

RECONSTRUCTION AND DEVELOPMENT PROGRAMME FUND

Annual Financial Statements
for the year ended 31 March 2019



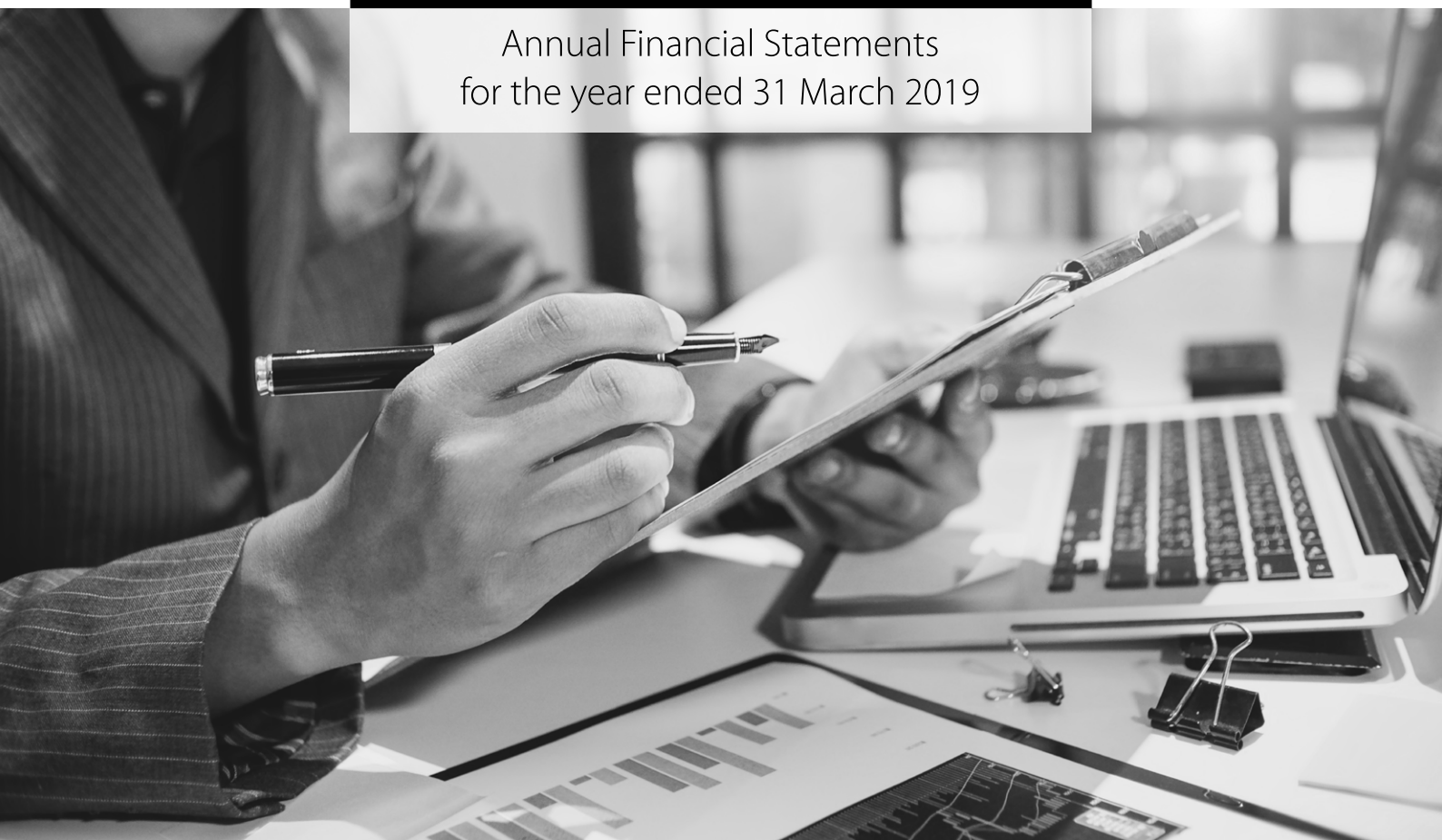
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Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



RECONSTRUCTION AND DEVELOPMENT PROGRAMME FUND

Annual Financial Statements
for the year ended 31 March 2019



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RECONSTRUCTION AND DEVELOPMENT PROGRAMME FUND

Annual Financial Statements
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RECONSTRUCTION AND DEVELOPMENT PROGRAMME FUND

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EXECUTIVE OVERVIEW



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EXECUTIVE OVERVIEW

for the year ended 31 March 2019

Reducing inequality and poverty alleviation are essential for a political democracy to survive. The economy has to grow in such a way that it accelerates inclusive economic growth, attracts investment and creates jobs that will benefit all South Africans thus improving their living conditions.

