	20 214 333
Current service costs	71 657	726 972
Interest costs	505 172	2 013 749
Contributions by plan participants	52 273	(143 238)
Actuarial losses/(gains)	843 608	(2 005 092)
Exchange differences	7 042	
Benefits paid	(267 530)	(606 627)
Past Service Cost	(12 633)	2 657
Liabilities acquired in an entity combination		56 933
Curtailments		(2 219)
Settlements	(91 223)	(6 204)
Other	936 439	(647 852)
Defined benefit obligation plan as at 31 March 2018	10 434 529	19 603 410

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

	Pension Plan(s) R '000	Medical Plan(s) R '000
Fair Value of Plan Assets as at 1 April 2018	(5 556 625)	(548 584)
Expected return on plan assets	(1 051 521)	(46 573)
Actuarial losses/(gains)	173 118	36 195
Exchange differences	(33 000)	181
Employer contributions	278 051	(5 093)
Employee contributions	56 708	
Benefits paid	(353 443)	33 536
Other	764 052	369
Fair Value of Plan Assets as at 31 March 2019	(5 722 659)	(529 969)

	Pension Plan(s) R '000	Medical Plan(s) R '000
Fair Value of Plan Assets as at 1 April 2017	(3 264 111)	(516 983)
Expected return on plan assets	(442 387)	(38 474)
Actuarial losses/(gains)	55 786	(21 555)
Exchange differences	(6 000)	122
Employer contributions	(78 776)	(2 114)
Employee contributions	(13 033)	
Benefits paid	259 054	31 090
Other	(2 067 157)	(670)
Fair Value of Plan Assets as at 31 March 2018	(5 556 625)	(548 584)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

33 Property, Plant and Equipment

Reconciliation of Carrying Value

	2018/19			2017/18		
	Cost R '000	Accumulated Depreciation & Impairment R '000	Carrying Value R '000	Cost R '000	Accumulated Depreciation & Impairment R '000	Carrying Value R '000
Land	123 471 714	(1 189 883)	122 281 831	120 269 905	(910 606)	119 359 299
Buildings	179 980 339	(39 013 720)	140 966 619	174 901 892	(34 991 059)	139 910 833
Capital Work in Progress (Buildings)	266 600	-	266 600	245 105	-	245 105
Vehicles	15 640 886	(9 360 547)	6 280 339	14 841 892	(8 224 449)	6 617 443
Infrastructure	909 021 405	(285 802 148)	623 219 257	896 065 465	(276 005 006)	620 060 459
Capital Work in Progress	51 361 378	(1 181 306)	50 180 072	54 827 612	(1 220 232)	53 607 379
Finance Lease Assets	10 984 666	(2 955 589)	8 029 077	10 898 916	(2 242 778)	8 656 138
Furniture & Fittings	5 911 704	(4 214 964)	1 696 739	5 604 522	(3 852 197)	1 752 325
Plant, Machinery & Equipment	645 767 131	(216 476 123)	429 291 008	623 979 367	(187 859 967)	436 119 400
Capital Work in Progress (Plant, Mach & Equip)	280 416 072	(1 533 265)	279 438 623	250 069 137	(1 931 317)	248 137 819
Office Equipment	7 930 521	(4 512 830)	3 417 690	7 743 524	(4 016 165)	3 727 359
Computer Equipment	13 825 842	(9 487 057)	4 338 785	12 745 377	(8 473 750)	4 271 627
Aircraft	12 719 198	(11 190 764)	1 528 434	12 182 628	(10 165 313)	2 017 314
Capital Work in Progress (Aircraft)	65 592	-	65 592	70 185	-	70 185
Ships	5 797 178	(1 700 348)	4 096 830	5 558 648	(1 506 873)	4 051 775
Other Assets	143 437 308	(52 816 962)	90 620 346	125 991 224	(42 741 752)	83 249 472
Capital Work in Progress (Other Assets)	801 515	(5 936)	795 579	1 054 292	(4 803)	1 049 489
Total	2 407 399 050	(641 441 445)	1 766 513 421	2 172 565 787	(525 963 056)	1 646 602 731

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2019

33.1 Reconciliation of Property, Plant and Equipment - 2017/18

	Carrying Value Opening Balance	R '000	Additions	R '000	Disposals	R '000	Transfers	R '000	Depreciation	R '000	Impairment Reversal of impairment loss	R '000	Revaluation	R '000	Discontinued Operations	R '000	Carrying Value Closing Balance	R '000	
Land	119 359 299	848 083	(56 534)	449 135	(217 535)	(250)	1 868 017	31 615	122 281 831										
Capital Work in Progress (Land)	-	167 943	(167 943)																
Buildings	139 910 833	4 478 460	(181 676)	1 423 502	(5 037 040)	(110 696)	454 647	28 590	140 966 619										
Capital Work in Progress (Buildings)	245 105	187 260		(158 447)															
Vehicles	6 617 443	465 210	(98 404)	685 118	(1 339 775)	(45 258)	4 792	(8 787)	6 280 339										
Infrastructure	620 060 459	2 817 493	(237 677)	16 226 628	(12 583 850)	(63 222)	(2 961 982)	(38 592)	623 219 257										
Capital Work in Progress (Infrastructure)	53 607 379	15 913 064	(453 236)	(19 058 095)		(102 315)	273 275		50 180 072										
Capital Work in Progress	8 656 138	103 070	(1 250)	(2 628)	(728 494)	(235)	251	2 225	8 029 077										
Finance Lease Assets	1 752 325	370 183	(69 757)	84 219	(475 904)	38 176	328	(2 830)	1 696 739										
Furniture & Fittings	436 119 400	7 682 973	(571 892)	18 752 505	(33 229 860)	590 444	(2 611)	(49 951)	429 291 008										
Plant, Machinery & Equipment	248 137 819	60 023 164	(445 691)	(28 932 066)	1	146 350	4 233	(51 004)	278 882 806										
Capital Work in Progress (Plant, Mach & Equip)	3 727 359	312 609	(16 719)	60 317	(661 050)	(3 819)	174	(1 180)	3 417 690										
Office Equipment	4 271 627	1 217 627	(40 014)	303 070	(1 426 262)	(22 450)	2 482	32 705	4 338 785										
Computer Equipment	2 017 314	333 220	(421 337)	497 000	(768 763)	(129 000)			1 528 434										
Aircraft	70 185			(4 593)	(2)	2			65 592										
Capital Work in Progress (Aircraft)	4 051 775	2 016		245 422	(202 384)				4 096 830										
Ships	-				38 595														
Capital Work in Progress (Ships)	83 249 472	5 947 431	(284 268)	10 751 603	(6 219 842)	(2 884 066)	34 636	25 380	90 620 346										
Other Assets	1 049 489	492 499	579	(745 853)	(1 133)			(1)	795 579										
Capital Work in Progress (Other Assets)	119 359 299	848 083	(56 534)	449 135	(217 535)	(250)	1 868 017	31 615	122 281 831										
Total	1 732 903 421	101 362 305	(3 045 820)	576 837	(62 853 298)	(2 586 340)	(321 758)	(77 743)	765 957 605										

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

33.2 Reconciliation of Property, Plant and Equipment - 2017/18

	Carrying Value Opening Balance	R '000	Additions	R '000	Disposals	R '000	Transfers	R '000	Depreciation	R '000	Impairment (Loss) / Reversal of impairment loss	R '000	Revaluation	R '000	Dis- Prior Year Errors	R '000	Carrying Value Closing Balance	R '000
Land	118 669 734	808 468	(6 085)	341 280	(265 710)	(5 115)	(208 848)	19 568	6 007	119 359 299								
Buildings	138 739 486	5 280 982	(57 263)	456 031	(4 990 477)	(96 036)	222 529	30 759	324 822	139 910 833								
Capital Work in Progress (Buildings)	222 624	210 172		(179 793)														
Vehicles	6 628 469	1 103 532	(155 004)	109 329	(1 069 038)	(9 345)	11 980	(6 666)	4 186	6 617 443								
Infrastructure	564 679 524	5 410 273	(161 338)	30 094 218	(12 646 264)	(1 962 677)	34 405 293		241 431	620 060 459								
Capital Work in Progress (Infrastructure)	70 929 623	20 955 021	(81 492)	(38 403 690)	(98)	(76 646)	284 661			53 607 379								
Capital Work in Progress	9 339 704	25 299	(2 237)	66	(706 396)	(300)		1		8 656 138								
Finance Lease Assets	1 745 284	464 876	(20 820)	13 332	(424 259)	(29 719)	3 744	1 437	(1 550)	1 752 325								
Furniture & Fittings	333 835 653	7 864 822	(774 820)	122 019 520	(26 532 621)	(365 579)	19 070	55 479	(2 123)	436 119 400								
Plant, Machinery & Equipment	306 612 202	70 172 000	(172 972)	(128 368 631)	2	(20 644)	(74 885)		(9 253)	248 137 819								
Capital Work in Progress (Plant, Mach & Equip)	4 170 442	175 390	(20 035)	127 210	(563 629)	(1 884)	3	(12)	(160 125)	3 727 359								
Office Equipment	4 345 739	1 068 156	(31 153)	235 531	(1 353 381)	(9 464)	9 900	(1 369)	7 667	4 271 627								
Computer Equipment	2 489 855	275 554	(38 120)	121 000	(694 824)	(135 000)	(1 151)			2 017 314								
Aircraft	68 477	1 707								70 185								
Capital Work in Progress (Aircraft)	3 646 981	24 681	(36)	588 033	(225 473)		17 589			4 051 775								
Capital Work in Progress (Ships)	71 413 812	4 892 450	(83 575)	13 498 511	(5 635 228)	1 162 899	(1 772 072)	(45 083)	(182 242)	83 249 472								

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	Carrying Value Opening Balance	Additions	Disposals	Transfers	Depreciation	Impairment (Loss) / Reversal of impairment loss	Revaluation in continued Operations	Dis- Prior Year Errors	Carrying Value Closing Balance
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Other Assets	592 734	636 602		(178 561)	(1 287)			1	1 049 489
Capital Work in Progress (Other Assets)	118 669 734	808 468	(6 085)	341 280	(265 710)	(5 115)	(208 848)	6 007	119 359 299
Total	638 130 344	119 369 987	(1 604 952)	473 386	(55 108 683)	(1 549 511)	32 917 813	54 114	220 922 732 903 421

34 Heritage Assets

Reconciliation of Carrying Value

	2018/19		2017/18	
	Cost R '000	Accumulated Impairment R '000	Cost R '000	Accumulated Impairment R '000
Art Collections	2 156 129	(3)	2 151 511	(2)
Stamp Collections	41 062	-	41 062	-
Collections of rare books or manuscripts	114 350	(14)	112 788	-
Historical Buildings	2 009 058	(28 806)	1 931 641	(27 330)
Other Assets	2 278 044	-	2 276 388	-
Total	6 598 643	(28 822)	6 513 391	(27 332)
				6 486 059

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34.1 Reconciliation of Heritage Assets - 2018/19

	Carrying Value Opening Balance	R '000	Additions	R '000	Disposals	R '000	Transfers	R '000	Impairment Reversal of impairment loss	R '000	Revaluation	R '000	Other	R '000	Dis-continued Operations	R '000	Carrying Value Closing Balance	R '000
Art Collections	2 151 509	2 219	(37)		(1)	2 436										2 156 126		
Stamp Collections	41 062	-														41 062		
Collections of rare books or manuscripts	112 788	474	(29)		(14)	880	236									114 336		
Historical Buildings	1 904 311	76 847			(1 476)	570										1 980 252		
Other Assets	2 276 388	3 321	(193)		(80)		(1 392)									2 278 044		
Total	6 486 059	82 862	(259)		(1 571)	3 886	(1 156)									6 569 821		

34.2 Reconciliation of Heritage Assets - 2018/19

	Carrying Value Opening Balance	R '000	Additions	R '000	Disposals	R '000	Transfers	R '000	Impairment Reversal of impairment loss	R '000	Revaluation	R '000	Other	R '000	Dis-continued Operations	R '000	Carrying Value Closing Balance	R '000
Art Collections	2 142 264	5 172	(5)		(1)	4 079										2 151 509		
Stamp Collections	41 054	8														41 062		
Collections of rare books or manuscripts	55 226	699	(89)		(123)	57 076										112 788		
Historical Buildings	1 832 069	60 236			(1 253)		13 259									1 904 311		
Other Assets	2 224 499	2 307			(55)	48 245	1 392									2 276 388		
Total	6 295 112	68 422	(94)		(1 432)	109 400	1 392									6 486 059		

NOTES TO THE COMBINED FINANCIAL STATEMENTS

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35 Intangible Assets

Reconciliation of Carrying Value

	2018/19			2017/18		
	Cost R '000	Accumulated Amortisation & Impairment R '000	Carrying Value R '000	Cost R '000	Accumulated Amortisation & Impairment R '000	Carrying Value R '000
Computer Software	20 690 435	(15 703 014)	4 987 421	19 812 224	(14 129 641)	5 682 583
Copy rights	87 754	(57 508)	30 246	87 754	(47 817)	39 937
Internally Generated Software	1 007 165	(466 033)	541 133	886 539	(440 680)	445 859
Licenses	3 700 011	(2 635 620)	1 064 391	3 240 259	(2 131 234)	1 109 025
Servitudes	3 414 945	(244 127)	3 170 818	3 279 818	(240 629)	3 039 189
Patents and models	61 469	(56 306)	5 163	310 065	(56 092)	253 973
Trademarks	274	(210)	64	124 543	(88 189)	36 354
Other	27 472 259	(7 523 556)	19 948 703	28 684 391	(8 450 212)	20 234 179
Total	56 434 311	(26 686 373)	29 747 938	56 425 593	(25 584 495)	30 841 099

35.1 Reconciliation of Intangible Assets - 2018/19

	Carrying Value Opening Balance	R '000	Additions R '000	Disposals R '000	Transfers R '000	Amortisation R '000	Impairment R '000	Revaluation (Loss) / Reversal of impairment loss R '000	Internally Developed Operations R '000	Dis- continued Operations R '000	Carrying Value Closing Balance R '000
Computer Software	5 682 583	2 876 162	(200 949)	276 938	(3 490 361)	(159 540)	447	2 141	4 987 421		
Copy rights and Trademarks	39 937	(1 626)	(8 066)						30 246		
Internally Generated Software	445 859	160 948	(27)	(38 304)	(27 360)	(319)		2 454	(2 118)	541 133	
Licenses	1 109 025	183 774	(1 960)	110 692	(312 159)				(24 981)	1 064 391	
Servitudes	3 039 189	129 700	(490)	6 302	(3 883)					3 170 818	
Patents and models	253 973		625	(249 689)		254				5 163	
Research assets	36 354	15	(36 274)	(32)						64	
Other	20 234 179	400 195	3 087	(145 573)	(40 549)	(380 189)	36 325		(158 771)	19 948 703	
Total	30 841 099	3 750 794	(238 239)	210 680	(4 132 099)	(539 794)	36 772	2 454	(183 729)	29 747 938	

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35.2 Reconciliation of Intangible Assets - 2017/18

	Carrying Value Opening Balance	Additions	Disposals	Transfers	Amortisation	Impairment Reversal of impairment loss	Revaluation	Internally Developed Operations	Dis-continued Operations	Carrying Value Closing Balance
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Computer Software	6 234 297	1 160 664	(74 640)	237 268	(1 913 542)	35 442	3 079	15	5 682 583	
Copy rights Internally Generated	54 716	2 131 977	(6 714)	7 536	(8 065)	(23 242)	3 896	(1)	39 937	
Software Licenses	1 437 981	70 228	(931)	73 573	(470 735)	(1 092)			1 109 025	
Servitudes	2 840 975	202 175	(33)	532	(4 460)				3 039 189	
Patents and models	212 488	60 670		(19 518)	333				253 973	
Trademarks	36 374			(20)					36 354	
Other	20 812 147	2 288 686	(5 954)	(278 251)	(2 025 126)	(535 322)	(22 001)		20 234 179	
Total	29 983 695	5 914 400	(89 976)	21 140	(4 448 935)	(524 214)	(18 922)	3 896	14	30 841 099

36 Investment Property Carried at Cost

Reconciliation of carrying value

	2018/19		2017/18	
	Cost	Accumulated Amortisation & Impairment	Cost	Accumulated Amortisation & Impairment
	R '000	R '000	R '000	R '000
		Carrying Value		Carrying Value
		R '000		R '000
Total	5 273 472	(784 714)	4 488 758	(652 314)
			5 170 394	4 518 080

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2019

36.1 Reconciliation of Investment Property Carried at Cost - 2018/19

Carrying Value Opening Balance	R '000	Additions	R '000	Disposals	R '000	Transfers	R '000	Depreciation	R '000	Impairment Reversal of impairment loss	R '000	Revaluation	R '000	Carrying Value Closing Balance	R '000
	4 518 079	126 212	(16 817)	(110 805)	(24 893)	(3 017)	4 488 759								
Total															

36.2 Reconciliation of Investment Property Carried at Cost - 2017/18

Carrying Value Opening Balance	R '000	Additions	R '000	Disposals	R '000	Transfers	R '000	Depreciation	R '000	Impairment Reversal of impairment loss	R '000	Revaluation	R '000	Carrying Value Closing Balance	R '000
	4 568 804	30 661	(959)	(112 545)	-	32 127	(9)	4 518 079							
Total															

37 Investment Property Carried at Fair Value

Reconciliation of carrying value

Cost	2018/19		2017/18	
	Fair Value Adjustments R '000	Carrying Value R '000	Cost R '000	Fair Value Adjustments R '000
	(4 952 904)	29 946 579	31 545 213	-
Total				

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

37.1 Reconciliation of Investment Property Carried at Fair Value - 2018/19						
	Carrying Value Opening Balance R '000	Additions R '000	Disposals R '000	Transfers R '000	Fair Value Adjustment R '000	Carrying Value Closing Balance R '000
Total	31 545 213	3 17 618	(149 427)	7 985	(1 774 812)	29 946 579
37.2 Reconciliation of Investment Property Carried at Fair Value - 2017/18						
	Carrying Value Opening Balance R '000	Additions R '000	Disposals R '000	Transfers R '000	Fair Value Adjustment R '000	Carrying Value Closing Balance R '000
Total	29 481 765	382 116	(8 510)	227 944	1 461 900	31 545 213
38 Biological Assets						
Reconciliation of Carrying Value						
	2018/19			2017/18		
	Cost R '000	Accumulated Depreciation and Impairment R '000	Carrying Value R '000	Cost R '000	Accumulated Depreciation and Impairment R '000	Carrying Value R '000
Trees in plantation	3 231 285		3 231 285	3 341 366		3 341 366
Maize	75 000		75 000	22 000		22 000
Dairy Cattle	534		534	579		579
Other Assets	6 104		6 104	4 946		4 946
Total	3 312 923		3 312 923	3 368 891		3 368 891

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2019

38.1 Reconciliation of Biological Assets - 2017/18

	Carrying Value	Purchases	Decrease due to harvest/sales	Gains/losses from changes in fair value less estimated point of sales costs	Depreciation	Impairment (Loss) / Reversal of impairment loss	Other move-ments	Trans-fers	Dis-continued Operations	Carrying Value Closing Balance
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Trees in plantation	3 341 366	12 000	(15 000)	(107 081)						3 231 285
Maize	22 000	59 000	(22 000)	16 000						75 000
Dairy Cattle	579			(45)						534
Other Assets	4 946	86	(215)	1 497			(210)			6 104
Total	3 368 891	71 086	(37 215)	(89 629)			(210)			3 312 923

38.2 Reconciliation of Biological Assets - 2017/18

	Carrying Value	Purchases	Decrease due to harvest/sales	Gains/losses from changes in fair value less estimated point of sales costs	Depreciation	Impairment (Loss) / Reversal of impairment loss	Other Transfers	Dis-continued Operations	Carrying Value Closing Balance
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Trees in plantation	3 339 366	18 000	(15 000)	(1 000)					3 341 366
Maize	23 000			(1 000)					22 000
Dairy Cattle	473			106					579
Other Assets	5 391	162	(24)	(125)			(458)		4 946
Total	3 368 230	18 162	(15 024)	(2 019)			(458)		3 368 891

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

39 Government Grants and Subsidies

	Balance unspent at beginning of year	Current year receipts	Conditions met - transferred to revenue	Conditions still to be met - remain liabilities
Reconciliation of Movement in Grant - 2019	R '000	R '000	R '000	R '000
Other Government Grants and Subsidies	(23 698 222)	46 663 192	92 864 280	(69 899 309)
Total Government Grant and Subsidies	(23 698 222)	46 663 192	92 864 280	(69 899 309)

	Balance unspent at beginning of year	Current year receipts	Conditions met - transferred to revenue	Conditions still to be met - remain liabilities
Reconciliation of Movement in Grant - 2018	R '000	R '000	R '000	R '000
Other Government Grants and Subsidies	12 096 076	44 092 782	79 887 079	(23 698 222)
Total Government Grant and Subsidies	12 096 076	44 092 782	79 887 079	(23 698 222)

	2018/19	2017/18
	R '000	R '000

40 Public contributions and donations

Public contributions - Conditional	807 066	1 318 384
Public contributions - Unconditional	3 721 172	4 674 029
Donations	116 271	119 073
Total	4 644 509	6 111 486

41 Transfers and Sponsorships

Transfer payment from controlling entity	7 196 065	6 673 493
Transfer payment from other departments/entities	2 012 954	2 001 306
Local and foreign aid assistance	27 489	45 933
Gifts, donations and sponsorships received	547 033	548 285
Other Transfers and Sponsorships	147 962	146 503
Total	9 931 502	9 415 521

42 Revenue from Fines and Penalties

Fines	90 163	109 375
Penalties (including forfeits)	1 258 332	889 562
Total	1 348 495	998 937

43 Legislative and oversight functions

Administration	7 954 344	5 515 769
Legislation and Oversight	54 017 993	46 440 258
Public and International Participation	99 436	114 161
Member's Facilities		
Associated Services	10 376 032	3 988 049
Statutory Appropriation	2 298 650	2 052 515
Total	74 746 456	58 110 753

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	2018/19 R '000	2017/18 R '000
44 Taxation Revenue		
Taxes on income and profits	7 114 127	6 528 597
Taxes on payroll and workforce (incl SDL)	6 896	5 794
Domestic taxes on goods and services		
Total	7 121 023	6 534 391
45 Revenue from Exchange Transactions – Sale of goods and services		
Revenue from Exchange Transactions - Sale of goods and services	422 288 136	411 712 791
46 Income from Rental of Facilities and Equipment		
Rental of facilities	5 104 264	4 606 790
Rental of equipment	320	195
Other rentals	2 447 974	2 209 398
Total	7 552 558	6 816 383
47 Interest Earned - External Investments		
Bank	9 531 843	9 155 882
Financial assets	31 518 260	29 241 886
Other	26 044 614	22 230 485
Total	67 094 717	60 628 254
48 Interest Earned - Outstanding Receivables		
Interest Earned - Outstanding Receivables	1 703 098	1 545 345
49 Other income		
Other income	15 730 450	16 505 756
Revenue from Exchange Transactions - Sundry income	19 854 351	21 317 557
Insurance commissions	42 644	63 341
Bad debt recoveries	29 954	51 573
Recovery of unauthorised, irregular, fruitless and wasteful expenditure	16 189	603
Total Other Income	37 121 208	36 364 736
Deferred Income	91 885 824	69 479 340

