



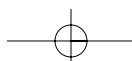
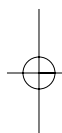
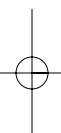
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REPUBLIC OF SOUTH AFRICA  
**National Treasury**

**Consolidated Financial Information**

For the year ended 31 March 2008





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## **ACRONYMS**

<b>AFS</b>	:	Annual Financial Statements
<b>CFI</b>	:	Consolidated Financial Information
<b>GRAP</b>	:	Generally Recognised Accounting Practice
<b>MFMA</b>	:	Municipal Finance Management Act, Act 56 of 2003
<b>OAG</b>	:	Office of the Accountant General at National Treasury
<b>PFMA</b>	:	Public Finance Management Act, Act 1 of 1999 (as amended)
<b>TREASURY</b>	:	National Treasury
<b>CFS</b>	:	Consolidated Financial Statements
<b>NRF</b>	:	National Revenue Fund
<b>ALM</b>	:	Assets and Liability Management
<b>PE</b>	:	Public Entities

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**CONSOLIDATED FINANCIAL INFORMATION**  
for the year ended 31 March 2008

**ACCOUNTING OFFICER'S APPROVAL**

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

The Consolidated Financial Statements on pages 26 to 63 and Consolidated Financial Information on pages 71 to 137 have been approved by the Accounting Officer and Financial Accountant on 27 October 2008.



E.L Kganyago  
**DIRECTOR-GENERAL**  
**ACCOUNTING OFFICER**



Freeman Nomvalo  
**ACCOUNTANT-GENERAL**



## CONSOLIDATED FINANCIAL INFORMATION for the year ended 31 March 2008

### ACCOUNTING OFFICER'S REVIEW

#### Overview

Section 8(1) (a) of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), requires that the National Treasury (NT) prepare and table 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;
- vi) Parliament

The mandatory Consolidated Financial Statements (CFS) for government for the year ended 31 March 2008 as required by section 8(1) (a) of the Public Finance Management Act, (Act No. 1 of 1999) as amended is hereby presented.

Separate consolidated financial information has been prepared annually since the inception of the PFMA for national departments and public entities respectively and has been subjected to agreed upon procedures reviewed by the Auditor General. For the year under review consolidated financial statements (CFS) have been prepared for the national departments and submitted for audit. NT has continued to prepare CFI for public entities due to the differing accounting policies being applied.

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 basis utilised by national departments and public entities, separate set of CFS and CFI are prepared and published as such in this report. Public entities include constitutional institutions, national public entities listed in the PFMA, the South African Reserve Bank. The public entities consolidated also include any unlisted public entities that were discovered during the financial year under review and before.

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

In addition, the CFS and CFI being presented here feature the highlights of the financial results per cluster in a format consistent with segment reporting. The Southern African Government has been 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;



## **CONSOLIDATED FINANCIAL INFORMATION** for the year ended 31 March 2008

### **ACCOUNTING OFFICER'S REVIEW (CONTINUED)**

4. Justice and Protection Services ; and
5. Economic Services and Infrastructure Development.

This Accounting Officer's Review describes the monetary values presented in the CFS and CFI in accordance with Treasury Regulation 18.2. It is also a descriptive report clarifying the figures presented. The CFS and CFI therefore provide information not only on the financial performance but also on Government's ability to meet current and future obligations.

#### **Responsible Entity**

Normally, CFS are prepared for a group of entities under the control of a parent entity. Control is the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. A parent entity is an enterprise that has one or more subsidiaries. Due to the matters set out above, entities are consolidated which do not necessarily obtain benefits from each other's activities. Furthermore, National Government does not directly govern the financial and operating policies of these entities or obtain benefits from their activities. While the CFS for national departments meets this criterion the CFI, in the absence of control and elimination of inter-entity transactions, merely present an aggregation of financial information rather than a full consolidation.

#### **Goals for Consolidation and this Report**

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

- describing the monetary values presented in the CFS; (assets, liabilities, revenue and expenditure)
- improving the users' understanding of public sector financial management in order to enhance the achievements of the Government's social objectives and priorities; and
- creating uniformity in the presentation and analysis of public sector financial information.

#### **Consolidation Process**

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

The responsibility for the integrity and objectivity of the accompanying CFS and CFI for the year ended 31 March 2008 and all information contained in this report rests with the Office of the Accountant General (OAG), a division within the National Treasury.

The OAG has developed and maintained policies, procedures and internal controls, deemed appropriate, in order to provide reasonable assurance that the financial information is a reliable reflection of the consolidated national departments' financial position as at 31 March 2008.

CFI

## **CONSOLIDATED FINANCIAL INFORMATION** **for the year ended 31 March 2008**

### **ACCOUNTING OFFICER'S REVIEW (CONTINUED)**

In the drive to improve public accountability, there is a transition in progress from reporting on the 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 are provided in the annual financial statement (AFS) such as provisions' accruals, property plant and equipment, PPP, Lease commitments, contingent liabilities etc. Under the accrual basis of accounting, transactions and other events are recognised when incurred and not when cash is received or paid.

Parliament reports on accrual basis but was converted to modified cash basis of accounting and consolidated with national departments.

In the past years, it was agreed with the Auditor General (AG) to perform agreed upon procedures on the CFI of national departments, National Revenue Fund, State Debt Tax and Loan Accounts. For the 2007/08 financial year, National Treasury agreed with the AG that an audit opinion for the consolidation of national departments need to be given to enhance the integrity of the information provided. Therefore for departments, the title CFI will now change to CFS.

The public entity list per schedule 1,2 and 3 of the PFMA was used as a base for public entities that were consolidated, but some entities and trading accounts, which are not listed, but known to the NT, were consolidated (Annexure C). Some listed entities and known unlisted entities were not consolidated since no information was received from them. (Annexure D and E respectively).

The OAG is tasked with amongst others, the responsibility to develop standard reporting formats (including AFS templates) and annual report preparation guide used by departments in the preparation of their annual financial statements. AFS templates are then completed by all national departments and Parliament and forwarded to NT where these are consolidated using a model designed in-house. The latter exercise is performed twice based on unaudited information first by 30 June and finally based on audited information by 31 August. The process with regards to public entity consolidation is much similar. Both consolidations are forwarded to the auditors firstly to comply with the legislation (PFMA) and secondly for audit.

To improve the consolidation process in the 2007/08 financial year, AFS templates were published much earlier, training was provided twice on these templates, departments and entities were assisted with the completion of the AFS templates as well as preparation of financial statements and in some instances the OAG personnel were visiting some entities and departments including seconding others to departments and entities to assist with year end preparations.

The NT is grateful for the efforts of the national departments and the OAG in the preparation of the CFI for 2007/08.



**CONSOLIDATED FINANCIAL STATEMENTS**

for the year ended 31 March 2008

**NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS****REVIEW OF OPERATING RESULTS**

This Review analyses and interprets the monetary values presented in the CFS and also, in accordance with Treasury Regulation 18.2. This is a descriptive report illuminating the figures presented. The CFS will therefore provide information not only on the financial performance but also on Government's ability to meet current and future obligations.

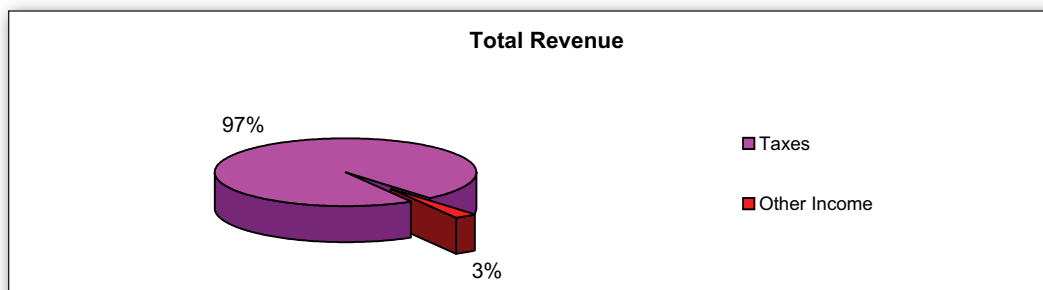
**Total Revenue**

Fiscal Year	Audited year to date R billion	Percentage of total Revenue %	Revised Estimate R billion	Percentage Of Revised Estimate %	Main Appropriation R billion
2007/08	561,284	99.40	557,962	100.6	544,602
2006/07	483,314	99.55	475,836	101.6	446,362

Total revenue for the financial year ending March 2008 is R561,3 bn or 100.6% of the revised estimate figure of R557,9 bn. This is R3 bn higher than the revised estimate and R17 bn higher than the main appropriation for the 2007/08 fiscal year. This resulted in total revenue being R78 bn or 16.1% higher than that for 2006/07 fiscal year.

The actual revenue from taxes, levies and duties collected for this period is R78,1 bn more than the prior year. This is as a result of the following:

Source of Revenue	Actual 2007/2008 R billion	Actual 2006/2007 R billion	Over collection R billion
Income tax	332,0	280,0	52,0
Value-added tax	150,4	134,4	16,0
Fuel levy	24,1	22,0	2,1
Excise duties	19,7	17,6	2,1
Customs duties	26,5	23,7	2,8
Other taxes	-4,6	-7,7	3,1
<b>Total</b>	<b>548,1</b>	<b>470,0</b>	<b>78,1</b>





## CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2008

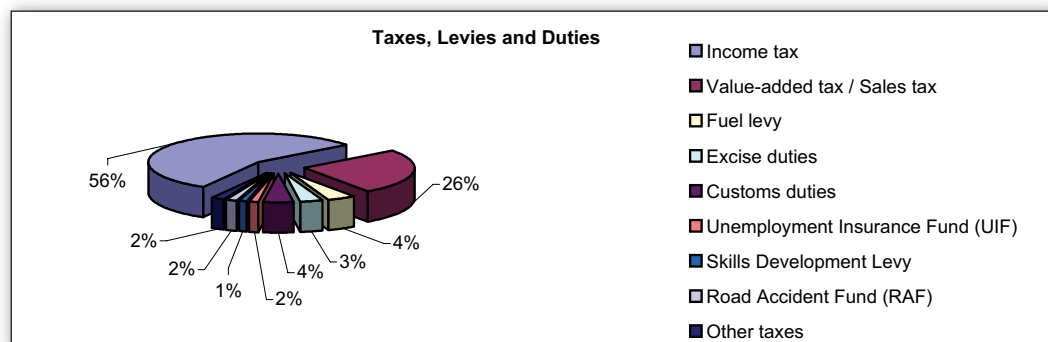
### NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

#### REVIEW OF OPERATING RESULTS (CONTINUED)

The total income has increased by R78,9 bn, or 16.3% to R564,4 bn (2007: R485,5 bn). The main contributor being revenue items such as Taxes, Levies and Duties collected by SARS which increased by R78,1 bn to R548,1 bn (2007: R470 bn). This accounts for 97% of total income.

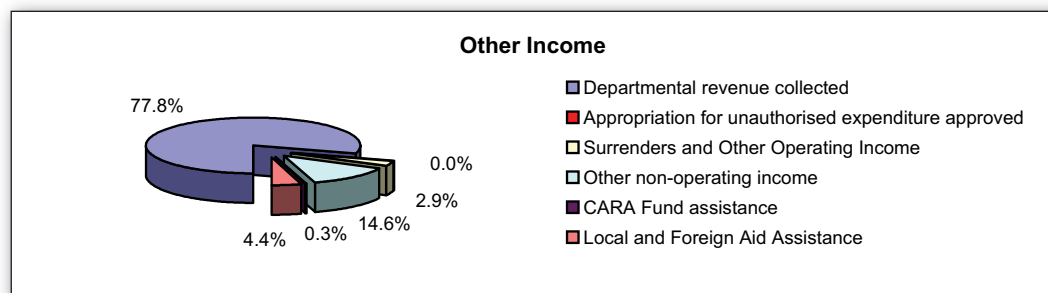
#### Taxes, Levies and Duties

This revenue increased by R78,1 bn to R548,1 bn, or 16.6% (2007: R470 bn).



#### Other Income

Other income increased by 5.6% or R872,6 mil to R16,3 bn (2007: R15,5 bn). The main contributor being departmental revenue which constitutes 77.8% of other income.



#### Total Voted Expenditure

Voted Expenditure amounts to R307,9 bn or 98% of the adjusted appropriation of R313,3 bn. Possible savings/under-spending on voted expenditure amounts to R5,3 bn compared to projected savings of R5,1 bn. Herewith savings for Departments for the period up to 31 March 2008:



**CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 31 March 2008

**NATIONAL DEPARTMENTS, THE NATIONAL REVENUE  
FUND, STATE DEBT AND TAX & LOAN ACCOUNTS**

**REVIEW OF OPERATING RESULTS (CONTINUED)**

	Audited Expenditure R'000	Adjusted Appropriation R'000	Estimated Savings R'000	Unspent Funds Saving %
<b>Central Government</b>				
<b>Administration</b>	<b>41,833,691</b>	<b>42,543,991</b>	<b>710,300</b>	<b>1.7</b>
Presidency	264,200	272,101	7,901	2.9
Parliament	835,714	835,714	-	-
Foreign Affairs	4,069,733	4,119,063	49,330	1.2
Home Affairs	3,241,727	3,520,898	279,171	7.9
Provincial and Local Government	30,029,692	30,036,751	7,059	-
Public Works	3,392,625	3,759,464	366,839	9.8
<b>Financial and Administrative Services</b>	<b>21,010,976</b>	<b>21,913,018</b>	<b>902,042</b>	<b>4.1</b>
GCSIS	380,916	384,012	3,096	0.8
National Treasury	18,966,168	19,748,367	782,199	4.0
Public Service and Administration	370,325	384,063	13,738	3.6
Public Service Commission	108,134	108,164	30	-
SA Management Development Institute	131,113	131,126	13	-
Statistics South Africa	1,054,320	1,157,286	102,966	8.9
<b>Social Services</b>	<b>104,750,714</b>	<b>105,419,837</b>	<b>669,123</b>	<b>0.6</b>
Arts and Culture	1,585,849	1,607,769	21,920	1.4
Education	16,241,326	16,386,752	145,426	0.9
Health	12,762,734	13,091,136	328,402	2.5
Labour	1,948,621	2,037,865	89,244	4.4
Social Development	67,164,859	67,229,108	64,249	0.1
Sports and Recreation SA	5,047,325	5,067,207	19,882	0.4
<b>Justice and Protection Services</b>	<b>80,142,963</b>	<b>81,681,857</b>	<b>1,538,894</b>	<b>1.9</b>
Correctional Services	11,122,379	11,384,409	262,030	2.3
Defence	25,180,058	26,291,785	1,111,727	4.2
Independent Complaints Directorate	80,891	80,891	-	-
Justice and Constitutional Development	7,373,530	7,538,667	165,137	2.2
Safety and Security	36,386,105	36,386,105	-	-
<b>Economic Services and Infrastructure Development</b>	<b>60,206,997</b>	<b>61,705,367</b>	<b>1,498,370</b>	<b>2.4</b>
Agriculture	3,328,417	3,473,484	145,067	4.2
Communications	1,911,778	1,924,483	12,705	0.7
Environmental Affairs	2,788,757	2,790,521	1,764	0.1
Housing	8,586,719	8,982,358	395,639	4.4
Land Affairs	5,897,497	5,924,388	26,891	0.5
Minerals and energy	2,947,367	2,974,937	27,570	0.9
Public Enterprises	4,603,984	4,605,089	1,105	-
Science and Technology	3,127,280	3,144,229	16,949	0.5
Trade and industry	5,298,175	5,479,433	181,258	3.3
Transport	16,331,627	16,543,932	212,305	1.3
Water Affairs and Forestry	5,385,396	5,862,513	477,117	8.1
	<b>307,945,341</b>	<b>313,264,070</b>	<b>5,318,729</b>	<b>1.7</b>



## CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31 March 2008

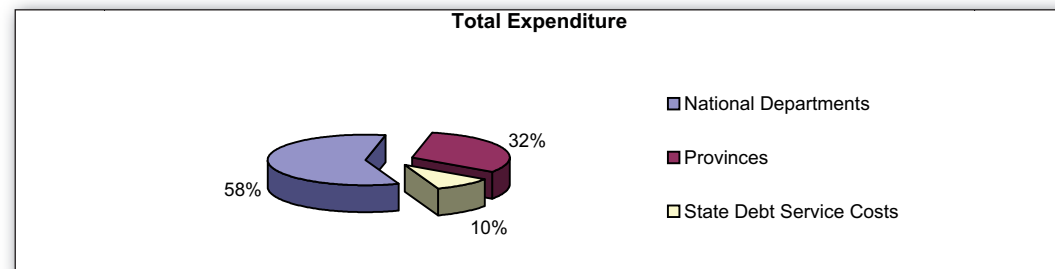
### NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

#### REVIEW OF OPERATING RESULTS (CONTINUED)

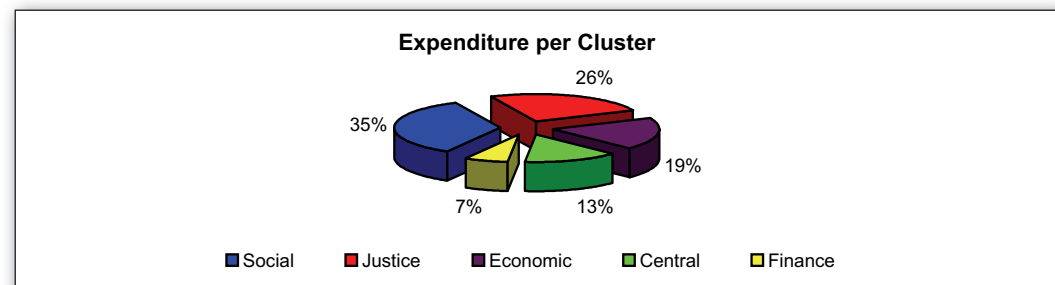
##### Total Expenditure

Total expenditure amounted to R545 bn (2007: R477,3 bn). Expenditure consists of National Department expenditure of R316,9 bn (2007: R268,2 bn) and National Revenue Fund expenditure of R228,1 bn (2007: R209,1 bn). Included in the amount of R228,1 bn (2007: R209,1 bn) is expenditure on State Debt Service Costs amounting to R52,8 bn (2007: R52,5 bn). Also included in National Revenue Fund expenditure is an amount of R172,9 bn (2007: R150,8 bn) distributed to Provinces.

TOTAL Expenditure	2007/08 R'000
National Departments	319,249,021
Provinces	172,861,501
State Debt Service Costs	52,937,000
<b>Total</b>	<b>545,047,522</b>



Expenditure per cluster	2007/08 R'000	2006/07 R'000
Social	111,415,090	96,584,003
Justice	82,027,757	73,154,015
Economic	60,713,078	46,402,158
Central	42,291,488	34,296,380
Finance	22,801,608	23,540,148
<b>Total</b>	<b>319,249,021</b>	<b>273,976,704</b>



**CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 31 March 2008

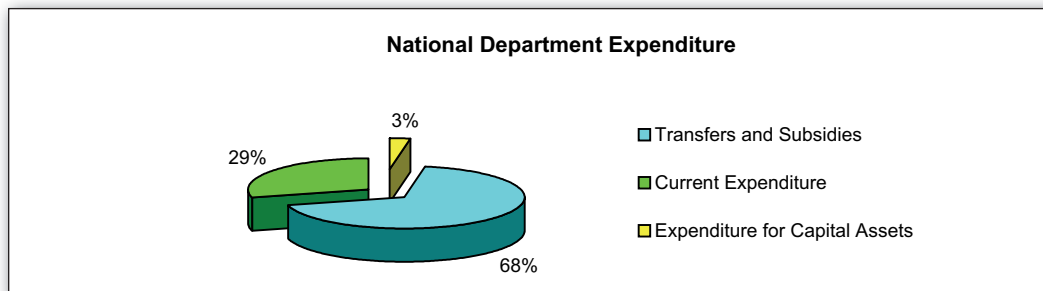
**NATIONAL DEPARTMENTS, THE NATIONAL REVENUE  
FUND, STATE DEBT AND TAX & LOAN ACCOUNTS**

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**REVIEW OF OPERATING RESULTS (CONTINUED)**

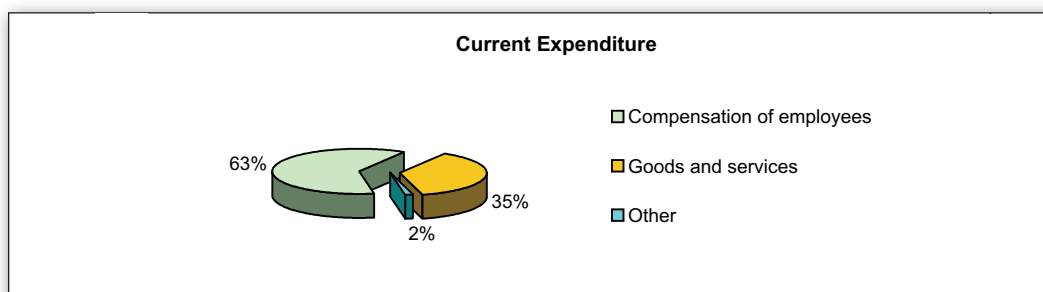
National Departments' expenditure according to the economic classification is as follows:

National Department Expenditure	2007/08 R'000	2006/07 R'000
Transfers and Subsidies	217,695,729	181,664,499
Current Expenditure	91,267,542	80,167,268
Expenditure for Capital Assets	8,028,271	6,354,711
Other	2,257,479	5,790,226
<b>Total</b>	<b>319,249,021</b>	<b>273,976,704</b>



The major Current Expenditure items are:

Current Expenditure	2007/08 R'000	2006/07 R'000
Compensation of employees	57,602,795	50,834,912
Goods and services	32,264,261	28,098,733
Other	1,400,486	1,233,623
Interest and rent on land	1,301	887
Financial transactions in assets and liabilities	179,586	142,021
CARA Fund assistance	13,401	-
Local and foreign aid assistance	815,529	1,038,921
Unauthorised expenditure approved	390,669	51,794
<b>Total</b>	<b>91,267,542</b>	<b>80,167,268</b>





## CONSOLIDATED FINANCIAL STATEMENT

for the year ended 31 March 2008

### NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

#### REVIEW OF OPERATING RESULTS (CONTINUED)

##### Compensation of Employees

Compensation of Employees has increased from R50,8 bn to R57,6 bn in the current year. This does not include Post Retirement benefits paid to pensioners of R1,5 bn (2007: R1,4 bn).

##### Goods and Services

Expenditure on goods and services has increased from R28 bn to R32,3 bn in the current year. This equates to a 15% increase. The major items of goods and services are detailed below:

	2007/08 R'000	2006/07 R'000
Operating leases	4,050,225	3,643,974
Inventory	5,138,420	4,710,654
Consultants, contractors and special services	4,561,255	3,729,007
Travel and subsistence	4,153,982	3,619,807
Computer services	3,289,278	3,006,000
Maintenance, repair and running costs	2,884,016	2,405,678

The following sectors incurred the bulk of the expenditure in the current financial year (contributing more than 20% of the total) on the following items:

Description	2007/08 R'000
<b>Inventory</b>	
Justice and Protection Services	4,493,581
<b>Computer services</b>	
Justice and Protection Services	2,246,050
<b>Travel and Subsistence</b>	
Justice and Protection Services	1,814,799
Economic Services and Infrastructure Development	831,926
Central Government and Administration Services	865,000
<b>Consultants, contractors and special services</b>	
Economic Services and Infrastructure Development	1,887,159
Justice and Protection Services	1,269,708



## CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2008

### NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

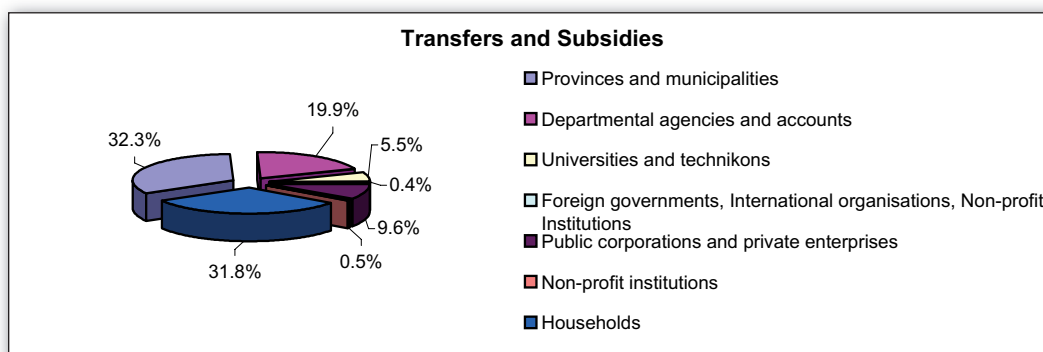
#### REVIEW OF OPERATING RESULTS (CONTINUED)

Description	2007/08 R'000
<b>Maintenance, repair and running costs</b>	
Justice and Protection Services	2,430,493
<b>Operating Leases</b>	
Central Government and Administration Services	861,946
Justice and Protection Services	2,653,590

#### Transfers and Subsidies

An analysis of the items are as follows:

Transfers and Subsidies	2007/08 R'000	2006/07 R'000
Provinces and municipalities	70,375,058	54,774,117
Departmental agencies and accounts	43,299,777	37,733,463
Universities and technikons	12,003,773	11,056,035
Foreign governments, International organisations, Non-profit Institutions	935,584	863,930
Public corporations and private enterprises	20,809,745	14,687,655
Non-profit institutions	959,446	844,420
Households	69,312,346	61,704,879
<b>Total</b>	<b>217,695,729</b>	<b>181,664,499</b>





## CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2008

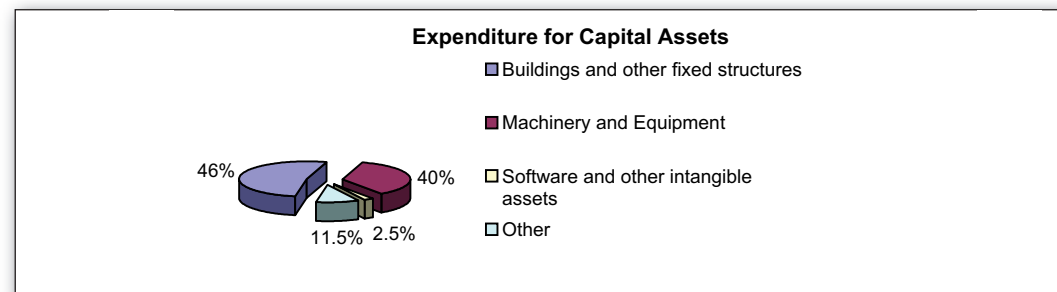
### NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

#### REVIEW OF OPERATING RESULTS (CONTINUED)

#### Capital Expenditure

The increase in the expenditure on capital assets is R1,7 bn. The major items of capital expenditure are:

Expenditure for Capital Assets	2007/08 R'000	2006/07 R'000
Buildings and other fixed structures	3,691,905	2,462,731
Machinery and Equipment	3,213,352	3,284,103
Software and other intangible assets	198,512	251,848
Other	924,502	356,029
Biological or cultivated assets	11,155	676
CARA Fund assistance	22,292	-
Local and foreign aid assistance	41,951	15,383
Land and subsoil assets	849,104	339,970
<b>Total</b>	<b>8,028,271</b>	<b>6,354,711</b>



Expenditure for Capital Assets per Cluster	2007/08 R'000	2006/07 R'000
Central Government Administration	1,488,375	1,092,879
Financial and Administrative Services	84,086	65,201
Social Services	56,634	109,728
Justice and Protection Services	4,882,239	4,312,682
Economic Services and Infrastructure Dev	1,516,937	774,221
<b>Total</b>	<b>8,028,271</b>	<b>6,354,711</b>

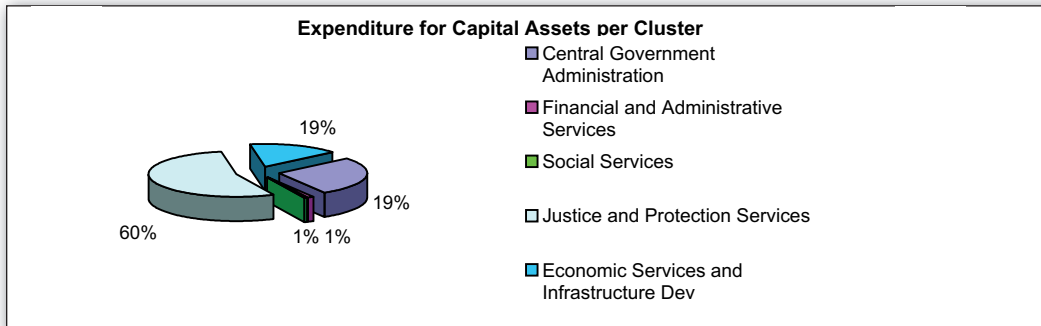




## CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2008

### NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

#### REVIEW OF OPERATING RESULTS (CONTINUED)

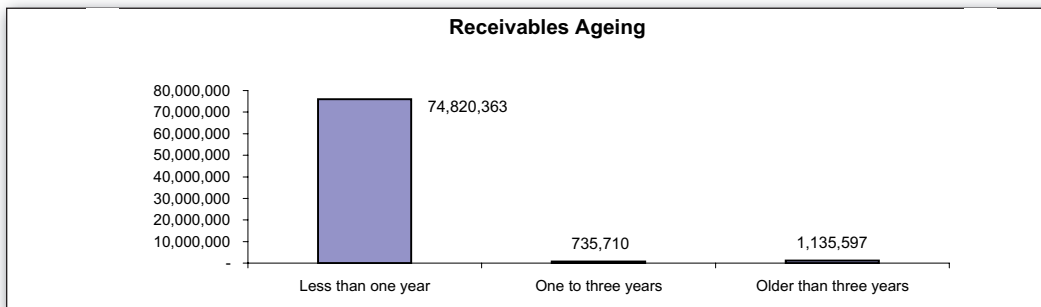


#### Cash and Cash Equivalents

Cash and cash equivalents increased by R20,3 bn from R78, 4 bn to R98,7 bn.

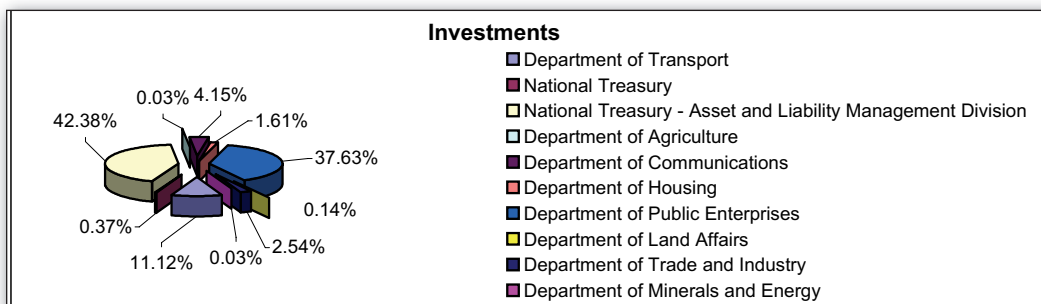
#### Receivables

The following reflects the ageing of the current receivables. The huge increase is due to the appreciation of the Gold and Foreign Exchange Contingency Reserve Account of R17 bn.



Of the total amount outstanding for longer than 3 years, R589,3 mil (51.9%) relates to amounts owing to Departments in the Justice and Protection Services cluster.

#### Investments





## CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2008

### NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

#### REVIEW OF OPERATING RESULTS (CONTINUED)

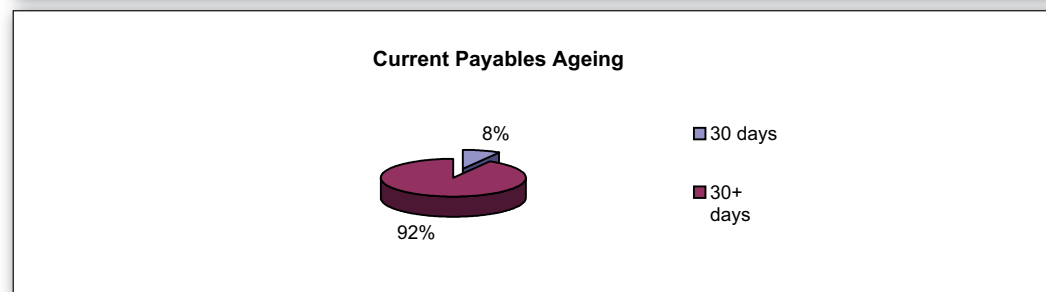
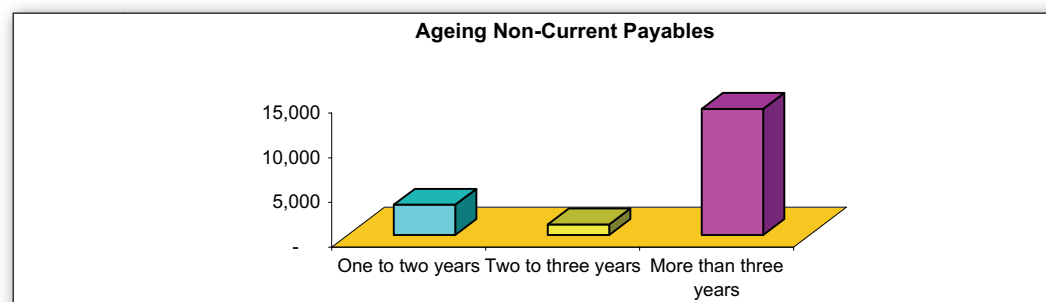
The above chart demonstrates Government's investment in Public Entities with respect to shareholder departments.

#### Bank Overdrafts

The bank overdraft consists of facilities at the major South African banks. The bank overdraft per cluster for the year ended 31 March 2008 is:

Clusters	2007/08 R'000
Justice and Protection Services	348,830
Financial and Administration Services	22,130
Social Services	1,388,495
Central Government Administration	-
Economic Services and Infrastructure Development	-
<b>Total</b>	<b>1,759,455</b>

#### Payables



#### Net Surplus/(Deficit)

The net surplus for the year amounts to R37,6 bn (2007: R20,3 bn). This was financed with extraordinary receipts, domestic and foreign loans.



## CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2008

### NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

#### REVIEW OF OPERATING RESULTS (CONTINUED)

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

	2007/08	2006/07	Published In
	R'000	R'000	2006/07
	R'000	R'000	R'000
<b>Surplus/Deficit per Income Statement (NRF)</b>	<b>36,609,357</b>	<b>19,140,649</b>	<b>23,481,190</b>
Add back non-cash movement	(18,212,164)	(12,001,104)	(16,341,644)
(Increase)/Decrease in revenue	(6,497,681)	(4,305,194)	(9,670,595)
Movement in Annual Appropriation: Net Financing	5,257,113	6,113,602	5,692,307
Proceeds from the sale of State Assets	(1,035,238)	(828,190)	(828,190)
Armaments Purchases- Exchange Rate Profit	(79)	(4,703)	(4,703)
Exchange rate profit	(526,351)	(30,105)	(30,105)
Recovery of criminal assets	(45,564)	(19,291)	(19,291)
Surplus: SARB	(3,205)	(99,874)	(99,874)
Surplus: CPD	(17,254)	(4,350)	(4,350)
Extra-ordinary receipts: Premium on bonds issued	(244,193)	(909,182)	(909,182)
Agricultural Debt Account Surrender	(250,000)	(200,000)	(200,000)
Foreign Exchange Amnesty Proceeds	-	(365,000)	(365,000)
Penalties on Retail Bonds	(1,056)	(597)	(597)
Revenue Fund receipts:			
ACSA	-	(667,661)	(667,661)
Limpopo Mineral Trust Proceeds	-	(463,435)	(463,435)
Lebowa Mineral Trust Proceeds	-	(3,076)	(3,076)
GEFRECA Account	(319,273)	-	-
Exchange rate levies	(1,020,877)	-	-
Restructuring of Govt Debt Portfolio	677,331	418,911	418,911
Losses on GEFRECA	80,376	-	-
Direct Exchequer Payment			
Loss on Exchange Rate	17,550	868,273	868,273
DBSA Loans granted to TBVC	-	6,687	6,687
Saambou Agreement	-	3,777,957	3,777,957
Premium on R194	-	2,622	2,622
Exchange rate loss	-	3,519	3,519
Currency subscription	-	55,395	55,395
Recovery of criminal assets	24,239	73,800	73,800
Leave credits	642,633	380,202	380,202
Other expenditure	255,107	-	-
Unauthorised expenditure approved	454,946	68,145	68,145
<b>Surplus per Budget Review</b>	<b>15,845,717</b>	<b>11,008,000</b>	<b>5,221,305</b>



## CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2008

### NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

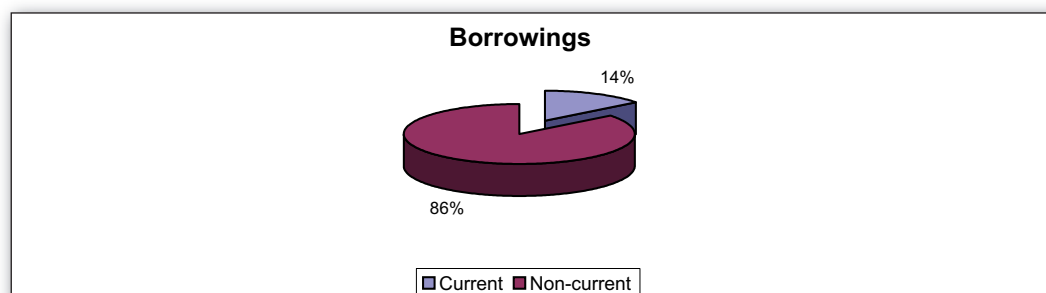
#### REVIEW OF OPERATING RESULTS (CONTINUED)

	2008 R'000	2007 R'000	As Published In 2007 R'000
<b>Surplus per Budget Review</b>	<b>15,845,717</b>	<b>11,008,000</b>	<b>5,221,305</b>
Items as specified above	20,763,640	8,132,649	18,259,885
<b>Surplus per the NRF Statement of Financial Performance</b>	<b>36,609,357</b>	<b>19,140,649</b>	<b>23,481,190</b>
Aggregated surplus/(deficit) of the National Departments	988,715	1,049,947	885,358
Add back unauthorised, fruitless & wasteful expenditure	40,220	100,285	100,307
<b>Surplus per CAFS</b>	<b>37,638,292</b>	<b>20,290,881</b>	<b>24,466,855</b>
<b>Analysis of the aggregated surplus of the National Departments</b>			
Statutory and Voted Funds to be surrendered to NRF	37,730,883	20,346,858	24,687,421
Departmental sourced revenue	56,031	(7,445)	-
Local and foreign aid assistance	(136,029)	(83,632)	(86,942)
CARA Fund Assistance	(12,593)	35,100	(133,624)
<b>Total</b>	<b>37,638,292</b>	<b>20,290,881</b>	<b>24,466,855</b>

#### Borrowings

Government's gross borrowing requirement, the sum of the budget balance, extraordinary receipts/payments and redeeming borrowings is financed through domestic loans, foreign loans and changes in cash balances. Government's borrowing is increased by an amount equal to the net borrowing requirement, discount on loans, and increases or decreases due to the revaluation of foreign borrowings and the revaluation of inflation-linked bonds.