The education system should be improved to develop the skills that we need now and in the future. The living and health care conditions should also be improved. To assist the government in achieving this, grants and donations increased by two percent during the 2018/19 financial year. In the previous financial years, international donors provided much needed funding for some projects that continued during the 2018/19 financial year.

Funding received assisted South Africa in meeting the main objectives of the National Development Plan, namely health care, education and job creation. Below is a brief overview:

1. HEALTH SECTOR

The health sector received R968 million during the 2018/19 financial year. Funding was mainly for the following programmes:

- ZAF-NDOHP01-D02.0.2 / SAF-C-NDOH-DD01.0;
- Co-operation in the prevention and controlling of HIV/AIDS and other infectious diseases (COAG II) programme; and
- Primary Health Care Sector Policy Support Programme.

ZAF-NDOHP01-D02.0.2 / SAF-C-NDOH-DD01.0 focuses on:

- Addressing social and structural drivers of HIV/AIDS, sexually transmitted infections (STIs) and Tuberculosis (TB) Prevention and the impact and caring for affected individuals;
- Prevention of new HIV/AIDS, STIs and TB infections;
- Sustaining of health and wellness.

The programme achieved the following:

- 73 279 HIV positive registered TB patients received Anti-retroviral therapy (ART) during TB treatment;
- 1 392 inmates from Correctional Services centres received TB treatment;
- 843 community members from Peri-mining communities diagnosed with TB in informal settlements received TB treatment;
- 9 478 number of cases with drug resistant against TB treatment commenced with second line treatment; and
- 4 473 653 adults and 156 178 children with advanced HIV infection received Antiretroviral Therapy (ART).

COAG II programme is aimed at:

- Strengthening the capacity of the National Department of Health to scale up Primary Health Care (PHC) services by conducting workshops, distributing health booklets and training manuals; and
- Assist health workers to enrol eligible patients into the HIV/AIDS programme.

The Primary Health Care Sector Policy Support Programme's objective is:

Improved access to public health services through increased primary health care of the district health system by:

- Decreasing maternal and child mortality; and
- Combating HIV/AIDS and decreasing the burden of diseases from TB.

EXECUTIVE OVERVIEW

for the year ended 31 March 2019

2. DEPARTMENT OF TRADE AND INDUSTRY: EMPLOYMENT CREATION FUND (ECF)

The trade and industry sector received donations amounting to R56 million. The overall objective of the programme is to support the South African Government in its efforts to create jobs. The following were achieved:

- The community enterprise multi-purpose centre was constructed in Diepkloof Soweto, which focuses on developing township renewal innovation systems and enhancing economic growth;
- The Strawberry farms in Kwa-Zulu Natal were expanded to have strawberries of the highest quality to be delivered to local and international markets;
- The Groundnut farms production were expanded in Kwa-Zulu Natal and Mpumalanga to produce locally developed Spanish type groundnuts for local and overseas markets;
- The Pro-Corn / Milling plant is in the process of being purchased to create jobs for local small holder farmers; and
- The feasibility study of the biomass extraction demo plant is complete. The objective of this programme is to create jobs by producing aquaculture feed formulation such as omega3-fatty acids for livestock.

3. PUBLIC SERVICE ADMINISTRATION: IMPROVEMENT FACILITY (TIRELO BOSHA)

An amount of R40 million was contributed during 2018/19 financial year. The programme is aimed at assessing the performance of the Tirelo Bosha in promoting enhanced service delivery in South Africa. Objectives of the programme are:

- Formulation of evidence-based recommendations to scale up initiatives;
- Assessment of strengths and weaknesses with a view to inform future plans; and
- Measurement of results against specified programme targets and indicators.

4. JUSTICE SERVICES

The international community contributed R37 million towards the following programmes:

- Socio Economic Justice for all (SEJA); and
- Project 142 for investigation of legal fees

EXECUTIVE OVERVIEW

for the year ended 31 March 2019

SEJA programme focuses on:

Promoting broad-based knowledge and support for values of equality, human dignity and fundamental human rights.

The programme achieved the following:

- Socioeconomic rights awareness was raised through public outreach programmes and community radio stations;
- Implementation of the Human Rights Awareness in schools programme in partnership with the Department of Basic Education to encourage young people to pursue a career in law; and
- Awarding of grants to various Civil Society Organisations (CSO) to promote awareness and access to socioeconomic rights and marginalised groups.

PROJECT 142 focuses on the development of a final report on:

- Legal fees that are unattainable for most citizens;
- A mechanism which will be responsible for determining fees and tariffs payable to legal practitioners; and
- A mandatory fee arrangement with a client when a client secures that legal practitioner's services.

5. EDUCATION SERVICES

The education sector received R29 million towards the Rural Education Assistants Programme (REAP) to:

- Mobilise youth in rural communities to participate in education initiatives;
- Improve the quality of teaching and learning;
- Support school based agricultural projects; and
- Conduct research and evaluate the REAP.