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	2018/19 R '000	2017/18 R '000
50 Employee Related Costs		
Salaries - Employees - Salaries and Wages	102 355 194	93 542 251
Salaries - Employees - UIF, Pensions and Medical Aid	12 800 263	11 543 536
Salaries - Employees - Performance and other bonuses	4 954 189	5 948 296
Salaries - Employees - Overtime payments	5 793 976	5 118 778
Salaries - Employees - Other employee related costs	1 214 543	2 621 859
Salaries - Employees - Long-service awards	82 524	84 045
Salaries - Employees - Housing benefits and allowances	2 736 423	2 437 091
Salaries - Employees - Allowances	5 729 457	6 053 706
Salaries - Benefits Paid - Post-retirement medical aid contributions	222 550	248 718
Salaries - Benefits Paid - Movement in long-term employee benefits	217 577	220 312
Salaries - Accounting Authority - Basic remuneration	1 268 649	1 273 991
Salaries - Accounting Authority - Performance awards	6 584	2 580
Salaries - Accounting Authority - UIF	548	539
Salaries - Accounting Authority - Periodic payments	2 763	2 237
Salaries - Accounting Authority - Pension	26 276	22 263
Salaries - Accounting Authority - Other non-pensionable allowances	27 606	21 931
Salaries - Accounting Authority - Medical	2 077	1 727
Salaries - Accounting Authority - Insurance	1 837	1 791
Salaries - Accounting Authority - Gratuities	4 530	15 191
Salaries - Accounting Authority - Compensative or circumstantial	13 050	8 526
Employee benefits expensed - liability for long service leave	2 198	9 061
Employee benefits expensed - termination benefits	799 861	1 038 945
Employee benefits expensed - Other	(83 799)	(202 611)
Movement in Provision - Provision for Performance Bonus	1 424 392	766 984
Movement in Provision - Provision for Leave Pay	978 572	915 099
Movement in Long-term Provisions - Provision for Long Service Awards	587	(627)
Movement in Long-term Provisions - Other Long-term employee related provisions	619 775	645 241
Total	141 202 203	132 341 461
51 Repairs and Maintenance		
Property, plant and equipment	21 832 024	23 526 529
- Land	2 607	3 751
- Buildings	2 878 508	2 826 574
- Vehicles	84 176	84 461
- Infrastructure	6 412 135	7 123 353
- Capital Work in Progress	25 230	16 334
- Finance Lease Assets	591	847
- Furniture & Fittings	780	1 181
- Plant, Machinery & Equipment	8 775 819	8 817 479
- Office Equipment	66 662	57 957
- Computer Equipment	166 943	137 661
- Aircraft	3 413 521	4 445 312
- Ships	5 053	11 617
Heritage Assets		10
Intangible Assets	228 051	207 056
Investment Property	58	392
Other Assets	1 114 713	1 705 713
	23 174 846	25 439 700

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	2018/19 R '000	2017/18 R '000
52 Depreciation and Amortisation Expense		
Property, plant and equipment	62 795 253	55 031 468
Intangible assets	4 123 299	4 441 754
Investment property carried at cost	110 805	112 545
Biological assets carried at cost		
Total Depreciation and Amortisation	67 029 358	59 585 767
53 Contracted Services		
Consultants on various projects	2 792 896	3 284 923
Agency fees	1 420 268	2 285 523
Research	294 477	396 629
	4 507 640	5 967 074
54 Grants and Subsidies Paid		
Total grants and subsidies paid	23 727 803	26 936 933
55 Finance Costs		
Borrowings	34 515 492	20 622 848
Interest Charged on Overdue Trade and other payables	3 219 742	3 586 448
Finance leases	1 879 740	2 110 838
Other financial liabilities	44 595 217	48 805 299
Bank overdrafts	343 961	212 805
Total Finance Costs	84 554 152	75 338 240

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	2018/19 R '000	2017/18 R '000
56 General Expenses		
Included in general expenses are the following:		
Advertising	2 401 897	2 756 675
Admin fees	45 896 901	38 154 485
Audit fees	1 147 246	1 031 241
Bank charges	561 523	354 812
Bursaries	25 610 175	7 669 714
Cleaning	953 124	898 474
Conferences and delegations	254 166	196 866
Connection charges	228 526	234 149
Consulting fees	2 855 354	3 307 552
Consumables	458 869	531 708
Cost of sales	156 344 076	137 582 224
Debt collection commission	10 410	12 632
Departmental consumption	8 749	7 311
Entertainment	106 434	79 579
Electricity	8 389 419	8 048 537
Financial management grant	184 463	179 413
Fuel and oil	11 418 390	10 515 104
Insurance	2 716 670	3 430 989
Legal expenses	1 430 024	1 249 797
Levies paid	1 389 325	498 670
Licence fees - vehicles	9 576	11 645
Licence fees - computers	1 021 776	853 127
Membership fees	157 915	199 629
Movement in other provisions	55 117 911	24 013 253
Parking	38 418	36 222
Postage	220 108	231 309
Printing and stationery	674 893	683 763
Professional fees	2 807 632	3 269 560
Rental of buildings	7 568 597	7 219 069
Rental of office equipment	343 591	377 094
Rental of computer equipment	144 319	121 697
Other rentals	5 536 122	5 663 913
Security costs	3 960 703	3 242 838
Skills development levies	1 124 375	1 194 599
Stocks and material	7 042 336	7 430 248
Subscription & publication	112 189	118 159
Telephone cost	2 491 157	2 713 044
Training	983 507	982 434
Transport claims	189 562	69 023
Travel and subsistence - Local	5 484 963	5 626 157
Travel and subsistence - Foreign	406 722	422 811
Uniforms & overalls	56 589	45 820
Valuation costs	13 099	30 046
Water	473 219	439 100
Other	49 492 937	45 164 092
	407 837 955	326 898 585
57 Gain / (Loss) on Sale of Assets		
Property, plant and equipment	(939 411)	(541 806)
Intangible assets	(10 139)	(1 464)
Investment property	(792)	(6 069)
Other financial assets	(38 252)	22 781
Total Gain / (Loss) on Sale of Assets	(988 594)	(526 559)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	2018/19 R '000	2017/18 R '000
58 Impairment (Loss) / Reversal of impairment loss		
Property, plant and equipment	(1 830 759)	(1 376 858)
Intangible assets	(450 251)	(280 512)
Investment property	(5 317)	
Other financial assets	(11 255 168)	(12 054 721)
Heritage assets	(1 314)	(1 376)
Total Impairment (Loss) / Reversal of impairment loss	(13 542 809)	(13 713 467)
59 Profit / (Loss) on Fair Value Adjustment		
Investment property carried at fair value	3 485 104	967 523
Biological assets carried at fair value	19 602	4 708
Other financial assets	14 204 609	(6 363 788)
Other financial liabilities	(30 128 230)	14 392 767
Other fair value adjustment gain/(loss)	(1 819 750)	2 949 176
Total Profit / (Loss) on Fair Value Adjustment	(14 238 665)	11 950 386
60 Profit / (Loss) on Revaluation of Assets		
Gain/ (loss) on revaluation of heritage assets		
Gain/ (loss) on revaluation of intangible assets		
Gain/ (loss) on revaluation of property, plant and equipment	(47 578)	5 415
Gain/ (loss) on revaluation of investment property	(132 829)	538 591
Gain/ (Loss) on revaluation on other financial assets	405 877	6 415 009
Gain/ (loss) on revaluation of biological assets		
Total Profit / (Loss) on Revaluation of Assets	6 287 594	1 127 729
61 Taxation		
Income tax expense		
South African normal taxation		
Current tax	3 599 354	2 406 418
Deferred taxation	(6 425 468)	1 898 766
- Movement in temporary differences	7 919 251	17 119 470
- Unused tax loss created	(14 883 000)	(15 575 000)
- Recognition of unused tax loss not previously recognised	-	(49)
- Unused tax loss utilised	383 738	26 901
- Other movements in deferred taxation	154 592	327 409
SA normal tax	(2 826 114)	4 305 184
Foreign taxation	1 348	5 536
TOTAL INCOME TAX EXPENSE	(2 824 766)	4 310 720
Tax rate reconciliation		
Accounting profit	(16 933 715)	9 240 057
Tax calculated at tax rate 28.00%	(4 741 440)	2 587 216
Tax effect of non-taxable/non-deductible items	2 054 204	1 921 303
- Dividends not taxable	(3 391 579)	(51 683)
- Fines not deductible	(3 921)	(1 499)
- Donations not deductible	(2 494)	(626)
- Depreciation not deductible	201 128	168 493
- Unused tax loss not recognised	1 220 569	1 449 125
- Other movements of non-taxable/non-deductible items	151 123	4 030 499
Change in taxation rate	(137 530)	(197 799)
INCOME TAX EXPENSE	(2 824 766)	4 310 720

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	2018/19 R '000	2017/18 R '000
62 Surplus / (Deficit) from discontinued operations		
Revenue	203 152	3 448 809
Net Operating Expenses Excluding Depreciation And Amortisation	(167 503)	(4 010 991)
Surplus / (deficit) From Operations Before Depreciation, Amortisation And Other Items	35 649	(562 182)
Other Income	4	-
Administrative Expenses	(112 132)	(78)
Depreciation And Amortisation (impairment)/reversal Of Impairment Of Assets	(1 996)	-
Finance Costs		(36 023)
Finance Income	12 930	77
Profit/ (loss) Before Taxation	(65 545)	(598 205)
Taxation		
Surplus / (Deficit) For The Year From Discontinued Operations	(65 545)	(598 205)
63 Cash flows from operating activities		
Surplus/(deficit) for the year from:		
Continuing operations	(48 099 404)	14 369 014
Discontinued operations	(65 545)	(598 205)
Adjustment for :		
(Gain) / loss on sale of tangible Assets	962 804	553 247
(Gain) / loss on sale of Intangible Assets	(2 408 141)	1 791 938
Amortisation	2 029 718	1 909 233
Contribution to provisions - current	3 240 302	3 647 748
Contribution to provisions - non-current	23 204 643	54 250 538
Depreciation	63 661 917	55 882 667
Discount on bonds amortised	(38 938)	(31 411)
Dividend Income	(5 773 057)	(1 982 328)
Fair value adjustments	12 822 922	(6 612 239)
Fair value losses on financial instruments	3 808 607	(2 100 981)
Finance Costs	13 544 319	14 945 166
Finance Income	(20 752 388)	(14 479 870)
Foreign exchange (gains)/losses on operating activities	2 347 594	3 295 393
Increase/(decrease) in provisions	2 851 177	(2 011 735)
Interest received-Held-to-maturity investments	(208 397)	(175 250)
Increase in provision for post-retirement benefit obligation	1 045 790	(506 551)
Movements in other employee benefit items	(4 410 558)	3 253 088
Movement in rehabilitation liability	(7 633)	(79 199)
Net foreign exchange losses on translation	149 577	48 407
Provision for inventory obsolescence	180 947	9 669
Release of firm commitments	(78 914)	(31 239)
Revaluation of Assets	(5 130 848)	(1 294 745)
Share of (income)/loss from associates and Joint Ventures	(1 057 563)	200 673
Unrealised foreign exchange losses/(gains)	(3 548 875)	(3 319 373)
Impairment loss / (reversal of impairment loss)	15 778 529	12 095 763
Other non-cash item	(7 661 748)	(14 990 276)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	2018/19 R '000	2017/18 R '000
Operating surplus before working capital changes:	83 126 485	84 079 943
(Increase)/decrease in inventories	(748 606)	1 114 523
(Increase)/decrease in trade and other receivables	(15 560 180)	(11 227 562)
(Increase)/decrease in VAT receivable	1 134 552	(364 985)
(Increase)/decrease in prepayments	(156 432)	(3 002 220)
Increase/(decrease) in conditional grants and receipts	2 428 069	2 021 531
Increase/(decrease) in consumer deposits	(18 767)	29 215
Increase/(decrease) in deferred income	(629 257)	(1 677 506)
Increase/(decrease) in trade and other payat	4 156 599	(356 262)
Increase/(decrease) in VAT payable	(34 269)	(5 229 632)
Increase/(decrease) in payments received in advance	9 052 804	19 853 968
Other working capital movements	(1 392 074)	(1 234 479)
Net cash flows from operating activities	81 358 922	84 006 535

64 Change in Accounting Policy

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

Changes in cost of sales		
Changes in other income/(expenses)	742 689	
Changes in Income Tax Expense	(203 000)	
Changes in Profit/(loss) After Tax	522 000	
Changes in Deferred tax (Asset)/Liability	1 594 000	
Changes in Equity/Reserves	4 130 552	
Changes in Trade Receivables	(350 947)	609 433
Changes in Current Liabilities	(3 195 187)	(3 149)
Changes in Non Current Liability	(2 568 047)	
Changes in Non-Exchange Revenue	223 470	
	895 530	606 284

65 Correction of Prior Period Error

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

	Amount before error correction	Prior period error	Restated amount
Depreciation	3 824 533	3 434 568	7 256 808
Government Grants	104 666 444	2 550 882	107 178 044
Expenditure	(17 375 404)	(1 041 127)	(18 427 441)
Revenue	(8 511 676)	18 851	(15 783 993)
Net effect on surplus/(deficit) for the year	82 603 897	4 963 174	80 223 419

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

Property, plant and equipment	632 849 098	803 912	633 653 869
VAT receivable not previously recognised	2 061 782	33 097	2 094 878
Non current receivables incorrectly recognised (Investing Act)	76 419	3 024 748	3 100 458
Provisions	(33 264 392)	(727 649)	(33 992 279)
Accruals	(90 435)	(160 527)	(250 837)
Other	(19 713 691)	(5 102 117)	(24 824 184)
Net effect on Statement of Financial Position	581 918 782	(2 128 537)	579 781 905

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

Accumulated Surplus/(Deficit)	(202 546 289)	(65 118)	(199 363 470)
Reserves	284 865 950	795 862	285 441 731
Accumulated surplus	776 753	(329 638)	447 115
Net Effect on Statement of changes in Net Assets	83 096 413	401 106	86 525 375

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

66 Change in Estimate

During the year the following changes were made to the estimations employed in the accounting for transactions, assets, liabilities, events and circumstances:

	Value derived using the original estimate (R '000)	Value derived using amended estimate (R '000)	Value impact of change in estimate (R '000)
Change in depreciation / amortisation resulting from reassessment of useful lives. The following categories are affected:	(15 132 336)	20 417 461	4 434 910
Buildings	(27 688)	1 464 161	1 050 132
Infrastructure assets	2 278 346	534 188	2 132 890
Machinery	(6 446 531)	6 178 278	(147 356)
Office equipment	(622 844)	916 705	155 318
Furniture	(679 893)	1 475 942	651 414
Vehicles	(2 628 314)	1 570 016	171 986
Computer equipment	(5 047 328)	6 189 697	679 183
Computer software	(1 965 217)	2 085 350	(265 558)
Other intangible asset	6 701	2 922	6 672
Investment property at cost	433	203	230

	Value derived using the original estimate (R '000)	Value derived using amended estimate (R '000)	Value impact of change in estimate (R '000)
Change in depreciation resulting from reassessment of residual values. The following categories are affected:	16 317	(4 416)	19 234
Office equipment	(2 209)	(2 267)	(58)
Furniture	(8 450)	(9 133)	(683)
Vehicles	(1 952)	(2 865)	278
Computer equipment	(2 486)	(2 177)	309
Computer software	31 414	12 026	19 388

	Value derived using the original estimate (R '000)	Value derived using amended estimate (R '000)	Value impact of change in estimate (R '000)
Change in depreciation / amortisation resulting from a change in the depreciation / amortisation method. The following categories are affected:	35 647	20 054	15 593
Buildings	25 148	11 441	13 707
Machinery	5 053	3 643	1 410
Furniture	2 061	1 832	229
Vehicles	3 385	3 138	247

	Value derived using the original estimate (R '000)	Value derived using amended estimate (R '000)	Value impact of change in estimate (R '000)
Change in estimate resulting from the re-evaluation of the inputs in the calculation of provisions:			
Rehabilitation provision	5 364	5 690	326
- Projection rate change	5 364	5 690	326

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	2018/19 R '000	2017/18 R '000
67 Fruitless and Wasteful Expenditure		
Reconciliation of fruitless and wasteful expenditure		
Opening balance -	8 687 595	6 487 222
Prior period error		32 147
As restated		6 551 290
Add: Fruitless and wasteful expenditure - current year	2 505 606	2 867 676
Add: Fruitless and wasteful expenditure - prior year	488 628	552
Less: Condoned or written off by relevant authority	(1 496 575)	(715 805)
Less: Transfer to receivables for recovery	(744 812)	(16 119)
Fruitless and wasteful expenditure closing balance	9 440 442	8 687 595
68 Irregular Expenditure		
Reconciliation of irregular expenditure		
Opening balance -	185 836 411	126 324 030
Prior period error		3 956 383
As restated		132 538 682
Add: Irregular expenditure - current year	60 647 887	58 193 780
Add: Irregular expenditure - prior year	60 136 780	12 581 484
Less: Condoned or written off by relevant authority	(10 797 831)	(17 371 277)
Less: Transfer to receivables for recovery – not condoned	(1 494 362)	(106 257)
Irregular expenditure awaiting condonement	294 328 885	185 836 411
69 Capital Commitments		
Commitments in respect of capital expenditure:		
- Approved and contracted for	229 107 173	254 025 408
Infrastructure	209 871 227	236 132 008
Community	65 234	70 713
Heritage	1 129 989	187 356
Other	18 040 723	17 635 332
- Approved but not yet contracted for	132 090 188	135 059 675
Infrastructure	129 070 944	131 331 331
Other	3 019 245	3 728 344
Total	361 197 361	389 085 083
This expenditure will be financed from:		
- External Loans	150 495 053	157 950 219
- Government Grants	95 308 278	97 001 469
- Own resources	115 394 030	134 133 394
	361 197 361	389 085 083

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	2018/19 R '000	2017/18 R '000
70 Operational Commitments		
Commitments in respect of operational expenditure:		
- Approved and contracted for	73 650 397	69 606 271
Services	43 800 615	36 185 107
Maintenance	3 857 493	3 437 659
Other	25 992 289	29 983 505
- Approved but not yet contracted for	34 603 751	25 220 354
Services	33 571 977	23 944 556
Maintenance	27 156	1 341
Other	1 004 618	1 274 457
Total	108 254 148	94 826 625
This expenditure will be financed from:		
- External Loans	4 774 318	6 916 252
- Government Grants	87 158 776	74 723 893
- Own resources	16 321 053	13 186 481
	108 254 148	94 826 625

71 Operating leases

At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

Operating lease arrangements

Lessee

At the reporting date the entity had outstanding commitments under non-cancellable operating leases, which fall due as follows:

Up to 1 year	43 553 248	38 915 767
1 to 5 years	120 306 993	35 849 382
More than 5 years	150 569 249	8 818 081
	314 429 490	83 583 230

Lessor

At the reporting date the entity had contracted with tenants for the following future minimum lease payments:

Up to 1 year	43 032 878	8 532 902
1 to 5 years	156 278 071	15 877 534
More than 5 years	156 345 181	85 784 469
	355 656 130	110 194 905

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

	2018/19 R '000	2017/18 R '000
72 Contingent Liabilities		
72.1 Guarantees		
Guarantees	11 101 886	14 090 697
72.2 Court proceedings		
Legal court proceedings	(11 481 754)	(22 289 576)
72.3 Insurance claims		
Insurance claims	108 040 647	101 738 355
72.4 Forensic investigation		
Forensic investigation	3 257	3 257
72.5 Other contingent liabilities		
Other contingent liabilities	169 083 752 733	34 837 219 372
Total contingent liabilities	169 191 416 769	34 930 762 106
73 Contingent Assets		
73.1 Court proceedings		
Legal court proceedings	1 322 352	1 445 437
73.2 Insurance claims		
Insurance claims	522 271	477 199
73.3 Forensic investigation		
Forensic investigation		765 705
73.4 Other contingent assets		
Other contingent assets	11 327 460	333 452
Total contingent assets	13 172 084	3 021 793
74 Contributed Capital		
Opening balance	46 164 456	35 672 412
Contributions	5 525 281	10 492 044
	51 689 737	46 164 456

75 Events After the Reporting Date

Adjusting events

CEF (Pty) Ltd

Investment in PASA. Subsequent to year end, a new cabinet was announced where the Department of Energy and Minerals have been combined. This therefore confirms that the transfer of PASA will not take place.

Cargo dues arbitration award in favour of the counterparty that was appealed by SFF has been resolved. The High Court has decided against SFF and the company resolved to settle the matter with no further appeal. The Judgement was delivered in July 2019 and thus resulted in an adjusting post balance sheet event. The total amount payable by 31 July 2019 is R56.8 million, however only R55.1 million is relevant as at year end. The expenditure (consulting, legal and professional services) has therefore been adjusted by R55.1million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

Isimangaliso Wetland Park

Publication in the Government Gazette declaring the iSimangaliso Marine Protected Area in terms of Section 22B of the National Environmental Management: Protected Areas Act, 2003 (act No. 57 of 2003).

National Credit Regulator

NCR received a condonation from the National Treasury relating to irregular expenditure amounting to R1,561 million.

Passenger Rail Agency of South Africa

On 02 May 2019, the Constitutional Court dismissed the Swifambo's application for leave to appeal on the basis that there were no prospects of success. This is now the end of this matter and the order of the High Court stands and Swifambo should pay back the money claimed by PRASA in connection with the contract between the parties. PRASA had paid Swifambo an amount of R2.6 billion which the court ruled that it must be paid back to PRASA.

Small Enterprise Development Agency

The Executive Authority has appointed new Board of Directors of Seda effective from June 2019 to replace the current Board of Directors; who's term of office has lapsed. The Annual Financial Statements were authorised for issue by the Board of Directors on 30 July 2019. A new Executive Authority was appointed for the Department of Small Business Development in May 2019.

South African National Accreditation System

The board approved performance bonuses subsequent to year end in relation to employees performance for 2018/19. As amount of R3.06 million has been provided for.

Broadband Infraco

The shareholders are in an advanced stage of undertaking relevant processes and approvals to convert the shareholders loans into equity.

Co-Operatives Banks Development Agency

A dismal case was lodge by an employee with the Commission for Conciliation, Mediation and Arbitration (CCMA) for non renewal of contract due to an expectation created. The case sat on 23 April 2019 with the Commissioner awarding monetary settlement for the amount of R67,809 to be paid by 25 May 2019.

Office of the Ombud for Financial Services Providers

On 11 June 2019, a creditor decided to write off a debt totalling R72 613,00. The debt written off related to library costs. This represented an adjusting post balance sheet event which resulted in the annual financial statements having to be adjusted.

Mining Qualifications Authority

A long outstanding debtor amounting to R121 575.85 was approved for write off, however the unrecoverability of the debtor existed before year end. An amount of R4 001 051.15 was overspent on a contract and reasons for overspending were communicated to the funder during the duration of the period. There was an agreement with the funder to refund the MQA any funds overspent on the contract. The funder indicated that they will not cover the money overspent, this amount was subsequently written-off.

Performing Arts Council of the Free State

A court order was received by PACOFS on 8 April 2019 for the settlement of the dispute between Babereki, Dihlase and PACOFS. An amount of R2 784 497 is payable from the capital projects account.

Services Sector Education and Training Authority

The Services SETA has submitted to National Treasury through the Minister of Higher Education and Training an application for the roll-over of accumulated reserves. Hence at year end during the preparation of the Annual Financial Statements the feedback from National Treasury was still outstanding. Therefore a condition existed at year-end meaning the approval of the roll-over reserves it will results to an adjusting event in the AFS.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

Non-Adjusting events

African Renaissance International Cooperation

The ARF received a letter of concurrence from the Minister of Finance on 17 May 2019 for an amount of R 138 635 140. The amount will be included in the application to National Treasury to retain accumulated surplus.

Council for the Built Environment

A case was lodged by a former employee at the CCMA. The matter has since been referred to arbitration and the outcome of the arbitration is currently unknown. The arbitration was set for 29 May 2019 and has been postponed to July 2019. The event is assessed as having no impact on the annual financial statements.