For purposes of the CFS of the National Government, borrowings are split into current (short term) and non-current (long term) borrowings. Total borrowings at year-end amount to R575,6 bn of which current borrowings represent 14.4% and non-current borrowing 85.6%.



Current borrowings represent both domestic and foreign short-term bonds, treasury bills and other loans with a remaining maturity of one year from the date of the financial statements. During each financial year a portion of the previous year's non-current borrowings that redeems within one year of the financial statement date is moved to current borrowings.

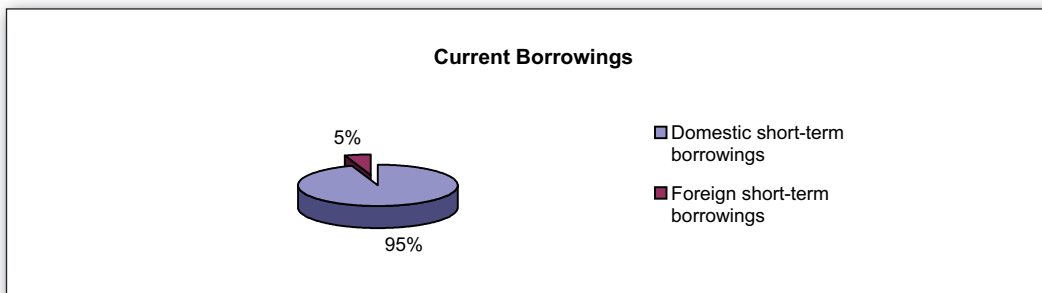


## CONSOLIDATED FINANCIAL STATEMENTS

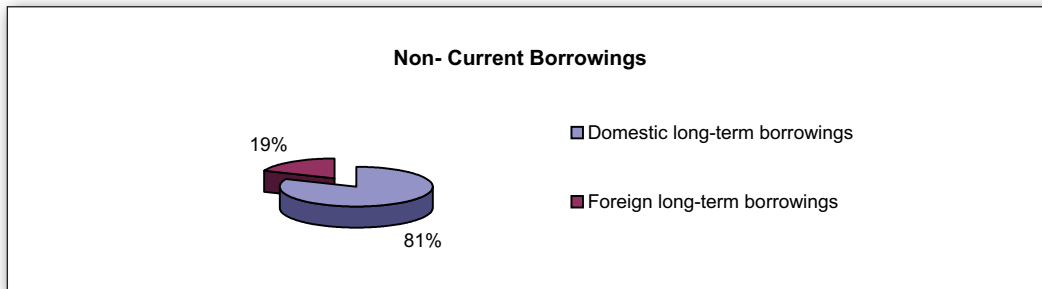
for the year ended 31 March 2008

### NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

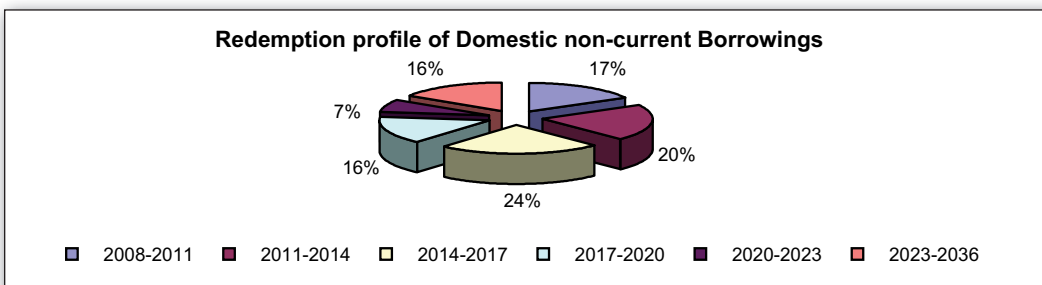
#### REVIEW OF OPERATING RESULTS (CONTINUED)



Non-current borrowings consist of both domestic and foreign long-term bonds and other loans with a remaining maturity of more than one year from the date of the financial statements.



Domestic non-current borrowings increased by R10,5 bn from R390,1 bn to R400,6 bn. Financing the gross borrowing requirement resulted in an increase in borrowings of R30,9 bn whereas redeeming borrowings amounted to R571,974 mil. An amount of R24,2 bn of the previous year's non-current borrowings was transferred to current borrowings. In addition, the revaluation premium on inflation-linked bonds increased by R4,3 bn. The graphs "redemption profile of domestic non-current borrowings" shows the amount of domestic long-term borrowings that will be repaid in each of the 3-year periods.





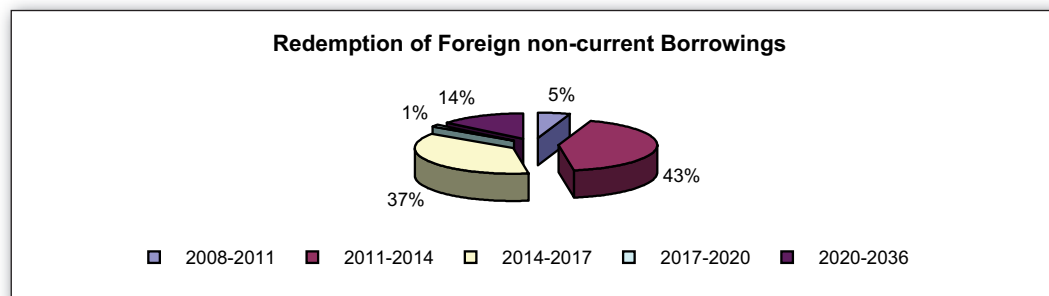
## CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2008

### NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

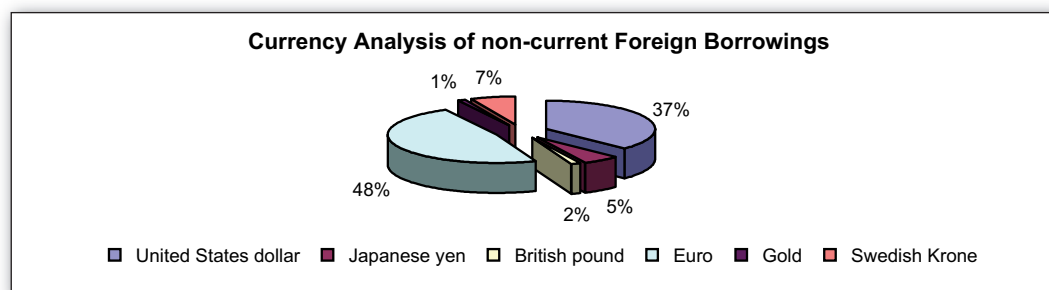
#### REVIEW OF OPERATING RESULTS (CONTINUED)

Foreign non-current borrowings, in historical terms, declined by R19 bn mainly due to the restructuring of the foreign debt portfolio and the transfer of a portion of the debt to current borrowings. The revaluation of foreign loans increased by R15 bn resulting in an increase in the foreign long-term debt portfolio of R13 bn.

The graph “redemption profile of non-current borrowings” shows what amounts and percentages respectively of the total foreign long-term borrowings of R91,9 bn will be repaid in each 3-year period from 2008 onwards.



From the graph “currency analysis of non-current borrowings” it is clear that the majority of foreign borrowings are denominated in US Dollars and Euros.





## REPORT OF THE AUDITOR-GENERAL

### TO PARLIAMENT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, AND THE STATE DEBT AND TAX AND LOAN ACCOUNTS OF THE NATIONAL TREASURY

for the year ended 31 March 2008

#### REPORT ON THE FINANCIAL STATEMENTS

##### Introduction

1. Section 8(1) of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) requires the National Treasury to prepare consolidated annual financial statements in accordance with generally recognised accounting practice. Separate consolidated financial information has been prepared annually since the inception of the PFMA for national departments and public entities respectively and has been subjected to agreed upon procedures reviewed by the Auditor-General. For the year under review consolidated financial statements have been prepared for the national departments and submitted for audit. These matters are dealt with in more detail in page 2 of the accounting officer's review.
2. I have audited the accompanying consolidated financial statements (CFS) of the national departments, the National Revenue Fund (NRF) and the State Debt and Tax and Loan Accounts (SDTLA). These statements comprise the statement of financial position as at 31 March 2008, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 26 to 63.

##### Responsibility of the accounting officer for the financial statements

3. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting determined by the National Treasury, as set out in note 1 to the CFS and in the manner required by the PFMA and the Division of Revenue Act, 2007 (Act No. 1 of 2007) (DoRA). This responsibility includes:
  - designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
  - selecting and applying appropriate accounting policies
  - making accounting estimates that are reasonable in the circumstances.



**REPORT OF THE AUDITOR-GENERAL**

**TO PARLIAMENT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, AND THE STATE DEBT AND TAX AND LOAN ACCOUNTS OF THE NATIONAL TREASURY (CONTINUED)**

**for the year ended 31 March 2008**

**Responsibility of the Auditor-General**

4. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.
5. I conducted my audit in accordance with the International Standards on Auditing and *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
7. An audit also includes evaluating the:
  - appropriateness of accounting policies used
  - reasonableness of accounting estimates made by management
  - overall presentation of the financial statements.
8. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Basis of accounting**

9. The department's policy is to prepare financial statements on the modified cash basis of accounting determined by the National Treasury, as set out in note 1 to the CFS.





**REPORT OF THE AUDITOR-GENERAL**

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**TO PARLIAMENT ON THE CONSOLIDATED FINANCIAL  
STATEMENTS OF THE NATIONAL DEPARTMENTS, THE  
NATIONAL REVENUE FUND, AND THE STATE DEBT AND TAX  
AND LOAN ACCOUNTS OF THE NATIONAL TREASURY (CONTINUED)**

**for the year ended 31 March 2008**

**Basis for a qualified opinion**

**Surrender of departmental revenue to the National Revenue Fund**

10. Departmental revenue that was to be surrendered to the NRF amounting to R1091 million was not eliminated during the consolidation process. This was due to some departments that did not reconcile their departmental revenue with the NRF, as well as timing differences.

**Qualifications in the reports of the individual national departments**

**Departmental revenue**

11. Included in departmental revenue is an amount of R238 million that relates to a third party fund in the Department of Justice and Constitutional Development. I could not obtain sufficient appropriate audit evidence to verify the occurrence, completeness and accuracy of this amount.
12. I could not obtain sufficient appropriate audit evidence to verify the occurrence, completeness and accuracy of R421.1 million and R172.5 million included in departmental revenue that emanated from the Departments of Home Affairs and Defence respectively.

**Capital assets**

13. I was unable to satisfy myself as to the accuracy of the reconciliation between the fixed asset register and the amount disclosed in the financial statements due to a lack of supporting documentation. The amount of the differences reported is R1163.1 million.
14. I was unable to satisfy myself as to the accuracy of adjustments made to the opening balance of capital assets, as certain departments could not provide sufficient, appropriate audit evidence for these adjustments. The net amount of differences reported is R1571.8 million.
15. A material number of major capital assets acquired subsequent to 1 April 2002 were not recorded at cost, due to the cost not being available, as the departments



**REPORT OF THE AUDITOR-GENERAL**

**TO PARLIAMENT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, AND THE STATE DEBT AND TAX AND LOAN ACCOUNTS OF THE NATIONAL TREASURY (CONTINUED)**

**for the year ended 31 March 2008**

did not keep full and proper records as required by section 40(1)(a) of the PFMA and TR 17.2.3. As a result capital assets are misstated by a material amount which cannot be accurately determined.

16. I was unable to obtain sufficient appropriate audit evidence to verify the acquisition of capital assets to the value of R539.6 million. No alternative audit procedures were possible.

**Commitments**

17. I could not obtain sufficient appropriate audit evidence to support the completeness, valuation, existence and rights and obligations in order to substantiate capped leave commitments of R865 million included in the disclosure notes to the CFS that relate to the Department of Defence. No alternative audit procedures were possible.
18. I could not obtain sufficient appropriate audit evidence to support the completeness, valuation, existence and rights and obligations in order to substantiate grant commitments of R454.8 million included in the disclosure notes to the CFS that relate to the Department of Land Affairs. No comparative figures were disclosed. No alternative audit procedures were possible.

**Contingent liability**

19. I could not confirm the accuracy of R504.8 million reflected as a contingent liability in respect of environmental rehabilitation and housing guarantees in the Department of Defence. No alternative procedures could be performed due to the lack of a proper system.

**Qualified opinion**

20. In my opinion, except for the effect of the matters described in the Basis for a qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the CFS as at 31 March 2008 and its financial

**REPORT OF THE AUDITOR-GENERAL**

**TO PARLIAMENT ON THE CONSOLIDATED FINANCIAL  
STATEMENTS OF THE NATIONAL DEPARTMENTS, THE  
NATIONAL REVENUE FUND, AND THE STATE DEBT AND TAX  
AND LOAN ACCOUNTS OF THE NATIONAL TREASURY (CONTINUED)**

**for the year ended 31 March 2008**

performance and cash flows for the year then ended, in accordance with the modified cash basis of accounting and in the manner required by the PFMA and DoRA.

**Emphasis of matter**

I draw attention to the following matter:

**Restatement of corresponding figures**

21. The SDTLA figures included in the CFS did not reflect liabilities of R16096 million relating to a callable portion of investments shown at fair value in the prior year's figures. This figure is now included under provisions.

**OTHER MATTERS**

I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

**Non-compliance with applicable legislation**

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

**Matters of governance**

23. The PFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of certain key governance responsibilities, which I have assessed as follows:



**REPORT OF THE AUDITOR-GENERAL**  
**TO PARLIAMENT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, AND THE STATE DEBT AND TAX AND LOAN ACCOUNTS OF THE NATIONAL TREASURY (CONTINUED)**  
**for the year ended 31 March 2008**

Matters of governance	Yes	No
<b>Audit committee</b>		
• The department had an audit committee in operation throughout the financial year.	✓	
• The audit committee operates in accordance with approved, written terms of reference.	✓	
• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 77 of the PFMA and Treasury Regulation 3.1.10.	✓	
<b>Internal audit</b>		
• The department had an internal audit function in operation throughout the financial year.	✓	
• The internal audit function operates in terms of an approved internal audit plan.	✓	
• The internal audit function substantially fulfilled its responsibilities for the year, as set out in Treasury Regulation 3.2.	✓	
<b>Other matters of governance</b>		
• The consolidated financial statements were submitted for audit as per the legislated deadlines (section 8 of the PFMA).	✓	
• The financial statements submitted for audit were subject to material amendments resulting from the audit.	✓	
• There were significant difficulties experienced during the audit concerning delays or the unavailability of expected information.	✓	
• The prior year's external audit recommendations have been substantially implemented.	✓	

## REPORT OF THE AUDITOR-GENERAL

### TO PARLIAMENT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, AND THE STATE DEBT AND TAX AND LOAN ACCOUNTS OF THE NATIONAL TREASURY (CONTINUED)

for the year ended 31 March 2008

#### APPRECIATION

24. The assistance rendered by the staff of the Office of the Accountant-General and National Treasury during the audit is sincerely appreciated.

*Auditor - General.*

Pretoria  
27 October 2008



AUDITOR - GENERAL



## NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

### CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2008

	Notes	2007/08 R'000	2006/07 R'000
<b>OPERATING INCOME</b>		<b>561,284,128</b>	<b>483,314,088</b>
Revenue from Taxes, Levies and Duties	2	548,106,096	470,052,438
Departmental revenue	3	12,700,300	13,235,746
Other revenue	4	477,732	25,904
<b>NON-OPERATING INCOME</b>	5	<b>2,427,851</b>	<b>1,222,446</b>
Non-operating income		2,382,288	1,203,155
CARA Fund assistance		45,564	19,291
<b>LOCAL AND FOREIGN AID ASSISTANCE</b>	7.1	<b>721,451</b>	<b>970,672</b>
<b>TOTAL INCOME</b>		<b>564,433,430</b>	<b>485,507,206</b>
<b>NATIONAL REVENUE FUND EXPENDITURE</b>		<b>228,055,980</b>	<b>209,131,236</b>
Appropriated funds	8	226,382,983	203,617,670
Non-operating expenditure		775,257	5,133,364
Leave entitlement		642,633	380,202
Other		255,107	-
<b>DEPARTMENTAL EXPENDITURE</b>			
<b>Current expenditure</b>		<b>91,267,542</b>	<b>80,167,268</b>
Compensation of employees	9	57,602,795	50,834,912
Goods and services	10	32,264,261	28,098,733
Interest and rent on land	11	1,301	887
Financial transactions in assets and liabilities	12	179,586	142,021
CARA Fund assistance	6	13,401	-
Local and foreign aid assistance	7.2	815,529	1,038,921
Unauthorised expenditure approved	15	390,669	51,794
<b>Transfers and subsidies</b>	13	<b>217,695,729</b>	<b>181,664,499</b>
<b>Capital expenditure</b>		<b>8,028,271</b>	<b>6,354,711</b>
Expenditure for capital assets	14	7,964,028	6,339,328
CARA Fund assistance	6	22,292	-
Local and foreign aid assistance	7.3	41,951	15,383
<b>TOTAL EXPENDITURE</b>		<b>545,047,522</b>	<b>477,317,714</b>
<b>SURPLUS/(DEFICIT)</b>		<b>19,385,908</b>	<b>8,189,492</b>
Add back unauthorised expenditure	15	36,685	99,059
Add back fruitless and wasteful expenditure	16	3,535	1,226
Add back non-cash movement	17	18,212,164	12,001,104
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>37,638,292</b>	<b>20,290,881</b>
<b>Reconciliation of Net Surplus/(Deficit) for the year</b>			
Voted Funds to be surrendered to the revenue fund		37,730,883	20,346,858
Departmental revenue to be surrendered to the revenue fund		56,031	(7,445)
Local and foreign aid assistance		(136,029)	(83,632)
CARA Fund assistance		(12,593)	35,100
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>37,638,292</b>	<b>20,290,881</b>



## NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2008

	Notes	2007/08 R'000	2006/07 R'000
<b>ASSETS</b>			
<b>Current assets</b>		<b>177,962,235</b>	<b>113,988,102</b>
Unauthorised expenditure	15	785,362	1,138,732
Fruitless and wasteful expenditure	16	59,255	62,040
Cash and cash equivalents	18	98,738,747	78,410,072
Prepayments and advances	20	1,348,471	2,624,250
Receivables	21	76,691,670	31,712,187
Loans	23	38,117	-
Local and foreign aid assistance receivable	7	300,613	40,821
<b>Non-current assets</b>		<b>55,213,175</b>	<b>51,794,876</b>
Investments	22	54,777,586	51,309,634
Loans	23	435,158	484,870
Other financial assets	19	431	372
<b>TOTAL ASSETS</b>		<b>233,175,410</b>	<b>165,782,978</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>140,833,270</b>	<b>135,001,731</b>
Voted funds to be surrendered to the Revenue Fund	24	942,417	733,474
Departmental revenue to be surrendered to the Revenue Fund	25	(960,637)	(111,867)
Bank overdraft	26	1,759,455	3,575,968
Payables	27	5,088,808	3,105,717
Borrowings	29	83,160,415	83,173,173
Provisions	31	50,463,266	44,269,483
Local and foreign aid assistance repayable	7	-	(2,135)
Local and foreign aid assistance unutilised	7	379,546	257,918
<b>Non-current liabilities</b>		<b>492,463,662</b>	<b>468,997,652</b>
Payables	28	18,730	19,021
Borrowings	30	492,444,932	468,978,631
<b>TOTAL LIABILITIES</b>		<b>633,296,932</b>	<b>603,999,383</b>
<b>NET LIABILITIES</b>		<b>(400,121,522)</b>	<b>(438,216,405)</b>
<b>Represented by:</b>			
Capitalisation Reserves		(400,939,745)	(439,099,857)
Recoverable revenue		489,006	528,503
Retained funds (Legislatures/Parliament/CARA Fund assistance)		329,217	354,949
<b>TOTAL</b>		<b>(400,121,522)</b>	<b>(438,216,405)</b>



## NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

### CONSOLIDATED STATEMENT OF CHANGE IN NET ASSETS

for the year ended 31 March 2008

	2007/08 R'000	2006/07 R'000
<b>Capitalisation Reserves</b>		
Opening balance	(439,099,857)	(441,691,950)
Transfers	(9,949)	(29,997)
Movement in Capitalisation Reserves	38,095,061	18,686,305
Other movements	75,000	(16,064,215)
<b>Closing balance</b>	<b><u>(400,939,745)</u></b>	<b><u>(439,099,857)</u></b>
<b>Recoverable revenue</b>		
Opening balance	528,503	499,220
Transfers	(39,497)	29,283
Irrecoverable amounts written off	(43,694)	(21,718)
Debts revised	(111,130)	(10,828)
Debts recovered (included in departmental receipts)	(207,133)	(154,792)
Debts raised	322,460	216,621
<b>Closing balance</b>	<b><u>489,006</u></b>	<b><u>528,503</u></b>
<b>Retained funds</b>		
Opening balance	354,949	306,903
Movement in Retained funds	(25,732)	48,046
Transfer from Statement of Financial Performance	(1,742)	138,800
CARA Fund assistance	(9,293)	35,100
Utilised during the year	35,556	-
Other	(50,253)	(125,854)
<b>Closing balance</b>	<b><u>329,217</u></b>	<b><u>354,949</u></b>
<b>TOTAL</b>	<b><u>(400,121,522)</u></b>	<b><u>(438,216,405)</u></b>





## NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

### CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2008

	Notes	2007/08 R'000	2006/07 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>RECEIPTS DISCLOSED BY THE NATIONAL REVENUE FUND</b>			
		<b>566,086,671</b>	<b>492,645,805</b>
Revenue collected by SARS		547,287,886	470,636,948
Departmental Revenue collected		11,599,597	13,080,892
Non-operating income		2,361,829	5,026,385
CARA Fund assistance		45,564	19,291
Surrenders from Departments		4,314,063	3,856,385
Other revenue received by the revenue fund		477,732	25,904
<b>TOTAL RECEIPTS DISCLOSED BY THE NATIONAL REVENUE FUND</b>		<b>566,086,671</b>	<b>492,645,805</b>
<b>RECEIPTS DISCLOSED BY NATIONAL DEPARTMENTS</b>			
		<b>10,615,128</b>	<b>7,265,142</b>
Departmental revenue received		9,896,088	6,297,780
Local and foreign aid assistance received		719,040	967,362
<b>PAYMENTS DISCLOSED BY THE NATIONAL REVENUE FUND</b>			
		<b>226,980,508</b>	<b>210,795,284</b>
Annual appropriation		20,470	(20,471)
Statutory appropriation		227,447,704	204,610,295
CARA Fund assistance		1,139	5,000
Appropriation for unauthorised expenditure approved		28,345	(1)
Non-operating expenditure		775,257	5,133,364
Other		(1,292,407)	1,067,097
<b>TOTAL EXPENDITURE DISCLOSED BY THE NATIONAL REVENUE FUND</b>		<b>226,980,508</b>	<b>210,795,284</b>
Net (increase)/ decrease in working capital		1,549,232	(599,413)
Surrendered to Revenue Fund		(15,983,860)	(16,852,726)
Current payments		(91,137,701)	(80,150,383)
Unauthorised expenditure - Current payment		(85,252)	84,063
Transfers and subsidies paid		(217,695,728)	(181,664,499)
<b>Net cash flow available from operating activities</b>	<b>32</b>	<b>26,367,982</b>	<b>9,932,705</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets		(8,028,271)	(6,354,711)
Payments for investments		(10,728)	-
Proceeds from sale of capital assets		230,081	38,687
(Increase)/ decrease in loans		11,595	29,997
(Increase)/ decrease in investments		(1,007,849)	(567,546)
(Increase)/ decrease in other financial assets		(60)	(60)
<b>Net cash flows from investing activities</b>		<b>(8,805,232)</b>	<b>(6,853,633)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Distribution/dividend received		2,574,131	2,972,679
Increase/ (decrease) in net assets		956,907	588,378
Increase/ (decrease) in non-current payables		(291)	(4,629)
Increase/ (decrease) in borrowings		1,051,691	9,678,847
<b>Net cash flows from financing activities</b>		<b>4,582,438</b>	<b>13,235,275</b>
Net increase/ (decrease) in cash and cash equivalents		22,145,188	16,314,347
Cash and cash equivalents at beginning of period		74,834,104	58,519,757
<b>Cash and cash equivalents at end of period</b>	<b>18 &amp; 26</b>	<b>96,979,292</b>	<b>74,834,104</b>



## NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

### ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2008

#### 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 1 of 2005.

All departments are controlled by Government. This consolidated financial statements includes the financial results of the departments and their trading entities which are prepared on a modified cash basis.

Inter departmental transactions have not been eliminated thus all departments were consolidated on an aggregatiom basis. Government Departments apply uniform accounting policies as prescribed by the National Treasury except to the extent that a department has requested a deviation from the Treasury.

Departmental revenue is allocated by SARS and directly deposited into the National Revenue Fund which forms part of the overall consolidation revenue, and is accounted for on a modified cash basis. Elimination of revenue shown in departments versus the National Revenue Fund has been done on the consolidation.

##### 1.1 Basis of preparation

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

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



## NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

### ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2008

#### 1.2 Presentation currency

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

#### 1.3 Rounding

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

#### 1.4 Comparative figures

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

#### 1.5 Revenue

##### 1.5.1 Appropriated funds

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 appropriated funds are presented in the statement of financial performance.

Unexpended appropriated funds are surrendered to the National/Provincial Revenue Fund, unless approval has been given by the National/Provincial Treasury to rollover the funds to the subsequent financial year. These rollover funds form part of retained funds in the annual financial statements. Amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised in the statement of financial position.

##### 1.5.2 Departmental revenue

All departmental revenue is paid into the National Revenue Fund when received, unless otherwise stated. Amounts owing to the National Revenue Fund at the end of the financial year are recognised in the statement of financial position. Amounts receivable at the reporting date are disclosed in the disclosure notes to the annual financial statements.



## NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

### ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2008

#### 1.5.3 Tax revenue

Tax revenue consists of all compulsory unrequited amounts collected by the department in accordance with laws and or regulations (excluding fines, penalties & forfeits).

Tax revenue is recognised in the statement of financial performance when received.

#### 1.5.4 Sales of goods and services other than capital assets

The proceeds received from the sale of goods and/or the provision of services is recognised in the statement of financial performance when the cash is received.

#### 1.5.5 Fines, penalties & forfeits

Fines, penalties & forfeits are compulsory unrequited amounts which were imposed by a court or quasi-judicial body and collected by the department. Revenue arising from fines, penalties and forfeits is recognised in the statement of financial performance when the cash is received.

#### 1.5.6 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.

#### 1.5.7 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.

#### 1.5.8 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. Amounts receivable at the reporting date are disclosed in the disclosure notes to the annual financial statements.

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.

#### 1.5.9 Gifts, donations and sponsorships (transfers received)

All cash gifts, donations and sponsorships are paid into the National Revenue



## NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

### ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2008

Fund and recorded as revenue in the statement of financial performance when received. Amounts receivable at the reporting date are disclosed in the disclosure notes to the financial statements.

All in-kind gifts, donations and sponsorships are disclosed at fair value in the annexures to the financial statements.

Local and foreign aid assistance is recognised in the financial records when notification of the donation is received from the National Treasury or when the department directly receives the cash from the donor(s). The total cash amounts received during the year is reflected in the statement of financial performance as revenue.

All in-kind local and foreign aid assistance are disclosed at fair value in the annexures to the annual financial statements.

The cash payments made during the year relating to local and foreign aid assistance projects are recognised as expenditure in the statement of financial performance. A receivable is recognised in the statement of financial position to the value of the amounts expensed prior to the receipt of the funds.

A payable is raised in the statement of financial position where amounts have been inappropriately expensed using local and foreign aid assistance. Unutilised amounts are recognised in the statement of financial position.

#### 1.6 Expenditure

##### 1.6.1 Compensation of employees

Salaries and wages comprise payments to employees. Salaries and wages 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). Capitalised compensation forms part of the expenditure for capital assets in the statement of financial performance.

All other payments in relation to compensation of employees are classified as current expense.

Social contributions include the entities' contribution to social insurance schemes paid on behalf of the employee. Social contributions are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system.

##### 1.6.2 Short term employee benefits

Short term employee benefits comprise of leave entitlements (capped leave),



## NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

### ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2008

thirteenth cheques and performance bonuses. The cost of short-term employee benefits is expensed as salaries and wages 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).

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 position.

#### 1.6.3 Long-term employee benefits

##### 1.6.3.1 Termination benefits

Termination benefits such as severance packages are recognised as an expense in the statement of financial performance as a transfer when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

##### 1.6.3.2 Post employment retirement benefits

The Government provides retirement benefits (pension benefits) for certain of its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are expensed when the final authorisation for payment to the fund 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 Consolidated financial statements.

The Government provides medical benefits for certain of its employees. Employer contributions to the medical funds are expensed when the final authorisation for payment to the fund is effected on the system (by no later than 31 March of each year).

#### 1.6.4 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 services were used on a capital project.

#### 1.6.5 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



## NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

### ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2008

system (by no later than 31 March of each year). This item excludes rental for the use of buildings or other fixed structures.

#### 1.6.6 Financial transactions in assets and liabilities

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or underspending of appropriated funds. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but amounts are disclosed as a disclosure note. All other losses are recognised when authorisation has been granted for the recognition thereof.

#### 1.6.7 Unauthorised expenditure

When discovered 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 recognised in the statement of financial performance when the unauthorised expenditure is approved and the related funds are received. Where the amount is approved without funding it is recognised as expenditure, subject to availability of savings, in the statement of financial performance on the date of approval.

#### 1.6.8 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

#### 1.6.9 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 a asset until it is recovered or written off as irrecoverable.

#### 1.6.10 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).

#### 1.6.11 Expenditure for capital assets

Payments made for capital assets are recognised as an expense in the statement of



## NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

### ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2008

financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

#### 1.7 Assets

##### 1.7.1 Cash and cash equivalents

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

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

##### 1.7.2 Prepayments and advances

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made.

##### 1.7.3 Receivables

Receivables included in the statement of financial position arise from cash payments made that are recoverable from another party.

Revenue receivable not yet collected is included in the disclosure notes. Amounts that are potentially irrecoverable are included in the disclosure notes.

##### 1.7.4 Investments

Capitalised investments are shown at cost in the statement of financial position. Any cash flows such as dividends received or proceeds from the sale of the investment are recognised in the statement of financial performance.

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

##### 1.7.5 Loans

Loans are recognised in the statement of financial position at the nominal amount. Amounts that are potentially irrecoverable are included in the disclosure notes.

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





## NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

### ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2008

#### 1.7.6 Inventory

Inventories on hand at the reporting date are disclosed at cost in the disclosure notes.

#### 1.8 Liabilities

##### 1.8.1 Payables

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

##### 1.8.2 Lease commitments

Lease commitments represent amounts owing from the reporting date to the end of the lease contract. These 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.

Operating and finance lease commitments are expensed when the payments are made. Assets acquired in terms of finance lease agreements are disclosed in the annexures to the financial statements.

##### 1.8.3 Accruals

Accruals represent goods/services that have been received, but where no invoice has been received from the supplier at the reporting date, or where an invoice has been received but final authorisation for payment has not been effected on the system.

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

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the department; or

A contingent liability is a present obligation that arises from past events but is not recognised because:



## NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

### ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2008

- It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
- The amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are included in the disclosure notes.

#### 1.8.5 Commitments

Commitments represent goods/services that have been approved and/or contracted, but where no delivery has taken place at the reporting date.

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.

#### 1.9 Net Assets

##### 1.9.1 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 transferred to the National Revenue Fund on disposal, repayment or recovery of such amounts.

##### 1.9.2 Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made and recognised in a previous financial year becomes recoverable from a debtor.

##### 1.10 Related party transactions

Related parties are departments that control or significantly influence the department in making financial and operating decisions. Specific information with regards to related party transactions is included in the disclosure notes.

##### 1.11 Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department. Compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes.



## NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

### ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 March 2008

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



## NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2008

	<i>Note</i>	2007/08 R'000	2006/07 R'000
<b>OPERATING INCOME</b>			
<b>2 Revenue from Taxes, Levies and Duties</b>			
<b>Taxation</b>			
Income tax		332,045,467	279,989,859
Value-added tax / Sales tax		150,442,849	134,462,599
Fuel levy		24,065,146	21,578,281
Excise duties		19,698,901	17,652,061
Customs duties		26,469,760	23,697,003
Other taxes		12,440,992	10,947,960
Unemployment Insurance Fund (UIF)		8,954,337	7,854,291
Skills Development Levy		6,330,917	5,597,401
Road Accident Fund (RAF)		8,855,313	6,998,978
Air Passenger tax		540,635	484,823
Universal Service Fund		181,085	152,120
Plastic bag levy		86,314	75,128
Ordinary levy		12,828	657
Diesel refunds		(1,029,877)	(826,986)
<b>Total Taxation</b>		<b>589,094,667</b>	<b>508,664,175</b>
<b>Non-taxation revenue</b>			
Customs miscellaneous revenue		612,024	305,194
Provincial administration receipts		32,783	29,363
Mining leases and ownership		56,032	(33,506)
Non-tax revenue		214,342	342,682
<b>Total Non-taxation</b>		<b>915,181</b>	<b>643,733</b>
<b>Total Gross Revenue</b>		<b>590,009,848</b>	<b>509,307,908</b>
<b>Less:</b>			
South African Customs Union Agreement		24,712,567	25,194,939
Payment into sec 12(3) of the PFMA		32,555	29,266
Payment to UIF		8,961,948	7,856,659
Payment to RAF		8,006,027	5,341,806
Amount payable by SARS to SETA's		46,611	268,974
Amount payable by SARS to RAF		144,044	563,826
<b>Total</b>		<b>41,903,752</b>	<b>39,255,470</b>
<b>Total Net Revenue</b>		<b>548,106,096</b>	<b>470,052,438</b>
<b>3 Departmental Revenue</b>			
Tax revenue		3,655	2,106
Sales of goods and services other than capital assets	3.1	2,844,977	2,658,779
Fines, penalties and forfeits		446,037	780,925
Interest, dividends and rent on land	3.2	7,864,838	7,544,846
Sales of capital assets	3.3	230,081	38,687
Financial transactions in assets and liabilities	3.4	1,306,540	1,743,344
Transfers received	3.5	4,172	467,059
<b>Total Departmental Revenue received by NRF</b>		<b>12,700,300</b>	<b>13,235,746</b>



## NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2008

	<i>Note</i>	2007/08 R'000	2006/07 R'000
<b>3.1 Sales of goods and services other than capital assets</b>			
Sales of goods and services produced by the department		2,821,315	2,594,045
Sales by market establishment		39,369	43,421
Administrative fees		2,352,887	2,221,317
Other sales		429,059	329,307
Sales of scrap, waste and other used current goods		23,662	64,734
<b>Total</b>		<b>2,844,977</b>	<b>2,658,779</b>
<b>3.2 Interest, dividends and rent on land</b>			
Interest		5,034,420	4,379,547
Dividends		2,574,131	2,972,679
Rent on land		256,287	192,620
<b>Total</b>		<b>7,864,838</b>	<b>7,544,846</b>
<b>3.3 Sales of capital assets</b>			
Land and subsoil assets		69,483	27,479
Other capital assets		160,598	11,208
<b>Total</b>		<b>230,081</b>	<b>38,687</b>
<b>3.4 Financial transactions in assets and liabilities</b>			
<b>Nature of loss recovered</b>			
Repayment of Public Contributions		(20,185)	90,288
Receivables		255,017	77,619
Forex Gain		102	28,825
Stale cheques written back		3,005	1,281
Other receipts including recoverable revenue		1,068,601	1,545,331
<b>Total</b>		<b>1,306,540</b>	<b>1,743,344</b>
<b>3.5 Transfers received</b>			
Other governmental units		403	466,871
Foreign Governments		297	-
International Organisations		219	43
Public Corporations and Private enterprises		3,253	145
<b>Total</b>		<b>4,172</b>	<b>467,059</b>
<b>4 Other Revenue</b>			
<b>Other</b>			
Other surrenders		477,732	25,904
<b>Total Other</b>		<b>477,732</b>	<b>25,904</b>



## NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2008

	Note	2007/08 R'000	2006/07 R'000
<b>5 Non-operating Income</b>			
<b>5.1 Non-operating Income</b>			
Extraordinary receipts:			
Exchange rate profit		79	4,703
Premium on bonds issued		244,193	863,526
Penalties on Retail Bonds		1,056	597
Agricultural Debt Account surrender		250,000	200,000
Revenue Fund Receipts: Exchange Rate Levies		1,020,877	-
Revenue Fund Receipts: GEFECRA		319,273	-
Surplus SA Reserve Bank		3,205	99,874
Surplus of the Corporation for Public Deposits		17,254	4,350
Criminal Assets Recovery Account		526,351	-
Exchange rate profit : ECA Loans		-	30,105
<b>Total</b>		<b>2,382,288</b>	<b>1,203,155</b>
<b>5.2 CARA Fund assistance</b>		<b>45,564</b>	<b>19,291</b>
<b>Total Non-operating Income</b>		<b>2,427,851</b>	<b>1,222,446</b>
<b>6 CARA Fund Expenditure</b>			
Current		13,401	-
Capital		22,292	-
<b>Expenditure</b>		<b>35,693</b>	<b>-</b>
<b>7 Local and foreign aid assistance</b>			
<b>Total</b>			
Opening Balance		214,962	298,594
<b>7.1</b> Revenue		721,451	970,672
Expenditure		(857,480)	(1,054,304)
<b>7.2</b> Current		815,529	1,038,921
<b>7.3</b> Capital		41,951	15,383
Closing Balance		<b>78,933</b>	<b>214,962</b>
<b>Analysis of balance</b>			
Local and foreign aid receivable		300,613	40,821
Local and foreign aid unutilised		(379,546)	(257,918)
Local foreign aid payable to RDP fund/donors		-	2,135
<b>Closing balance</b>		<b>(78,933)</b>	<b>(214,962)</b>
<b>Assistance received in cash from RDP</b>			
<b>Local</b>			
Opening Balance		4,124	16,391
Revenue		1,885	(459)
Expenditure		(1,187)	(11,808)
Current		1,187	11,808
Closing Balance		<b>4,822</b>	<b>4,124</b>



## NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2008

	Note	2007/08 R'000	2006/07 R'000
<b>Foreign</b>			
Opening Balance		192,597	260,539
Revenue		702,076	932,651
Expenditure		(841,021)	(1,000,593)
Current		799,070	985,367
Capital		41,951	15,226
<b>Closing Balance</b>		<b>53,652</b>	<b>192,597</b>
<b>Assistance received in cash: Other</b>			
<b>Local</b>			
Opening Balance		11,063	15,942
Revenue		7,551	11,561
Expenditure		(5,780)	(16,440)
Current		5,780	16,298
Capital		-	142
<b>Closing Balance</b>		<b>12,834</b>	<b>11,063</b>
<b>Foreign</b>			
Opening Balance		7,178	5,722
Revenue		9,939	26,919
Expenditure		(9,492)	(25,463)
Current		9,492	25,448
Capital		-	15
<b>Closing Balance</b>		<b>7,625</b>	<b>7,178</b>
<b>8 Appropriated Funds</b>			
<b>8.1 Statutory Appropriation: National Departments</b>			
<b>National Revenue Fund: Fixed Statutory Appropriations</b>			
Interest		52,818,000	52,519,319
Management		59,500	34,381
Cost of raising loans		59,500	34,380
		<u>52,937,000</u>	<u>52,588,080</u>
<b>Provincial Transfers</b>			
Eastern Cape		27,344,125	24,642,653
Free State		10,835,103	9,595,367
Gauteng		28,464,501	23,361,686
KwaZulu-Natal		37,424,754	32,052,488
Mpumalanga		22,523,167	20,615,653
Northern Cape		14,263,502	11,227,317
Limpopo		4,637,824	3,451,507
North West		12,086,607	12,346,856
Western Cape		15,281,918	13,459,403
		<u>172,861,501</u>	<u>150,752,930</u>
Statutory appropriations not requested by Departments		515,695	171,573
<b>Total</b>		<b><u>226,314,196</u></b>	<b><u>203,512,583</u></b>
<b>8.2 Appropriation for unauthorised expenditure approved</b>		<b>67,648</b>	<b>66,387</b>
<b>8.3 CARA fund</b>		<b>1,139</b>	<b>38,700</b>
<b>Total Appropriated funds</b>		<b><u>226,382,983</u></b>	<b><u>203,617,670</u></b>



## NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2008

	<i>Note</i>	2007/08 R'000	2006/07 R'000
<b>9 Compensation of employees</b>			
<b>9.1 Salaries and wages</b>			
Basic salary		35,994,831	32,371,547
Performance award		591,170	532,264
Service Based		124,949	116,665
Compensative/circumstantial		2,461,425	1,933,687
Periodic payments		118,110	113,944
Other non-pensionable allowances		7,398,130	6,001,214
<b>Total</b>		<b>46,688,615</b>	<b>41,069,321</b>
<b>9.2 Social contributions</b>			
<b>8.2.1 Employer contributions</b>			
Pension		5,409,922	4,808,076
Medical		3,945,483	3,490,760
UIF		2,020	1,627
Bargaining council		8,058	6,877
Official unions and associations		5	3
Insurance		5,445	3,688
<b>Total</b>		<b>9,370,933</b>	<b>8,311,031</b>
<b>8.2.2 Post retirement benefits</b>			
Medical		1,543,247	1,454,560
<b>Total</b>		<b>1,543,247</b>	<b>1,454,560</b>
<b>Total compensation of employees</b>		<b>57,602,795</b>	<b>50,834,912</b>
<b>10 Goods and services</b>			
Advertising		514,441	408,002
Attendance fees (including registration fees)		60,967	62,084
Bank charges and card fees		56,623	55,322
Bore waterhole drilling		355	71
Bursaries (employees)		51,525	47,052
Cash discount		(362)	(466)
Catering		143,791	19,654
Communication		1,462,078	1,385,684
Computer services		3,289,278	3,006,000
Commission		3,098	1,878
Consultants, contractors and special services		4,561,255	3,729,007
Courier and delivery services		79,421	64,357
Tracing agents & debt collections		748	420
Drivers licences and permits		2,831	4,237
Entertainment		58,993	100,131
External audit fees	10.1	274,312	233,811
Equipment less than R5 000		654,696	787,227
Firearm handling fees		16	13
Freight service		35,551	29,518
Government motor transport		4,536	6,189
Honoraria (Voluntary workers)		2,494	78,576
Inventory	10.2	5,138,420	4,710,654
Land reform/restitution		17,784	9,275
Learnerships		5,455	4,389
Legal fees		258,301	208,936
Licence agency fees		-	7





## NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2008

	<i>Note</i>	2007/08 R'000	2006/07 R'000
Maintenance, repair and running costs		2,884,016	2,405,678
Medical services		363,523	310,320
Municipal Services		407,463	349,142
Operating leases		4,050,225	3,643,974
Mint of decorations/medals		1,455	364
Personnel agency fees		46,731	39,784
Photographic services		2,424	5,022
Plant flowers and other decorations		8,301	7,075
Printing and publications		327,396	85,877
Professional bodies and membership fees		52,273	56,438
Resettlement costs		183,132	126,314
Road worthy tests		310	164
School & boarding fees		5,672	2,344
Subscriptions		95,069	19,918
Storage of furniture		12,206	10,614
System access fees		521	358
Taking over of contractual obligations		40,718	37,150
Owned and leasehold property expenditure		1,605,836	1,256,597
Translations and transcriptions		39,779	68,784
Transport provided as part of the departmental activities		44,202	62,616
Travel and subsistence	10.3	4,153,982	3,619,807
Venues and facilities		581,803	457,745
Protective, special clothing & uniforms		258,612	197,203
Training & staff development		293,612	261,358
Town & regional planning		132	258
Water research/testing		290	2,378
Witness and related fees		127,971	119,423
<b>Total</b>		<b>32,264,261</b>	<b>28,098,733</b>
<b>10.1 External audit fees</b>			
Regulatory audits		247,053	210,138
Performance audits		18,316	12,357
Other audits		8,943	11,316
<b>Total external audit fees</b>		<b>274,312</b>	<b>233,811</b>
<b>10.2 Inventory</b>			
Construction work in progress		2,708	2,433
Other inventory		530	238
Strategic stock		242	251
Domestic Consumables		362,955	324,726
Agricultural		121,447	95,426
Learning and teaching support material		12,729	21,653
Food and Food supplies		1,013,878	851,414
Fuel, oil and gas		1,838,752	1,575,071
Laboratory consumables		53,668	51,960
Other consumables		206,657	276,243
Parts and other maint mat		390,882	360,138
Sport and recreation		2,587	3,629
Stationery and Printing		806,482	764,247
Veterinary supplies		624	507
Restoration and fittings		7,305	22,991
Road construction and supplies		-	1
Medical Supplies		316,603	358,237
Weapons and armaments		371	1,489
<b>Total Inventory</b>		<b>5,138,420</b>	<b>4,710,654</b>

Consolidated Financial Information  
For the year ended 31 March 2008



## NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2008

	Note	2007/08 R'000	2006/07 R'000
<b>10.3 Travel and subsistence</b>			
Local		3,296,765	2,910,612
Foreign		857,217	709,195
<b>Total travel and subsistence</b>		<u>4,153,982</u>	<u>3,619,807</u>
<b>11 Interest and rent on land</b>			
Interest expense		621	-
Rent on land		680	887
<b>Total interest and rent on land</b>		<u>1,301</u>	<u>887</u>
<b>12 Financial transactions in assets and liabilities</b>			
Material losses through criminal conduct		20,494	8,444
Other material losses written off		73,128	42,269
Debts written off		84,242	89,794
Forex Losses		1,722	1,514
<b>Total</b>		<u>179,586</u>	<u>142,021</u>
<b>13 Transfers and subsidies</b>			
Provinces and municipalities		70,375,058	54,774,117
Departmental agencies and accounts		43,299,777	37,733,463
Universities and technikons		12,003,773	11,056,035
Foreign governments and international organisations		935,584	863,930
Public corporations and private enterprises		20,809,745	14,687,655
Non-profit institutions		959,446	844,420
Households		69,312,346	61,704,879
<b>Total</b>		<u>217,695,729</u>	<u>181,664,499</u>
<b>14 Expenditure on capital assets</b>			
Buildings and other fixed structures		3,691,905	2,462,731
Machinery and equipment		3,213,352	3,284,103
Land and subsoil assets		849,104	339,970
Biological or cultivated assets		11,155	676
Software and other intangible assets		198,512	251,848
<b>Total</b>		<u>7,964,028</u>	<u>6,339,328</u>
<b>15 Unauthorised expenditure</b>			
<b>Reconciliation of unauthorised expenditure</b>			
Opening balance		1,138,732	1,566,343
Unauthorised expenditure – current year		36,685	99,059
Amounts approved by Parliament/Legislature (with funding)		(387,297)	(1,758)
Current Expenditure		(387,297)	(1,758)
Amounts approved by Parliament/Legislature (without funding)		(3,372)	(50,036)
Current Expenditure		(3,372)	(50,036)
Transfer to receivables for recovery (not approved)		614	(474,876)
Unauthorised expenditure awaiting authorisation		<u>785,362</u>	<u>1,138,732</u>



## NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2008

	Note	2007/08 R'000	2006/07 R'000
<b>16 Fruitless and wasteful expenditure</b>			
<b>Reconciliation of fruitless and wasteful expenditure</b>			
Opening balance		62,040	68,089
Fruitless and wasteful expenditure – current year		3,658	1,226
Current expenditure		3,535	1,226
Transfers and subsidies		123	-
Amounts condoned		(1,741)	(11,606)
Current expenditure		(1,741)	(11,606)
Transfer to receivables for recovery (not condoned)		(4,702)	4,331
<b>Fruitless and wasteful expenditure awaiting condonement</b>		<b>59,255</b>	<b>62,040</b>
<b>17 Non-cash movement</b>			
Non-cash movement		18,212,164	12,001,104
<b>Total Non-cash movement</b>		<b>18,212,164</b>	<b>12,001,104</b>
<b>18 Cash and cash equivalents</b>			
Consolidated Paymaster General Account		67,543,747	49,083,372
Cash receipts		25,640	12,999
Disbursements		(227,903)	(117,919)
Cash on hand		249,936	(769,858)
Cash with commercial banks (Local)		30,994,120	30,126,840
Cash with commercial banks (Foreign)		153,207	74,638
<b>Total</b>		<b>98,738,747</b>	<b>78,410,072</b>
<b>19 Other financial assets</b>			
<b>Non-Current</b>		<b>431</b>	<b>372</b>
<b>Total Non-Current Other financial assets</b>		<b>431</b>	<b>372</b>
<b>20 Prepayments and advances</b>			
<b>Description</b>			
Staff advances		4,327	4,160
Travel and subsistence		113,611	89,062
Prepayments		81,687	176,556
Advances paid to other entities		1,148,846	2,354,472
<b>Total</b>		<b>1,348,471</b>	<b>2,624,250</b>



## NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2008

21 Receivables	Note			2007/08 R'000	2006/07 R'000
	Less than one year R'000	One to three years R'000	Older than three years R'000	Total R'000	Total R'000
Households and	11,479	23,109	63,340	97,928	116,206
Private enterprises	8,960	9,808	208,793	227,561	336,735
Staff debtors	192,730	71,918	71,985	336,633	288,553
Other debtors	73,958,089	88,054	537,318	74,583,461	29,798,360
Intergovernmental Receivables	649,105	542,821	254,161	1,446,087	1,172,333
<b>Total</b>	<b>74,820,363</b>	<b>735,710</b>	<b>1,135,597</b>	<b>76,691,670</b>	<b>31,712,187</b>
<b>22 Investments</b>					
<b>Non-current</b>					
Shares and other equity				54,777,586	51,309,634
<b>Total non-current</b>				<b>54,777,586</b>	<b>51,309,634</b>
<b>Major investments per National Department</b>					
<b>Department of Transport</b>					
S.A. Rail Commuter Corporation				4,248,259	4,248,259
Airports Company Ltd.				559,492	559,492
Air Traffic and Navigation Services Company Ltd.				190,646	190,646
S.A. National Roads Agency Ltd.				1,091,044	1,091,044
				<b>6,089,441</b>	<b>6,089,441</b>
<b>National Treasury</b>					
Development Bank of Southern Africa				<b>200,001</b>	<b>200,001</b>
<b>Department of Defence</b>					
Special Defence Account				<b>75,000</b>	-
<b>Department of Agriculture</b>					
Ncera investment				1	1
OBP investment				1	1
JS Pistorius trust fund				73	72
Greenberg trust funds				36	32
S.A.A.U. fund				143	130
Abattoir industry fund				18,426	18,595
				<b>18,680</b>	<b>18,831</b>



## NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2008

	Note	2007/08 R'000	2006/07 R'000
<b>Department of Communications</b>			
Telkom SA Limited		2,070,380	2,070,380
South African Post Office Limited		200,940	200,940
Sentech (Pty) Ltd		1	1
		<u>2,271,321</u>	<u>2,271,321</u>
<b>Department of Housing</b>			
NHFC		880,000	880,000
Servcon		604	604
		<u>880,604</u>	<u>880,604</u>
<b>Department of Land Affairs</b>			
Inala Farms		<u>16,112</u>	<u>16,112</u>
<b>Department of Trade and Industry</b>			
IDC A Shares		1,000	1,000
IDC B Shares		1,391,969	1,391,969
		<u>1,392,969</u>	<u>1,392,969</u>
<b>Department of Public Enterprises</b>			
Alexkor Limited		50,000	50,000
Aventura Limited		60,000	60,000
Denel (Pty) Ltd		5,476,376	4,543,376
SAFCOL		318,013	318,013
Transnet		14,709,986	14,709,986
		<u>20,614,375</u>	<u>19,681,375</u>
<b>Department of Minerals and Energy</b>			
South African Nuclear Energy Corporation		<u>2,205</u>	<u>2,205</u>
<b>National Treasury - Asset and Liability Management Division</b>			
International Finance Corporation		129,179	116,022
International Bank for Reconstruction and Development		13,154,306	11,814,515
Multilateral Investment Guarantee Agency		145,661	130,825
African Development Bank		9,732,642	8,638,673
International Monetary Fund's No 1 and 2 Accounts		55,090	56,740
		<u>23,216,878</u>	<u>20,756,775</u>
<b>Number of shares</b>			
Foreign:			
International Finance Corporation		15,948	15,948
International Bank for Reconstruction and Development		13,462	13,462
Multilateral Investment Guarantee Agency		1,662	1,662
African Development Bank		99,603	98,433
<b>Issue price per share</b>			
Foreign:			
Issued in American dollars			
International Finance Corporation		8,100	7,275
International Bank for Reconstruction and Development		977,144	877,620
Multilateral Investment Guarantee Agency		87,642	78,716
Issued in unit of account			
African Development Bank		97,714	87,762
<b>Exchange rates as at year end used to convert issue price</b>			
American dollar (USD)		8.100	7.275



## NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2008

	<i>Note</i>	2007/08 R'000	2006/07 R'000		
<b>23 Loans</b>					
<b>Current and Non-current</b>					
Public Corporations		392,479	401,120		
Universities and Technikons		35,192	36,499		
Foreign Governments		45,604	47,251		
<b>Total</b>		<u>473,275</u>	<u>484,870</u>		
<b>Less: Current</b>		<u>38,117</u>	<u>-</u>		
<b>Total</b>		<u><u>435,158</u></u>	<u><u>484,870</u></u>		
<b>24 Voted funds to be surrendered to the Revenue Fund</b>					
Opening balance		733,474	487,948		
Transfer from Statement of Financial Performance		229,413	127,145		
Voted funds not requested/not received		(20,470)	20,471		
Paid during the year		-	97,910		
Closing balance		<u>942,417</u>	<u>733,474</u>		
<b>25 Departmental revenue to be surrendered to the Revenue Fund</b>					
Transfer from Statement of Financial Performance		960,637	111,867		
Balance		<u>960,637</u>	<u>111,867</u>		
<b>26 Bank overdraft</b>					
Consolidated Paymaster General Account		1,758,463	3,575,736		
Cash with commercial banks (Local)		992	232		
<b>Total</b>		<u>1,759,455</u>	<u>3,575,968</u>		
<b>27 Payables – current</b>					
<b>Description</b>					
	<b>30 Days</b>	<b>30+ Days</b>	<b>Total</b>	<b>Total</b>	
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	
Amounts owing to other entities	82,733	207,320	290,053	167,856	
Advances received	(8,450)	368,680	360,230	321,273	
Clearing accounts	104,314	77,151	181,465	165,057	
Other payables	226,613	4,030,447	4,257,060	2,451,531	
<b>Total</b>	<u>405,210</u>	<u>4,683,598</u>	<u>5,088,808</u>	<u>3,105,717</u>	
<b>28 Payables – Non-current</b>					
<b>Description</b>					
	<b>One to two</b>	<b>Two to three</b>	<b>More than</b>	<b>Total</b>	<b>Total</b>
	<b>years</b>	<b>years</b>	<b>three years</b>	<b>R'000</b>	<b>R'000</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>		
Amounts owing to other entities	-	-	-	-	139
Advances received	-	-	-	-	3
Other payables	3,398	1,198	14,134	18,730	18,879
<b>Total</b>	<u>3,398</u>	<u>1,198</u>	<u>14,134</u>	<u>18,730</u>	<u>19,021</u>



## NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2008

	Note	2007/08 R'000	2006/07 R'000
<b>29 Borrowings</b>			
<b>Current</b>			
Domestic short-term bonds, debentures and other loans	29.1	78,818,272	79,485,404
Foreign short-term bonds, debentures and other loans	29.2	4,342,143	3,687,769
<b>Total Current Borrowings</b>		<b>83,160,415</b>	<b>83,173,173</b>
<b>29.1 Domestic short-term bonds, debentures and other loans</b>			
Bonds and debentures		26,009,042	31,620,124
Debt as at 1 April		31,620,124	34,986,524
Created		20,183,673	11,812,265
Reduced		(49,945,918)	(45,807,407)
Transfer from longterm		24,151,163	30,628,742
Revaluation premium on inflation-linked bonds		-	728,800
Treasury bills		52,802,245	47,129,342
Tax redemption certificates		-	153
Former regional authorities		6,985	6,985
		<b>78,818,272</b>	<b>79,485,404</b>
This amount represents commitments with a remaining term shorter than one year			
<b>29.2 Foreign short-term bonds, debentures and other loans</b>			
Bonds and debentures		2,504,148	3,942,181
Debt as at 1 April		3,942,181	4,665,500
Reduced		(5,207,043)	(4,665,500)
Transfer from longterm		3,769,010	3,942,181
Revaluation of foreign loans		1,837,995	(254,412)
		<b>4,342,143</b>	<b>3,687,769</b>
<b>30 Borrowings - Non-current</b>			
<b>Long Term</b>			
Domestic long-term bonds, debentures and other loans	30.1	400,569,076	390,085,574
Foreign long-term bonds, debentures and other loans	30.2	91,875,856	78,893,057
<b>Total Long Term Borrowings</b>		<b>492,444,932</b>	<b>468,978,631</b>
<b>30.1 Domestic long-term bonds, debentures and other loans</b>			
Bonds and debentures	30.1.1	395,393,588	389,182,914
Debt as at 1 April		389,182,914	383,299,150
Created		30,933,811	37,493,168
Reduced		(571,974)	(980,662)
Transfer to shortterm		(24,151,163)	(30,628,742)
Revaluation premium on inflation-linked bonds		5,121,468	836,214
Loan levy		-	2,442
Former Regional Authorities		54,020	64,004
		<b>400,569,076</b>	<b>390,085,574</b>



## NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2008

	Note	2007/08 R'000	2006/07 R'000
<b>30.1.1 Redemption Analysis</b>		<b>400,515,056</b>	<b>390,019,128</b>
<b>Financial year(s)</b>			
2008-2011		68,080,400	58,971,178
2011-2014		82,030,290	99,508,667
2014-2017		95,724,484	101,455,231
2017-2020		62,783,609	41,950,162
2020-2023		28,828,545	14,374,892
2023-2036		63,067,727	73,758,998
		<b>400,515,056</b>	<b>390,019,128</b>
<b>30.2 Foreign long-term bonds, debentures and other loans</b>			
Bonds and debentures		71,846,677	73,883,889
Debt as at 1 April		73,883,889	71,172,093
Created		9,561,524	9,244,849
Reduced		(7,829,726)	(2,590,872)
Transfer to short-term		(3,769,010)	(3,942,181)
Revaluation of foreign loans		20,029,180	5,009,168
	<b>30.2.1</b>	<b>91,875,856</b>	<b>78,893,057</b>
<b>30.2.1 Redemption Analysis</b>		<b>91,875,856</b>	<b>78,893,057</b>
<b>Financial year(s)</b>			
2008-2011		4,955,563	15,892,665
2011-2014		38,615,240	7,332,927
2014-2017		34,076,117	42,918,641
2017-2020		1,139,530	8,977,210
2020-2036		13,089,406	3,771,614
	<b>30.2.2</b>	<b>91,875,856</b>	<b>78,893,057</b>
<b>30.2.2 Currency analysis</b>			
United States dollar		34,236,711	30,316,888
Japanese yen		4,989,420	3,771,614
British pound		1,444,625	1,316,515
Euro		44,131,270	39,143,968
Gold		958,043	823,906
Swedish Krone		6,115,787	3,520,166
		<b>91,875,856</b>	<b>78,893,057</b>
<b>31 Provisions</b>			
Special Drawing Rights	<b>31.1</b>	794,570	795,643
International Monetary Fund	<b>31.2</b>	20,052,425	16,741,998
Leave Credits		8,503,238	7,860,605
International Bank for Reconstruction and Development		12,353,857	11,095,594
Multilateral Investment Guarantee Agency		118,010	105,990
African Development Bank		8,641,166	7,669,653
<b>Total</b>		<b>50,463,266</b>	<b>44,269,483</b>

Provisions represent the commitments of the National Government of which the long- and short-term portions cannot be determined.





## NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2008

	<i>Note</i>	2007/08 R'000	2006/07 R'000
<b>31.1 Special Drawing Rights</b>		794,570	795,643
<p>This commitment represents the net balance on the Special Drawing Rights Income and Expenditure Account at the South African Reserve Bank in respect of special drawing rights transactions with the International Monetary Fund.</p>			
<b>31.2 International Monetary Fund</b>		20,052,425	16,741,998
<p>This commitment represents the balance of securities in the International Monetary Fund's (IMF) General Resources Account held with the South African Reserve Bank.</p>			
<b>International Bank for Reconstruction and Development</b>		12,353,857	11,095,594
<p>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.</p>			
<b>Multilateral Investment Guarantee Agency</b>		118,010	105,990
<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> <p>Gold and Foreign Exchange Contingency Reserve Account</p> <p>This commitment represents the realised losses arising from exchange forward cover provided by the South African Reserve Bank, as well as from the periodic revaluations of the South African Reserve Bank's foreign exchange reserves, foreign loans and gold reserves.</p>			
<b>African Development Bank</b>		8,641,166	7,669,653
<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>			
<b>32 Net cash flow available from operating activities</b>		2007/08 R'000	2006/07 R'000
	<i>Note</i>	37,638,292	20,290,881
Net surplus/(deficit) as per Statement of Financial Performance		(11,270,310)	(10,358,176)
Add back non cash/cash movements not deemed operating activities		(386,210)	(509,205)
(Increase)/decrease in receivables – current		1,275,779	(472,292)
(Increase)/decrease in prepayments and advances		351,122	429,010
(Increase)/decrease in other current assets		307,878	(8,466)
Increase/(decrease) in payables – current		(230,102)	(38,784)
Proceeds from sale of capital assets		(2,277,523)	(1,863,428)
Proceeds from sale of investments		(1,685)	(1,124)
(Increase)/decrease in other financial assets		8,028,271	6,354,711
Expenditure on capital assets		(15,983,860)	(16,852,726)
Surrenders to revenue fund		(1,588,971)	(1,411,905)
Voted funds not requested/not received		(765,009)	4,016,033
Other non cash items		<b>26,367,982</b>	<b>9,932,705</b>
<b>Net cash flow generated by operating activities</b>			



## NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2008

	Note	2007/08 R'000	2006/07 R'000
<b>33 Reconciliation of cash and cash equivalents for cash flow purposes</b>			
Consolidated Paymaster General Account		67,543,747	49,083,372
Cash receipts		25,640	12,999
Disbursements		(227,903)	(117,919)
Cash on hand		249,936	(769,858)
Cash with commercial banks - Local		30,994,120	30,126,840
Cash with commercial banks - Foreign		153,207	74,638
<b>Total Cash</b>		<u>98,738,747</u>	<u>78,410,072</u>
Less: Bank overdraft		(1,759,455)	(3,575,968)
<b>Cash and cash equivalents for cash flow purposes</b>		<u><u>96,979,292</u></u>	<u><u>74,834,104</u></u>
<b>34 Reconciliation of prior year net surplus to current year comparatives</b>			
<b>34.1 Net surplus as reported in prior year</b>			<b>24,466,855</b>
Less: Restatement of non cash movement			(4,340,540)
Less: Restatement of Opening balances from departments			(400)
Add: Fruitless expenditure - DPI			3,654
Less: Restatement by DPI			161,312
Restated Net Surplus for the year			<u><u>20,290,881</u></u>
<b>34.2 Reconciliation of cash and cash equivalents reported in prior year and Restated cash and cash equivalents in the current year</b>			
Cash and cash equivalents as reported in prior year:			<b>74,715,678</b>
Less: Restatement of SARS			(869,808)
Add: Restatement of DPI			988,234
Restated cash and cash equivalents for the 2006/07 financial year			<u><u>74,834,104</u></u>
<b>34.3 Reconciliation of statement of position reported in prior year and Restated amounts in the current year</b>			
<b>ASSETS</b>			
Current assets as reported in prior year:			<b>115,582,163</b>
Less: Current assets from Parliament			14,811
Add: Reallocation by Justice			16,953
Reallocation current assets by Central			104,473
Less: Restated current assets by Social			(26)
Less: Restatement of loans by social and justice			(13,670)
Less: Restated current assets by SARS			(863,948)
Less: Restatement of DPI			(852,654)
Restated current assets for the 2006/07 financial year			<u><u>113,988,102</u></u>
<b>Non Current Assets</b>			
Non current assets as reported prior year			<b>51,793,501</b>
Add: Restatement by DPE			66
Add: Reallocation by Social and Justice			1,309
Restated non current assets for the 2006/07 financial year			<u><u>51,794,876</u></u>



## NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2008

	Note	2007/08 R'000	2006/07 R'000
<b>LIABILITIES</b>			
Current liabilities as reported in prior year:			117,109,417
Less: Restated Current liabilities by Parliament			100,060
Restated current liabilities by Central - DPW			100,795
Restated current liabilities by Social			(26)
Restated current liabilities - provisions ALM			18,871,237
Restated current liabilities - borrowings ALM			728,800
Restated current liabilities - payables ALM			(895,442)
Restated current liabilities by Justice - Safety and security			4,590
Restatement of DPI			(1,017,700)
Restated current liabilities for the 2006/07 financial year			135,001,731
<b>Non Current Liabilities</b>			
Non current liabilities as reported prior year			468,161,438
Add: Restatement by NRF			836,214
Restated non current assets for the 2006/07 financial year			468,997,652

#### NET ASSETS/(LIABILITIES)

	Cap Reserve	Recoverable Revenue	Retained Earnings	TOTAL
Net liabilities as reported in prior year	(418,695,167)	528,503	271,474	(417,895,190)
Restatement by Parliament	-	-	(85,249)	(85,249)
Restatement Central	-	-	168,724	168,724
Restatement of ALM	(4,340,540)	-	-	(4,340,540)
Adjustment and restatement - NRF	(16,064,216)	-	-	(16,064,216)
Restatement by DPE	66	-	-	66
Restated net liabilities for the 2006/07 financial year	(439,099,857)	528,503	354,949	(438,216,405)



## NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

### DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2008

	Note	2007/08 R'000	2006/07 R'000
<b>35 Contingent liabilities</b>			
Liable to			
Motor vehicle guarantees		9,797	14,069
Housing loan guarantees		375,690	472,047
Claims against the department		10,933,062	11,806,732
Other departments (interdepartmental unconfirmed balances)		246,799	116,507
Environmental rehabilitation liability		54,400	7,170
Other		98,013	89,931
Total		<u>11,717,761</u>	<u>12,506,456</u>
35.1 Underwritten by Government			
Guaranteed liabilities	35.1.1	67,168,022	68,521,557
Road Accident Fund	35.1.2	30,339,494	23,935,366
Export Credit Insurance Corporation of SA Ltd	35.1.3	12,661,683	10,858,038
Unemployment Insurance Fund		2,341,171	2,034,828
35.2 Other			
South African Reserve Bank	35.2.1	113,651	114,136
Departments	35.2.2	11,717,761	12,506,456
		<u>124,341,782</u>	<u>117,970,381</u>
35.1 Underwritten by Government			
35.1.1 Guaranteed liabilities			
Transnet		17,770,033	19,781,279
Development Bank of SA		12,625,788	12,342,561
Trans Caledon Tunnel Authority		19,271,474	17,690,399
Telkom SA		140,213	4,784,819
South African Roads Board		6,440,676	5,884,582
KOBWA		1,514,015	1,548,125
Industrial Development Corporation of SA		1,193,793	1,179,263
Eskom		-	132,890
Lesotho Highlands Development Authority		717,017	763,165
SA Reserve Bank		841,733	763,155
Land Bank		1,653,660	1,654,368
Central Energy Fund		242,472	335,741
SAA		4,460,000	1,300,339
NECSA		20,000	20,000
Tertiary Institutions		277,148	340,871
		<u>67,168,022</u>	<u>68,521,557</u>

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 interest thereon if also guaranteed, are disclosed.



## NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

### DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2008

	Note	2007/08 R'000	2006/07 R'000
35.1.2 Road Accident Fund		30,339,494	23,935,366
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.			
35.1.3 Export Credit Insurance Corporation of South Africa Ltd		12,661,683	10,858,038
The Export Credit Insurance Corporation of South Africa Ltd and its predecessor, the Credit Guarantee Insurance Corporation of Africa Ltd, provide export credit and foreign investment cover to South African exporters. In terms of the Export Credit and Foreign Investment Act, 1957, as amended, the Government of South Africa acts as guarantor for the liabilities of the company. The Government's commitment represents the net of the total underwriting exposure of the company and its total assets.			
Departments			
35.2.1 South African Reserve Bank (SARB)		113,651	114,136
The 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 liability for old coinage in their books.			
35.2.2 Departments			
Motor vehicle guarantees		9,797	14,069
Housing loan guarantees		375,690	472,047
Claims		10,933,062	11,806,732
Other departments (unconfirmed balances)		246,799	116,507
Environmental rehabilitation liability		54,400	7,170
Other		98,013	89,931
		<u>11,717,761</u>	<u>12,506,456</u>
36 Post-retirement benefits			
Post Retirement medical assistance	36.1	56,000,000	56,000,000
Pension funds	36.2	-	12,775,000
		<u>56,000,000</u>	<u>68,775,000</u>
36.1 Post-retirement medical assistance		56,000,000	56,000,000
This contingent liability is the estimated present value of the State's future commitment in respect of government employees' post employment medical assistance (including former members of the National Defence Force, the Police Service and Correctional Services). The valuation is at 29 February 2004. The previous valuation was dated 28 February 1999. This value does not include any contingent liabilities for the very large number of employees who are currently not members of medical aid schemes but who may become members at some future date.			
The State's commitment in respect of post retirement medical scheme assistance is provided for in the annual budget on the votes of the Defence Force, Police Service and Correctional Services in respect of former service members and on the Finance vote in respect of other government employees.			



## NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

### DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2008

	Note	2007/08 R'000	2006/07 R'000
36.2 Pension funds		-	12,775,000
Government Employees Pension Fund		-	12,775,000

This commitment represents the underfunding/surplus of the pension funds according to the most recent actuarial valuations. Actuarial valuations are conducted every three years. This liability continues to be based on incomplete assessment data.

Funding levels	%	%
Government Employees Pension Fund	101.6	96.5
Temporary Employees Pension Fund	133.5	164.0
Associated Institutions Pension Fund	112.0	155.6

Valuation dates		
Government Employees Pension Fund	March 2006	March 2004
Temporary Employees Pension Fund	March 2007	March 2004
Associated Institutions Pension Fund	March 2007	March 2005

Government Employees Pension Fund, Temporary Employees and the Associated Pension Fund are in surplus with R11 400 million, R80 million and R1 204 million respectively (2006/07: R9 040 million, R74 million and R1 742 million respectively).