Achievements made through the programme are:

- 770 training manuals for the trainers and training of Education Assistants were provided and conducted;
- 716 Education Assistants were appointed and placed in schools and 6 Project Coordinators were recruited and placed in various Districts to support the implementation of the project; and
- 6 Education Assistants have been placed in Agricultural High Schools in Limpopo to support teachers and the schools. Agricultural equipment and materials were procured and site visits conducted to monitor and support the agricultural projects.

RECONSTRUCTION AND DEVELOPMENT PROGRAMME FUND

Annual Financial Statements
for the year ended 31 March 2019

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE RECONSTRUCTION AND DEVELOPMENT FUND



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REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE RECONSTRUCTION AND DEVELOPMENT FUND

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Reconstruction and Development Programme Fund set out on pages 1 to 34, which comprise statement of financial position as at 31 March 2019, the statement of financial performance, statement of changes in net assets, and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Reconstruction and Development Programme Fund as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Reconstruction and Development Programme Fund Act, 1994 (As amended by Act 79 of 1998).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the Reconstruction and Development Programme Fund in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' Code of ethics for professional accountants and, parts 1 and 3 of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

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

Matter important to the users of the financial statements

7. As disclosed in note 1.2 of the accounting policies, management applied significant judgement in determining the accounting policy of revenue from exchange transactions, in accordance with GRAP 1.132.

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE RECONSTRUCTION AND DEVELOPMENT FUND

Responsibilities of the accounting officer for the financial statements

8. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of GRAP and the requirements of the Reconstruction and Development Programme Fund Act, 1994 (As amended by Act 79 of 1998), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, the accounting officer is responsible for assessing the Reconstruction and Development Programme Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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

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

Other information

12. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements and the auditor's report.
13. My opinion on the financial statements do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
14. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
15. If based on the work I have performed, I conclude that there is a material misstatement in this other information; I am required to report that fact.
16. I have nothing to report in this regard.

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE RECONSTRUCTION AND DEVELOPMENT FUND

Internal control deficiencies

17. I considered internal control relevant to my audit of the financial statements; however, my objective was not to express any form of assurance on it.
18. I did not identify any significant deficiencies in internal control.

Auditor General

Pretoria
26 November 2019



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE - AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and on the Fund's compliance with respect to the selected subject matters.

Financial statements

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

Communication with those charged with governance

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

RECONSTRUCTION AND DEVELOPMENT PROGRAMME FUND

Annual Financial Statements
for the year ended 31 March 2019

ACCOUNTING OFFICER'S REVIEW



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Department:
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REPUBLIC OF SOUTH AFRICA



ACCOUNTING OFFICER'S REVIEW

for the year ended 31 March 2019

The Reconstruction and Development Programme Fund (RDP Fund) was established on 1 November 1994 in terms of the Reconstruction and Development Programme Fund Act, 1994 (Act No 7 of 1994) (RDP Act). An amended Act was promulgated on 28 October 1998 (Act No 79 of 1998).

The income of the RDP Fund consists of government grants and donations received. Although donor countries and spending agencies follow up continuously on deposits made into the RDP fund it was not feasible for the fund to institute accounting controls over funds received from donors before initial entry of the receipts in the accounting records.

The RDP Fund showed increased activity during the 2018/19 financial year. Grants and donations received, increased by 2% (compared to 2017/18) to R1 276 million from R1 249 million. Technical assistance represents a significant proportion of foreign aid, and a number of donors do not allow South African Spending Agencies to assume responsibility for the financial management of ODA.

Total accumulated funds in the RDP Fund increased to R5 048 million from R4 616 million in 2017/18. This amount consists of a capital element of R3 372 million and interest accrued on capital invested totaling R1 676 million. Included in the balance of accumulated funds are un-earmarked funds to be reallocated. These un-earmarked funds were received since the inception of the fund in 1994 until the amended RDP Act which was passed on 28 October 1998. The RDP Fund is still waiting Cabinet approval for re-allocation of these funds. These funds comprised mainly from the donation of R40 million by the South African Post Office and the accumulation of interest thereon.

The amounts transferred to the Spending Agencies from the RDP Fund decreased by 1% when compared to 2017/18 from R1 515 million to R1 495 million. As numerous programmes are approaching their close out phases most of the funds have been disbursed to the spending agencies. Of the said transfers, 59% (2017/18: 70%) was from grants and donations received during the year. These transfers enabled Spending Agencies to initiate and implement programmes in various sectors.