CEF (Pty) Ltd

A Memorandum of Understanding (MoU) has been concluded between the governments of South Africa and South Sudan to jointly participate in South Sudan's oil and gas sector resulting in SFF concluding an exploration and production sharing agreement with the Republic of South Sudan based on a Section 54 Approval by the Department of Energy and the National Treasury was duly notified in compliance with this Section of the Public Finance Management Act. The exploration and production sharing agreement has been approved for costs totalling \$48 million (translated to R695 million as at year end) over a 6 year period.

Companies Tribunal

Subsequent to the end of the financial year, the Tribunal received a claim from GEPF with regard to a previous employee whose employment contract ended on 31 July 2018. The GEPF state that an additional liability occurs when a member of the GEPF retires or is discharged from public service prior to the normal retirement age. The Tribunal is investigating the matter with GEPF. The liability amount claimed is currently R2 309 106.

National Electronic Media Institute of South Africa

NEMISA is in the process of becoming the Ikamva National e-Skills Institute (Inesi). This is an integration of three entities, NEMISA, e-Skills and Institute for Satellite and Software Applications (ISSA). This will result in change in the organisational structure. The iNeSI bill is still in Parliament for promulgation into law.

National Lotteries Commission

The NLPT engaged National Treasury on 9 April 2019 regarding the applicability of the Public Finance Management Act No. 1 of 1999 (PFMA) in relation to the NLPT. National Treasury concluded on the 26th June 2019 that the NLPT was created by a private company, Ithuba Holdings (RF)(Pty) Ltd, as required by the licence agreement and is not under the control of the NLC. Furthermore the NLPT is not a subsidiary of the NLC. Based on this National Treasury concluded that the NLPT is not an institution which the PFMA as amended applies. The Auditor General of South Africa (AGSA) was informed of this outcome and on 16 July 2019 confirmed that they agree with the conclusion of National Treasury and further stated that the funding model of the NLPT is such that it's not funded from the National Revenue Fund as no legislation specifies that the NLPT receives money for a public purpose. The AGSA is currently determining the applicability of section 4(3)(b)(ii) of the Public Audit Act.

Passenger Rail Agency of South Africa

15 April 2019: Fort Jackson/Berlin, Eastern Cape: Metro locomotive collided with a truck that failed to stop at a level crossing. There were no reported injuries or fatalities. The value of the loss R17.5m.

21 April 2019: Cape Town, Western Cape: Two trains were set alight on Platform 12 and 10 coaches were burnt out completely. The cause of fire is under investigation. Estimated cost is R35m. There were no reported injuries or fatalities.

Rand Water

On 30 June 2019, the Group officially moved out of the Bushbuckridge Local Municipality area of supply as approved by the Minister. The Group is still in the process of finalising the contracted obligation as a result of the discontinued operations. The exit from the Bushbuckridge municipal area will have an impact on the transfer of function as recognised in the Statement of Changes in Equity of R10.5 million. This was as a result of the take on of the disestablished Bushbuckridge Water Board in 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

On 29 May 2019 the president announced his Cabinet ministers and the merger of the Department of Water and Sanitation with the Department of Human Settlements. The merged departments are now known as the Department of Human Settlements, Water and Sanitation.

South African Civil Aviation Authority

The South African Civil Aviation authority (SACAA) has taken over all the functions and operations, assets, liabilities and contingent liabilities of RAASA with effect from 1 April 2019.

South African Post Office Limited

The Minister of Telecommunications and Postal Services has gazetted the incorporation of Post Bank SOC Ltd as separate state owned entity reporting to the South African Post Office SOC Ltd as a subsidiary with effect from 01 April 2019. Prior to this decision, Post Bank was a division of SA Post Office and has been accounted for as such in this set of financials.

South African Tourism

The Chief Financial Officer was placed on precautionary suspension after reporting date. Ms. Mamoloko Kubayi Ngubane was appointed as the Minister of Tourism.

Water Research Commission

The bid to the value of R 9,750,000 in respect of the disposal of the Marumati Building ("the Property") owned by Erf 706 Rietfontein (Pty) Ltd was approved by the Board on 16 August 2017. The transfer and registration was finalised at the Deeds office on 12 July 2019.

Alexkor Limited

Alexkor SOC Limited's Board approved the s189 consultation process in May 2019, the consultation process was concluded as at the end of June 2019. The Honourable Minister of the Department of Public Enterprises and the Honourable Minister of the Department of Mineral Resources are required to approve the restructuring in terms of Alexkor's Significant and Materiality Framework Agreement.

In the beginning of the year, the PSJV Board approved the s189 and 150 staff were retrenched at the end of June 2019. It is envisaged that this will assist the Company to improve liquidity in the short-term.

South African Broadcasting Corporation

On the 23 July 2019 Finance Minister introduced the Special Appropriation Bill to Parliament. The bill seeks to provide a financial support package amounting to R3.2 billion to the SABC. This amount will be released by National Treasury to the SABC in tranches. The release of funding is subject to the SABC meeting performance pre-conditions. Management believes that they will be able to meet all the preconditions to access the full funding available. This announcement ensures the going concern risk is adequately mitigated.

ESKOM

The group chief executive resigned effective 31 July 2019. Eskom received R5 billion on 2 April 2019 and R8.5 billion on 29 April 2019 as part of the support from government. The President announced in the State of the Nation address delivered on 20 June 2019 that government will urgently table a special appropriation bill to allocate a significant portion of the R230 billion fiscal support that Eskom requires over the next 10 years in earlier years as Eskom is seen as vital to the economy of the country.

Private Security Industry Regulatory Authority

Council approved the cancellation of award of the bid for an ERP system amounting to R38 115 558, which was accepted by the service provider on 18 April 2019.

Public Protector of South Africa

The matter between PPSA and Reserve bank was awarded (22 July 2019 constitutional court) in the favour of the bank and bill of cost not yet received. The matter is reported under contingencies.

In the matter of the PPSA and Minister of Public Enterprise, Mr. Pravin Gordhan case number (48521/19). On the 29th July 2019, the court heard an application to interdict the implementation of remedial actions, as the per the Public Protector's findings. The investigation commenced before 31 March 2019 and the Public Protector presented her findings on 05 July 2019. The interdict was granted in favour of the Minister, with costs. There was no reliable estimate at the date of reporting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

Special Investigation Unit

The SIU will submit a draft declaration and request to retain all of its surpluses to National Treasury on 30 June 2019, with the final submission to be made in August once the Annual Financial Statements have been audited and approved finally by the end of July 2019.

Die Afrikaanse Taal Museum

A deposit amounting to R136 275 was paid to Schimdt Enterprises on 18 January 2019 for construction of a fence on the ATM's premises. As at 31 May 2019, Schimdt Enterprises has yet to commence with the construction of the fence.

Mining Qualifications Authority

In July 2019, the CEO received summons issued to the MQA for a claim amounting to R43 400 000 by a former training provider for damages suffered due to termination of a contract. The claim was in relation to a contract that was terminated on the 13th of July 2016 due to material breaches. Post the termination the training provider took the matter to high court and on the 9th of March 2018, the court dismissed the matter with costs of R94 105.86 which the MQA disclosed as contingent asset.

Robben Island Museum

During the year Robben Island Museum entered into an agreement for the procurement of a new boat. A deposit was paid for the purchase of the new boat, which is being built in Singapore. The boat was delivered to Robben Island Museum in Singapore on 14 June 2019.

South African Heritage Resources Agency

The historic Non-Pareille farmhouse in Roggeland in Paarl was destroyed by fire on 29 June 2019. This property forms part of the investment property under Dal Josfat property. The extent of the damage could not be ascertained due to the nature of the property, timing and expertise required. The estimate of the financial effect can not be made.

Whole of government

On 1 April 2019, the Minister of Finance invoked Section 16 (1) of the Public Finance Management Act (PFMA) to transfer R17 652 billion to Eskom. During April 2019, an amount of R13.5 billion was transferred to Eskom to meet its obligations and avoid a call on its existing government guarantees. The remaining balance of R4.1 billion will be transferred to Eskom in accordance with their cash flow requirements.

The first quarter of 2019/20, was characterised by heightened risk of policy uncertainty amid the upcoming national elections in May 2019. However, the risk of adverse rating actions somewhat subsided following the outcome of the elections. Subsequently, on 24 May 2019, S&P Global Ratings (S&P) affirmed the country's long-term foreign and local currency ratings at 'BB' and 'BB+' respectively, and maintained a stable outlook. On the same day, Rating and Investment Information, Inc. (R&I) affirmed South Africa's long-term foreign and local currency ratings at 'BBB' and 'BBB+' respectively, and maintained a stable outlook.

Fitch Ratings (Fitch), on 26 July 2019, affirmed the sovereign's long-term foreign and local currency ratings at 'BB+' and changed the outlook to negative from stable. This came three days after tabling of the Special Appropriation Bill for Eskom (announced on 23 July 2019), aimed at providing additional financial support of R26 billion in 2019/20 and R33 billion in 2020/21 to the entity.

On 17 April 2019, an additional guarantee of R1 billion was issued for a 18-month period to Denel increasing their outstanding guarantees to R4.43 billion.

Government's debt portfolio is exposed to currency and inflation risk. Since 31 March 2019 to 30 September 2019, the rand weakened against the Euro by 1.7 per cent and against the US dollar by 5.0 per cent. Consequently, the rand equivalent of foreign debt would have increased by R14.4 billion or 4.9 per cent. In addition, government also held cash deposits of US\$8.5 billion or R122.5 billion. The weaker currency would have increased the rand value of these deposits by R6.1 billion or 5.0 per cent to R128.6 billion.

Furthermore, revaluing the stock of inflation-linked bonds using the consumer price index (CPI) of 30 September 2019 would have resulted in the outstanding value of inflation-linked bonds increasing by R15.5 billion (2.7 per cent) to R583.0 billion.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

76 Segment Reporting

2018/19

STATEMENT OF FINANCIAL POSITION

ASSETS

Segment assets
Investment in associates (equity method)

	CENTRAL	ECONOMIC	FINANCE	JUSTICE	SOCIAL	ELIMINATIONS	TOTAL
Segment assets	137 663 509	1 026 972 762	2 185 096 091	11 209 221	299 791 320	(4 959 392)	3 655 773 511
Investment in associates (equity method)	-	46 378 929	7 174 871	-	4 451 274		58 005 074

Total assets

137 663 509 1 073 351 691 2 192 270 962 11 209 221 304 242 594 (4 959 392) 3 713 778 585

LIABILITIES

Segment liabilities

Segment liabilities	19 492 267	648 274 838	1 822 898 207	2 158 336	82 110 855	(6 035 988)	2 568 898 516
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Total liabilities

19 492 267 648 274 838 1 822 898 207 2 158 336 82 110 855 (6 035 988) 2 568 898 516

OTHER INFORMATION

Capital expenditure
Non cash items excluding depreciation and amortisation
Accrued expenses
Deferred Revenue

Capital expenditure	3 280 636	27 594 144	73 352 404	261 521	1 217 866		105 706 572
Non cash items excluding depreciation and amortisation	(159 012)	(3 028 946)	260 355	(54 976)	(1 644 216)		(4 626 796)
Accrued expenses	21 410	2 185 026	4 961 449	4 417	507 528		7 679 830
Deferred Revenue	-	70 223 593	26 878 256	438 621	(5 740 419)		91 800 051

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

2017/18	CENTRAL	ECONOMIC	FINANCE	JUSTICE	SOCIAL	ELIMINATIONS	TOTAL
STATEMENT OF FINANCIAL POSITION							
ASSETS							
Segment assets	137 098 922	989 334 310	2 049 121 825	9 431 422	285 434 539	1 084 792	3 471 505 810
Investment in associates (equity method)	-	37 004 059	6 234 892	-	3 624 274		46 863 225
Total assets	137 098 922	1 026 338 369	2 055 356 718	9 431 422	289 058 813	1 084 792	3 518 369 035
LIABILITIES							
Segment liabilities	19 660 689	586 081 126	1 670 838 980	1 986 946	62 704 292	(23 829 826)	2 317 442 207
Total liabilities	19 660 689	586 081 126	1 670 838 980	1 986 946	62 704 292		2 317 442 207
OTHER INFORMATION							
Capital expenditure	3 579 287	30 230 296	90 790 942	249 494	925 606		125 775 625
Non cash items excluding depreciation and amortisation	(30 522)	(2 660 849)	(605 956)	(111 821)	(5 248 080)		(8 657 228)
Accrued expenses	22 289	2 215 262	5 212 531	5 101	401 746		7 856 928
Deferred Revenue	-	64 225 812	27 567 515	492 364	(22 859 732)		69 425 959

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

2018/19	STATEMENT OF FINANCIAL PERFORMANCE	CENTRAL	ECONOMIC	FINANCE	JUSTICE	SOCIAL ELIMINATIONS	TOTAL
	REVENUE						
	Revenue from non-exchange transactions	5 397 473	100 678 815	11 503 211	5 991 412	3 004 672	126 575 582
	Revenue from exchange transactions	13 410 686	131 718 757	340 444 682	2 891 715	(291 090)	488 174 750
	Inter-entity transfers	1 288 245	1 205 495 721	8 495 018 373	6 19 816 306	19 167 326 649	29 488 945 294
	Share of surplus/ (deficit) of associate	-	1 935 529	1 015 517	-	(529 403)	-
	Interest Revenue	265 503	12 111 898	37 294 289	303 731	18 821 743	2 421 643
	Total Segment Revenue	20 361 906	1 439 828 822	8 847 981 782	628 699 433	19 169 510 828	29 488 945 294
	EXPENSES						
	Employee related costs	(2 675 371)	(42 125 273)	(82 300 768)	(4 369 780)	(9 731 012)	(141 202 203)
	Depreciation and amortisation expense	(2 557 852)	(15 744 486)	(47 664 900)	(190 167)	(759 612)	(66 917 017)
	Other expenses	(11 677 887)	(191 092 990)	(175 761 135)	(2 904 183)	(82 487 291)	(465 761 132)
	Interest expenses	(89 944)	(21 550 964)	(60 348 227)	(509)	(2 564 507)	(84 554 152)
	Total segment expenses	(17 001 053)	(270 513 713)	(366 075 031)	(7 464 638)	(95 542 423)	(1 837 646)
	Total segment surplus/deficit	3 360 853	1 169 315 109	8 481 906 752	621 234 795	19 073 968 405	29 490 782 940
	Other unallocated revenue						2 713 582
	Unallocated expenses						(1 837 646)
	Net Surplus/Deficit						(71 589 429)
	Reversal of inter segment expenses eliminated						1 837 646
	Other items not included in the segment						(20 080 665)
	TOTAL SURPLUS / (DEFICIT) FOR THE PERIOD NET OF TAX AS PER CFS						(89 832 448)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

2017/18	CENTRAL	ECONOMIC	FINANCE	JUSTICE	SOCIAL	ELIMINATIONS	TOTAL
STATEMENT OF FINANCIAL PERFORMANCE							
REVENUE							
Revenue from non-exchange transactions	5 084 163	85 713 887	11 702 322	5 183 182	3 478 237		111 161 791
Revenue from exchange transactions	11 838 078	124 763 798	332 449 910	2 714 596	785 017		472 551 399
Inter-entity transfers	47 644 440	17 671 171 937	9 241 313 864	2 15 376 031	18 338 259 093	45 513 765 365	-
Share of surplus/ (deficit) of associate	-	31 071	677 024	-	(54 464)		653 631
	228 006	14 427 224	30 038 077	247 668	17 232 625		62 173 598
Total Segment Revenue	64 566 681	17 881 680 694	9 586 143 120	223 273 809	18 342 467 883	45 513 765 365	646 540 420
EXPENSES							
Employee related costs	(2 204 875)	(38 263 415)	(77 801 101)	(3 930 958)	(10 905 766)		(133 106 114)
Depreciation and amortisation expense	(2 482 494)	(15 370 592)	(37 062 263)	(207 232)	(536 082)		(55 658 662)
Other expenses	(11 448 436)	(164 125 335)	(165 836 204)	(8 377 977)	(56 118 685)	(1 042 647)	(406 949 285)
	(93 493)	(18 593 187)	(45 763 367)	(918)	(38 913)		(64 489 877)
Total segment expenses	(16 135 805)	(217 759 342)	(280 699 568)	(12 516 167)	(67 560 533)	(1 042 647)	(660 203 938)
Total segment surplus/deficit	48 430 876	17 663 921 352	9 305 443 553	210 757 642	18 274 907 350	45 514 808 012	(13 663 518)
Other unallocated revenue							4 263 254
Unallocated expenses							(1 042 647)
Net Surplus/Deficit							(10 442 911)
Reversal of inter segment expenses eliminated							1 042 647
Other items not included in the segment							(4 183 742)
TOTAL SURPLUS / (DEFICIT) FOR THE PERIOD NET OF TAX AS PER CFS							(13 584 006)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

77 Risk Management

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

Maximum credit risk exposure

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

A. CASH AND CASH EQUIVALENTS

Public entities bank with major banks with high credit standing. Furthermore, the cash holdings with banks are spread amongst a variety of banks to reduce the concentration of their credit risk exposure. The minimum counterparty credit rating for placing deposits and investing in government bonds is 'A' by Standard & Poor's or its Moody's or Fitch's rating equivalents, while the minimum rating for investments in corporate bonds is 'AA-'. The rating of certain investment securities were below 'A' at year-end due to downgrading of instruments or institutions by the rating agencies and due to the tightening of investment guidelines by the Bank, which resulted in passive breaches on some of the financial assets in the Bank's portfolios.

B. TRADE RECEIVABLES

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the individual boards of directors of each of the public entities. The utilisation of credit limits is regularly monitored. Credit guarantee insurance is purchased when deemed appropriate.

C. FINANCE LEASE RECEIVABLES

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

D. LONG TERM RECEIVABLES

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

77.1 Financial Assets carried at Amortised Cost

	2018/19 R '000	2017/18 R '000
The financial assets carried at amortised cost expose the entity to credit risk. The value of the maximum exposure to credit risk are as follows for each of classes of financial assets at amortised cost:		
Cash and cash equivalents	201 740 391	196 153 314
Trade and other receivables from exchange transactions	74 202 245	78 240 732
Other receivables from non-exchange transactions	22 589 251	19 351 564
Other current financial assets	875 104 911	755 341 727
Current Investments	53 211 106	40 516 369
Construction contracts and receivables	852 251	1 908 983
Finance lease receivable	630 513	577 832
Non-current receivables from exchange transactions	34 049 274	41 846 962
Non-Current Investments	397 674 226	387 554 227
Other non-current financial assets	51 993 587	43 804 791

77.2 Collateral held and other credit enhancements

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

Bank - collateral held	19 058 620	14 712 983
Financial guarantees	207 351	674 613
Trade and other receivables	19 455 147	17 457 366
Other	118 122 888	147 215 565

77.3 Liquidity risk

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

2018/19	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Later than one year and not later than five years
Gross finance lease obligations	9 844	451 447	2 504 544	9 471 767
Borrowings	11 989 854	11 447 922	106 172 512	371 103 187
Trade and other payables	11 544 870	64 771 440	35 320 187	18 441 042
Bank overdraft	4 168 047		456 856	
Other	459 713 760	634 184 374	163 712 849	5 358 318

2017/18	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Later than one year and not later than five years
Gross finance lease obligations	14 126	542 608	2 215 876	10 746 496
Borrowings	176 837	12 157 966	105 854 100	336 914 024
Trade and other payables	8 113 135	62 813 553	38 308 293	27 172 483
Bank overdraft	3 750 273	368	1 269 122	
Other	510 511 363	858 517 956	1 436 424 183	4 553 239

77.4 Collateral held and other credit enhancements

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

Pledged collateral	1 534 000	1 589 000
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77.5 Interest rate risk

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

77.6 Credit quality of financial assets carried at amortised cost

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

78 Financial Sustainability

Economic growth projections are at 0.5 per cent for 2019 rising gradually to 1.7 per cent by 2022. This level of growth is far too low to support meaningful increases in employment and welfare. The increase in the unemployment rate, devaluation of the Rand against the Dollar and the poor financial position of some state-owned companies that continue to burden the public finances over the medium term, results in a very bleak outlook for South Africa. Furthermore, mounting trade tensions and political uncertainty resulted in the global growth forecast for 2019 to be the lowest since the 2008 financial crisis for both developed and developing countries.

In this regard the National Treasury released a discussion paper on economic reforms to boost GDP growth over the medium and long term, support increase investment and job creation. These measures have been broadly agreed within government and the next step is to implement them urgently to restore the momentum of economic growth and stabilise the public finances. The interventions considered are strengthening network industries for road and rail and enabling small firms to grow and compete with dominant players.

Over the past decade public finances deteriorated. This accelerated in recent years as low growth led to large revenue shortfalls. In 2018/19, government collected R57.3 billion less than projected in the 2018 Budget, and R14.5 billion less than set out in the 2019 Budget. This was the largest under collection since 2009/10, following the global financial crisis. It was partly driven by large and unexpected once-off payments of VAT refunds in line with commitments in the 2018 MTBPS. The bulk of the 2018/19 shortfall resulted from weaker-than-expected economic growth in 2019. Measures to increase tax revenue have offset some of this decline, but the expected increase in collections has disappointed. Sustained higher economic growth, and a revitalised and effective SARS, are key to improved revenue outcomes over the medium term. The SARS Large Business Centre, which focuses on major firms and high net-worth individuals, was officially reopened in October.

Although South Africa's macroeconomic framework remains broadly supportive of investment and growth, economic reforms are required. Persistent growth in the wage bill has worsened the composition of spending, while spending outcomes continue to disappoint. This resulted in fiscal deficits not raising long-run growth, and begun to undermine confidence. South Africa needs to boost the economy, narrow the fiscal deficit and raise the quality of spending particularly on large infrastructure projects. Treasury has begun a review of public-private partnership regulation aimed at merging approval processes and reducing implementation timeframes.

For 10 years, South Africa have run large budget deficits raising its borrowing and making the increase in South Africa's debt-to-GDP ratio among the highest of peer countries. This might have provided some support to the economy but put us deeply in debt. The combination of lower revenue and increased spending widens the budget deficit to an average of 6.2 per cent over the next three years. Debt and debt-service costs will continue to increase. South Africa is now at the point where interest payments have begun crowding out social and economic spending programmes.

Gross loan debt is expected to increase from R3.2 trillion or 60.8 per cent of GDP in 2019/20 to R4.5 trillion or 71.3 per cent of GDP in 2022/23, mainly to finance the budget deficit. The key drivers of this increase remain the budget balance and fluctuations in the interest, inflation and exchange rates. Government's gross borrowing requirement consisting of the budget deficit and maturing debt is expected to increase from 7.6 per cent of GDP in 2019/20 to 8.2 per cent of GDP in 2022/23. To return the public finances to a sustainable position over the longer term requires large additional adjustments. Government proposes a fiscal target that should achieve a main budget primary balance, excluding Eskom funding provisions, by 2022/23. This target is expected to result in debt stabilizing by 2025/26.

South Africa's biggest economic risk remains Eskom. Problems with the utility's operations continue to disrupt the supply of electricity to households and businesses which puts a further hamper on economic growth. Government has set aside significant resources for Eskom to service its debt obligations. Addressing Eskom's underlying problems requires reinvigorated governance, operational efficiencies and restructuring for a competitive, transparent and financially viable electricity sector. To reduce future transfers, a sustainable plan for state-owned companies is required. It should include the disposal of non-core assets and options for private-sector participation. As previously highlighted provision for financial support for Eskom in the current year and over the medium term amounts to R161 billion. Excluding these provisions for Eskom, the main budget primary deficit improves by 0.9 percentage points to 1.4 per cent of GDP in 2019/20, and narrows to 1.1 per cent of GDP in 2022/23.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

Government remains committed to fiscal sustainability. Spending pressures continue to mount, led by the public service wage bill and state-owned companies in crisis. This requires substantial spending and expenditure reductions to stabilise debt. Measures to manage and reduce public-sector pressures and risks will be implemented over the medium term.