37 Commitments			
Current expenditure			
Approved and contracted		5,265,461	28,296,335
Approved but not yet contracted		1,400,803	1,019,876
		6,666,264	29,316,211
Non-current expenditure			
Approved and contracted		430,589	806,318
Approved but not yet contracted		5,722,092	4,699,359
		6,152,681	5,505,677
Total Commitments		12,818,945	34,821,888

38 Accruals				
By economic classification	30 Days R'000	30+ Days R'000	Total R'000	Total R'000
Compensation of employees	88,146	9,294	97,440	112,440
Goods and services	768,862	590,976	1,359,838	897,467
Interest and rent on land	-	87	87	-
Transfers and subsidies	34,337	39,473	73,810	81,564
Buildings and other fixed structures	23,315	106,796	130,111	12,957
Machinery and Equipment	99,537	72,607	172,144	109,881
Land and subsoil assets	-	136,561	136,561	568
Biological or cultivated assets	994	-	994	-
Software and other intangible assets	8,209	8,567	16,776	138
Other	619	1	620	184
Total	1,024,019	964,362	1,988,381	1,215,199



## NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

### DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2008

		Note	2007/08 R'000	2006/07 R'000		
<b>39 Employee benefit provisions</b>						
	Leave entitlement		1,881,852	1,330,418		
	Thirteenth cheque		795,021	743,849		
	Performance awards		158,333	154,693		
	Capped leave commitments		6,603,910	6,381,295		
	<b>Total</b>		<b>9,439,116</b>	<b>8,610,255</b>		
<b>40 Lease Commitments</b>						
40.1	Operating leases	Land	Buildings & other fixed structures	Machinery and equipment	Total	Total
		R'000	R'000	R'000	R'000	R'000
	Not later than 1 year	-	547,083	39,170	586,253	404,389
	Later than 1 year and not later than five years	252	642,920	43,490	686,662	601,082
	Later than five years	-	185,874	25	185,899	56,020
	<b>Total present value of</b>	<b>252</b>	<b>1,375,877</b>	<b>82,685</b>	<b>1,458,814</b>	<b>1,061,491</b>
40.2	Finance leases	Land	Buildings & other fixed structures	Machinery and equipment	Total	Total
		R'000	R'000	R'000	R'000	R'000
	Not later than 1 year	11,616	9,918	135,160	156,694	100,173
	Later than 1 year and not later than five years	3,238	34,509	243,007	280,754	159,432
	Later than five years	-	-	5,226	5,226	42,950
	<b>Total present value of</b>	<b>14,854</b>	<b>44,427</b>	<b>383,393</b>	<b>442,674</b>	<b>302,555</b>
<b>41 Receivables for departmental revenue</b>						
	Sales of goods and services other than capital assets		7,932	4,177		
	Fines, penalties and forfeits		12	7		
	Interest, dividends and rent on land		443,644	370,957		
	Sales of capital assets		135	706		
	Financial transactions in assets and liabilities		150,613	5,719		
	Other		157,504	103,041		
	<b>Total</b>		<b>759,840</b>	<b>484,607</b>		
<b>42 Irregular expenditure</b>						
<b>42.1 Reconciliation of irregular expenditure</b>						
	Opening Balance		696,152	431,220		
	Irregular expenditure – current year		456,804	432,863		
	Less: Amounts condoned		410,897	167,931		
	Current expenditure		408,645	31,045		
	Transfers and subsidies		-	81,600		
	Expenditure for capital assets		2,252	55,286		
	Less: Not condoned		80,295	-		
	Current expenditure		26,127	-		
	Transfers and subsidies		54,168	-		
	<b>Irregular expenditure awaiting condonemen</b>		<b>661,764</b>	<b>696,152</b>		



## NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

### DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2008

Note	2007/08 R'000	2006/07 R'000	
<b>43 Related party transactions</b>			
Revenue received/(paid)			
Tax revenue/User charges	16,066,398	10,022,351	
Sales of goods and services other than capital assets	(72,530)	(63,106)	
Interest, dividends and rent on land	16,801	24,721	
Transfers	649,002	635,027	
<b>Total</b>	<b>16,659,671</b>	<b>10,618,993</b>	
Movement of funds between department and related party			
Investment	933,000	567,066	
Interest bearing loans to/(from)	(11,361)	(47,852)	
Debtor balances	484	12,177	
Creditor balances	3,000	13,673	
Guarantees provided	3,440,930	2,142,688	
<b>Total</b>	<b>4,366,053</b>	<b>2,687,752</b>	
Balances between department and related party			
Investment	20,614,375	19,681,375	
Interest bearing loans to/(from)	105,455	116,816	
Debtor balances	12,936	12,452	
Creditor balances	15,512	43,873	
Guarantees provided	40,292,481	39,138,491	
<b>Total</b>	<b>61,040,759</b>	<b>58,993,007</b>	
<b>44 Key management personnel</b>			
Description	No of Individuals	Total R'000	Total R'000
Political Office Bearers (provide detail)	43	45,187	44,580
Officials	26	22,378	13,836
Level 15 to 16	275	214,087	176,534
Level 14 (incl CFO if at lower level)	577	331,598	262,814
Family members of key management	29	4,842	3,794
<b>Total</b>	<b>950</b>	<b>618,092</b>	<b>501,559</b>





## NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

### DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2008

	Note	2007/08 R'000	2006/07 R'000
<b>45 Public Private Partnership</b>			
Contract fee received(specify)		(129,934)	(105,614)
Contract fee paid		945,027	852,696
Fixed component		517,183	470,641
Indexed component		427,844	382,055
Current expenditure			
Goods and Services(excluding lease payments)		448,659	402,327
Finance leases		13,473	6,101
		<u>462,132</u>	<u>408,428</u>
Capital/(Liabilities)			
Property		195,265	191,915
		<u>195,265</u>	<u>191,915</u>
Other			
Other obligations		1,707,077	1,911,352
Total		<u><u>1,707,077</u></u>	<u><u>1,911,352</u></u>
<b>46 Provisions</b>			
Potential irrecoverable debts			
Households and non profit institutions		4,277	1,134
Private enterprises		214,235	287,256
Staff debtors		50,709	38,885
Other debtors		536,104	518,462
Claims recoverable		156,001	187,149
		<u>961,326</u>	<u>1,032,886</u>
Departmental			
Impairment of investments		42,512	42,512
Other - specify one per line item		57	57
Special pensions		486,671	486,671
Military pensions		567	567
Injury on Duty		18,865	18,865
		<u>548,672</u>	<u>548,672</u>
Total		<u><u>1,509,998</u></u>	<u><u>1,581,558</u></u>



## NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

### DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2008

#### 47 Tangible Capital Assets

##### MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2008

	Opening balance Cost	Current Year Adjustments to prior year balances Cost	Additions Cost	Disposals Cost	Closing balance Cost
	R'000	R'000	R'000	R'000	R'000
<b>BUILDING AND OTHER FIXED STRUCTURES</b>	5,108,964	(1,362,226)	2,685,144	42,252	6,389,630
Dwellings	500,239	62,266	246,619	1,416	807,708
Non-residential buildings	1,571,834	(252,104)	2,017,533	1,863	3,335,400
Other fixed structures	3,001,311	(1,175,129)	420,987	38,973	2,208,196
Heritage assets	35,580	2,741	5	-	38,326
<b>MACHINERY AND EQUIPMENT</b>	12,318,708	(1,195,379)	3,468,858	695,956	13,896,231
Transport assets	6,201,483	-33,478	1,443,894	582,927	7,028,972
Specialised military assets	630,054	12,000	440,931	6,891	1,076,094
Computer equipment	2,367,728	-473,193	915,975	63,538	2,746,972
Furniture and Office equipment	1,453,087	92,085	161,592	13,156	1,693,608
Other machinery and equipment	1,666,356	-792,793	506,466	29,444	1,350,585
<b>LAND AND SUBSOIL ASSETS</b>	273,522	136,839	849,104	-	1,259,465
Land	273,522	136,839	849,104	-	1,259,465
Mineral and similar non regenerative resources	-	-	-	-	-
<b>BIOLOGICAL AND CULTIVATED ASSETS</b>	4,331	297,306	16,380	16,388	301,629
Biological and cultivated assets	4,331	297,306	16,380	16,388	301,629
<b>TOTAL TANGIBLE ASSETS</b>	<b>17,705,525</b>	<b>(2,123,460)</b>	<b>7,019,486</b>	<b>754,596</b>	<b>21,846,955</b>



## NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

### DISCLOSURE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 March 2008

#### 48 Intangible Capital Assets

##### MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2008

	Opening balance Cost R'000	Current Year Adjustments to prior year balances Cost R'000	Additions Cost R'000	Disposals Cost R'000	Closing balance Cost R'000
CAPITALISED DEVELOPMENT COSTS	-	-	9,342	-	9,342
COMPUTER SOFTWARE	358,389	67,516	80,548	1,064	505,389
MASTERHEADS AND PUBLISHING TITLES	-	-	-	-	-
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES	2,754	(22)	6,465	-	9,197
RECIPES, FORMULAE, PROTOTYPES, DESIGNS,	-	-	-	-	-
SERVICES AND OPERATING RIGHTS	16,127	-	-	-	16,127
OTHER INTANGIBLES	116,951	(114,040)	99,304	-	102,215
<b>TOTAL INTANGIBLE ASSETS</b>	<b>494,221</b>	<b>(46,546)</b>	<b>195,659</b>	<b>1,064</b>	<b>642,270</b>

##### Reconciliation of Note 46 & Note 47 to Expenditure on Capital Assets per Statement of Financial Performance

Capital expenditure additions per note 47	7,019,486
Capital expenditure additions per note 48	195,659
<b>Total additions per disclosure notes</b>	<b>7,215,145</b>
<b>Total reconciling items</b>	<b>748,883</b>
Non Cash Movement	(1,597,879)
Capital Work in progress - current costs	2,545,651
Assets Received but not paid/ (Paid current year but received prior year)	(190,869)
Other - CARA	(8,020)
<b>Capital expenditure per statement of financial performance</b>	<b>7,964,028</b>

# NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

## SEGMENT REPORTS CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2008

Statement of Financial Performance by Segment for the year ended 31 March 2008	Central Government	Financial & Administration	Social Services	Justice & Protection Services	Economic Services	Total
REVENUE	R'000	R'000	R'000	R'000	R'000	R'000
Annual appropriation	42,543,991	21,913,018	105,419,837	81,681,857	61,705,367	313,264,070
Statutory appropriation	244,599	-	6,284,306	1,266,518	-	7,795,423
Appropriation for unauthorised expenditure approved	125,281	126,307	2,633	89,222	43,854	387,297
Departmental revenue	634,399	5,119,321	295,756	1,350,612	5,300,212	12,700,300
CARA Fund Assistance	-	-	-	23,100	-	23,100
Local and foreign aid assistance	18,537	28,223	355,600	58,132	260,959	721,451
<b>TOTAL REVENUE</b>	<b>43,566,807</b>	<b>27,186,869</b>	<b>112,358,132</b>	<b>84,469,441</b>	<b>67,310,392</b>	<b>334,891,641</b>
<b>Current expenditure</b>	<b>3,895,524</b>	<b>2,396,984</b>	<b>1,336,362</b>	<b>46,442,336</b>	<b>3,531,589</b>	<b>57,602,795</b>
Compensation of employees	4,021,442	1,572,187	2,119,861	19,696,933	4,853,838	32,264,261
Goods and services	1	-	-	22	1,278	1,301
Interest and rent on land	28,598	27,173	34,850	42,181	46,784	179,586
Financial transactions in assets and liabilities	-	-	1,558	11,843	-	13,401
CARA Fund Assistance	10,455	28,160	284,142	52,250	440,522	815,529
Local and foreign aid assistance	125,281	126,307	2,633	89,222	47,226	390,669
Unauthorised expenditure approved	-	-	-	-	-	-
<b>Total current expenditure</b>	<b>8,081,301</b>	<b>4,150,811</b>	<b>3,779,406</b>	<b>66,334,787</b>	<b>8,921,237</b>	<b>91,267,542</b>
<b>Transfers and subsidies</b>	<b>32,666,301</b>	<b>16,933,448</b>	<b>107,516,823</b>	<b>10,318,484</b>	<b>50,260,673</b>	<b>217,695,729</b>
<b>Expenditure for capital assets</b>	<b>1,137,847</b>	<b>-</b>	<b>6,352</b>	<b>2,209,081</b>	<b>338,625</b>	<b>3,691,905</b>
Buildings and other fixed structures	284,748	78,201	47,358	2,595,540	207,505	3,213,352
Machinery and Equipment	-	-	-	972	10,183	11,155
Biological or cultivated assets	49,509	5,719	634	22,232	120,418	198,512
Software and other intangible assets	16,271	-	-	-	832,833	849,104
Land and subsoil assets	-	-	-	-	-	-
CARA Fund Assistance	-	166	2,290	22,292	-	22,292
Local and foreign aid assistance	-	-	-	32,122	7,373	41,951
Unauthorised expenditure approved	-	-	-	-	-	-
<b>Total expenditure for capital assets</b>	<b>1,488,375</b>	<b>84,086</b>	<b>56,634</b>	<b>4,882,239</b>	<b>1,516,937</b>	<b>8,028,271</b>
<b>TOTAL EXPENDITURE</b>	<b>42,235,977</b>	<b>21,168,345</b>	<b>111,352,863</b>	<b>81,535,510</b>	<b>60,698,847</b>	<b>316,991,542</b>
<b>SURPLUS/(DEFICIT)</b>	<b>1,330,830</b>	<b>6,018,524</b>	<b>1,005,269</b>	<b>2,933,931</b>	<b>6,611,545</b>	<b>17,900,099</b>
Add back unauthorised expenditure	9,842	-	26,843	-	-	36,685
Add back fruitless and wasteful expenditure	29	2,736	378	291	-	3,535
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>1,340,701</b>	<b>6,021,260</b>	<b>1,032,490</b>	<b>2,934,222</b>	<b>6,611,646</b>	<b>17,940,319</b>
<b>Reconciliation of Net Surplus/(Deficit) for the year</b>	<b>698,220</b>	<b>902,042</b>	<b>669,124</b>	<b>1,620,885</b>	<b>1,498,370</b>	<b>5,388,641</b>
Voted Funds	634,399	5,119,321	295,756	1,350,612	5,300,212	12,700,300
Departmental revenue	8,082	(103)	69,168	(26,240)	(186,936)	(136,029)
Local and foreign aid assistance	-	-	(1,558)	(11,035)	-	(12,593)
CARA Fund Assistance	-	-	-	-	-	-
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>1,340,701</b>	<b>6,021,260</b>	<b>1,032,490</b>	<b>2,934,222</b>	<b>6,611,646</b>	<b>17,940,319</b>

# NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS (CONTINUED)

## SEGMENT REPORTS CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE for the year ended 31 March 2008

Statement of Financial Performance by Segment for the year ended 31 March 2007	REVENUE					Total
	Central Government	Financial & Administration	Social Services	Justice & Protection Services	Economic Services	
	R'000	R'000	R'000	R'000	R'000	R'000
Annual appropriation	35,372,602	18,784,289	91,919,174	72,800,200	47,286,899	266,163,164
Statutory appropriation	231,372	-	5,328,427	1,071,056	-	6,630,855
Appropriation for unauthorised expenditure approved	-	1,758	-	-	-	1,758
Departmental revenue	638,099	4,726,533	920,152	1,164,232	5,786,730	13,235,746
CARA Fund Assistance	-	-	3,300	31,800	-	35,100
Local and foreign aid assistance	31,454	25,005	247,117	130,764	536,332	970,672
<b>TOTAL REVENUE</b>	<b>36,273,527</b>	<b>23,537,585</b>	<b>98,418,170</b>	<b>75,198,052</b>	<b>53,609,961</b>	<b>287,037,295</b>
<b>Current expenditure</b>						
Compensation of employees	3,258,163	2,119,570	1,152,008	41,030,920	3,274,251	50,834,912
Goods and services	3,351,304	1,435,961	1,647,216	17,318,630	4,345,622	28,098,733
Interest and rent on land	-	-	-	40	847	887
Financial transactions in assets and liabilities	38,884	9,780	25,819	36,812	30,726	142,021
Local and foreign aid assistance	13,238	37,893	-	-	663	51,794
Unauthorised expenditure approved	39,084	31,892	212,721	132,007	623,217	1,038,921
<b>Total current expenditure</b>	<b>6,700,673</b>	<b>3,635,096</b>	<b>3,037,764</b>	<b>58,518,409</b>	<b>8,275,326</b>	<b>80,167,268</b>
<b>Transfers and subsidies</b>	<b>26,493,112</b>	<b>14,422,468</b>	<b>93,327,920</b>	<b>10,060,937</b>	<b>37,360,062</b>	<b>181,664,499</b>
<b>Expenditure for capital assets</b>						
Buildings and other fixed structures	579,467	-	15,627	1,683,464	184,173	2,462,731
Machinery and Equipment	373,035	63,734	48,870	2,590,664	207,800	3,284,103
Biological or cultivated assets	-	-	-	597	79	676
Software and other intangible assets	140,371	1,378	44,928	37,712	27,459	251,848
Land and subsoil assets	-	-	-	-	339,970	339,970
Local and foreign aid assistance	6	89	303	245	14,740	15,383
<b>Total expenditure for capital assets</b>	<b>1,092,879</b>	<b>65,201</b>	<b>109,728</b>	<b>4,312,682</b>	<b>774,221</b>	<b>6,354,711</b>
<b>TOTAL EXPENDITURE</b>	<b>34,286,664</b>	<b>18,122,765</b>	<b>96,475,412</b>	<b>72,892,028</b>	<b>46,409,609</b>	<b>268,186,478</b>
<b>SURPLUS/(DEFICIT)</b>	<b>1,986,863</b>	<b>5,414,820</b>	<b>1,942,758</b>	<b>2,306,024</b>	<b>7,200,352</b>	<b>18,850,817</b>
Add back unauthorised expenditure	99,059	-	-	-	-	99,059
Add back fruitless and wasteful expenditure	-	-	45	866	315	1,226
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>2,085,922</b>	<b>5,414,820</b>	<b>1,942,803</b>	<b>2,306,890</b>	<b>7,200,667</b>	<b>18,951,102</b>
<b>Reconciliation of Net Surplus/(Deficit) for the year</b>						
Voted Funds	1,455,459	695,263	985,258	1,112,346	1,515,562	5,763,888
Departmental revenue	638,099	4,726,533	920,152	1,164,232	5,786,730	13,235,746
Local and foreign aid assistance	(7,636)	(6,976)	34,093	(1,488)	(101,625)	(83,632)
CARA Fund Assistance	-	-	3,300	31,800	-	35,100
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>2,085,922</b>	<b>5,414,820</b>	<b>1,942,803</b>	<b>2,306,890</b>	<b>7,200,667</b>	<b>18,951,102</b>

# NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS (CONTINUED)

## SEGMENT REPORTS CONSOLIDATED STATEMENT OF FINANCIAL POSITION for the year ended 31 March 2008

Statement of Financial Position by Segment for the year ended 31 March 2008	Central Government		Financial & Administration		Social Services		Justice & Protection Services		Economic Services		Total	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>ASSETS</b>												
<b>Current assets</b>	<b>1,820,164</b>	<b>984,614</b>	<b>2,822,738</b>	<b>1,789,449</b>	<b>2,262,964</b>	<b>9,679,929</b>						
Unauthorised expenditure	524,584	-	26,984	159,768	74,026	785,362						
Fruitless and wasteful expenditure	51,438	346	345	3,972	3,154	59,255						
Cash and cash equivalents	757,294	913,211	963,773	134,092	1,256,001	4,024,371						
Prepayments and advances	19,778	1,628	1,030,340	130,621	166,104	1,348,471						
Receivables	467,066	67,669	794,266	1,343,434	451,305	3,123,740						
Loans	-	-	1,445	12,362	24,310	38,117						
Local and foreign aid assistance receivable	4	1,760	5,585	5,200	288,064	300,613						
<b>Non-current assets</b>	<b>45,634</b>	<b>200,001</b>	<b>33,746</b>	<b>75,000</b>	<b>31,641,916</b>	<b>31,996,297</b>						
Investments	-	200,001	-	75,000	31,285,707	31,560,708						
Loans	45,604	-	33,746	-	355,608	435,158						
Other financial assets	30	-	-	-	401	431						
<b>TOTAL ASSETS</b>	<b>1,865,798</b>	<b>1,184,615</b>	<b>2,856,484</b>	<b>1,864,449</b>	<b>33,904,880</b>	<b>41,676,226</b>						
<b>LIABILITIES</b>												
<b>Current liabilities</b>	<b>1,511,201</b>	<b>984,134</b>	<b>2,812,621</b>	<b>1,517,113</b>	<b>2,011,263</b>	<b>8,836,332</b>						
Voted funds to be surrendered to the Revenue Fund	744,356	765,629	1,160,752	777,336	1,203,321	4,651,394						
Departmental revenue to be surrendered to the Revenue Fund	159,869	25,729	77,794	151,631	384,186	799,209						
Bank overdraft	-	22,130	1,388,495	348,830	-	1,759,455						
Payables	592,373	159,567	34,326	212,805	247,657	1,246,728						
Local and foreign aid assistance unutilised	14,603	11,079	151,254	26,511	176,099	379,546						
<b>Non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>42</b>	<b>-</b>	<b>18,688</b>	<b>18,730</b>						
Payables	-	-	42	-	18,688	18,730						
<b>TOTAL LIABILITIES</b>	<b>1,511,201</b>	<b>984,134</b>	<b>2,812,663</b>	<b>1,517,113</b>	<b>2,029,951</b>	<b>8,855,062</b>						
<b>NET ASSETS</b>	<b>354,597</b>	<b>200,481</b>	<b>43,821</b>	<b>347,336</b>	<b>31,874,929</b>	<b>32,821,164</b>						
<b>Represented by:</b>												
Capitalisation Reserves	45,604	200,001	35,191	75,000	31,647,145	32,002,941						
Recoverable revenue	(128)	480	9,299	251,571	227,784	489,006						
Retained funds	309,121	-	-669	20,765	-	329,217						
<b>TOTAL</b>	<b>354,597</b>	<b>200,481</b>	<b>43,821</b>	<b>347,336</b>	<b>31,874,929</b>	<b>32,821,164</b>						

# NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS (CONTINUED)

## SEGMENT REPORTS CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2008

Statement of Financial Position by Segment for the year ended 31 March 2007	R'000	R'000	R'000	R'000	R'000	R'000
	Central Government	Financial & Administration	Social Services	Justice & Protection Services	Economic Services	Total
<b>ASSETS</b>	<b>2,433,131</b>	<b>763,713</b>	<b>3,125,267</b>	<b>2,251,674</b>	<b>2,022,585</b>	<b>10,596,370</b>
Current assets	639,409	126,307	2,774	248,990	121,252	1,138,732
Unauthorised expenditure	52,791	2,493	268	3,756	2,732	62,040
Fruitless and wasteful expenditure	1,283,133	596,957	248,691	674,018	1,169,833	3,972,632
Cash and cash equivalents	12,754	1,529	2,194,912	229,029	186,026	2,624,250
Receivables	433,381	35,431	676,762	1,078,124	513,832	2,737,530
Loans	-	-	1,308	12,362	6,695	20,365
Local and foreign aid assistance receivable	11,663	996	552	5,395	22,215	40,821
Non-current assets	47,275	200,001	35,191	-	30,735,268	31,017,735
Investments	-	200,001	-	-	30,352,858	30,552,859
Loans	47,251	-	35,191	-	382,063	464,505
Other financial assets	24	-	-	-	347	371
<b>TOTAL ASSETS</b>	<b>2,480,406</b>	<b>963,714</b>	<b>3,160,458</b>	<b>2,251,674</b>	<b>32,757,853</b>	<b>41,614,105</b>
<b>LIABILITIES</b>						
Current liabilities	2,106,230	763,377	3,112,351	2,009,277	1,713,860	9,705,095
Voted funds to be surrendered to the Revenue Fund	1,181,497	638,667	777,006	650,869	1,083,147	4,331,186
Departmental revenue to be surrendered to the Revenue Fund	215,350	9,743	82,075	80,991	215,148	603,307
Bank overdraft	230,325	1,042	2,165,124	1,157,265	22,212	3,575,968
Payables	460,878	103,506	11,093	67,206	296,167	938,850
Local and foreign aid assistance repayable	(2,762)	409	-	218	-	(2,135)
Local and foreign aid assistance unutilised	20,942	10,010	77,053	52,728	97,186	257,919
Non-current liabilities	-	139	42	3	18,837	19,021
Payables	-	139	42	3	18,837	19,021
<b>TOTAL LIABILITIES</b>	<b>2,106,230</b>	<b>763,516</b>	<b>3,112,393</b>	<b>2,009,280</b>	<b>1,732,697</b>	<b>9,724,116</b>
<b>NET ASSETS</b>	<b>374,176</b>	<b>200,198</b>	<b>48,065</b>	<b>242,394</b>	<b>31,025,156</b>	<b>31,889,989</b>
Represented by:						
Capitalisation Reserves	47,251	200,001	36,499	-	30,722,786	31,006,537
Recoverable revenue	7,076	197	8,266	210,594	302,370	528,503
Retained funds	319,849	-	3,300	31,800	-	354,949
<b>TOTAL</b>	<b>374,176</b>	<b>200,198</b>	<b>48,065</b>	<b>242,394</b>	<b>31,025,156</b>	<b>31,889,989</b>

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# ANNEXURES

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## NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

### ANNEXURE NAMES OF DEPARTMENTS

#### List of Government Departments and or Vote per Cluster

#### Central Government Administration

	: The Presidency
	: The Parliament
DFA	: Department of Foreign Affairs
DHA	: Department of Home Affairs
DPLG	: Department of Provincial and Local Government
DPW	: Department of Public Works

#### Financial and Administrative Services

GCIS	: Government communication
NT	: The National Treasury
DPSA	: Department of Public Service and Administration
PSC	: Public Service Commission
SAMDI	: S A Management Development Institute
STATSSA	: Statistics South Africa

#### Social Services

DOAC	: Department of Arts and Culture
DOE	: Department of Education
DOH	: Department of Health
DOL	: Department of Labour
DSD	: Department of Social Development
SRSA	: Department of Sport and Recreation

#### Justice and Protection Services

CORR	: Department of Correctional Services
DEF	: Department of Defence
ICD	: Independent Complaints Directorate
DCDexNPA	: Department of Justice and Constitutional Development (excl NPA)
NPA	: National Prosecuting Agency
SAPS	: Department of Safety and Security



## NATIONAL DEPARTMENTS, THE NATIONAL REVENUE FUND, STATE DEBT AND TAX & LOAN ACCOUNTS

### ANNEXURE NAMES OF DEPARTMENTS

#### List of Government Departments and or Vote per Cluster

#### Economic Services and Infrastructure Development

DOA	: Department of Agriculture
DOC	: Department of Communications
DEAT	: Department of Environmental Affairs
DOH	: Department of Housing
DLA	: Department of Land Affairs
DME	: Department of Minerals and Energy
DST	: Department of Science and Technology
DTI	: Department of Trade and Industry
DOT	: Department of Transport
DWAF	: Department of Water Affairs and Forestry
DPE	: Department of Public Enterprise



## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### REVIEW OF OPERATING RESULTS

The Consolidated Financial Information (CFI) incorporates the financial statements of the national public entities including entities and enterprises under the ownership control of government, constitutional institutions, and trading entities as noted in the Public Finance Management Act (PFMA).

The CFI for public entities has been prepared on the basis of aggregation due to the following reasons:

- the various public entities have applied different accounting policies for the year under review. This results in differing approaches to accounting and disclosure of financial information. National Treasury (NT) is currently busy with the process of prescribing standard accounting policies to be applied by all public entities for consolidation purposes;
- inter-entity transactions and balances at NT level have not been eliminated. Elimination has only been done at entity level when consolidating its subsidiaries. The entities' current systems are not geared for the identification of such balances and transactions.

The approach utilized by NT is as follows:

- NT prepares a consolidation template in Microsoft Excel format.
- This template is sent to the public entities for completion.
- The Auditor General (AG) reviews the templates to ensure that the figures on the template agree to the figures published in the entities annual report, prior to submission.
- Where this process has not been performed by the AG, the templates received from the entity will be considered as draft templates. The details of these templates are listed in the various annexure to the financial information.
- NT then uses this template as a source document in the consolidation model.

### Consolidation Statistics

The basis of the list of entities consolidated is the PFMA list of entities as updated and published on the Treasury website as at 31 March 2008. It must be noted that the CFI also includes some entities not listed on the PFMA list but known to NT. Once again, there has been an improvement in the number of entities that have submitted their templates and subsequently consolidated in the current year in comparison to the prior years. NT continued to strive for a 100% consolidation of all listed and known public entities and hence an extra effort was made on a proactive approach by OAG in collecting and assisting entities with the completion of the consolidation templates.

The following is a statistical consolidation summary:

Listed Entities	Number as at 31 March 08	Percentage
Consolidated	186	97%
Not Consolidated	6	3%



## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### REVIEW OF OPERATING RESULTS (CONTINUED)

Comparison with prior years	2007/08	2006/07	2005/06
Consolidated	97%	90%	79%
Not Consolidated	3%	10%	21%

Unlisted entities	2007/08	2006/07	2005/06
Consolidated	39	18	18

A total of 186 (or 97%) of listed entities were consolidated in 2007/08 as against 171 (or 90% in 2006/07) which is a 9% improvement. 39 unlisted entities were consolidated in 2007/08 as compared to 18 unlisted entities in both past financial years, a 117% improvement. In general there has been an impressive 19% improvement in the number of entities consolidated in 2007/08 financial year.

The reason for the 3% non consolidation of listed entities is non submission of AFS templates and the cause of that is cited mainly as a lack of capacity and key personnel leaving the entities around the submission deadlines.

#### Consistency in the entities being consolidated

It is a challenge to achieve consistency in the entities being consolidated every year 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. This inconsistency contributes to the variance in the opening balances or prior year figures as compared to figures as published in the 2006/07 financial year.

Below is a list of annexures to the CFI that gives a comparative breakdown of entities consolidated and those not consolidated and other information to further illustrate the inconsistencies in the number of entities consolidated and challenges related thereto as described above.

- Annexure A – Lists all the public entities consolidated in the current and comparative years.
- Annexure B – Lists all the public entities consolidated using draft financial statements. This means that the entity did not submit their final audited financial figures to NT within the prescribed time frames for consolidation due to delays experienced.
- Annexure C – Lists all the public entities consolidated that are not included in the PFMA listings which appear on the NT website.
- Annexure D – Lists all the public entities not consolidated that are included in the PFMA listings which appear on the NT website.
- Annexure E – Lists all the public entities not consolidated and not listed in the PFMA listings which appear on the NT website.
- Annexure F – Lists all the public entities consolidated but audited by other auditors (Not the Auditor General)

## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### REVIEW OF OPERATING RESULTS (CONTINUED)

- Annexure G – Lists all the public entities consolidated which have a different year end than 31 March 2008. These are mainly the water boards who have year ends which coincide with local government year ends.

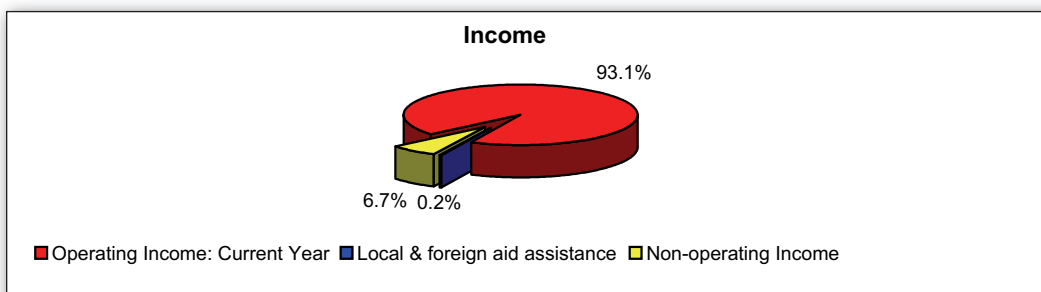
Due to the inconsistencies as mentioned above, reallocations, changes in accounting policies and other restatement of figures, opening balances or prior year figures differ from those as published in 2006/07 CFI. A reconciliation of this difference was prepared and is disclosed in the notes (Note 72 page 137.) to the CFI. The following is a summarized comparative of prior year figures to those published in 2006/07:

As published	2007/08 Prior year R'000	2006/07 Published R'000	Variance R'000
Net Surplus	38,888,296	39,591,925	(703,629)
Total Assets	888,994,376	816,038,991	72,955,385
Net Assets	356,512,111	302,345,939	54,166,172

### Income

Total income for the year under review amounted to R 184 bn (2007: R 157,6 bn). The main income items, comprising 89% (2007: 93%) of total income, are taxation revenue, sale of goods, rendering of services, transfers and subsidies and levies received.

Main Income items	2007/08 R'000	2006/07 R'000
Operating Income: Current Year	217,697,995	194,834,561
Local & foreign aid assistance	380,767	422,115
Non-operating Income	15,702,020	20,283,822
<b>Total Revenue</b>	<b>233,780,782</b>	<b>215,540,498</b>



The 20 PFMA Schedule 2 entities contributed 50% of the total revenue received by national public entities. National Government owns 100% of the 19 entities and 38% of Telkom shares. The objective of these entities is to operate as business enterprises and they have been assigned, by government, financial operational authority to carry on a



## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### REVIEW OF OPERATING RESULTS (CONTINUED)

business activity. The Telkom shares are being equity accounted in the consolidation. A major portion of the increase in total revenue can be attributed to the following public entities:

#### *Eskom Holdings Limited*

The South African government is the sole shareholder of Eskom Holdings Limited. Eskom generates, transmits and distributes electricity. It generates approximately 95% of the South Africa's electricity.

Though one of the main contributors of large income to the consolidated government financial information, Eskom has nevertheless had a challenging year with the profit reducing to approximately R974 mil (2007: R6,4 bn). The total contribution Eskom made to total revenue amounts to R44,8 bn (2007: R44,6 bn). Eskom's revenue decreased by R2 mil from the previous year. The main reason for this decrease is due to available capacity not always being sufficient to meet the demand for electricity which resulted in load losses. Power stations were stretched to their limits and in addition, high rainfall caused coal supply problems which restricted electricity production.

#### *Transnet*

Transnet is a State Owned Entity (SOE) responsible for transport operations in South Africa. The main business units in Transnet are Spoornet (rail transport), SA Ports Operations, National Port Authority (Portnet) and Petronet. Secondary to Eskom, Transnet generated R30 bn (2007: R28,9 bn) of the R233,8 bn (2007: R215,5) consolidated revenue. This amounts to 13% (2007:13%) of total revenue.

Transnet attributes this increase in revenue to the executive management's focus and efforts on using volume increases, productivity improvements and cost containment initiatives without resorting to short-term unsustainable measures to drive revenue growth.

#### *Industrial Development Corporation (IDC)*

IDC revenue has increased by 50%, from R3.4 bn in the prior year to R5,1 bn in the current year, mainly due to their operating subsidiary Foskor. Foskor has grown its profit before taxation by R520 million to R1,035 bn, mainly due to improved operating efficiencies, higher international phosphoric acid and granular fertilizer prices. The financing activities of the IDC have also improved, with both interest and dividend income exceeding the prior year's figures.

#### *Central Energy Fund Pty Ltd (CEF)*

The increase in CEF's revenue of R 2,6 bn is mainly due to the increase in the price of crude oil coupled with other international market influences. The average crude oil price for the year was \$82.29/bbl against an average of \$64.15/bbl in the previous years, which

## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### REVIEW OF OPERATING RESULTS (CONTINUED)

overall had a positive impact on revenue. The higher crude oil price had a very positive effect on the demand for crude oil storage space and a knock on effect was the increased demand for pollution control measures in Saldanha Bay.

#### *South African Airways:*

SAA's total revenue grew strongly during the review period, rising to R22,5-bn from R20,6-bn the previous year. This strong performance was achieved despite a reduction in overall capacity due to the removal of aircraft from active service. SAA's routes into Africa, continued to grow strongly, with traffic rising 27,2% year-on-year, while traffic on international and domestic routes also saw good growth. This was an excellent achievement in light of the fact that SAA's fleet of six Boeing 747-400s was grounded and the routes to Paris and Zurich were discontinued, which removed a significant amount of capacity and thus traffic from the network.

#### *Road Accident Fund*

Revenue increased by R1,1 bn from the 2006/07 financial year to the 2007/08 financial year. This increase is attributed to a continued implementation of a turnaround strategy that amended the entities enabling legislation, increased fuel levy and an increased transfer.

#### *Unemployment Insurance Fund (UIF)*

The UIF has increased its revenue by R1,1 bn. This is due mainly to the increase in contributions received from new employers registered on their database. The fund now also includes domestic workers under unemployment insurance coverage.

#### *Operating income*

Operating income items totaling R 217,7 bn (2007: R 194,8 bn), comprise:

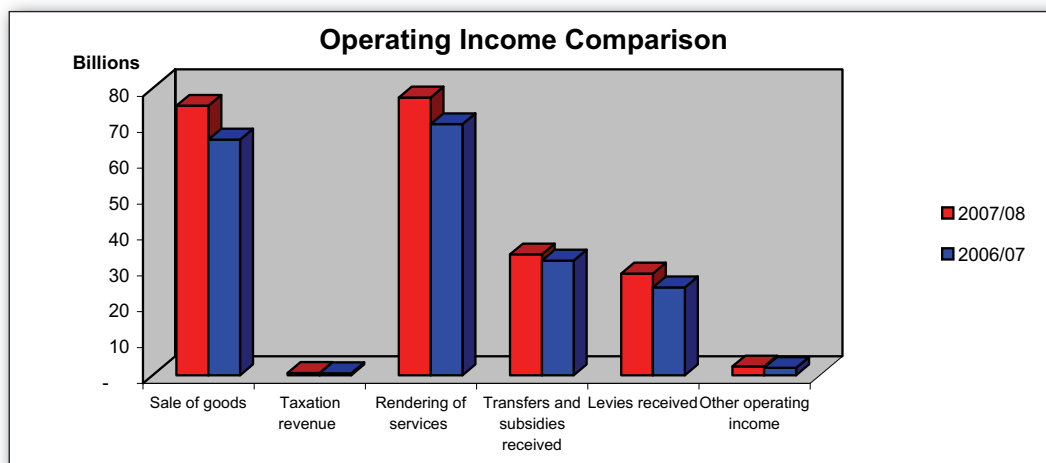
	2007/08 R'000	2006/07 R'000
Sale of goods	75,150,565	65,703,357
Taxation revenue	623,418	576,682
Rendering of services	77,460,386	70,017,995
Transfers and subsidies received	33,704,179	31,985,650
Levies received	28,329,059	24,517,686
Other operating income	2,430,388	2,033,191
<b>Total</b>	<b>217,697,995</b>	<b>194,834,561</b>



## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### REVIEW OF OPERATING RESULTS (CONTINUED)

The total transfers and subsidies amounted to R 33,7 bn (2007: R 31,9 bn). Out of this amount national government has transferred R 20,8 bn (2007: R 19,1 bn) to the various public entities.



### Income contributions per entity category

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

Schedule 1 – These entities are Constitutional Institutions that are required per section 181(1) of the Constitution of South Africa to strengthen constitutional democracy in the Republic. These institutions include; The Public Protector, The Human Rights Commission, The Independent Electoral Commission etc, (The Auditor-General is not listed but included here for analysis purposes).

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

Schedule 3 – This schedule is for other public entities and includes the following:

**PART A** – National Public Entities which include the Accounting Standards Board (ASB), Financial Services Board (FSB), Legal Aid Board, National Parks Board, Road Accident Fund (RAF) etc.

**PART B** – National Government Business Enterprises which includes: Rand Water Board, Umgeni Water Board, Bloem Water, SA Rail Commuter Corporation Limited etc.

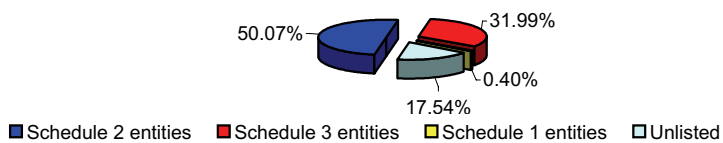


## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### REVIEW OF OPERATING RESULTS (CONTINUED)

Income contributions per entity category	2007/08 R'000	2006/07 R'000
Schedule 2 entities	117,057,261	108,094,106
Schedule 3 entities	74,780,850	67,742,571
Schedule 1 entities	942,419	877,770
Unlisted	41,000,252	38,826,051
<b>Total</b>	<b>233,780,782</b>	<b>215,540,498</b>

Income Contribution per entity category



Schedule 2 public entities contributed approximately 50% of the total income for both the current and prior years. This can be attributed to the fact that the larger public entities make-up the schedule 2 listing e.g. ESKOM, TRANSNET, DENEL, IDC, CEF etc. There are 20 Schedule 2 public entities out of a total of 192 listed entities and they alone account for 50% of total income.