The main reasons why there is no immediate disbursement from the RDP Fund account to South African Spending Agencies are:

- Donors deposit funds into the RDP Fund prior to the project commencement whilst spending is spread over the life of the project.
- Time lags exist between deposits and transfer payments as most deposits into the RDP Fund account are prior to transfer payments being made to South African Spending Agencies.
- Funds in the RDP Fund account are transferred to Spending Agencies on their request. Until required, such funds are invested with the Public Investment Corporation (PIC) to earn interest.
- Un-earmarked funds, i.e. deposits for which no project has been specified, are sometimes made into the RDP Fund. Such payments have to be verified prior to decision-making by Cabinet on their utilisation. Un-earmarked funds in the RDP Fund amounts to R340 million and the included interest earned amounts to R298 million. The utilisation of R42 million of the un-earmarked capital funds are still under consideration.
- Donor-supported development projects are sometimes implemented slower than originally envisaged due to capacity constraints in implementing agencies and/or donor institutions, unrealistic planning and/or complicated implementation modalities in cases where donor rules and procedures have to be followed. All of these factors can contribute to funds remaining in the RDP Fund account longer than planned.

The tables below reflect grants and donations of R30 million and more. The amounts received for the year exclude interest, whilst amounts transferred for the year may include interest accrued and surrenders from Spending Agencies. Accumulated funds as at 31 March 2019 are net of refunds to donors and include interest accrued.

ACCOUNTING OFFICER'S REVIEW

for the year ended 31 March 2019

TABLE 1: Analysis of Grants and Donations by Spending Agency for the various programmes:

	TRANSFERRED FOR THE YEAR				ACCUMULATED FUND AS AT 31 MARCH 2019			
	2018/19		2017/18		2018/19		2017/18	
	R'm	%	R'm	%	R'm	%	R'm	%
Health	973	65	928	61	249	5	133	3
Various Departments	122	9	33	2	256	4	107	3
Higher Education and Training	108	7	75	5	171	4	244	6
National Treasury	81	5	21	1	1 440	30	1 867	42
Trade and Industry	56	4	-	-	687	15	690	16
Science and Technology	45	3	26	2	202	4	218	5
Public Service and Administration	43	3	73	5	-	-	26	1
Justice and Constitutional Development	37	2	63	4	120	3	33	1
Basic Education	30	2	100	7	229	5	130	3
Environmental Affairs	-	-	-	-	98	2	75	2
Tourism	-	-	26	2	44	1	64	2
Social Development	-	-	28	2	-	-	21	-
Provincial Treasury (KwaZulu Natal)	-	-	43	3	-	-	-	-
Parliament	-	-	52	3	-	-	-	-
Energy	-	-	33	2	248	5	109	2
Performance Evaluation and Monitoring	-	-	14	1	-	-	-	-
Agriculture, Forestry and Fisheries	-	-	-	-	121	3	-	-
Women	-	-	-	-	-	-	11	-

ACCOUNTING OFFICER'S REVIEW

for the year ended 31 March 2019

	TRANSFERRED FOR THE YEAR				ACCUMULATED FUND AS AT 31 MARCH 2019			
	2018/19		2017/18		2018/19		2017/18	
	R'm	%	R'm	%	R'm	%	R'm	%
Cooperative Governance and Traditional Affairs	-	-	-	-	36	1	33	1
Water Affairs and Sanitation	-	-	-	-	-	-	20	-
Transport	-	-	-	-	-	-	13	-
Defence	-	-	-	-	-	-	20	-
Public Works	-	-	-	-	76	2	14	-
PE Municipality	-	-	-	-	-	-	26	1
SA Police Service	-	-	-	-	-	-	12	-
International Relations and Cooperation	-	-	-	-	-	-	21	-
Sports, Arts and Culture (Free State)	-	-	-	-	-	-	13	-
Small Business	-	-	-	-	418	9	217	5
Cabinet Funds	-	-	-	-	340	7	311	7
SUBTOTAL	1 495	100	1 515	100	4 735	100	4 428	100
Receivable from Departments	-	-	-	-	313	-	187	-
Total Capital Transfers	1 495	100	1 515	100	5 048	100	4 616	100
Interest Allocated	-	-	-	-	-	-	-	-
Payables to Departments	-	-	-	-	-	-	-	-
TOTAL	1 495	100	1 515	100	5 048	100	4 616	100

ACCOUNTING OFFICER'S REVIEW

for the year ended 31 March 2019

TABLE 2: Programmes for Grants and Donations were received:

	RECEIVED FOR THE YEAR				TRANSFERRED FOR THE YEAR			
	2018/19		2017/18		2018/19		2017/18	
	R'm	%	R'm	%	R'm	%	R'm	%
ZAF-C-NDOHP01-D02.0.2	689	54	-	-	546	37	-	-
COAG I and II	250	20	165	13	267	18	187	12
Employment Creation Sector Support Policy Programme	182	14	-	-	57	4	-	-
Various other projects	88	7	63	5	300	20	82	5
Socio-Economic justice for all	67	5	62	5	-	-	63	4
SAF-C-NDOH-DD01.0.7	-	-	486	39	110	7	-	-
Primary Health Care Sector Policy Support	-	-	105	8	45	3	215	14
Public Service Improvement Facility	-	-	-	-	40	3	70	5
Southern Africa –Towards Inclusive Economic Development	-	-	-	-	35	2	-	-
Career Advice Services Project	-	-	-	-	33	2	-	-
Teaching and Learning Development Reform	-	-	64	5	32	2	70	5
Green economy for Development	-	-	-	-	30	2	-	-
BIOFISA II Programme	-	-	15	1	-	-	20	1
Orphans, Vulnerable Children and Youth Project 1	-	-	-	-	-	-	15	1
Enhancing Legislature Oversight Programme	-	-	52	5	-	-	-	-

ACCOUNTING OFFICER'S REVIEW

for the year ended 31 March 2019

	RECEIVED FOR THE YEAR				TRANSFERRED FOR THE YEAR			
	2018/19		2017/18		2018/19		2017/18	
	R'm	%	R'm	%	R'm	%	R'm	%
Renewable Energy Development Programme	-	-	12	1	-	-	15	1
Pro Poor Policy Programme Phase I ,II and III	-	-	12	1	-	-	12	1
Employment Promotion through Small ,Micro and Medium Enterprises (SMME's) Support Programme	-	-	213	17	-	-	-	-
SAF-H-NDOH	-	-	-	-	-	-	513	34
Sector Policy Support Programme	-	-	-	-	-	-	100	7
Enhancing Legislative Oversight Programme	-	-	-	-	-	-	52	3
HIV / AIDS Prevention Phase I and II Programme	-	-	-	-	-	-	14	1
Smart Metering Project	-	-	-	-	-	-	18	1
Golden Gate Highlands Park Interpretation Centre	-	-	-	-	-	-	26	2
KZN Technology/ Science Parks Programme	-	-	-	-	-	-	43	3
SUB TOTAL	1 276	100	1 249	100	1 495	100	1 515	100
Receivable from Departments	-	-	-	-	-	-	-	-
TOTAL	1 276	100	1 249	100	1 495	100	1 515	100

ACCOUNTING OFFICER'S REVIEW

for the year ended 31 March 2019

TABLE 3: Analysis of Grants and Donations by Donor

	RECEIVED FOR THE YEAR				ACCUMULATED FUNDS AT 31 MARCH 2019			
	2018/19		2017/18		2018/19		2017/18	
	R'm	%	R'm	%	R'm	%	R'm	%
Global Fund	689	54	486	39	148	3	-	-
EU	263	21	517	41	3 715	78	3 512	79
CDC of United States	250	20	165	13	-	-	12	-
Various Donors	74	5	45	4	406	8	237	8
Switzerland	-	-	-	-	62	1	41	1
Finland	-	-	14	1	-	-	26	1
Denmark	-	-	12	1	-	-	12	-
SECO	-	-	10	1	-	-	10	-
Belgium	-	-	-	-	-	-	55	1
Canada (CIDA)	-	-	-	-	-	-	42	1
KFW (Germany)	-	-	-	-	-	-	16	-
UNEP	-	-	-	-	30	1	53	1
UK	-	-	-	-	52	2	30	1
Post and Telecoms	-	-	-	-	322	7	300	7
USAID	-	-	-	-	-	-	20	-
Road Accident Fund	-	-	-	-	-	-	13	-
IBRD	-	-	-	-	-	-	16	-
Republic of China	-	-	-	-	-	-	13	-
Flemish	-	-	-	-	-	-	10	-
Roll Over RDP	-	-	-	-	-	-	10	-
SUBTOTAL	1 276	100	1 249	100	4 735	100	4 428	100
Receivables from Departments/Province	-	-	-	-	313	-	187	-
TOTAL	1 276	100	1 249	100	5 048	100	4 616	100

RECONSTRUCTION AND DEVELOPMENT PROGRAMME FUND

Annual Financial Statements
for the year ended 31 March 2019

ACCOUNTING OFFICER'S APPROVAL



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ACCOUNTING OFFICER'S APPROVAL

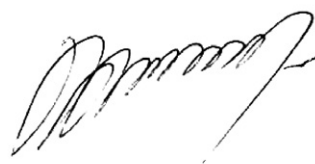
for the year ended 31 March 2019

The annual financial statements have been prepared in accordance with the South African Statements of Generally Recognized Accounting Practice (GRAP) including any interpretation of such Statements issued by the Accounting Standard Board, on the going concern basis. The annual financial statements are based upon appropriate policies, consistently applied and supported by reasonable and prudent judgements of estimates.

The annual financial statements have been approved by the Acting Accounting Officer and Acting Financial Accountant on 11 November 2019.