79 Exemptions and Departures

Section 92 Exemption

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

The reason for all departures and exemptions granted was to achieve fair presentation, and Management has concluded that the consolidated financial statements fairly present the primary and secondary information as required by GRAP.

for the year ended 31 March 2019

NATIONAL REVENUE FUND

Annual Financial Statements for the year ended 31 March 2019

2019 **CONSOLIDATED FINANCIAL STATEMENTS**



national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



ACCOUNTING OFFICER'S APPROVAL

For the year ended 31 March 2019

The National Revenue Fund Financial Statements are prepared on the going concern basis. They are based on accounting policies which have been consistently applied and supported by reasonable and prudent judgements of estimates. The National Revenue Fund Financial Statements have been approved by the Acting Accountant-General on 28 November 2019.



Karen Maree

Accounting Officer

ACCOUNTING OFFICER'S REVIEW

For the year ended 31 March 2019

Mandate

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

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

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

Revenue

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

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

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

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

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

Expenditure

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

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

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

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

Funding of the deficit

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

ACCOUNTING OFFICER'S REVIEW

For the year ended 31 March 2019

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

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

■ Accounting standards

On a drive to improve public accountability, there is a transition in progress from reporting on the modified cash basis of accounting to reporting on the accrual basis of accounting. Under the modified cash basis of accounting, transactions and other events are recognised when cash is received or paid, while provision is made in the annual financial statements (AFS) for provisions, accruals, contingent liabilities and so on.

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

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

EXECUTIVE SUMMARY

For the year ended 31 March 2019

Government's central economic policy goal is to accelerate inclusive growth and create jobs. Its main fiscal objective is to ensure sustainable finances by containing the budget deficit and stabilizing public debt.

2018 was characterized by slow economic growth, recession, rating downgrades and heightened concerns regarding the governance and sustainability of state-owned companies. It is expected that real GDP growth in 2019 will rise to 1.5% and then strengthen moderately to 2.1% in 2021 whilst the National Development Plan (NDP) targets sustained economic growth of 5.4% per year to dramatically reduce unemployment, poverty and inequality.

Economic and revenue outlook has deteriorated whilst the funding pressures from the state-owned companies have increased. Tepid growth, rising debt burden and contingent liabilities, resulted in South Africa now being rated sub-investment grade for both local and foreign currency debt by two of the major rating agencies.

Government's immediate focus is to address the substantial risks that Eskom poses to the economy and the public finances as the current form of the power utility is not financially sustainable nor can it meet the country's electricity needs. Failure to address this could lead to a negative market reaction that would prompt capital outflows and greater pressure on the rand which will reduce economic growth.

The Unemployment rate increased by 1.4% from 27.6% to 29.0%. Faster growth is needed to expand employment and raise the revenues needed to support social development such as health services, access to education and social protection.

New partnerships with the private sector have led to large scale investment commitments. Government is stepping up its infrastructure build programme by partnering with the private sector, development finance institutions and multilateral development banks.

Weak economic performance and residual problems in tax administration have resulted in large revenue shortfalls. The weak economic growth has fed through to lower personal income tax and corporate income tax receipts.

Regarding the tax administration concerns the South African Revenue Services (SARS) is busy strengthening its operations by re-establishing the Large Business Centre and setting up a dedicated unit to tackle syndicated tax evasion.

Government remains focused on restoring investor confidence by narrowing the budget deficit, stabilizing debt, enacting structural reforms to boost growth and improving the financial position of state-owned companies. This will enable government to over the long term ensure sustainable public finances and continue prioritising social infrastructure, health services, access to education and social protection.

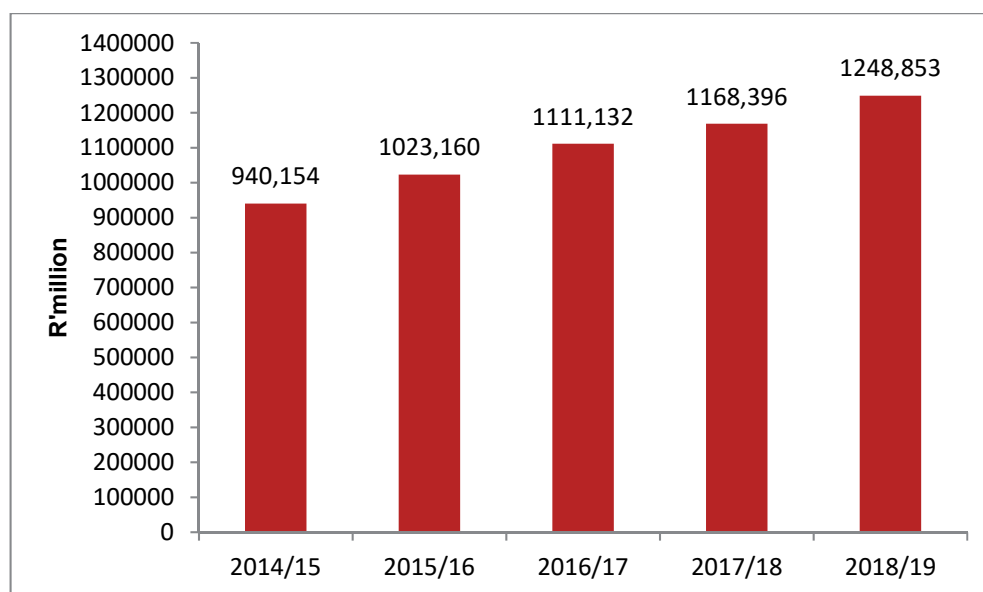
REVIEW OF OPERATING RESULTS

For the year ended 31 March 2019

Year Ended 31 March	Actual	Actual	Actual	Actual	Actual
<i>R' million</i>	2014/15	2015/16	2016/17	2017/18	2018/19
Taxes, Levies & Duties	1 029 597	1 122 504	1 201 452	1 279 007	1 358 259
Less: South African Customs Union Agreement	51 738	51 022	39 448	55 951	48 289
Less: Payment to sec 12(3) of the PFMA	-	-	-	-	-
Less: Payment to UIF	15 778	16 601	16 108	16 614	17 420
Less: Amount payable by SARS to UIF	200	150	1 719	1 657	1 697
Less: Payment to RAF	21 582	31 442	33 545	36 048	41 890
Less: Amount payable by SARS to RAF	145	129	(500)	341	110
Net Revenue for the Year	940 154	1 023 160	1 111 132	1 168 396	1 248 853
Movement in SARS revenue	9%	9%	9%	5%	7%

Revenue

South African Revenue Services (SARS) income increased by 7 per cent in 2018/19 (2017/18: 5 per cent).



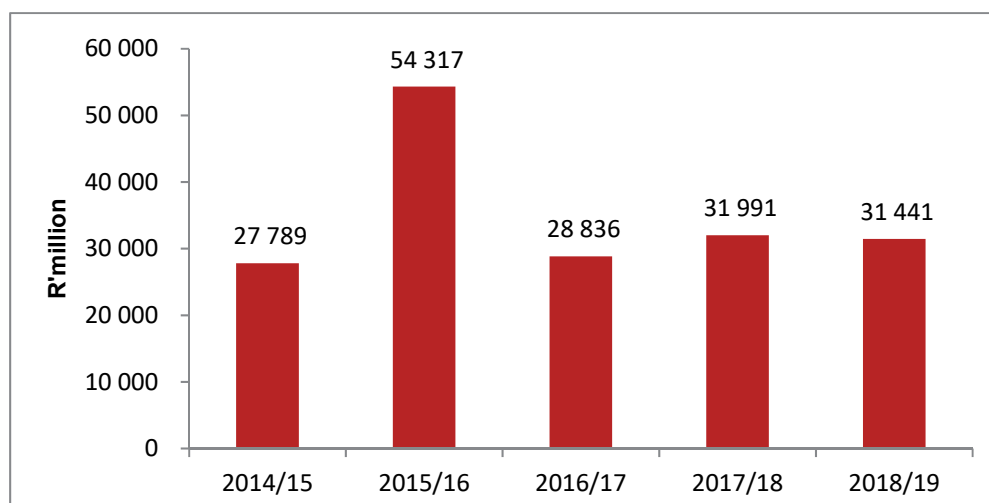
Other main sources of income are departmental revenue, inclusive of National Revenue Fund receipts. This amounts to R24 billion for the 2018/19 financial year. The decrease in other revenue of 2 per cent for the 2018/19 financial year is mainly due to a decrease in Departmental Revenue. For the full detailed analysis of what departmental revenue consist of refer to note 1.2 of the Notes to the Annual Financial Statements for the National Revenue Fund.

Year Ended 31 March	Actual	Actual	Actual	Actual	Actual
<i>R' million</i>	2014/15	2015/16	2016/17	2017/18	2018/19
Departmental revenue	23 682	51 604	25 949	26 671	24 063
Other surrenders	2 182	599	1 170	3 886	4 562
Other revenue received	1 925	2 114	1 717	1 434	2 817
Total revenue	27 789	54 317	28 836	31 991	31 441
Movement in other revenue	5%	95%	-47%	11%	-2%

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2019

Other Revenue excluding CARA

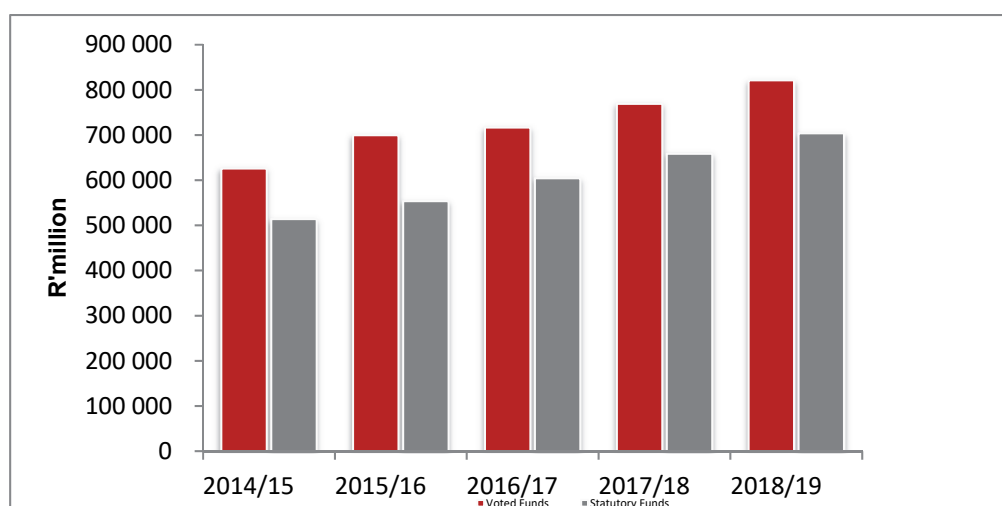


Expenditure

Net Appropriation increased by 7 per cent in 2018/19 (2017/18: 8 per cent)

Year Ended 31 March R' million	Actual 2014/15	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19
Voted Funds	625 933	699 678	716 634	768 848	820 911
Statutory Funds*	513 747	553 700	604 261	658 594	703 946
Net Appropriation Movement in net appropriation	1 139 680	1 253 378	1 320 895	1 427 442	1 524 857
	7%	10%	5%	8%	7%

*Included in Statutory Funds is National Revenue Fund payments.



REVIEW OF OPERATING RESULTS

For the year ended 31 March 2019

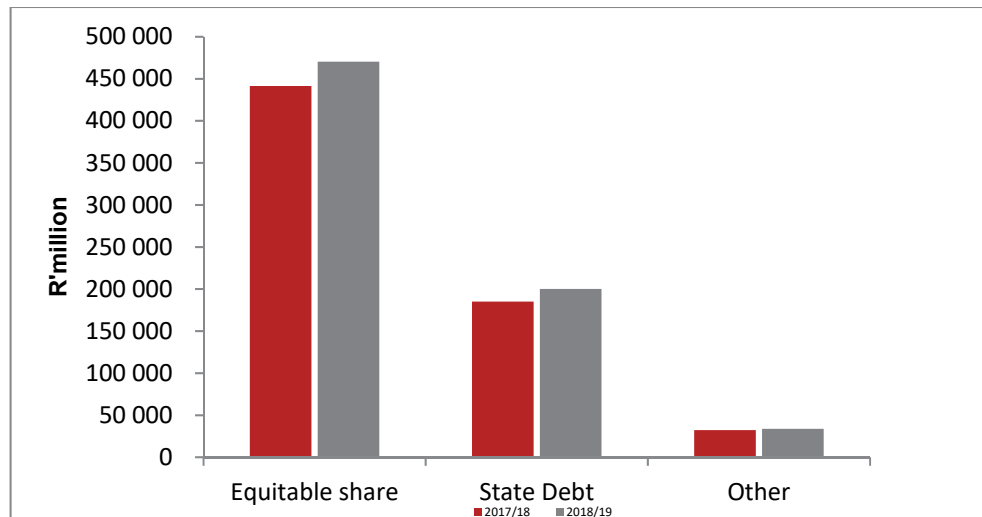
Statutory Funds

Statutory Funds <i>R' million</i>	Actual	Actual
	2017/18	2018/19
Equitable share	441 331	470 287
State Debt	185 098	199 978
Other	32 165	33 681
Total	658 594	703 946

Statutory Net Appropriation includes Provincial equitable share, Debt-service costs, National Revenue Fund Payments and other salaries that are a direct charge against the National Revenue Fund.

The Provincial equitable share is transferred to provinces to perform functions at the provincial sphere of government. This amounts to 67 per cent in 2018/19 (2017/18: 67 per cent) of the total statutory budget.

Debt service costs consist mainly of interest paid on government debt. This amounts to 28 per cent in 2018/19 (2017/18: 28 per cent) of the total statutory budget.



Assets

Cash and Cash Equivalent <i>R' million</i>	Actual	Actual	Actual	Actual	Actual
	2014/15	2015/16	2016/17	2017/18	2018/19
Cash and equivalent	206 336	214 058	216 768	224 630	217 568
Movement in cash and cash equivalent	5%	4%	1%	4%	-3%

Cash and cash equivalents amount to R217 billion. Total cash includes deposits held at South African Reserve Bank (SARB) and commercial banks. Operational cash to finance the borrowing requirement is held in the tax and loan accounts with the four commercial banks and in the foreign currency accounts with the SARB. The table below reflects the breakdown.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2019

Break down of cash balances <i>R' million</i>	Actual 2014/15	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19
Commercial banks					
<i>Tax and Loan account</i>	45 065	47 354	41 739	58 623	37 754
South African Reserve Bank					
Cash with SARB	67 157	67 157	67 157	67 157	57 157
Foreign Currency Investment	94 404	102 080	106 649	101 947	122 541
Other	(291)	(2 533)	1 223	(3 098)	115
Total Cash and cash equivalents	206 335	214 058	216 768	224 630	217 568

Non-current Investments

Investments <i>R' million</i>	Actual 2014/15	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19
Investments	133 980	195 542	190 038	193 239	253 331
Movement in Investments	10%	46%	-3%	2%	31%

Total investment increased to R253 billion for the current year. This is a 31 per cent increase for 2018/19 against a 2 per cent increase in the prior year. The table below reflects the investment held by government for the past two years.

Investments <i>R' million</i>	Actual 2017/18	Actual 2018/19
International Monetary Fund quota subscription	52 640	61 366
African Development Bank	47 353	57 802
International Bank for Reconstruction and Development	25 529	31 162
International Monetary Fund SDR Holding	25 758	30 054
New Development Bank		
Paid up Shares	8 308	14 487
Callable Shares	33 231	57 947
Multilateral Investment Guarantee Agency	213	261
International Finance Corporation	207	252
Total	193 239	253 331

Liabilities

Non-current liabilities

Multilateral Institutions <i>R' million</i>	Actual 2014/15	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19
Multilateral Institutions	127 353	184 505	176 837	177 874	227 209
Movement in Multilateral Institutions	9%	45%	-4%	1%	28%

The balance presents the callable portion of South Africa's subscription in the various multilateral institutions. The total liabilities in multilateral institutions increased to R227 billion for the current year. This is a 28 per cent increase for 2018/19 against a 1 per cent increase in the prior year. The table below reflects Non-current Liabilities held by government for the past two years.

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2019

Multilateral Institutions <i>R' million</i>	Actual 2017/18	Actual 2018/19
African Development Bank	44 119	53 855
IMF-Securities Account	45 556	50 001
New Development Bank	33 231	57 947
IMF-SDR Allocations	30 802	35 908
International Bank for Reconstruction and Development	23 993	29 287
Multi- Lateral investment Guarantee Agency	173	211
Total	177 874	227 209

Current and non-current borrowings

Borrowings <i>R' million</i>	Actual 2014/15	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19
Current Borrowings	252 322	305 197	326 832	328 462	380 109
Non-Current Borrowings	1 546 466	1 713 713	1 906 011	2 161 227	2 408 181
Total	1 798 788	2 018 910	2 232 843	2 489 689	2 788 290
Movement in Borrowings	14%	12%	11%	12%	12%

Government gross borrowing requirements are financed through the issuance of domestic short term, long term and foreign loans. Domestic loans consist mainly of Treasury bills, fixed rate and inflation linked bonds. The total gross debt figure increased to R 2 788 billion for the current year. This is a 12 per cent increase for 2018/19 against a 12 per cent increase in the prior year. The table below reflects the breakdown between local and foreign debt:

National Government Debt <i>R' million</i>	Actual 2014/15	Actual 2015/16	Actual 2016/17	Actual 2017/18	Actual 2018/19
Domestic debt	1 631 957	1 819 303	2 020 089	2 271 877	2 496 976
Foreign debt	166 831	199 607	212 754	217 812	291 314
Total	1 798 788	2 018 910	2 232 843	2 489 689	2 788 290

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

Net Surplus/(Deficit) reconciliation	Revised Estimate	Audited outcome NRF	Audited outcome Budget Review
Reconciliation to Deficit as reflected in 2019 R'million	2018/19	2017/18	2017/18
Surplus/(Deficit) per Income Statement (NRF)	(294 334)	(246 609)	(246 609)
Revaluation gains/(losses)	51 699	18 587	18 587
Movement on National Treasury Financial Instruments	(1 897)	1 089	1 089
Increase/(Decrease) in revenue	5 092	(5 803)	(5 803)
Movement in Annual Appropriation: Net Financing	15 000	15 510	15 510
Other receipts:			
Recovery of criminal assets	(168)	(129)	(129)
Other payments:			
Recovery of criminal assets	137	9	9
Surplus/Deficit per Budget Review	(224 471)	(217 346)	(217 345)
GDP as per budget review	5 059 106	4 699 381	4 699 381
Surplus/(Deficit) as percentage of GDP	(4.4)	(4.6)	(4.6)

REVIEW OF OPERATING RESULTS

For the year ended 31 March 2019

for the year ended 31 March 2019

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

Annual Financial Statements for the year ended 31 March 2019

2019 **CONSOLIDATED FINANCIAL STATEMENTS**



AUDITOR-GENERAL
SOUTH AFRICA



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2019

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

Report on the audit of the Financial statements

Opinion

1. I have audited the financial statements of the National Revenue Fund set out on pages 264 to 293, which comprise the statement of financial position as at 31 March 2019, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Revenue Fund as at 31 March 2019, and financial performance and cash flows for the year then ended in accordance with Modified Cash Standard (MCS) as prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the National Revenue Fund in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* and, parts 1 and 3 of the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)*

(IESBA codes), as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.

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

Key audit matters

6. I have determined that there are no other key audit matters to communicate in this auditor's report.

Emphasis of matter

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

Subsequent events

8. As disclosed in note 27 to the financial statements, material subsequent events occurred after 31 March 2019. These events relate to the evoking of section 16 of the PFMA and the issuing of foreign bonds.

Restatements of prior period errors

9. As disclosed in notes 24 to the consolidated financial statements, the corresponding figures for 31 March 2018 were restated as a result of errors in the financial statements of the national departments at, and for the year ended, 31 March 2019.

Other matter

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

Unaudited supplementary schedules

11. The supplementary information set out on pages 294 to 327 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2019

Responsibilities of accounting officer for the financial statements

12. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with Modified Cash Standard (MCS) as 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 for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
13. In preparing the financial statements, the accounting officer is responsible for assessing the National Revenue Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the National Revenue Fund or to cease operations, or has no realistic alternative but to do so.

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

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

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

Other information

16. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements and the auditor's report.
17. My opinion on the financial statements does not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
18. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
19. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate this matter to those charged with governance and request that other information be corrected. If other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

20. I considered internal control relevant to my audit of the financial statements; however, my objective was not to express any form of assurance on it.
21. I did not identify any significant deficiencies in internal control

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2019

Auditor-General

Pretoria

28 November 2019



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

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

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the National Revenue Fund’s internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the National Revenue Fund’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am

REPORT OF THE AUDITOR-GENERAL

For the year ended 31 March 2019

required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a National Revenue Fund to cease continuing as a going concern

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

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.
5. From the matters communicated to those charged with governance, I determine those matters that were of the most significance in the audit of the financial statements of the current period and are therefore key audit matters. I describe these matters in this auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in this auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS

For the year ended 31 March 2019

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

1. Presentation of the Financial Statements

1.1 Reporting Entity

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

1.2 Going concern

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

1.3 Basis of preparation

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

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

Near-cash balances are all recognised. This includes the revaluation of foreign and domestic investments and loans. The recognition thereof results in revaluation gains and losses.

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

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

1.4 Rounding and Presentation currency

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

1.5 Comparative Figures

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

1.6 Settlement period of assets and liabilities

1.6.1 Current and Non-Current Assets

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

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

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS

For the year ended 31 March 2019

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

1.6.2 Current and Non-Current Liabilities

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

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

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

1.7 Restatements and Adjustments

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

2. Revenue

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

2.1.1 SARS

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

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

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

2.2 Departmental Revenue

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

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

2.2.1 Sale of goods and services other than capital assets

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

2.2.2 Transfers received

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

2.2.3 Fines, penalties and forfeits

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

2.2.4 Interest, dividends and rent on land

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

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS

For the year ended 31 March 2019

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

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

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

2.2.5 Sale of capital assets

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

2.2.6 Financial transactions in assets and liabilities

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

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

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

2.2.7 Taxation revenue

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

2.3 Criminal Asset Recovery Account (CARA) receipts

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

2.4 Other revenue

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

Amounts owing to the National Revenue Fund at the end of the financial year are recognised as receivables in the Statement of Financial Position.

3. Expenditure

3.1 Net Appropriation

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

Net Appropriation included in the Statement of Financial Performance represent the funds appropriated for annual appropriation during the financial year, less net amounts to be surrendered and unauthorised expenditure funded by the National Revenue Fund.

Total statutory appropriations less amounts to be surrendered plus exceeding of the approved statutory appropriation are presented in the statement of financial performance. Exceeding of approved statutory appropriation are recognised as a payable in the Statement of Financial Position.

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS

For the year ended 31 March 2019

3.2 Other expenditure

Expenditure is recognised on receipt of a request. If not paid by 31 March the payment becomes a payable.

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

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

3.4 CARA payments

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

3.5 Financial Instrument Valuation and Capital Subscription on Investments

Capital Subscriptions Investments are initially recognised at the issue price upon transaction date of the relevant department.

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

4. Assets

4.1 Cash and cash equivalents

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

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

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

4.2 Receivables

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

Receivables outstanding at year-end are carried at cost.

4.3 Investments

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

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

The International Monetary Fund (IMF) quota represents South Africa's membership subscription to the IMF. The investment is denominated in special drawing rights (SDR) and is recognised in the Statement of Financial Position in Rand,

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS

For the year ended 31 March 2019

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.

5. Liabilities

5.1 Payables

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

5.2 Multilateral Institutions

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

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

5.3 Borrowings

5.3.1 Domestic Borrowings

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

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

(settlement value). Zero coupon bonds are recognised at amortised costs.