### Expenditure

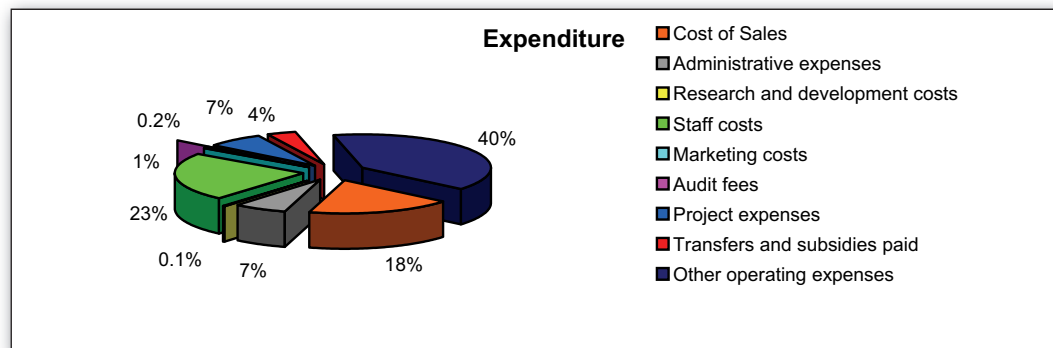
Total expenditure for the year amounted to R 218,1 bn (2007: R 186,4 bn). This represents a 17% increase from the prior year. It is worth noting that staff costs have increased by 15% from prior year and this can be attributed to both an increase in the number of staff employed as well as an increase in staff salaries.

Expenditure	2007/08 R'000	2006/07 R'000
Cost of Sales	39,835,415	31,393,654
Administrative expenses	14,947,463	13,420,217
Research and development costs	210,029	800,604
Staff costs	50,943,350	44,382,636
Marketing costs	1,674,858	1,473,118
Audit fees	413,263	307,905
Project expenses	15,318,271	14,343,730
Transfers and subsidies paid	7,847,961	6,755,986
Other operating expenses	86,930,395	73,553,192
<b>Total</b>	<b>218,121,005</b>	<b>186,431,042</b>



## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### REVIEW OF OPERATING RESULTS (CONTINUED)



Expenditure has increased more than sales which increased by only 8.5%. The major increases can be attributed to the following entities:

#### ***Eskom Holdings Limited***

Eskom's expenditure rose by 22% from the previous year to the current year. The major increase can be attributed to primary energy costs (mainly coal and diesel) increasing from R13 mil in 2007 to R18,3 mil in 2008. These higher primary energy costs resulted in Eskom experiencing a financially unsustainable path.

#### ***Transnet***

Transnet total costs have increased by 10% from R18,9 bn in 2007 to R20,9 bn in 2008. This can be attributed to Depreciation and amortisation of assets for the year which have increased by 29% to R 3,8 bn. This increase is due to the continued acceleration of the capital expenditure program and therefore depreciation on capitalised maintenance in terms of International Financial Reporting Standards (IFRS) requirements. Total costs also include once off payments by Transnet to fund ex gratia bonus payments to pensioners of the closed fund.

This trend is expected to continue for the foreseeable future. Therefore, the challenge is to ensure that capital expenditure drives planned volume increases and productivity improvements.

#### ***South Africa Airways***

Total costs rose by 12% from 2007, mainly driven by the soaring oil price with the higher fuel bill adding R951 mil to their costs and ending the year at R23,62 bn for 2007/08 against R21,17 bn the previous year. Energy costs made up almost a third of total operating costs. The dedicated fuel levy and the hedging strategy helped to offset this cost, but this contributed to only a portion of the total increase in energy costs for the year.

#### ***Road Accident Fund (RAF)***

The RAF's expenditure grew 75% to R15,99 bn from R9,14 bn. This was due mainly to the more efficient processing of claims which increased the volumes of claims processed in the current financial year, as well as the record compensation payments made during the year.

## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### REVIEW OF OPERATING RESULTS (CONTINUED)

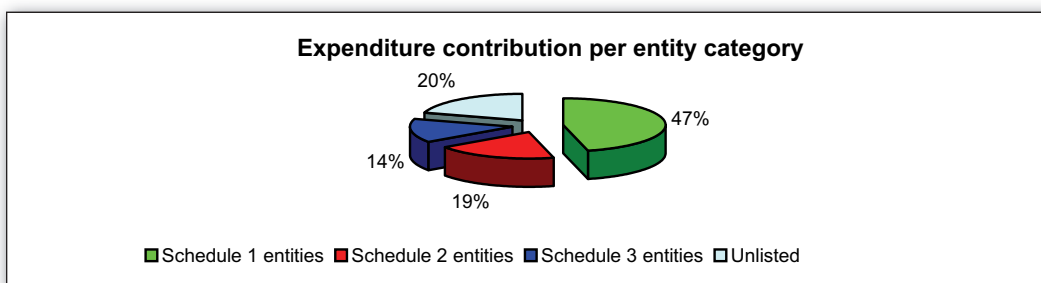
#### *Central Energy Fund Pty Ltd (CEF):*

CEF's expenditure rose by 43% in 2008, the main contributing factors being increased cost of feedstock purchases as a result of high oil prices and a weaker rand.

#### Expenditure contribution per entity category

Expenditure contributions per entity category	2007/08 R'000	2006/07 R'000
Schedule 1 entities	(99,781,225)	(84,004,160)
Schedule 2 entities	(41,342,582)	(32,094,617)
Schedule 3 entities	(31,297,592)	(28,787,066)
Unlisted	(45,699,606)	(41,545,199)
<b>Total</b>	<b>(218,121,005)</b>	<b>(186,431,042)</b>

Schedule 2 public entities contributed approximately 47% of the total expenditure for both the current and prior years. This can be attributed to the fact that the larger public entities make-up the schedule 2 listing e.g. ESKOM, TRANSNET, DENEL, IDC, CEF etc.





## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### REVIEW OF OPERATING RESULTS (CONTINUED)

#### Loss / Deficit making Public Entities:

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

<b>SCHEDULE 1 and 3A ENTITIES</b>	<b>2007/08 R'000</b>	<b>2006/07 R'000</b>
Commission on Gender Equality	(6,883)	5,292
Accounting Standards Board	(44)	(96)
Auditor General	(8,301)	(1,778)
DBSA Development Fund	(105,253)	(121,826)
Financial Intelligence Centre	(15,937)	(40,328)
Film and Publication Board	(3,261)	3,700
SALGA	(14,948)	8,739
AGRIC Fund	(15,856)	(210,364)
National Youth Commission	(1,398)	(1,341)
Afrikaanse Taalmuseum, Paarl	(5,387)	(551)
National Film and Video Foundation	(1,372)	153
National Museum, Bloemfontein	(271)	(1,992)
Performing Arts Council of the Free State	(3,827)	(1,197)
SA Blind Workers Organisation, Johannesburg	(94)	(558)
SA Heritage Resources Agency	(2,159)	917
The Pan South African Language Board	(2,476)	8,889
Umsombomvu Fund (Under Labour)	(16,441)	(5,375)
Windybrow Centre	(730)	(1,278)
SA Qualifications Authority	(1,361)	(3,625)
Education, Training and Development Practices Sector		
Education and Training Authority	(1,573)	37,848
Energy Sector Education and Training Authority	(11,691)	2,534
Forest Industries Sector Education and Training Authority	(197)	12,339
Media, Advertising, Publishing, Printing and Packaging Training Authority	(12,206)	(14,986)
National Economic, Development and Labour Council/Productivity SA	(426)	483
Productivity SA / National Productivity Institute	(6,091)	(5,860)
Tourism and Hospitality Education and Training Authority	(8,936)	(12,894)
National Development Agency	(61,442)	(12,504)
Social Services Agency South Africa (SASSA)	(401,465)	374,467
Boxing South Africa	(1,735)	(2,399)
SA Institute for Drug-free Sport	(314)	(142)
	<b>(712,075)</b>	<b>16,267</b>
<b>SCHEDULE 2 and 3B ENTITIES</b>		
Alexkor	(4,767)	(19,085)
Denel	(347,218)	(549,137)
South African Airways	(1,085,905)	(883,053)
Independent Development Trust	(164,962)	(84,200)
	<b>(1,602,852)</b>	<b>(1,535,475)</b>
<b>UNLISTED ENTITIES</b>		
Sheltered Employment Factories	(26,185)	(4,040)
Represented Political Parties Fund	(335)	553
South African Airways	(1,085,905)	(883,052)
	<b>(1,112,425)</b>	<b>(886,539)</b>
<b>GRAND TOTAL</b>	<b>(3,427,352)</b>	<b>(2,405,747)</b>

## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### REVIEW OF OPERATING RESULTS (CONTINUED)

The PFMA prohibits schedule 3A entities from budgeting for or realising a surplus or deficit, yet the above entities realized losses. Schedule 2 and 3B entities contributed the most lossess (R1,602 bn or 31%) of the total losses.

#### Property, plant and equipment

Property, plant and equipment increased by 20% from R 277,1 million to R 331,2 million. Property, plant and equipment comprise the following categories of assets.

Property, Plant & Equipment	2007/08 R'000	2006/07 R'000
Land	21,344,603	21,448,113
Buildings	84,512,747	84,722,022
Plant & equipment	107,943,119	92,074,435
Vehicles	1,996,578	1,542,643
Computer equipment	1,758,881	1,582,331
Office furniture & fittings	1,084,322	671,362
Construction WIP	31,729,765	18,015,668
Other	80,855,957	57,044,481
<b>Total</b>	<b>331,225,972</b>	<b>277,101,055</b>

The increases are due primarily to the following:

#### *Eskom Holdings Limited*

ESKOM increased its PPE from R77 bn to R96,4 bn in 2007/08. This equates to a 25% increase, with the majority of the increase prevalent in plant & equipment and construction work-in-progress. More projects are being embarked on to increase the large demand for capacity which has resulted in Eskom increasing their current plant & equipment.

#### *Transnet*

Transnet increased its total capital expenditure by 45% in 2008, largely to maintain the current infrastructure (R8,7 bn), but also to create new capacity (R7,1 bn). The capacity expansion programme continues to accelerate.

Despite rising interest rates and power shortages experienced across the country, Transnet continued to spend record amount on their investment capital as planned and achieve productivity and efficiency improvements.



## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### REVIEW OF OPERATING RESULTS (CONTINUED)

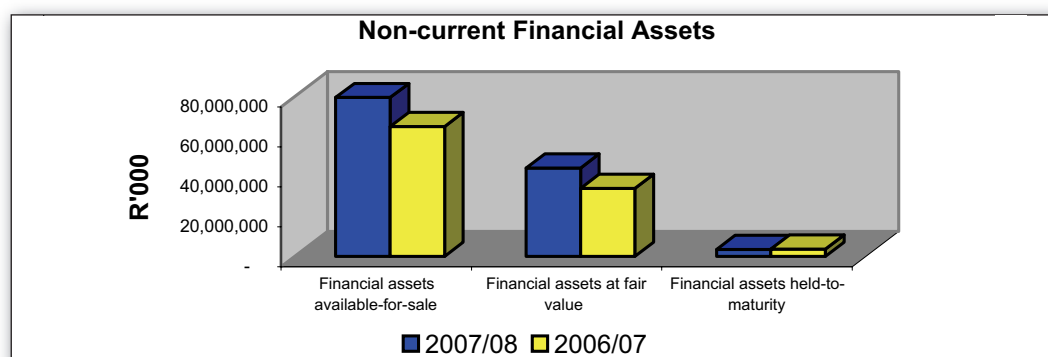
#### *South Africa Airways*

SAA reduced their PPE by 10% to R6,98 bn in the current year. This is mainly due to the grounding of the fleet of Boeing 747-400s. Three of the aircraft have been returned to their lessors, one has been wetleased to the Angolan airline TAAG and the remaining two aircraft are being subleased in a process which will be managed jointly with their owners.

At financial year-end, SAA including Cargo was operating a fleet of 66 aircraft, of which 14 are owned and 52 are leased.

#### Non-Current Financial Assets

Non-Current Financial Assets	2007/08 R'000	2006/07 R'000
Financial assets available-for-sale	79,405,599	64,844,078
Financial assets at fair value	44,129,768	33,981,130
Financial assets held-to-maturity	3,386,929	3,638,076
<b>Total</b>	<b>126,922,296</b>	<b>102,463,284</b>



#### Current Financial Assets

Current Financial Assets	2007/08 R'000	2006/07 R'000
Financial assets at fair value	318,473,954	222,687,380
Financial assets available-for-sale	25,902,220	21,450,754
Financial assets held-to-maturity	3,165,000	4,124,461
<b>Total</b>	<b>347,541,174</b>	<b>248,262,595</b>

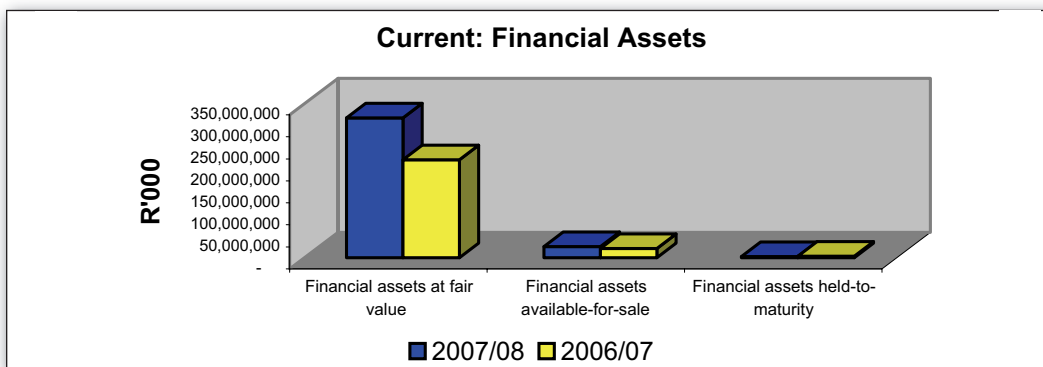
The current financial assets increased substantially from R 248 bn to R 348 bn. The equates to a R 100 bn increase or 40%. The majority of this increase can be attributed to the increased gold and foreign exchange held by the South African Reserve Bank (SARB). The SARB has increased its money and capital market instruments and deposits by R 43,3 bn in the current year.



## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### REVIEW OF OPERATING RESULTS (CONTINUED)

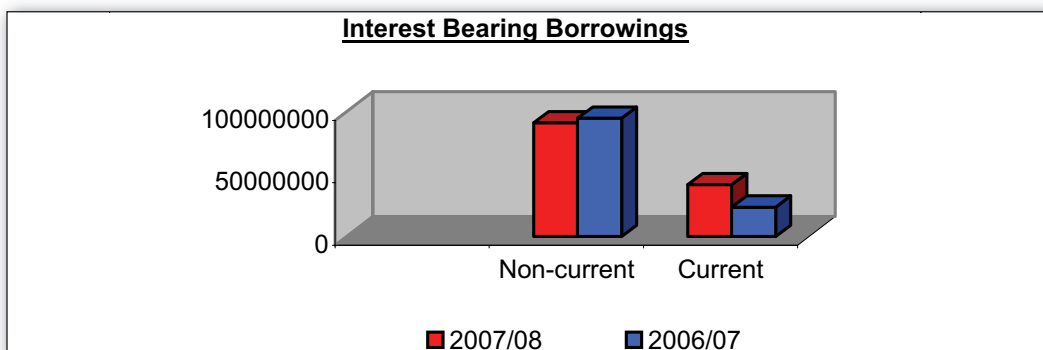
Another contributing factor from SARB is the Gold coin and bullion on hand. The increase for the current year is R 4,7 bn. This was due to an increase in the actual ounces of gold held, by 2 231 fine ounces as well as the increase in the statutory price of gold from last year's R 3 637.96 per ounce to R 4 817.87 per fine ounce for the current year.



### Interest Bearing Borrowings

Interest bearing borrowings	2007/08 R'000	2006/07 R'000
Non-current	91,046,286	94,768,316
Current	41,567,232	23,563,254
<b>Total</b>	<b>132,613,518</b>	<b>118,331,570</b>

Total interest bearing borrowings increased by approximately 12% from the prior year. The large increase in Borrowings is due to Eskom's increase of 15% by R5,5 bn in the current year. Because of problems experienced in demand in electricity capacity being higher than supply, a very large infrastructure expansion programme is embarked on by Eskom which required large funding. This increased borrowings for the current year and will continue to increase in future, with a budget of R343 bn up to 2013.





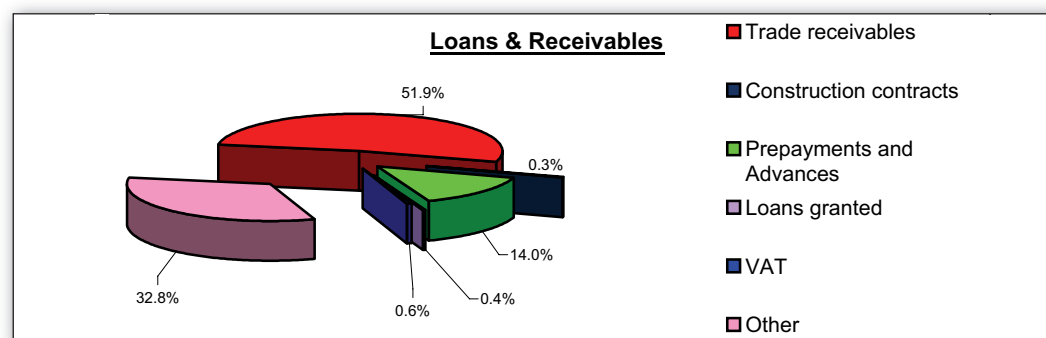
## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### REVIEW OF OPERATING RESULTS (CONTINUED)

#### Loans and receivables - current

The current years loans and receivables have increased approximately 3% from the previous year. This can be attributed to an increase in trade receivables of R 790 million and a R 4,2 bn increase in receivables from various banks i.e. monies owed to the SA Reserve Bank.

Loans and Receivables – current	2007/08 R'000	2006/07 R'000
Trade receivables	26,730,215	25,940,188
Construction contracts	167,669	241,327
Prepayments and Advances	7,226,080	3,669,304
Loans granted	208,003	162,987
VAT	288,936	172,015
Other	16,871,757	19,930,199
<b>Total</b>	<b>51,492,660</b>	<b>50,116,020</b>



#### Trade & other payables

Total trade and other payables for the year amounted to R135 bn (2007: 84 bn). This represents a 61% increase from prior year. The main contributor to the increase is the South African Reserve Bank (SARB) with an increase of R26,6 bn in their Gold and Foreign Exchange Contingency Reserve Account.





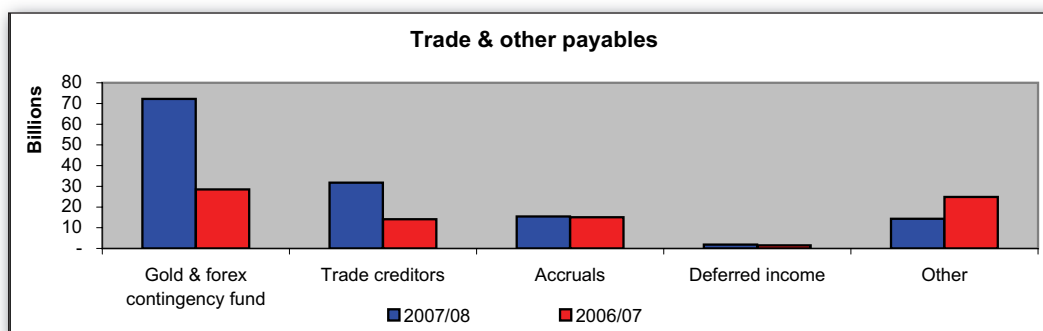
## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### REVIEW OF OPERATING RESULTS (CONTINUED)

Trade and other payables	2007/08 R'000	2006/07 R'000
Gold & Foreign Exchange Contingency Reserve Account	72,189,474	28,482,310
Trade creditors	31,790,071	14,098,864
Accruals	15,442,032	15,064,445
Deferred income	1,847,835	1,516,439
Other	14,338,828	24,862,622
<b>Total</b>	<b>135,608,240</b>	<b>84,024,680</b>

The Gold & Foreign Exchange Contingency Reserve Account relates to the South African Reserve Bank (SARB) and represents the net revaluation profits and losses on gold and foreign-exchange transactions which are for the account of the South African Government.

Settlement of this account is subject to agreement from time to time between the SARB and Government. The current arrangement is that only transactions that have a liquidity effect on the SA money market will be settled. The remainder of the transactions are in respect of the revaluation of gold and foreign exchange, and do not represent cash flow. In terms of this agreement, the balance to be settled by Government in respect of the financial year amounts to R305,7 mil.



GFJ

## REPORT OF THE AUDITOR-GENERAL



AUDITOR - GENERAL

**REPORT OF THE AUDITOR-GENERAL**

**TO PARLIAMENT ON FACTUAL FINDINGS OF THE  
CONSOLIDATED FINANCIAL INFORMATION OF  
CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2,  
3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS  
("ENTITIES")**

**for the year ended 31 March 2008**

Section 8 (1) of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) requires the National Treasury to prepare consolidated annual financial statements in accordance with generally recognised accounting practice. Separate consolidated financial information has been prepared annually since the inception of the PFMA for national departments and public entities respectively and has been subjected to agreed upon procedures reviewed by the Auditor General. For the year under review National Treasury has continued to prepare aggregated financial information for public entities due to the differing accounting policies being applied. These matters are dealt with in more detail in page 71 of the accounting officers review.

I have performed the procedures agreed with the accounting officer of the National Treasury and described below with respect to the consolidated financial information (CFI) of constitutional institutions, schedule 2, 3A and 3B public entities and trading entities as at 31 March 2008 set out on pages 101 to 137. My engagement was undertaken in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements. With reference to the basis of consolidation as set out in the accounting policies to the CFI, my procedures were performed solely in respect of the aggregation of the financial information as submitted by the entities consolidated. The procedures are summarised as follows:

1. I obtained the consolidation templates submitted by the entities consolidated and agreed the information therein with the CFI.
2. I compared the lists of entities consolidated as set out in annexures A, B, C, F, and G to the CFI to the templates submitted as well as the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999).
3. I compared the list of entities not consolidated as set out in annexures D and E to the CFI to the previous years' listing as well as the PFMA.
4. I checked all the castings of the CFI and agreed the notes to the CFI with the consolidated statement of financial position, statement of financial performance, cash flow statement and statement of changes in net assets.
5. I agreed the opening balances and corresponding figures with the CFI of the previous year.

I report my findings below:

1. With respect to item 1, the information in the CFI agrees to the templates submitted.
2. With respect to item 2, the entities listed in annexures A, B, C, F and G agree with the templates submitted and the PFMA.
3. With respect to item 3, annexure D was found to be complete but I could not establish the completeness of annexure E.



## REPORT OF THE AUDITOR-GENERAL

### TO PARLIAMENT ON FACTUAL FINDINGS OF THE CONSOLIDATED FINANCIAL INFORMATION OF CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS ("ENTITIES") (CONTINUED)

for the year ended 31 March 2008

4. With respect to item 4, the castings of the CFI are correct and the notes to the CFI agree with the consolidated statement of financial position, statement of financial performance, cash flow statement and statement of changes in net assets.
5. With respect to item 5, the figures in the current year's CFI do not agree to the figures in the previous year's CFI as different entities are consolidated each year. A basic reconciliation of these differences was provided.

Because the above procedures do not constitute either an audit or a review made in accordance with statements of International Standards on Auditing or International Standards on Review Engagements, I do not express any assurance on the CFI as at 31 March 2008.

Had I performed additional procedures or had I performed an audit or review of the CFI in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to my attention that would have been reported to you.

My report is solely for the purpose set out in the first paragraph of this report. The CFI presented does not address or make provision for the following:

- Share capital was not set off against the cost of the investment.
- No adjustment has been made for minority shareholding.
- Inter-entity transactions and balances affecting the consolidated statement of financial position and consolidated statement of financial performance were not eliminated.
- The disclosed accounting policies in the CFI were not consistently applied by the individual entities.

*Auditor - General*

**Pretoria**  
**27 October 2008**



AUDITOR - GENERAL



# ANNEXURES

**Annexure A** - List of entities consolidated

**Annexure B** - List of entities consolidated using draft financial statements

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

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

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

**Annexure F** - List of entities consolidated but audited by other auditors

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



## ANNEXURES TO THE CONSOLIDATED FINANCIAL INFORMATION

### ANNEXURE A

#### List of entities consolidated at:

#### 31 March 2008

- 1 Academy of Science of SA
- 2 Accounting Standards Board
- 3 Africa Institute of South Africa
- 4 African Renaissance International Cooperation
- 5 Agricultural Research Council
- 6 Agricultural Sector Education and Training Authority
- 7 Agriculture Debt Account
- 8 Air Traffic and Navigation Services Company Limited
- 9 Airports Company of South Africa Limited
- 10 Albany Coast Water Board
- 11 Alexkor Limited
- 12 Amatola Water Board
- 13 Armaments Corporation of South Africa Limited
- 14 Artscape
- 15 Auditor General
- 16 Banking Sector Education and Training Authority
- 17 Bloem Water
- 18 Boxing South Africa
- 19 Bushbuckridge Water Board
- 20 Business Arts of South Africa, Johannesburg
- 21 Castle Control Board
- 22 Central Energy Fund (Pty) Ltd
- 23 Chemical Industries Education and Training Authority
- 24 Clothing, Textiles, Footwear and Leather Sector Education and Training Authority
- 25 Commission for Conciliation, Mediation & Arbitration
- 26 Companies and Intellectual Property Registration Office
- 27 Compensation Commissioner for Occupational Diseases
- 28 Compensation Fund, including Reserve Fund
- 29 Competition Commission
- 30 Competition Tribunal
- 31 Construction Education and Training Authority
- 32 Construction Industry Development Board
- 33 Council for Geoscience
- 34 Council for Medical Schemes
- 35 Council for Mineral Technology
- 36 Council for Scientific and Industrial Research
- 37 Council for the Built Environment
- 38 Council on Higher Education
- 39 Criminal Assets Recovery Account
- 40 Cross-Border Road Transport Agency
- 41 Deeds Registration Trading Account
- 42 DENEL (Pty) Ltd
- 43 Development Bank of SA Development Fund
- 44 Development Bank of Southern Africa
- 45 Die Afrikaanse Taal Museum
- 46 Disaster Relief Fund
- 47 EDI Holdings (Pty) Ltd
- 48 Education and Labour Relations Council
- 49 Education, Training and Development Practices Sector Education and Training Authority
- 50 Energy Sector Education and Training Authority
- 51 Equalisation Fund
- 52 Eskom
- 53 Estate Agency Affairs Board
- 54 Export Credit Insurance Corporation of South Africa Limited
- 55 Film and Publication Board
- 56 Financial Intelligence Centre
- 57 Financial Services Board
- 58 Food and Beverages Manufacturing Industry Sector Education and Training Authority
- 59 Forest Industries Sector Education and Training Authority
- 60 Freedom Park Trust
- 61 Government Printing Works
- 62 Greater St Lucia Wetland Park Authority

#### 31 March 2007

- 1 Academy of Science of SA
- 2 Accounting Standards Board
- 3 Africa Institute of South Africa, Pretoria
- 4 African Renaissance and International Cooperation Fund
- 5 Agricultural SETA
- 6 Afrikaanse Taal Museum, Paarl
- 7 Agricultural Research Council
- 8 Agriculture Debt Account
- 9 Air Traffic and Navigation Services Company
- 10 Airports Company of South Africa Ltd
- 11 Albert Luthuli Museum
- 12 Alexkor Limited
- 13 Amatola Water Board
- 14 Armaments Corporation of South Africa
- 15 Artscape
- 16 Auditor General
- 17 Banking Sector Education and Training Authority
- 18 Bloem Water
- 19 Botshelo Water
- 20 Bushbuckridge Water Board
- 21 Business Arts of South Africa, Johannesburg
- 22 Castle Control Board
- 23 Central Energy Fund (Pty) Ltd
- 24 Chemical Industries Education and Training Authority
- 25 Clothing, Textiles, Footwear and Leather Sector Education and Training Authority
- 26 Commission for Conciliation, Mediation & Arbitration
- 27 Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities
- 28 Commission on Gender Equality
- 29 Companies and Intellectual Property Registration Office
- 30 Compensation Fund, including Reserve Fund
- 31 Competition Commission
- 32 Competition Tribunal
- 33 Construction Education and Training Authority
- 34 Construction Industry Development Board
- 35 Corporation for Public Deposits
- 36 Council for Built Environment
- 37 Council for Geoscience
- 38 Council for Medical Schemes
- 39 Council for Mineral Technology
- 40 Council for Scientific and Industrial Research
- 41 Council on Higher Education
- 42 Deeds Registration Trading Account
- 43 DENEL
- 44 Development Bank of SA Development Fund
- 45 Development Bank of Southern Africa Limited
- 46 Education and Labour Relations Council
- 47 Equalisation Fund
- 48 Education, Training and Development Practices Sector Education and Training Authority
- 49 Electricity Distribution Industry Holdings (Pty) Ltd
- 50 Eskom
- 51 Estate Agency Affairs Board
- 52 Export Credit Insurance Corporation of South Africa Limited
- 53 Film and Publication Board
- 54 Financial and Accounting Services Training Authority
- 55 Financial Intelligence Centre
- 56 Financial Services Board
- 57 Food and Beverages Manufacturing Industry Sector Education and Training Authority
- 58 Forest Industries Sector Education and Training Authority
- 59 Freedom Park Trust
- 60 Government Printing Works
- 61 Health and Welfare Sector Education and Training Authority
- 62 Greater St Lucia Wetland Park Authority



## ANNEXURES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### ANNEXURE A (CONTINUED)

#### List of entities consolidated at:

##### 31 March 2008

63	Guardians Fund
64	Health and Welfare Sector Education and Training Authority
65	High School Vorentoe
66	Human Sciences Research Council
67	Ikangala Water
68	Independent Development Trust
69	Independent Regulatory Board for Auditors
70	Industrial Development Corporation of South Africa Limited
71	Information Systems, Electronics and Telecommunications Technologies Training Authority
72	Ingonyama Trust Board
73	Inkomati Catchment Management Agency
74	Insurance Sector Education and Training Authority
75	International Marketing Council
76	International Trade Administration Commission
77	iSimangaliso Wetland Park
78	Iziko Museums of Cape Town
79	Khula Enterprises Finance Limited
80	King George V Silver Jubilee
81	Land and Agricultural Bank of South Africa
82	Legal Aid Board
83	Lepelle Northern Water
84	Local Government, Water and Other Related Services Sector Education and Training Authority
85	Luthuli Museum
86	Manufacturing, Engineering and Related Services Sector Education and Training Authority
87	Marine Living Resources Fund
88	Market Theatre Foundation
89	Media Development Diversity Agency
90	Media, Advertising, Publishing, Printing and Packaging Sector Education and Training Authority
91	Mhlathuze Water
92	Mine Health and Safety Council
93	Mining Qualifications Authority
94	Natal Museum,
95	National Agricultural Marketing Council
96	National Arts Council of South Africa
97	National Consumer Tribunal
98	National Credit Regulator
99	National Development Agency
100	National Economic Development and Labour Council
101	National Electronic Media Institute of South Africa
102	National Empowerment Fund
103	National Energy Regulator of SA
104	National Film and Video Foundation of South Africa
105	National Gambling Board of South Africa
106	National Health Laboratory Service
107	National Heritage Council of South Africa
108	National Home Builders Registration Council
109	National Housing Finance Corporation Limited
110	National Library of South Africa
111	National Lottery Distribution Fund
112	National Lotteries Board
113	National Metrology Institute of South Africa
114	National Museum, Bloemfontein
115	National Nuclear Regulator
116	National Research Foundation
117	National Skill Fund
118	National Student Financial Aid Scheme
119	National Supplies Procurement Fund
120	National Urban Reconstruction and Housing Agency
121	National Youth Commission
122	Ncera Farms (Pty) Ltd
123	Nelson Mandela National Museum
124	Northern Flagship Institution,
125	Office of the Ombud for Financial Service Providers

##### 31 March 2007

63	Information Systems, Electronics and Telecommunications Technologies Training Authority
64	Human Rights Commission
65	Human Sciences Research Council
66	Independent Communications Authority of South Africa
67	Independent Development Trust
68	Independent Electoral Commission
69	Independent Regulatory Board of Auditors
70	Industrial Development Corporation of South Africa Limited
71	Ingonyama Trust Board
72	Inkomati Catchment Management Agency
73	Insurance Sector Education and Training Authority
74	International Marketing Council of South Africa
75	International Trade Administration Commission of South Africa
76	Iziko Museums of Cape Town
77	Khula Enterprises
78	Land and Agricultural Bank of South Africa
79	Legal Aid Board
80	Lepelle Northern Water
81	Manufacturing, Engineering and Related Services Education and Training Authority
82	Marine Living Resources Fund
83	Market Theatre Foundation
84	Media Development and Diversity Agency
85	Media, Advertising, Publishing, Printing and Packaging Training Authority
86	Mhlathuze Water
87	Mine Health and Safety Council
88	Mining Qualifications Authority
89	Municipal Demarcation Board
90	Municipal Infrastructure Investment Unit
91	Natal Museum, Pietermaritzburg
92	National Agricultural Marketing Council
93	National Arts Council
94	National Consumer Tribunal
95	National Credit Regulator
96	National Development Agency
97	National Electronic Media Institute of SA
98	National Empowerment Fund
99	National Energy Regulator of SA
100	National Film and Video Foundation
101	National Gambling Board of South Africa
102	National Health Laboratory Service
103	National Heritage Council
104	National Home Builders Registration Council
105	National Housing Finance Corporation
106	National Library, Pretoria/Cape Town
107	National Lotteries Board
108	National Museum, Bloemfontein
109	National Nuclear Regulator
110	National Productivity Institute
111	National Research Foundation
112	National Skill Fund
113	National Student Financial Aid Scheme
114	National Urban Reconstruction and Housing Agency
115	National Youth Commission
116	Ncera Farms (Pty) Ltd
117	Nelson Mandela Museum, Umtata
118	Northern Flagship Institution, Pretoria
119	Onderstepoort Biological Products
120	Overberg Water
121	Pelladrift Water Board
122	Performing Arts Council of the Free State
123	Perishable Products Export Control Board
124	Project Development Facility
125	Public Investment Corporation Ltd



## ANNEXURES TO THE CONSOLIDATED FINANCIAL INFORMATION

### ANNEXURE A (CONTINUED)

#### List of entities consolidated at:

<b>31 March 2008</b>	<b>31 March 2007</b>
126 Onderstepoort Biological Products Limited	126 Public Protector
127 Overberg Water	127 Railway Safety Regulator
128 Pelladriift Water Board	128 Rand Water
129 Performing Arts Council of the Free State	129 Represented Political Parties Fund
130 Perishable Products Export Control Board	130 Road Accident Fund
131 Presidents Fund	131 Road Traffic Management Corporation
132 Productivity SA	132 Rural Housing Loan Fund
133 Project Development Facility	133 SA Blind Workers Organisation, Johannesburg
134 Public Investment Corporation Limited	134 SA Broadcasting Corporation Limited
135 Railway Safety Regulator	135 SA Bureau of Standards
136 Rand Water	136 SA Council for Educators
137 Refugee Relief Fund	137 SA Diamond and Precious Metals Regulator
138 Represented Political Parties Fund	138 Safety and Security Sector Education Training Authority
139 Road Accident Fund	139 SA Forestry Company Limited
140 Road Traffic Management Corporation	140 SA Heritage Resources Agency
141 Rural Housing Loan Fund	141 SA Institute for Drug-free Sport
142 SA Quality Institute	142 SA Library for the Blind, Grahamstown
143 SA Blind Workers Organisation, Johannesburg	143 SA Local Government Association
144 SA Bureau of Standards	144 SA Maritime Safety Authority
145 SA Housing Fund	145 SA Medical Research Council
146 SA Medical Research Council	146 SA Micro Finance Apex Fund
147 SA Micro Finance Apex Fund	147 SA National Accreditation Systems
148 SA National Aids Trust	148 SA National Biodiversity Institute
149 SA Rail Commuter Corporation Limited	149 SA National Parks
150 SA Reserve Bank	150 SA National Roads Agency
151 SA Special Risk Insurance Association Limited	151 SA Nuclear Energy Corporation
152 Safety and Security Sector Education Training Authority	152 SA Post Office Limited
153 Sedibeng Water	153 SA Qualifications Authority
154 Sentech Limited	154 SA Rail Commuter Corporation Limited
155 Servcon Housing Solutions (Pty) Ltd	155 SA Revenue Services
156 Services Sector Education and Training Authority	156 SA Reserve Bank
SETA for Finance, Accounting, Management Consulting and Other Financial Services	157 SA Special Risk Insurance Association
158 Sheltered Employment Factories	158 SA Tourism Board
159 Small Enterprise Development Agency	159 SA Weather Services
160 Social Housing Foundation	160 Sedibeng Water
161 Social Relief Fund	161 Sentech
162 South African Library for the Blind	162 Servcon
163 South African Airways (Pty) Limited	163 Social Housing Foundation
164 South African Broadcasting Corporation Limited	164 Special Investigating Unit
165 South African Civil Aviation Authority	165 State Information Technology Agency (Pty) Ltd
166 South African Council for Educators	166 State Theatre, Pretoria
167 South African Diamond and Precious Metals Regulator	167 Telkom SA Limited
168 South African Express (Pty) Limited	168 The Financial and Fiscal Commission
169 South African Forestry Company Limited	169 The Pan South African Language Board
170 South African Heritage Resources Agency	170 The Playhouse Company, Durban
171 South African Local Government Association	171 The National English Literary Museum, Grahamstown
172 South African Maritime Safety Authority	172 The SAMDI Trading Entity
173 South African National Accreditation System	173 Thubelisha Homes
174 South African National Biodiversity Institute	174 Tourism and Hospitality Education and Training Authority
175 South African National Parks	175 Trans-Caledon Tunnel Authority
176 South African Nuclear Energy Corporation Limited	176 Transnet Limited
177 South African Post Office Limited	177 uMalusi Council for Quality Assurance in General and Further Education and Training
178 South African Qualifications Authority	178 Umgeni Water
179 South African Revenue Services - (SARS)	179 Umsobomvu Youth Fund
180 South African Social Security Agency	180 Unemployment Insurance Fund
181 South African Tourism	181 Universal Service Agency
182 South African Weather Services	182 Universal Service Fund
183 Special Defence Account	183 Voortrekker Museum, Pietermaritzburg
184 Special Investigation Unit	184 War Museum of the Boer Republics, Bloemfontein
185 State Diamond Trader	185 Water Research Commission
186 State Information Technology Agency	186 Water Trading Account
187 State President Fund	187 Wholesale and Retail Sector Education and Training Authority