Karen Maree
Acting Accounting Officer



Thomas Matjeni
Acting Financial Accountant

RECONSTRUCTION AND DEVELOPMENT PROGRAMME FUND

Annual Financial Statements
for the year ended 31 March 2019

ANNUAL FINANCIAL STATEMENTS



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REPUBLIC OF SOUTH AFRICA



RECONSTRUCTION AND DEVELOPMENT PROGRAMME FUND

Annual Financial Statements
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STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2019

	Notes	2019 R'000	2018 R'000
ASSETS			
Current assets		5 048 903	4 616 281
Cash and Cash Equivalents	2	4 735 477	4 429 382
Receivables	3	313 426	186 899
Total Assets		5 048 903	4 616 281
LIABILITIES			
Current liabilities		5 048 903	4 616 281
Funds awaiting distribution	5,1	5 048 903	4 616 281
Total liabilities		5 048 903	4 616 281

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2019

	Notes	2019 R'000	2018 R'000
REVENUE FROM EXCHANGE TRANSACTIONS			
Revenue relating to Expenditure	4	1 495 399	1 515 105
Total revenue		1 495 399	1 515 105
EXPENSES			
Funding of Reconstruction and Development Programme projects and programmes	4	1 495 399	1 515 105
Total expenses		1 495 399	1 515 105
Surplus/(deficit) for the period		-	-

CASH FLOW STATEMENT

for the year ended 31 March 2019

	Notes	2019 R'000	2018 R'000
Cash flow from operating activities			
Cash Receipts		1 495 399	1 515 105
Cash received from Donors		1 495 399	1 515 105
Cash paid to Spending Agencies		1 495 399	1 515 105
Cash flow from operating activities	6	306 095	233 959
Cashflow from investing activities			
		-	-
Cash flows from financing activities			
		-	-
Net increase/(decrease) in cash and cash equivalents for the year		306 095	233 959
Cash and cash equivalents at the beginning of the year		4 429 382	4 195 422
Cash and cash equivalents at the end of the year	2	4 735 477	4 429 382

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2019

	2019 R'000
Balance at 31 March 2016	-
Surplus/(deficit) for the year	-
Balance at 31 March 2017	-
Surplus/(deficit) for the year	-
Balance at 31 March 2018	-
Surplus/(deficit) for the year	-
Balance at 31 March 2019	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

ACCOUNTING POLICIES

1 BASIS OF PRESENTATION

The summary of principal accounting policies is presented to assist in the evaluation and appreciation of the annual financial statements. The financial statements are prepared on a going concern basis, using the historical cost basis except where stated otherwise. The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP).

1.1 FIGURES PRESENTED

1.1.1 Rounding

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

1.1.2 Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year. The comparative figures shown in these financial statements are limited to the figures shown in the previous year's audited financial statements.

1.2 REVENUE FROM EXCHANGE TRANSACTION

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange. Therefore an exchange transaction is between two parties giving and/or receiving assets, services, etc. for the same value.

JUDGEMENT BY MANAGEMENT

In terms of paragraph 132 of GRAP 1 management made the following judgement.

Revenue from non-exchange transaction are no longer applicable as the RDP Fund accounts for all grants and donations and interest received as liabilities. Expenditure for management fees and operating expenses paid and refunds to donors are also accounted for against liabilities.

In the absence of any provision to the contrary in the technical assistance agreement a receivable is raised for grants and donations transferred to the spending agencies, but not spend at financial year end.

As grants and donations received are no longer accounted for as non-exchange revenue an accumulated surplus are no longer raised.

Exchange revenue and expenditure in the statement of financial performance are only raised when such revenue is matched against the expenditure and when the conditions of the grants and donations would have been fulfilled.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

RECOGNITION

Revenue received from the donor is recognised in the statement of financial performance only when there is a reasonable assurance that the Spending Agency will comply with the conditions attached to the grants and donations.

Such revenue is matched against the expenditure when the conditions of the grants and donations would have been fulfilled.

1.2.1 Services Received in kind

The RDP Fund recognises services received in kind in the statement of financial performance at the fair value of these services received, when they are significant to the RDP Fund's operations and to the extent that fair value can be determined reliably. Where the services are not significant and / or the fair value cannot be determined reliably the nature and type of services received are disclosed. Services received in kind include shared services with the National Treasury in the public service. While these services are important for the RDP Fund's operations, they are not significant and therefore not recognised.

1.3 EXPENDITURE

1.3.1 Funding of the Reconstruction and Development Programme projects and programmes.

Expenditure matches the revenue and will only be reflected when the conditions of the grants and donations have been fulfilled.

1.4 FOREIGN CURRENCIES

Grants and donations received from foreign donors are recorded in Rand by applying to the foreign currency amount the exchange rate at the date of the receipt of the grants and donations.