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

5.3.2 Foreign Loans and Bonds

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

6. Contingent liabilities and contingent assets

6.1 Contingent liability

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

6.3 Contingent asset

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

STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS

For the year ended 31 March 2019

■ 7. Events after the reporting date of the Annual Financial Statements

Events after reporting date are both those favourable and unfavourable events, that occur between reporting date and the date when financial statements are authorised for issue.

Where applicable:

- The amounts recognised and recorded in the financial statements were adjusted to reflect adjusting events after the reporting date; and
- The amounts recognised or recorded in the financial statements to reflect non-adjusting events after the reporting date are not adjusted.

Material events after reporting date are disclosed in the notes to the financial statements. For more information see the applicable note in this regard.

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 March 2019

	Notes	2018/19 R'000	2017/18 R'000
REVENUE			
Revenue collected	1	1 273 084 045	1 195 195 745
By SARS		1 248 853 193	1 168 395 609
Departmental Revenue		24 062 881	26 670 643
CARA Receipts		167 971	129 493
Other Revenue	2	7 378 145	5 320 093
TOTAL REVENUE		1 280 462 190	1 200 515 838
EXPENDITURE			
Net Appropriation		1 524 857 097	1 427 442 047
Annual Appropriation	3	820 910 985	768 847 607
Statutory Appropriation	4	703 946 112	658 594 440
CARA Payments	5	136 862	9 490
Expenditure in terms of a separate Act of Parliament	6	-	-
TOTAL EXPENDITURE		1 524 993 959	1 427 451 537
SURPLUS/(DEFICIT)		(244 531 769)	(226 935 699)
Financial Instrument Valuation and Capital Subscription on Investments	7	(49 801 773)	(19 676 780)
Valuation and Capital on Investment		(51 699 271)	(18 587 495)
Movement on National Treasury Financial Instruments		1 897 498	(1 089 285)
SURPLUS/(DEFICIT) FOR THE YEAR		(294 333 543)	(246 612 479)

STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2019

	<i>Notes</i>	2018/19 R'000	2017/18 R'000
ASSETS			
Current assets			
Cash and cash equivalents	8	217 567 764	224 629 665
Receivables	9	12 243 409	14 634 790
Funds to be surrendered to the Revenue Fund:			
Voted Funds		9 286 915	12 345 235
Departmental Revenue		2 903 967	2 289 555
Other		51 547	-
Unauthorised expenditure		980	-
Total		229 811 173	239 264 455
Non-current assets			
Investments	10	253 331 433	193 238 548
Total		253 331 433	193 238 548
TOTAL ASSETS		483 142 606	432 503 003
RESERVES AND LIABILITIES			
RESERVES			
		(2 538 062 740)	(2 243 729 195)
LIABILITIES			
Current liabilities			
Payables	11	5 706 667	8 669 612
Voted Funds to be transferred		372 702	199 722
Unauthorised expenditure		3 099 050	3 041 910
Other		2 234 915	5 427 980
Borrowings	12	380 108 623	328 461 720
Total		385 815 291	337 131 332
Non-current liabilities			
Multilateral Institutions	13	227 209 302	177 874 348
Borrowings	14	2 408 180 753	2 161 226 516
Total		2 635 390 055	2 339 100 864
TOTAL LIABILITIES		3 021 205 346	2 676 232 196
TOTAL RESERVES AND LIABILITIES		483 142 606	432 503 003

STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 March 2019

	<i>Notes</i>	R'000
Opening balance as at 1 April 2018		(1 997 016 752)
Surplus / (Deficit) for the year 2018		(246 612 480)
Prior year errors for transactions 2017/18	22	(99 968)
Rounding		5
Balance at 31 March 2018		(2 243 729 195)
Surplus / (Deficit) for the year 2019		(294 333 543)
Rounding		2
Balance at 31 March 2019		(2 538 062 740)

CASH FLOW STATEMENT

For the year ended 31 March 2019

	<i>Notes</i>	2018/19 R'000	2017/18 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS			
Revenue collected	15	1 272 565 652	1 195 494 047
By SARS		1 248 949 212	1 168 697 528
Departmental Revenue collected		23 448 469	26 667 026
CARA Receipts		167 971	129 493
Surrenders from departments	16	12 525 241	7 887 016
Other revenue received by the revenue fund	17	7 378 145	5 320 093
		1 292 469 038	1 208 701 156
PAYMENTS			
Appropriated payments	18	1 534 032 017	1 439 097 767
Annual Appropriation		829 752 543	780 432 150
Statutory Appropriation		704 142 612	658 656 127
CARA Payments		136 862	9 490
Appropriation for unauthorised expenditure		-	-
Other Payments	19	199 723	85 509
		1 534 231 740	1 439 183 276
Net cash flow available from operating activities	23	(241 762 702)	(230 482 120)
CASH FLOWS FROM INVESTING ACTIVITIES			
Other investing activities	20	-	-
Net cash flows from investing activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(Decrease) in borrowings	21	234 700 802	238 343 661
Net cash flows from financing activities		234 700 802	238 343 661
Net increase/(decrease) in cash and cash equivalents		(7 061 900)	7 861 541
Cash and cash equivalents at beginning of period		224 629 665	216 768 124
Cash and cash equivalents at end of period	8	217 567 764	224 629 665

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2019

		2018/19 R'000	2017/18 R'000
1	Revenue collected		
1.1	By SARS		
	Revenue collected by SARS	WP 2A	
	Taxation	1 287 690 241	1 216 463 875
	Non-taxation	70 568 519	62 542 694
	Less: Payments by SARS	109 405 567	110 610 960
	Total Revenue collected by SARS*	1 248 853 193	1 168 395 609
	*Refer to note 25 for Departures from the Modified Cash Standard granted to SARS		
1.2	Departmental Revenue		
	Departmental Revenue collected	WP 2B & 2C	24 062 881
	National Revenue Fund Receipts	*	11 999 373
	Sales of goods and services other than capital assets		2 338 454
	Fines penalties and forfeits		382 707
	Interest dividends and rent on land		7 818 856
	Sales of capital assets		111 918
	Financial transactions in assets and liabilities		1 056 136
	Transfers received		355 437
	Total Departmental Revenue collected		24 062 881
			26 670 643
	*National Revenue Fund receipts (previously known as extra-ordinary receipts) are also included in departmental revenue in line with global standards in particular the International Monetary Fund's Government Finance Statistics Manual 2001. Detailed information on these transactions is provided in Working papers 2C and 2D. If exchange rate profit is not received in cash it is recognised during the financial year once the information by means of a journal is obtained from the Assets and Liability Management (ALM) section.		
1.3	CARA Receipts		
	CARA funds received	WP 1C	167 971
	Total CARA Receipts		167 971
2	Other Revenue		
2.1	Other		
	Other surrenders	WP 3B	4 561 671
	Other revenue received	WP 3C	2 816 474
	Total Other		7 378 145
3	Net Appropriation		820 910 985
			768 847 607

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2019

		2018/19 R'000	2017/18 R'000
3.1	Annual Appropriation		
	Equitable Share / Voted Funds	WP 1A 831 572 099	781 536 602
	Total Annual Appropriation	831 572 099	781 536 602
3.2	Voted funds to be surrendered		
	Equitable Share / Voted Funds	10 661 114	12 688 995
	Total voted funds to be Surrendered	10 661 114	12 688 995
4	Net Appropriation - Statutory	703 946 112	658 594 440
4.1	Statutory Appropriation		
	Equitable Share / Statutory Funds	WP 1B 685 063 925	636 063 844
	Total Statutory Appropriation	685 063 925	636 063 844
4.2	Statutory funds to be surrendered		
	Equitable Share / Statutory Funds	(18 882 187)	(22 530 596)
	Total Statutory funds to be Surrendered	(18 882 187)	(22 530 596)
5	CARA Payments		
	Cara funds transferred to departments	WP 4C 136 862	9 490
	Total CARA Fund assistance	136 862	9 490
6	Expenditure in terms of a separate Act of Parliament		
	Unauthorised Expenditure in terms of an Act of Parliament	WP 5A -	-
	Total Expenditure in terms of an Act of Parliament	-	-
7	Financial Instrument Valuation and Capital Subscription on Investments		
	Capital Subscription on Investments	WP 6 6 179 215	2 998 215
	Financial Instrument Valuation	WP 6 (57 878 487)	(21 585 710)
	Total Valuation and Capital on Investments	(51 699 271)	(18 587 495)
7.1	Movement*		
	Movement on Capital Subscription	WP 6 9 487 490	(5 446 425)
	Movement on Multilateral Institutions	WP 6 (7 589 992)	4 357 140
	Nett movement	1 897 498	(1 089 285)

*The movement in Capital subscription on Investment and Multilateral Institutions consist of revaluation gain/loss on additional subscription from the New Development Bank which took place in December 2018 and February 2019.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2019

		2018/19 R'000	2017/18 R'000
8	Cash and cash equivalents		
	Exchequer account	-	-
	Cash with commercial banks	37 753 712	58 623 157
	Cash with SARB	57 157 404	67 157 404
	Foreign Currency Investment	122 541 478	101 946 999
	ALM PMG balance	115 170	(3 097 895)
	Total Cash and cash equivalents*	217 567 764	224 629 665
	*Cash and Cash equivalents balances are net of outstanding transfer		
9	Receivables		
9.1	Current		
9.1.1	Voted funds to be surrendered to the Revenue Fund		
	Opening Balance	12 345 235	7 865 537
	Prior period error	-	-
	Restated opening balance	12 345 235	7 865 537
	Amounts to be surrendered	9 466 921	12 252 060
	Received during the year	(12 525 241)	(7 772 362)
	Closing balance	9 286 915	12 345 235
9.1.2	Departmental Revenue to be surrendered to the Revenue Fund		
	Opening Balance	2 289 555	2 271 252
	Prior period error*	-	14 686
	Restated opening balance	2 289 555	2 285 938
	Revenue collected	12 063 508	10 070 386
	Received during the year	(11 449 096)	(10 066 769)
	Closing balance	2 903 967	2 289 555
	*See disclosure note on restatements for more details		
9.1.3	Other		
	Opening Balance	-	20 537
	Amounts to be received	51 547	-
	Received during the year	-	(20 537)
	Closing balance	51 547	-
9.1.4	Unauthorised expenditure funded by NRF		
	Opening Balance	-	114 654
	Appropriation for unauthorised expenditure	980	-
	Received during the year	-	(114 654)
	Total Appropriation for unauthorised expenditure	980	-
	Total Receivables	12 243 409	14 634 790

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2019

	2018/19 R'000	2017/18 R'000
10		
Investments		
Non-Current		
Foreign	WP7B	
International Monetary Fund quota subscription	61 366 021	52 639 998
African Development Bank	57 802 395	47 353 407
New Development Bank	72 434 251	41 538 175
International Monetary Fund SDR Holding	30 054 086	25 758 147
International Bank for Reconstruction and Development	31 161 833	25 528 682
Multilateral Investment Guarantee Agency	260 515	213 421
International Finance Corporation	252 332	206 718
Total Investments - Non-current	253 331 433	193 238 548
Number of shares		
International Finance Corporation	17 418	17 418
International Bank for Reconstruction and Development	17 831	17 831
Multilateral Investment Guarantee Agency	1 662	1 662
African Development Bank	330 749	330 749
New Development Bank	50 000	35 000
Special Drawing Rights (SDR)		
International Monetary Fund Quota Subscription	3 051 200	3 051 200
International Monetary Fund SDR Holding	1 494 329	1 493 033
Issue price per share		
Foreign:		
<i>Issued in American dollars</i>		
International Finance Corporation	14 487	11 868
International Bank for Reconstruction and Development	1 747 621	1 431 702
Multilateral Investment Guarantee Agency	156 748	128 412
New Development Bank	1 448 685	1 186 805
<i>Issued in unit of account</i>		
African Development Bank	174 762	143 170
Exchange rates as at year end used to convert issue price		
American dollar (USD)	14.49	11.87
Special Drawing Rights (SDR)	20.11	17.25

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2019

		2018/19 R'000	2017/18 R'000
11	Current Liabilities		
	Payables		
	11.1 Current		
	11.1.1 Voted funds to be transferred		
	Opening Balance	199 722	85 509
	Prior period error	-	-
	Restated opening balance	199 722	85 509
	Funds not transferred	WP 1A & 1B 372 703	199 722
	Paid during the year	WP 4A (199 723)	(85 509)
	Closing balance	372 702	199 722
	11.1.2 Other		
	Opening Balance	5 427 980	1 807 858
	Amounts to be paid	WP 9C 2 234 920	5 427 985
	Amount paid during the year	WP 9C (5 427 985)	(1 807 863)
	Closing balance	2 234 915	5 427 980
	11.1.3 Unauthorised Expenditure NOT funded by Revenue Fund		
	Opening Balance	3 041 910	2 521 148
	Prior period error*	-	114 654
	Restated opening balance	3 041 910	2 635 802
	Amount paid Approved by Finance Act	WP 5A -	-
	Unauthorised reported in current financial year	WP 5A 57 140	406 108
	Total Appropriation for unauthorised expenditure	3 099 050	3 041 910
	*See disclosure note on restatements for more details		
	11.1.4 Unauthorised Expenditure funded by Revenue Fund		
	Opening Balance	-	-
	Appropriation for unauthorised expenditure (Finance Act passed)	WP 5A -	-
	Amount paid during the year	WP 5A -	-
	Total Appropriation for unauthorised expenditure	-	-
	Total Payables	5 706 667	8 669 612
12	Borrowings		
	Current		
	Domestic		
	Bonds	WP 8A 353 463 814	326 582 653
	Foreign		
	Bonds	WP 8A 26 644 809	1 879 067
	Total Current Borrowings	380 108 623	328 461 720

Foreign loans are revalued at the closing exchange rate at 31 March.

The face value of these bonds at the date of issue was R14.9 bn (2017/18: R1.2 bn).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2019

	2018/19 R'000	2017/18 R'000
12.1 Domestic short-term bonds treasury bills and other loans		
Debt as at 1 April	15 998 394	45 631 934
Created	(2 688 713)	(46 261 008)
Reduced	(24 385 631)	(28 366 532)
Transfer from long-term	39 894 927	44 994 000
Treasury bills	307 432 585	293 393 585
Other Loans	17 212 252	17 190 674
Total	353 463 814	326 582 653
12.1.1 Composition of domestic short-term bonds treasury bills and other loans		
1-day Treasury bills	72 585	72 585
91-day Treasury bills	17 000 000	27 430 000
182-day Treasury bills	59 818 000	56 833 000
273-day Treasury bills	98 504 000	88 947 000
365-day Treasury bills	132 038 000	120 111 000
CPD borrowing	17 205 286	17 183 708
Fixed-rate bonds	28 818 977	15 998 394
Other	6 966	6 966
Total	353 463 814	326 582 653
12.2 Foreign short-term bonds and other loans		
Debt as at 1 April	1 272 106	2 016 825
Created	-	-
Reduced	(1 272 106)	(2 016 825)
Transfer from long-term	14 906 098	1 272 106
Revaluation of foreign loans	11 738 711	606 961
Total	26 644 809	1 879 067
13 Non-current Liabilities		
Multilateral Institutions	WP 8D	
IMF-Securities Account	50 000 714	45 556 414
African Development Bank	53 854 693	44 119 335
New Development Bank	57 947 400	33 230 540
IMF-SDR Allocations	35 908 437	30 802 389
International Bank for Reconstruction and Development	29 286 998	23 992 763
Multilateral investment Guarantee Agency	211 060	172 907
Total Multilateral Institutions	227 209 302	177 874 348
13.1 African Development Bank	53 854 693	44 119 335
This commitment represents the callable portion of a country's subscription available to the African Development Bank to meet its obligations on borrowing of funds or guarantees chargeable.		
13.2 IMF-Securities Account	50 000 714	45 556 414
This commitment represents the balance of securities in the International Monetary Fund's (IMF) General Resources Account held with the South African Reserve Bank.		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2019

		2018/19 R'000	2017/18 R'000
13.3 IMF-SDR Allocations		35 908 437	30 802 389
	The special drawing rights deposit at the South African Reserve Bank is the Rand equivalent of South Africa's special drawing right liability towards the International Monetary Fund in terms of the Finance and Financial Adjustments Acts Consolidation Act 11 of 1977.		
13.4 International Bank for Reconstruction and Development		29 286 998	23 992 763
	This commitment represents the callable portion of a country's subscription available to the International Bank for Reconstruction and Development (IBRD) to meet its obligations for funds borrowed or loans guaranteed by it.		
13.5 New Development Bank		57 947 400	33 230 540
	This commitment represents the callable portion of a country's subscription available to New Development Bank to meet its obligations on borrowing of funds or guarantees chargeable.		
13.6 Multi-Lateral investment Guarantee Agency		211 060	172 907
	This commitment represents the callable portion of a country's subscription available to the Multilateral Investment Guarantee Agency (MIGA) to meet its obligations on foreign investment guarantees to investors that are planning investments in developing member countries.		
14 Borrowings			
Long Term			
Domestic	WP 8A	2 143 511 967	1 945 294 577
Bonds		2 143 511 967	1 945 294 577
Foreign	WP 8B	264 668 786	215 931 939
Bonds		264 668 786	215 931 939
Total Long Term Borrowings		2 408 180 753	2 161 226 516
<p>Included in domestic borrowings are inflation-linked bonds with the revalued amount of R567.5bn (2017/18:R506.2bn). The face value of these bonds is R436.0bn (2017/18:R398.1bn). Foreign bonds are revalued at the closing exchange rate at 31 March. The face value of these bonds at the date of issue was R204.4bn (2017/18:R194.1bn)</p>			
14.1 Domestic long-term bonds debentures and other loans	WP 8A		
Debt as at 1 April		1 837 208 216	1 610 682 689
Created		218 185 300	274 523 610
Reduced		(3 509 629)	(3 004 083)
Transfer to short-term		(39 894 927)	(44 994 000)
Revaluation premium on inflation-linked bonds		131 484 136	108 047 472
Former Regional Authorities		38 871	38 889
Total		2 143 511 967	1 945 294 577

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2019

	2018/19 R'000	2017/18 R'000
14.1.1 Composition of Domestic long-term bonds debentures and other loans		
Fixed-rate bonds	1 564 041 814	1 427 267 116
Inflation-linked bonds	567 527 655	506 157 530
Zero coupon bonds	-	120 324
Retail bonds	11 903 627	11 710 718
Former Regional Authorities	38 871	38 889
Total	2 143 511 967	1 945 294 577
14.1.2 Redemption analysis of foreign long term and other loans financial year(s)		
2019-2022	110 051 571	104 980 355
2022-2025	240 122 026	204 869 390
2025-2028	281 079 598	187 206 300
2028-2031	265 116 772	250 294 683
2031-2035	309 049 738	304 522 531
2035-2055	938 053 391	893 382 429
Total	2 143 473 096	1 945 255 688
14.2 Foreign long term bonds and other loans	WP 8B	
Debt as at 1 April	194 088 389	161 465 995
Created	25 259 800	33 894 500
Reduced	-	-
Transfer to short-term	(14 906 098)	(1 272 106)
Revaluation premium on inflation-linked bonds	60 226 695	21 843 550
Total	264 668 786	215 931 939
14.2.1 Redemption analysis of foreign long term and other loans financial year(s)		
2019-2022	39 206 681	48 379 297
2022-2025	26 235 594	17 828 290
2025-2028	69 709 998	63 680 989
2028-2031	49 255 290	35 604 150
2031-2035	-	50 439 213
2035-2055	70 261 223	-
Total	264 668 786	215 931 939
14.2.2 Currency analysis of foreign long-term loans		
British pound	21 903	57 809
Euro	8 235 136	7 561 568
Japanese yen	7 871 153	6 713 695
Swedish krona	361 054	982 816
United States dollar	248 179 540	200 616 051
Total	264 668 786	215 931 939

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2019

		2018/19 R'000	2017/18 R'000
15	Revenue collected		
	By SARS	1 248 949 212	1 168 697 528
	Departmental Revenue collected	WP 2B & 2C 23 448 469	26 667 026
	CARA Fund assistance	WP 1C 167 971	129 493
	Total Revenue collected	1 272 565 652	1 195 494 047
16	Surrenders from Departments		
	Equitable Share / Voted & Statutory funds surrendered	WP 3A 12 525 241	7 772 362
	Unauthorised Expenditure funded by Revenue Fund	WP 5B -	114 654
	Total Surrenders from Departments	12 525 241	7 887 016
17	Other revenue received by the Revenue Fund		
	Other surrenders	WP 3B 4 561 671	3 885 996
	Other revenue received	WP 3C 2 816 474	1 434 097
	Total Other revenue received	7 378 145	5 320 093
18	Appropriated Payments		
	Annual Appropriation: Funds transferred	WP 1A 829 752 543	780 432 150
	Statutory Appropriation: Funds transferred	WP 1B 704 142 612	658 656 127
	CARA Fund assistance	WP 4C 136 862	9 490
	Appropriation for unauthorised expenditure approved	WP 5A -	-
	Total Appropriated Payments	1 534 032 017	1 439 097 767
19	Other Payments		
	Amounts transferred to departments for previous appropriated funds	WP 4A 199 723	85 509
	Total Other Payments	199 723	85 509
20	Other investing activities		
	Other investing activities	WP 7C -	-
	Total Other investing activities	-	-
21	Increase/Decrease in borrowings		
	Changes in borrowings	WP 8C 234 700 802	238 343 661
	Total Other financing activities	234 700 802	238 343 661
22	Adjustments and Restatements		
	Restatements: Before prior period 2017/18	-	(3 886)
	Restatements: Prior period 2017/18	-	(99 968)
	Total Adjustments and Restatements	-	103 854

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2019

	2018/19 R'000	2017/18 R'000
23		
Nett cash flow available from operating activities		
Net surplus /(deficit) as per Statement of Financial Performance	(294 333 543)	(246 612 479)
Add back non cash/cash movements not deemed operating activities	52 570 840	16 130 359
Increase/(decrease) in receivables-current	12 525 241	(7 887 016)
Increase/(decrease) in other current assets	718 116	(212 793)
Increase/(decrease) in payables-current	-	-
Voted funds not requested/not received	(8 841 558)	(11 584 543)
Approved Statutory Overdrawn	(196 500)	(61 687)
Other non-cash items	49 801 773	19 676 780
Net cash flow generated by operating activities	(241 762 702)	(230 482 120)
24		
RESTATEMENTS		
Restatement done by Departments 2018/19	2018/19	2017/18
Voted funds to be surrendered		
Correctional Services		
The department restated prior period expenditure for 2017/18	-	31 269
Water and Sanitation		
The department restated prior period expenditure for 2017/18	-	15
Environmental Affairs		
The department restated prior period expenditure for 2017/18	-	33 717
Unauthorised Expenditure		
Water and Sanitation		
The department restated prior period unauthorised expenditure 2016/17	-	114 654
Water and Sanitation		
The department restated prior period unauthorised expenditure for 2017/18	-	177 541

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2019

	2018/19 R'000	2017/18 R'000
Departmental Revenue		
Home Affairs		
Adjustment done by Home Affairs on departmental revenue collected by DIRCO on behalf of Home Affairs 2017/18	-	35 240
Home Affairs		
The department restated Departmental revenue collection for 2016/17	-	7 251
DIRCO		
The disclosure for departmental revenue is brought in line with that of the Department 2016/17	-	21 937
National Treasury		
The Department restated Departmental Revenue collection for 2017/18	-	100
Environmental Affairs		
The departmental restated Green Fund departmental revenue receivable or 2017/18	-	33 717
Reallocation done by Departments		
Transport		
Department of Transport reallocated revenue for 2017/18		
Decrease Departmental Revenue		(98 903)
Increase Conditional Grants		98 903

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2019

Summary of above mentioned prior period errors

	Revenue	Expenditure	Equity	Assets	Liability
2017/18					
Correctional Services restated expenditure prior period expenditure	-	31 269	31 269	31 269	-
Water and Sanitation restated prior period expenditure	-	(15)	(15)	-	-
Home Affairs restated prior period departmental revenue	(35 240)	-	(35 240)	(35 240)	-
Water and Sanitation restated prior period unauthorised expenditure exceeding of the programme	-	-	-	(177 541)	(177 541)
National Treasury restated opening balance 2017/18 departmental revenue	100	-	100	100	-
Environmental Affairs restated departmental revenue and expenditure	33 717	(33 717)	-	-	-
Sub Total	(1 423)	2 463	(3 886)	(181 427)	(177 541)
Prior to 2017/18					
Home Affairs restated departmental Revenue collection for 2016/17	-	-	(7 251)	(7 251)	-
NRFs' disclosure for departmental revenue brought in line with that of the department 2016/17	-	-	21 937	21 937	-
Water and Sanitation restated unauthorised expenditure not in accordance 2016/17	-	-	(114 654)	-	114 654
Sub Total	-	-	(99 968)	14 686	114 654
TOTAL	(1 423)	2 463	(103 854)	(166 741)	(62 887)

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Departures from the Modified Cash Standard granted to SARS

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2019

25.1 Revenue recognition: Penalties

Chapter 9.14 of the Modified Cash Standard requires recording and disclosure of accruals in respect of revenue. However the Standard provides for exemption of taxation revenue. For the purpose of this Standard the definition of taxes specifically excludes fines and other penalties imposed for breaches of law.