## ANNEXURES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### ANNEXURE A (CONTINUED)

#### List of entities consolidated at:

<b>31 March 2008</b>	<b>31 March 2007</b>
188 Telkom SA Limited	188 William Humphreys Art Gallery
189 The Commission for PPRCLC	189 Windybrow Centre
190 The Commission on Gender Equality	
191 The Financial and Fiscal Commission	
192 The Independent Communications Authority of South Africa	
193 The Independent Electoral Commission	
194 The Municipal Demarcation Board	
195 The National English Literary Museum	
196 The Pan South African Language Board	
197 The Pan South African Language Museum, Grahamstown	
198 The Playhouse Company	
199 The Public Protector of South Africa	
200 The SAMDI Trading Entity	
201 The South African Human Rights Commission	
202 The South African Institute for Drug-free Sport	
203 The South African National Roads Agency	
204 The South African State Theatre	
205 Third Party Fund	
206 Thubelisha Homes	
207 Tourism, Hospitality & Sport Education and Training Authority	
208 Trans-Caledon Tunnel Authority	
209 Transnet Limited	
210 Transport Education and Training Authority	
211 Tshumisano Trust	
212 uMalusi Council for Quality Assurance in General and Further Education and Training	
213 Umgeni Water	
214 Umsobomvu Youth Fund	
215 Unemployment Insurance Fund	
216 Universal Service And Access Agency of South Africa	
217 Universal Service and Access Fund	
218 Urban Transport Fund	
219 Voortrekker Museum,	
220 War Museum of the Boer Republics	
221 Water Research Commission	
222 Water Trading Account	
223 Wholesale and Retail Sector Education and Training Authority	
224 William Humphreys Art Gallery	
225 Windybrow Theatre	



## ANNEXURES TO THE CONSOLIDATED FINANCIAL INFORMATION

### ANNEXURE B

#### List of entities consolidated using draft financial statements at:

##### 31 March 2008

- 1 Albany Coast Water Board
- 2 Amatola Water Board
- 3 Bloem Water
- 4 Bushbuckridge Water Board
- 5 Compensation Fund, including Reserve Fund
- 6 Construction Education and Training Authority
- 7 Council for Mineral Technology
- 8 Cross-Border Road Transport Agency
- 9 Freedom Park Trust
- 10 Guardians Fund
- 11 Ikangala Water
- 12 Land and Agricultural Bank of South Africa
- 13 Lepelle Northern Water
- 14 Media, Advertising, Publishing, Printing and Packaging Sector Education and Training Authority
- 15 Mhlathuze Water
- 16 National Development Agency
- 17 National Home Builders Registration Council
- 18 National Youth Commission
- 19 Nelson Mandela National Museum
- 20 Overberg Water
- 21 Pelladriфт Water Board
- 22 Rand Water
- 23 Represented Political Parties Fund
- 24 Sedibeng Water
- 25 Small Enterprise Development Agency
- 26 South African Airways (Pty) Limited
- 27 South African Broadcasting Corporation Limited
- 28 South African Diamond and Precious Metals Regulator
- 29 South African Express (Pty) Limited
- 30 South African Local Government Association
- 31 South African Maritime Safety Authority
- 32 The Commission on Gender Equality
- 33 The Independent Communications Authority of South Africa
- 34 The South African Human Rights Commission
- 35 Thubelisha Homes
- 36 Umgeni Water

##### 31 March 2007

- 1 Africa Institute of SA
- 2 Agriculture Debt Account
- 3 Auditor General
- 4 Botshelo Water
- 5 Bushbuckridge Water Board
- 6 Castle Control Board
- 7 Commission on Gender Equality
- 8 Compensation Fund, including Reserve Fund
- 9 Construction Education and Training Authority
- 10 Council for Mineral Technology
- 11 Development Bank of SA Development Fund
- 12 Export Credit Insurance Corporation of SA Ltd
- 13 Human Rights Commission
- 14 Independent Regulatory Board of Auditors
- 15 Land and Agricultural Bank of South Africa
- 16 Lepelle Northern Water
- 17 Marine Living Resources Fund
- 18 Media Development and Diversity Agency
- 19 Mhlathuze Water
- 20 National Electronic Media Institute of SA
- 21 National Home Builders Registration Council
- 22 National Skill Fund
- 23 Nelson Mandela Museum, Umtata
- 24 Pelladriфт Water Board
- 25 Performing Arts Council of the Free State
- 26 Project Development Facility
- 27 Public Protector
- 28 Rand Water
- 29 Represented Political Parties Fund
- 30 Road Traffic Management Corporation
- 31 SA Diamond and Precious Metals Regulator
- 32 SA Forestry Company Limited
- 33 SA Maritime Safety Authority
- 34 SA National Biodiversity Institute
- 35 Sedibeng Water
- 36 South African Local Government Association
- 37 Umgeni Water



## ANNEXURES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### ANNEXURE C

#### List of entities consolidated that are not included in the PFMA listing at:

##### 31 March 2008

- 1 Academy of Science of SA
- 2 Agriculture Debt Account
- 3 Auditor General
- 4 Business Arts of South Africa, Johannesburg
- 5 Companies and Intellectual Property Registration Office
- 6 Compensation Commissioner for Occupational Diseases
- 7 Criminal Assets Recovery Account
- 8 Deeds Registration Trading Account
- 9 Development Bank of SA Development Fund
- 10 Disaster Relief Fund
- 11 Equalisation Fund
- 12 Government Printing Works
- 13 Guardians Fund
- 14 High School Vorentoe
- 15 King George V Silver Jubilee
- 16 National Lottery Distribution Fund
- 17 National Skill Fund
- 18 National Supplies Procurement Fund
- 19 Presidents Fund
- 20 Project Development Facility
- 21 Refugee Relief Fund
- 22 Represented Political Parties Fund
- 23 SA Blind Workers Organisation, Johannesburg
- 24 SA Medical Research Council
- 25 SA National Aids Trust
- 26 SA Quality Institute
- 27 SA Reserve Bank
- 28 Safety and Security Service Education and Training Authority
- 29 The SAMDI Trading Entity
- 30 Sheltered Employment Factories
- 31 Social Relief Fund
- 32 SA Housing Fund
- 33 SA Micro Finance Apex Fund
- 34 Special Defence Account
- 35 State President Fund
- 36 The Pan South African Language Museum, Grahamstown
- 37 Third Party Fund
- 38 Tshumisano Trust
- 39 Water Trading Account

##### 31 March 2007

- 1 Academy of Science of SA
- 2 Agriculture Debt Account
- 3 Auditor General
- 4 Companies and Intellectual Property Registration Office
- 5 Corporation for Public Deposits
- 6 Deeds Registration Trading Account
- 7 Development Bank of SA Development Fund
- 8 Equalisation Fund
- 9 Government Printing Works
- 10 National Skill Fund
- 11 Project Development Facility
- 12 Represented Political Parties Fund
- 13 SA Blind Workers Organisation, Johannesburg
- 14 SA Micro Finance Apex Fund
- 15 SA Reserve Bank
- 16 Safety and Security Service Education and Training Authority
- 17 SAMDI Trading Entity
- 18 Water Trading Account



## ANNEXURES TO THE CONSOLIDATED FINANCIAL INFORMATION

### ANNEXURE D

List of entities not consolidated that are included in the PFMA listing at:

#### 31 March 2008

- 1 Botshelo Water
- 2 Inala Farms
- 3 Magalies Water
- 4 Namaqua Water Board
- 5 Public Sector Education and Training Authority
- 6 Robben Island Museum

#### 31 March 2007

- 1 Albany Coast Water Board
- 2 Boxing South Africa
- 3 Cross Border Road Transport Agency
- 4 Energy Sector Education and Training Authority
- 5 Ikangala Water
- 6 Local Government. Water and Related Services Sector Education and Training Authority
- 7 Magalies Water
- 8 Namakwa Water
- 9 National Economic, Development and Labour Council
- 10 Public Sector Education and Training Authority
- 11 Robben Island Museum, Cape Town
- 12 SA Civil Aviation Authority
- 13 SA Social Security Agency
- 14 SA Quality Institute
- 15 Services Sector Education and Training Authority
- 16 Small Enterprise Development Agency
- 17 Transport Education and Training Authority
- 18 Urban Transport Fund



## ANNEXURES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### ANNEXURE E

#### List of entities not consolidated that are not included in the PFMA listing at:

<b>31 March 2008</b>	<b>31 March 2007</b>
1 Aliens Control Account	1 Air Services Licensing Council
2 Breede River Catchment Management Agency	2 Citrus Board
3 Broadband Infrastructure Company (Pty) Ltd	3 Citrus Levies
4 Driving Licence Card Trading Account	4 Compensation Commissioner for Occupational Diseases
5 National Consumer Commission	5 Cotton Statutory Levies
6 National Forest Recreational and Access Trust	6 Criminal asset recovery account
7 National Regulator for Compulsory Specifications	7 Deciduous Fruit Levies
8 Office of the Pension Fund Adjudicator	8 Disaster Relief Fund
9 Ports Regulator of SA	9 Dissemination and Marketing Trading Entity
10 Private Security Industry Regulatory Authority	10 Dried Fruit Levies
11 Property Management Trading Entity	11 Engelenburg House Art Collection, Pretoria
	12 Erf Sewe-Nul-Ses Rietfontein (Pty) Ltd
	13 Foundation for Education, Science and Technology, Pretoria
	14 Guardians Fund
	15 High School Vorentoe Disaster Fund
	16 King George V Silver Jubilee Fund for Tuberculosis
	17 Lebowa Mineral Trust
	18 Maize Board
	19 Mali Trust
	20 Meat Board
	21 Mines and Works Compensation Fund
	22 National Forest Recreation and Access Trust
	23 National Lottery Distribution Trust Fund
	24 National Supplies Procurement Fund
	25 Office of the Ombud for Financial Service Providers (FAIS Ombud)
	26 Oil Seeds Board
	27 People's Housing Partnership Trust
	28 President's Fund
	29 Provident Fund for Associated Institution
	30 Refugee Relief Fund
	31 SAWIS Levies
	32 Sheltered Employment Factories
	33 Social Relief Fund
	34 Sorghum Levies
	35 South African Housing Fund
	36 South African National Aids Trust
	37 Special Defence Account
	38 Temporary Employment Pension Fund
	39 Third Party Funds (MIT)
	40 Wheat Board
	41 Winetech Levies
	42 Winter Cereal Levies
	43 WOSA Levies

**Note:**

The above list represents a draft list of unlisted entities, some were listed subsequently and were not operational at consolidation date (31.3.2008). The list may not be complete..



## ANNEXURES TO THE CONSOLIDATED FINANCIAL INFORMATION

### ANNEXURE F

#### List of entities consolidated but audited by other auditors at:

31 March 2008		31 March 2007			
1	Academy of Science of SA	Douglas & Velich CA (SA)	1	Agricultural Research Council	Deloitte
2	Accounting Standards Board	LMD Africa Chartered Accountants Incorporated	2	Academy of Science of SA	Douglas & Velich CA (SA)
3	Airports Company of South Africa Limited	KPMG and SAB & T Inc	3	Accounting Standards Board	LMD Africa
4	Air Traffic and Navigation Services Company Limited	E & Y	4	Air Traffic and Navigation Services Company	E&Y
5	Albany Coast Water Board	CHARTERIS AND BARNES	5	Airports Company of South Africa Ltd	KPMG
6	Alexkor Limited	PWC	6	Alexkor Limited	PWC
7	Amatola Water Board	KPMG	7	Amatola Water Board	KPMG
8	Auditor General	BDO Spencer	8	Auditor General	BDO Spencer
9	Bloem Water	E & Y	9	Bloem Water	E&Y
10	Bushbuckridge Water Board	J.K Sithole & Co. CA (SA)	10	Botshelo Water	M.Ogani & Associates (trading as corporate accountants)
11	Business Arts of South Africa, Johannesburg	Grant Thornton	11	Bushbuckridge Water Board	J.K Sithole & Co. CA (SA)
12	DENEL	E & Y	12	Business Arts of South Africa, Johannesburg	Grant Thornton
13	Development Bank of Southern Africa	KPMG and Gobodo Inc.	13	Compensation Fund, including Reserve Fund	PWC
14	Development Bank of SA Development Fund	Gobodo Inc.	14	Corporation for Public Deposits	PWC/SizweNtsaluba VSP
15	Eskom	KPMG and SizweNtsaluba VSP	15	DENEL	E & Y / SizweNtsaluba VSP
16	Estate Agency Affairs Board	Kwinana & Associates	16	Development Bank of SA Development Fund	Gobodo Inc.
17	Export Credit Insurance Corporation of South Africa Limited	KPMG	17	Development Bank of Southern Africa Limited	KPMG Inc. and Gobodo Inc.
18	Guardians Fund	LMD Africa Chartered Accountants Incorporated	18	Eskom	PWC / SizweNtsaluba VSP
19	Ikangala Water	KPMG	19	Estate Agency Affairs Board	Kwinana & Associates
20	Industrial Development Corporation of South Africa Limited	SizweNtsaluba VSP	20	Export Credit Insurance Corporation of SA Ltd	KPMG Inc.
21	Inkomati Catchment Management Agency	J.K Sithole & Co. CA(SA)	21	Independent Communications Authority of South Africa	LMD AFRICA
22	Khula Enterprises Finance Limited	SizweNtsaluba VSP	22	Industrial Development Corporation of South Africa Limited	SizweNtsaluba VSP
23	Lepelle Northern Water	KPMG	23	Inkomati Catchment Management Agency	J.K Sithole & Co. CA (SA)
24	Mhlathuze Water	KPMG	24	Khula Enterprises	Sizwe Ntsaluba VSP
25	National Economic Development and Labour Council	Gobodo Inc.	25	Land and Agricultural Bank of South Africa	E & Y / SAB&T
26	National Empowerment Fund	PWC and Simama CA (SA)	26	Lepelle Northern Water	SAB&T
27	National Health Laboratory Service	PWC and Gobodo Inc.	27	Mhlathuze Water	KPMG / SizweNtsaluba VSP
28	National Housing Finance Corporation Limited	E & Y	28	National Empowerment Fund	PWC / Simama CA (SA)
29	National Metrology Institute of South Africa	PWC	29	National Health Laboratory Service	PWC / Gobodo Inc.
30	National Urban Reconstruction and Housing Agency	Nkonki Inc.	30	National Housing Finance Corporation	E & Y
31	Ncera Farms (Pty) Ltd	PWC	31	National Productivity Institute	SizweNtsaluba VSP
32	Onderstepoort Biological Products	BGR Aucamp Scholtz Inc.	32	National Urban Reconstruction and Housing Agency (NURCHA)	PKF
33	Overberg Water	Moore Stephens VDA	33	Ncersa Farms (Pty) Ltd	PWC
34	Pelladrift Water Board	PKF	34	Onderstepoort Biological Products	Nkonki Inc.
35	Perishable Products Export Control Board	PWC	35	Overberg Water	BGR Aucamp Scholtz Inc. CA (SA)
36	Productivity SA	SizweNtsaluba VSP	36	Pelladrift Water Board	Deloitte



## ANNEXURES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

### ANNEXURE F (CONTINUED)

#### List of entities consolidated but audited by other auditors at:

31 March 2008		31 March 2007		
37	Rand Water	SizweNtsaluba VSP	37 Performing Arts Council of the Free State	PKF
38	Rural Housing Loan Fund	Gobodo Inc	38 Perishable Products Export Control Board	PWC
39	SA Blind Workers Organisation, Johannesburg	HLB Burnett Chown Inc	39 Railway Safety Regulator	Lloyed Viljoen
40	SA Micro Finance Apex Fund	E & Y	40 Rand Water	SizweNtsaluba VSP
41	SA Quality Institute	LUBBES Accountants	41 Road Transport Management Corporation	PWC
42	SA Reserve Bank	PWC and SizweNtsaluba VSP	42 Rural Housing Loan Fund	E & Y
43	SA Special Risk Insurance Association Limited	PWC	43 SA Blind Workers Organisation, Johannesburg	DG. D GORDON AND COMPANY
44	Sedibeng Water	PWC	44 SA Broadcasting Corporation Limited	Kwinana & Associates / KPMG
45	Sentech Limited	PWC	45 SA Council for Educators	PWC
46	Servcon Housing Solutions (Pty) Ltd	Deloitte & Touche	46 SA Forestry Company Limited	PWC
47	Social Housing Foundation	PWC	47 SA Maritime Safety Authority	PKF
48	South African Airways (Pty) Limited	Deloitte & Touche	48 SA National Accreditation Systems	Sizwe Ntsaluba VSP
49	South African Broadcasting Corporation Limited	Kwinana & Associates and KPMG	49 SA Post Office Limited	KPMG
50	South African Council for Educators	PWC	50 SA Rail Commuter Corporation Limited	KPMG
51	South African Express (Pty) Limited	APF	51 SA Reserve Bank	PWC
52	South African Forestry Company Limited	PWC	52 Sasria Limited	PWC
53	South African National Accreditation System	SizweNtsaluba Inc.	53 Sedibeng Water	PWC
54	South African Post Office Limited	Deloitte & Touche and Gobodo Inc.	54 Sentech	PWC
55	Telkom SA Limited	E & Y	55 Servcon	Deloitte
56	The Commission for PPRCLC	Kwinana and Associates	56 Social Housing Foundation	PWC
57	The Commission on Gender Equality	LMD Africa Chartered Accountants Incorporated	57 Telkom SA Limited	E & Y
58	The Independent Communications Authority of South Africa	LMD Africa Chartered Accountants Incorporated	58 Thubelisha Homes	Deloitte
59	Thubelisha Homes	Deloitte & Touche	59 Trans-Caledon Tunnel Authority	Deloitte
60	Trans-Caledon Tunnel Authority	Deloitte & Touche / Ngubane & Co.	60 Transnet Limited	Deloitte
61	Transnet Limited	Deloitte & Touche	61 uMalusi Council for Quality in General&Further	Gobodo Inc.
62	Tshumisano Trust	PWC	62 Umgeni Water	Deloitte / Ngubane & Co.
63	uMalusi Council for Quality Assurance in General and Further Education and Training	Gobodo Inc.	63 Umsombomvu Fund (Under Labour)	E & Y
64	Umgeni Water	Deloitte & Touche/Ngubane & Co.	64 Universal Service Agency	Gobodo Inc.
65	Umsombomvu Youth Fund	E & Y	65 Universal Service Fund	Gobodo Inc.
			66 William Humphreys Art Gallery	Lloyd Viljoen



## ANNEXURES TO THE CONSOLIDATED FINANCIAL INFORMATION

### ANNEXURE G

List of entities consolidated with year ends other than 31 March as at:

31 March 2008		31 March 2007	
1 Albany Coast Water	30-Jun	1 Amatola Water Board	30-Jun
2 Amatola Water Board	30-Jun	2 Bloem Waters	30-Jun
3 Bloem Waters	30-Jun	3 Botshelo Water	30-Jun
4 Bushbuckridge Water Board	30-Jun	4 Bushbuckridge Water Board	30-Jun
5 Inkangala Water	30-Jun	5 Lepelle Northern Water	30-Jun
6 Lepelle Northern Water	30-Jun	6 Mahlathuze water	30-Jun
7 Mahlathuze water	30-Jun	7 Overberg Water	30-Jun
8 Overberg Water	30-Jun	8 Pelladrift Water Board	30-Jun
9 Pelladrift Water Board	30-Jun	9 Rand Water	30-Jun
10 Rand Water	30-Jun	10 SA Local Government Association (SALGA)	30-Jun
11 Sedibeng Water	30-Jun	11 Sedibeng Water	30-Jun
12 Umngeni Water	30-Jun	12 Umngeni Water	30-Jun





## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2008

		31 March 2008	31 March 2007
	Notes	R'000	R'000
<b>REVENUE</b>			
Taxation revenue	2	623,418	576,682
Sale of goods	3	75,150,565	65,703,357
Rendering of services	4	77,460,386	70,017,995
Rental income	5	1,959,484	1,726,049
Transfers and subsidies	6	33,704,179	31,985,650
Levies received	7	28,329,059	24,517,686
Fines, penalties and forfeits	8	470,904	307,142
Local and foreign aid assistance	9	380,767	422,115
Gains on disposal of assets	10	242,993	165,607
National Skills Fund income	11	107,017	153,230
Gifts, sponsorships and donations	12	120,015	100,506
Other income	13	15,231,995	19,864,479
<b>TOTAL REVENUE</b>		<b>233,780,782</b>	<b>215,540,498</b>
<b>EXPENDITURE</b>			
Cost of Sales		(39,835,415)	(31,393,654)
Losses on disposal of assets	10	(155,190)	(420,394)
Administrative expenses	14	(14,947,463)	(13,420,217)
Research and development costs	15	(210,029)	(800,604)
Staff costs	16	(50,943,350)	(44,382,636)
Marketing costs	17	(1,674,858)	(1,473,118)
Audit fees	18	(413,263)	(307,905)
Project expenses	19	(15,318,271)	(14,343,730)
National Skills Fund expenses	20	(111,575)	(157,352)
Transfers and subsidies	21	(7,847,961)	(6,755,986)
Gifts, sponsorships and donations	22	(308,560)	(308,614)
Local and foreign aid assistance	23	(474,647)	(573,730)
Other operating expenses	24	(85,880,423)	(72,093,102)
<b>TOTAL EXPENDITURE</b>		<b>(218,121,005)</b>	<b>(186,431,042)</b>
<b>SURPLUS/(DEFICIT) FROM OPERATIONS</b>		<b>15,659,777</b>	<b>29,109,456</b>
Finance income	25	29,920,564	22,161,803
Finance cost	26	(23,577,520)	(19,676,178)
Income from investments	27	8,938,095	8,778,878
Share of surplus/(deficit) of associates and joint ventures accounted for using the equity method		4,998,287	5,141,115
<b>SURPLUS/(DEFICIT) BEFORE TAX</b>		<b>35,939,203</b>	<b>45,515,074</b>
Taxation - continuing operations	28	(5,695,246)	(7,046,692)
<b>SURPLUS/(DEFICIT) AFTER TAX FROM CONTINUING OPERATIONS</b>		<b>30,243,957</b>	<b>38,468,382</b>
<b>GAINS/(LOSSES) ON DISCONTINUED OPERATIONS</b>	29	<b>(2,506,026)</b>	<b>419,914</b>
<b>SURPLUS/(DEFICIT) AFTER TAX ATTRIBUTABLE TO:</b>			
Net asset holders of the controlling entity		27,238,842	38,872,160
Minority interest		499,089	16,136
<b>Surplus/(Deficit) for the year</b>		<b>27,737,931</b>	<b>38,888,296</b>



## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2008

		31 March 2008	31 March 2007
	Notes	R'000	R'000
<b>ASSETS</b>			
Non-current assets		577,094,802	491,134,446
Property, plant and equipment	30	331,225,972	277,101,055
Investment property	31	6,307,740	4,329,885
Intangible assets	32	28,388,550	27,714,337
Investments in controlled entities	34	16,884	34,037
Investments in associates and joint ventures	35	25,260,308	22,831,681
Financial assets at fair value through surplus/deficit	36	44,129,768	33,981,130
Financial assets available-for-sale	36	79,405,599	64,844,078
Financial assets held-to-maturity	36	3,386,929	3,638,076
Biological and agricultural assets	37	2,472,206	1,943,754
Loans and receivables	38	54,451,792	52,950,113
Finance lease receivables	39	415,522	537,249
Deferred tax asset	40	1,327,941	983,198
Retirement benefit asset	46	305,591	245,853
Current assets		508,852,720	389,590,169
Financial assets available-for-sale	36	25,902,220	21,450,754
Financial assets at fair value through surplus/deficit	36	318,473,954	222,687,380
Financial assets held-to-maturity	36	3,165,000	4,124,461
Loans and receivables	38	51,492,660	50,116,020
Finance lease receivables	39	9,915	16,661
Inventory	41	14,002,636	11,689,202
Cash and cash equivalents	43	95,806,335	79,505,691
Non-current assets held for sale	60	5,225,958	8,269,761
<b>TOTAL ASSETS</b>		<b>1,091,173,480</b>	<b>888,994,376</b>
<b>LIABILITIES</b>			
Non-current liabilities		308,011,023	284,726,891
Deferred tax liability	40	27,838,537	17,178,820
Interest bearing borrowings	44	91,046,286	94,768,316
Finance lease obligations	45	874,789	982,340
Retirement benefit obligation	46	12,124,708	11,782,270
Government grants	47	21,854,156	16,775,208
Provisions	50	41,809,730	39,170,828
Financial instrument liability	61	112,462,817	104,069,109
Current liabilities		360,331,589	245,678,487
Local and foreign aid assistance payable	23	586,168	237,638
Taxation	28	2,458,990	2,196,881
Interest bearing borrowings	44	41,567,232	23,563,254
Bank overdraft	44	102,817	272,754
Finance lease obligations	45	193,225	155,318
Government grants	47	2,623,047	1,399,554
Trade and other payables	48	135,608,240	84,024,680
Income received in advance	49	4,789,339	3,533,926
Provisions	50	22,906,103	16,867,210
Skills development grant payable	58	504,302	577,996
VAT payable	59	128,578	164,504
Financial Instrument liability	61	148,863,548	112,684,772
Liabilities directly associated with non-current assets held for sale	42	2,573,812	2,076,887
<b>TOTAL LIABILITIES</b>		<b>670,916,424</b>	<b>532,482,265</b>



## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

for the year ended 31 March 2008

		31 March 2008	31 March 2007
	Notes	R'000	R'000
<b>NET ASSETS</b>			
<b>CAPITAL AND RESERVES</b>			
Share Capital (Contributions from owners)	<u>65</u>	44,766,685	43,223,730
Accumulated surplus/(deficit)	<u>66</u>	160,293,669	141,672,322
Financial instrument reserve	<u>67</u>	8,946,830	1,642,593
Revaluation reserve	<u>68</u>	163,739,779	136,431,781
Foreign currency translation reserve	<u>69</u>	300,792	66,043
Other reserves	<u>71</u>	41,425,984	33,170,760
Amounts recognised in equity relating to non-current assets classified as held for sale		1,527	-
Minority interest	<u>70</u>	781,790	304,882
<b>TOTAL NET ASSETS</b>		<b>420,257,056</b>	<b>356,512,111</b>
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<b>1,091,173,480</b>	<b>888,994,376</b>



# CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

## CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2008

Share Capital (Cont. from Owners)	Accumulated	Financial instrument	Revaluation reserve	Foreign currency	Minority interest	Other reserves	Amounts recognised in equity relating to non-current assets classified as held for sale	Total Equity
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
65	66	67	68	69	70	71		
35,705,568	100,630,431	1,346,176	81,517,488	(140,104)	299,184	27,966,612	-	247,325,345
56,837	4,519,745	18,185	47,062,578	-	-	(22,692)	-	51,634,653
-	64,902	3,241	(48,436)	-	-	(16,126)	-	3,581
<b>35,762,395</b>	<b>105,215,078</b>	<b>1,367,602</b>	<b>128,531,630</b>	<b>(140,104)</b>	<b>299,184</b>	<b>27,927,794</b>	<b>-</b>	<b>288,963,579</b>
Shares issued	566,972	-	-	-	-	-	-	566,972
Shares redeemed	(2,088,000)	-	-	-	-	-	-	(2,088,000)
Conversion of other instruments into shares	2,400,000	-	-	-	-	-	-	2,400,000
Surplus/(Deficit) for the year	38,872,160	639,731	-	-	16,136	13,000	-	39,541,027
Transfers to/ (from) reserves	597,700	(463,559)	(81,977)	-	(6,057)	2,810,438	-	2,856,545
Dividends paid (distributions to owners)	(3,045,386)	-	-	-	(8,000)	-	-	(3,053,386)
Revaluation increase/(decrease) on investments	6,899	(9,007)	8,078,258	(6,259)	-	7,779	-	8,077,670
Released on disposal of investments	1,008	-	(2,266)	-	-	-	-	(1,258)
Revaluation increase/(decrease) on property, plant and equipment	1,333	-	250,469	-	-	-	-	251,802
Net gains/(losses) not recognised in the statement of financial performance	2,052	-	-	-	-	1,692,004	-	1,694,056
Released on disposal of investments	4,909	(16,345)	-	-	(35)	-	-	(11,471)
Currency translation differences	4,682	429	-	212,406	-	(4)	-	217,413
Other	11,987	123,742	(344,333)	-	3,654	719,748	-	7,097,161
<b>Balance as at 31 March 2007</b>	<b>43,223,730</b>	<b>141,672,322</b>	<b>136,431,781</b>	<b>66,043</b>	<b>304,882</b>	<b>33,170,759</b>	<b>-</b>	<b>356,512,111</b>
- correction of prior period error	-	340,058	(478,000)	-	-	6,088	-	(128,029)
- change in accounting policy	-	(27,973)	-	-	-	-	-	(27,973)
<b>Balance as at 31 March 2008</b>	<b>43,223,730</b>	<b>141,964,407</b>	<b>135,953,781</b>	<b>66,043</b>	<b>304,882</b>	<b>33,176,847</b>	<b>-</b>	<b>356,356,108</b>
Shares issued	933,001	-	-	-	-	-	-	933,001
Shares redeemed	-	-	-	-	(126,000)	-	-	(126,000)
Surplus/(Deficit) for the year	27,238,842	156,409	-	-	499,088	709,900	-	28,604,239
Transfers to/ (from) reserves	(4,743,910)	192,024	(178,284)	-	-	4,783,946	-	53,776
Dividends paid (distributions to owners)	(2,496,445)	-	-	-	(3,770)	-	-	(2,490,215)
Revaluation increase/(decrease) on investments	(5,366)	(6,138)	32,698,322	(3,337)	-	1,714,109	-	34,397,590
Released on disposal of investments	(766,870)	-	(1,039,119)	-	-	-	-	(1,805,989)
Revaluation increase/(decrease) on property, plant and equipment	768,517	-	88,617	-	-	252,689	-	1,110,023
Net gains/(losses) not recognised in the statement of financial performance	(689,497)	(9,362)	-	-	-	284,121	-	(414,738)
Released on disposal of investments	(4,909)	(2,863)	-	-	-	-	-	(7,772)
Currency translation differences	2,401	(129)	-	238,086	-	-	-	240,358
Other	1,003,501	6,970,471	(3,783,738)	-	107,590	504,374	1,527	3,406,677
<b>Balance as at 31 March 2008</b>	<b>44,766,685</b>	<b>160,293,669</b>	<b>163,739,779</b>	<b>300,792</b>	<b>781,790</b>	<b>41,425,985</b>	<b>1,527</b>	<b>420,257,056</b>

Notes

**Balance at 1 April 2006 as originally stated**  
- correction of prior period error  
- change in accounting policy

**As restated**  
Shares issued  
Shares redeemed  
Conversion of other instruments into shares  
Surplus/(Deficit) for the year  
Transfers to/ (from) reserves  
Dividends paid (distributions to owners)  
Revaluation increase/(decrease) on investments  
Released on disposal of investments  
Revaluation increase/(decrease) on property, plant and equipment  
Net gains/(losses) not recognised in the statement of financial performance  
Released on disposal of investments  
Currency translation differences  
Other

**Balance as at 31 March 2007**  
- correction of prior period error  
- change in accounting policy

**As restated**  
Shares issued  
Shares redeemed  
Surplus/(Deficit) for the year  
Transfers to/ (from) reserves  
Dividends paid (distributions to owners)  
Revaluation increase/(decrease) on investments  
Released on disposal of investments  
Revaluation increase/(decrease) on property, plant and equipment  
Net gains/(losses) not recognised in the statement of financial performance  
Released on disposal of investments  
Currency translation differences  
Other



## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2008

#### Constitutional Institutions, Schedule 2, 3A and 3B Public Entities and Cash Flow Statement 31 March 2008

		31 March 2008	31 March 2007
	Notes	R'000	R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers		211,243,137	190,303,646
Cash paid to suppliers and employees		(164,313,807)	(150,611,449)
<b>Cash generated from/(utilised in) operations</b>	<u>53</u>	<b>46,929,330</b>	<b>39,692,197</b>
Interest received / (paid)		20,219,996	12,276,816
Dividends received / (paid)		(6,235,209)	(4,957,798)
Tax paid		(3,835,510)	(5,195,067)
<b>Net cash inflows/ outflows from operating activities</b>	<u>62</u>	<b>57,078,607</b>	<b>41,816,148</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds on disposal of:			
Property, plant and equipment		1,382,661	680,530
Investment property		274,957	255,477
Intangible assets		66,700	(141,594)
Controlled entities		878,000	(1,922,000)
Associates and joint ventures		50,218	1,904,427
Securities		2,424,454	3,314,765
Other		(8,874,353)	(3,919,772)
Other		110,254	(29,928)
Other		288,151	306,361
Acquisition of:			
Property, plant and equipment		(48,205,143)	(30,936,104)
Investment property		(41,010)	(31,933)
Intangible assets		(775,432)	(709,662)
Controlled entity		(538,400)	(2,529,639)
Associates and joint ventures		(684,367)	(71,160)
Securities		(1,953,669)	(673,269)
Other		(12,734,272)	(7,221,193)
Other		2,129,287	586,668
Other		438,141	(2,923)
Replacement of property, plant and equipment		(8,734,869)	(8,178,971)
Loans receivable / granted:			
Related parties		(81,047)	(71,569)
Other		2,748,742	452,324
Dividends received		75,346	97,580
Interest received		3,644,104	2,231,837
Expenditure on product development		(78,679)	6,622
<b>Net cash flows from investing activities</b>	<u>63</u>	<b>(68,190,226)</b>	<b>(46,603,126)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayments of :			
Borrowings		(15,294,355)	(9,144,077)
Finance lease obligations		(62,375)	164,074
Minority shareholder's loan		(240,804)	(255,975)
Other		10,865,996	(5,237,998)
New debt raised		22,250,247	21,194,653
Increase/(decrease) in non-current financial instruments		3,102,627	1,091,065
Proceeds from:			
Issuance of commercial paper		875,113	-
Issuance of ordinary shares		933,000	567,000
Borrowings		4,728,007	4,932,491
Other		5,753,255	6,490,930
Purchase of Treasury shares		-	(39,000)
Dividends paid		(137,095)	-
Interest paid		(5,275,543)	(3,953,510)
Increase in amounts owing to controlled entities		84,125	-
<b>Net cash flow financing activities</b>	<u>64</u>	<b>27,582,199</b>	<b>15,809,654</b>



## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL INFORMATION

for the year ended 31 March 2008

#### Summary of significant Accounting Policies

The following are the principle accounting policies of the Constitutional Institutions, National Public Entities and Trading accounts which are, in all material respects, consistent with those applied in the previous year, except as otherwise indicated.

##### 1.1 Basis of consolidation

The consolidation has been prepared on the accrual basis of accounting and is presented as consolidated financial information (CFI) as opposed to consolidated financial statements. Entities do not apply the same accounting policies and inter-entity transactions and balances have not been eliminated. Where an accounting policy is consistent in all entities the policy is mentioned below without an alternative.

The CFI incorporates the financial statements of the national public entities including entities and enterprises under their control ownership, constitutional institutions and trading entities.

Water Boards have a year end other than 31 March and have been consolidated based on twelve months management accounts.

##### 1.2 Currency

This financial information is presented in South African Rands.

##### 1.3 Revenue recognition

Revenue is recognised when it is probable that future economic benefits will flow to the enterprise and these benefits can be measured reliably.

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to the buyer.

Revenue arising from the rendering of services is based on the stage of completion determined by reference to the physical amount of work performed in relation to the total project when the outcome can be estimated reliably.

Revenue arising from licence fees is recognised on an accrual basis in accordance with the substance of the relevant agreements.

Interest income is accrued on a time proportion basis, taking into account the principal outstanding and the effective interest rate over the period to maturity.

## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

**for the year ended 31 March 2008**

Dividend income from investments is recognised when the right to receive payment has been established.

Government grants herein termed transfers and subsidies are recognised at fair value where there is reasonable assurance that the grant will be received and all suspensive conditions will be complied with.

#### **1.4 Irregular and fruitless and wasteful expenditure**

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with a requirement of any applicable legislation, including:

- The PFMA,
- Supply chain management framework, or
- Any provincial legislation providing for procurement procedures in that provincial government.

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

All irregular and fruitless and wasteful expenditure is charged against income in the period in which they are incurred.

#### **1.5 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until the assets are substantially ready for their intended use or sale. Qualifying assets are assets that necessarily take a substantial period to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets. All other borrowing costs are charged against income in the period in which they are incurred.

#### **1.6 Foreign currencies**

Transactions in currencies other than the Entities' reporting currency (rand) are initially recorded at the rates of exchange ruling on the dates of the transactions. Gains and losses arising from the settlement of such transactions are recognised in the income statement.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange ruling on the balance sheet date. Unrealised differences



## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

for the year ended 31 March 2008

on monetary assets and liabilities are recognised in the income statement in the period in which they occurred.

In order to hedge their exposure to foreign exchange risks, the Entities enter into forward contracts and options. Unrealised gains and losses arising on currency forward contracts and options designated as hedges of identified exposures are deferred and matched against gains and losses arising from the specified transactions.