1.5 FINANCIAL INSTRUMENTS

Financial Instruments include financial assets and liabilities.

Financial assets consist of cash and cash equivalents, investments and receivables.

Financial liabilities consist of funds awaiting distribution and payables.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

INITIAL RECOGNITION AND MEASUREMENT

Financial instruments are initially recognised when the fund becomes a party to the contractual provisions of the relevant instrument, and are initially recognised at fair value. Bank charges are expensed. Subsequent to initial recognition these instruments are measured as set out below.

1.5.1 Cash and cash equivalents

Cash and cash equivalents are stated at amortised cost, which, due to their short-term nature closely approximate their fair value.

Cash and cash equivalents comprise of cash on hand and balances held with the South African Reserve Bank (SARB).

1.5.2 Investments

Funds awaiting distribution consist of amounts invested in financial instruments classified as cash investments by the Public Investment Corporation (PIC). From 1 December 2013 funds are also invested in money market accounts at ABSA, Firststrand, Nedbank and Standard Bank. Funds are available upon request. Investments are subsequently measured at amortised cost which includes the amount at which financial assets were measured at initial recognition, minus repayments plus interest received. This is adjusted for any write down for impairment in value.

1.5.3 Receivables

In the absence of any provision to the contrary in the technical assistance agreement this is raised for grants and donations transferred to the spending agencies, but not spend at financial year end.

1.5.4 Liabilities

Grants and Donations are recognised in the statement of position when the grants and donations are received and awaiting distribution to the spending agencies.

Interest income is recognized on a time proportionate basis using the effective interest rate method.

Management fees and operating expenses are recognised when due and payable.

1.5.5 Related Parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Entities included are members of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the other).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

NEW STANDARDS AND INTERPRETATIONS

STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the following accounting standards of GRAP were in issue, but not yet effective and are not likely to affect the annual financial statements when they are adopted as these Standards have been used to formulate and inform the current policies and disclosures

GRAP 20	Related Party Disclosures effective for reporting periods beginning on or after 1 April 2019
GRAP 32	Service Concession Arrangements (Grantor) effective for reporting periods beginning on or after 1 April 2019
GRAP 108	Statutory Receivables effective for reporting periods beginning on or after 1 April 2019
GRAP 109	Accounting by Principals and Agents effective for reporting periods beginning on or after 1 April 2019. This standard was early adopted by the fund
GRAP 110	Living and Non - living Resources
IGRAP 17	Interpretation of the Standard of GRAP on Service Concession Arrangements where the GRANTOR Controls a Significant Residual Interest in an Asset
IGRAP 18	Interpretation of the Standard of GRAP on Recognition and Derecognition of Land
IGRAP 19	Interpretation of the Standard of GRAP on Liabilities to Pay Levies

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

	2019 R'000	2018 R'000
2 CASH AND CASH EQUIVALENTS		
Investments with PIC	4 735 477	4 428 845
Cash with Standard Bank	511 866	503 295
Money Market accounts	4 223 611	3 925 550
Bank balance: SARB	1	537
Carrying value at year end	<u>4 735 477</u>	<u>4 429 382</u>
3 ACCOUNTS RECEIVABLE		
Due by Spending Agencies	313 426	186 899
Receivables relating to portfolios	<u>313 426</u>	<u>186 899</u>
4 FUNDING OF RECONSTRUCTION AND DEVELOPMENT PROGRAMME FUND PROJECTS AND PROGRAMMES		
<i>Amounts to fund projects and programmes*</i>		
Capital	1 478 270	1 500 191
Interest	17 129	14 914
	<u>1 495 399</u>	<u>1 515 105</u>

*For more details see accounting policy 1.2 and 1.3.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

	2019	2018
	R'000	R'000

5 CURRENT LIABILITIES

5.1 FUNDS AWAITING DISTRIBUTION

Accumulated Capital	3 372 377	3 250 740
Includes: Opening Balance	3 063 840	3 125 731
Grants and Donations	1 276 391	1 249 124
Refunds from Spending Agencies - Receivables	186 900	151 228
Refunds from Spending Agencies - Other	20 949	60 516
Transfer to Spending Agencies	(1 478 270)	(1 500 191)
Refunds to Donors	(10 859)	(22 568)
Receivables	313 426	186 900
Accumulated interest	1 676 526	1 365 540
Includes: Opening Balance	1 365 540	1 069 690
Interest Payable	340 648	324 228
Transfer to Spending Agencies	(17 129)	(14 914)
Refunds to Donor - Interest (Note 4.3)	(4 477)	(6 022)
Management Fees	(8 056)	(7 442)
	5 048 903	4 616 280

* The total amount of R5 048 903 (2017-18 R4 616 280) for capital and accumulated interest includes the undermentioned.