SARS concluded that the recording and disclosure of accruals in respect of revenue from penalties relating to taxation revenue would be misleading and that it would conflict with the overall objective of fair presentation.

Revenue from penalties is directly related to taxation revenue for which exemption was granted and consequently is recognised on the same basis.

25.2 Revenue recognition: Revenue from SACU

Chapter 9.14 of the Modified Cash Standard requires recording and disclosure of accruals in respect of revenue. However the Standard provides for exemption for recording of an accrual of taxation revenue. The South African Government receives revenue from the common Customs Pool in terms of the Agreement. The revenue originates from custom duties excise levies and other duties. Revenue from SACU is administered by SARS in terms of the SARS Act (Act No.34 of 1997) and by implication falls within the ambit of taxation revenue.

Revenue received from SACU is based on monies received into the Common Customs Pool from the participating Member States. SARS concluded that revenue received in terms of the SACU agreement should be accounted for on the cash basis of accounting.

25.3 Contingent assets and Liabilities

SARS has litigation matters which are not disclosed. Chapter 4 of the Standard will require retrospective application in adopting the accounting policy for the contingent assets and liabilities.

There is currently no reliable basis that can be utilised in respect of the judgment to be applied in considering whether transactions meet the criteria of accruals provisions contingent assets and liabilities.

SARS concluded that the disclosure of contingent assets and liabilities would not achieve the overall objective of fair presentation.

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2019

	2018/19 R'000	2017/18 R'000
26 Contingent Asset		
GEFECRA	285 829 289	193 917 028

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

27.1 Subsequent events

On 1 April 2019, the Minister of Finance invoked Section 16 (1) of the Public Finance Management Act (PFMA) to transfer R17 652 billion to Eskom. During April 2019, an amount of R13.5 billion was transferred to Eskom to meet its obligations and avoid a call on its existing government guarantees. The remaining balance of R4.1 billion will be transferred to Eskom in accordance with their cash flow requirements.

In terms of Section 6(1)(b) of the Appropriation Act (24 of 2019) expenditure to the following distressed entities was authorised, SA Express R300 million, South African Airways (SAA) R5.5 billion, Denel R1.8 billion and the South African Broadcasting Corporation (SABC) R3.2 billion. Transfers to these entities were made during August, September and October 2019 as follows:

- In August 2019 R2 billion was transferred to SAA and R1.8 billion to Denel.
- In September 2019 R3.5 billion was transferred to SAA and R300 million to SA Express.
- In October R2.1 billion was transferred to SABC.

The remainder of the appropriated funds will be transferred in line with the entities funding requirements.

The first quarter of 2019/20, was characterised by heightened risk of policy uncertainty amid the upcoming national elections in May 2019. However, the risk of adverse rating actions somewhat subsided following the outcome of the elections. Subsequently, on 24 May 2019, S&P Global Ratings (S&P) affirmed the country's long-term foreign and local currency ratings at 'BB' and 'BB+' respectively, and maintained a stable outlook. On the same day, Rating and Investment Information, Inc. (R&I) affirmed South Africa's long-term foreign and local currency ratings at 'BBB' and 'BBB+' respectively, and maintained a stable outlook.

Fitch Ratings (Fitch), on 26 July 2019, affirmed the sovereign's long-term foreign and local currency ratings at 'BB+' and changed the outlook to negative from stable. This came three days after tabling of the Special Appropriation Bill for Eskom (announced on 23 July 2019), aimed at providing additional financial support of R26 billion in 2019/20 and R33 billion in 2020/21 to the entity.

On 1 November 2019, Moody's Investors Service (Moody's) affirmed South Africa's long term foreign and local currency debt ratings at 'Baa3' and also revised the outlook to negative from stable. South Africa's credit ratings by Moody's remain investment grade (one notch above non-investment grade). Similarly, S&P on 22 November 2019 affirmed the country's foreign and local currency debt ratings at 'BB' and 'BB+', respectively and changed the outlook to negative from stable.

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2019

On 17 April 2019, an additional guarantee of R1 billion was issued for a 18-month period to Denel increasing their outstanding guarantees to R4.43 billion.

Government's debt portfolio is exposed to currency and inflation risk. Since 31 March 2019 to 31 October 2019, the rand weakened against the Euro by 3.9 per cent and against the US dollar by 4.7 per cent. Consequently, the rand equivalent of foreign debt would have increased by R13.6 billion or 4.7 per cent. In addition, government also held cash deposits of US\$8.5 billion or R122.5 billion. The weaker currency would have increased the rand value of these deposits by R5.7 billion or 4.6 per cent to R128.2 billion.

Furthermore, revaluing the stock of inflation-linked bonds using the consumer price index (CPI) of 31 October 2019 would have resulted in the outstanding value of inflation-linked bonds increasing by R17.5 billion (3.1 per cent) to R585.1 billion.

27.2 Events after the reporting date

Non adjusting events:

In terms of section 31 of the 2019 Division of Revenue Act the approval for roll over was only received after 31 March 2019. Unspent conditional grants should be surrendered by the Province to the National Revenue Fund through the relevant National Departments. As these approvals were received after June 2019 the amounts for unspent conditional grants to be surrendered were not included in the audited Annual Financial Statements of the relevant National departments. The National Revenue Fund should therefore receive the amount of **R1, 622 billion**. See breakdown below:

	2018/19 R'000	2017/18 R'000
Province/Agency		
Western Cape	154	5 249
Mpumalanga	15 668	50 410
Northern Cape	31 199	61 199
KwaZulu Natal	39 547	53 763
North west	66 586	32 417
Limpopo	139 334	81 859
Eastern Cape	156 546	82 689
Free State	205 467	71 351
Gauteng	967 529	290 162
Housing Development Agency	-	2 333 000
Total	1 622 030	3 062 099

28 Financial Risk Management

Government's debt portfolio risk during 2018/19 was assessed for the fifth year against the strategic risk benchmarks which were implemented in 2014/15. Governments' funding programme was monitored against these benchmarks to assess the impact on refinancing, inflation and currency risks. While the numeric benchmarks and indicators will remain unchanged in 2019/20, they will continue to be monitored and reported on a quarterly basis.

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2019

Strategic portfolio risk benchmarks

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

Government's gross loan debt of R2 788.3 billion consist of domestic (R2 497.0 billion) and foreign debt (R291.3 billion). Domestic debt comprises short-term debt (Treasury bills and borrowing from the Corporation for Public Deposits) and long-term debt (fixed-rate, inflation-linked, retail and zero-coupon bonds, and other loans). For purposes of calculating the risk benchmarks borrowing from the CPD, retail bonds, zero coupon bonds and other loans amounting to R29.4 billion were excluded from gross loan debt. This is because these items are generally small in nominal values and difficult to price.

28.1 Inflation risk

Inflation risk is the risk that adverse changes in inflation might result in increases in the outstanding amount of inflation-linked bonds and thus result in higher future redemption amounts. This risk is managed by setting a benchmark for inflation-linked bonds (ILB) as a per cent of domestic debt between 20-25 per cent. Domestic debt includes Treasury bills, fixed-rate and inflation linked bonds.

Inflation-linked bonds as a per cent of domestic debt

Indicator	31 March 2019	31 March 2018
Domestic debt ¹	R2 467.6 bn	R2 242.7 bn
Inflation-linked bonds	R 567.5 bn	R 506.2 bn
ILBs as % of domestic debt	23.0 %	22.6 %

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

28.2 Currency risk

Currency risk arises from the change in prices of the rand against major currencies the foreign debt is denominated in. These impacts on the rand value of interest and redemption amounts on foreign loans. The risk is managed by setting a limit of 15 per cent for foreign currency debt as a per cent of total debt. Changes in the exchange rate, mainly the USD/ZAR also impact on the rand value of government's foreign currency deposit with the Reserve Bank. Government monitors its net foreign debt exposure, the difference between gross foreign debt and foreign currency deposits. Although government does not enter into hedge transactions to limit its exposure to foreign currency volatility, foreign cash deposits provide a natural hedge to a portion of the foreign debt portfolio. Foreign currency deposits are held in US dollar.

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2019

Composition of foreign debt		
Indicator	31 March 2019	31 March 2018
Percentage		
As % of total debt		
- Gross foreign debt	10.6	8.9
- Net foreign debt	6.7	5.2
Currency composition		
- US Dollar	94.0	92.3
- Euro	2.9	3.6
- Yen	2.7	3.1
- GBP	0.0	0.1
- Swedish krona	0.4	0.9

28.3 Refinancing risk

Refinancing risk is the possibility that money cannot be borrowed to refinance maturing debt or that these borrowings take place at unfavourable rates. This risk is manifested in the concentration of large amounts of debt that needs to be repaid.

One of the aims of government's debt management strategy is to maintain a smooth debt maturity profile. Refinancing risk is reduced through an active switch programme whereby short dated bonds are exchanged for longer-term bonds. During 2018/19, R21.4 billion (2017/18; R73.5 billion) of short-dated bonds were exchanged for long-term bonds.

Refinancing risk benchmarks

Indicator	31 March 2019	31 March 2018
Treasury bills as % of domestic debt	12.5%	13.1%
Long-term debt maturing in 5 years as % of fixed-rate and inflation-linked bonds	14.4%	11.8%
Weighted term-to-maturity of fixed-rate bonds plus Treasury bills (in years)	13.3	13.5
Weighted term-to-maturity of inflation-linked bonds (in years)	14.2	14.9

28.4 Credit Risk

Credit risk exposure from explicit contingent portfolio

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

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

As at 31 March 2019, guarantees to public institutions increased by R17.6 billion, from R469.8 billion in 2017/18 to R487.4 billion in 2018/19. This is mainly due to an increase in the guarantee issued to the Trans-Caledon Tunnel Authority. The total amount borrowed, revaluation adjustments due to inflation rate movements, and accrued interest against the guarantees, was approximately R367.7 billion.

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2019

Counterparty risk exposure from investment of government surplus cash

Government's surplus cash is invested with four South African commercial banks, namely: Standard Bank, First National Bank, ABSA and Nedbank. As at 31 March 2019, the total surplus cash invested with the banks amounted to R63.4 billion (2017/18: R56.1 billion).

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

The amount of government surplus cash invested with each of the four banks is based on government's risk assessment of each bank. The bank with the highest risk out of the four banks is allocated the lowest amount of surplus cash while the bank with the lowest risk is allocated the highest amount of surplus cash. As at 31 March 2019, government's risk exposure to the banks was equal and therefore the surplus cash was allocated equally between the banks.

28.5 Sovereign risk

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

In 2018/19, pressures on South Africa's credit ratings somewhat subsided following a year of adverse rating outcomes from all solicited rating agencies. This was attributed to, among other factors, the political transition which led to improved business and consumer confidence. Furthermore, the 2018 Budget outlined fiscal measures aimed at stimulating economic growth and stabilising high government debt and was also well received by rating agencies as they all affirmed the country's credit ratings.

On 13 April 2018, R&I affirmed the country's long-term foreign currency debt rating at 'BBB' and the local currency debt rating at 'BBB+' and revised the outlook to stable from negative. S&P, on 25 May 2018, affirmed South Africa's long-term foreign currency debt rating at 'BB' and the local currency debt rating at 'BB+' and maintained a stable outlook. Fitch, on 15 June 2018, followed suit and affirmed the country's long-term foreign and local currency debt rating at "BB+" and maintained the stable outlook.

Later in the year, following the tabling of the 2018 MTBPS, S&P and Fitch conducted their second sovereign credit rating review missions. Subsequently, on 23 November 2018, S&P affirmed the country's long-term foreign currency debt rating at 'BB' and the local currency debt rating at 'BB+' and maintained a stable outlook. In addition, Fitch on 6 December 2018, affirmed both long-term foreign and local currency debt ratings at 'BB+' with a stable outlook. Nevertheless, rating agencies raised concerns on higher debt projections owing to the financial support extended to Eskom over the next three years which was announced in the 2019 Budget. The agencies argue that the additional financial support to Eskom coupled with lower revenue collections will further weaken the country's fiscal strength. Moreover, persistently low economic growth and contingent liability risk posed by financially weak SOCs remains downside risks to the sovereign credit rating.

Moody's conducted its first annual credit rating review mission on 6 to 8 March 2019, and as per the rating announcement calendar was expected to announce a new rating action for South Africa on 29 March 2019. However, similar to 12 October 2018, the agency did not make an announcement. Speculation was that the

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2019

agency might have been waiting for the outcome of the national elections to be held on 8 May 2019 as well as Eskom's turn-around plan.

Herewith South Africa's Credit Ratings per solicited rating agency

Table: South Africa's Credit Ratings by Fitch, S&P, R&I and Moody's

Rating Agency	Latest credit rating	Action	LTFC ¹	LTLC ²	Outlook
Fitch	06-Dec-18	Ratings affirmed	BB+	BB+	stable
S&P	23-Nov-18	Ratings affirmed	BB	BB+	stable
R&I	13-Apr-18	Ratings affirmed	BBB	BBB+	stable
Moody's	23-Mar-18	Ratings affirmed	Baa3	Baa3	stable

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

29 Financial sustainability

Economic growth projections are at 0.5 per cent for 2019 rising gradually to 1.7 per cent by 2022. This level of growth is far too low to support meaningful increases in employment and welfare. The increase in the unemployment rate, devaluation of the Rand against the Dollar and the poor financial position of some state-owned companies that continue to burden the public finances over the medium term, results in a very bleak outlook for South Africa. Furthermore, mounting trade tensions and political uncertainty resulted in the global growth forecast for 2019 to be the lowest since the 2008 financial crisis for both developed and developing countries.

In this regard the National Treasury released a discussion paper on economic reforms to boost GDP growth over the medium and long term, support increase investment and job creation. These measures have been broadly agreed within government and the next step is to implement them urgently to restore the momentum of economic growth and stabilise the public finances. The interventions considered are strengthening network industries for road and rail and enabling small firms to grow and compete with dominant players.

Over the past decade public finances deteriorated. This accelerated in recent years as low growth led to large revenue shortfalls. In 2018/19, government collected R57.3 billion less than projected in the 2018 Budget, and R14.5 billion less than set out in the 2019 Budget. This was the largest under collection since 2009/10, following the global financial crisis. It was partly driven by large and unexpected once-off payments of VAT refunds in line with commitments in the 2018 MTBPS. The bulk of the 2018/19 shortfall resulted from weaker-than-expected economic growth in 2019. Measures to increase tax revenue have offset some of this decline, but the expected increase in collections has disappointed. Sustained higher economic growth, and a revitalised and effective SARS, is key to improved revenue outcomes over the medium term. The SARS Large Business Centre, which focuses on major firms and high net-worth individuals, was officially reopened in October.

Although South Africa's macroeconomic framework remains broadly supportive of investment and growth, economic reforms are required. Persistent growth in the wage bill has worsened the composition of spending, while spending outcomes continue to disappoint. This resulted in fiscal deficits not raising long-run growth, and begun to undermine confidence. South Africa needs to boost the economy, narrow the fiscal deficit and raise the quality of spending particularly on large infrastructure projects. Treasury has begun a review of public-private partnership regulation aimed at merging approval processes and reducing implementation timeframes.

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2019

For 10 years, South Africa has run large budget deficits raising its borrowing and making the increase in South Africa's debt-to-GDP ratio among the highest of peer countries. This might have provided some support to the economy but put us deeply in debt. The combination of lower revenue and increased spending widens the budget deficit to an average of 6.2 per cent over the next three years. Debt and debt-service costs will continue to increase. South Africa is now at the point where interest payments have begun crowding out social and economic spending programmes.

Gross loan debt is expected to increase from R3.2 trillion or 60.8 per cent of GDP in 2019/20 to R4.5 trillion or 71.3 per cent of GDP in 2022/23, mainly to finance the budget deficit. The key drivers of this increase remain the budget balance and fluctuations in the interest, inflation and exchange rates. Government's gross borrowing requirement consisting of the budget deficit and maturing debt is expected to increase from 7.6 per cent of GDP in 2019/20 to 8.2 per cent of GDP in 2022/23. To return the public finances to a sustainable position over the longer term requires large additional adjustments. Government proposes a fiscal target that should achieve a main budget primary balance, excluding Eskom funding provisions, by 2022/23. This target is expected to result in debt stabilizing by 2025/26.

South Africa's biggest economic risk remains Eskom. Problems with the utility's operations continue to disrupt the supply of electricity to households and businesses which puts a further hamper on economic growth. Government has set aside significant resources for Eskom to service its debt obligations. Addressing Eskom's underlying problems requires reinvigorated governance, operational efficiencies and restructuring for a competitive, transparent and financially viable electricity sector. To reduce future transfers, a sustainable plan for state-owned companies is required. It should include the disposal of non-core assets and options for private-sector participation. As previously highlighted provision for financial support for Eskom in the current year and over the medium term amounts to R161 billion. Excluding these provisions for Eskom, the main budget primary deficit improves by 0.9 percentage points to 1.4 per cent of GDP in 2019/20, and narrows to 1.1 per cent of GDP in 2022/23.

Government remains committed to fiscal sustainability. Spending pressures continue to mount, led by the public service wage bill and state-owned companies in crisis. This requires substantial spending and expenditure reductions to stabilise debt. Measures to manage and reduce public-sector pressures and risks will be implemented over the medium term.

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For the year ended 31 March 2019

Working paper 1A STATEMENT OF EQUITABLE SHARE/VOTED FUNDS TRANSFERRED TO DEPARTMENTS AS AT 31 MARCH 2019

Name of Department	Appropriation Act		Funds transferred		Voted funds to be surrendered		Outstanding Request		Unauthorised Expenditure funded by NRF/PRF WP 5B		Unauthorised expenditure not funded by NRF/PRF WP 5B		Net Appropriation	
	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000
Presidency	505 580	505 580	505 580	46 275	-	-	-	-	-	-	459 305	-	-	459 305
Parliament	1 872 694	1 872 694	1 872 694	-	-	-	-	-	-	-	1 872 694	-	-	1 872 694
Communications	1 516 246	1 516 246	1 516 246	28 125	-	-	-	-	-	-	1 488 121	-	-	1 488 121
Cooperative Governance and Traditional Affairs	85 037 011	85 037 011	85 037 011	3 118 627	-	-	-	-	-	-	81 918 384	-	-	81 918 384
Home Affairs	9 047 439	9 047 439	9 047 439	200	-	-	-	-	-	-	9 047 239	-	-	9 047 239
International Relations and Cooperation	6 552 768	6 552 768	6 552 768	182 529	-	-	-	-	-	-	6 370 239	-	-	6 370 239
National Treasury	29 710 233	29 710 233	29 710 233	1 057 941	-	-	-	-	-	-	28 652 292	-	-	28 652 292
Planning Monitoring and Evaluation	958 035	958 035	958 035	83 281	-	-	-	-	-	-	874 754	-	-	874 754
Public Enterprise	6 522 914	6 522 914	6 522 914	48 121	-	-	-	-	-	-	6 474 793	-	-	6 474 793
Public Service and Administration	950 656	950 656	950 656	24 642	-	-	-	-	-	-	926 014	-	-	926 014
Public Works	7 483 326	7 483 326	7 483 326	34 777	-	-	-	-	-	-	7 448 549	-	-	7 448 549
Statistics S A	2 271 699	2 271 699	2 271 699	17 704	-	-	-	-	-	57 140	2 311 135	-	-	2 311 135
Women	230 207	230 207	230 207	7 855	-	-	-	-	-	-	222 352	-	-	222 352
Basic Education	23 699 583	23 699 583	23 699 583	284 816	-	-	-	-	-	-	23 414 767	-	-	23 414 767
Higher Education and Training	73 124 073	73 124 073	73 124 073	200 335	-	-	-	-	-	-	72 923 738	-	-	72 923 738
Health	47 508 374	46 982 894	46 982 894	388 309	-	-	-	-	-	-	46 594 585	-	-	46 594 585
Social Development	172 822 233	172 595 146	172 595 146	15 228	-	-	-	-	-	-	172 579 918	-	-	172 579 918
Correctional Services	23 848 973	23 848 973	23 848 973	72 057	-	-	-	-	-	-	23 776 916	-	-	23 776 916
Defence and Military Veterans	48 496 235	48 496 235	48 496 235	4 162	-	-	-	-	-	-	48 492 073	-	-	48 492 073
Independent Police Investigative Directorate	315 113	315 113	315 113	282	-	-	-	-	-	-	314 831	-	-	314 831
Justice and Constitutional Development	17 458 829	17 458 829	17 458 829	276 722	-	-	-	-	-	-	17 182 107	-	-	17 182 107

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For the year ended 31 March 2019

Working paper 1A (continued) STATEMENT OF EQUITABLE SHARE/VOTED FUNDS TRANSFERRED TO DEPARTMENTS AS AT 31 MARCH 2019

Name of Department	Appropriation Act		Funds transferred	Voted funds to be surrendered	Outstanding Request	Unauthorised Expenditure funded by NRF/PRF WP 5B		Unauthorised expenditure not funded by NRF/PRF WP 5B	Net Appropriation	
	R 000	R 000				R 000	R 000		R 000	R 000
Office of the Chief Justice	1 119 747		1 119 747	27 728	-	-	-	-	1 092 019	
Police	91 684 161		91 684 161	1 255 419	-	-	-	-	90 428 742	
Agriculture Forestry and Fisheries	7 732 803		7 732 803	158 714	-	-	-	-	7 574 089	
Economic Development	1 072 597		1 072 597	28 587	-	-	-	-	1 044 010	
Energy	7 163 532		7 163 532	73 293	-	-	-	-	7 090 239	
Environmental Affairs	7 430 532		6 364 443	-	372 528	-	-	-	6 736 971	
Labour	3 282 870		3 282 870	196 179	-	-	-	-	3 086 691	
Minerals Resources	1 890 661		1 890 661	10 538	-	-	-	-	1 880 123	
Science and Technology	7 958 388		7 957 738	65 812	-	-	-	-	7 891 926	
Small Business Development	1 488 453		1 488 453	68 935	-	-	-	-	1 419 518	
Telecommunications	4 006 936		4 006 686	12 272	-	-	-	-	3 944 414	
Tourism	2 261 817		2 261 817	27 015	-	-	-	-	2 234 802	
Trade and Industry	9 531 758		9 531 758	41 514	-	-	-	-	9 490 244	
Transport	59 831 294		59 831 294	637 840	-	980	-	-	59 192 474	
Water Affairs	16 873 729		16 873 729	254 294	-	-	-	-	16 619 435	
Arts and Culture	4 338 737		4 338 737	100 752	-	-	-	-	4 237 985	
Human Settlements	32 455 843		32 455 843	260 459	-	-	-	-	32 195 384	
Rural Development and Land Reform	10 425 243		10 425 243	144 143	-	-	-	-	10 281 100	
Sport and Recreation S A	1 090 777		1 090 777	14 764	-	-	-	-	1 076 013	
Total	831 572 099		829 752 543	9 720 246	372 528	980	57 140	820 910 985		