#### 1.7 Retirement benefit costs

The Entities operate both defined contribution and defined benefit plans, the assets of which are generally held in separate trustee-administered funds. The plans are generally funded by payments from the Entities and employees, taking account of the recommendations of independent qualified actuaries. For defined benefit plans the defined benefit obligation, the related current service cost, and where applicable, the past service cost are determined by using the projected unit credit method.

A portion of actuarial gains and losses is recognised as income or expense if the net cumulative unrecognised actuarial gains and losses at the end of the previous reporting period exceed the greater of:

- 10% of the present value of the defined benefit obligation at the date before deducting plan assets, or
- 10% of the fair value of any plan assets at that date.

The portion of actuarial gains and losses to be recognised is the excess referred to above, divided by the expected average remaining working lives of the employees participating in the plan.

Payments to defined contribution retirement benefit plans are charged to the income statement in the year to which they relate.

#### 1.8 Taxation

The charge for current tax is the amount of income taxes payable in respect of the taxable profit (tax loss) for the current period. It is calculated by using tax rates that have been enacted or substantially enacted on the balance sheet date. Deferred tax is accounted for by using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences.





## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

for the year ended 31 March 2008

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of an asset or liability that affects neither accounting profit nor taxable profit at the time of the transaction.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in the Statement of Financial Performance, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

#### 1.9 Property, plant and equipment

##### *Land and buildings*

Land, buildings, plant and equipment are stated in the balance sheet at either their revalued amounts, being their fair value on the basis of their existing use at the date of revaluation, or carried at cost plus additions less any subsequent accumulated depreciation. Revaluations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined by using fair values at the balance sheet date.

Any revaluation increase arising from the revaluation of land and buildings or plant and equipment is credited to the properties revaluation reserve, except where it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising from the revaluation of land and buildings or plant and equipment is charged as an expense where it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve is transferred to the income statement.

##### *Properties in the course of construction*

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying value. Cost includes professional fees, and for qualifying assets, borrowing costs dealt with in accordance with the Entities' accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.



## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

for the year ended 31 March 2008

#### *Other property, plant and equipment*

Other items of property, plant and equipment are stated at cost less accumulated depreciation.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising from the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

#### **1.10 Investment property**

Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at its fair value at the balance sheet date or at cost less accumulated depreciation. The fair value is determined by an independent sworn appraiser or management valuation based on market evidence of the most recent prices achieved in arm's length transactions of similar properties in the same area. Gains or losses arising from changes in the fair value of investment property are included in net profit or loss for the period in which they arise.

#### **1.11 Intangible assets**

Intangible assets are measured initially at cost and amortised on a straight-line basis over their estimated useful lives, which is on average 10 years. Management assess the carrying value of each intangible asset annually and revisions are made where it is considered necessary.

#### *Internally generated intangible assets (Research and development costs)*

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from the Entities' e-business developments is recognised only if all of the following conditions are met:

- An asset is created that can be identified (such as software and new processes)
- It is probable that the asset created will generate future economic benefits
- The development cost of the asset can be measured reliably

Where no internally generated intangible asset can be recognised, development

## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

for the year ended 31 March 2008

expenditure is recognised as an expense in the period in which it is incurred. Internally generated intangible assets are amortised on a straight-line basis over their useful lives, which is usually no more than five years.

#### 1.12 Impairment

At each balance sheet date, the Entities review the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount for an individual asset, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If the recoverable amount of an asset (cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are immediately recognised as an expense, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under the standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that other standard. Impairment test is performed annually on goodwill and intangible assets with indefinite useful life.

#### 1.13 Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Entities' interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition.

Goodwill arising from the acquisition of an associate is included within the carrying amount of the associate. Goodwill arising from the acquisition of subsidiaries and jointly controlled entities is presented separately in the balance sheet.

On disposal of a subsidiary, associate or a jointly controlled entity, the attributable amount of unamortised goodwill is included in the determination of the profit or loss on disposal.



## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

**for the year ended 31 March 2008**

#### **1.14 Subsidiaries**

Subsidiaries are entities under the ownership control of government. Control exists when government has the power, directly or indirectly, to government the financial and operating policies of an entity so as to obtain benefits from its activities. Typically this will be where government has more than 50% of the voting power. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account. The CFI include the results of governments subsidiaries, from the effective dates of acquisition.

#### **1.15 Investments in associates**

An associate is an enterprise in which the Entities have significant influence, through participation in the financial and operating policy decisions of the investee, but not control, and which it intends to hold as long-term investment. The results and financial position of associates are incorporated in this financial information by using the equity method of accounting, from the effective dates of their acquisition until the effective dates of their disposal. The carrying amount of such investments is reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

#### **1.16 Interests in joint ventures**

A joint venture is a contractual arrangement whereby the Entities and other parties undertake an economic activity that is subject to joint control.

##### *Jointly controlled operations*

The Entities' share of income from the sale of goods or services resulting from joint operations is recognised when it is probable that the economic benefits associated with the transactions will flow to the Entities and the amount can be measured reliably.

##### *Jointly controlled assets*

Where Entities undertake activities under joint venture arrangements directly, the Entities' share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant Entities and classified according to their nature. Liabilities and expenses incurred directly in respect of jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Entities' share of the output of jointly controlled assets, and their share of joint venture expenses, is recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Entities and the amount can be measured reliably.

## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

for the year ended 31 March 2008

#### *Jointly controlled entities*

Joint venture arrangements, which involve the establishment of a separate entity in which each venturer has an interest, are referred to as jointly controlled entities. Investments in jointly controlled entities are accounted for by way of either the proportionate consolidation method or the equity method. The proportionate consolidation method requires that the Entities' proportionate share of the assets, liabilities, income and expenses of joint ventures are combined, on a line by line basis with similar items in the financial statements of the entities. Under the equity method of accounting the investment is initially recognised at cost and adjusted thereafter for the post acquisition change in the entity's share of net assets of the Joint venture. The income statement (statement of financial performance) reflects the reporting entity's share of the result of operations of the associate.

#### **1.17 Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

##### *The Entities as a lessor*

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Entities' net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return to the Entities' net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

##### *The Entities as a lessee*

Assets held under finance leases are recognised as assets of the Entities at their fair value at the date of acquisition. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of interest on the remaining balance of the obligations for each accounting period.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.



## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

for the year ended 31 March 2008

#### 1.18 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price in the ordinary course of business less any costs of completion and costs to be incurred in marketing, selling and distribution.

*Cost is determined on the following bases:*

Raw materials and consumable stores are valued at weighted average cost.

Finished goods and work in progress are valued at raw material cost plus labour cost and an appropriate portion of related fixed and variable manufacturing overhead expenses based on normal capacity.

#### 1.19 Long-term construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. The stage of completion is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of the construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred and probably recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is immediately recognised as an expense.

#### 1.20 Financial instruments

Financial assets and financial liabilities are recognised on the Entities' balance sheet when the Entities become a party to the contractual agreement of the instrument.

##### *Trade receivables*

Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

##### *Investments*

All investments are initially recognised at cost, transaction costs included.



## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

for the year ended 31 March 2008

At subsequent reporting dates the following categories of investments are measured at amortised cost by using the effective interest rate method if they have a fixed maturity, or at cost if there is no fixed maturity:

- Loans and receivables originated by the Entities and not held for trading
- Held to maturity investments
- An investment in a financial asset that does not have a quoted market price in an active market and whose fair value cannot be measured reliably.

Cost and amortised cost are inclusive of any impairment loss recognised to reflect irrecoverable amounts. The financial assets are subject to review for impairment at each balance sheet date.

The annual amortisation of any discount or premium on the acquisition of a held-to-maturity security is aggregated with other investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment.

Investments other than held-to-maturity debt securities are classified as available-for-sale investments and trading investments and are measured at subsequent reporting dates at fair value without any deduction for transaction costs that may be incurred on sale or other disposal. Where securities are held for trading purposes, unrealised gains and losses are included in net profit or loss for the period. For available-for-sale investments, unrealised gains and losses are dealt with in equity, until the security is disposed of or is determined to be impaired, at which time the net profit or loss is included in the net profit or loss for the period.

#### *Equity instruments*

Equity instruments are recorded at the proceeds received, net of direct issue costs.

#### *Borrowings*

In terms of section 32.1.1 of the Treasury Regulations, a Public Entity may borrow money for bridging purposes with the approval of the Minister of Finance, subject to certain conditions.

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

#### *Convertible debentures*

Convertible debentures are regarded as compound instruments, consisting of a



## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

for the year ended 31 March 2008

liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible debentures and the fair value assigned to the liability component is assigned to the equity component of the instrument, representing the embedded option to convert the liability into equity of the Entities.

The interest expense on the liability component is calculated by applying the prevailing market interest rate for similar non-convertible debt to the instrument. The difference between this amount and the interest paid is added to the carrying value of the convertible debenture.

#### *Trade payables*

Trade and other payables are stated at their nominal value.

#### *Derivative financial instruments*

Derivative financial instruments, principally interest rate swap contracts and forward foreign exchange contracts, are used by the Entities in their management of financial risks. The risks being hedged are exchange losses due to unfavourable movements between the rand and the foreign currency.

Derivative financial instruments are initially recorded at cost and are re-measured to fair value at subsequent reporting dates.

Gains and losses arising from cash flow hedges are recognised directly in equity, while gains and losses arising from fair value hedges are recognised in the income statement as they arise. Amounts deferred in equity are recognised in the income statement in the same period in which the hedged firm commitment or forecasted transaction affects net profit or loss.

Payments and receipts under interest rate swap contracts are recognised in the income statement on a basis consistent with corresponding fluctuations in the interest payments on floating rate financial liabilities. The carrying amounts of interest rate swaps, which comprise net interest receivables and payables accrued, are included in assets or liabilities, respectively.

#### **1.21 Provisions**

Provisions are recognised when the Entities have a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be estimated reliably.



## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

for the year ended 31 March 2008

Provisions for restructuring costs are recognised when the Entities have a detailed formal plan for the restructuring and the Entities have raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it. Restructuring provisions only include those direct expenditure that are necessarily entailed by the restructuring and not associated with the ongoing activities of the enterprise. Provision was made for the Entities' estimated liability on all products still under warranty at balance sheet date. This is based on service histories.

The Entities are exposed to environmental liabilities relating to its operations. Provision for the cost of environmental and other remedial work such as reclamation costs, close down and restoration costs and pollution control is made when such expenditure is probable and the cost can be estimated with a reasonable range of possible outcomes.

#### 1.22 Government grants

Government grants are recorded as deferred income when they become receivable and are then recognised as income on a systematic basis over the period necessary to match the grants with the related costs which they are intended to compensate.

#### 1.23 Comparative figures

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

- The template used in the current year has reclassified some of the line items from the prior year's CFI, thus resulting in some differences.
- The number of entities consolidated in the current year is not the same as used in last year's CFI.
- Some entities might have been consolidated last year and are not consolidated this year and vice versa.



## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED) for the year ended 31 March 2008

	31 March 2008 R'000	31 March 2007 R'000
<b>2 Taxation Revenue</b>		
Other	623,418	576,682
<b>Total</b>	<b>623,418</b>	<b>576,682</b>
<b>3 Sale of goods</b>		
Regular sales	344,308	400,170
Contract printing	111,611	75,605
Stock sales	56,484	65,064
Defence Material Sales	4,921	4,984
Sale of Maps	100	78
Crude oil sales and fuel production	11,020,592	8,951,756
Farming, Manufacturing and Mining	4,657,000	3,131,000
Private enterprise & sales	8,857,613	8,153,194
Other	50,097,936	44,921,506
<b>Total</b>	<b>75,150,565</b>	<b>65,703,357</b>
<b>4 Rendering of services</b>		
Movies, Games and Publications	38,869	23,764
Registration fees	2,332	1,263
Professional services and fees	3,376,709	2,668,645
Defence related support	962,023	1,231,879
Licences and permits	1,657,565	1,630,854
Advertising revenue	3,162,957	2,764,194
Postal and courier services	4,211,800	4,074,252
Toll revenue	1,217,112	1,099,704
Management Fees & Other	62,831,019	56,523,440
<b>Total</b>	<b>77,460,386</b>	<b>70,017,995</b>
<b>5 Rental income</b>		
Machinery and Equipment	25,563	19,183
Land	13,107	12,717
Buildings	738,096	660,195
Venue, Parking and property rental	9,839	8,649
Rental-Investment property	238,339	204,895
Revaluation of property	13,499	13,869
Operating lease income	682,569	514,825
Other	238,472	291,716
<b>Total</b>	<b>1,959,484</b>	<b>1,726,049</b>
<b>6 Transfers and subsidies received</b>		
National Departments	30,801,869	29,611,709
Provincial Departments	637,188	474,891
Local Governments	40,449	36,758
Parliamentary Allocation	485,250	350,000
Grant, foreign & international transfers	839,683	786,761
Department of Justice	640,332	533,763
Other	259,408	191,768
<b>Total</b>	<b>33,704,179</b>	<b>31,985,650</b>
<b>7 Levies received</b>		
Training, skills development levy and fees	19,366,337	16,806,305
RAF Fuel Levy	24,420	21,038
Diesel & other rebates	8,835,645	7,616,320
Other	102,657	74,023
<b>Total</b>	<b>28,329,059</b>	<b>24,517,686</b>
<b>8 Fines, penalties and forfeits</b>		
Fines	64,149	53,526
Penalties	405,558	252,506
Forfeits	1,197	1,110
<b>Total</b>	<b>470,904</b>	<b>307,142</b>



## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

for the year ended 31 March 2008

	31 March 2008 R'000	31 March 2007 R'000
<b>9 Local and foreign aid assistance received</b>		
Local and foreign aid assistance received	380,767	422,115
- In Cash	377,633	419,537
- In Kind	3,134	2,578
<b>10 Gains / losses on disposal of assets</b>		
<b>Gains on disposal of assets</b>	<b>242,993</b>	<b>165,607</b>
Property plant and equipment	241,395	163,222
Other	1,598	2,385
<b>Losses on disposal of assets</b>	<b>155,190</b>	<b>420,394</b>
Loss in disposal of PPE	140,990	347,896
Other	14,200	72,498
<b>11 National Skills Fund income</b>	<b>107,017</b>	<b>153,230</b>
National Skills Fund Income	107,017	153,230
<b>12 Gifts, sponsorships and donations received</b>	<b>120,015</b>	<b>100,506</b>
<b>13 Other income</b>		
Royalties	68,386	283,545
Material loss recovered	430,475	105,874
Management fees received	200,664	92,163
Income from insurance claims	64,603	383,503
Bad debts recoverable & other receivables	73,209	123,485
Sales of services and goods & Other sundry income	5,474,379	4,918,165
Fare revenue	40,945	46,322
Other	8,879,334	13,911,422
<b>Total</b>	<b>15,231,995</b>	<b>19,864,479</b>
<b>14 Administrative expenses</b>		
General administrative expenses	6,808,982	6,248,351
Fees	1,537,702	1,367,936
Insurance	68,107	55,559
Fees for services	8,551	7,752
- Administrative	299,356	304,080
- Managerial	59,995	16,058
- Secretarial	1,698	226
- Technical	460,334	351,063
- Board members	50,369	40,390
Other	2,278,840	1,936,169
Internal audit fees	42,279	44,494
Legal fees	380,441	497,934
Entertainment	81,461	65,306
Stationery and printing	573,695	575,122
Venues and facilities	274,551	297,634
Restructuring costs	10,299	(13,961)
Bad debt written off	1,043,308	974,900
Bank charges	137,376	180,300
Training and staff development	883,558	652,002
Net foreign exchange (gains) / losses	(53,439)	(181,098)
<b>Total</b>	<b>14,947,463</b>	<b>13,420,217</b>
<b>15 Research and development costs</b>		
Total research and development costs incurred for the year	210,029	803,153
less: Development costs capitalised	-	(2,549)
<b>Total research and development cost expensed</b>	<b>210,029</b>	<b>800,604</b>
<b>16 Staff costs</b>		
<b>Wages and salaries</b>	<b>43,984,913</b>	<b>38,377,692</b>
- Basic salaries	30,686,304	27,214,909
- Performance awards	3,796,418	3,133,402
- Periodic payments	740,472	700,809
- Other non-pensionable allowance	2,248,029	1,838,341
- Temporary staff	2,057,599	1,722,485
- Leave payments	1,050,853	778,835
- Overtime pay	2,853,158	2,440,610
- Severance packages	86,431	166,201
Executive director's emoluments	465,649	382,100



## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

for the year ended 31 March 2008

	31 March 2008 R'000	31 March 2007 R'000
Defined contribution plan expense	240,940	257,377
Social contributions (Employer's contributions)	<b>6,955,386</b>	<b>5,171,272</b>
- Medical	2,237,328	1,479,961
- UIF	206,364	88,456
- Official unions and associations	128,658	22,072
- Insurance	33,814	32,489
- Pension	3,093,606	2,665,913
- Other salary related costs	1,255,616	882,381
Defined benefit plan expense	<b>(295,790)</b>	<b>529,982</b>
- current service cost	356,262	449,696
- interest cost	1,996,426	2,211,985
- expected return on plan assets	(2,638,049)	(2,135,254)
- net actuarial (gains) / losses recognised	(14,060)	6,326
- past service cost	3,631	(2,771)
Other long-term employee benefits including long-service leave, surplus sharing, deferred compensation	57,901	46,313
<b>Total</b>	<b>50,943,350</b>	<b>44,382,636</b>
<b>17 Marketing costs</b>		
Advertising	416,891	411,613
Other	1,257,967	1,061,505
<b>Total</b>	<b>1,674,858</b>	<b>1,473,118</b>
<b>18 Audit fees</b>	<b>413,263</b>	<b>307,905</b>
Statutory Audit	335,551	272,425
Prior year under / (over) provision	32,625	5,676
Performance audit fees	6,511	6,116
Forensic audit fees	6,987	4,020
Other	31,589	19,668
<b>19 Project expenses</b>	<b>15,318,271</b>	<b>14,343,730</b>
Project Expenses	12,578,365	12,066,543
Road Maintenance	1,978,818	1,828,072
Other	761,088	449,115
<b>20 National Skills Fund expenses</b>	<b>111,575</b>	<b>157,352</b>
National Skills Fund Expenses	107,032	153,103
Other	4,543	4,249
<b>21 Transfers and subsidies paid</b>	<b>7,847,961</b>	<b>6,755,986</b>
Transfers and subsidies paid	3,756,927	3,535,604
Maintenance	1,247,991	1,201,248
Other	2,843,043	2,019,134
<b>22 Gifts, donations and sponsorships paid</b>	<b>308,560</b>	<b>308,614</b>
<b>23 Local and foreign aid</b>		
Local and foreign aid assistance paid		
In Cash	474,647	573,730
<b>Total</b>	<b>474,647</b>	<b>573,730</b>
Local and foreign aid assistance payable		
In Cash	586,168	237,638
<b>Total</b>	<b>586,168</b>	<b>237,638</b>



## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

for the year ended 31 March 2008

	31 March 2008 R'000	31 March 2007 R'000
<b>24 Other operating expenses</b>		
Fruitless and wasteful expenditure	5,165	21,736
Consultants, contractors and special services	5,246,657	4,538,408
Equipment items expensed as per entity policy	295,008	175,177
Membership Fees and Subscription	105,371	105,744
Claims expenditure	11,192,881	8,640,412
Licence Fees - IT	359,752	632,625
<b>Maintenance, repairs and running costs</b>	<b>7,216,527</b>	<b>7,443,235</b>
- Property and buildings	605,451	534,022
- Machinery and Equipment	1,107,184	1,432,499
- Other maintenance, repairs and running costs	5,503,892	5,476,714
Impairment recognised / (reversed)	(23,932)	91,606
<b>Depreciation</b>	<b>15,591,090</b>	<b>14,683,311</b>
- Assets carried at cost	14,100,786	13,308,529
- Assets carried at revalued amounts	1,490,304	1,374,782
<b>Amortisation</b>	<b>1,255,159</b>	<b>1,754,781</b>
Direct operating expenses arising from investment property that:	<b>35,214</b>	<b>35,961</b>
- generated rental income during the year	32,567	33,210
- did not generate rental income during the year	2,647	2,751
Stores/consumables	260,452	198,252
Municipal services	831,347	749,358
Travel and subsistence	2,305,088	2,229,433
Courier and delivery charges	313,972	385,368
Communication costs	1,231,506	1,678,928
Rentals in respect of operating leases (minimum lease payments)	<b>39,659,165</b>	<b>28,728,765</b>
- Buildings	1,625,324	1,464,853
- Plant, machinery and equipment	723,605	438,288
- Vehicles	651,388	528,753
Other	36,658,848	26,296,871
<b>Total</b>	<b>85,880,423</b>	<b>72,093,102</b>
<b>25 Finance income</b>		
Interest on	82,924	41,981
- Loans and other advances	4,711,554	3,922,191
- Cash and bank deposits	2,089,155	1,137,194
- Short-term investments	17,376,761	12,505,801
Finance leases	32,843	76,063
Accrued on impaired loans	904	38
Interest/discount on outstanding debtors	19,747	12,550
Other	5,606,676	4,465,985
<b>Total</b>	<b>29,920,564</b>	<b>22,161,803</b>
<b>26 Finance costs</b>		
Interest expense:	<b>21,109,672</b>	<b>16,856,466</b>
- Borrowings	20,877,340	16,575,073
- Convertible debentures	38,347	37,290
- Obligations under finance leases	193,985	244,103
- Borrowing costs capitalised	(1,212,214)	(307,773)
Losses arising from derivatives trading	15,580	18,858
Other	3,664,482	3,108,627
<b>Total</b>	<b>23,577,520</b>	<b>19,676,178</b>
<b>27 Income from investments</b>		
Dividend income	<b>1,846,359</b>	<b>1,393,107</b>
- Associates	40	41,305
- Controlled entities	148	101
- Listed investments	1,176,893	1,042,683
- Unlisted investments	669,278	301,245
- Income from Joint ventures	-	7,773
Gains on disposal of available-for-sale investments	1,246,966	1,798,323
Impairment on held-to-maturity investments	272	(11,475)
Interest received	1,249,368	865,921
Other	4,595,130	4,733,002
<b>Total</b>	<b>8,938,095</b>	<b>8,778,878</b>



## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

for the year ended 31 March 2008

	31 March 2008 R'000	31 March 2007 R'000
<b>28 Taxation</b>		
SA normal taxation	<b>5,721,246</b>	<b>7,347,692</b>
- Current taxation		
- Continuing operations	4,184,372	4,340,560
- Discontinuing operations	(72,016)	218,334
- Deferred taxation		
- Continuing operations	26,000	273,156
- Discontinuing operations	1,741,119	2,388,327
- tax rate changes	163,070	(197,603)
- current year	(341,077)	-
- current year	-	27,844
Capital gains tax		
- Current taxation	1,266	146,221
- Deferred taxation	(2,775)	(4,343)
Foreign taxation	5,000	7,000
Secondary tax on companies	16,287	148,196
<b>Tax expense</b>	<b>5,721,246</b>	<b>7,347,692</b>
- Continuing operations	5,695,246	7,046,692
- Discontinuing operations	26,000	301,000
Taxation payable	2,458,990	2,196,881
OR		
Total assessable deficit	51,068	342,017
	<b>51,068</b>	<b>342,017</b>
<b>29 Discontinued operations</b>		
Revenue	5,149,891	25,635,268
Expenses	(6,269,172)	(26,212,183)
<b>Surplus/(deficit) before tax of discontinued operations</b>	<b>(1,119,281)</b>	<b>(576,915)</b>
Taxation	(125,038)	(85,000)
<b>Surplus/(deficit) after tax of discontinued operations</b>	<b>(1,244,319)</b>	<b>(661,915)</b>
Operating cash flows	1,078,200	1,092,361
Investing cash flows	(547,937)	(194,335)
Financing cash flows	(509,709)	(1,549,617)
<b>Total cash flows</b>	<b>20,554</b>	<b>(651,591)</b>
Property, Plant and equipment	265,006	729,492
Current assets	650,917	614,000
Other	2,489,392	2,518,000
<b>Total assets</b>	<b>3,405,315</b>	<b>3,861,492</b>
<b>Total liabilities</b>	<b>(1,834,302)</b>	<b>(1,698,000)</b>
<b>Net assets</b>	<b>1,571,013</b>	<b>2,163,492</b>
The loss on disposal determined as follows:		
Net assets sold	1,571,013	2,163,492
Reclassifications from net assets:		
Other	(3,807,925)	(3,246,019)
Proceeds from sale	(302,114)	1,706,441
<b>Surplus/deficit on disposal</b>	<b>(2,539,026)</b>	<b>623,914</b>
Tax thereon	33,000	(204,000)
<b>Surplus/deficit on disposal after tax</b>	<b>(2,506,026)</b>	<b>419,914</b>



## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

for the year ended 31 March 2008

	31 March 2008 R'000	31 March 2007 R'000
<b>30 Property, plant and equipment</b>		
<b>Land</b>		
<b>Opening net carrying amount</b>	<b>21,448,113</b>	<b>20,325,685</b>
Gross carrying amount	21,477,366	20,354,098
Accumulated impairment	(29,253)	(28,413)
Additions	296,250	240,687
Disposal	(9,520)	(14,814)
Transfer (to)/from asset held for sale or disposal group classified as held for sale	71,230	(56,756)
Transfer (to)/from inventories and/or investment property	(86,075)	(4,667)
Transfers from work-in-progress	7,656	30,851
Assets acquired through a business/entity combination	-	15,150
Impairment deficit (recognised)/reversed	(49,960)	(840)
Revaluation adjustments	65,955	36,831
Borrowing costs capitalised	718	516
Other	(399,764)	875,470
<b>Closing net carrying amount 31 March</b>	<b>21,344,603</b>	<b>21,448,113</b>
Gross carrying amount	21,423,816	21,477,366
Accumulated impairment	(79,213)	(29,253)
<b>Buildings</b>		
<b>Opening net carrying amount</b>	<b>84,722,022</b>	<b>87,462,447</b>
Gross carrying amount	93,319,640	92,956,598
Accumulated depreciation	(8,162,855)	(5,179,015)
Accumulated impairment	(434,763)	(315,136)
Revaluation adjustments	210,225	148,733
Additions	1,828,976	1,066,875
Borrowing costs capitalised	134	35,012
Transfer (to)/from asset held for sale or disposal group classified as held for sale	(223,506)	(452,519)
Transfer (to)/from inventories and/or investment property	(63,919)	(15,201)
Transfers from work-in-progress	847,290	545,425
Assets acquired through a business/entity combination	47,000	80,614
Disposals	(133,595)	(102,140)
Depreciation charge	(3,048,755)	(2,983,840)
Impairment deficit (recognised)/reversed	(52,567)	(119,627)
Borrowing costs capitalised	512	-
Other	378,930	(943,757)
<b>Closing net carrying amount 31 March</b>	<b>84,512,747</b>	<b>84,722,022</b>
Gross carrying amount	96,211,687	93,319,640
Accumulated depreciation	(11,211,610)	(8,162,855)
Accumulated impairment deficit	(487,330)	(434,763)
<b>Plant and equipment</b>		
<b>Opening net carrying amount</b>	<b>92,074,435</b>	<b>82,837,902</b>
Gross carrying amount	172,560,125	156,703,210
Accumulated depreciation	(80,286,064)	(73,385,766)
Accumulated impairment	(199,625)	(479,542)
Revaluation adjustments	11,731	544,159
Additions	22,286,076	15,833,942
Borrowing costs capitalised	-	26
Transfer (to)/from asset held for sale or disposal group classified as held for sale	(137,974)	(816,863)
Transfer (to)/from inventories and/or investment property	(425)	(107,221)
Transfers from work-in-progress	1,190,316	620,874
Assets acquired through a business/entity combination	27,000	7,460
Disposals	(311,215)	(452,244)
Depreciation charge	(6,768,143)	(6,900,298)
Impairment deficit (recognised)/reversed	200,976	279,917
Borrowing costs capitalised	18,304	483
Other	(647,962)	226,298
<b>Closing net carrying amount 31 March</b>	<b>107,943,119</b>	<b>92,074,435</b>
Gross carrying amount	194,995,975	172,560,125
Accumulated depreciation	(87,054,207)	(80,286,064)
Accumulated impairment deficit	1,351	(199,625)



## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

for the year ended 31 March 2008

	31 March 2008 R'000	31 March 2007 R'000
<b>Vehicles</b>		
<b>Opening net carrying amount</b>	<b>1,542,643</b>	<b>1,329,969</b>
Gross carrying amount	3,897,726	3,334,536
Accumulated depreciation	(2,356,578)	(2,002,604)
Accumulated impairment	1,495	(1,963)
Revaluation adjustments	68	4,865
Additions	682,625	456,142
Transfer (to)/from asset held for sale or disposal group classified as held for sale	(6,013)	(7,479)
Assets acquired through a business/entity combination	3,000	694
Disposals	(25,807)	(24,561)
Depreciation charge	(319,607)	(353,974)
Impairment deficit (recognised)/reversed	(184)	3,458
Other	119,853	133,529
<b>Closing net carrying amount 31 March</b>	<b>1,996,578</b>	<b>1,542,643</b>
Gross carrying amount	4,671,452	3,897,726
Accumulated depreciation	(2,676,185)	(2,356,578)
Accumulated impairment deficit	1,311	1,495
<b>Computer equipment</b>		
<b>Opening net carrying amount</b>	<b>1,582,331</b>	<b>1,451,975</b>
Gross carrying amount	4,844,567	4,090,766
Accumulated depreciation	(3,252,651)	(2,636,679)
Accumulated impairment	(9,584)	(2,112)
Revaluation adjustments	2,593	269,368
Additions	785,852	664,247
Transfer (to)/from asset held for sale or disposal group classified as held for sale	(1,715)	(172,772)
Assets acquired through a business/entity combination	-	784
Disposals	(29,616)	(11,760)
Depreciation charge	(574,397)	(615,973)
Impairment deficit (recognised)/reversed	(3,405)	(7,472)
Other	(2,763)	3,934
<b>Closing net carrying amount 31 March</b>	<b>1,758,881</b>	<b>1,582,331</b>
Gross carrying amount	5,598,918	4,844,567
Accumulated depreciation	(3,827,048)	(3,252,651)
Accumulated impairment deficit	(12,989)	(9,584)
<b>Office furniture and fittings</b>		
<b>Opening net carrying amount</b>	<b>671,362</b>	<b>504,017</b>
Gross carrying amount	1,499,586	1,135,712
Accumulated depreciation	(796,009)	(631,611)
Accumulated impairment	(32,215)	(83)
Revaluation adjustments	935	665
Additions	656,346	382,731
Transfer (to)/from asset held for sale or disposal group classified as held for sale	(1,803)	(10,112)
Assets acquired through a business/entity combination	1,000	189
Disposals	(8,787)	(14,511)
Depreciation charge	(222,433)	(164,398)
Impairment deficit (recognised)/reversed	789	(32,132)
Other	(13,086)	4,913
<b>Closing net carrying amount 31 March</b>	<b>1,084,322</b>	<b>671,362</b>
Gross carrying amount	2,134,190	1,499,586
Accumulated depreciation	(1,018,443)	(796,009)
Accumulated impairment deficit	(31,426)	(32,215)
<b>Construction WIP</b>		
<b>Opening balance</b>	<b>18,015,668</b>	<b>9,579,224</b>
Additions	14,155,866	9,373,705
Borrowing costs capitalised	920,512	184,272
Transfer (to) asset held for sale or disposal group classified as held for sale	(457,535)	(189,330)
Transfers to inventories, owner-occupied property and investment properties	(870,272)	(776,696)
Disposals	(12,997)	(13,873)
Depreciation charge	-	(6,504)
Other	(21,477)	(135,130)
<b>Closing balance</b>	<b>31,729,765</b>	<b>18,015,668</b>





## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

for the year ended 31 March 2008

	31 March 2008 R'000	31 March 2007 R'000
<b>Other</b>		
<b>Opening net carrying amount</b>	<b>57,044,467</b>	<b>48,935,287</b>
Gross carrying amount	90,098,017	78,178,210
Accumulated depreciation	(31,955,743)	(28,320,416)
Accumulated impairment	(1,097,807)	(922,507)
Revaluation adjustments	14,138,880	1,736,241
Additions	16,774,468	11,465,522
Transfer (to)/from asset held for sale or disposal group classified as held for sale	(809,569)	(189,415)
Transfer (to)/from inventories and/or investment property	-	(245,000)
Transfers from work-in-progress	(1,276,060)	(585,615)
Disposals	(332,645)	(262,828)
Depreciation charge	(4,627,573)	(3,635,327)
Impairment deficit (recognised)/reversed	14,687	(175,300)
Borrowing costs capitalised	285,000	51,500
Other	(355,697)	(50,598)
<b>Closing net carrying amount 31 March</b>	<b>80,855,958</b>	<b>57,044,467</b>
Gross carrying amount	118,522,394	90,098,017
Accumulated depreciation	(36,583,316)	(31,955,743)
Accumulated impairment deficit	(1,083,120)	(1,097,807)
<b>Total Property, plant and equipment</b>		
<b>Opening net carrying amount</b>	<b>277,101,041</b>	<b>252,426,506</b>
Gross carrying amount	405,712,695	366,332,354
Accumulated depreciation	(126,809,901)	(112,156,092)
Accumulated impairment	(1,801,752)	(1,749,756)
Revaluation adjustments	14,430,387	2,740,862
Additions	57,466,459	39,483,851
Borrowing costs capitalised	920,646	219,310
Transfer (to)/from asset held for sale or disposal group classified as held for sale	(1,566,885)	(1,895,246)
Assets acquired through a business/entity combination	78,000	104,891
Disposals	(864,182)	(896,731)
Depreciation charge	(15,560,907)	(14,660,314)
Impairment deficit (recognised)/reversed	110,336	(51,996)
Transfer (to)/from inventories and/or investment property	(150,419)	(372,089)
Transfers to inventories, owner-occupied property and investment properties	(870,272)	(776,696)
Transfers from work-in-progress	769,202	611,535
Borrowing costs capitalised	304,534	52,499
Land - Other	(399,764)	875,470
Buildings - Other	378,930	(943,757)
Plant & equipment - Other	(647,962)	226,298
Vehicles - Other	119,853	133,529
Computer equipment - Other	(2,763)	3,934
Office furniture & fittings - Other	(13,086)	4,913
Construction WIP - Other	(21,477)	(135,130)
Other	(355,697)	(50,598)
<b>Closing net carrying amount 31 March</b>	<b>331,225,972</b>	<b>277,101,055</b>
Gross carrying amount	475,288,198	405,712,695
Accumulated depreciation	(142,370,809)	(126,809,901)
Accumulated impairment deficit	(1,691,416)	(1,801,752)
<b>31 Investment property</b>		
<b>Opening net carrying amount</b>	<b>4,329,885</b>	<b>3,777,323</b>
Gross carrying amount/Opening balance	4,429,970	3,855,595
Accumulated depreciation	(80,800)	(57,803)
Accumulated impairment	(19,285)	(20,469)
Additions	703,319	37,144
Disposals	(56,580)	(33,881)
Fair value adjustment during the year	1,217,166	635,616
Depreciation charge	(30,183)	(22,997)
Impairment deficit (recognised)/reversed	(217)	1,184
Transfer (to)/from asset held for sale or disposal group classified as held for sale	(13)	(94,800)
Transfers (to)/from inventories and owner-occupied property	145,961	21,991
Other	(1,598)	8,305
<b>Closing net carrying amount 31 March</b>	<b>6,307,740</b>	<b>4,329,885</b>
Gross carrying amount/Closing balance	6,438,225	4,429,970
Accumulated depreciation	(110,983)	(80,800)
Accumulated impairment deficit	(19,502)	(19,285)



## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

for the year ended 31 March 2008

	31 March 2008 R'000	31 March 2007 R'000
<b>32 Intangible assets</b>		
<b>Computer software</b>		
<b>Opening net carrying amount</b>	<b>960,551</b>	<b>813,301</b>
Gross carrying amount	3,673,211	3,061,023
Accumulated amortisation	(2,690,247)	(2,225,723)
Accumulated impairment deficit	(22,413)	(22,000)
Revaluation adjustments	269	560
Additions	626,963	566,909
Transfer (to)/from asset held for sale or disposal group classified as held for sale	(3,023)	(4,929)
Assets acquired through a business/entity combination	-	339
Disposals	(27,206)	(1,993)
Amortisation	(466,380)	(464,524)
Impairment deficit (recognised)/reversed	(37,401)	(413)
Other	182,591	51,302
<b>Closing net carrying amount 31 March</b>	<b>1,236,364</b>	<b>960,551</b>
Gross carrying amount	4,452,805	3,673,211
Accumulated amortisation	(3,156,627)	(2,690,247)
Accumulated impairment deficit	(59,814)	(22,413)
<b>Licences</b>		
<b>Opening net carrying amount</b>	<b>141,446</b>	<b>135,635</b>
Gross carrying amount	196,884	171,611
Accumulated amortisation	(55,438)	(35,976)
Revaluation adjustments	-	(333)
Additions	48,004	27,636
Disposals	(210)	(122)
Amortisation	(32,307)	(19,462)
Other	-	(1,908)
<b>Closing net carrying amount 31 March</b>	<b>156,933</b>	<b>141,446</b>
Gross carrying amount	244,678	196,884
Accumulated amortisation	(87,745)	(55,438)
<b>Patents</b>		
<b>Opening net carrying amount</b>	<b>13,043</b>	<b>16,962</b>
Gross carrying amount	39,645	39,276
Accumulated amortisation	(26,523)	(22,314)
Accumulated impairment deficit	(79)	-
Additions	773	636
Disposals	(29)	(100)
Amortisation	(2,616)	(4,209)
Impairment deficit (recognised)/reversed	(703)	(79)
Other	-	(167)
<b>Closing net carrying amount 31 March</b>	<b>10,468</b>	<b>13,043</b>
Gross carrying amount	40,389	39,645
Accumulated amortisation	(29,139)	(26,523)
Accumulated impairment deficit	(782)	(79)
<b>Intangible assets</b>		
<b>Opening net carrying amount</b>	<b>25,900,991</b>	<b>25,925,012</b>
Gross carrying amount	26,857,781	26,753,870
Accumulated amortisation	(924,486)	(828,858)
Accumulated impairment deficit	(32,304)	-
Additions	169,951	177,710
Transfer (to)/from asset held for sale or disposal group classified as held for sale	-	(11,992)
Assets acquired through a business/entity combination	5,000	-
Disposals	(81,451)	-
Amortisation	(36,630)	(95,628)
Impairment deficit (recognised)/reversed	(48,083)	(32,304)
Other	(29,336)	(61,807)
<b>Closing net carrying amount 31 March</b>	<b>25,880,442</b>	<b>25,900,991</b>
Gross carrying amount	26,921,945	26,857,781
Accumulated amortisation	(961,116)	(924,486)
Accumulated impairment deficit	(80,387)	(32,304)



## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

for the year ended 31 March 2008

	31 March 2008 R'000	31 March 2007 R'000
<b>Other</b>		
<b>Opening net carrying amount</b>	<b>698,306</b>	<b>461,689</b>
Gross carrying amount	2,035,344	619,771
Accumulated amortisation	(1,329,040)	(158,082)
Accumulated impairment deficit	(7,998)	-
<b>Additions</b>	<b>1,123,626</b>	<b>1,421,122</b>
Transfer (to)/from asset held for sale or disposal group classified as held for sale	134	-
Disposals	(498)	(5,549)
Amortisation	(717,226)	(1,170,958)
Impairment deficit (recognised)/reversed	-	(7,998)
<b>Closing net carrying amount 31 March</b>	<b>1,104,342</b>	<b>698,306</b>
Gross carrying amount	3,158,606	2,035,344
Accumulated amortisation	(2,046,266)	(1,329,040)
Accumulated impairment deficit	(7,998)	(7,998)
<b>Total Intangible Assets</b>		
<b>Opening net carrying amount</b>	<b>27,714,337</b>	<b>27,352,599</b>
Gross carrying amount	32,802,865	30,645,551
Accumulated amortisation	(5,025,734)	(3,270,953)
Accumulated impairment deficit	(62,794)	(22,000)
Revaluation adjustments	269	227
<b>Additions</b>	<b>1,969,317</b>	<b>2,194,013</b>
Transfer (to)/from asset held for sale or disposal group classified as held for sale	(2,889)	(16,921)
Assets acquired through a business/entity combination	5,000	339
Disposals	(109,394)	(7,764)
Amortisation	(1,255,159)	(1,754,781)
Impairment deficit (recognised)/reversed	(86,187)	(40,794)
Computer Software - Other	182,591	51,302
Licences - Other	-	(1,908)
Patents - Other	-	(167)
Intangible assets - Other	(29,336)	(61,807)
<b>Closing net carrying amount 31 March</b>	<b>28,388,550</b>	<b>27,714,337</b>
Gross carrying amount	34,818,423	32,802,865
Accumulated amortisation	(6,280,893)	(5,025,734)
Accumulated impairment deficit	(148,981)	(62,794)
<b>33 Goodwill</b>		
Opening balance	-	10,136
Transfer (to)/from asset held for sale or disposal group classified as held for sale	-	(10,136)
<b>Closing balance</b>	<b>-</b>	<b>-</b>
<b>34 Investments in controlled entities</b>	<b>16,884</b>	<b>34,037</b>
<b>35 Investments in associates and joint ventures</b>	<b>25,260,308</b>	<b>22,831,681</b>
<b>36 Financial assets</b>		
<b>Financial assets available-for-sale</b>		
Opening balance as originally stated		
Cost	52,504,406	33,660,431
Revaluation / (impairment)	33,790,426	29,260,984
<b>86,294,832</b>	<b>62,921,415</b>	
- prior period adjustment	-	(200,581)
- change in accounting policy	-	992,066
As restated	<b>86,294,832</b>	<b>63,712,900</b>
Additions during the year	6,372,809	27,274,628
Disposals during the year	(7,749,965)	(10,137,610)
Revaluation / (impairment)	21,375,239	6,881,577
Transfer (to) / from asset held for trading	(19,919)	79,578
Other	(965,177)	(1,516,241)
<b>Closing balance</b>	<b>105,307,819</b>	<b>86,294,832</b>
Cost	49,708,705	52,504,406
Revaluation / (impairment)	55,599,114	33,790,426
<b>105,307,819</b>	<b>86,294,832</b>	
<b>Non-current financial assets available-for-sale</b>	<b>79,405,599</b>	<b>64,844,078</b>
<b>Current financial assets available-for-sale</b>	<b>25,902,220</b>	<b>21,450,754</b>



## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED) for the year ended 31 March 2008

	31 March 2008 R'000	31 March 2007 R'000
<b>Financial assets at fair value through surplus/deficit</b>		
Opening balance as originally stated		
Cost	245,342,678	200,151,367
Revaluation / (impairment)	11,325,832	2,739,271
	<b>256,668,510</b>	<b>202,890,638</b>
- prior period adjustment	323,403	162,000
As restated	<b>256,991,913</b>	<b>203,052,638</b>
Transfer (to) / from asset available for sale	494,416	252,604
Additions during the year	75,357,509	74,109,991
Disposals during the year	(26,816,350)	(37,337,374)
Revaluation / (impairment)	7,207,764	7,877,467
Other	49,368,469	8,713,184
<b>Closing balance</b>	<b>362,603,722</b>	<b>256,668,510</b>
Fair value at acquisition date	359,811,381	245,342,678
Revaluation / (impairment)	2,792,341	11,325,832
	<b>362,603,722</b>	<b>256,668,510</b>
<b>Non-current financial assets at fair value through surplus/deficit</b>	44,129,768	33,981,130
<b>Current financial assets at fair value through surplus/deficit</b>	318,473,954	222,687,380
<b>Held to maturity investments</b>		
Opening balance	7,762,537	14,695,672
Transfer (to) / from loans receivable and investments	5,206	135,700
Additions during the year	2,573,025	602,292
Disposals during the year	(3,873,618)	(2,727,595)
Other	251,872	(4,941,384)
Interest income	(167,093)	(2,148)
<b>Closing balance</b>	<b>6,551,929</b>	<b>7,762,537</b>
	<b>6,551,929</b>	<b>7,762,537</b>
<b>Non-current held to maturity investments</b>	3,386,929	3,638,076
<b>Current held to maturity investments</b>	3,165,000	4,124,461
<b>37 Biological and agricultural assets</b>		
Mature consumable biological assets	744	1,932,548
Immature consumable biological assets	8,000	8,000
Total consumable biological assets	<b>8,744</b>	<b>1,940,548</b>
Mature bearer biological assets	1,924	1,492
Total bearer biological assets	<b>1,924</b>	<b>1,492</b>
Reconciliation of changes in the carrying amount:		
<b>Carrying amount at the beginning of the year</b>	<b>1,943,754</b>	<b>1,080,965</b>
costs	<b>527,689</b>	<b>867,628</b>
- Attributable to physical changes	(145,434)	(114,925)
- Attributable to price changes	673,123	982,553
Increases due to new plantings	1,000	-
Increases due purchases	1,568	-
Other	(1,805)	(4,839)
<b>Carrying amount at the end of the year</b>	<b>2,472,206</b>	<b>1,943,754</b>
Amount of commitments for the development or acquisition of biological assets		
Other	1,180	711
<b>Total amount</b>	<b>1,180</b>	<b>711</b>
<b>38 Loans and receivables</b>		
<b>Non-current</b>		
Trade receivables	53,644,149	50,138,523
Less: Impairment of debtors ( <i>provision for doubtful debts</i> )	(4,832,839)	(3,910,251)
	<b>48,811,310</b>	<b>46,228,272</b>
Construction contracts	<b>26,344</b>	<b>20,119</b>
- Contract customers	26,344	20,119
Loans granted	103,672	146,889
Operating lease - "smoothing of lease"	256	46
Trust Creditor-DTI	136,119	(11,571)
Insurance receivable	225,981	231,107
Other	5,148,110	6,335,251
<b>Total non-current</b>	<b>54,451,792</b>	<b>52,950,113</b>



## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

for the year ended 31 March 2008

	31 March 2008 R'000	31 March 2007 R'000
<b>Current</b>		
Trade receivables	34,281,029	32,021,933
Less: Impairment of debtors ( <i>provision for doubtful debts</i> )	(7,550,814)	(6,081,745)
	<b>26,730,215</b>	<b>25,940,188</b>
Construction contracts	<b>167,669</b>	<b>241,327</b>
- Contract customers	154,669	221,327
- Retention debtors	13,000	20,000
VAT	288,936	172,015
Loans granted	208,003	162,987
Operating lease - "smoothing of lease"	348	8,350
Banks	10,935,444	15,053,447
Repurchase agreements	427,003	-
Prepayments	390,621	82,236
Other	5,118,341	4,786,166
Prepayments and Advances	<b>7,226,080</b>	<b>3,669,304</b>
- Staff Advances	84,466	41,484
- Travel and Subsistence	7,385	8,793
- Prepayments	7,037,658	3,415,552
- Advances	96,571	203,475
<b>Total current</b>	<b>51,492,660</b>	<b>50,116,020</b>

#### 39 Finance lease receivables

Reconciliation between the total gross investment in the lease and the present value of the minimum lease payments:

Gross investment in finance leases		
- No later than 1 year	64,254	93,396
- Later than 1 year and no later than 5 years	252,039	346,458
- Later than 5 years	766,960	1,074,111
	<b>1,083,253</b>	<b>1,513,965</b>
Unearned future finance income	(657,816)	(960,055)
<b>Net investment in finance leases</b>	<b>425,437</b>	<b>553,910</b>
	<b>425,437</b>	<b>553,910</b>
<b>Current finance lease receivables</b>	9,915	16,661
<b>Non-current finance lease receivables</b>	415,522	537,249

#### 40 Deferred tax

Deferred tax assets and liabilities are attributable to the following:

Property, plant and equipment	(1,198,753)	(4,899,476)
Intangible assets	118,958	118,958
Biological assets	12,916	-
Financial assets at fair value through surplus/deficit	8,397	7,963
Available-for-sale financial assets	136,191	220
Derivatives	1,154	(91,846)
Loans and borrowings	247,201	224,517
Employee benefit plans	(740,014)	(834,495)
Provisions	3,558,818	2,520,291
Tax loss carry-forwards	(441,356)	306,059
Unrealised gains on investments	42,459	31,297
Deferred commission	(882)	1,634
Other	(28,255,685)	(6,688,213)
<b>Deferred tax (asset)/liability</b>	<b>(26,510,596)</b>	<b>(16,195,622)</b>
	<b>(26,510,596)</b>	<b>(16,195,622)</b>
<b>Deferred tax asset</b>	<b>1,327,941</b>	<b>983,198</b>
<b>Deferred tax liability</b>	<b>(27,838,537)</b>	<b>(17,178,820)</b>

Movement in temporary differences during the year:

Opening balance	(9,963,858)	(8,992,544)
Recognised in surplus/(deficit)	1,608,237	(74,598)
Recognised in net assets/equity	3,974,395	683,988
Other	(6,025,987)	(1,652,219)
Provisions	(3,117)	40,315
Unrealised gains on investments	95,356	31,200
<b>Closing balance</b>	<b>(10,314,974)</b>	<b>(9,963,858)</b>

#### 41 Inventory

Raw materials	3,266,058	2,599,272
Work in progress	<b>1,117,151</b>	<b>882,364</b>
- construction work in progress	452,109	145,575
- other	665,042	736,789
Finished goods	2,589,371	1,449,717
Consumable	3,388,489	2,705,597
(Write-down)/reversal in inventory balances	(34,038)	(47,666)
Strategic inventory	2,078,399	2,052,494
Other	1,597,206	2,047,424
<b>Total</b>	<b>14,002,636</b>	<b>11,689,202</b>

Included in the amounts above are the following carried at fair value less cost to sell

Strategic inventory	898,533	629,616
	<b>898,533</b>	<b>629,616</b>



## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED) for the year ended 31 March 2008

	31 March 2008 R'000	31 March 2007 R'000
<b>41.1 Construction contracts in progress consist of:</b>		
- costs incurred to date	263,580	30,575
- surplus recognised	189,746	122,000
- less: provision for deficit	-	(7,000)
- less : progress payments	(1,217)	-
	<b>452,109</b>	<b>145,575</b>
<b>42 Liabilities directly associated with non-current assets held for sale</b>		
Trade and other payables	300,314	301,887
Deferred tax liabilities	11,926	-
Other	2,261,572	1,775,000
<b>Closing balance</b>	<b>2,573,812</b>	<b>2,076,887</b>
<b>43 Cash and cash equivalents</b>		
Cash and balances with banks	49,200,499	41,082,980
Short-term deposit/investments	41,903,268	32,063,383
Cash shown as current assets	371,402	138,163
Administered funds	762,963	986,494
Cash at Bank & other funds	1,619,228	2,493,483
Other	1,948,975	2,741,188
	<b>95,806,335</b>	<b>79,505,691</b>
<b>For the purposes of the cash flow statement:</b>	<b>95,703,518</b>	<b>79,232,938</b>
Cash & cash equivalents	<b>95,806,335</b>	<b>79,505,691</b>
Bank overdraft	<b>(102,817)</b>	<b>(272,754)</b>
<b>Cash &amp; cash equivalents at 1 April 2006</b>		68,210,263
<b>44 Interest-bearing borrowings</b>		
<b>Non-current</b>	<b>110,632,611</b>	<b>104,881,438</b>
Mortgage loan	329,548	345,973
Unsecured loan	40,162,597	43,918,467
Loans and other liabilities	70,140,466	60,616,998
Transfer to current portion	<b>(19,586,325)</b>	<b>(10,113,122)</b>
Mortgage loan	(5,200)	(5,200)
Unsecured loan	(9,536,591)	(3,055,738)
Other	(10,044,534)	(7,052,184)
<b>Total Non-current</b>	<b>91,046,286</b>	<b>94,768,316</b>
<b>Current</b>	<b>102,817</b>	<b>272,754</b>
Bank overdrafts	<b>102,817</b>	<b>272,754</b>
<b>Other interest bearing borrowings</b>	<b>41,567,232</b>	<b>23,563,254</b>
Short-term portion of Mortgage loan	5,200	5,200
Short-term portion of Unsecured loan	9,536,591	3,055,738
Other	10,044,534	7,052,184
Other	21,980,907	13,450,132
<b>Total current other interest bearing borrowings</b>	<b>41,567,232</b>	<b>23,563,254</b>
<b>45 Finance lease obligations</b>		
Reconciliation between the total of the minimum lease payments and the present value:		
Minimum lease payments		
- No later than 1 year	421,991	434,056
- Later than 1 year and no later than 5 years	800,251	921,226
- Later than 5 years	1,605,747	1,750,772
	<b>2,827,989</b>	<b>3,106,054</b>
Future finance charges on finance leases	(1,759,975)	(1,968,396)
Present value of finance lease liabilities	<b>1,068,014</b>	<b>1,137,658</b>
<b>Non-current portion of finance lease obligation</b>	<b>1,068,014</b>	<b>1,137,658</b>
<b>Current portion of finance lease obligation</b>	<b>874,789</b>	<b>982,340</b>
	193,225	155,318



## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

for the year ended 31 March 2008

	31 March 2008 R'000	31 March 2007 R'000
<b>46 Retirement benefit obligations</b>		
<b>Defined benefit plan</b>		
Present value of funded and unfunded obligations	26,929,532	30,530,439
Fair value of plan assets	(32,198,782)	(34,814,252)
	<b>(5,269,250)</b>	<b>(4,283,813)</b>
Unrecognised past service cost	-	3,190
Unrecognised actuarial gains / (losses)	6,599,126	5,582,496
Other	(163,571)	(118,263)
<b>Net liability / (asset)</b>	<b>1,166,305</b>	<b>1,183,610</b>
<b>Post-employment medical benefits</b>		
Present value of funded and unfunded obligations	11,655,873	11,398,946
Fair value of plan assets	(1,926,815)	(1,912,177)
	<b>9,729,058</b>	<b>9,486,769</b>
Unrecognised past service cost	64,020	67,902
Unrecognised actuarial gains / (losses)	894,542	801,237
Other	(34,808)	(3,101)
<b>Net liability / (asset)</b>	<b>10,652,812</b>	<b>10,352,807</b>
<b>Grand total net liability / assets</b>	<b>11,819,117</b>	<b>11,536,417</b>
<b>Analysis for financial reporting purposes:</b>	<b>11,819,117</b>	<b>11,536,417</b>
Retirement Benefit Obligation	12,124,708	11,782,270
Retirement Benefit Asset	(305,591)	(245,853)
<b>47 Government grants</b>		
<b>Property, plant and equipment (non-monetary government grants)</b>		
<b>Opening balance</b>	8,554,866	7,570,278
Add: current year receipts	2,840,981	1,233,353
Less: amounts transferred to the statement of financial performance (conditions met)	(303,111)	(248,765)
<b>Closing balance</b>	<b>11,092,736</b>	<b>8,554,866</b>
<b>Monetary assets received (monetary government grants)</b>		
Opening balance	9,619,896	7,829,356
Add: current year receipts	5,764,335	3,474,641
Less: amounts transferred to the statement of financial performance (conditions met)	(1,913,417)	(1,650,634)
	(86,347)	(33,467)
<b>Closing balance</b>	<b>13,384,467</b>	<b>9,619,896</b>
<b>Total Government Grants</b>	<b>24,477,203</b>	<b>18,174,762</b>
Analysis for financial reporting purposes:		
<b>Non-current portion</b>	21,854,156	16,775,208
<b>Current portion</b>	2,623,047	1,399,554
<b>48 Trade and other payables</b>		
Trade creditors	31,790,071	26,193,508
Customers for contract work	23,258	32,397
Accruals	15,442,032	13,513,057
Deposits	3,721,074	3,317,554
Special projects	132,855	91,016
Commitments - Current portion	227,250	165,204
Administered funds	294,872	379,984
Deferred income	1,847,835	1,516,439
SARS & Other Trust liabilities	72,798,966	28,954,137
Prepayments & Other	9,330,028	9,861,384
<b>Total</b>	<b>135,608,240</b>	<b>84,024,680</b>
<b>49 Income Received in Advance</b>		
<b>Prepayments and advances</b>		
<b>Opening Balance</b>	3,533,926	3,291,528
Transfer of income received in advance to the statement of financial performance	(782,152)	(841,958)
Advances	1,121,137	627,242
Prepayments	297,392	2,269
Contractors & Other	619,036	454,845
<b>Closing balance</b>	<b>4,789,339</b>	<b>3,533,926</b>



## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED) for the year ended 31 March 2008

	31 March 2008 R'000	31 March 2007 R'000
<b>50 Provisions</b>		
<b>Restructuring provision</b>		
Opening balance	607,484	698,376
Utilisation of provisions during the year	(305,142)	(331,379)
Unused amounts reversed during the year	(105)	-
Provisions made during the year	1,211,292	240,487
<b>Closing balance</b>	<b>1,513,529</b>	<b>607,484</b>
<b>Salary and related expense provision</b>		
Opening balance	14,328,436	15,323,812
Utilisation of provisions during the year	(3,878,686)	(3,235,641)
Unused amounts reversed during the year	(235,077)	(5,562,639)
Provisions made during the year	3,110,111	7,802,904
<b>Closing balance</b>	<b>13,324,784</b>	<b>14,328,436</b>
<b>Deferred Operating Lease &amp; Accruals</b>		
Opening balance	35,263,862	32,214,141
Utilisation of provisions during the year	(11,800,578)	(8,496,513)
Unused amounts reversed during the year	(1,766,217)	(233,731)
Provisions made during the year	20,453,785	11,779,965
<b>Closing balance</b>	<b>42,150,852</b>	<b>35,263,862</b>
<b>Other</b>		
Opening balance	5,838,256	5,316,750
Utilisation of provisions during the year	(1,250,219)	(351,621)
Unused amounts reversed during the year	(580,011)	(655,103)
Provisions made during the year	3,718,642	1,528,230
<b>Closing balance</b>	<b>7,726,668</b>	<b>5,838,256</b>
<b>Total Provisions</b>		
Opening balance	56,038,038	53,553,079
Utilisation of provisions during the year	(17,234,625)	(12,415,154)
Unused amounts reversed during the year	(2,581,410)	(6,451,473)
Provisions made during the year	28,493,830	21,351,586
<b>Closing balance</b>	<b>64,715,833</b>	<b>56,038,038</b>
<b>Analysis for reporting purposes:</b>	<b>64,715,833</b>	<b>56,038,038</b>
Non-current provisions	41,809,730	39,170,828
Current provisions	22,906,103	16,867,210
<b>51 Change in accounting policy</b>		
<i>Specify the item effected in Statement of Financial Performance</i>		
Increase in finance costs	(23,807)	(32,736)
<i>Specify the item effected in Statement of Financial Position</i>		
Increase in finance liability	(3,000)	36,317
Increase/(decrease) in net assets	(1,166)	-
	<b>(27,973)</b>	<b>3,581</b>
<b>52 Prior period error</b>		
<i>Specify the item effected in Statement of Financial Performance</i>		
Finance Costs & other Operating Exp	(607,466)	3,199,411
<i>Specify the item effected in Statement of Financial Position</i>		
Accumulated Profit	492,430	48,394,523
(Increase)/decrease in tax payable	-	(401)
Increase/(decrease) in net assets	(12,993)	41,120
	<b>(128,029)</b>	<b>51,634,653</b>





## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

for the year ended 31 March 2008

	31 March 2008 R'000	31 March 2007 R'000
<b>53 Cash generated from/(utilised in) operations</b>		
Surplus/(deficit) before tax	35,939,203	45,515,074
(Interest received)	(31,631,698)	(22,760,659)
Interest paid	19,772,756	17,394,101
(Dividend received)	(1,621,567)	(1,265,750)
<b>Non-cash movements/working capital changes</b>	<b>24,470,636</b>	<b>809,431</b>
Depreciation	15,591,090	14,683,311
Impairment	(23,932)	91,606
Amortisation	1,255,159	1,754,781
Increase/(Decrease) in impairment of debtors (provision for doubtful debts)	1,135,005	901,336
Increase/(Decrease) in payables	10,903,253	5,481,602
Increase/(Decrease) in provisions	10,106,500	3,798,823
Increase/(Decrease) in borrowings	3,632,120	(2,787,935)
Increase in provision relating to employee costs	2,065,120	703,319
(Gains)/Losses on sale of property, plant and equipment	(114,581)	(159,306)
(Gains)/Loss on disposal of discontinued operations	(2,506,026)	419,914
(Gains)/Losses on sale of investment	(585,775)	(469,255)
(Increase)/Decrease in other current assets	(1,885,052)	(27,191)
(Increase)/Decrease in investment due to revaluation	(3,773,514)	(6,776,587)
(Increase)/Decrease in receivables	(10,615,730)	(5,419,147)
(Increase)/Decrease in inventories	(2,314,368)	(1,067,460)
Foreign exchange (gains)/losses	1,627,512	177,818
Movement in prepayments & Other Assets	(81,240,378)	(52,131,675)
Other	6,735,355	(4,433,511)
Movement in Other Liabilities	74,478,877	46,068,988
<b>Net cash flows from operating activities</b>	<b>46,929,330</b>	<b>39,692,197</b>
<b>54 Contingent liabilities</b>		
(Nature of Contingent liability, financial effect, uncertainties relating to it timing, and possibility of re-imburement)		
Legal Claims & Other Disputes	3,817,875	183,024
Housing & Other guarantees	1,703,788	1,658,606
Montraco - Contingent Liability	429,000	469,000
Cross Border Lease Agreements	1,947,000	2,068,000
Contract Losses, Manufacturing & Supply of Aircraft Components	926,000	923,000
South Dunes Loans Facility (Pledged)	863,700	604,100
The CSIR short term general banking facility	6,100	43,105
Other	271,269	135,532
	<b>9,964,732</b>	<b>6,084,367</b>
<b>55 Operating lease arrangements</b>		
<b>Lessee</b>		
Buildings		
At the reporting date the entity had outstanding commitments under non-cancellable operating leases,		
Up to 1 year	7,324,065	4,488,081
1 to 5 years	8,714,858	9,360,442
More than 5 years	4,045,258	4,492,492
	<b>20,084,182</b>	<b>18,341,015</b>
Other		
At the reporting date the entity had outstanding commitments under non-cancellable operating leases,		
Up to 1 year	15,020,736	575,961
1 to 5 years	743,253	606,444
More than 5 years	281,186	327,858
	<b>16,045,174</b>	<b>1,510,263</b>
<b>Total</b>		
At the reporting date the entity had outstanding commitments under non-cancellable operating leases,		
Up to 1 year	22,344,801	5,064,042
1 to 5 years	9,458,112	9,966,886
More than 5 years	4,326,444	4,820,350
	<b>36,129,356</b>	<b>19,851,278</b>
<b>Lessor</b>		
Other		
At the reporting date the group had contracted with tenants for the following future minimum lease		
Up to 1 year	640,230	772,080
1 to 5 years	1,826,697	2,332,149
More than 5 years	632,259	580,103
	<b>3,099,186</b>	<b>3,684,332</b>



## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED) for the year ended 31 March 2008

	31 March 2008 R'000	31 March 2007 R'000
<b>Other</b>		
At the reporting date the group had contracted with tenants for the following future minimum lease		
Up to 1 year	277	342
1 to 5 years	177	166
	<b>454</b>	<b>508</b>
<b>Total</b>		
At the reporting date the group had contracted with tenants for the following future minimum lease		
Up to 1 year	640,507	772,422
1 to 5 years	1,826,874	2,332,315
More than 5 years	632,259	580,103
	<b>3,099,640</b>	<b>3,684,840</b>
<b>56 Capital commitments</b>		
<b>Commitments for the acquisition of property, plant and equipment</b>	<b>440,942,477</b>	<b>322,275,067</b>
- Contracted for but not provided in the financial statements	182,796,850	60,126,980
- Authorised but not contracted for	258,145,627	262,148,087
<b>Commitments for the acquisition of intangible assets</b>	<b>103,740</b>	<b>232,976</b>
- Contracted for but not provided in the financial statements	103,740	200,976
- Authorised but not contracted for	-	32,000
<b>Total future capital commitments</b>	<b>441,046,217</b>	<b>322,508,043</b>
The capital expenditure is to be financed as follows:		
- Internally generated funds	75,279,811	1,489,043
- Existing credit facilities	9,937,312	5,315,000
	<b>85,217,123</b>	<b>6,804,043</b>
<b>57 Events after reporting date</b>		
Tender awarded for the organisation redesign	27,003	-
	<b>27,003</b>	-
<b>58 Skills Development grant payable: Current</b>		
Other	504,302	577,996
<b>Total: current</b>	<b>504,302</b>	<b>577,996</b>
<b>59 Vat Payable</b>		
Other	128,578	164,504
<b>Total</b>	<b>128,578</b>	<b>164,504</b>
<b>60 Non-current assets held for sale</b>		
Property, plant and equipment	595,992	1,421,051
Inventories	38,523	158,922
Trade and other receivables	277,021	225,340
Other	4,314,422	6,464,448
<b>Total</b>	<b>5,225,958</b>	<b>8,269,761</b>
<b>61 Financial instrument liability</b>		
Opening balance	216,753,881	202,199,821
Additions during the year	63,723,851	49,186,732
Disposals during the year	(22,544,481)	(29,606,844)
Interest	(383,296)	(1,749,662)
Revaluations	3,777,049	(3,285,304)
Housing Guarantees	(639)	9,138
<b>Closing balance</b>	<b>261,326,365</b>	<b>216,753,881</b>
Analysis for reporting purposes	<b>261,326,365</b>	<b>216,753,881</b>
<b>Non-current financial instrument liability</b>	112,462,817	104,069,109
<b>Current financial instrument liability</b>	148,863,548	112,684,772



## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

for the year ended 31 March 2008

	31 March 2008 R'000	31 March 2007 R'000
<b>62 Net cash inflows/ outflows from operating activities</b>		
Cash receipts from customers	211,243,137	190,303,646
Cash payments to suppliers and employees	(164,313,807)	(150,611,449)
<b>Cash generated from/(utilised in) operations</b>	<b>46,929,330</b>	<b>39,692,197</b>
Interest received/(paid)	20,219,996	12,276,816
Dividends received/(paid)	(6,235,209)	(4,957,798)
Taxation paid	(3,835,510)	(5,195,067)
<b>Net cash inflows/ outflows from operating activities</b>	<b>57,078,607</b>	<b>41,816,148</b>
<b>63 For net cash flows from investing activities</b>		
Proceeds on disposal of:		
Property, plant and equipment	1,382,661	680,530
Investment property	274,957	255,477
Intangible assets	66,700	(141,594)
Controlled entity	878,000	(1,922,000)
Associates and joint ventures	50,218	1,904,427
Securities	2,424,454	3,314,765
Net Investments	(8,874,353)	(3,919,772)
Other	110,254	(29,928)
Acquisition of:		
Property, plant and equipment	(48,205,143)	(30,936,104)
Investment property	(41,010)	(31,933)
Intangible assets	(775,432)	(709,662)
Controlled entity	(538,400)	(2,529,639)
Associates and joint ventures	(684,367)	(71,160)
Securities	(1,953,669)	(673,269)
Net Investments	(12,734,272)	(7,221,193)
Other	2,129,287	586,668
Replacement of property, plant and equipment	(8,734,869)	(8,178,971)
Loans received / granted:		
Related parties	(81,047)	(71,569)
Other	2,748,742	452,324
Dividends received	75,346	97,580
Interest received	3,644,104	2,231,837
Expenditure on product development	(78,679)	6,622
<b>Net cash flows from investing activities</b>	<b>(68,190,226)</b>	<b>(46,603,126)</b>
<b>64 For net cash flows from financing activities</b>		
Repayments of :		
Borrowings	(15,294,355)	(9,144,077)
Finance lease obligations	(62,375)	164,074
Minority shareholder's loan	(240,804)	(255,975)
Other	10,865,996	(5,237,998)
New debt raised	22,250,247	21,194,653
Increase/(decrease) in non-current financial instruments	3,102,627	1,091,065
Proceeds from:		
Issuance of commercial paper	875,113	-
Issuance of ordinary shares	933,000	567,000
Borrowings	4,728,007	4,932,491
Other	5,753,255	6,490,930
Purchase of Treasury shares	-	(39,000)
dividends paid (distributions to owners) (distributions to owners)	(137,095)	-
Interest paid	(5,275,543)	(3,953,510)
Increase in amounts owing to controlled entities	84,125	-
<b>Net cash flow financing activities</b>	<b>27,582,199</b>	<b>15,809,654</b>
<b>65 Share capital (Contributions from owners)</b>		
<b>Balance at the beginning of the year</b>	43,223,730	35,705,558
- correction of prior period error	-	56,837
<b>As restated</b>	<b>43,223,730</b>	<b>35,762,395</b>
Shares issued	933,001	566,972
Shares redeemed	-	(2,088,000)
Conversion of other instruments into shares	-	2,400,000
Other	609,954	6,582,363
<b>Balance at the end of the year</b>	<b>44,766,685</b>	<b>43,223,730</b>



## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED) for the year ended 31 March 2008

	31 March 2008 R'000	31 March 2007 R'000
<b>66 Accumulated surplus/(deficit)</b>		
<b>Balance at the beginning of the year</b>	141,672,322	100,630,431
- correction of prior period error	340,058	4,519,745
- change in accounting policy	(27,973)	64,902
<b>As restated</b>	<b>141,984,407</b>	<b>105,215,078</b>
Surplus/(Deficit) for the year	27,238,842	38,872,160
Transfers to/ (from) reserves	(4,743,910)	597,700
Dividends paid (distributions to owners)	(2,486,445)	(3,045,386)
Revaluation increase/(decrease) on investments	(5,366)	6,899
Released on disposal of investments	(766,870)	1,008
Revaluation increase/(decrease) on property, plant and equipment	768,517	1,333
Net gains/(losses) not recognised in the statement of financial performance	(689,497)	2,052
Released on disposal of investments	(4,909)	4,909
Currency translation differences	2,401	4,582
Share in associate surplus	(579,880)	(50,920)
Other	(423,621)	62,907
<b>Balance at the end of the year</b>	<b>160,293,669</b>	<b>141,672,322</b>
<b>67 Financial Instrument Reserve</b>		
<b>Balance at the beginning of the year</b>	1,642,593	1,346,176
- correction of prior period error	3,825	18,185
- change in accounting policy	-	3,241
<b>As restated</b>	<b>1,646,418</b>	<b>1,367,602</b>
Surplus/(Deficit) for the year	156,409	639,731
Transfers to/ (from) reserves	192,024	(463,559)
Revaluation increase/(decrease) on investments	(6,138)	(9,007)
Net gains/(losses) not recognised in the statement of financial performance	(9,362)	-
Released on disposal of investments	(2,863)	(16,345)
Currency translation differences	(129)	429
Other	6,970,471	123,742
<b>Balance at the end of the year</b>	<b>8,946,830</b>	<b>1,642,593</b>
<b>68 Revaluation Reserve</b>		
<b>Balance at the beginning of the year</b>	136,431,781	81,517,488
- correction of prior period error	(478,000)	47,062,578
- change in accounting policy	-	(48,436)
<b>As restated</b>	<b>135,953,781</b>	<b>128,531,630</b>
Transfers to/ (from) reserves	(178,284)	(81,977)
Revaluation increase/(decrease) on investments	32,698,322	8,078,258
Released on disposal of investments	(1,039,119)	(2,266)
Revaluation increase/(decrease) on property, plant and equipment	88,817	250,469
Other	(3,783,738)	(344,333)
<b>Balance at the end of the year</b>	<b>163,739,779</b>	<b>136,431,781</b>
<b>69 Foreign currency translation reserve</b>		
<b>Balance at the beginning of the year</b>	66,043	(140,104)
- correction of prior period error	-	-
- change in accounting policy	-	-
<b>As restated</b>	<b>66,043</b>	<b>(140,104)</b>
Revaluation increase/(decrease) on investments	(3,337)	(6,259)
Currency translation differences	238,086	212,406
<b>Balance at the end of the year</b>	<b>300,792</b>	<b>66,043</b>
<b>70 Minority interest</b>		
<b>Balance at the beginning of the year</b>	304,882	299,184
- correction of prior period error	-	-
- change in accounting policy	-	-
<b>As restated</b>	<b>304,882</b>	<b>299,184</b>
Shares redeemed	(126,000)	-
Surplus/(Deficit) for the year	499,089	16,136
Transfers to/ (from) reserves	-	(6,057)
dividends paid (distributions to owners)	(3,770)	(8,000)
Released on disposal of investments	-	(35)
Other	107,590	3,654
<b>Balance at the end of the year</b>	<b>781,790</b>	<b>304,882</b>



## CONSTITUTIONAL INSTITUTIONS, SCHEDULE 2, 3A AND 3B PUBLIC ENTITIES AND TRADING ACCOUNTS

### NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

for the year ended 31 March 2008

	31 March 2008	31 March 2007
	R'000	R'000
<b>71 Other reserves</b>		
<b>Balance at the beginning of the year</b>	33,170,760	27,966,612
- correction of prior period error	6,088	(22,692)
- change in accounting policy	-	(16,126)
<b>As restated</b>	<b>33,176,848</b>	<b>27,927,794</b>
Surplus/(Deficit) for the year	709,900	13,000
Transfers to/ (from) reserves	4,783,946	2,810,438
Revaluation increase/(decrease) on investments	1,714,109	7,779
Revaluation increase/(decrease) on property, plant and equipment	252,689	-
Net gains/(losses) not recognised in the statement of financial performance	284,121	1,692,004
Currency translation differences	-	(4)
Other	504,374	719,749
<b>Balance at the end of the year</b>	<b>41,425,984</b>	<b>33,170,760</b>
<b>72 RECONCILIATION OF OPENING BALANCES FOR PUBLIC ENTITIES FOR THE YEAR ENDED 31 MARCH 2008</b>		
<b>72.1 Surplus/ (Deficit) after tax-prior year</b>	<b>39,591,925</b>	
Add: Net surplus/(deficit) after tax from new entities	1,242,879	
Less: entities' net surplus/(deficit) in prior year not included in current year	(34,590)	
Subtotal: Surplus after tax current	40,800,214	
Adjusted by restated figures in entities	(5,197,398)	
Telkom (Associate)	3,285,480	
<b>Restated Surplus/ (Deficit) after tax for current year</b>	<b>38,888,296</b>	
<b>72.2 Total assets-prior year</b>	<b>816,038,991</b>	
Add: Total assets from new entities	34,567,930	
Less: entities' total assets in prior year not included in current year	(156,612)	
Subtotal: Total assets current year	850,450,309	
Adjusted by restated figures in entities	28,474,447	
Telkom (Associate)	10,069,620	
<b>Restated Total assets for current year</b>	<b>888,994,376</b>	
<b>72.3 Total Liabilities-prior year</b>	<b>513,693,052</b>	
Add: Total liabilities from new entities	22,640,091	
Less: entities' total liabilities in prior year not included in current year	(100,736)	
Subtotal: Total liabilities current year	536,232,407	
Adjusted by restated figures in entities	(3,750,145)	
<b>Restated Total liabilities for current year</b>	<b>532,482,265</b>	
<b>72.4 Total net assets-prior year</b>	<b>302,345,939</b>	
Add: Total net assets from new entities	11,908,419	
Less: entities' net assets in prior year not included in current year	(55,426)	
Subtotal: Total net assets current year	314,198,932	
Adjusted by restated figures in entities	32,243,559	
Telkom (Associate)	10,069,620	
<b>Restated net assets for current year</b>	<b>356,512,111</b>	