Unallocated Funds

Opening Balance	9 260	303 315
Interest	434	23 433
Operating Expenses	(11)	(537)
Allocation during the year	(9 683)	(321 118)
Current year unallocated funds	-	4 167
	-	9 260

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

	2019	2018
	R'000	R'000
5.2 REFUNDS TO DONORS		
Capital		
Refund to EU	22	1 820
Refund to KFW	3 565	-
Refund to Various Donors	4 014	-
Refund to Canada	-	19 346
Refund to Global Funds	-	1 337
Refund to Belgium	3 258	9
Refund to ADB	-	57
	10 859	22 568

5.3 REFUNDS TO DONORS

Interest		
Refund to Belgium	475	-
Refund to KFW	4 000	-
Refund to Various Donors	2	-
Refund to Global Funds	-	12
Refund to ADB	-	187
Refund to Canada	-	5 823
	4 477	6 022

Any interest earned for unspent funds on donations may be required to be refunded to the donor upon completion of the contract, pending further negotiations with the donor.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

	2019 R'000	2018 R'000
6 RECONCILIATION OF NET CASHFLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	-	-
Add/deduct: Non cash movement	-	-
Interest Received	-	-
Add/(less) changes in working capital	306 095	233 959
(Decrease)/Increase in trade receivables	(126 527)	(35 671)
Decrease/(Increase) in trade payables	432 622	269 630
Decrease/(Increase) in inventories	-	-
Net cash flow from operating activities	306 095	233 959

7 RELATED PARTY TRANSACTIONS

7.1 PUBLIC INVESTMENT CORPORATION (PIC)

Grants and donations received but not required for immediate use are invested with the PIC in terms of section 8(1) of the Reconstruction and Development Funds Act, Act 7 of 1994 (as amended by Act 79 of 1998).

Herewith a summary of the transactions with PIC:

Investments	4 735 477	4 428 844
Include: Interest	340 648	324 228
Management Fees	(8 056)	(7 442)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

7.2 NATIONAL TREASURY

Services Received in kind

The RDP Fund receives services in kind from National Treasury for the shared internal audit activity and remuneration paid to the members of the Audit and Risk Committee.

The National Treasury also pays the personnel cost, admin expenses, bank charges raised by the SA Reserve Bank and audit fees for the RDP Fund. These expenses are recorded in the Annual Financial Statements of the National Treasury.

The RDP Fund cannot reliably determine the fair value for the service it received in kind. Accordingly no amount is recognised in the Statement of Financial Performance for the value of these services received.

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

8 FINANCIAL RISK ANALYSIS

8.1 FINANCIAL RISK FACTORS

In terms of section 8 of the RDP act the investment of funds not immediately required may be invested with the Public Investment Corporation (PIC).

It was therefore agreed with the PIC that the Fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effect on the financial performance of the Fund:

8.1.1 MARKET RISK

The RDP Fund have no exposure to earnings or capital adversely affected by changes in the level or volatility of market rates or prices such as foreign exchange rates and trade market risks.

The RDP Fund eliminates market risk by only investing in cash instruments.

8.1.2 CREDIT RISK

To manage the risk of the RDP Fund the signed investment policy with the PIC states that funds can only be invested in cash and money instruments. These transactions are limited to the PIC as determined in respect of section 8 of the RDP Act No 7 of 1994 (As amended by Act 79 of 1998). Funds are invested at variable interest rate.

Investments are only made with domestic issuers with a minimum credit rating of "AA or Higher" as defined by the National Long Term Fitch (IBCA) or an equivalent rating by any other recognised credit rating agency will be considered. These investments will be spread across domestic issuers. It was agreed with the Investment Manager that investments will be made in the money accounts of ABSA, Firstrand, Nedbank and Standard Bank.

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

	2019	2018
	R'000	R'000
<p>On the overall portfolio an amount of R4 million will be earned less or more per month when the interest rate is adjusted with a 100 basis points.</p> <p>The RDP Fund is only exposed to liquidity risk with regard to the receiving of its receivables. These receivables are all due within the short-term as these funds are recoverable from National departments which forms part of the configuration of the National Revenue Fund.</p>		
Cash and Cash Equivalents		
Standard Bank	511 866	503 295
SA Reserve Bank	1	537
Money Market accounts	4 223 611	3 925 550
Receivables	313 426	186 899

8.1.3 LIQUIDITY RISK

The RDP Fund is not exposed to liquidity risk. Funds are only transferred to the Spending Agencies when received from the donor and after requirements were met. Funds are invested in cash and money instruments and are immediately available.

RECONSTRUCTION AND DEVELOPMENT PROGRAMME FUND

for the year ended 31 March 2019

National Treasury

Private Bag X115, Pretoria, 0001, South Africa

Tel: +27 12 395 6697 | Fax: +27 12 406 9055



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