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2019

Working paper 1A STATEMENT OF EQUITABLE SHARE/VOTED FUNDS TRANSFERRED TO DEPARTMENTS AS AT 31 MARCH 2018

Name of Department	Appropriation Act		Funds transferred	Voted funds to be surrendered	Outstanding Request	Unauthorised Expenditure funded by NRF/PRF WP 5B		Unauthorised expenditure not funded by NRF/PRF WP 5B		Net Appropriation	
	R 000	R 000				R 000	R 000	R 000	R 000	R 000	R 000
Presidency	501 169	501 169	19 644	-	-	-	-	-	481 525	-	481 525
Parliament	1 711 947	1 711 947	-	-	-	-	-	-	1 711 947	-	1 711 947
Cooperative Governance and Traditional Affairs	78 463 890	78 463 790	2 101 747	-	-	-	-	-	76 362 043	-	76 362 043
Home Affairs	8 402 339	8 402 339	660	-	-	-	-	-	8 401 679	-	8 401 679
International Relations and Cooperation	6 408 339	6 408 339	411 483	-	-	-	-	-	5 996 856	-	5 996 856
Planning Monitoring and Evaluation	898 496	898 496	31 658	-	-	-	-	-	866 838	-	866 838
Public Works	6 985 130	6 985 130	57 843	-	-	-	-	-	6 927 287	-	6 927 287
Women	206 163	206 163	1 456	-	-	-	-	-	204 707	-	204 707
Communications	1 428 300	1 428 300	9 346	-	-	-	-	-	1 418 954	-	1 418 954
National Treasury	40 484 306	40 484 306	692 235	-	-	-	-	-	39 792 071	-	39 792 071
Public Enterprise	266 696	266 696	16 283	-	-	-	-	-	250 413	-	250 413
Public Service and Administration	877 144	877 144	20 257	-	-	-	-	-	856 887	-	856 887
Statistics S A	2 177 562	2 177 562	39 313	-	-	-	-	57 270	2 195 519	-	2 195 519
Arts and Culture	4 371 738	4 371 738	230 258	-	-	-	-	-	4 141 480	-	4 141 480
Basic Education	22 993 620	22 993 620	61 664	-	-	-	-	-	22 931 956	-	22 931 956
Health	42 645 557	42 645 557	220 866	-	-	-	-	-	42 424 691	-	42 424 691
Higher Education and Training	52 307 639	52 307 639	11 779	-	-	-	-	-	52 295 860	-	52 295 860
Labour	3 055 821	3 055 821	211 802	-	-	-	-	-	2 844 019	-	2 844 019
Social Development	160 357 768	159 371 903	-	24 647	-	-	-	-	159 396 550	-	159 396 550
Sport and Recreation S A	1 066 564	1 066 564	6 193	-	-	-	-	-	1 060 371	-	1 060 371
											481 525

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2019

Working paper 1A (continued) STATEMENT OF EQUITABLE SHARE/VOTED FUNDS TRANSFERRED TO DEPARTMENTS AS AT 31 MARCH 2018

Name of Department	Appropriation Act	Funds transferred	Voted funds to be surrendered	Outstanding Request	Unauthorised Expenditure funded by NRF/PRF WP 5B	Unauthorised expenditure not funded by NRF/PRF WP 5B	Net Appropriation
	R 000	R 000	R 000	R 000	R 000	R 000	R 000
Correctional Services*	22 814 593	22 814 593	57 284	-	-	-	22 757 309
Defence and Military Veterans	48 999 560	48 999 560	22 328	-	-	-	48 977 232
Independent Police Investigative Directorate	255 482	255 482	147	-	-	-	255 335
Justice and Constitutional Development	16 786 788	16 786 788	179 569	-	-	-	16 607 219
Office of the Chief Justice	1 019 318	1 019 318	21 803	-	-	-	997 515
Police	86 761 128	86 761 128	156 080	-	-	-	86 605 048
Agriculture Forestry and Fisheries	6 847 034	6 847 034	118 902	-	-	-	6 728 132
Telecommunications	5 174 377	5 174 377	282 322	-	-	-	4 892 055
Economic Development	914 237	795 750	-	116 300	-	-	912 050
Energy	8 145 422	8 145 422	200 775	-	-	-	7 944 647
Environmental Affairs*	6 848 214	6 848 214	224 360	-	-	-	6 623 854
Human Settlements	33 477 701	33 477 701	107 216	-	-	-	33 370 485
Minerals Resources	1 779 449	1 779 449	2 764	-	-	-	1 776 685
Rural Development and Land Reform	10 184 240	10 184 240	454 059	-	-	-	9 730 181
Science and Technology	7 557 229	7 557 229	67 684	-	-	-	7 489 545
Small Business Development	1 475 670	1 475 670	16 186	-	-	-	1 459 484
Tourism	2 140 156	2 140 156	6 180	-	-	-	2 133 976
Trade and Industry	9 343 187	9 343 187	94 939	-	-	-	9 248 248
Transport	59 795 180	59 795 180	5 124 479	-	-	-	54 670 701
Water and Sanitation*	15 607 449	15 607 449	850 034	-	-	348 838	15 106 253
Total	781 536 602	780 432 150	12 131 598	140 947	-	406 108	768 847 607

*See disclosure note on restatements for more details

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2019

Working paper 1B STATEMENT OF EQUITABLE SHARE/STATUTORY FUNDS TRANSFERRED TO DEPARTMENTS AS AT 31 MARCH 2019

Name of Department	Appropriation Act		Funds transferred		Statutory funds to be surrendered		Outstanding Request		Net Appropriation	
	R	000	R	000	R	000	R	000	R	000
Presidency	6 742		6 742		1 061		-		5 681	
Parliament	493 161		493 161		-		-		493 161	
National Treasury	-		-		-		-		-	
Provinces	470 286 510		470 286 510		-		-		470 286 510	
General Fuel Levy	12 468 554		12 468 554		-		-		12 468 554	
State Debt Cost	180 989 034		181 816 257		18 875		-		181 797 382	
Interest Management	60 000		7 827		-		77		7 904	
Cost of raising loans	50 000		18 174 229		1 362		-		18 172 867	
Higher Education and Training	17 312 161		17 479 896		-		-		17 479 896	
Justice and Constitutional Development	2 215 538		2 215 538		168 153		-		2 047 385	
Office of the Chief Justice	1 022 091		1 022 091		-		98		1 022 189	
ALM (National Revenue Fund Payments)	149 934		161 607		-		-		161 607	
Transport	10 200		10 200		7 224		-		2 976	
Total	685 063 925		704 142 612		196 675		175		703 946 112	

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For the year ended 31 March 2019

Working paper 1B STATEMENT OF EQUITABLE SHARE/STATUTORY FUNDS TRANSFERRED TO DEPARTMENTS AS AT 31 MARCH 2018

Name of Department	Appropriation Act		Funds transferred		Statutory funds to be surrendered		Outstanding Request		Net Appropriation	
	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000
Presidency	6 373	6 373	6 373	661	-	-	5 712			
Parliament	55 6288	55 6288	556 288	-	-	-	556 288			
National Treasury										
Provinces	441 331 122	441 331 122	441 331 122	-	-	-	441 331 122			
General Fuel Levy	11 785 023	11 785 023	11 785 023	-	-	-	11 785 023			
State Debt Cost										
Interest	163 237 935	163 237 935	162 547 840	-	22 403	162 570 243				
Management	60 000	60 000	28 334	8 068	-	20 266				
Cost of raising loans	50 000	50 000	22 503 790	-	4 078	22 507 868				
Higher Education and Training	15 770 554	15 770 554	16 293 801	240	-	16 293 561				
Justice and Constitutional Development	2 040 520	2 040 520	2 040 520	107 052	-	1 933 468				
Office of the Chief Justice	966 060	966 060	966 060	-	32 295	998 355				
ALM (National Revenue Fund Payments) ¹	249 969	249 969	586 976	-	-	586 976				
Transport	10 000	10 000	10 000	4 441	-	5 559				
Total	636 063 844	636 063 844	658 656 127	120 462	58 775	658 594 440				

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

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2019

Working paper 1C

STATEMENT OF CRIMINAL ASSET RECOVERY ACCOUNT (CARA) RECEIPTS

	2018/19		2017/18	
	Amount Received R 000	Amount Received by Revenue Fund R 000	Amount Received R 000	Amount Received by Revenue Fund R 000
Non-operating income items				
CARA	167 971	167 971	129 493	129 493
Total	167 971	167 971	129 493	129 493

Working paper 2A

STATEMENT OF REVENUE COLLECTED BY SARS

Revenue Items	2018/19		2017/18	
	Amount Collected R 000	Amount Collected R 000	Amount Collected R 000	Amount Collected R 000
Taxation				
Income tax	738 740 248	711 701 253		
Value-added tax / Sales tax	324 765 978	297 997 587		
Fuel levy	72 486 885	69 124 318		
Customs duties	54 019 977	48 232 628		
Excise duties	43 532 385	39 498 485		
Skills Development Levy	17 438 989	16 584 270		
Other taxes	15 251 827	16 012 406		
Environmental levy	10 871 233	10 853 457		
Health Promotion levy	3 248 162	-		
Road Accident Fund recoupment	2 885 341	1 824 258		
SACU member duties	2 437 275	2 557 392		
Air Passenger tax	1 082 862	1 086 040		
State miscellaneous revenue	615 129	677 298		
Universal Service Fund	222 666	192 357		
Diamond export levy	77 997	86 856		
Turnover Tax on small business	12 938	33 504		
Small business tax amnesty	349	1 766		
Total Taxation	1 287 690 241	1 216 463 875		

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2019

Working paper 2A (continued)

STATEMENT OF REVENUE COLLECTED BY SARS

Revenue items	2018/19		2017/18	
	Amount Collected R 000		Amount Collected R 000	
Non-taxation				
Road accident fund levy	42 426 677		36 474 472	
Unemployment Insurance Fund (UIF)	19 116 523		18 271 131	
Mineral and petroleum resource royalty	8 611 781		7 617 251	
Mining leases and ownership	413 477		179 777	
Provincial administration receipts	61		63	
Total Non-taxation	70 568 519		62 542 694	
Total Revenue	1 358 258 760		1 279 006 569	
Less: South African Customs Union Agreement	48 288 636		55 950 873	
Less: Payment to RAF	41 890 191		36 048 140	
Less: Payment to UIF	17 419 812		16 613 651	
Less: Payable by SARS to UIF	1 696 711		1 657 480	
Less: Payable by SARS to RAF	110 154		340 754	
Less: Payment in terms of sec 12(3) of the PFMA	63		62	
Net Revenue for the Year	1 248 853 193		1 168 395 609	
Amount payable by SARS to RAF				
Amount collected by SARS	42 426 677		36 474 472	
Less: Amount requested by RAF	41 890 191		36 048 140	
Sub total	536 486		426 332	
Recover/(refund) of receivable/(payable)	(426 332)		(85 578)	
Total amount payable by SARS to RAF	110 154		340 754	

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2019

Working paper 2B STATEMENT OF DEPARTMENTAL REVENUE COLLECTED AS AT 31 MARCH 2019

Name of Department	National Revenue Fund receipts	Sales of goods and services other than capital assets	Fines penalties and forfeits	Interest dividends and rent on land	Sale of capital assets	Financial transactions in assets and liabilities	Transfers received	Total received	Amount Received by Revenue Fund
	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000
Presidency	-	288	-	30	-	403	653	1 374	1 607
Communications	-	53	-	1 801	-	284	-	2 138	1 897
Cooperative Governance	-	329	-	1 132	621	42 498	-	44 580	2 581
Home Affairs	-	1 096 533	8 739	2 202	9	9 267	-	1 116 750	715 099
International Relations and Cooperation	-	1 179	-	621	1 552	31 209	-	34 561	56 052
National Treasury	-	125 379	-	6 830 187	-	158 157	-	7 113 726	7 090 117
Planning Monitoring and Evaluation	-	93	-	15	20	1 333	-	1 461	1 498
Public Enterprise	-	64	-	-	17	285	-	366	385
Public Service and Administration	-	179	-	3	386	248	-	816	801
Public Works	-	292	-	1 451	90	1 645	-	3 478	10 578
Statistics S A	-	807	-	215	76	2 375	-	3 473	3 498
Women	-	54	-	2	-	64	-	120	62
Basic Education	-	2 885	-	5 093	8	2 315	-	10 301	18 599
Higher Education and Training	-	10 453	-	2 020	-	15 201	-	27 674	27 504
Health	-	3 573	-	1 853	-	587	-	6 013	7 233
Social Development	-	3	-	6 844	1 249	42 582	-	50 678	25 327
Correctional Services	-	61 114	17 812	4 311	1 180	43 814	-	128 231	139 206
Defence	-	367 602	2 227	4 622	18 924	100 407	320 609	814 391	719 378
Independent Police Investigative Directorate	-	113	-	13	45	114	-	285	281
Justice and Constitutional Development	-	79 449	246 572	2 424	48	45 403	2 272	376 168	374 853
Office of the Chief Justice	-	674	40	1	-	780	-	1 495	1 933
Police	-	329 367	6 732	1 333	86 231	139 486	-	563 149	571 128
Agriculture Forestry and Fisheries	-	201 482	12	2 835	202	4 477	417	209 425	210 474
Economic Development	-	32	96 247	50 462	-	14	-	146 755	147 201

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2019

Working paper 2B (continued) STATEMENT OF DEPARTMENTAL REVENUE COLLECTED AS AT 31 MARCH 2019

Name of Department	National Revenue Fund receipts	Sales of goods and services other than capital assets	Fines penalties and forfeits	Interest dividends and rent on land	Sale of capital assets	Financial transactions in assets and liabilities	Transfers received	Total received	Amount Received by Revenue Fund
	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000
Energy	-	4 409	-	12	-	48 642	1 617	54 680	7 262
Environmental Affairs	-	2 770	25	967	224	25 401	-	29 387	22 353
Labour	-	4 665	1 988	1 233	76	2 819	-	10 781	12 649
Minerals Resources	-	11 180	1 872	19 076	-	1 565	-	33 693	33 027
Science and Technology	-	64	-	27	217	32 441	-	32 749	32 743
Small Business Development	-	57	-	1	175	1 096	-	1 329	1 350
Telecommunications	-	58	-	723 109	52	423	26 000	749 642	749 626
Tourism	-	164	-	127	44	2 147	-	2 482	2 318
Trade and Industry	-	632	41	279	10	68 570	3 773	73 305	77 877
Transport	-	1 328	-	110 144	-	118 823	-	230 295	232 566
Water and Sanitation	-	2 354	400	2 921	1	60 734	-	66 410	66 304
Arts and Culture	-	260	-	14	-	692	-	966	956
Human Settlements	-	206	-	652	174	532	-	1 564	1 686
Rural Development and Land Reform	-	25 598	-	40 454	271	48 186	-	114 509	75 501
Sport and Recreation S A	-	67	-	2	-	70	-	139	147
Centre for Public Service Innovation	-	5	-	-	-	8	-	13	13
Civilian Secretariat	-	68	-	-	-	128	-	196	149
Government Communications and Information Systems	-	2 240	-	285	-	557	-	3 082	3 199
Military Veterans	-	36	-	-	-	17	-	53	1 205
National School of Government	-	41	-	74	16	22	-	153	161
Public Service Commission	-	115	-	9	-	315	96	535	568
Traditional Affairs	-	140	-	-	-	-	-	140	144
Total	-	2 338 454	382 707	7 818 856	111 918	1 056 136	355 437	12 063 508	11 449 096

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2018

Working paper 2B

STATEMENT OF DEPARTMENTAL REVENUE COLLECTED AS AT 31 MARCH 2018

Name of department	National Revenue Fund receipts		Sales of goods and services other than capital assets		Fines penalties and forfeits		Interest dividends and rent on land		Sale of capital assets		Financial transactions in assets and liabilities		Transfers received		Total received		Amount Received by Revenue Fund	
	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000	R 000
Presidency	-	301	-	28	-	-	-	569	-	-	-	-	-	898	-	898	-	790
Cooperative Governance and Traditional Affairs	-	186	-	777	-	-	698	-	-	-	-	-	-	1 661	-	1 661	-	1 516
Traditional Affairs	-	98	-	-	-	-	-	-	-	-	-	-	-	98	-	98	-	94
Home Affairs*	-	1 099 190	-	538	15 375	-	8 935	-	-	-	-	-	-	1 124 038	-	1 124 038	-	1 013 552
International Relations and Cooperation	-	1 439	-	685	29	-	33 807	-	2 647	-	-	-	-	38 607	-	38 607	-	20 161
Planning Monitoring and Evaluation	-	94	-	30	-	-	1 078	-	10	-	-	-	-	1 212	-	1 212	-	1 345
Public Works	-	295	-	8 498	-	-	1 565	-	-	-	-	-	-	10 358	-	10 358	-	12 470
Women	-	30	-	-	-	-	1	-	-	-	-	-	-	31	-	31	-	34
Government Communications and Information Systems	-	2 607	-	290	-	-	935	-	-	-	-	-	-	3 832	-	3 832	-	8 815
National Treasury	-	116 648	-	3 325 439	-	-	988 102	-	683	-	-	-	-	4 430 872	-	4 430 872	-	4 478 540
Public Enterprise	-	64	-	19	-	-	10	-	95	-	-	-	-	188	-	188	-	447
Public Service Commission	-	108	-	8	-	-	353	-	-	-	-	-	-	469	-	469	-	500
National School of Government	-	36	-	53	-	-	20	-	16	-	-	-	-	125	-	125	-	121
Public Service and Administration	-	173	-	8	-	-	294	-	-	-	-	-	-	475	-	475	-	547
Centre for Public Service Innovation	-	5	-	-	-	-	19	-	-	-	-	-	-	24	-	24	-	22
Statistics S A	-	1 124	-	100	-	-	807	-	15	-	-	-	-	2 046	-	2 046	-	1 958
Arts and Culture	-	320	-	23	-	-	984	-	220	-	-	-	-	1 547	-	1 547	-	1 555
Basic Education	-	2 480	-	20 020	-	-	3 153	-	-	-	-	-	-	25 653	-	25 653	-	13 283
Health	-	67 180	-	4 568	-	-	4 308	-	-	-	-	-	-	76 056	-	76 056	-	85 732
Higher Education and Training	-	11 710	-	3 706	-	-	13 747	-	500	-	-	-	-	29 663	-	29 663	-	31 573
Labour	-	4 436	-	1 357	2 281	-	8 688	-	43	-	-	-	-	16 805	-	16 805	-	14 780

* See disclosure note on restatements for more details

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2019

Working paper 2B (continued) STATEMENT OF DEPARTMENTAL REVENUE COLLECTED AS AT 31 MARCH 2018

Name of department	National Revenue Fund receipts	Sales of goods and services other than capital assets	Fines penalties and forfeits	Interest dividends and rent on land	Sale of capital assets	Financial transactions in assets and liabilities	Transfers received	Total received	Amount Received by Revenue Fund
	R 000								
Social Development	-	13	-	19 485	487	32 460	-	52 445	21 574
Sport and Recreation S A	-	67	-	2	-	84	-	153	141
Correctional Services	-	64 451	24 339	407	5 503	70 286	-	164 986	155 130
Defence*	-	579 575	1 709	4 493	9 110	63 774	274 670	933 331	1 026 323
Military Veterans	-	32	-	-	-	2 726	-	2 758	1 795
Independent Police Investigative Directorate	-	108	-	12	-	139	-	259	256
Justice and Constitutional Development	-	50 077	228 439	12 119	2 575	36 157	9 693	339 060	331 602
Office of the Chief Justice	-	590	20	21	126	1 244	753	2 754	2 071
Police	-	333 134	31 354	1 366	160 439	151 393	-	677 686	721 986
Civilian Secretariat	-	62	-	-	-	64	-	126	176
Agriculture Forestry and Fisheries	-	208 863	19	6 221	2 408	10 440	155	228 106	223 976
Communications	-	51	-	1 992	-	182	-	2 225	2 226
Telecommunications	-	57	-	1 140 002	713	334	-	1 141 106	1 141 093
Economic Development	-	31	117 400	50 123	-	6	-	167 560	167 112
Small Business Development	-	52	-	2	-	497	-	551	541
Energy	-	3 998	-	27	-	1 743	2 226	7 994	7 034
Environmental Affairs*	-	3 155	1 775	61	200	57 770	-	62 961	27 295
Human Settlements	-	207	-	53	-	343	-	603	428
Minerals Resources	-	11 642	1 294	23 576	-	2 400	-	38 912	38 710
Rural Development and Land Reform	-	22 866	-	30 9540	595	27 208	-	81 609	102 685
Science and Technology	-	60	-	34	430	9 774	-	10 298	10 297
Tourism	-	160	-	104	38	836	-	1 138	1 150
Trade and Industry	-	652	40 008	1 390	487	59 870	4 239	106 646	113 429
Transport	-	1 401	-	266 954	-	1 230	-	269 585	269 013
Water and Sanitation	-	1 877	-	2 992	197	7 810	-	12 876	12 891
Total	-	2 591 705	464 042	4 928 523	187 537	1 606 843	291 736	10 070 386	10 066 769

* See disclosure note on restatements for more details

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2019

Working paper 2C STATEMENT OF NATIONAL REVENUE FUND RECEIPTS

Items	2018/19		2017/18	
	Amount Received by Revenue Fund R 000		Amount Received by Revenue Fund R 000	
Non - Cash				
Revenue Fund Receipts: Penalties on Retail Bonds	11 999 373		16 600 257	
Revenue Fund Receipts: Premium Received	2 545		3 288	
Revenue Fund Receipts: Premium on Bonds issued	444 598		2 702 041	
Revenue Fund Receipts: Profit on Foreign Currency Investment	1 161 388		779 332	
Revenue Fund Receipts: Profit on scrip lending	10 390 835	7	13 115 596	
Total	11 999 373	7	16 600 257	-

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2019

Working paper 3A STATEMENT OF VOTED FUNDS SURRENDERED FOR PREVIOUS APPROPRIATIONS

Name of Department	2018/19		2017/18	
	Appropriated funds/ Equitable Share		Appropriated funds/ Equitable Share	
	R	000	R	000
Presidency	20 305		14 765	
Cooperative Governance and Traditional Affairs	2 101 747		3 155 419	
Home Affairs	660		12 281	
International Relations and Cooperation	411 483		27 698	
Performance Monitoring and Evaluation	31 659		16 416	
Public Works	57 843		109 436	
Women Children and People with Disabilities	1 456		2 148	
Communications	9 345		13 979	
National Treasury	692 234		271 635	
Asset and Liability Management	8 068		1 143 259	
Public Enterprise	16 283		14 197	
Public Service and Administration	32 474		21 274	
Statistics S A	57 727		76 903	
Arts and Culture	229 743		105 104	
Basic Education	67 168		694 717	
Health	220 866		101 230	
Higher Education and Training	12 019		50 717	
Labour	211 803		81 292	
Social Development	-		467 064	
Sport and Recreation S A	6 193		2 978	
Correctional Services	26 015		38 018	
Defence and Military Veterans	22 328		39 371	
Independent Police Investigative Directorate	147		380	
Justice	286 622		166 163	
Chief Justice	21 780		37 734	
Police	156 080		15	
Agriculture Forestry and Fisheries	118 902		24 138	
Telecommunications	282 321		341 720	
Economic Development	-		9 578	

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2019

■ Working paper 3A (continued)

STATEMENT OF VOTED FUNDS SURRENDERED FOR PREVIOUS APPROPRIATIONS

Name of Department	2018/19		2017/18	
	Appropriated funds/ Equitable Share		Appropriated funds/ Equitable Share	
	R	000	R	000
Energy	200	776	73	458
Environmental Affairs	258	077	44	130
Human Settlements	107	220	109	127
Minerals Resources	2	764	7	978
Rural Development and Land Reform	542	261	57	346
Science and Technology	67	684	45	401
Small Business Development	16	185	29	409
Tourism	6	180	89	870
Trade and Industry	94	939	40	121
Transport	5	128 920	59	163
Water Affairs	1	027 592	181	428
Rounding		3		-
Refunds	(30	631)	(4	698)
Public Service and Administration	(12	217)	(4	698)
	(18	414)		-
Total	12	525 241	7	772 362

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2019

Working paper 3B STATEMENT OF OTHER SURRENDERS

Name of Department	2018/19		2017/18	
	Amount Surrendered R 000	R 000	Amount Surrendered R 000	R 000
Other Sunders	444 990	302 737		
Parliament	101 474	93 310		
National Treasury-General Fuel Levy	-	1		
National Treasury-SACU	-	119		
National School of Government	239	927		
Public Service Commission	612	194		
Various received in excess	(37)	37		
Statistics SA	-	8		
Military Veterans	20 611	93 644		
Centre for Public Service Innovation	1 533	-		
Government Communication and Information System	7 610	-		
Government Printers	300 000	100 000		
Traditional Affairs	12 948	3 344		
Civilian Secretariat for Police	-	11 153		
Rounding	-	-		
Public Entities	2 473 434	2 979 443		
SA Tourism	130 100	100 000		
ICASA	10 262	124 734		
Deeds Office	173 400	21 300		
SA Diamond Precious Metal Regulator	15 300	-		
African Renaissance	300 000	1 651 579		
National Gambling Board	14 010	15 412		
National Credit Regulator	144 500	-		
Isimangaliso	12 300	-		
Housing Development Agency	1 512 580	-		
Community Scheme Ombudsmen	61 190	-		
Commission on Gender Equality	612	-		
National Agricultural Marketing Council	53 477	-		
Office of the Valuer-General	41 100	-		
Brand SA	4 603	-		

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2019

Working paper 3B (continued) STATEMENT OF OTHER SURRENDERS

Name of Department	2018/19		2017/18	
	Amount Surrendered	R 000	Amount Surrendered	R 000
Council for Geoscience	-	-	36 000	
National Development Agency	-	-	30 418	
Companies and Intellectual Properties Commission	-	-	1 000 000	
Conditional Grants	1 184 305		435 086	
Basic Education: Gauteng	2 000		-	
Basic Education: Free State	7 031		-	
Basic Education: Limpopo	159 994		50 973	
Basic Education: Eastern Cape	17 424		72 839	
Basic Education: KwaZulu-Natal	2 387		-	
Basic Education: Northern Cape	3 428		164	
Basic Education: Western Cape	43 236		42	
Basic Education: Mpumalanga	12 332		44 543	
Basic Education: North West	75 114		2 035	
Health: Northern Cape	352		28	
Health: North West	1 953		91	
Health: Mpumalanga	26 062		6 557	
Health: Free State	35 586		6 265	
Health: Western Cape	-		1 664	
Health: Eastern Cape	4 641		19 761	
Health: Gauteng	125 003		19 623	
Human Settlement: Free State	322		1 846	
Human Settlement: North West	702		8 461	
Human Settlement: Gauteng	1 844		-	
Human Settlement: Limpopo	683		20	
Human Settlement: Eastern Cape	-		1	
Arts & Culture: Northern Cape	1 310		1 970	
Arts & Culture: Mpumalanga	-		7 896	
Arts & Culture: Limpopo	640		439	
Arts & Culture: Free State	-		273	
Arts & Culture: Eastern Cape	-		2 003	
Arts & Culture: Gauteng	7 162		32 666	

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2019

Working paper 3B (continued)

STATEMENT OF OTHER SURRENDERS

Name of Department	2018/19		2017/18	
	Amount Surrendered	R 000	Amount Surrendered	R 000
Arts & Culture: North West	9 086		6 057	
Arts & Culture: KwaZulu-Natal	-		30	
Public Works: Eastern Cape	140		1 169	
Public Works: Free State	557		3 296	
Public Works: Gauteng	1 023		1 834	
Public Works: Limpopo	533		2 104	
Public Works: Mpumalanga	1 589		3 557	
Public Works: KwaZulu-Natal	2 013		3 416	
Public Works: Western Cape	1		-	
Public Works: North West	4 419		-	
Public Works: Northern Cape	4 170		63	
Sports and Recreation: Northern Cape	865		-	
Sports and Recreation: North West	3 070		77	
Sports and Recreation: Eastern Cape	2 053		435	
Sports and Recreation: Limpopo	39		642	
Sports and Recreation: Free State	170		43	
Sports and Recreation: Gauteng	5 054		-	
Sports and Recreation: Western Cape	6		76	
Sports and Recreation: Mpumalanga	-		269	
Social Development: Eastern Cape	38 131		-	
Social Development: KwaZulu Natal	17 009		-	
Social Development: Gauteng	2 980		-	
Social Development: Free State	2 208		-	
Social Development: Limpopo	1 592		-	
Social Development: Mpumalanga	7 676		-	
Social Development: Northern Cape	2 136		-	
Social Development: Western Cape	2 632		-	
Social Development: North West	4 975		-	
Agriculture: Eastern Cape	3 098		2 678	
Agriculture: Free State	20 414		577	
Agriculture: Gauteng	39 094		1 179	

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2019

Working paper 3B (continued) STATEMENT OF OTHER SURRENDERS

Name of Department	2018/19		2017/18	
	Amount Surrendered	R 000	Amount Surrendered	R 000
Agriculture: KwaZulu-Natal	34 372	-		
Agriculture: Limpopo	96	4 340		
Agriculture: Mpumalanga	2 578	825		
Agriculture: Northern Cape	320	14		
Agriculture: North West	1 311	1 773		
Agriculture: Western Cape	1 625	-		
Cooperative Governance: Gauteng	-	21 569		
Transport: Limpopo	17 202	342		
Transport: Free State	5 061	244		
Transport: Gauteng	180 319	28 532		
Transport: Mpumalanga	173	40		
Transport: Northern Cape	7	-		
Transport: North West	-	69 069		
Transport: Eastern Cape	-	676		
Treasury: Mpumalanga	140	-		
Treasury: Eastern Cape	2 545	-		
SASSA	232 616	-		
Municipalities	459 766	169 059		
Local Government Surrender	459 766	169 059		
Refunds	(823)	(329)		
Parliament	(706)	-		
National Treasury: Buffalo City Municipality	(117)	-		
Trade and Industry	-	(329)		
Total	4 561 671	3 885 996		

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2019

Working paper 3C STATEMENT OF OTHER REVENUE RECEIVED

Name of Department	2018/19		2017/18	
	Amount to be Received R 000	Amount Received by Revenue Fund R 000	Amount to be Received R 000	Amount Received by Revenue Fund R 000
Reallocated from Departmental Revenue		2 781 908	-	1 374 068
Department of Communication: ICASA		1 397 634		1 318 423
Trade and Industry: Various entities		15 035		11 680
Economic Development: Competition Commission		1 369 239		2 001
Home Affairs: Repatriation Deposits		-		41 964
Other		34 566	-	60 029
Trifecta Judgment		2 369		50
Financial Intelligence Centre Act		15 972		56 979
Asset Forfeiture Unit		1 244		-
SARB: Grindrod Penalty		9 981		-
SARB: SAFRICAN Insurance Company Limited		5 000		-
Prevention of Organised Crime Act		-		3 000
Total	-	2 816 474	-	1 434 097

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2019

Working paper 4A

STATEMENT OF AMOUNTS TRANSFERRED TO DEPARTMENTS FOR PREVIOUS APPROPRIATED FUNDS

Name of Department	2018/19		2017/18	
	Equitable Share	Amount Transferred	Equitable Share	Amount Transferred
	R 000	R 000	R 000	R 000
Asset and Liability Management	26 480	26 480	74 751	74 751
Chief Justice	32 295	32 295	-	-
Social Development	24 648	24 648	-	-
Economic Development	116 300	116 300	-	-
Mineral Resources	-	-	10 758	10 758
Total	199 723	199 723	85 509	85 509

Working paper 4B

STATEMENT OF OTHER EXPENDITURE

NOT APPLICABLE TO NRF

Working paper 4C

STATEMENT OF CRIMINAL ASSET RECOVERY ACCOUNT (CARA) PAYMENTS

Name of Department	2018/19		2017/18	
	Amount Approved	Amount transferred by Revenue Fund	Amount Approved	Amount transferred by Revenue Fund
	R 000	R 000	R 000	R 000
CARA	136 862	136 862	9 490	9 490
Total	136 862	136 862	9 490	9 490

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2019

■ Working paper 4D

STATEMENT OF APPROPRIATED FUNDS NOT RECEIVED FROM NATIONAL GOVERNMENT

NOT APPLICABLE TO NRF

■ Working paper 4E

STATEMENT OF OTHER EXPENDITURE IN TERMS OF AN ACT OF PARLIAMENT (With Funding)

NOT APPLICABLE TO NRF

■ Working paper 4F

STATEMENT OF ADDITIONAL INFORMATION ON NATIONAL REVENUE FUND PAYMENTS

Items	2018/19		2017/18	
	Amount to be Transferred	Amount Transferred by Revenue Fund	Amount to be Transferred	Amount Transferred by Revenue Fund
	R 000	R 000	R 000	R 000
GFEERA	141 959		225 444	
Premium paid	18 797		361 749	
Loss on Scriptending	851		-	
Loss due to switch	-		(217)	
Total	161 607	-	586 976	-

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2019

Working paper 5A

STATEMENT OF APPROPRIATION FOR UNAUTHORISED EXPENDITURE AS AT 31 MARCH 2019

Name of Department	Unauthorised approved by Finance Act											
	Finance Act No	Financial Year	With Funding				Without Funding					
			Amount Approved Funded by Revenue Fund R 000	Amount Transferred R 000	Amount Approved Not funded by Revenue Fund R 000	Amount Transferred R 000	Amount Approved Not funded by Revenue Fund R 000	Amount Approved Not funded by Revenue Fund R 000				
No Finance Act Passed												
Total			-	-	-	-	-	-	-	-	-	-

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2019

Working paper 5A

STATEMENT OF APPROPRIATION FOR UNAUTHORISED EXPENDITURE AS AT 31 MARCH 2018

Name of Department	Unauthorised approved by Finance Act								
	Finance Act No	Financial Year	With Funding				Without Funding		
			Amount Approved Funded by Revenue Fund R 000	Amount Transferred R 000	Amount Approved Not funded by Revenue Fund R 000	Amount Transferred R 000	Amount Approved Not funded by Revenue Fund R 000	Amount Transferred R 000	
No Finance Act Passed									
Total			-	-	-	-	-	-	-

Working paper 5B

STATEMENT OF UNAUTHORISED EXPENDITURE AS AT 31 MARCH 2019

Name of Department	Unauthorised Reported			Unauthorised funded by Revenue Fund and surrendered by departments	
	Revenue Fund (Exceeding of vote) From Working Paper 1A, 1B & 1D	Not funded by Revenue Fund R 000	Funded by Revenue Fund R 000	Financial Year	Amount R 000
Transport Statistics SA	-	57 140	980	-	-
Total	57 140	57 140	980	-	-

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2019

Working paper 5B

STATEMENT OF UNAUTHORISED EXPENDITURE AS AT 31 MARCH 2018

Name of Department	Unauthorised Reported		Unauthorised funded by Revenue Fund and surrendered by departments	
	Not funded by Revenue Fund (Exceeding of vote) From Working Paper 1A 1B & 1D	Funded by Revenue Fund	Financial Year	Amount
	R 000	R 000	R 000	R 000
Water Affairs*	348 838	-	2016/17	114 654
Statistics SA	57 270	-	-	-
Total	406 108	-		114 654

*See disclosure note on restatement

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2019

Working paper 6 STATEMENT OF FINANCIAL INSTRUMENTS VALUATION AND CAPITAL SUBSCRIPTION OF INVESTMENTS

	2018/19		2017/18	
	Amount	R 000	Amount	R 000
Capital Subscription on Investments				
Paid up Shares in New Development Bank	6 179 215			2 998 215
Financial Instrument Valuation	(57 878 487)		(21 585 710)	
Foreign revaluation reconciliation	(79 459 640)		5 732 960	
ALM - Movement on Paymaster General Account	3 213 065		(4 320 959)	
Increase/(decrease) in Investments	53 913 669		202 548	
Increase/(decrease) in Multi-Lateral Institutions	(49 334 954)		(1 036 851)	
Revaluation Exchequer Investments including net movement of ALM restatement	13 789 373		(22 163 408)	
Rounding	1		-	
Total	(51 699 271)		(18 587 495)	
MOVEMENT IN CAPITAL SUBSCRIPTION OF INVESTMENTS				
New Development Bank purchase price in December 2018	9 487 490		(5 446 425)	
Value of subscription: 1 April 2018	9 165 800		(2 811 000)	
Additional purchase: Value of subscription	321 690		(2 635 425)	
MOVEMENT ON MULTILATERAL INSTITUTIONS	(7 589 992)		4 357 140	
Value of subscription: 1 April 2018	(9 165 800)		2 811 000	
Additional purchase: Value of subscription	(321 690)		2 635 425	
Net investment: 1 April 2018	1 833 160		(562 200)	
Additional purchase: Net Investment	64 338		(527 085)	
Nett movement	1 897 498		(1 089 285)	

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2019

■ Working paper 7A

STATEMENT OF CURRENT INVESTMENTS

NOT APPLICABLE TO NRF

■ Working paper 7B

STATEMENT OF NON-CURRENT INVESTMENTS

Investee	2018/19			2017/18		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	R 000	R 000	R 000	R 000	R 000	R 000
International Monetary Fund quota subscription		61 366 021	61 366 021		52 639 998	52 639 998
African Development Bank		57 802 395	57 802 395		47 353 407	47 353 407
International Bank for Reconstruction and Development		31 161 833	31 161 833		25 528 682	25 528 682
International Monetary Fund SDR Holding		30 054 086	30 054 086		25 758 147	25 758 147
New Development Bank						
Paid up Shares		14 486 850	14 486 850		8 307 635	8 307 635
Callable Shares		57 947 401	57 947 401		33 230 540	33 230 540
Multilateral Investment Guarantee Agency		260 515	260 515		213 421	213 421
International Finance Corporation		252 332	252 332		206 718	206 718
Total	-	253 331 433	253 331 433	-	193 238 548	193 238 548

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2019

Working paper 8A STATEMENT OF DOMESTIC BORROWINGS AS AT 31 MARCH 2019

	Opening balance as at 1 April 2018 R 000	Issued R 000	Repaid R 000	Closing balance as at 31 March 2019		
				Total	Current	Non-current
				R 000	R 000	R 000
Borrowings						
Domestic long-term	1 905 399 650	349 669 436	111 557 119	2 143 511 967	2 143 511 967	2 143 511 967
bonds debentures and other loans	1 837 208 216	218 185 300	3 509 629	2 051 883 887	-	2 051 883 887
Former Regional Authorities	38 889	-	18	38 871	-	38 871
Transfer to short term	(39 894 927)	-	-	(39 894 927)	-	(39 894 927)
Revaluation of inflation bonds	108 047 472	131 484 136	108 047 472	131 484 136	-	131 484 136
Domestic short-term	366 477 580	910 338 015	923 351 781	353 463 814	353 463 814	-
Debt at 1 April	45 631 934	(2 688 713)	24 385 631	18 557 590	18 557 590	-
Bonds created	(46 261 008)	-	-	(46 261 008)	(46 261 008)	-
Bonds reduced	(28 366 532)	-	-	(28 366 532)	(28 366 532)	-
Transfer from long-term as at 31 March 2019	44 994 000	-	-	44 994 000	44 994 000	-
Transfer from long-term as at 31 March 2018	39 894 927	-	-	39 894 927	39 894 927	-
Treasury Bills	293 393 585	518 550 362	504 511 362	307 432 585	307 432 585	-
Other Loans	17 190 674	394 476 366	394 454 788	17 212 252	17 212 252	-
Total	2 271 877 230	1 260 007 451	1 034 908 900	2 496 975 781	353 463 814	2 143 511 967

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2019

Working paper 8A

STATEMENT OF DOMESTIC BORROWINGS AS AT 31 MARCH 2018

	Opening balance as at 1 April 2017		Issued	Repaid	Closing balance as at 31 March 2018			
	R 000	R 000			Total	Current	Non-current	R 000
Borrowings								
Domestic long-term								
Domestic long-term bonds debentures and other loans	1 610 682 689	274 523 610	3 004 083		1 882 202 216	-	1 882 202 216	
Former Regional Authorities	38 915	-	26		38 889	-	38 889	
Transfer to short term	(44 994 000)	-	-		(44 994 000)	-	(44 994 000)	
Revaluation of inflation bonds	86 559 015	108 047 472	86 559 015		108 047 472	-	108 047 472	
Domestic short-term								
Debt at 1 April	46 423 955	-	-		46 423 955			
Bonds created	5 760 327	(17 216 008)	-		(11 455 681)			
Bonds reduced	(63 369 282)	-	28 366 532		(91 735 814)			
Transfer from long-term as at 31 March 2017	56 816 934	-	-		56 816 934			
Transfer from long-term as at 31 March 2017	44 994 000	(29 045 000)	-		15 949 000			
Revaluation of inflation bonds	-	-	-		-			
Treasury Bills	250 042 988	528 408 730	485 058 133		293 393 585			
Other loans	27 133 174	360 685 533	370 628 033		17 190 674			
Total	2 020 088 715	1 225 404 337	973 615 822		2 271 877 230	326 582 653	1 495 294 577	

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2019

■ Working paper 8B STATEMENT OF FOREIGN BORROWINGS AS AT 31 MARCH 2019

	Opening balance as at 1 April 2018	Issued	Repaid	Closing balance as at 31 March 2019		
				Total	Current	Non-current
	R 000	R 000	R 000	R 000	R 000	R 000
Borrowings						
Current borrowings						
Loans	23 788 747	11 738 711	8 882 648	26 644 809	26 644 809	-
Transfer from long-term	1 272 106	-	1 272 106	-	-	-
Revaluation	14 906 098	-	-	14 906 098	14 906 098	-
	7 610 542	11 738 711	7 610 542	11 738 711	11 738 711	-
Non-current borrowings						
Loans	194 022 260	85 486 495	14 839 969	264 668 786	-	264 668 786
Transfer to short-term	194 088 389	25 259 800	-	219 348 189	-	219 348 189
Revaluation	(14 906 098)	-	-	(14 906 098)	-	(14 906 098)
	14 839 969	60 226 695	14 839 969	60 226 695	-	60 226 695
Total	217 811 007	97 225 206	23 722 618	291 313 595	26 644 809	264 668 786

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2019

Working paper 8B

STATEMENT OF FOREIGN BORROWINGS AS AT 31 MARCH 2018

	Opening balance as at 1 April 2017		Issued R 000	Repaid R 000	Closing balance as at 31 March 2018		
	R 000	R 000			Total R 000	Current	Non-current
Borrowings							
Current borrowings	5 994 563	606 961	4 722 457	1 879 067	1 879 067	-	-
Loans	2 016 825	-	2 016 825	-	-	-	-
Transfer from long-term	1 272 106	-	-	1 272 106	1 272 106	-	-
Revaluation	2 705 632	606 961	2 705 632	606 961	606 961	-	-
Non-current borrowings	206 759 347	55 738 050	46 565 458	215 931 939	215 931 939	215 931 939	215 931 939
Loans	161 465 995	33 894 500	-	195 360 495	-	195 360 495	195 360 495
Transfer to short-term	(1 272 106)	-	-	(1 272 106)	-	(1 272 106)	(1 272 106)
Revaluation	46 565 458	21 843 550	46 565 458	21 843 550	-	21 843 550	21 843 550
Total	212 753 910	56 345 011	51 287 915	217 811 006	1 879 067	215 931 939	215 931 939

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2019

Working paper 8C STATEMENT OF CHANGES IN BORROWINGS

	2018/19			2017/18		
	Received	Paid	Increase/ Decrease	Received	Paid	Increase/ Decrease
	R 000	R 000	R 000	R 000	R 000	R 000
Other financing activities						
Treasury Bills	518 550 362	504 511 362	14 039 000	530 013 290	483 461 120	46 552 170
IGCC	359 444 803	360 421 402	(976 598)	320 888 732	333 031 826	(12 143 094)
Late Request non voted :ALM	1 723	3 342 354	(3 340 631)	3 342 354	3 614	3 338 740
Bonds	212 565 497	29 345 373	183 220 124	225 632 106	29 866 512	195 765 594
Loan Deposit	2 924 721	-	2 924 721	2 630 614	-	2 630 614
Foreign Loans	25 259 800	2 041 272	23 218 528	33 894 500	4 121 187	29 773 313
Payment In terms of Section 239 of the Constitution - Redemption of State Debt	-	18	(18)	-	25	(25)
Payment in terms of Act no 11 of 1997 IMF Valuation	-	3 284 257	3 284 257	-	-	-
Revaluation of exchequer investments including net movement of ALM restatement	18 899 936	-	18 899 936	(27 573 652)	-	(27 573 652)
Rounding	-	-	(1)	-	-	-
Total	1 137 646 841	902 946 038	234 700 802	1 088 827 945	850 484 284	238 343 661

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2019

Working paper 8D

STATEMENT OF MULTILATERAL INSTITUTIONS

	2018/19		2017/18	
	Amount	Current Year Increase/(Decrease)	Amount	Amount
	R 000	R 000	R 000	R 000
New Development Bank	57 947 400	24 716 860	33 230 540	
African Development Bank	53 854 693	9 735 358	44 119 335	
IMF-Securities Account	50 000 714	4 444 300	45 556 414	
IMF-SDR Allocations	35 908 437	5 106 048	30 802 389	
International Bank for Reconstruction and Development	29 286 998	5 294 235	23 992 763	
Multi-Lateral investment Guarantee Agency	211 060	38 153	172 907	
Total	227 209 302	49 334 954	177 874 348	

Working paper 9A

STATEMENT OF OTHER RECEIVABLES

Name of Department / Entity	2018/19		2017/18	
	Amount to be received	Amount Received	Amount to be received	Amount Received
	R 000	R 000	R 000	R 000
SARS income in transit	51 547	-	-	20 537
Total	51 547	-	-	20 537

UNAUDITED SUPPLEMENTARY WORKING PAPERS (WP)

For the year ended 31 March 2019

■ Working paper 9B

STATEMENT OF OTHER FUNDS TRANSFERRED TO NATIONAL GOVERNMENT

NOT APPLICABLE TO NRF

■ Working paper 9C

STATEMENT OF OTHER PAYABLES

Name of Department / Entity	2018/19		2017/18	
	Amount to be Paid R'000	Amount Paid R'000	Amount to be Paid R'000	Amount Paid R'000
Payable SARS to RAF	536 486	426 332	426 332	85 578
Payable SARS to UIF	1 696 711	1 657 480	1 657 480	1 718 671
SARS in transit	-	1 819	1 819	-
Late request for Non Voted: ALM	1 723	3 342 354	3 342 354	3 614
Total	2 234 920	5 427 985	5 427 985	1 807 863

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2019

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national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

